

CHIEF EXECUTIVE'S STATEMENT

"THE WORK WE DO FOR CLIENTS HELPS THEM TO GROW THEIR BUSINESSES, BUILD RELATIONSHIPS WITH THEIR CUSTOMERS AND READY THEMSELVES FOR FUTURE SUCCESS."

Mark Read
Chief Executive Officer



As technology reshapes our industry, WPP is undergoing its own transformation. I feel very proud to have been given the opportunity to lead the Company at this important moment in its development.

WPP is a great business with many thousands of talented people and outstanding agency brands.

We count most of the world's biggest companies as our clients and we are the largest partner to many of the world's leading media and technology companies. The work we do for clients helps them to grow their businesses, build relationships with their customers and ready themselves for future success.

We have real scale, with strong global creative networks and the number one media-buying operation worldwide through GroupM. We are leaders in major markets like China, India and Brazil, which are important to our clients' future growth.

The amazing work produced by our people, agencies and teams is recognised around the world for its creativity and effectiveness – forging bonds with consumers and delivering tangible business results for our clients.

We have a deep understanding of consumers and Chief Marketing Officers see us as essential partners in helping to reach them.

We also have strong and growing relationships with Chief Information Officers and Chief Technology Officers, which is vital as data and technology both disrupt and create new opportunities for our clients' businesses.

See our strengths, page 39

STRUCTURAL CHANGE, NOT STRUCTURAL DECLINE

So I am an optimist about the future of WPP. I believe our industry is facing a period of structural change, not structural decline. Clients are not cutting spend; marketing expense as a share of companies' revenue has stayed relatively constant over the last five years.

But spend is shifting and clients are seeking broader partnerships, well beyond our traditional strengths in commercial creativity. They want much greater insight into media channels and performance, and expertise in data. They want us to connect all of our capabilities together, and put technology at the centre of what we do.

See our strategy, from page 42

We are well placed to provide everything clients need, and in a growing number of cases we already do that. However, we need to adapt more quickly to the changing world around us if we are to continue to be successful.

Every industry is being disrupted by technology, and ours is no exception. New media channels have proliferated as traditional outlets have declined. Companies like Google, Facebook, Alibaba and Tencent have redefined the landscape.

There has been an explosion in content to populate the new channels – content that needs to be produced far more cost-effectively than ever before.

Ecommerce is frequently driving 100% of the growth for retailers, and our clients are looking for us to be in that space – offering everything from consultancy to the building of platforms and applications, and strategies for working with Amazon.

Clients expect us to be fluent in the language of modern, data-driven marketing. In this new environment, the role of traditional agencies is being challenged. Clients are under pressure due to changes

in consumer behaviour. Consultants are becoming more significant competitors. Technology companies are vying with us for talent and attention. And amidst concerns about transparency, privacy, fake news and data security, the industry needs to restore trust among the public, policymakers and clients.

See our market, page 36

WPP has substantial assets to help us tackle these challenges. It is an incredible company that has built up a position as a leader in our market. But that market has changed, meaning we have to change as well to continue to deliver results for our clients.

Over the years the Company became too complicated, and under-invested in key areas such as talent, creativity and technology. Consequently, WPP has under-performed its peers since the first quarter of 2017, and top-line growth has been hard to find.

In 2018, organic growth¹ was -0.4%, albeit at the upper end of the guidance we provided in October.

The Company performed strongly in Western Continental Europe, Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe, with the United States more challenging – something we have begun to address through our new strategy.

Reported profit before tax was down 30.6%, reflecting the impact of restructuring and transformation costs and goodwill impairment.

Dividends per share were 60.0p, flat with the prior year, and our year-end net debt position improved by £466 million compared to the same date in 2017 (an improvement of £605 million at 2018 exchange rates).

See our financial review, from page 54

RADICAL EVOLUTION: A THREE-YEAR STRATEGY

To restore WPP to sustainable, profitable growth, we have begun a three-year plan of "radical evolution" designed to improve performance across the business.

We use the term "radical" because of the scale of changes we are making and the tough choices we have to take, and "evolution" because we need to take our people and clients with us on the journey.

The first element of the plan is clarifying our vision and offer. The way in which we present ourselves to clients and other audiences has to reflect the nature and quality of the work we do and the creativity of the people inside WPP.

This is something we spent a lot of time on during the second half on 2018 and we were pleased by how well the results were received at our investor day in December.

Our vision for the new WPP is to be a "creative transformation company". Each of those three words is important and carefully chosen.

Our clients want our creativity, which is what makes us special and differentiates us from other professional services firms. They want us to help them transform their business in a world fundamentally changed by technology. And they want us to be a true company, to work as one on their behalf. Gone are the days when we could operate as a loose federation of independent agencies, overseen by a financial holding group.

As well as this new vision we articulated a new, more motivating purpose for WPP: to build better futures for our people and clients. We find this resonates with people both inside and outside the Company, who are pleased to hear WPP express such a positive and confident reason for being.

¹ Organic growth defined as like-for-like revenue less pass-through costs growth.

"WE REMAIN PASSIONATE ADVOCATES OF BRAND-BUILDING, ITS INCALCULABLE LONG-TERM VALUE, AND OUR CREATIVE AGENCIES' ABILITY TO MAKE EMOTIONAL CONNECTIONS BETWEEN PEOPLE AND BRANDS THAT LAST FOR A LIFETIME."

That purpose – of building better futures – applies to our wider communities too, and in our sustainability review we talk about the many ways in which we use the power of our creativity to bring about change.

See sustainability, from page 60

Our new competitive positioning was developed in consultation with our people and clients, and is supported by a refreshed brand identity – developed by two WPP companies, Superunion and Landor – that you will see reflected in the pages of this report. We are very proud of it, the feedback has been overwhelmingly positive, and I hope you feel the same way.

We are also going to market with an improved, simpler offer that reflects our clients' needs and allows us to expand in high-growth sectors. The new offer encompasses communications, experience, commerce and technology – each of which is necessary for success for modern clients.

See our offer, from page 7

The second pillar of the strategy is a renewed commitment to creativity – putting our most important competitive advantage back at the heart of the business. We are investing an additional £15 million a year for the next three years in creative leadership talent, focused on the United States, which is our largest market and where the investment is most needed.

We remain passionate advocates of brand-building, its incalculable long-term value, and our creative agencies' ability to make emotional connections between people and brands that last for a lifetime. To misquote David Ogilvy, every piece of communication – from the apparently fleeting tactical promotion to the classic "big idea" – should be approached as an investment in the future of a brand. Strong brands, especially in a market disrupted by technology, are the best protection against competitors, the best foundation for premium pricing, and the best guarantee of lasting appeal.

Third, we are creating a simpler structure for WPP, to make it more straightforward for clients to access our skills and resources, and more straightforward to run.

Three principles sit behind the new organisation: we will be absolutely focused on the needs of our clients in everything we do; we will have fewer, stronger companies, each positioned to grow; and we will have more closely integrated operations at the country level to make best use of our collective strengths.

We have already made good progress in simplifying WPP through, for example, the creation of the integrated networks VMLY&R and Wunderman Thompson; the formation of BCW through the merger of Burson-Marsteller and Cohn & Wolfe; the alignment of our US healthcare agencies with integrated agency partners; and the elimination of the sub-holding company WPP Health & Wellness.

We have also disposed of 30 non-core investments and associates, raising £849 million to reduce our debt, and accelerated our programme of co-locating our agencies in state-of-the-art new Campus buildings around the world.

Fourth, we are making technology and data the engine of our business. Adopting a common strategy for the whole of WPP, we will leverage our unique technology partnerships and make our capabilities in marketing and advertising technology available to all WPP companies for the benefit of our clients.

In my first months as CEO, I have spent a lot of time listening to people across the business and one of the things I heard loud and clear was a desire for WPP to make a statement about its values and the kind of culture we want to have in our Company.

**"WE ARE MAKING
TECHNOLOGY AND
DATA THE ENGINE
OF OUR BUSINESS."**

Our people and clients rightly expect workplaces that are inclusive, respectful, collaborative and diverse in every sense. If we want to continue to attract the best and brightest, we have to live up to those expectations.

So the final part of our plan is to build and champion that new culture – one characterised by our new values of openness, optimism and a commitment to extraordinary work.

More broadly, we are placing a greater emphasis on developing talent across WPP, and ensuring we have the right incentive structures for our leaders. Our new Executive Committee, drawn from agency leadership as well as from WPP central functions, will promote a new spirit of collective purpose and collaboration throughout the Company.

Further details of the strategy, including the costs and associated financial benefits of our turnaround plan, our approach to capital allocation and our new medium-term financial targets, can be found from page 42 and in our investor day presentation on wpp.com.

RENEWAL AND CHANGE


2018 was in many ways a turbulent and difficult year for WPP, for well-documented reasons. But it was also a year of renewal and much-needed change.

WPP is fortunate to have a strong central team that is absolutely committed to the success of the business. We are more fortunate still to have over 130,000 brilliant colleagues in our companies around the world, each of them dedicated to professional excellence in their own discipline.

Together we are building a new WPP that will deliver for our people, clients and shareholders for many years to come.

Our priority in 2019 is implementing the strategy – continuing to stabilise and rejuvenate the business. Although we face headwinds from account losses in 2018, we have begun the year with confidence after significant new business wins and the positive reaction to our three-year plan.

People in our business rarely have the luxury of looking backwards, and everyone at WPP has their eyes firmly fixed on the future. We have every reason to look ahead with optimism about what that future will bring.



Mark Read
Chief Executive Officer
10 April 2019

AT A GLANCE

OUR GLOBAL BRANDS

AKQA
 BCW
 Finsbury
 Geometry
 Grey
 GroupM
 - Essence
 - MediaCom
 - Mindshare
 - Wavemaker
 - Xaxis
 GTB
 Hill+Knowlton Strategies
 Hogarth
 Kantar
 Landor
 Ogilvy
 Superunion
 VMLY&R
 Wunderman Thompson

Clients include 369 of the Fortune Global 500, all 30 of the Dow Jones 30 and 71 of the NASDAQ 100.

KEY FACTS AND FIGURES

130,000+
 people

112
 countries

A-
 rating for our climate change strategy and reporting in the CDP climate change programme

Gold
 in the EcoVadis CSR rating for the fourth year in a row

Most Creative
 at the Cannes Lions International Festival of Creativity 2011-2017

Most Effective
 in the Effie Global Effectiveness Index 2012-2018

Industry Leader
 in the Bloomberg Gender-Equality Index

Quoted on the London Stock Exchange and the New York Stock Exchange.

KEY PERFORMANCE INDICATORS (2018)

Billings
£55.8bn
 (2017: £55.6bn)

Revenue
£15.6bn
 (2017: £15.8bn)

Revenue less pass-through costs
£12.8bn
 (2017: £13.2bn)

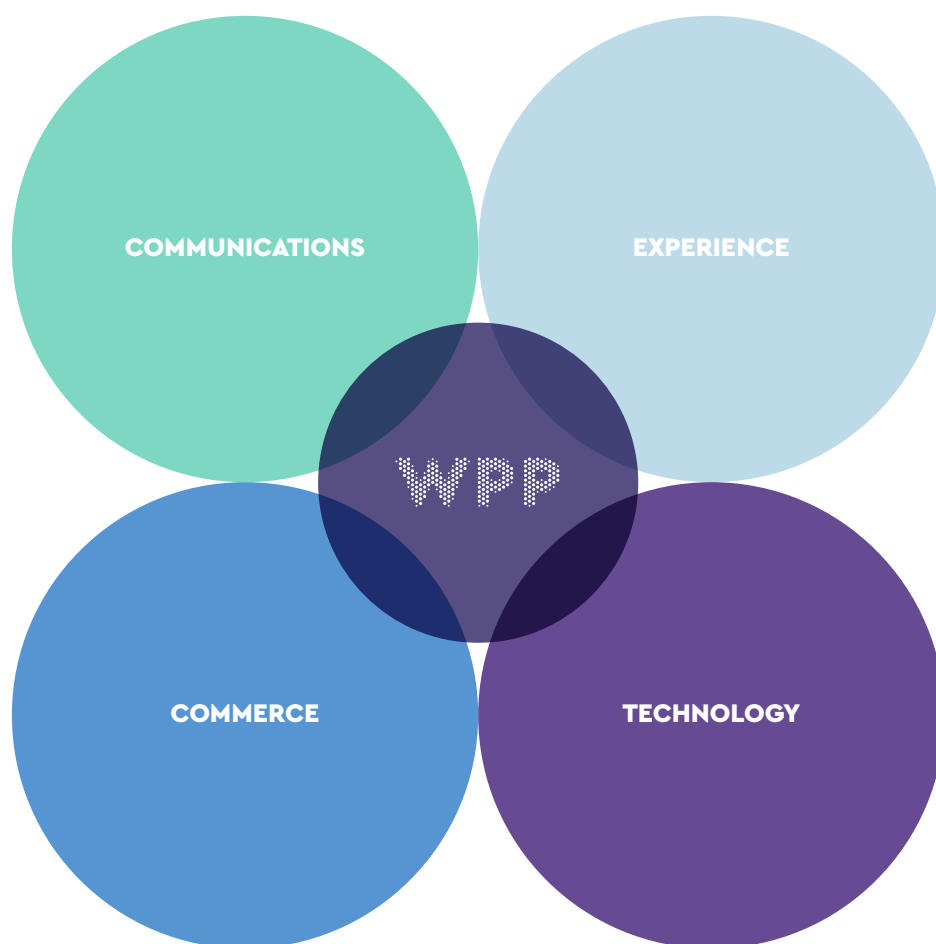
Social investment as a percentage of reported profit before tax
1.20%
 (2017: 0.97%)

Women in senior management
49%
 (2017: 49%)

Carbon emissions per person from building energy use (scope 1 and 2)
0.74 tCO₂e
 (2017: 0.82 tCO₂e)

OUR OFFER TO CLIENTS

As announced at our investor day on 11 December 2018, our new offer comprises four areas – each of which is critical to success for modern clients. This more contemporary and future-facing offer better serves clients' needs as they react to the changing marketplace, and expands our own business in high-growth sectors.



- Focuses on advertising, branding and identity, content, media investment, public relations and public affairs, and healthcare. **From page 8**
- Reflects the growing need of clients to create new brand, product and service experiences. **From page 16**
- Allows WPP to expand its growing omni-channel commerce business and its work with brands to help them succeed in marketplaces such as Alibaba and Amazon. **From page 22**
- Underpins WPP's work with both CMOs and CIOs to build and operate marketing technology that supports their consumer- and customer-facing activities. **From page 28**

The areas of experience, commerce and technology already represent approximately one quarter of WPP's revenue.

Importantly, this is our offer to clients, not our organisational structure.

COMMUNICATIONS

Our capabilities in advertising, branding and identity, content, media investment, public relations and public affairs, and healthcare give us unmatched breadth and depth in the world of communications.

We apply vision, imagination and creativity to the task of solving business problems. Our ideas – and the many different ways in which we share them – inspire audiences, build brands and deliver transformative results for our clients.

WHAT WE OFFER

Advertising/branding & identity/content/ media investment/public relations & public affairs/healthcare

OPPORTUNITY

Growth is expected to be driven by media (programmatic, search and innovation), content creation, social media/influence and healthcare



Source: GroupM – This Year Next Year Worldwide Media Forecast

CLIENTS INCLUDE

BT	Lenovo
Bumble	Microsoft
Burger King	P&G
Coca-Cola	Pfizer
Colgate	Tramontina
Ford	Unilever
Google	Via Varejo
IAG	Vodafone
IBM	Volkswagen
J&J	Xiaomi

A WOMEN-FIRST PLAYING FIELD

AGENCY
VMLY&R

CLIENT
BUMBLE

Bumble is a women-first social networking app built around kindness, respect and equality that challenges antiquated social norms by empowering women to make the first move.

Bumble wanted to position themselves as not just a dating app, but a network that connects people worldwide, from dating and friendship to professional networking. And they wanted to do it during one of the largest televised events in the US – the Super Bowl.

VMLY&R was given the task of creating a commercial that focused on changing the conversation of gender norms. Bumble's agency of record, FlyteVu, secured a woman known for making bold moves on and off the court, Serena Williams, as the voice for this empowering message.

The ad was made by a female-led team, and women everywhere heard the message loud and clear as it became the single most engaged-with commercial on Facebook for Super Bowl 2019.

7.2bn
earned media
impressions
January 2019-
February 2019

11.8m
views on social
February 2019







CREATIVITY TO DIFFERENTIATE

AGENCY
DAVID (OGILVY)

CLIENT
BURGER KING

The Quick Service Restaurants industry in the US is one of the most competitive in the world. In a sector dominated by McDonald's, DAVID helps Burger King find creative ways to punch above its weight and budget.

With a challenger mindset born out of Burger King's brand DNA and position in the marketplace, DAVID takes an unconventional approach designed to generate conversation – from a Google Home hijack to posters of Burger King stores in the process of burning down and the first Super Bowl spot for more than a decade.

With campaigns such as Burger King Crown, Proud Whopper, Google Home of the Whopper, Burning Stores, Whopper Sign and Scariest BK, DAVID's leftfield and contemporary work has consistently delivered value for the client.

50+
Cannes Lions
for Burger King
and DAVID
2015-2018

4
including four
Grand Prix



GOOGLE'S AGENCY OF RECORD

AGENCY
ESSENCE

CLIENT
GOOGLE

Essence is part of GroupM, the world's leading media investment company. Its 13-year relationship with Google began with a small engagement and has grown to include the full spectrum of the agency's offering.

As Google's global digital agency of record, Essence has scaled with Google to meet demand in offline media, creative, data science and experiential innovation. At the same time, it has continued to expand its foundation in data-driven, end-to-end campaigns management – from media strategy and planning through buying, ad operations and advanced analytics.

Essence is the largest user of Google's marketing platforms, and partners with its marketing, product and sales teams to realise Google's ambition of being the world's greatest digital marketer. Essence has supported each generation launch of the Pixel phone, and driven awareness and sales of products like Home and Assistant from inception.

Essence's work touches virtually every corner of Google, leading campaigns for 48 products in 2018, including core brand services (Search, Chrome, Assistant), hardware brands (Pixel, Home, Nest, Chromebook), entertainment platforms (YouTube, Google Play), B2B (AdWords, Cloud) and several new growth-oriented business lines.

The agency has delivered 833 campaigns for Google across 106 countries, representing hundreds of millions in media spend – a figure that continues to rise every year as Essence drives quantifiable results for its client.

833
campaigns
supporting

48
products
in 2018

EXPERIENCE

Expertise in UX, service design, platforms and applications allows us to create vivid and compelling brand experiences for clients.

We bring brands to life through engaging, unexpected and interactive experiences. Whether it's a mobile app, an augmented reality solution or a retailer's Christmas journey, we design experiences that forge closer and more enduring relationships between companies and their customers.

WHAT WE OFFER

Customer experience design/
platforms and websites/
mobile applications/
innovation, eg voice, augmented reality

OPPORTUNITY

Growth is expected to be driven by integration of online and offline experience, innovation (particularly in devices) and experiences, eg in-car, product, voice

c.\$100bn
market by 2022

5-10%
compound annual
growth rate 2017-2022

Source: Exane BNP Paribas

CLIENTS INCLUDE

adidas

Amazon

Alibaba

Delta

Dyson

EY

Google

Netflix

Nike

TataSky

Verizon

A UNIQUE ROUTE TO MARKET

AGENCY
POSSIBLE

CLIENT
ADIDAS GLITCH

adidas GLITCH is a new football boot concept aimed at a new generation of players. To connect with this audience of football creators, POSSIBLE set out to disrupt the category by launching a fully mobile experience and a unique route to market.

The GLITCH app is designed to reach young players where they spend most of their time – on their phones, on the move – and connect them to the GLITCH product and the influencers who launched the boot.

Now live in London, Berlin and Paris, the GLITCH app houses everything in the customer journey from first interaction with the product, booking test sessions and purchasing, right through to delivery in four hours. The GLITCH boots can only be bought through the app.

Customer service (from the influencers themselves) is built into the app, and users come back again and again post-purchase for entertaining user-generated content.

GLITCH is now adidas' second biggest-selling football franchise online behind Predator, a boot that has over two decades' history and budgets that are well over 10 times those for GLITCH.

Achieved without the usual big budgets, big-name online stores and Premier League football stars, GLITCH has turned the industry upside-down and created a completely new relationship between brand and consumer.

>60k

downloads in first
30 days (across
London, Berlin, Paris)

68%

average conversion of
invite to download, with
peak of 73% in London

20

Awards

5

Cannes Lions





ONLY YOUR VOICE WILL SET YOU FREE

AGENCY
AKQA

CLIENT
AMAZON

Millennials are the biggest adopters of technology, but even they overlook the thousands of capabilities that come with voice-first interfaces. Amazon wanted to expose Alexa to this advertising-resistant audience by creating an immersive experience that required an active exploration of its wide range of skills.

As the top attraction at New York Comic Con, Amazon Echo Escape gamified the smart home by creating the world's first escape experience powered by voice. Set in the world of Tom Clancy's Jack Ryan, players exploited Alexa's capabilities to gain intel, crack codes, control smart-home devices, interact with live actors and ultimately set themselves free.

The experience culminated in a Twitch broadcast featuring top gaming personalities CaptainSparklez, SwiftoR and OMGitsfirefoxx. Each tested their wits live while over one million online participants intervened – choosing either to help or hinder their progress.

During four days at New York Comic Con, hundreds of attendees used Alexa to escape, while more than 5,000 queued for a chance to play, with reservations claimed within the first hour of opening.

1.5m+

online participants during the three-hour broadcast

43,000+

gameplay engagements during the three-hour broadcast

5,000+

queued for a chance to play at New York Comic Con





COMMERCE

With deep retail experience, including creating direct-to-consumer platforms and helping clients navigate marketplaces such as Amazon and Alibaba, we deliver cutting-edge commerce solutions.

Today every major business is an ecommerce business – because that's where consumer spending growth is coming from. We help companies drive sales growth and customer acquisition across all channels, providing everything from site builds to strategic consultancy.

WHAT WE OFFER

Direct-to-consumer/omni-channel retail/ marketplaces, eg Amazon, Mercado Libre

OPPORTUNITY

Growth is expected to be driven by grocery, direct-to-consumer, non-retail (eg airlines, banks etc) and marketplaces

\$9.5bn platform spend by 2021 **15%** growth FY 2017-FY 2018

Source: Forrester – Data Commerce Platform Technology Forecast

OUR STRATEGIC PARTNERS INCLUDE

- Adobe
- Alibaba
- Amazon
- Commercetools
- Google
- IBM
- Intershop
- Salesforce
- SAP
- Shopify

CLIENTS INCLUDE

- Amazon
- Alibaba
- Asian Paints
- Audi
- Bank of China
- Coca-Cola
- DFS
- Diageo
- Illy
- Oreo
- P&G
- Sainsbury's
- Unilever
- YOOX NET-A-PORTER GROUP

AN ENHANCED ONLINE EXPERIENCE

AGENCY
WUNDERMAN THOMPSON
COMMERCE

CLIENT
DFS

DFS, the UK's leading upholstery retailer, wanted to offer a smarter shopping experience that was seamless and integrated across all customer touchpoints. DFS approached Wunderman Thompson Commerce with this challenge, which centred on building and extending its digital platform.

Wunderman Thompson's solution included moving DFS to a new customisable, scalable platform that was responsive across devices and offered improved efficiencies alongside exceptional customer experience.

Innovative digital signage in-store helped DFS maximise available store space, while a new dynamic routing system and mobile app optimised the routes and schedules of thousands of orders every day. The solution has improved delivery efficiency and arrival time accuracy, as well as creating substantial cost savings.

Wunderman Thompson Commerce also helped DFS to become the first UK furniture retailer to offer augmented reality (AR) on its website, allowing iPhone and iPad users to place a piece of furniture in their home and visualise how it looks and fits before purchase. Results show that users of the AR feature are significantly more likely to go on and make a purchase.

The platform built by Wunderman Thompson Commerce continues to underpin the client's digital transformation and drive strong growth in online sales.

Awards

**Delivery Initiative
of the Year at the
Retail Systems
Awards 2018**

**Digital Experience,
Best Use of Cloud/
Virtual Agents and Best
Omnichannel Experience
at the UK Digital
Experience Awards**





OREO MUSIC BOX



奥利奥缤纷音乐盒

INNOVATING WITH ALIBABA

AGENCY
VMLY&R

CLIENT
OREO

Oreo needed to grow its brand equity and sales in China. To help it do that, VMLY&R created a whole new ecommerce brand experience.

The Oreo Music Box is a mini turntable that plays music when an Oreo cookie is placed on it. The music changes with every bite. VMLY&R led the design, prototyping and commercialising of the Oreo Music Box for scale production, and worked with Oreo to develop a special-edition ecommerce bundle pack.

The agency also worked with Alibaba Tmall – the world's largest ecommerce site – to create a unique user journey for consumers, allowing them to order and personalise their own Oreo Music Box.

For launch, VMLY&R targeted Oreo lovers on the Alibaba media ecosystem (social, video and ecommerce) to drive up anticipation, and debuted the product on Tmall Super Brand Day.

The Music Box sold out in half a day, successfully elevated the Oreo experience above fierce category competition, and set a new standard for ecommerce product development in China.

¥1m
of sales in
first hour

46m
social impressions
gained
over Super Brand Day
period, ~1 week

TECHNOLOGY

Our data management, marketing technology consulting and systems integration services, alongside our unique partnerships with the world's leading technology companies, deliver value and growth for our clients.

Companies increasingly use technology at the centre of their marketing to create closer connections between their brands and consumers. We consult on, architect, build, integrate and run platforms and applications for clients, and use our relationships with technology companies to offer efficient, effective and scalable solutions.

WHAT WE OFFER

Data management/marketing technology consulting/systems integration

OPPORTUNITY

Growth is expected to be driven by Adobe and Salesforce practices, agnostic consulting on technology choice and CMO/CIO alignment

\$300bn
market by 2022

5-10%
compound annual growth rate 2017-2022

Source: Exane BNP Paribas

OUR STRATEGIC PARTNERS INCLUDE

Acquia
Adobe
Google
IBM
Microsoft
Oracle
Salesforce
SAP
Sitecore

CLIENTS INCLUDE

adidas
DELL
Ford
H&M
HSBC
LinkedIn
Mahindra Holidays
Microsoft
Unilever
Volvo

CURATING MARKETING SOLUTIONS

AGENCY
VERTICURL

CLIENT
LINKEDIN

When LinkedIn needed a partner to implement its marketing technology vision, they turned to Verticurl. LinkedIn was seeking brand consistency across a diverse business portfolio, the ability to scale marketing operations globally and help managing a high volume of campaigns.

Verticurl's approach curated a suite of marketing solutions, providing a fully centralised operating model, a marketing operations partner with global scale, unified processes and workflows, systems integration, campaign operations for email and web, and in-region support across approximately 30 markets.

The solution, which enables LinkedIn to deliver 2,640 campaigns annually worldwide, has produced an increase in global campaign deployments and a reduction in costs through process automation and platform governance.

17%

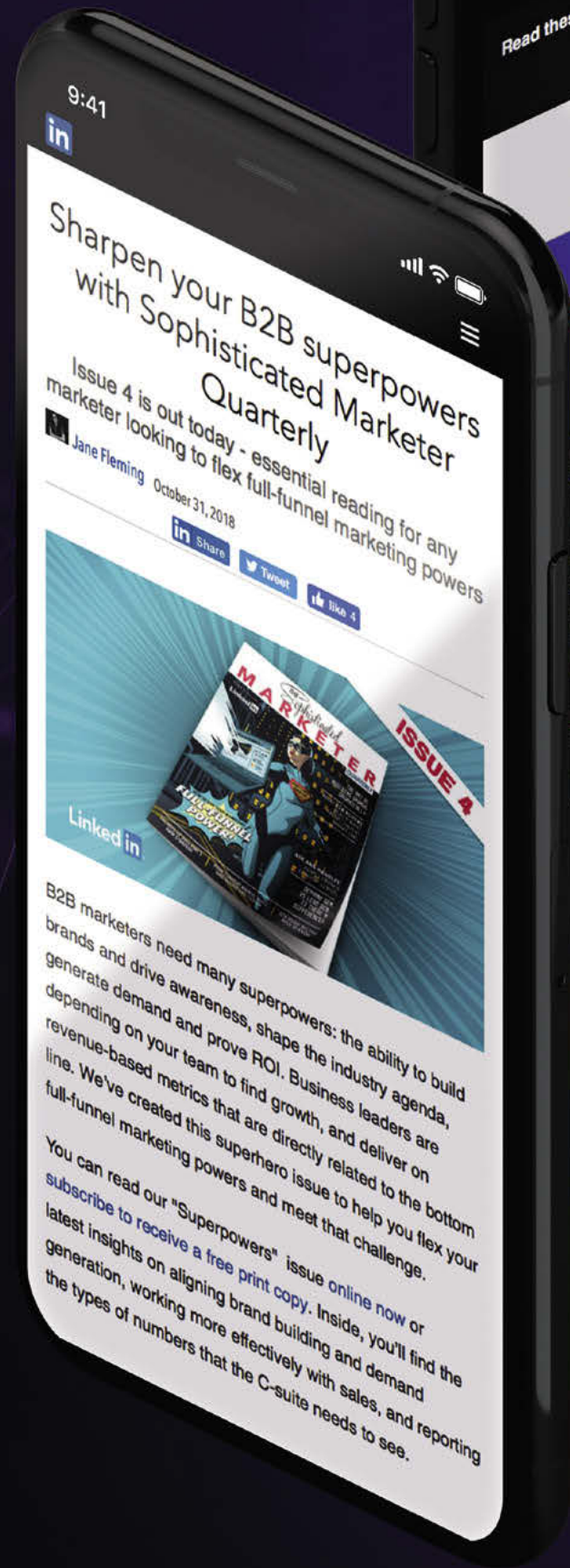
increase in global campaign deployments

January-September 2018

22%

reduction in costs

January-September 2018



READ ME IF YOU WANT TO ADVERTISE BETTER ON LINKEDIN
READ ME IF YOU WANT TO DRIVE MORE LEADS USING LINKEDIN
READ ME IF YOU WANT TO DRIVE BRAND AWARENESS USING LINKEDIN

Recent posts

disruption that brands need

even principles of self-disruption that established brand needs

March 22, 2019

the greatest challenges in business is for established leaders to find the ability to disrupt themselves. On my last week, I was thrilled to host an event with Kantar and LinkedIn's London offices that brought together innovators and business leaders from across different sectors, to debate what's possible. When the Harvard professor...

Content Marketing, B2B Marketing, Advertising Week Europe

future of marketing at Advertising Week Europe

9:41

LinkedIn

AI in B2B: Going beyond the hype

Four real-world stories of B2B marketers unlocking growth through AI

828 Marketing

Real life case studies showing how artificial intelligence is transforming B2B

9:41

LinkedIn Goes All-In on B2B Video

Marketers and brands can leverage video for Sponsored Content and Company Pages to reach and engage the right audiences, the right way

March 29, 2018

Jennifer Bunting

Share Tweet Like 32

INTRODUCING VIDEO ADS

attention has

9:41

LinkedIn

The crucial content content

Why content m

Jason Miller Jan

When you're a B2B demand and filling marketing, it's su... pundits who claim marketing strateg... write several col... Marketing, The D... with this point of... trying to set the is

I can see the poi... marketing are try... strategy gets use... attacking the vali

PERSONALISATION AT SCALE

AGENCY
COGNIFIDE

CLIENT
FORD

Ford tasked Cognifide with the delivery of a seamless global customer experience and the capability to talk to customers individually, but at scale.

The initial technical vision was to take the model of flexible, scalable vehicle production and apply it to web development. Cognifide created a single platform to equip all European markets with the foundation on which to build their local sites, in their own language, featuring their own vehicles, ensuring the correct specification, legal compliance, consistency across all devices and a joined-up user journey across the sites. All with a globally consistent look and feel.

However, web is just one channel in Ford's mix. The greater challenge was to provide Ford with a single view of the customer across multiple channels to enable them to automatically personalise messaging at scale. Working with Adobe, Wunderman Thompson and GTB, Cognifide achieved a world first in integrating Adobe Experience Manager, Campaign, Target, Audience Manager and Analytics, stitching together the data and capability required to automate a personalised approach.

This innovation, applied to a campaign targeting prospects known to be in the market for new vehicles, saw significant growth in clicks to leads (test drive requests, brochure requests, contact dealer requests) and reduced cost per lead due to platform efficiencies.

76%

rise in clicks to leads in the first half of 2018

16%

reduction in cost per lead in the first half of 2018





MUSTANG BULLITT

WHERE WE ARE

WPP companies operate in 112 countries. Here we show our presence by region in terms of revenue and headcount.



- **Revenues**
Denote the collective figure for all WPP companies in a given region or country.
- **People**
Denotes the number of people employed by WPP companies in a given region or country.

As at 31 December 2018.

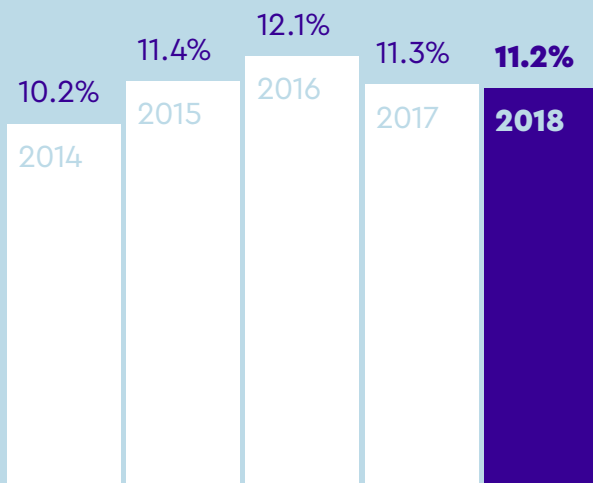


THE MARKET

Technology is rapidly reshaping the market in which we operate

Spending by clients has stayed relatively constant

MARKETING EXPENSE AS A SHARE OF REVENUE



Source: Gartner – CMO spend survey 2018-2019

But they are looking for a broader, technology-enabled service

29%
of marketing budget allocated to technology (2017: 22%)

2/3
of Chief Marketing Officers' advertising budgets are invested in digital channels

40%
of Chief Marketing Officers say marketing analytics tops their priority list (2017: 27%)

1 in 6
marketing dollars is spent on innovation

Source: Gartner – CMO spend survey 2018-2019

Our industry is undergoing structural change

The role of "traditional" agencies is being challenged

Clients want our creativity more than ever but they are seeking services beyond our traditional strengths in communications. Agencies in the industry perceived to be lacking in contemporary skills in areas such as data, technology, experience and commerce have come under significant pressure.

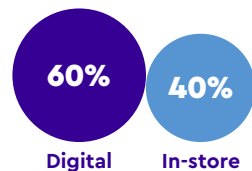
"WE CAN'T BE NOSTALGIC ABOUT OUR AGENCY BRANDS, AND WE HAVE NOT BEEN."

Mark Read
Chief Executive Officer

Our clients are being disrupted by technology

Every industry, from automotive and packaged goods to drinks and financial services, is facing structural change driven by technology. We need to help our clients navigate this disruption, and to do so we need to adapt more rapidly than we have in the past.

TRANSACTIONS



Source: Kleiner Perkins 2018 Internet Trends Report

Consultants are competing with us on technology and talent

Consulting firms have expanded rapidly into areas in which we compete, to a significant degree through acquisition. We need to recognise that new competition and be ready for it. We also need to promote our existing consulting and technology capabilities more effectively.

\$2.6bn
estimated spend of consulting firms on agency acquisitions in 2018

Source: R3 Consulting

Facebook, Google and Alibaba are vying for talent and attention

While their direct competitive threat may be overstated, the giants of the tech industry (Google, Facebook and Alibaba – three of the world's 10 most valuable companies) are vying with us for talent and attention.

c.\$1.8tn
combined market capitalisation of Facebook, Google and Alibaba

As at 26 March 2019

Trust and transparency are paramount

New platforms are changing the way people interact with technology. Privacy, data and security breaches and the issue of fake news have damaged trust between organisations and the public. The industry needs to work hard to restore that trust.

70%
of internet users in the UK and US are now more concerned about their online privacy than they were 12 months ago

Source: Global Web Index

This change also provides significant opportunity for companies like WPP

These trends are driving our industry towards high-growth areas, in addition to our traditional areas of strength in communications, as reflected by the four pillars of our new client offer.

WPP is already one of the most forward-looking and tech-enabled companies in our industry. We have many of the world's leading creative, data and technology agencies, five of which were named as industry leaders and visionaries in the influential Gartner Magic Quadrant study.

We are the largest partner to the world's leading media and technology companies. We invest \$5.5 billion with Google on behalf of our clients, and \$2.5 billion with Facebook. And we drove more traffic to Alibaba on Singles' Day than any other partner globally.

Our marketing technology operation consists of 6,000 experts worldwide, and we have strong, growing relationships with our clients' Chief Information Officers, as well as the Chief Marketing Officers. As we increasingly put technology at the heart of what we do, we are well positioned to capture the opportunities of the changing market, and to help our clients navigate the technology-driven disruption they are facing.

ESTIMATED GLOBAL MARKET

COMMUNICATIONS

\$1tn
market in 2018

+/-3%
growth in 2018

Source: GroupM – This Year Next Year Worldwide Media Forecast

COMMERCE

\$9.5bn
platform spend by 2021

15%
growth FY 2017-FY 2018

Source: Forrester – Data Commerce Platform Technology Forecast

EXPERIENCE

c.\$100bn
market by 2022

5-10%
compound annual growth rate 2017-2022

Source: Exane BNP Paribas

TECHNOLOGY

\$300bn
market by 2022

5-10%
compound annual growth rate 2017-2022

Source: Exane BNP Paribas

OUR STRENGTHS

Our substantial assets mean we are well placed to capitalise on that opportunity

CLIENTS AND PARTNERSHIPS

Most of the world's largest companies are WPP clients

Largest partner to the world's media and technology companies

We work with
73.8%
of the Fortune
Global 500

67
of the FTSE 100

7
of the top 10 most
valuable brands
in China

>\$8bn
of media spend
managed with Facebook
and Google in 2018

SCALE

Strong global networks

Media buying scale

Strength in critical
markets for future,
eg China, India, Brazil

112
countries

#1
in media
buying worldwide

\$1.1bn
revenues in China

>\$45bn
annual media investment
managed by GroupM

CREATIVITY

Our most important source
of competitive advantage

Partner to the Chief
Marketing Officer

Understanding of consumers

Most Creative
at the Cannes Lions International
Festival of Creativity 2011-2017

Most Effective
in the Effie Global Effectiveness
Index 2012-2018

TECHNOLOGY

Growing Chief Information
Officer relationships

Significant marketing
technology offer

6,000
people in our marketing
technology operation

Largest
global partner for Adobe,
Salesforce, Google, Marketo
and Oracle marketing clouds

OUR BUSINESS MODEL

WPP IS A CREATIVE TRANSFORMATION COMPANY

We build better futures for our clients through an integrated offer of communications, experience, commerce and technology

WPP is a creative transformation company with a service offering that allows us to meet the present and future needs of our clients. Our business model is client-centric, and we leverage resource and skills across our internal structures to provide the best possible service. WPP works with 369 of the Fortune Global 500, all 30 of the Dow Jones 30, and 71 of the NASDAQ 100.

We are committed to the principles of sustainability in business, through our assignments for clients, our substantial pro bono work and the management of our own operations. We aim to build better futures not only for our people and clients but our wider communities.

Our networks and agencies operate in all major global markets, offering a range of services across four key areas: communications, experience, commerce and technology. Each of these areas is critical to success for modern clients.

By bringing them together WPP can meet clients' needs as they react to the changing marketplace and complex social, economic, and environmental pressures, while expanding our own business in high-growth sectors.

Revenues are principally derived from fees for services on a rate per hour or per project basis. Client engagements include fixed-fee contracts, retainer agreements and commissions on media placements. Some client arrangements include performance incentive provisions designed to link revenue to quantitative and qualitative goals.

We focus on revenue less pass-through costs as a reflection of top-line performance. Pass-through costs comprise fees paid to external suppliers where they are engaged to perform part or all of a specific project and are charged directly to clients – predominantly media and data collection costs.

Our people are our most important assets and our ability to attract and retain diverse talent is a critical element of our competitiveness. Compensation and incentives are aimed at making WPP a home for the best and brightest, and are aligned with our strategy for growth. Our delivery model is based on an increasingly flexible cost structure, with the use of consultants, freelancers and incentives allowing an agile response to any market volatility.

Our transformation programme, encompassing a new vision and offer, a simplified structure including a consistent shared service infrastructure and the development of Campus co-locations, investments in creativity, technology and talent, and a new emphasis on building the Company's culture, will enhance WPP's proposition to clients and drive top-line growth.

FOUNDATIONS FOR GROWTH

During 2018 we focused on a number of short-term strategic priorities, as well as on formulating a new long-term strategy, which was announced in December.

At the half year we set out our short-term priorities to put WPP on a solid foundation for growth. A number of these priorities formed the basis for our longer-term strategy. In addition to the actions taken in 2018 outlined here, further details of progress can be found from page 42 under our new strategy.

FOCUS ON OUR CLIENTS

- Emphasis on providing faster, more agile, more effectively integrated solutions for our clients
- Wins from clients including adidas, Hilton, Mars, Mondelēz, T-Mobile, Volkswagen
- Development of new vision and offer to better position WPP with clients
- Appointment of Chief Client Officer

See vision & offer, page 44

CONTINUE TO SIMPLIFY OUR ORGANISATION

- Creation of VMLY&R, a new brand experience agency formed by the merger of VML and Y&R
- Integration of our healthcare agencies with Ogilvy, VMLY&R and Wunderman
- Began Wunderman and J. Walter Thompson merger to create Wunderman Thompson, a new creative, data and technology agency
- VML, Y&R, Wunderman, J. Walter Thompson and WPP Health & Wellness collectively accounted for 23% of WPP revenue
- Completion of Burson Cohn & Wolfe merger
- Opened/announced further Campus co-locations including New York, Prague and Toronto
- Disposal of non-core minority holdings including AppNexus and Globant

See simpler structure, page 50

EMBED DATA AND TECHNOLOGY MUCH MORE DEEPLY INTO OUR OFFER

- New data and technology team in place
- First WPP Chief Technology Officer appointed
- Technology made a key pillar of WPP's new offer to clients

See data & technology, page 48

INVEST IN TALENT THAT REPRESENTS OUR CHANGING WORLD

- Formation of new central team with key appointments including Chief Operating Officer, Chief Client Officer and Chief Technology Officer
- WPP Executive Committee established for the first time, drawn from corporate and operating company leadership
- New focus, led by the CEO, on the importance of a positive and inclusive culture across WPP

See creativity, page 46 and culture, page 52

EVALUATE THE SHAPE OF THE PORTFOLIO TO MAXIMISE SHAREHOLDER VALUE AND RELEASE CAPITAL

- 30 disposals in 2018, raising £849 million to reduce our debt
- Initiated a strategic review of options in relation to Kantar to maximise shareholder value
- The intention is to continue to develop Kantar while remaining a shareholder with strategic links to the business

See financial review, from page 54

FULL STRATEGY REVIEW BY YEAR-END

Announced 11 December 2018

OUR NEW STRATEGY

Radical evolution: A strategy for growth

We describe our new strategy as a radical evolution. It's radical because we are making tough decisions and taking decisive action – having restructured a large proportion of our revenue base in 2018 – but an evolution because we are changing our business in a way that respects the people and things that make WPP such a great organisation.

WPP has substantial assets, the most important of which is our people. As a talent business we need to transform at the right pace, and bring our people with us on the journey.

Our strategy focuses on growth. The restructuring of our business and associated cost savings will enable increased investment in creativity, technology and talent, so that we are well positioned for top-line growth in the future.

We aim to deliver this strategy over the next three years, incurring cash costs for restructuring of £300 million. The annual savings are anticipated to be £275 million by the end of 2021, approximately half of which will be reinvested in the business.

Our new medium-term financial targets, to be achieved by the end of 2021, are organic growth (defined as like-for-like revenue less pass-through costs growth) in line with peers; headline operating profit margin (excluding the impact of IFRS 16: Leases) of at least 15%; and free cash flow conversion of 80-90%.



VISION & OFFER

Read more on page 44

A new vision developed with our people and clients and a refreshed, more contemporary offer to meet the needs of our clients in a rapidly changing market.



CREATIVITY

Read more on page 46

A renewed commitment to creativity, WPP's most important competitive advantage.



DATA & TECHNOLOGY

Read more on page 48

Harnessing the strength of our marketing and advertising technology, and unique partnerships with technology firms, for the benefit of clients.



SIMPLER STRUCTURE

Read more on page 50

Reducing complexity and making sure our clients can access the best resources from across the Company.



CULTURE

Read more on page 52

Investment in our people, our culture and a new set of values to ensure WPP is the natural home for the best and brightest talent.

Our approach to sustainability aligns with our new strategy. See pages 60-77

VISION & OFFER

Our first step was to set out a new and inspiring vision for the future of WPP, and a modern new offer for our clients.



"THE WAY WE PRESENT OURSELVES HAS TO REFLECT THE CREATIVITY OF THE PEOPLE INSIDE WPP."

Mark Read
Chief Executive Officer

VISION, PURPOSE AND IDENTITY

WPP's vision is to be a creative transformation company, bringing together creativity and expertise in technology and data – with the purpose of building better futures for our people, clients and communities. This competitive positioning was developed in consultation with our people and clients, and is supported by a refreshed brand identity created by WPP agencies Superunion and Landor.

SIMPLER, IMPROVED OFFER

WPP's offer covers four areas: communications, experience, commerce and technology, as set out from page 7. Each of these areas is critical to success for modern clients. By bringing them together the Company will better serve clients' needs as they react to the changing marketplace, and expand WPP's own business in high-growth sectors. The areas of experience, commerce and technology already represent approximately one quarter of WPP's revenue.

Progress in 2018

- Launch of new positioning, visual identity and offer areas
- Merger of VML and Y&R, and Wunderman and J. Walter Thompson, to create integrated technology and creative agency offerings
- Strong start from first merger, VMLY&R, with \$25 million in client wins in first 90 days

Focus for 2019

- Deployment of new offer in market
- Business development effort led by new team, including Chief Client Officer and Chief Marketing and Growth Officer



See our film presenting WPP's vision: wpp.com/about/who-we-are



"CLIENTS COME TO WPP WHEN THEY WANT US TO UNLOCK GROWTH AND REINVENT FOR THE FUTURE."

Lindsay Pattison
Chief Client Officer



**WPP BRAND
IDENTITY**

**AGENCIES
SUPERUNION
& LANDOR**

**CLIENT
WPP**



CREATIVITY

We are putting our most important competitive advantage back at the heart of WPP where it belongs.

A RENEWED COMMITMENT

The creativity of our people – their wit and imagination, and the power of their ideas to deliver results for clients – is what makes WPP special and what differentiates us from other professional services firms. WPP has great creative strengths, having won the Holding Company of the Year award at the Cannes Lions International Festival of Creativity for seven consecutive years between 2011 and 2017 – but the business must invest more in this area. As part of our strategic review, we have made a renewed commitment to creativity, and will invest an incremental £15 million a year for the next three years in creative leadership, with a particular focus on the United States.

**LSO BMW
CLASSICS 2018**

**AGENCY
SUPERUNION**

**CLIENT
LONDON SYMPHONY
ORCHESTRA**





Progress in 2018

- £15 million annual incremental commitment announced for investment in creative leadership over the next three years
- New competitive positioning, brand identity and corporate narrative placing creativity at the heart of WPP

Focus for 2019

- Recruitment of leading creative talent, with a particular focus on the United States
- Continued focus on exceptional work as evidenced by six spots at Super Bowl 2019
- Enhanced WPP presence at the Cannes Lions International Festival of Creativity



"CREATIVITY IS THE CLOSEST WE COME TO MAGIC IN THIS LIFE."

John O'Keeffe
Global Chief Creative Officer



To learn more see wpp.com/featured

DATA & TECHNOLOGY

We will invest further in our technology and data capabilities and promote them as a clear source of competitive advantage to WPP.

Technology powers WPP, both in terms of our internal operations and our service to clients:

- Infrastructure: to help us connect, collaborate, communicate, share
- Applications we use: to create, deploy and measure work for clients
- Systems we build for clients: we consult on, architect, build, integrate and run platforms and applications for our clients

In 2018, we started the process to organise WPP as a platform business, with a common technology and data strategy that leverages the strengths of our unique technology partnerships and our existing capabilities in marketing and advertising technology.

Progress in 2018

- Stephan Pretorius appointed as WPP's first Chief Technology Officer in October 2018
- Announced additional investment in technology at investor day

Focus for 2019

- Build senior technology team at the centre of WPP
- Creation of new WPP adtech and marketing cloud platform
- Leverage relationships with technology firms through new partnerships such as Google's Waze

ORGANISING WPP AS A PLATFORM BUSINESS

DATA

AN OPEN DATA PLATFORM

Within WPP, we already have enormously valuable data sets that we use to help our clients understand their customers and adapt accordingly. We are building a platform that curates this internal data alongside that of our clients, and other data that exists in the public domain.

The platform will use cloud computing to connect and integrate this data. Through service interfaces our data and tools will be made available to our clients, partners and our own agencies – and always with the right access, privacy and commercial controls. All major data partnerships will be handled centrally at a WPP level, to allow us to leverage our scale commercially.



LUCK MACHINE

AGENCY
ISL

CLIENT
LYFT



"TECHNOLOGY WILL DRIVE WPP'S TRANSFORMATION."

Stephan Pretorius
Chief Technology Officer

APPLICATIONS

INTELLIGENT, CONNECTED APPLICATIONS

We have a number of internal applications that we use to do work for our clients, but as with data, we don't have all of the solutions internally. Our intention is not to build applications ourselves, but to partner with established providers where necessary, and focus our investment on developing applications that create true client value and differentiation (such as insights, planning and analytics).

We will also simplify and consolidate our internal overlapping initiatives at an agency level, which will allow us to focus on executing the best innovations internally. All applications will be available to all agencies.

INVESTMENTS

STRATEGIC INVESTMENT FOCUS ON AI

AI is rapidly changing our industry, driving improved accuracy and speed and reduced cost in marketing, while opening new consumer engagement possibilities. AI also presents significant opportunity for operational efficiency and automation, and harnessing this will make us more effective for our clients.

Our strategy aims to achieve this through a combination of external and internal investment in AI, supported by an investment strategy team and product stewardship board.

SKILLS

A SHARED TECHNICAL SERVICE CAPABILITY

In the area of marketing technology and marketing systems integration we are already a strong player, competing directly with companies such as Exensio, Deloitte and Caggemini. We are the largest global partners for Adobe, Salesforce, Google, Marketo and Oracle marketing clouds.

Not only do we understand the various platforms that our clients use, we also understand how the tools need to be implemented as marketers. In 2019, we will bring together our existing capability that exists across a range of agencies into an integrated WPP technical services organisation, covering the entire lifecycle for all major adtech, martech and commerce platforms, from consulting and vendor selection to architecture, implementation and ongoing management.

PARTNERS

AN OPTIMISED PARTNER PORTFOLIO

Our ambition is not to be a primary software developer, but the primary partners to the leaders in the field – a position we already occupy with the world's largest technology firms.

During 2019, our aim is to review our existing relationships, with a view to ensuring that across WPP we only have one integrated relationship with each provider that operates under a single service agreement and is managed at the WPP level. This not only means better commercial terms and less waste, but also better training, and access to innovation which ultimately allows us to do better work for our clients.

SIMPLER STRUCTURE

Central to our new strategy is a simpler structure, built around the needs of clients, to allow easier access to WPP's many resources. The structure is based on three principles: Clients, Companies and Countries.

Over the years WPP has built many tremendous assets, but it has also become too unwieldy, with too much duplication. As a result it has not always been as focused or as fleet of foot as it needs to be to satisfy the needs of all our clients around the globe.

That is changing as we streamline the Company and concentrate 100% of our efforts on our core business of delivering outstanding work and the best outcomes for clients.

In addition to agency mergers to create fewer, more integrated offerings, we have simplified our portfolio, making a number of disposals of non-core investments. And we will continue to develop Campus co-locations to house our agencies in major cities, which deliver world-class working environments and increased efficiencies.

Progress in 2018

- Mergers to create VMLY&R and Wunderman Thompson
- Realignment of US healthcare agencies with major networks and elimination of WPP Health & Wellness sub-holding company
- 30 disposals of non-core investments and associates

Focus for 2019

- 100 planned mergers and 80 closures at local office level by end of 2019
- Gross reduction in headcount of 3,500 by end of 2019
- Further non-core disposals
- Opening of new WPP Campuses including Amsterdam, Madrid, Milan and Mumbai



"WE NEED TO HAVE FEWER, STRONGER COMPANIES THAT ARE BETTER POSITIONED TO GROW."

Andrew Scott
Chief Operating Officer



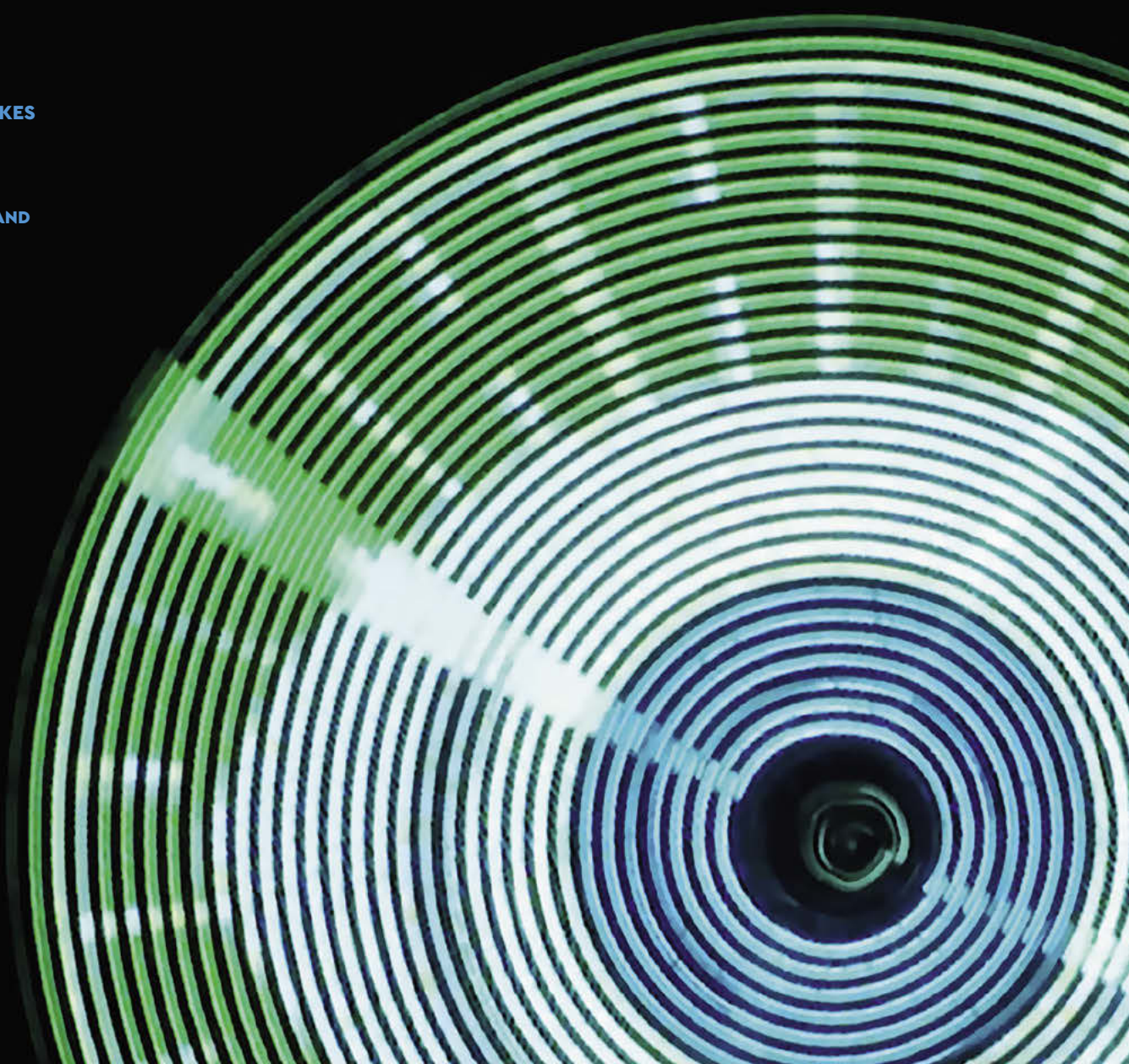
"CO-LOCATING IN THE WPP SHANGHAI CAMPUS ENABLES US TO COLLABORATE, TO INTEGRATE OUR OFFER AND TO DELIVER MAXIMUM VALUE TO OUR CLIENTS."

Patrick Xu
China Country Manager

SMART SPOKES

**AGENCY
OGILVY**

**CLIENT
EYES JAPAN AND
UBER EATS**



OUR THREE PRINCIPLES FOR A SIMPLER STRUCTURE

CLIENTS

We will become a more client-centric organisation in order to deliver the best of WPP.

28%

of our revenue is generated by our 30 largest clients

COMPANIES

We will have fewer, more integrated companies equipped to adapt to a changing market.

23%

of our Company in revenue terms was subject to merger or realignment in 2018

COUNTRIES

We will integrate further at a country level to leverage our strengths in individual markets.

64,000

people in co-locations by end of 2021

CULTURE

To attract the best and brightest our workplaces must be open, inclusive, respectful, collaborative and diverse in every sense.



"MY JOB IS TO TAKE THE VALUES OF WPP AND EMBED THEM IN THE FABRIC OF THE ORGANISATION."

Judy Jackson
Global Head of Culture

ATTRACTING LEADING TALENT

We believe that greater diversity, inclusion and gender balance leads to more rewarding and successful workplaces. In order to make WPP the natural home for the best and brightest, and to attract the next generation of talent, we will champion a culture across WPP characterised by our new values: openness, optimism and a commitment to extraordinary work.

STRENGTHENING OUR LEADERSHIP

To lead this element of the strategy we have appointed Jacqui Canney as our new Global Chief People Officer. Supporting Jacqui is another new appointment, Judy Jackson, in the role of Global Head of Culture. We have also established WPP's first Executive Committee, drawn from both corporate and company leadership.

Progress in 2018

- Launch of our new values
- Established first WPP Executive Committee

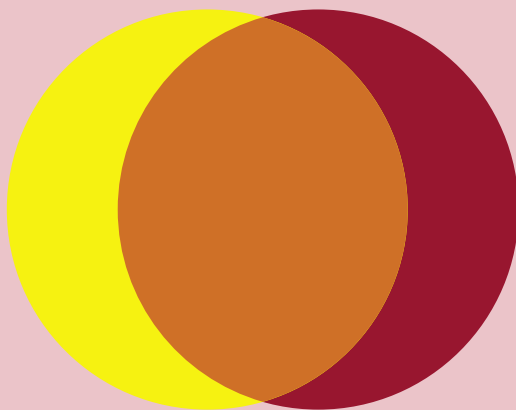
Focus for 2019

- Implementation of new people strategy led by Global Chief People Officer
- Programme to promote new values and culture led by Global Head of Culture
- Review of incentive arrangements to align with strategy



To learn more see wpp.com/our-people

OUR VALUES



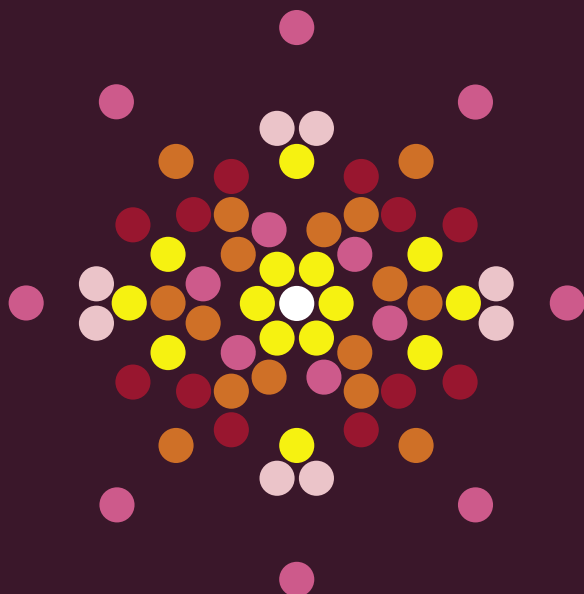
OPEN

We are inclusive and collaborative.
We encourage the free exchange of ideas.
We respect and celebrate diverse views.
We are open-minded: to new ideas, new partnerships, new ways of working.



OPTIMISTIC

We believe in the power of creativity, technology and talent to create better futures for our people, clients and communities.
We approach all that we do with confidence: to try the new and to seek the unexpected.



EXTRAORDINARY

We are stronger together: through collaboration we achieve the amazing.
We are creative leaders and pioneers of our industry.
We deliver extraordinary every day.

FINANCIAL REVIEW

REVIEW OF RESULTS

Reported billings were £55.798 billion, up 0.4%, up 3.3% in constant currency and up 3.2% like-for-like.

Reported revenue was down 1.3% at £15.602 billion. Revenue on a constant currency basis was up 1.5% compared with last year, the difference to the reportable number reflecting the strength of the pound sterling against most currencies, particularly in the first half of the year. On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was up 0.8%.

Reported revenue less pass-through costs was down 2.6%, up 0.2% in constant currency and down 0.4% like-for-like. In the fourth quarter, like-for-like revenue was down 0.1%, a slight deterioration from the third quarter (0.2%), with all regions, except North America, showing an improvement. On the same basis, revenue less pass-through costs in the fourth quarter was down 0.7%, an improvement over the third quarter (1.5%), with North America and the United Kingdom slightly weaker, more than offset by stronger growth in Western Continental Europe and Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe.

OPERATING PROFITABILITY

Headline EBITDA was down 8.8% to £2.311 billion, from £2.534 billion the previous year and down 6.4% in constant currency. The Group's revenue is more weighted to the second half of the year across all regions and sectors, and, particularly, in the faster growing markets of Asia Pacific and Latin America. As a result, profitability and margin continue to be skewed to the second

half of the year, with the Group earning approximately 40% of its profits in the first half and 60% in the second half. Headline profit before interest and tax for 2018 was down 9.7% to £2.047 billion, from £2.267 billion and down 7.4% in constant currencies.

Headline operating margin¹ was down 1.1 margin points to 15.3%, and also down 1.1 margin points in both constant currency and like-for-like, at the upper end of the full-year revised operating margin target. Headline PBIT margin² was down 1.2 margin points to 16.0%, down 1.3 margin points in constant currency and down 1.2 margin points like-for-like. The Group's operating margin of 15.3% is after charging £37 million (\$54 million) of severance costs, compared with £40 million (\$52 million) in 2017 and £326 million (\$435 million) of incentive payments, which were 14.2% of operating profit before incentives, a similar level to the £324 million (\$421 million) or 13.1% in 2017. Achievement of target, at an individual operating company level, generally generates 15% of operating profit before bonus as an incentive pool and 20% at maximum.

On a reported basis, the Group's operating margin, before all incentives³ and income from associates, was 17.8%, down 1.0 margin point, compared with 18.8% last year. The Group's staff costs to revenue less pass-through costs ratio, including severance and incentives, increased by 0.5 margin points to 63.7% compared to 63.2% in 2017. In addition, there was an increase in the Group's general and administrative costs, principally in relation to an increase in the provision for bad debts and higher IT costs.

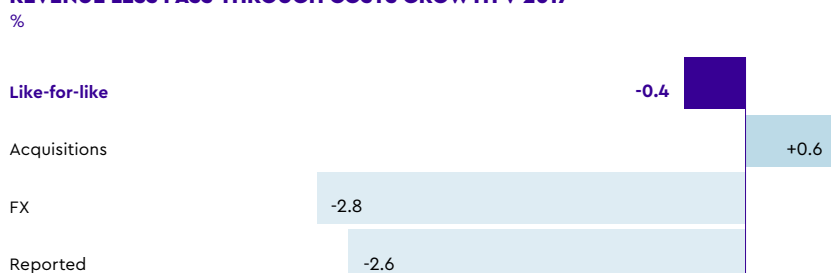
On a like-for-like basis, the average number of people in the Group, excluding associates, in 2018 was 133,903 compared to 135,521 in 2017, a decrease of 1.2%. On the same basis, the total number of people, excluding associates, at 31 December 2018 was 134,281 compared to 135,187 at 31 December 2017, a decrease of 906 or 0.7%.

EXCEPTIONAL GAINS AND RESTRUCTURING AND TRANSFORMATION COSTS

As outlined in the investor day on 11 December 2018, we have undertaken a strategic review of our operations. As part of that review, restructuring actions have been taken to right-size underperforming businesses, address high-cost severance markets and simplify operational structures. This has included the merging or closure of a number of WPP's operating companies. It also includes transformation costs with respect to strategic initiatives like co-locations in major cities, IT transformation and shared services.

£234 million of restructuring and transformation costs were recorded in the fourth quarter in relation to this plan. This included £63 million of non-cash write-offs and £171 million of actions that have a cash impact in 2018 and beyond. In 2018 the cash outflow was £50 million. The £171 million forms part of the anticipated £300 million total cash cost of the restructuring plan that we announced – with the balance to be incurred in 2019, 2020 and 2021.

REVENUE LESS PASS-THROUGH COSTS GROWTH V 2017



This Strategic report should be read in conjunction with pages 88-119 and pages 174-177. The Group's key performance indicators are set out on page 59 and discussed in further detail in this report.

This Strategic report includes figures and ratios that are not readily available from the financial statements. Management believes that these non-GAAP measures, including constant currency and like-for-like growth, and headline profit measures, are both useful and necessary to better understand the Group's results. Where required, details of how these have been arrived at are shown in the notes of the financial statements.

¹ Headline operating profit (excluding income from associates) as a percentage of revenue less pass-through costs.

² Headline PBIT as a percentage of revenue less pass-through costs.

³ Short and long-term incentives and the cost of share-based incentives.

The total of restructuring and transformation costs in 2018 was £302 million. The remaining £68 million relates to severance restructuring costs recorded in the first half, together with costs in relation to the continuing global IT transformation programme.

These exceptional costs of £302 million and £41 million of associate company exceptional losses have been partly offset by exceptional gains of £235 million, primarily relating to the gain on the sale of the Group's investment in Globant S.A.

This gives a net exceptional loss of £108 million and compares with a net exceptional loss in 2017 of £24 million.

INTEREST AND TAXES

Net finance costs (excluding the revaluation of financial instruments) were £184.5 million, compared with £174.6 million in 2017, an increase of £9.9 million. This is due to higher dollar interest rates.

The headline tax rate was 22.5% (2017: 22.0%) and on reported profit before tax was 22.1% (2017: 9.3%). The difference in the rates in 2017 was principally due to an exceptional tax credit, primarily relating to the re-measurement of deferred tax liabilities. Given the Group's geographic mix of profits and the changing international tax environment, the tax rate is expected to increase slightly over the next few years.

EARNINGS AND DIVIDEND

Headline profit before tax was down 11.0% to £1.863 billion from £2.093 billion, and down 8.5% in constant currencies.

Reported profit before tax fell by 30.6% to £1.463 billion from £2.109 billion, the difference between the headline and reported figures reflecting principally the £302 million of restructuring and transformation costs and £184 million of goodwill impairment charges. In constant currencies, reported profit before tax fell by 28.1%.

Reported profit after tax fell by 40.4% to £1.139 billion from £1.912 billion. In constant currencies, profits after tax fell 38.5%.

Profits attributable to shareholders fell 41.5% to £1.063 billion from £1.817 billion, again reflecting principally the £302 million of restructuring and transformation costs and £184 million of goodwill impairment. In constant currencies, profits attributable to shareholders fell by 39.6%.

Headline diluted earnings per share fell by 10.3% to 108.0p from 120.4p. In constant currencies, earnings per share on the same basis fell by 8.1%. Reported diluted earnings per share fell by 40.8% to 84.3p from 142.4p and decreased 38.9% in constant currencies.

As outlined in our investor day presentation, despite the reduction in diluted earnings per share, your Board proposes to maintain the final dividend of 37.3p per share, which, together with the interim dividend of 22.7p per share, makes a total of 60.0p per share for 2018, the same as the prior year. This represents a dividend pay-out ratio of 56%, compared with 50% last year. The record date for the final dividend is 14 June 2019, payable on 8 July 2019.

REGIONAL REVIEW

The pattern of revenue and revenue less pass-through costs growth differed regionally. See the tables on page 56 for details.

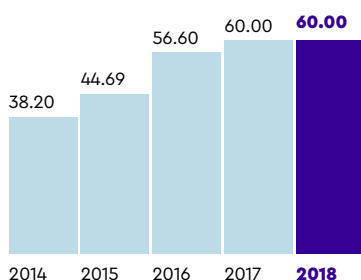
North America constant currency revenue less pass-through costs was down 4.5% in the final quarter, the same as the third quarter, and down 5.7% like-for-like, a slight deterioration on the third quarter (-5.3%). This reflects continuing challenges in our advertising businesses, with data investment management and healthcare also slower, partly offset by a significant improvement in public relations and public affairs. On a full-year basis, constant currency revenue less pass-through costs was down 3.5%, with like-for-like down 4.2%. Addressing our underperforming operations in the US is a key element of WPP's new strategy.

United Kingdom constant currency revenue less pass-through costs was down 2.4% in the final quarter and down 2.7% like-for-like, slightly weaker than the -2.0% shown in quarter three. Media investment management and the specialist communications businesses were particularly strong with data investment management improving. Our public relations and public affairs and direct, interactive and ecommerce businesses were slower. On a full-year basis, constant currency revenue less pass-through costs was up 0.2%, with like-for-like down 0.5%.

Western Continental Europe constant currency revenue less pass-through costs was up 4.1% in the final quarter, a significant improvement on the growth in quarter three

DIVIDEND PER SHARE

Pence (p)



of 1.3%. On a like-for-like basis revenue less pass-through costs was also up 4.1%, the strongest quarter of the year, and compared to -0.4% in quarter three. Twelve of the Group's top 14 markets showed significant growth in quarter four, particularly Austria, Belgium, Denmark, Finland, Germany, Italy, the Netherlands, Portugal, Sweden and Turkey. For the year, Western Continental Europe constant currency revenue less pass-through costs grew 4.1% with like-for-like up 2.0%, the second strongest-performing region.

In **Asia Pacific, Latin America, Africa & the Middle East** and **Central & Eastern Europe**, on a constant currency basis, revenue less pass-through costs was up 0.4% in the fourth quarter and up 2.6% like-for-like, slightly above the third quarter growth of 2.4%. In the fourth quarter, **Latin America** grew over 7%, stronger than the third quarter, with **Central & Eastern Europe** showing double-digit growth in the fourth quarter compared with almost 5% in quarter three. **Asia Pacific** and **Africa & the Middle East** were slightly weaker. On a full-year basis, constant currency revenue less pass-through costs growth in the region was 2.0% with like-for-like growth 2.5%, the strongest-performing region.

REVENUE ANALYSIS

£ million	2018	Δ reported	Δ constant ¹	Δ LFL ²	% group	2017 ³	% group
N. America	5,371	-5.1%	-1.9%	-3.0%	34.4%	5,659	35.8%
United Kingdom	2,189	2.6%	2.6%	1.5%	14.0%	2,133	13.5%
W Cont. Europe	3,335	3.2%	3.5%	1.7%	21.4%	3,231	20.4%
AP, LA, AME, CEE ⁴	4,707	-1.6%	3.8%	4.4%	30.2%	4,781	30.3%
Total Group	15,602	-1.3%	1.5%	0.8%	100.0%	15,804	100.0%

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2018	Δ reported	Δ constant	Δ LFL	% group	2017	% group
N. America	4,474	-6.7%	-3.5%	-4.2%	34.9%	4,794	36.4%
United Kingdom	1,691	0.2%	0.2%	-0.5%	13.2%	1,688	12.8%
W Cont. Europe	2,736	4.0%	4.1%	2.0%	21.3%	2,631	20.0%
AP, LA, AME, CEE	3,926	-3.2%	2.0%	2.5%	30.6%	4,057	30.8%
Total Group	12,827	-2.6%	0.2%	-0.4%	100.0%	13,170	100.0%

OPERATING PROFIT ANALYSIS (HEADLINE PBIT)

£ million	2018	% margin [*]	2017	% margin [*]
N. America	804	18.0%	937	19.6%
United Kingdom	245	14.5%	280	16.6%
W Cont. Europe	372	13.6%	376	14.3%
AP, LA, AME, CEE	626	15.9%	674	16.6%
Total Group	2,047	16.0%	2,267	17.2%

* Headline PBIT as a percentage of revenue less pass-through costs.

Notes

¹ Percentage change at constant currency exchange rates.

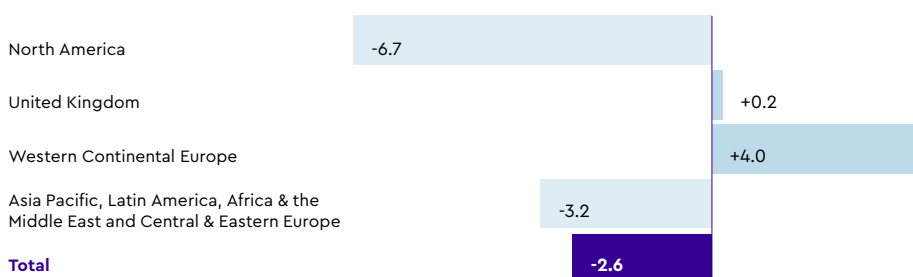
² Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.

³ Prior year figures have been restated for the impact of the adoption of IFRS 15: Revenue from Contracts with Customers, as described in the accounting policies.

⁴ Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION V 2017

%



BUSINESS SECTOR REVIEW

The pattern of revenue and revenue less pass-through costs growth also varied by sector and operating brand. The tables opposite give further details.

Advertising and Media Investment Management

In constant currencies, advertising and media investment management revenue less pass-through costs was down 1.6% in the fourth quarter, a significant improvement on the -6.5% in the third quarter and the strongest quarter of the year. On a like-for-like basis revenue less pass-through costs was up 0.4% in the fourth quarter, the first quarter of positive growth, with both our advertising and media investment businesses showing considerable improvement over the third quarter. However, despite this improvement, our advertising businesses remain under pressure.

The strong revenue less pass-through costs growth across most of the Group's media investment management businesses, offset by slower growth in our advertising businesses in most regions, resulted in the combined reported operating margin of this sector being down 1.2 margin points at 17.6% and down 1.4 margin points in constant currency.

REVENUE ANALYSIS

£ million	2018	Δ reported	Δ constant ¹	Δ LFL ²	% group	2017 ³	% group
AMIM ⁴	7,132	-3.2%	-0.4%	1.0%	45.6%	7,369	46.6%
Data Inv. Mgt.	2,582	-4.5%	-1.8%	-2.0%	16.6%	2,703	17.1%
PR & PA ⁵	1,211	0.6%	3.4%	3.1%	7.8%	1,204	7.6%
BC, HW & SC ⁶	4,677	3.3%	6.3%	1.5%	30.0%	4,528	28.7%
Total Group	15,602	-1.3%	1.5%	0.8%	100.0%	15,804	100.0%

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2018	Δ reported	Δ constant	Δ LFL	% group	2017	% group
AMIM	5,530	-6.1%	-3.3%	-1.2%	43.1%	5,889	44.7%
Data Inv. Mgt.	1,966	-4.2%	-1.3%	-1.8%	15.3%	2,052	15.6%
PR & PA	1,136	-0.4%	2.5%	2.6%	8.9%	1,141	8.7%
BC, HW & SC	4,195	2.6%	5.6%	0.6%	32.7%	4,088	31.0%
Total Group	12,827	-2.6%	0.2%	-0.4%	100.0%	13,170	100.0%

OPERATING PROFIT ANALYSIS (HEADLINE PBIT)

£ million	2018	% margin*	2017	% margin*
AMIM	972	17.6%	1,109	18.8%
Data Inv. Mgt.	301	15.3%	350	17.1%
PR & PA	184	16.2%	183	16.1%
BC, HW & SC	590	14.1%	625	15.3%
Total Group	2,047	16.0%	2,267	17.2%

* Headline PBIT as a percentage of revenue less pass-through costs.

Notes

- 1 Percentage change at constant currency exchange rates.
- 2 Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.
- 3 Prior year figures have been restated for the impact of the adoption of IFRS 15: Revenue from Contracts with Customers, as described in the accounting policies.
- 4 Advertising and Media Investment Management.
- 5 Public Relations & Public Affairs.
- 6 Brand Consulting, Health & Wellness and Specialist Communications (including direct, interactive and ecommerce).

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS V 2017

%

Advertising and Media Investment Management	-6.1
Data Investment Management	-4.2
Public Relations and Public Affairs	-0.4
Brand Consulting, Health & Wellness and Specialist Communications	+2.6
Total	-2.6

Data Investment Management

In constant currencies, data investment management revenue less pass-through costs was down 2.8% in the fourth quarter, and down 2.8% like-for-like. On a full-year basis, constant currency revenue less pass-through costs was down 1.3%, down 1.8% like-for-like. Geographically, revenue less pass-through costs was up strongly in Asia Pacific and Latin America, but North America was weaker. Kantar Worldpanel and Kantar Media showed strong like-for-like revenue less pass-through costs growth, with Kantar Insights, Kantar Health, Kantar Public and Lightspeed less robust. Reported operating margins were down 1.8 margin points to 15.3% and down 1.8 margin points in constant currency.

Public Relations and Public Affairs

In the fourth quarter, in constant currencies and like-for-like, our public relations and public affairs businesses were the strongest-performing sector, as they were in the first half and third quarter, with growth of 3.3% and 1.2% respectively. On a full-year basis, constant currency revenue less pass-through costs grew 2.5% with like-for-like growth 2.6%. Geographically, all regions showed strong growth, with the United Kingdom and Africa & the Middle East particularly strong. Burson Cohn & Wolfe, Hill+Knowlton Strategies and the specialist public relations and public affairs businesses Finsbury, Hering Schuppener and Buchanan, performed particularly well. Overall operating margins improved 0.1 margin points to 16.2% and by 0.1 margin points in constant currency.

Brand Consulting, Health & Wellness and Specialist Communications

Our brand consulting, health & wellness and specialist communications businesses (including direct, interactive and ecommerce), performed less well in the fourth quarter with constant currency revenue less pass-through costs up 0.2%, compared with 6.5% in the third quarter, with like-for-like down 1.6%, as our healthcare businesses in North America and some direct, interactive and ecommerce businesses came under pressure. On a full-year basis, revenue less pass-through costs was up 5.6% in constant currency and up 0.6% like-for-like. In brand consulting, Landor and FITCH performed strongly, and in the direct, interactive and ecommerce businesses, Wunderman, Hogarth, AKQA, Blue State Digital, F.biz and Deeplocal performed well. Operating margins, for the sector as a whole, were down by 1.2 margin points to 14.1% and down 1.3 margin points in constant currency, with operating margins negatively affected as parts of our direct, interactive and ecommerce, brand consulting and healthcare businesses in North America slowed.

CASH FLOW HIGHLIGHTS

In 2018, operating profit was £1.431 billion, depreciation, amortisation and goodwill impairment £728 million, non-cash share-based incentive charges £85 million, working capital and provisions inflow £166 million, net interest paid £162 million, tax paid £384 million, capital expenditure £375 million, earnout payments £120 million and other net cash outflows £266 million, principally £235 million gains on disposal of investments and subsidiaries. Free cash flow available for debt repayment, acquisitions (excluding earnouts), share buy-backs and dividends was, therefore, £1.103 billion.

This free cash flow was enhanced by £849 million of proceeds from the disposal of associates and investments, offset by £289 million in cash acquisition costs (investments and new acquisition payments), £207 million in share buy-backs and £747 million in dividends, a net outflow of £394 million. This resulted in a net cash inflow of £709 million.

Free cash flow conversion¹ in 2018 was 81%.

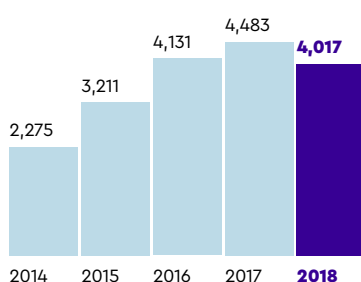
BALANCE SHEET HIGHLIGHTS

Average net debt in 2018 was £4.966 billion, compared to £5.125 billion in 2017, at 2018 exchange rates. On 31 December 2018 net debt was £4.017 billion, against £4.483 billion on 31 December 2017, a decrease of £466 million (a decrease of £605 million at 2018 exchange rates). The reduced period end debt figure reflects the benefit of £849 million proceeds in relation to disposal of our interests in certain associates and investments, the principal of which were Globant S.A., Imagina, AppNexus and Bruin. This trend has continued in the first two months of 2019, with average net debt of £4.015 billion, compared with £4.569 billion in the same period in 2018, a decrease of £554 million (a decrease of £671 million at 2019 exchange rates).

The net debt figure of £4.017 billion at 31 December compares with a current market capitalisation of approximately £10.966 billion (\$14.345 billion), giving an enterprise value of £14.983 billion (\$19.600 billion). The average net debt to EBITDA ratio, at 2.1x, is above the revised target range of 1.5-1.75x to be achieved by the end of 2021.

NET DEBT

£ million



¹ Free cash flow conversion is the ratio of free cash flow to headline earnings. Free cash flow is after earnouts and changes in working capital and before new acquisition spend, disposals and shareholder distributions as set out in note 29 of the financial statements.

RETURN OF FUNDS TO SHAREHOLDERS

Dividends paid in respect of 2018 will total approximately £753 million for the year. Funds returned to shareholders in 2018 totalled £955 million, including share buy-backs.

In 2018, 16.6 million shares, or 1.3% of the issued share capital, were purchased at a cost of £207 million.

PROGRESS ON GROWTH STRATEGY

In the last seven months, we have made significant progress in simplifying our operations to make them more client-centric and improving WPP's financial position. Milestones include the launch of a new vision, offer and brand identity for WPP, the creation of two new integrated networks (VMLY&R and Wunderman Thompson), the realignment of the US healthcare agencies with major networks, the formation of WPP's first Executive Committee and the initiation of the process to find a financial and strategic partner for Kantar.

As part of the restructuring plan we outlined in the investor day presentation, 70 of the 100 planned office mergers have been completed, 57 of the 80 offices have been closed and approximately 2,650 of the 3,500 planned redundancies have been actioned. The anticipated gross savings remain in line with the £160 million estimate in December. As we outlined in the investor day a proportion of these gross savings will be reinvested in talent and technology development.

In addition, 30 disposals were completed in 2018 realising proceeds of £849 million, helping to strengthen the Group's balance sheet and improve leverage. The disposal programme will continue in 2019 and a further six disposals have been completed year-to-date.

OUTLOOK

Financial guidance

Our 2019 targets are:

- Like-for-like revenue less pass-through costs down 1.5% to 2.0%, with stronger headwinds in the first half, due to client losses in 2018; and
- Headline operating margin to revenue less pass-through costs down around 1.0 margin point on a constant currency basis (excluding the impact of IFRS 16: Leases).

In 2019, our primary focus will remain on addressing our issues in North America. We will achieve this through investment in leadership, creative talent and technology and delivering on the potential of the newly merged businesses of VMLY&R and Wunderman Thompson. In addition, we will ensure the gross benefits from the restructuring actions taken in 2018 and continuing to be taken in 2019 are realised. To help drive top-line growth, the incentive plans for 2019 will include up to half of the incentive pools being funded based on improving growth in revenue less pass-through costs, with the remaining proportion based on growth in operating profit and margin.

Medium-term financial targets

At our investor day in December, we set out our new medium-term financial targets that will allow us to invest in talent and technology, improve our competitive position and deliver sustainable long-term growth rates. Our targets, to be achieved by the end of 2021, are:

- Organic growth (defined as like-for-like revenue less pass-through costs growth) in line with peers;
- Headline operating margin (excluding the impact of IFRS 16: Leases) of at least 15%; and
- Free cash flow conversion of 80%-90%.

USES OF FUNDS

As per the investor day in December, over the next three years we will prioritise the dividend over share buy-backs and will balance targeted M&A with divestments.

SUSTAINABILITY

At WPP we build better futures for our people, our clients – and our wider communities.

WHY SUSTAINABILITY MATTERS

2018 has seen record heatwaves on four continents, and perilous water shortages in South Africa, Australia and India. It has seen women the world over say #MeToo, and consumers take a stand on plastic packaging at supermarket checkouts.

From technological disruption, climate change and resource scarcity to skills shortages, demographic shifts and political uncertainty, our clients, across every sector, face a complex set of interconnected social, economic and environmental pressures.

The potential upside to tackling sustainability challenges is significant – it is estimated that sustainable business model innovation could open economic opportunities worth \$12 trillion and create 380 million jobs¹.

Consumer expectations are changing. Today's consumers want more from their favourite brands than just a great product – they expect transparency across the supply chain and want brands to have a point of view and to play an active role in society. Yet there is often cynicism and a lack of trust about corporate motivations and actions.



“WE HAVE A STRONG TRACK RECORD OF BUILDING BRANDS WITH PURPOSE THAT HELP OUR CLIENTS ACHIEVE THEIR SUSTAINABILITY GOALS. BUT WE CAN AND MUST DO MORE.”

Andrea Harris
Group Chief Counsel
and Head of Sustainability

¹ Better Business, Better World, Business & Sustainable Development Commission, January 2017.



FRIENDLY ARMS

AGENCY
AKQA SÃO PAULO

CLIENT
AACD,
ORTHOPAEDIC
HOSPITAL



To learn more see
wpp.com/friendlyarms

As the importance of sustainability grows for our clients, so does its impact on WPP.

OUR RESPONSE

Our clients look to us to provide the insight, expertise and creative solutions they need to navigate this changing landscape and communicate their purpose effectively and authentically. Our own sustainability strategy helps us to do this with credibility, meeting changing client expectations while reducing risks and creating a more resilient business for the long term.

SUSTAINABILITY AND OUR STRATEGY

Our sustainability strategy aligns with all five elements of our new corporate strategy, which we introduced in late 2018. The table opposite sets out the most material ways in which sustainability supports our strategy.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We support the UN SDGs which provide a framework for government agencies, civil society, the private sector and citizens to work together to create a more sustainable future. Good communications are essential to bring about the shift in attitudes and behaviour needed to tackle extreme poverty, inequality and climate change by 2030. We aim to play our part through the improvements we are making in our business, our pro bono work and our work for clients on social and environmental themes.

We have analysed the 17 Global Goals and the 169 targets which sit behind them to identify those which are most relevant for our business. To learn more about the Goals we believe we can make the most significant contribution towards, see page 8 of our full Sustainability Report 2018, available as a PDF download.

For our full review of our sustainability activities and outcomes, download our Sustainability Report 2018.



wpp.com/sustainability

STRATEGIC ELEMENT	SUSTAINABILITY STRATEGY		
VISION & OFFER	A STRONGER OFFER FOR OUR CLIENTS	A growing number of clients are grappling with sustainability challenges and looking to articulate the purpose of their brands. They look for partners who share their sustainability values and aspirations. Our commitment to responsible and	sustainable business practices helps us to broaden and deepen these partnerships, and to meet the growing expectations and sustainability requirements in client procurement processes.
			A stronger offer for our clients, see pages 66 and 67 Transparency and trust, see pages 74 and 75
CREATIVITY	SOCIAL INVESTMENT	Our pro bono work can make a significant difference to charities and NGOs, enabling our partners to raise awareness and funds, recruit members, and achieve campaign objectives.	Pro bono work benefits our business too, providing rewarding creative opportunities for our people that often result in award-winning campaigns that raise the profile of our companies.
		DIVERSE AND INCLUSIVE TEAMS	Creativity thrives on diversity of background and thought. This makes having a diverse and inclusive workplace essential to our long-term business success. We want all of our people to feel valued and able to fulfil their potential, regardless of gender, ethnicity, age or disability.
			Social investment, see pages 68 and 69 Attracting and retaining talent, see pages 70 and 71
DATA & TECHNOLOGY	PRIVACY AND DATA ETHICS	Data – including consumer data – can play an essential role in our work for clients. Data security and privacy are increasingly high-profile topics for regulators, consumers and our clients. We have a	responsibility to look after this data carefully, to collect data only when needed and with consent where required, and to store and transfer data securely.
SIMPLER STRUCTURE	GREENER OFFICE SPACE	Our work to simplify our structure and consolidate our office space is driving a positive impact on our energy use and carbon footprint. We are reducing the overall number of offices we occupy, moving to	locations that use green building standards and reduce our impact, help us to use space more efficiently and encourage collaboration between our companies.
CULTURE	SHARED VALUES ACROSS OUR BUSINESS AND SUPPLY CHAIN	Strong employment policies, investment in skills and inclusive working practices help us recruit, motivate and develop the talented people we need to serve our clients in all disciplines across our locations.	Selecting suppliers and partners who adopt standards consistent with our own can reduce costs, improve efficiency and protect our reputation.
			Privacy and data ethics, see page 76 Environment, see page 72 Attracting and retaining talent, see pages 70 and 71 Supply chain, see page 73

**"A NEW KIND OF
ACTIVISM SHAPED
BY PEOPLE FROM
AROUND THE
WORLD THROUGH
SOCIAL MEDIA."**

Sir David Attenborough



HOW GOOD MARKETING MAKES FOR BETTER DEMOCRACY

AGENCY
MULTI-AGENCY TEAM
LED BY GREY LONDON

CLIENT
UNITED NATIONS DPI
AND UNFCCC

In an age of growing grassroots activism, many people feel that action happens on the street, not behind the closed doors of the United Nations. We brought together a multi-agency team, led by Grey London, to help the UN reconnect with the world's people and put them back at the centre of their work.

The team put a new People's Seat in the UN plenary, right among world leaders. It was the first seat in UN history not representing a nation or specific interest. Instead it was there to give the world a voice on climate change. The campaign asked people around the world to express their thoughts, fears and experiences of climate change. These testimonials were crafted into a UN address delivered by Sir David Attenborough to key leaders poised to negotiate one of the most important decisions in the history of our planet.

The speech dominated the global news agenda, reaching some 1.3 billion people and ensuring the climate talks made headlines in countries including the UK, US and China.

RESULT

1.3bn+

people reached within
the first month of
The People's Seat launch
December 2018



To learn more see
wpp.com/peopleseat

A STRONGER OFFER FOR OUR CLIENTS

Our biggest sustainability impact is through the work we do for clients, which reaches billions of people each year.

We partner with a growing number of clients on sustainability-related briefs. Our blend of expertise means we can offer clients cutting-edge technology alongside the creativity needed to inspire consumers and help to make behavioural shifts more desirable.

Marketing is a powerful tool with the potential to change people's attitudes and behaviour. So it is important that we apply high ethical standards to our work. We continue to maintain high standards and compliance procedures in areas such as business ethics, human rights and data security and privacy.

WORK WITH PURPOSE

Increasingly, our clients aspire to create brands with purpose and look to us to help them to integrate sustainability into brand strategy, communications and marketing. This work is of growing importance to WPP. A survey of our top client team leaders in 2018 found that over 80% had recently discussed sustainability with their clients, with almost half of these discussions relating to the development of a brand campaign.

Our work in this area can include:

- **Brand and strategy consulting:** integrating social and environmental values into brand and business strategy.
- **Technology and research:** using technology and data to understand consumer attitudes and behaviour in relation to sustainability.
- **Communications:** helping clients communicate credibly on social and environmental issues with all audiences from consumers, employees and citizens to investors, regulators, the media and NGOs. This can include social marketing campaigns that raise awareness or drive behaviour change on issues of public interest, often for government and NGOs as well as corporate clients.

Given our clients' growing focus on sustainability, during 2019 we will explore how we can further build our sustainability capabilities and facilitate collaboration between WPP agencies on sustainability-related briefs.

COMPLIANCE WITH MARKETING STANDARDS

We expect our companies to comply with all relevant legal requirements and codes of practice for marketing standards in the work they produce for clients. A small number of the campaigns we produce give rise to complaints, some of which are upheld by marketing standards authorities. Our companies take action where needed to prevent a recurrence.

ETHICAL DECISIONS IN OUR WORK

Our work for clients can sometimes raise ethical issues, for example work for government clients, work relating to sensitive products or marketing to children. We have a review and referral process for work that may present an ethical risk.

Before accepting potentially sensitive work, our people are required to elevate the decision to the most senior person in the relevant office and then to the most senior WPP executive in the country concerned, who will decide if further referral to a global WPP executive is required. This referral process is covered in our How We Behave online training.

Companies also have copy-checking and clearance processes through which campaigns are reviewed by the legal team before publication. Requirements are particularly comprehensive in sectors such as pharmaceutical marketing which are highly regulated.

£2.07bn
revenues generated through clients who engaged with us on sustainability

13%
equivalent to approximately 13% of our total revenue

To find more examples of our client and pro bono work to address social and environmental issues download our Sustainability Report 2018.



wpp.com/sustainability



I'M FINE

AGENCIES
OGILVY & MINDSHARE

CLIENT
DOVE (UNILEVER)

This campaign by Ogilvy for Dove, with Mindshare handling media, saw the creation of four animations, each telling the real story of a girl's struggles with self-esteem. The films were launched in social, digital and cinema in markets across the world, giving parents the tools to help their kids build body-confidence.



To learn more see
wpp.com/imfine

SOCIAL INVESTMENT

Charities and NGOs have a vital role to play in tackling issues such as health, education, human rights and the environment, often with very limited resources. We can help them increase their impact by providing communications and creative services on a pro bono basis (for little or no fee).

This can have a significant positive impact on the organisations we support, enabling them to raise awareness and funds, recruit members, and achieve campaign objectives. It benefits our business too, providing rewarding creative opportunities for our people that often result in award-winning campaigns and raise the creative profile of our companies. Our agencies also negotiate free media space for charity campaigns, enabling them to reach a wide audience.

Alongside our pro bono work, our social investment is one of the main ways we can contribute to progress on the UN Sustainable Development Goals. We established our Charity Committee of senior executives in 2018 to oversee our approach and help us to target our support effectively.

We encourage our people to get involved as volunteers. 41% of our companies have a formal volunteering policy and 56% organised volunteering activities for their people during 2018.

WHAT WE GAVE IN 2018

Our pro bono work was worth £11.3 million in 2018 (2017: £12.7 million). We also made cash donations to charities of £6.2 million (2017: £7.7 million), resulting in a social investment worth £17.5 million (2017: £20.4 million). This is equivalent to 1.20% of reported profit before tax (2017: 0.97%).

WPP media agencies negotiated free media space worth £23.8 million on behalf of pro bono clients (2017: £29 million), making a total social contribution of £41.3 million (2017: £49.4 million).

For more examples of our pro bono work download our Sustainability Report 2018.

SOCIAL IMPACT

Our support helps NGOs and charities to carry out important work in areas such as improving health and education, and protecting human rights. With pro bono work this can often be worth more than an equivalent cash donation because it enables charities to raise awareness, increase donations, recruit members, impact behaviour and achieve campaign goals. We have conducted research to quantify this wider impact.

Our most recent analysis shows that our pro bono work in 2018 created wider social benefits worth £91 million to society (2017: £103 million). This includes, for example, the impact of charities being able to improve health and wellbeing in communities. The wider social benefits created by our pro bono work, charitable donations and free media space is worth an estimated £331 million (2017: £397 million).

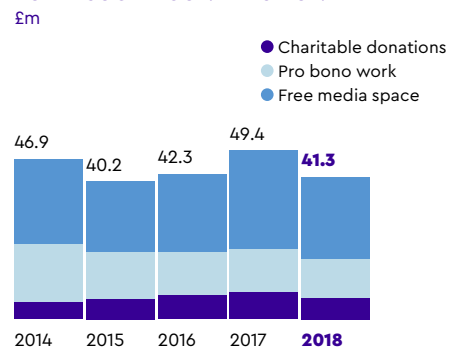
COMMON GROUND

We launched Common Ground in 2016 as a collaboration between the world's six biggest advertising and marketing services groups and the United Nations to use the power of communication to accelerate progress towards achieving the 17 Sustainable Development Goals by 2030.

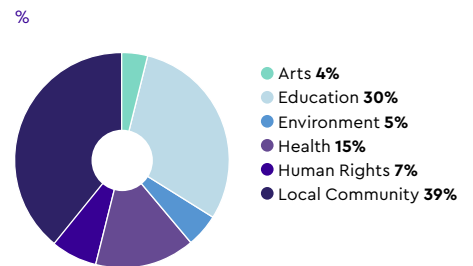
At WPP our focus is gender equality (Goal 5), with an emphasis on tackling gender-biased stereotypes in the media and on promoting equal opportunities for women and girls.

During 2018, GroupM and other WPP agencies launched Creativity for Equality, a strategic partnership with UN Women to help positively impact the lives of girls and women. The partnership began with a 16-day campaign against gender-based violence across six countries.

TOTAL SOCIAL CONTRIBUTION



PRO BONO WORK BY SECTOR



£11.3m
in pro bono work

£23.8m
free media space negotiated by WPP companies

1.20%
social investment as a percentage of reported profit before tax

£331m
wider social benefits of pro bono work, charitable donations and free media space





OCEAN OF THE FUTURE

AGENCY
OGILVY UK

CLIENT
GREENPEACE

This film follows children visiting an aquarium, where they see some of the 800,000 tonnes of plastic packaging generated by UK supermarkets every year, and encourages people to sign a petition calling on retailers to reduce plastic waste.

RESULT
>970,000
people signed the petition
since April 2018



Watch the video:
wpp.com/oceanofthefuture

BLINK AND THEY ARE GONE

AGENCY
WUNDERMAN THOMPSON
MUMBAI AND AMSTERDAM

CLIENT
JIMMY NELSON

This film uses over 1,500 images to document the lives of the world's last remaining indigenous communities, warning us that we are losing our global cultural heritage.

RESULT
\$1m
in free media
December 2018-February 2019



Watch the video:
wpp.com/blink



ATTRACTING AND RETAINING TALENT

Our clients choose WPP on the strength of our people's insights, creativity and original ideas.

To attract and retain the best, most forward-thinking talent, we are focusing on:

- Embedding a culture based on our new values of being open, optimistic and doing extraordinary work;
- Improving diversity and inclusion;
- Investing in skills and creativity; and
- Offering attractive compensation, flexible working practices and opportunities for collaboration and growth.

SKILLS, TRAINING AND DEVELOPMENT

We invest in training and development to build the creative, technical and leadership skills our business needs. Training and opportunities for professional and personal development contribute to employee engagement and retention.

Overall, we spent £45.5 million on training in 2018 (2017: £44.9 million) with 65% of our people taking part in formal training programmes, averaging 5.7 hours per person.

We follow up with training participants to understand the impact of our courses and identify opportunities for improvement.

During 2018, 76% (2017: 80%) of our people participated in a formal appraisal process, and 69% (2017: 70%) of executive leaders and 66% (2017: 68%) of senior managers had a 360-degree appraisal.

ENGAGEMENT AND FEEDBACK

In 2018, we began the process to set up our first employee forum in the UK. We will roll this out to more markets starting with India, China and Turkey. The views and ideas raised through these forums will be shared with the two Non-Executive Board Directors responsible for workforce engagement.

We use employee surveys to assess employee engagement and satisfaction. In 2018, a set of consistent questions to assess employee

views on sustainability-related topics was used in surveys covering 75% of our employees. During 2019, we plan to launch a Company-wide employee survey.

LABOUR RELATIONS

We support the right of our people to join trade unions and to bargain collectively, although trade union membership is relatively low in our industry. In 2018, around 7% of our employees were either members of a trade union or covered by a collective bargaining agreement (2017: 8%). There were 1,267 consultations with works councils, of which the majority were in Europe (2017: 4,116).

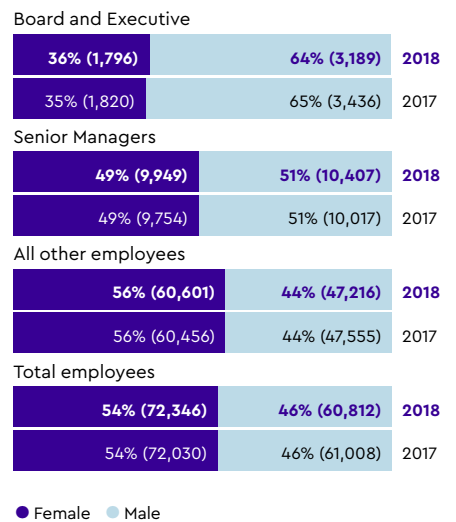
As part of our transformation programme we announced we will be making around 3,500 redundancies in our business, as we merge and restructure some of our agencies and as a result of changes in our client base. We aim to support employees affected by redundancy including through our employee assistance programmes.

DIVERSITY AND INCLUSION

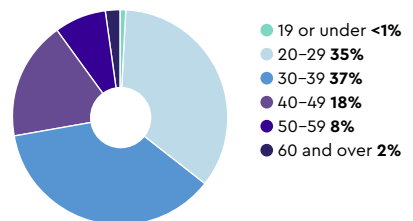
Creativity thrives on diversity of background and thought. This makes having a diverse and inclusive workplace essential to our long-term business success. We want all of our people to feel valued and able to fulfil their potential, regardless of gender, ethnicity, age or disability.

WPP does not tolerate harassment, sexual harassment, discrimination or offensive behaviour of any kind. We select and promote our people on the basis of their qualifications and merit, without discrimination or concern for factors such as race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability. These commitments are set out in our Code of Business Conduct, which applies to all our people and is available on the WPP website, in our Policy Book and on our intranet.

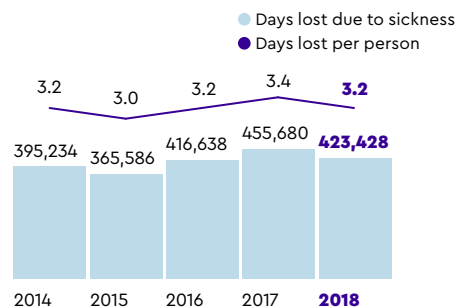
GENDER DIVERSITY



AGE DIVERSITY



DAYS LOST DUE TO SICKNESS



Employees are trained on our commitments through our online ethics training, How We Behave, which includes training on diversity and unconscious bias.

GENDER BALANCE

Our workforce is gender-balanced overall and the proportion of women in executive leadership roles increased this year. At the Board level the appointment of Cindy Rose raises the proportion of women on the Board to 33%. Achieving gender balance at leadership levels remains a priority.

In 2018, we signed up to the Women's Empowerment Principles, established by UN Women and UN Global Compact as a guide for businesses on how to empower women in the workplace, marketplace and community.

Our WPP Stella network, now active in India, Italy, Mexico, South Africa, Taiwan and the UK, aims to tackle barriers that may prevent women progressing to the most senior roles. It runs events, networking opportunities, coaching and training as well as a speaker database to raise the internal and external profile of our senior women. A series of podcasts was launched in 2018 featuring some of our female leaders. The network will be rolled out to further markets during 2019.

To learn more about our programmes, including information about

- Training programmes
 - Development programmes supporting career progression for our senior and mid-level women
- download our Sustainability Report 2018.



wpp.com/sustainability

HEALTH, SAFETY AND WELLBEING

We aim to support our people to look after their physical and mental health and wellbeing. The main health and safety risks in our business are work-related stress and ergonomic injuries. 76% of our companies have appointed someone with specific responsibility for health and safety management. There were no work-related deaths in 2018.

We offer a range of programmes to address health and safety risks which can include: fitness facilities or subsidised gym memberships; health and nutrition services; health insurance and medical assessments; counselling and employee assistance services; and ergonomic risk assessments and specialist equipment.

We estimate around 25% of our workforce have flexible working arrangements which include part-time working, flexible start and finish times and home working, as well as career breaks and sabbaticals.



THE BEST MEN CAN BE

AGENCY
GREY NEW YORK

CLIENT
GILLETTE

Gillette took a fresh look at what it means to be "the best" in today's world, celebrating stories of men who challenge the culture of toxic masculinity.

RESULTS
110m
video views
January 2019-
February 2019

15bn
impressions
January 2019-
February 2019



Watch the video:
wpp.com/bestmencanbe

Recognition for WPP

Industry Leader

in the Bloomberg Gender-Equality Index

ENVIRONMENT

We recognise the major threat that climate and environmental change poses to global social and economic development. We support urgent action to tackle climate change through the Paris Agreement. As a result, we have environmental management programmes in place to reduce our carbon emissions and environmental impact and identify and mitigate climate-related risk in our operations.

KEY TARGETS AND COMMITMENTS

- 0.41 tonnes of CO₂e per employee by 2030, a 50% reduction from 2017
- 50% of electricity from renewable sources by 2030
- 25% of global floor space certified to advanced green building standards by 2020
- 100% of emissions from air travel offset through the purchase of high-quality carbon credits

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

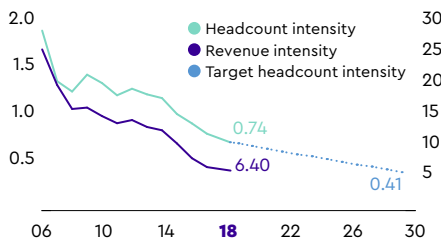
We support the Taskforce on Climate-related Financial Disclosures and aim to develop our disclosures in line with its recommendations. This voluntary framework seeks to encourage businesses to disclose climate-related risks and opportunities and is structured around four themes: governance, strategy, risk management, and metrics and targets.

For our TCFD disclosure, see page 173

PERFORMANCE SUMMARY

SCOPE 1 AND 2 EMISSIONS 2006-2018

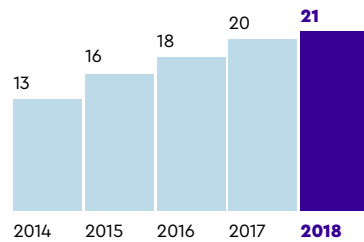
Tonnes CO₂e/head (market-based)



Our scope 1 and 2 market-based emissions for 2018 were 0.74tCO₂e/head, a 9% reduction from 2017. Our carbon intensity per £1 million revenue was 6.40 tCO₂e/head, an 8% reduction since 2017.

CERTIFIED FLOORSPACE

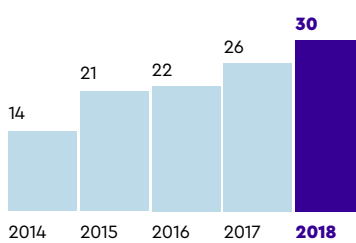
%



In 2018 21% of our floorspace was certified to advanced sustainability standards like LEED and BREEAM.

PROPORTION OF ELECTRICITY FROM RENEWABLE SOURCES

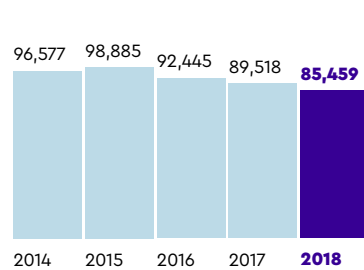
%



We increased the percentage of electricity purchased from renewable sources to 30% (2017: 26%), making substantial progress towards our 50% target.

CARBON OFFSETS PURCHASED

fCO₂e



Since 2007 we have purchased and permanently retired almost 1.5 million carbon credits to offset our carbon emissions from air travel. We offset 100% of our air travel emissions in 2018.

30%
electricity purchased from renewable sources (target: 50% by 2030)

0.74
tonnes of CO₂e per person (target: 0.41 tCO₂e by 2030)

21%
floor space certified to advanced green building standards (target: 25% by 2020)

A-
rating for our climate change strategy and reporting in the CDP climate change programme

To learn more about our approach to environmental management, our full performance and our approach to carbon emissions accounting, download our Sustainability Report 2018.



wpp.com/sustainability

SUPPLY CHAIN

We work with over 130,000 companies across our supply chain, and aim to select suppliers who meet high standards in areas such as human rights and the environment. Where we can, we work with our suppliers to positively influence standards in the wider supply chain. This reduces risks to our business and our clients and enables us to respond to the growing number of client tender processes that include supply chain management criteria.

We take a risk-based approach to supplier engagement focusing on suppliers in high-risk countries or sectors, those with whom we have a direct commercial relationship and those with centrally negotiated contracts managed by our procurement team.

SOURCING STANDARDS

Our Supplier Code of Conduct includes requirements relating to labour practices, human rights, social impacts as well as other sustainability issues. Our Code requires suppliers to apply similar standards to companies in their own supply chain.

SUPPLIER SELECTION

We evaluate potential new suppliers on factors such as assurance of supply, quality, service, cost, innovation and sustainability. We launched two additional sustainability questionnaires in 2018 to strengthen our due diligence processes for supplier selection. In 2019 we plan to roll out new training for our procurement teams on conducting due diligence for supply chain sustainability risks.

HUMAN RIGHTS

Respect for human rights is a fundamental principle for WPP. We aim to prevent, identify and address any negative impacts on human rights associated with our business activities.

Our **Human Rights Policy Statement** summarises our approach. It reflects international standards and principles, including the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Children's Rights and Business Principles.

We are a member of the **United Nations Global Compact** and report progress against its 10 principles annually.

Our most direct impact on human rights is as a major employer. We recognise the rights of our people including those relating to freedom of association and collective bargaining and we do not tolerate harassment or any form of forced, compulsory or child labour.

See **attracting and retaining talent**, pages 70 and 71

We work with clients to manage any human rights risks from marketing campaigns, for example by protecting children's rights in relation to marketing. WPP companies will not undertake work designed to mislead on human rights issues.

MODERN SLAVERY

We do not tolerate any form of modern slavery, forced labour or human trafficking in any part of our business or supply chain. Our risk assessment shows that almost 90% of our spend with preferred supplier partners is in medium- or low-risk categories for modern slavery such as HR and professional services. Higher-risk categories include facilities and promotional goods suppliers.

SUPPLIER DIVERSITY

We work with many small and diverse suppliers. In the US, around 2.1% of our spend is with certified diverse suppliers including women- and minority-owned businesses.



T-SHIRTS THAT FIGHT SLAVERY

AGENCY
HILL+KNOWLTON STRATEGIES,
SÃO PAULO

CLIENT
BRAZIL MINISTRY
OF PUBLIC LABOR

Slavery is a reality in Brazil, despite being illegal. #SomosLivres invites Brazilians to fight to protect this law. Leading fashion journalists and trendsetters received branded t-shirts during Fashion Week.

RESULTS

17m people reached via print and digital media November 2018- January 2019

140,000 mentions November 2018- January 2019

To learn more about our Supplier Code of Conduct, Human Rights Policy, and Modern Slavery Act Transparency Statement see:



wpp.com/sustainability/policies-and-resources

TRANSPARENCY AND TRUST

By establishing clear policies and procedures in areas such as data security, ethical conduct, supply chain management and human rights, and reporting transparently on our progress, we can reduce risks to our business and to our clients.

OUR CODE OF CONDUCT

We set clear ethical standards for our people and companies through our policy framework and training.

The WPP Code of Business Conduct summarises our principles and key points of policy that apply to everyone at WPP. It is supported by more detailed policies in areas such as anti-bribery and corruption, hospitality and gifts, facilitation payments and the use of third-party advisors as well as our Human Rights Policy Statement and Sustainability Policy.

Our online ethics training, How We Behave, is updated every two to three years. Our people are required to take the training on joining and on a regular basis, and repeat the training following each update. Topics covered include diversity, human rights, conflicts of interest and avoiding misleading work. In 2018, we added unconscious bias training, and updated our ethics and anti-bribery and corruption training. Over 115,000 employees have completed the training since this update.

Our online training on anti-bribery and corruption covers the Foreign Corrupt Practices Act and UK Bribery Act on issues such as hospitality and gifts, facilitation payments and the use of third-party advisors.

MANAGEMENT AND COMPLIANCE

Our Group Chief Counsel and Head of Sustainability oversees our approach to ethics and compliance. Senior managers in all our companies and our business and supplier partners are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will comply with its principles.

Breaches or alleged breaches of our Code are investigated by the WPP legal and internal audit teams. Our people can report concerns or suspected cases of misconduct in confidence through our third party-managed Right to Speak facility, overseen by our legal and compliance departments. We relaunched Right to Speak following the appointment of the new CEO in 2018 to ensure all our people are aware of how they can raise concerns. There were 200 reports (2017: 106) made via Right to Speak during 2018, all of which were followed up, investigated where appropriate and reported to the Audit Committee.

ASSOCIATES, AFFILIATES AND ACQUISITIONS

We expect associate companies (those in which we hold a minority stake) and affiliate companies (preferred partners to whom we may refer business) to adopt ethical standards that are consistent with our own.

Our due diligence process for acquisitions and expansion into new markets includes a review of ethical risks including those relating to bribery and corruption, human rights or ethical issues associated with client work.

We identify any specific human rights risks associated with different countries of operation, using sources such as the Transparency International Corruption Index, Human Rights Watch country reports and government guidance.

Acquired businesses must adopt our policies and their people must undertake our ethics training within a month of joining the Company. This is included in the integration plan agreed before the acquisition is finalised and we monitor progress after acquisition.

PUBLIC POLICY

We are involved in public policy activity in two ways. Our public affairs businesses carry out work for clients, including direct lobbying of public officials and influencing public opinion. On occasion, we also engage in the public policy process on issues that affect WPP and our companies.

115,000+
people completed refreshed
ethics training in 2018

We believe that business can make a valuable contribution to the debate on regulation and government policy. However, to protect the public interest, it is important that business lobbying is conducted with honesty, integrity and transparency.

The majority of our work takes place in the US and the EU, although many clients are multinational businesses.

OUR STANDARDS

Our political activities are governed by our Code of Business Conduct and our Political Activities and Engagement Policy, both available on our website. These commit us to acting ethically in all aspects of our business and to maintaining the highest standards of honesty and integrity. Political activities should be conducted legally, ethically and transparently. All communication should be honest, factual and accurate. Our policies apply to all employees, Directors and entities.

Many of our companies are members of professional organisations and abide by their codes of conduct. Examples include the UK's Association of Professional Political Consultants (APPC), the self-regulatory body for UK public affairs practitioners, and the European Public Affairs Consultancies' Association (EPACA), the representative trade body for public affairs consultancies working with EU institutions.

WPP companies comply with all applicable laws and regulations governing the disclosure of public affairs activities. In the US, this includes the Lobby Disclosure Act and the Foreign Agent Registration Act, which are designed to achieve transparency on client representation and require lobby firms to register the names of clients on whose behalf they contact legislators or executive branch personnel. A number of our companies are listed on the voluntary EU Transparency Register of lobbying activities.

It is WPP's practice that those of its US companies whose sole or primary business is lobbying have representatives of both major political parties among senior management.

We will not undertake work that is intended or designed to mislead. We do not knowingly represent "front groups" (organisations which purport to be independent NGOs but are controlled by another organisation for the purpose of misleading) and seek to ensure we are aware of who the underlying client is before taking on work.

Our Group Chief Counsel and Head of Sustainability has responsibility for development and implementation of our political activity policy and public reporting procedures. Our Chief Talent Officer had overall responsibility for implementation of this policy within our public affairs companies. The CEO and CFO in each country or region are responsible for implementing this policy at the local level.

Any third parties conducting political activities on behalf of WPP or its companies must comply with our Political Activities and Engagement Policy. Third parties should complete the WPP ethics training or equivalent training within their own organisation.

POLITICAL CONTRIBUTIONS

WPP companies are not permitted to make direct cash donations. Other political donations can only be made with the prior written approval of a WPP Executive Director. Donations must be reported to WPP legal before they are made to confirm they comply with this policy and to obtain the necessary approvals.

POLITICAL ACTION COMMITTEES

In countries where it is consistent with applicable law, individuals working at WPP companies may make personal voluntary political contributions directly to candidates for office. Several of our businesses, including Burson Cohn & Wolfe/Prime Policy, Glover Park Group and Hill+Knowlton Strategies, also maintain political action committees (PACs) which accept voluntary donations from their people to support political candidates. In 2017 and 2018, these PACs made disbursements worth \$307,948.

LOBBYING AND POLITICAL ADVOCACY

We occasionally contribute to the debate on public policy issues relevant to our business, sometimes operating through our public affairs companies.

We engage in partnerships and advocacy on sustainability issues, for example through the Common Ground initiative in support of the UN Global Goals. Karen Blackett OBE, WPP UK Country Manager and Chairwoman of MediaCom UK & Ireland, is serving as the UK Government's Race at Work Champion, supporting the Race at Work Charter.

Our companies also contribute to public debate in areas where they have expertise and a special interest – our digital and research companies, for example, are involved on privacy and data protection issues.

WPP companies must implement clear procedures for the employment of serving or former politicians. This includes, for example, a six-month "cooling-off" period for people joining WPP from public office or the public sector.

MEMBERSHIP OF TRADE ASSOCIATIONS

We are members of trade associations, industry groups and membership organisations which undertake lobbying activity on behalf of their members. It is important that we select organisations whose priorities and values are aligned with our own and which have robust governance processes. WPP companies must nominate a senior manager with responsibility for managing and overseeing trade association relationships. Memberships are listed in our full Sustainability Report 2018.

PRIVACY AND DATA ETHICS

Data – including consumer data – can play an essential role in our work for clients. We have a responsibility to look after this data carefully, to collect data only when needed and with consent where required, and to store and transfer data securely.

Data security and privacy are increasingly high-profile topics for regulators, consumers and our clients.

We focus on building our people's awareness and knowledge so everyone understands and takes responsibility for data privacy and security. We have robust standards and governance processes in place to reduce risks and comply with regulation. We partner with clients, peers and industry organisations to promote best practice.

We reviewed, and where necessary updated, all our policies, processes and training to respond to the EU's General Data Protection Regulation (GDPR), which came into force in 2018, and we are reviewing on an ongoing basis pending global privacy laws such as those which will come into force in Brazil and California.

POLICIES AND GOVERNANCE

In 2018, we launched WPP's Data Privacy and Security Charter to help us communicate our approach to data to our people and our clients. This brings together our Data Code of Conduct, which sets out core principles for responsible data management, with our IT security, privacy and social media policies, and our security standards (which are based on ISO 27001). It also includes our acceptable use, data handling and retention, business continuity, incident response and subject access policies. Many of the policies have been rewritten to make them clearer and more accessible to a wide audience.

Our Group Chief Privacy Officer leads our work on privacy and partners with our companies and security and audit teams to promote privacy best practices. We appointed a Data Protection Officer in 2018 whose role is: to provide practical guidance and support to our agencies on data ethics; ensure that privacy risks are well understood across the business; help us prepare for new data and privacy regulation; and promote best practices.

Privacy leads in our companies oversee the implementation of our policies at a local level. They report progress to the Company via our Group Chief Counsel and Group Chief Privacy Officer. Each of our networks has appointed privacy leads to oversee data practices.

AUDIT AND DUE DILIGENCE

Our Group Chief Privacy Officer and Data Protection Officer are working with our internal audit team to review privacy risks and practices as part of our Company-wide audit programme.

Any supplier who collects, manages or stores employee, consumer or client data on behalf of WPP, our companies and our clients must have the right data security and privacy standards in place. We conduct due diligence on data suppliers and embed privacy requirements in our supplier contracts.

TRAINING AND ENGAGEMENT

Our Safer Data platform provides information, guidance and resources to help our people understand privacy risks and to apply our policies to their work. We have expanded its scope to include additional resources on data privacy and security including guidance on: recognising "phishing" and similar techniques; looking after data valuables; and communicating with clients on WPP's data security and privacy practices.

The platform also includes our GDPR toolkit, which contains guidance notes, model data protection contract clauses, template privacy impact assessment tools, policy templates and other resources, and we will be including additional resources to deal with privacy laws coming into force globally.

We updated our mandatory global online Privacy and Data Security Awareness training in 2018. The updated training has been completed by 111,747 employees. Our team also ran face-to-face training for around 50 of our operating companies covering GDPR compliance and privacy best practices.

We have developed a range of materials to help our companies communicate our approach to clients including during pitches and contract negotiations. Our Chief Privacy Officer also meets with clients to explain our approach and share insights and privacy best practices.

We partner with clients, industry organisations and peer companies on privacy issues. For example, we are working with the Internet Advertising Bureau (IAB) in Europe, contributing to work on their Transparency and Consent Framework which aims to help all parties in the digital advertising chain comply with the increased consent requirements of the GDPR.

DATA HEALTH CHECKER

We use our Data Health Checker to review privacy risks and data security practices in our businesses. This provides us with insight into how data is used, stored and transferred and helps to identify any parts of the business that need further support on data practices. The results showed that the majority of our companies have mitigation measures that match or exceed their level of privacy risk, with the average risk score being 2.16 out of 5, where 5 is the maximum score possible indicating maximum risk. Of those companies surveyed, 80% have a dedicated privacy lead.

111,747

people completed updated online Privacy and Data Security Awareness training in 2018

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Paul Richardson, WPP's Group Finance Director, was the Board Director responsible for sustainability in 2018. Andrea Harris, Group Chief Counsel and Head of Sustainability, has operational responsibility for sustainability.

At Board level, the Nomination and Governance Committee has responsibility for sustainability. We have established a Charity Committee to oversee our donations and pro bono work (see page 68).

Environmental, social and governance (ESG) risks are integrated into the Company's assessment of principal risks which are set out in detail from page 78.

EMBEDDING SUSTAINABILITY IN OUR COMPANIES

WPP sets sustainability policy, with every company responsible for implementation. The Company has a clear policy framework through our Code of Business Conduct, Sustainability Policy, Supplier Code of Conduct, Data Code of Conduct and Human Rights Policy Statement and other policies included in the WPP Policy Book. We track progress using our social and environmental key performance indicators.

Our internal sustainability advisors are working to ensure consistent implementation of our standards and ESG risks are included in our programme of internal audits.

STAKEHOLDER ENGAGEMENT

Dialogue with our stakeholders, including our people, clients and investors, provides valuable feedback and insight into sustainability risks and opportunities, for our Company and our clients.

Most stakeholder engagement takes place in the course of doing business. We also carry out more formal research as part of our materiality process. We work with clients on sustainability issues (see page 66). Information on employee engagement is on page 70.

INVESTOR ENGAGEMENT

We engaged with investors, rating agencies and benchmarking organisations on sustainability during 2018 including: Bloomberg Gender-Equality Index; CDP; Ecovadis; Ethibel; Euronext Vigeo Europe; FTSE Russell; Human Rights Campaign Foundation's 2018 Corporate Equality Index; ISS Data Verification; MSCI Research Inc; Sustainalytics; Thomson Reuters D&I index; Trucost; and Workforce Disclosure Initiative (WDI).

We are included in the FTSE4Good Index and participate in the CDP climate benchmark, receiving a rating of A- in 2018 (2017: B).

OUR MATERIALITY PROCESS

Our first formal materiality assessment in 2014 included interviews with clients, investors, NGOs and sustainable business experts as well as senior executives in the centre and our operating companies. Further reviews were conducted in 2016 and 2017, and we plan to update our materiality assessment in light of our new corporate strategy. Our reporting focuses on the issues identified as being of high or medium importance.

ABOUT OUR REPORTING

Data included in this review is for the calendar year 2018 and covers all subsidiaries of the Company. Some key environmental and people data is verified by Bureau Veritas, an independent assurance provider.

NON-FINANCIAL INFORMATION STATEMENT

This section (pages 60-77) provides information required by regulation in relation to:

- Environmental matters
- Our people
- Social matters
- Human rights
- Corruption and bribery

In addition, other related information can be found as follows:

- Business model (page 40)
- Principal risks and how they are managed (pages 78-83)
- Non-financial key performance indicators (page 6)

To find further details, data, our materiality analysis and case studies download our full Sustainability Report 2018.



wpp.com/sustainability

ASSESSING AND MANAGING OUR RISKS

RISK MANAGEMENT AND INTERNAL CONTROL

The success of our strategic objectives discussed in this report depends to a significant extent on understanding and responding to the risks we face. The Board, assisted by the Audit Committee, has overall responsibility for the system of our internal control and risk management. It has reviewed the design and effectiveness of the system during the year and up to the date of this report and carried out a robust assessment of the principal risks we face. The system of controls described below is designed to manage and mitigate, but may not eliminate, the risks of failure to achieve our strategic objectives and is not an absolute assurance against material misstatement or loss.

CONTROL, CULTURE AND ANTI-BRIBERY AND CORRUPTION

The quality and competence of our people, their integrity, ethics and behaviour and the culture embedded within our businesses are all vital to the maintenance of our system of internal control which is maintained and reviewed in accordance with the UK Corporate Governance Code and FRC guidance on risk management and internal control.

Our Code of Business Conduct, which is regularly reviewed by the Board, sets out the principal obligations of all of our people. Our senior managers are required to sign our Code each year and all employees are required on joining, and at regular intervals, to complete the How We Behave, Anti-Bribery & Corruption and Privacy & Data Security Awareness training courses, which embed all of the principles of the Code in addition to individual training programmes. Our Anti-Bribery & Corruption Policy prohibits any form of bribery across the Group and is supported by the Advisor Payment Policy which restricts the use of advisors and details the due diligence that must be undertaken in the limited cases where advisors may be used. Our gifts and entertainment policy sets limits on values that may be given or received, supported in each company by a gift register. Our Code of Conduct for suppliers replicates these

obligations in our supply chain. Our Policy Book includes required practices in many operational, tax, legal and human resource areas.

Breaches of our Code are investigated by our legal and business integrity teams and external advisors where appropriate.

We relaunched our independently operated helpline, Right to Speak, in 2018. We encourage a culture of transparency and integrity and part of this culture is making sure our people and stakeholders have the confidence to speak up and raise concerns if they experience or hear about behaviour which conflicts with the principles stated in our Code. In 2018 we saw an increase in the number of issues raised to us through Right to Speak. There were 200 reports (2017: 106), all of which have been followed through, investigated and disciplinary action taken where appropriate, and the details reported to the Audit Committee.

The Compensation Committee continues to review how the Group's performance rewards support the risk management and internal control systems.

CONTROL ACTIVITIES AND MONITORING

Our policies and procedures are set out and communicated in our Policy Book, internal control bulletins and accounting guidelines. The application of these policies and procedures is monitored within each company and by the internal audit, legal and compliance functions.

Our companies must maintain and update documentation of their internal controls and processes. This documentation incorporates an analysis of business risks, detailed control activities and monitoring, together with IT and financial controls and controls over security of data and the provision of timely and reliable information to management.

The internal audit function was responsible for reviews and testing of the documentation and the relevant controls for a majority of the businesses during 2018 and the results reported to the Audit Committee.

RISK ASSESSMENT

We use a "three lines of defence" model in relation to risk management:

COMPANY REVIEWS

1. Each company undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks, supported by our policies, training and guidance on required internal controls over financial reporting and monitoring controls and reviews within their network.

EXECUTIVE MANAGEMENT REVIEWS

2. The reviews are formally communicated to executive management in monthly reports and quarterly review meetings and, in turn, to the Board. At each Board meeting, the management team presents a business review of each of the operations, including an assessment of the risks in each business, and details of any change in the risk profile since the last Board meeting. The business review includes the possibility of winning or losing major business; succession and the addition or loss of a key employee; regulatory changes; sustainability, including risks relating to marketing ethics, privacy, diversity and employment; political instability; and changes in accounting or corporate governance practice.

INTERNAL AUDIT AND AUDIT COMMITTEE OVERSIGHT

3. The internal audit function, with Audit Committee oversight and external resource as required, provides an independent review of risk management and internal control via internal audits and management of the testing programme for SOX.

FINANCIAL REPORTING

Each company annually updates a three-year strategic plan, which incorporates financial objectives. These are reviewed by executive management and are agreed with the Chief Executive of the relevant company.

We operate a rigorous procedure for the development of company budgets, which build up the Group's budget. During the final quarter of each financial year, operating companies prepare detailed budgets for the following year for our review. The Group's budget is reviewed by the Board before being adopted formally. Company results are reported monthly and are reviewed locally, regionally and globally by the business groups and by Group management on a consolidated basis and ultimately by the Board. The results are compared to budget and the previous year, with full-year forecasts prepared and updated quarterly throughout the year.

At each year-end, all companies supply their full-year financial results. This information is consolidated to allow the Group to present the necessary disclosures for International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the IASB.

The Disclosure Committee gives further assurance that publicly-released information is free from material omission or misstatement.

RISK REVIEW AND RISK APPETITE

The Audit Committee instigated a review of risk management in 2018 to evolve our enterprise risk management process. Risk Committees are being established at network level during 2019, the first of which has been formed at GroupM, and risk assessments conducted with the aim of ensuring accountability at network level to monitor risk and compliance. Risk appetite statements, drivers and tolerances will be finalised with the Audit Committee during 2019 and new technology implemented for monitoring and tracking risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has carried out a robust assessment of the principal risks and uncertainties affecting the Group and the markets we operate in and strategic decisions taken by the Board as at 31 December 2018 and up to the date of this report and which are described in the table on the following pages.

A risk dashboard and map are discussed regularly by the Audit Committee and bi-annually by the Board.

VIABILITY STATEMENT

RISK ASSESSMENT

ASSESSMENT OF PROSPECTS

An understanding of the Group's business model and strategy is key to understanding its prospects and this has been discussed in detail from page 40.

The Group's business model, transformation programme and diversification across marketing communication services sectors which operate in 112 countries worldwide and with a broad spectrum of clients and suppliers, provide resilience which is relevant to any consideration of prospects and viability.

The Directors assess the Group's prospects on a regular basis through the financial reporting and planning process which is detailed above, the business reviews which take place at each Board meeting, quarterly reviews of our businesses by the executive team and ongoing reviews of the Group's profitability, cash flows and funding requirements. The Board considers the longer-term risks and opportunities for the Group discussed in the strategic report and the potential impact of economic volatility, competition for talent and competition from consulting firms, technological disruption and regulation.

VIABILITY STATEMENT

The Directors' assessment of the Group's viability for the next three years has been made with reference to:

- the Group's current position and prospects;
- the transformation programme detailed in this report;
- the short-term notice periods or assignment nature of many of the client contracts;
- the volatility of global economic conditions and uncertainty for our clients and people created by Brexit;
- the changing competitive landscape;
- the long-term impact of technological disruption;
- the need for simplification of the Group structure and integrated service offering to clients; and
- the Company's ability to achieve the stated dividend policy and cover interest payments on the Group's debt.

This period has been chosen as it aligns with our three-year transformation programme and strategic plan and budgets. Sensitivity analysis has been applied to reflect the potential impact of one or a combination of the principal risks on the Group and consequential contract breach, loss of reputation, client loss and inability to win new business and the impact of revenue loss.

GOING CONCERN

The Directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice, the Group prepares annual and longer-term plans and in reviewing this information and, in particular, the three-year plan and budget, the Directors believe that the Company and the Group have adequate resources for the foreseeable future. Therefore, the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS

POTENTIAL IMPACT

HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES

CLIENTS

We compete for clients in a highly-competitive and evolving industry which is undergoing structural change. Client loss to competitors or as a consequence of client consolidation or a reduction in marketing budgets due to economic conditions or a shift in client spending may have a material adverse effect on our market share, business, revenues, results of operations, financial condition or prospects.



The competitive landscape in our industry is constantly evolving and the role of traditional agencies is being challenged. Competitors include multinational advertising and marketing communication groups, regional and national marketing services companies, database marketing information and measurement, social media and professional services and consultants and consulting internet companies.

Client contracts can generally be terminated on 90 days' notice or are on an assignment basis and clients put their business up for competitive review from time to time. The ability to attract new clients and to retain or increase the amount of work from existing clients may be impacted if we fail to react quickly enough to changes in the market and to evolve our structure and by loss of reputation and may be limited by clients' policies on conflicts of interest.

The global economy continues to be volatile with uncertainties such as those caused by Brexit in the UK and Europe and technological disruption from disintermediators. In the past clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short term than their other operating expenses. The risk of client loss or reduction in marketing budgets has increased.

Three-year transformation plan commenced in December 2018. Emphasis on providing faster, more agile and more effectively integrated solutions for our clients.

Continue to simplify our organisational structure such as the creation of VMLY&R and Wunderman Thompson and the disposal of non-core minority holdings.

Launch of further Campus co-locations. Embedding data and technology more deeply into our offer to clients.

CEO focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients.

Continuous improvement of our creative capability and reputation of our businesses.

The development and implementation of senior incentives to align more closely with our strategy and performance.

Business review at every Board meeting to identify the potential risk of client loss.

Formation of new central team with key appointments including Chief Client Officer, Chief Technology Officer and Chief Operating Officer.

We receive a significant portion of our revenues from a limited number of large clients and the net loss of one or more of these clients could have a material adverse effect on our prospects, business, financial condition and results of operations.



A relatively small number of clients contribute a significant percentage of our consolidated revenues. Our 10 largest clients accounted for 14.4% of revenues in the year ended 31 December 2018. Clients can reduce their marketing spend, terminate contracts, or cancel projects on short notice. The loss of one or more of our largest clients, if not replaced by new accounts or an increase in business from existing clients, would adversely affect our financial condition.

Increase flexibility in the cost structure (including incentives, consultants and freelancers).

Business review at every Board meeting and regular engagement at executive level with our clients.

KEY

- Increased risk
- No change from last year
- Reduced risk
- New risk in 2018

PRINCIPAL RISKS

POTENTIAL IMPACT

HOW IT IS MANAGED AND REFLECTED
IN OUR STRATEGIC PRIORITIES

CYBER AND DATA SECURITY

We are subject to strict data protection and privacy legislation in the jurisdictions in which we operate and rely extensively on information technology systems. We store, transmit and rely on critical and sensitive data such as strategic plans, personally identifiable information and trade secrets. Security of this type of data is exposed to escalating external threats that are increasing in sophistication, as well as internal data breaches.

Existing and new data protection laws, GDPR and e-privacy regulation in the EU concerning user privacy, use of personal information, consent and online tracking may restrict some of our activities and increase costs.

We are part way through an IT transformation project and rely on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business. During the transformation, we are still reliant on legacy systems which could restrict our ability to change rapidly.



We may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs and client loss if we fail to adequately protect data or observe privacy legislation in every instance. A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects.

We develop principles on privacy and data protection and compliance with local laws. We implemented extensive training ahead of GDPR implementation in 2018 and the roll out of a GDPR toolkit to assist our people to prepare for implementation and will do the same as new legislation is adopted in other markets.

A Chief Privacy Officer and Data Protection Officer have been appointed at the Company and Data Protection Officers are in place at a number of our companies.

Our people must take Privacy & Data Security Awareness training and understand the WPP Data Code of Conduct and WPP policies on data privacy and security.

The Data Health Checker survey is performed annually to understand the scale and breadth of data we collect so the level of risk associated with this can be assessed.

The IT transformation project will enhance our data security. In addition, we have established a global internal IT company responsible for providing core IT shared services to our companies and manage external technology providers.

FINANCIAL

We are subject to credit risk through the default of a client or other counterparty.



We are generally paid in arrears for our services. Invoices are typically payable within 30 to 60 days.

We commit to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to us to pay those amounts.

Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance.




Our treasury position is a recurring agenda item for the Audit Committee and the Board.

We are cash generative and working capital management remains a key focus for the Board.

PRINCIPAL RISKS	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
<p>OPERATIONAL</p> <p>Our performance could be adversely impacted if we failed to ensure adequate internal control procedures are in place in relation to media trading.</p> <p>➔</p>	<p>Failure to ensure that trading activities are compliant with client obligations could adversely impact client relationships and business volumes.</p>	<p>Transparency and contract compliance are embedded through the networks and reinforced by audits at a WPP and network level.</p> <p>Regular monitoring of key performance indicators for trading are undertaken to identify trends and issues.</p> <p>An authorisation matrix on inventory trading is agreed with the Company and the Audit Committee.</p>
<p>We have commenced a three-year strategic plan to return the business to growth by the end of 2021 which includes the merger of some operations, disposals and the simplification of our structure.</p> <p>✳</p>	<p>A failure or delay in implementing the transformation plan may have a material adverse effect on our market share and our business, revenues, results of operations, financial condition or prospects.</p>	<p>Board oversight of the implementation of the transformation plan.</p> <p>Formation of new central team with key appointments including Chief Client Officer, Chief Technology Officer and Chief Operating Officer.</p>
<p>PEOPLE AND SUCCESSION</p> <p>Our performance could be adversely affected if we do not react quickly enough to changes in our market and fail to attract, develop and retain key creative, commercial and management talent.</p> <p>➔</p>	<p>We are highly dependent on the talent, creative abilities and technical skills of our personnel as well as their relationships with clients. We are vulnerable to the loss of personnel to competitors (traditional and emerging) and clients, leading to disruption to the business.</p>	<p>Our incentive plans are structured to provide retention value, for example by paying part of annual incentives in shares that vest two years after grant date.</p> <p>We are working across the businesses to embed collaboration and investing in training and development to retain and attract talented people. The investment in co-located properties is increasing the co-operation across our companies and provides extremely attractive and motivating working environments.</p> <p>Succession planning for the Group Chief Executive, the Group Finance Director and key executives of the Company is undertaken by the Board and Nomination and Governance Committee on a regular basis and a pool of potential internal and external candidates identified in emergency and planned scenarios.</p> <p>Compensation Committee oversight for the Group's incentive plans and compensation.</p>

KEY

- ⬆ Increased risk
- ➔ No change from last year
- ⬇ Reduced risk
- ✳ New risk in 2018

PRINCIPAL RISKS	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
REGULATORY, SANCTIONS, ANTI-TRUST AND TAXATION		
<p>We may be subject to regulations restricting our activities or effecting changes in taxation.</p> 	<p>Changes in local or international tax rules, for example prompted by the OECD's Base Erosion and Profit Shifting project (a global initiative to improve the fairness and integrity of tax systems), changes arising from the application of existing rules, or new challenges by tax or competition authorities, for example, the European Commission's State Aid investigation into the UK CFC rules, may expose us to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge.</p>	<p>We actively monitor any proposed regulatory or statutory changes and consult with government agencies and regulatory bodies where possible on such proposed changes.</p> <p>Annual briefings to the Audit Committee of significant changes in tax laws and their application and regular briefings to executive management. We engage advisors and legal counsel to obtain opinions on tax legislation and principles.</p>
<p>We are subject to strict anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which we operate.</p> 	<p>We operate in a number of markets where the corruption risk has been identified as high by groups such as Transparency International. Failure to comply or to create a culture opposed to corruption or failing to instil business practices that prevent corruption could expose us to civil and criminal sanctions.</p>	<p>Online and in-country ethics, anti-bribery, corruption and anti-trust training on a Group-wide basis to raise awareness and seek compliance with our Code of Conduct and the Anti-Bribery & Corruption Policy.</p> <p>Extension of our business integrity internal function to ensure compliance with our codes and policies and remediation of any breaches of policy.</p> <p>Relaunch of the Right to Speak confidential, independently operated helpline for our people and stakeholders to raise any potential breaches of our Code and policies, which are investigated and reported to the Audit Committee on a regular basis.</p> <p>Due diligence on acquisitions and on selecting and appointing suppliers and restrictions on the use of third-party consultants in connection with any client pitches.</p> <p>The establishment during 2019 of Risk Committees across the networks to monitor risk and compliance at the network level and the enhancement of our business integrity function across our markets.</p> <p>Gift and hospitality register and approvals process.</p>
<p>We are subject to the laws of the US, the EU and other jurisdictions that impose sanctions and regulate the supply of services to certain countries.</p> 	<p>Failure to comply with these laws could expose us to civil and criminal penalties including fines and the imposition of economic sanctions against us and reputational damage and withdrawal of banking facilities which could materially impact our results.</p>	<p>Online training to raise awareness and seek compliance and updates to our companies on any new sanctions.</p> <p>Regular briefings to the Audit Committee and constant monitoring by the WPP legal team with assistance from external advisors of the sanctions regimes.</p>

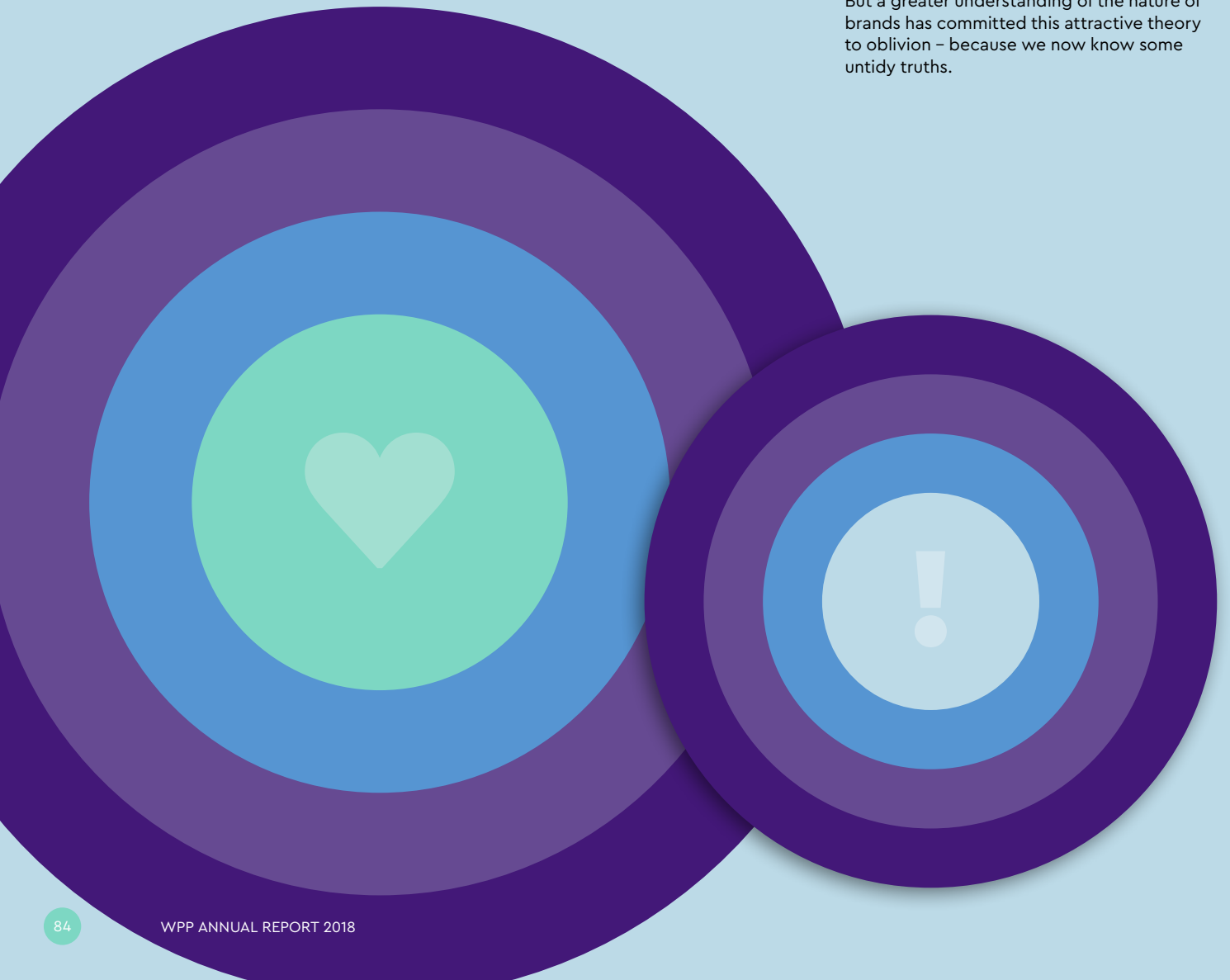
£6BN OF OTHER PEOPLE'S MONEY: THE WATERTIGHT CASE FOR BUILDING YOUR BRANDS

BY JEREMY BULLMORE

Since the birth of modern brand marketing, marketers have debated one specific question: for maximum efficiency, what proportion of their marketing expenditure should be allocated to achieve an immediate sales effect; and what proportion to protect and enhance a brand's long-term profitability?

An innocent person, addressing this question, might be puzzled. Surely the answer is obvious? After all, the long-term is nothing more complicated than an extension of the short-term. Keep getting the short-term right – and, hey presto, the long-term solves itself. *Next!*

But a greater understanding of the nature of brands has committed this attractive theory to oblivion – because we now know some untidy truths.





Short-term and long-term targets are different in kind; can be best achieved through different media; demand different forms of creativity; differ greatly in their susceptibility to research; and while one may benefit volume growth, the other is more likely to maximise profitability. Between them, these imbalances make comparisons difficult – so the allocation of resources to each may fall well below the optimal.

These highly significant findings – and many more – are derived from a report first published six years ago. Today, its lessons deserve even more urgent attention.

The report is called *The Long and the Short of It: Balancing Short and Long-Term Marketing Strategies*. It was written by Les Binet and Peter Field for the UK's Institute of Practitioners in Advertising (IPA) and their source material was the world's most comprehensive library of provenly effective advertising campaigns: the IPA Effectiveness Databank.

At the time of the report, the Databank held data from 996 campaigns that had been entered in the biennial national and international effectiveness competitions between 1980 and 2010. The data contained in each of those case studies had been confirmed and formally endorsed by their respective clients. An additional data source was the Gunn Report, a record of advertising campaigns that had won at 46 major creative competitions around the world and the closest approximation that exists to an objective ranking of that elusive quality called creativity.



Vocabulary can be confusing, particularly when discussing the long-term role for advertising. Andrew Ehrenberg called for *salience*, others call for the creation of brand *fame*. The authors of *The Long and the Short of It* call the short-term function *activation* and the long-term, *brand-building* – so we'll stick with those; though it may be helpful to think of activation as *effecting an immediate sale* and brand-building as *creating and maintaining saleability*.

Before the internet, activation was achieved mainly through the use of coupons in the press and telephone numbers. Today, online techniques offer equivalent opportunities: their function is the same and so are their advantages. They are simple to understand; you can pre-test them easily and cheaply; and their pay-back value can be instantly assessed. But the evidence is clear: activation-only campaigns do little or nothing to enhance the overall desirability of a brand. Indeed, some promotions, in particular price promotions, may actually cheapen a brand in the minds of its potential users.

Successful brands, as every bit of evidence shows, need both activation and brand-building. Of the two, brand-building (or brand-nourishment) campaigns are usually the more valuable – but also by far the more difficult to create, to explain, to test and to measure. Activation campaigns are usually rational and fact-based. By contrast, the most successful brand-building campaigns are low on fact but high on emotion. They seldom take immediate effect but over time build and refresh an emotional bond between a brand and its public. They may take the form of a creative idea which seems not directly pertinent to the brand or its function. They are fiendishly difficult to pre-test – and it may be many months before there's any hard evidence of their return on investment.

The creation of such campaigns is the ultimate test of any advertising agency. They cannot be conjured up by algorithms, bots or even management consultants. They require a deep understanding of both brands and human beings – with an added pinch of inexplicable imagination. The media that serve them best are the big, broad, public media.

At a time when there's so much emphasis on the achievement of quarterly targets, monitored by metrics, obtaining approval for such campaigns has never been more difficult; and that's why *The Long and the Short of It* is an even more imperative document than it was in 2013.

Let's now return to those 996 advertising campaigns that were forensically dissected by the authors of the report.

- Between them, over that time period, they spent an estimated total of £6 billion on media exposure.
- That expenditure delivered an estimated total Return on Marketing Investment (ROMI) of 211 per cent – or £23.2 billion.
- Emotional campaigns were more than twice as efficient as rational ones.
- Creatively awarded campaigns, as identified by the Gunn Report, were almost twice as likely to generate positive results as non-awarded campaigns.

They delivered sales, yes; but even more importantly, these campaigns delivered buoyant brands, more resistant to competitors' price inducements and confident in their future.

To commit, say, 60 per cent of your marketing budget to advertising designed to build, nourish, sustain, protect and advance your most valuable assets shouldn't have to be an act of faith. History – and 6 billion pounds' worth of evidence – are unequivocally on your side.

Many thanks to the IPA for their permission to quote so liberally from *The Long and the Short of It* and for their help in the preparation of this essay. Any errors and omissions are mine; not theirs.

Two other reports from the IPA have followed *The Long and the Short of It*, both of them highly recommended: *Media In Focus*, *Marketing Effectiveness in the Digital Era*; and *Effectiveness in Context, A Manual for Brand Building*.