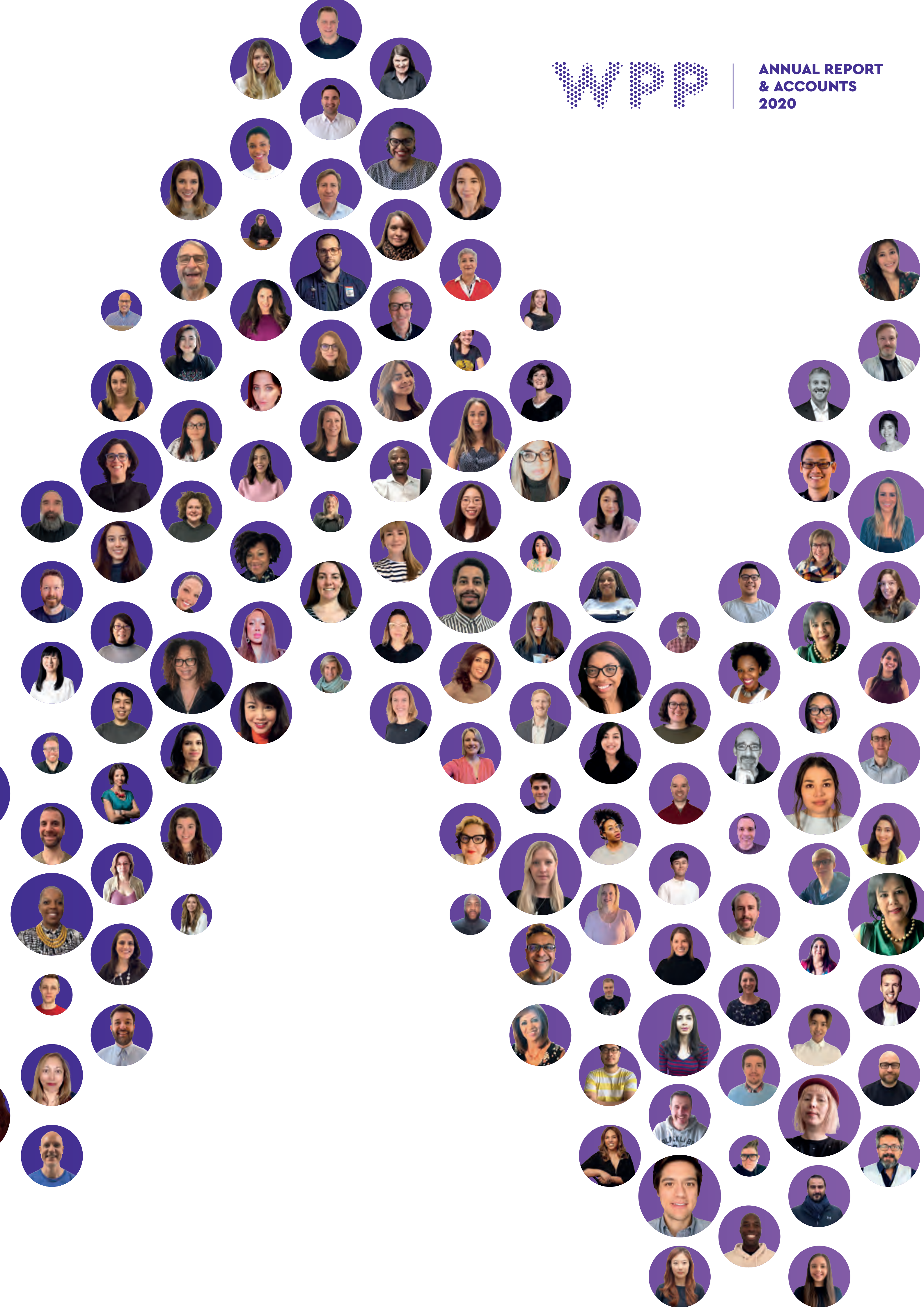


WPP

ANNUAL REPORT & ACCOUNTS 2020

OUR PEOPLE ARE OUR COMPANY

This year the design of the Annual Report is inspired by our people who, despite the many challenges of Covid-19, have been totally committed to supporting our clients, looking after each other and serving the communities in which we live and work. Thank you to everyone across the Company who kindly volunteered their images for inclusion on this year's front cover and throughout the Annual Report.

WHO WE ARE

WPP IS A CREATIVE TRANSFORMATION COMPANY.

WE USE THE POWER OF CREATIVITY TO BUILD BETTER FUTURES FOR OUR PEOPLE, PLANET, CLIENTS AND COMMUNITIES.

This report provides an update on strategic progress, financial performance and sustainability activities for the year ended 31 December 2020.

To learn more see **wpp.com**

This icon denotes more information within the report

What you will find in this report

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

ABOUT US

MARKET CONTEXT

The profound changes to consumer behaviour brought about by Covid-19 have increased the need for companies to invest in digital technologies, ecommerce and new customer experiences

The pandemic has accelerated the trends on which we based our vision – growing demand for digital services, ecommerce solutions and simple, integrated offerings that bring together creativity and skills in technology and data

Read more on page 18

PURPOSE

To use the power of creativity to build better futures for our people, planet, clients and communities

Through our own actions and our work with clients we can help to build a sustainable future and a more inclusive society

Read more on pages 8 and 66

STRATEGY

- A new vision and contemporary offer
- Increased investment in creativity
- Harnessing our strengths in data and technology
- A simpler structure
- Investment in our people and culture

Our strategy aims to return WPP to sustainable growth, by combining creativity with expertise in technology and data, building stronger agency brands within a simpler company structure, and investing in talent, leadership and inclusive workplaces

Read more on page 22

OFFER

WPP provides an integrated offer of communications, experience, commerce and technology

With our enhanced and modernised offer to clients we deliver integrated campaigns globally across digital and traditional platforms

Read more on page 14

VALUES

OPEN

OPTIMISTIC

EXTRAORDINARY

We want all our people to experience a culture that is open, optimistic and committed to extraordinary work

Read more on page 46

FINANCIAL

Our actions will enhance WPP's proposition to clients and drive our growth

We are targeting a recovery to 2019 revenue less pass-through costs levels by 2022. And 3-4% annual growth in revenue less pass-through costs from 2023

Read more on page 61

HIGHLIGHTS

Although revenue has been impacted by Covid-19 our Company has been resilient and our performance has exceeded expectations – due to our actions over the last two years to simplify and strengthen WPP, our response to the pandemic and the work of our people.

FINANCIAL PERFORMANCE

£46.9bn
Billings
(2019: £53.1bn)

£12.0bn
Revenue
(2019: £13.2bn)

£9.8bn
Revenue less pass-through costs
(2019: £10.8bn)

CLIENTS

325 **of the Fortune Global 500**

30
of the Dow Jones 30

62
of the NASDAQ 100

61
of the FTSE 100

PEOPLE

100,000 **people**

40%
Women in executive leadership roles (2019: 37%)

33%
Employees in shared campuses
(2019: 26%)

21,000+
Technology accreditations and certifications earned from partners

SUSTAINABILITY

0.52tCO_2e
Carbon emissions per person from direct operations (scope 1 and 2)
(2019: 0.82tCO_2e)[1]

65%
Electricity purchased from renewable sources
(2019: 37%)[1]

64%
of our top 50 clients have committed to setting science-based carbon reduction targets

COMMUNITIES

10th
in the FTSE 100 Rankings for Women on Boards, Hampton-Alexander Review (2019: 12th)

Leader
in the Bloomberg Gender Equality Index for the third year in a row

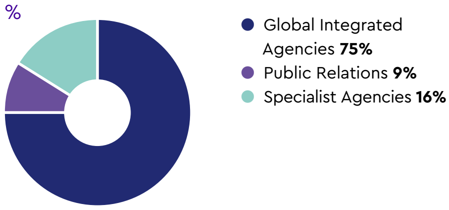
100%
in the Human Rights Campaign Foundation's Corporate Equality Index (2019: 85%)

[1] These figures have been restated due to the integration of new best practice carbon emissions reporting and data reviews upon joining RE100.

WHAT WE DO

We now provide services to clients through fewer, stronger, integrated creative agencies, industry-leading media agencies, global public relations agencies and specialist agencies.

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS SECTOR
%



GLOBAL INTEGRATED AGENCIES

Our creative services include advertising, marketing and brand strategies and campaigns across all media. We are increasing our share in targeted fast-growth areas including digital communications, healthcare, ecommerce, experience, marketing technology and production.

Our media offer includes the full range of media planning and buying services, delivered primarily through GroupM, the world's leading media investment company, and its agencies. Targeted growth segments are digital media (search, social and programmatic), new business models such as Xaxis and Finecast, and data and technology.

PUBLIC RELATIONS

Our PR firms help clients communicate with all their stakeholders, from consumers and investors to governments and NGOs. Purpose and reputation, sustainability, and digital and social media are key growth areas.

SPECIALIST AGENCIES

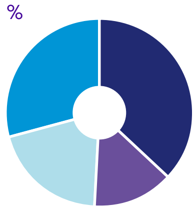
Our specialist agencies provide services by region or type. Brand experience and identity, and specialist, targeted services are the principal growth segments.

[1] The visual above reflects the structure of the Company in 2020. Following the alignment of AKQA and Grey, and the creation of VMLY&R Commerce, from January 2021 AKQA and VMLY&R Commerce are reported within Global Integrated Agencies.

WHERE WE ARE

WPP companies operate in 111 countries, providing us with global reach and scale. Here we show our presence by region in terms of revenue and people.

REVENUE BY REGION
%



- North America **37%**
- United Kingdom **14%**
- Western Continental Europe **20%**
- ROW (AP, LA, AME, CEE) **29%**

NORTH AMERICA

PEOPLE 21,000
REVENUE £4.5bn

UNITED KINGDOM

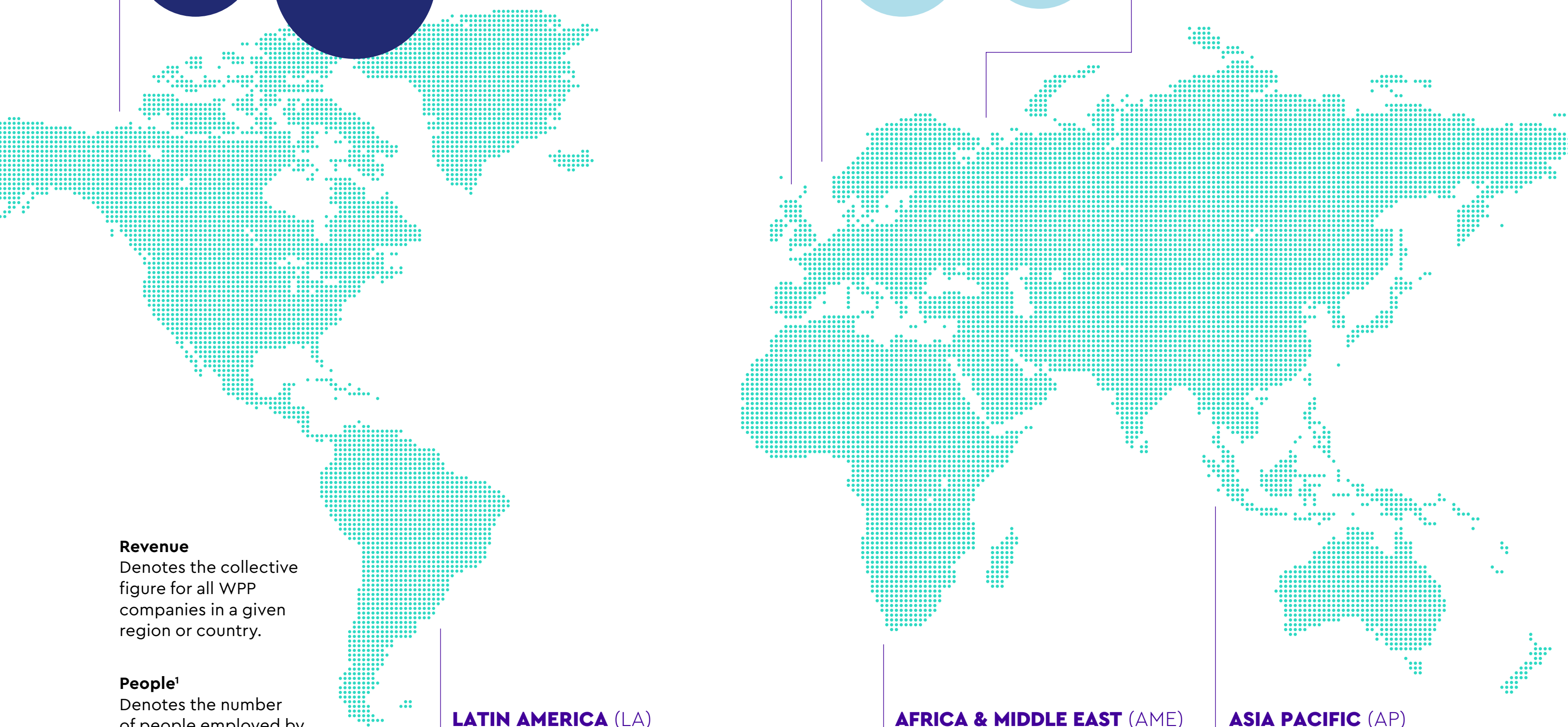
PEOPLE 10,000
REVENUE £1.6bn

WESTERN CONTINENTAL EUROPE

PEOPLE 21,000
REVENUE £2.4bn

CENTRAL & EASTERN EUROPE (CEE)

PEOPLE 5,000
REVENUE £0.3bn



LATIN AMERICA (LA)

PEOPLE 10,000
REVENUE £0.5bn

AFRICA & MIDDLE EAST (AME)

PEOPLE 5,000
REVENUE £0.3bn

ASIA PACIFIC (AP)

PEOPLE 27,000
REVENUE £2.4bn

Revenue
Denotes the collective figure for all WPP companies in a given region or country.

People[1]
Denotes the number of people employed by WPP companies in a given region or country.

As at 31 December 2020.

[1] Excludes 1,000 head office employees.

CHIEF EXECUTIVE'S STATEMENT

We have made significant progress on our strategy, with stronger agency brands, new leadership, a simpler structure and a healthy balance sheet.

"OUR COMPANY'S PERFORMANCE HAS BEEN REMARKABLY RESILIENT, THANKS TO THE EFFORTS OF OUR PEOPLE AND THE DEMONSTRABLE VALUE OF WHAT WE DO FOR OUR CLIENTS."

2020 was a tough year for everyone, including our people as they faced the personal and professional challenges of Covid-19. Since March 16 last year, most of them have been working, for most of the time, from their homes – and dealing with all the difficulties this brings. Their commitment to our clients, support for one another and contribution to the communities we serve have been a constant source of inspiration and pride.

Our Company's performance has been remarkably resilient, thanks to the efforts of our people and the demonstrable value of what we do for our clients. While revenues were significantly impacted as clients reduced spending, particularly in the second quarter, our performance exceeded our own expectations and those of the market throughout the year.

The actions taken during 2018 and 2019 to streamline and simplify WPP, and the reduction in our debt to sustainable levels from the £3.5 billion raised by asset sales, meant that we entered 2020 in a strong financial position.

In March 2020 we took action to strengthen our business further, including the suspension of the Kantar share buyback scheme and final dividend for 2019, and a comprehensive programme of cost reduction and cash conservation initiatives, with the aim of protecting as many jobs as possible. More than 3,000 senior executives, beginning with the Board and Executive Committee, volunteered to take a 20% cut in their fees or salary for a three-month period.

We saw five years' worth of innovation in five weeks as society and the economy were digitised at amazing speed. Platforms like TikTok – with whom we signed an exclusive global partnership at the beginning of 2021 – saw record growth. It quickly became clear that the pandemic was accelerating the trends on which we based our vision for WPP, from the explosion of ecommerce

"IT QUICKLY BECAME CLEAR THAT THE PANDEMIC WAS ACCELERATING THE TRENDS ON WHICH WE BASED OUR VISION FOR WPP."

and digital experiences as people's lives went online, to growing demand from clients for simple, integrated solutions that combine outstanding creativity with sophisticated data and technology skills.

Having modernised our client offer, simplified our structure and strengthened our agency brands in the 18 months before the pandemic began, we saw the benefits of this acceleration in parts of our business.

And because we have such close relationships with the world's leading companies, we could understand their requirements, react quickly to changing consumer behaviour and deliver what clients need. Being fast was vital, and work that might have taken weeks or months to conceive and produce before the pandemic was turned around in days or even hours.

We had a very positive year in terms of client retention and business development, winning an industry-leading $4.4 billion[1] in net new business during 2020 with clients including Alibaba, HSBC, Intel, Uber and Unilever. Our client satisfaction scores continued to improve as we were recognised for our capabilities in experience, commerce and technology, alongside our classic strengths in communications. During 2020 we worked with 76 of our top 100 clients on ecommerce assignments.

A RESILIENT PERFORMANCE

Organic growth (like-for-like revenue less pass-through costs growth) for the full year was -8.2%, while reported revenue fell by 9.3%. We saw a sequential recovery in organic growth following the initial lockdowns: -15.1% in the second quarter, -7.6% in Q3 and -6.5% in Q4.

Headline operating margin in 2020 was 12.9%, down 1.5 margin points on the prior year as cost savings of over £800 million offset the majority of the revenue declines. In the second half of the year headline operating margin increased by 0.5 margin points. Reported loss before tax was £2.8 billion, reflecting £3.1 billion of impairments, while net debt at 31 December 2020 was £0.7 billion. This was better than expected and down £0.8 billion year-on-year, as a result of continued strong working capital and cash management.

PLAYING OUR PART

While our industry is not on the front line of tackling the pandemic, we do have an extremely important role to play in shaping consumer behaviour and actions. During 2020 we worked with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19.

WPP supported the World Health Organization globally and regionally on a pro bono basis, leveraging the scale and expertise of our agencies to help the WHO reach the public with its vital communications promoting social distancing and good hygiene. GroupM secured and delivered more than $45 million in advertising space and pro bono work to support WHO campaigns. As scientific breakthroughs gave us a glimpse of the light at the end of the tunnel, many of our agencies added their creativity – and their skills in media, public relations, healthcare communications, data and technology – to the efforts to roll out and build public confidence in vaccines, again working with a range of public and private sector organisations.

PEOPLE AND PURPOSE

The exemplary way in which our people responded to the pandemic was another reminder of our most important strength. Our people are our Company: 100,000 skilled and motivated professionals dedicated to serving our clients, increasingly fired by a sense of purpose and determined to make a difference in the world.

While our Company comprises strong agency brands with their own rich histories and cultures, we have worked in a far more collaborative way over the last two years. We now share in a common purpose, which is to build better futures – for our people, for the planet, for our clients and for the communities in which we live and work.

That purpose, and that sense of commonality, was put to the test in 2020 as the killings of Ahmaud Arbery, Breonna Taylor and George Floyd sparked protests around the world and forced institutions and leaders of all kinds to confront profound questions about their role in the enduring and deep-seated inequalities faced by Black citizens.

[1] Billings as defined in the Financial Glossary on page 225.

OUR PURPOSE

People

Planet

Clients

Communities

Our purpose is to use the power of creativity to build better futures for our people, planet, clients and communities. In 2020 we made progress in each area.

For our people, we made a series of commitments to tackle racism and invest in Black talent; continued to improve gender diversity, particularly at leadership levels; expanded our development programmes; and delivered a range of new wellbeing resources and initiatives.

For the planet, we committed to setting a strategy to achieve net zero emissions in our value chain by 2030. We continued to reduce our owned emissions and obtained more of our electricity from renewable sources.

For our clients, we were a trusted partner during the pandemic: helping them **react** by adjusting their marketing spend and communications with customers; **recover**, by getting back to business; and **renew** their marketing and business models in preparation for a post-Covid world.

And for our communities, we played our part in the fight against Covid-19 by working with clients, governments, public health organisations and NGOs, often on a pro bono basis, to provide communications and other services to help limit the spread of the virus.

At WPP thousands of our people took part in "safe room" meetings to share their thoughts, fears and hopes for the future. These were raw and deeply moving events that delivered an urgent, impassioned and crystal-clear message: we need to do so much more – as individuals, as a Company and as an industry – to tackle systemic racism and to invest in the careers of our Black colleagues.

In June we announced a series of commitments designed to use our creativity, our scale and our influence to bring about change. These were to implement the 12 actions called for by more than 1,200 Black advertising professionals in an open letter to the industry (including conducting a fundamental review of our hiring, retention, promotion and development practices and publishing our workforce diversity data), to use our voice to advance racial equity, and to invest $30 million over three years to fund inclusion programmes within WPP and support external organisations.

We also formed WPP's first Global Inclusion Council to work with me and the rest of the Executive Committee to help us deliver these commitments. We have made progress towards our goals, which you can read about on page 49 of this report. At the same time, we recognise that we still have a huge amount of work to do, and that real change will require sustained effort, focus and vigilance.

INVESTING IN CULTURE

Ensuring everyone who works within WPP experiences an inclusive and equitable culture is one of the cornerstones of our strategy. Our aim is for WPP to be the employer of choice *for all*.

We have made significant progress in driving gender equality, with women now representing 51% of our senior managers. At the most senior executive level, this figure is 40%, up from 37% in the previous year, and our aim is to achieve parity. We have increased the proportion of women on our Board to 43%.

In 2020 we were named a *Forbes* Top 20 Employer for Women in the United States, and in 2021, an industry leader in the Bloomberg Equality Index for the third year running. Our UK gender pay gap narrowed between 2019 and 2020, but for as long as there is any gap, we cannot, of course, be satisfied.

We are working hard to improve in all aspects of diversity, equity and inclusion (DE&I) at WPP. Success relies on accountability so, for the first time, we have included DE&I goals in the remuneration plans of all senior executives, beginning in 2021. In 2020 we rolled out mandatory inclusion training for all our people, and this year we are launching a new Inclusion Index to better understand our people's experience of belonging at WPP, as part of the first pan-Company employee listening programme.

We are placing DE&I at the heart of all our talent processes, using analytics to inform a more inclusive employee experience, and identifying and supporting diverse early-career talent. We have also formed partnerships with leading inclusion and diversity organisations such as Unstereotype Alliance, The Valuable 500 and the LAGRANT Foundation. For more on these and other initiatives, please turn to the People section of the Strategic Report from page 46.

A SUSTAINABLE FUTURE

Although WPP has been cutting carbon emissions since 2006, we know we all need to accelerate the pace of change. In 2020, we amended our purpose statement to make it explicit that our commitment to the planet is integral to our business. We have since committed to reach net zero emissions in our operations by 2025 and in our value chain by 2030.

A significant challenge for reducing carbon emissions is being able to measure them with confidence, but we are determined to use our buying power to work with suppliers to develop more robust protocols for measuring emissions in our supply chain. This work will benefit our whole industry and, with it, our clients and the wider public. As we help to develop better measurement, we are also taking action, for example as a founding member of AdGreen, a new industry initiative to eliminate the negative environmental impacts of production.

For full details of our sustainability strategy, see page 66.

"OUR AGENCIES ARE THE PLATFORMS FOR OUR FUTURE GROWTH."

ACCELERATING OUR GROWTH

In December 2020, two years on from the launch of our strategy, we held a Capital Markets Day to provide an update on progress and to outline our plans to accelerate our growth.

Over the last two years, we have radically simplified our Company. We have fewer, stronger agency brands, better positioned to grow and fully equipped with the capabilities – from outstanding creativity to technology and data expertise – that modern clients demand. We are continuing to align our creative and digital credentials by bringing together AKQA and Grey; we are creating an ecommerce powerhouse by moving Geometry into VMLY&R to form VMLY&R Commerce; and we have merged three of our public relations agencies to establish global strategic communications firm Finsbury Glover Hering.

Our agencies are the platforms for our future growth: our integrated creative agencies, with their excellence in digital communications and increasingly important skills in experience and ecommerce; our industry-leading media agencies, which continue to dominate new business rankings and have been the engine of WPP for many years; our public relations agencies, whose role has been so critical for clients during the turbulence of the last year; and our specialist agencies, which provide a range of services to meet every client need.

By investing more in our agencies and their capabilities, we aim to return our core communications business to sustainable growth while expanding further into the high-growth areas of commerce, experience and technology, which we expect to increase from 25% of our business today to 40% by 2025.

We will also leverage our global strength and increase our focus on high growth potential markets, such as China, India and Brazil.

This investment will be funded by gross annual cost savings of around £600 million by 2025, delivered through a Company-wide transformation programme that will make us more effective and efficient as we share resources more systematically across the Company. Approximately two thirds of the savings will be reinvested in people, new capabilities and technology.

You can read more in the Chief Financial Officer's statement on page 58.

THE WORLD'S MOST CREATIVE COMPANY

In 2020 we were honoured to be named most creative company of the decade by the Cannes Lions International Festival of Creativity. But we are setting our sights even higher. Our ambition is to be known not only as the most creative company in our industry, but on the planet.

WPP already has one of the world's largest concentrations of creative talent in a single organisation. With the help of our new Global Chief Creative Officer, Rob Reilly, who joins us this year, we intend to turn that collective creative firepower into even greater success for our clients and our agencies.

Ultimately that success depends on our people, and we have no more important task than to invest in a culture that attracts, retains and develops the most talented in and beyond our industry, and that reflects our values of openness, optimism and a commitment to extraordinary work.

I'd like to thank everyone at WPP who, during these exceptional times, has helped to bring that culture to life.

Mark Read

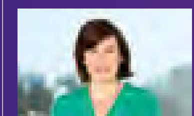
Mark Read
Chief Executive Officer
29 April 2021

KEY EVENTS OF THE YEAR

2020 was a year of challenges, but also successes and progress[1]

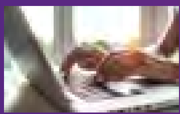
2020

JANUARY
- WPP announces appointment of **Sandrine Dufour** to the Board

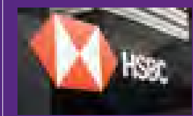


- **Bloomberg Gender-Equality Index** names WPP as industry leader

FEBRUARY
- Wunderman Thompson acquires **XumaK**
- MediaCom becomes global media agency for **Hasbro**

MARCH


- WPP moves to remote working due to **Covid-19** restrictions and outlines actions to protect the business



- **HSBC** appoints WPP as lead agency for its creative account

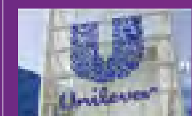
MARCH
- GroupM acquires **Sandtable**
- AKQA, Ogilvy, VMLY&R and Wunderman Thompson included in **Gartner's Magic Quadrant**
- GroupM names **Karen Blackett** OBE UK CEO
- Mindshare tops **WARC** media 100 rankings
- **Intel** chooses VMLY&R as its global creative agency

APRIL
- **Ad Age** names Essence Data and Analytics Agency of the Year
- WPP named **Adobe's** 2020 Digital Experience Solution UK Partner of the Year
- **WPP TV** launched

APRIL
- **WPP** commits to net zero Campuses and 100% renewable electricity by 2025

MAY
- **Nick Lawson** becomes Global CEO of MediaCom
- WPP announces global partnership with **SuperAwesome**
- **Simona Maggini** appointed Country Manager for Italy
- **Employee assistance programme** launched globally
- H+K named PRovoke **EMEA agency of the decade**

MAY
- WPP wins **Unilever** media account in China

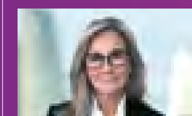


- MediaCom wins **Duracell** global media account

JUNE


- WPP announces **commitments to fight racism and invest in Black talent**
- WPP named the world's most effective communications company in the **Effie Index**
- Ogilvy appoints **Andy Main** as Global CEO
- **The One Show** names Ogilvy 2020 Network of the Year

JUNE
- Grey partners with US agency start-up **Cartwright**
- WPP announces appointment of **Angela Ahrendts** DBE to the Board



- **The Cannes Lions International Festival of Creativity** names WPP as the most creative company of the decade

[1] This timeline refers to the month each event was announced.

JULY

- Forbes names WPP one of **America's Best Employers for Women**
- WPP establishes **Global Inclusion Council** to help accelerate change throughout the Company
- WPP creates global communications leader **Finsbury Glover Hering**

AUGUST

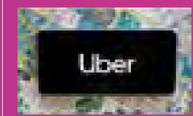
- WPP leads **R3's global new business tables**
- GroupM appoints **Kirk McDonald** as North America CEO
- WPP agencies lead **Festival of Media APAC** awards

SEPTEMBER

- **Whirlpool EMEA** appoints WPP as its communications partner
- Wunderman Thompson acquires **Velvet Consulting**
- **Alibaba** appoints Mindshare as its media agency in China
- Mindshare ranks as the top global media agency in **COMvergence's New Business Barometer**
- AKQA and WPP named leaders in **IDC MarketScape report**
- WPP becomes a founding member of **AdGreen**

OCTOBER

- **Walgreens Boots Alliance** renews and extends relationship with WPP
- **Uber** consolidates global media account with MediaCom



- **Dell** appoints VMLY&R as lead creative agency in India

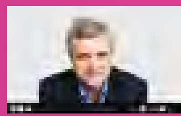
OCTOBER

- **Dr. Ya-Qin Zhang** joins the WPP Board with effect from January 2021

- WPP appoints **Tom Ilube** CBE to the Board

NOVEMBER

- **AKQA and Grey** unite within AKQA Group
- Geometry joins VMLY&R to create **VMLY&R Commerce**



DECEMBER

- Capital Markets Day for investors and analysts on the Company's strategic plans for **Accelerating Growth**
- Mindshare names **Adam Gerhart** as its Global CEO
- BCW tops **PRovoke's** ranking of creative excellence in PR

To learn more see wpp.com

OUR BUSINESS MODEL

We are a creative transformation company, offering clients a comprehensive range of communications, experience, commerce and technology services.

We provide these services through a number of integrated global agencies and a client-first approach.

Our common approach to production, technology and data, fostering collaboration and the sharing of knowledge and customer insights, enhances creativity and drives efficiency for the benefit of our clients.

We also share a common purpose: to use the power of creativity to build better futures for our people, planet, clients and communities.

Our strengths

Our work depends on our creative talent, client relationships, integrated agencies and technology capabilities.

- **The creative talent of our people**
  - Strong creative reputation reflected in many industry awards, including Cannes and Effies
  - Continuing to attract top talent to WPP and its agencies
  - Deep understanding of consumers and brands

100,000
people

- **Our relationships with the world's most successful companies**
  - Global Client Leaders, providing easy access to the breadth and depth of WPP
  - Unique partnerships with leading technology companies, providing us with preferential access to training, new product development and joint go-to-market programmes

325
of the Fortune Global 500 are our clients

- **Home to many of the industry's most powerful and respected agency brands**
  - The #1 global media-buying organisation, GroupM, and its industry-leading agencies
  - Iconic creative brands: AKQA, Grey, Ogilvy, VMLY&R and Wunderman Thompson
  - Integrated agency model, meeting all the needs of clients in communications, experience, health, ecommerce, data and technology

$4.4bn
of net new business in 2020[1]

- **The technology skills and platforms to deliver modern marketing solutions**
  - Ability to deliver integrated campaigns, globally across traditional and digital platforms
  - WPP Open – a common data and technology platform for agencies and clients to share the best innovation from across WPP and its strategic technology partners

$30bn
of gross merchandise value sales over WPP-built ecommerce platforms

[1] Billings, as defined in the Financial Glossary on page 225.

Operating model

We meet our clients' needs through a collaborative approach that works on a global scale. This drives our revenue while controlling costs, to fund re-investment into our capabilities and technology, for our agencies, clients, people and shareholders.

WPP

The central WPP team supports our agency brands and the work they do for our clients. It develops and executes the strategy of the Company, allocates capital to best meet client needs and drive our growth, and provides a range of support functions in areas such as communications, finance, legal affairs, marketing & growth, operations, people, sustainability and technology.

AGENCIES

Our agencies operate in more than 100 markets around the world, offering a range of services across four key areas – communications, experience, commerce and technology. Our ten largest agencies are the core of the WPP offering and account for 85% of revenue less pass-through costs. Read more on page 4.

CLIENTS

The work we do for clients helps them communicate their brands, services and products across a range of digital and traditional media channels. Many of our clients have Global Client Leaders assigned to ensure easy access to the breadth and depth of WPP. Our client portfolio is highly diversified and covers every business sector. Our top 30 clients account for 31% of revenue less pass-through costs.

REVENUE

Revenues are principally derived from fixed-fee contracts, retainer agreements and commissions on media placements. Some engagements include performance incentives linking revenue to quantitative and qualitative goals. We focus on revenue less pass-through costs as a reflection of top-line performance. Our top 20 markets account for 88% of revenue less pass-through costs.

COSTS

Most of our costs are variable in nature. 61% of our total headline costs are staff costs; 21% are pass-through costs; 12% are general and administrative costs; and 6% are establishment costs[1]. 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.

PROFIT AND CASH

Our profit and cash generation has historically been strong and we expect this to continue, supported by annual gross cost savings of around £600 million by 2025. This in turn will enable us to continue to invest in our people, technology infrastructure, Campuses and standardised systems for our people and clients. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

DIVIDENDS

REINVESTMENT: PEOPLE, CAPABILITIES, EFFICIENT PLATFORM

1 Total headline costs comprise costs of services and general and administrative costs excluding gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement and gains/losses on remeasurement of equity interests arising from a change in scope of ownership.

Our offer

Our offer to clients covers four areas that are critical to modern marketing: communications, and the higher-growth segments of experience, commerce and technology.

COMMUNICATIONS

We create powerful ideas based on deep insights to connect brands with audiences at the right moment and in the right channels. This includes paid advertising campaigns and public relations.

EXPERIENCE

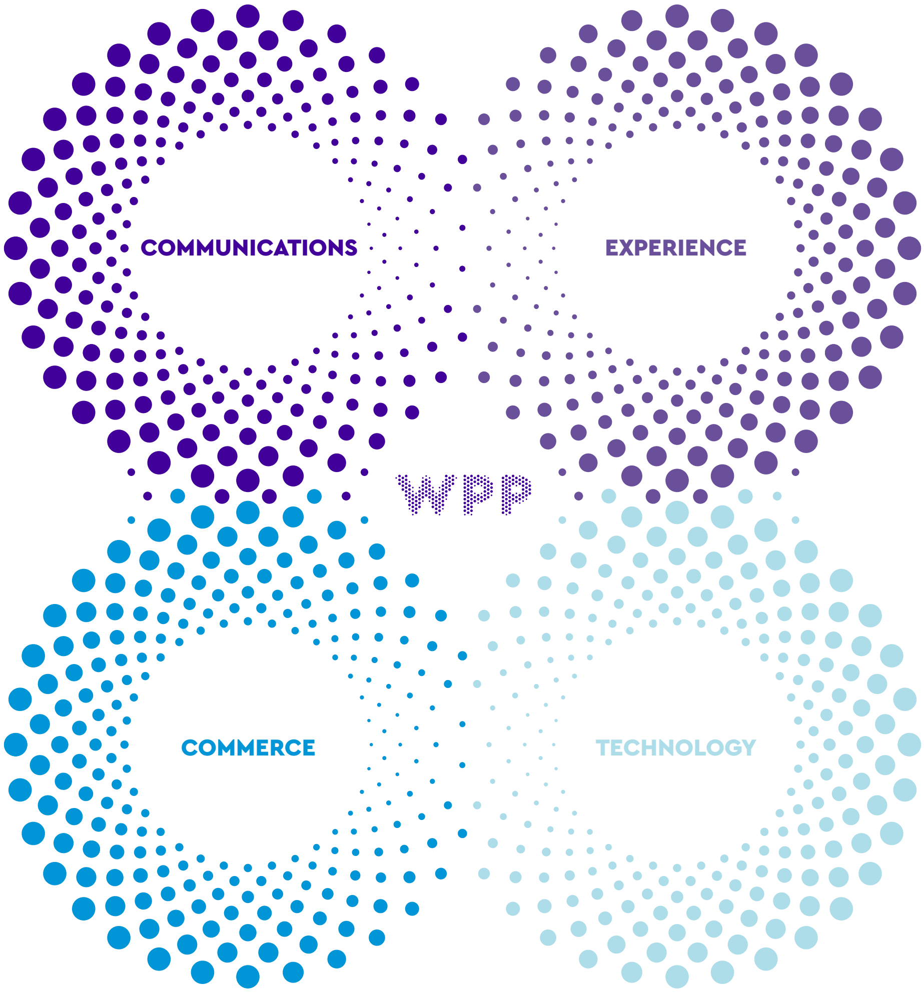
We bring brands to life through engaging, unexpected and interactive experiences. This includes customer-facing platforms, such as websites, applications and stores, as well as broader touchpoints like product design, packaging and loyalty programmes.

COMMERCE

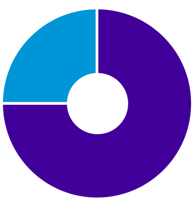
We help our clients sell wherever and however their consumers want to buy. We advise on, build, run and activate ecommerce and physical channels, from direct-to-consumer websites and stores to marketplaces and social commerce.

TECHNOLOGY

We build and optimise technology and data solutions fit for our clients' needs. Our services include enterprise systems work – architecture design, systems implementation, managed services and data analytics – and specific platforms such as CRM, content and experience management, and data management. We also use our unique relationships with the world's leading technology companies – such as Adobe, Amazon, Facebook, Google, IBM, Microsoft, Salesforce and TikTok – to create unique advantages for our clients.



REVENUE LESS PASS-THROUGH COSTS BY OFFER



- Communications **75%**
- Experience, Commerce and Technology **25%**

Stakeholder engagement

How we do business is driven by our purpose – to build better futures for our people, for the planet, for our clients and for the communities in which we live and work.

SHAREHOLDERS

Our shareholders provide the capital to invest in the business. Shareholders benefit from the Board acting in the best interests of the Company and investors for long-term value generation.

- We have an extensive investor relations programme, comprising investor days, the AGM, investor and analyst meetings, webcasts and ongoing email exchanges
- We disclose relevant information to shareholders through our annual report, quarterly financial statements and RNS announcements
- In 2020 we paid £412 million in distributions to shareholders

CLIENTS AND SUPPLIERS

Our clients come from businesses across every sector. The work we do for clients provides our revenue and helps them to grow their businesses, build relationships with their customers, and ready themselves for future success.

Our suppliers range from small businesses to the world's largest technology partners. They provide us with the products and services we need to meet our clients' needs.

- We engage with our major clients through our central team of Global Client Leaders, our respective CEOs, and our agency teams
- Our people regularly engage with suppliers and key technology partners in joint product development, skills development and joint go-to-market programmes
- We evaluate potential suppliers on a variety of factors including workforce diversity and carbon reduction
- In 2020 our total revenue from clients was £12.0 billion

GOVERNMENTS AND REGULATORS

Governments receive the tax contributions we make to public finances, enabling them to invest in public services.

Governments and regulators determine the policy frameworks that impact on us and our stakeholders.

- We participate in company and industry meetings with governments and regulators to ensure policies are developed taking into account the interests of our clients and the industry
- Our public affairs agencies engage in public policy activity on behalf of clients, including direct lobbying of public officials and influencing public opinion
- In 2020 we contributed £1.3 billion in taxes to public finances

PEOPLE

We depend on the talent, creativity and technology skills of our people. And we want our employees to embrace our purpose, culture and values. In return our people receive salaries, pension contributions, employee benefits, career development and training.

- We regularly survey our staff about their experiences at work
- We have extensive internal communications programmes and platforms to keep staff informed
- In 2020 we launched new wellbeing resources, including in relation to mental health, and held CEO virtual townhalls and "safe rooms" for open and candid discussions
- In 2020 we spent £19.7 million on staff training

THE PLANET

We are committed to responsible and sustainable business practices. We take steps to optimise our own environmental impact, but recognise that our greatest contribution to the planet is through our work with clients, which can shift attitudes and change behaviours to build a sustainable future and a more inclusive society.

- We aim to reach net zero carbon emissions across our value chain by 2030, and to reach net zero emissions across our owned operations and 100% renewable electricity by 2025.
- We engage with corporate, government and NGO clients, on issues ranging from climate action to Covid-19 and human rights, during the development of their campaigns
- We regularly meet with investors, rating agencies and benchmarking organisations on sustainability issues

COMMUNITIES

We can help boost the impact of charities and non-governmental organisations by providing marketing and creative services, often on a pro bono basis, enabling them to raise awareness and funds, recruit members, and achieve campaign objectives. We believe, and so do many of our stakeholders, that acting responsibly is both the right thing to do and in our long-term interests.

- Our total social contribution in 2020 was £76.2 million: including pro bono work for NGOs and charities; negotiating free media space on behalf of pro bono clients; and cash donations to charities
- We encourage our people to volunteer their time
- We contribute to early-career development through internships, apprenticeships and the WPP Foundation

For more on how the Board engages with our stakeholders, please see page 117.[1] And to find out how we engage on sustainability, please see the Sustainability Report 2020.

[1] As a Jersey incorporated company, WPP is not subject to UK legislation. However, as a matter of good governance and in order to comply with the provisions of the 2018 UK Corporate Governance Code, the Board considers the matters described in Section 172 of the Companies Act 2006 in its decision-making.

INVESTMENT CASE

The unrivalled combination of our deep client relationships, global scale and value-creating growth strategy underpins the attractiveness of our investment proposition.

In 2020 the attractiveness of our investment proposition was demonstrated by our performance, which exceeded both our own expectations and those of the market. Against this background, at our Capital Markets Day in December we established a set of stretching medium-term financial targets.

FINANCIAL TARGETS AND PERFORMANCE

	Revenue less pass-through costs growth	Operating margin	Capital expenditure	Average net debt/ EBITDA
2020 actual	-8.2%	12.9%	£273m	1.6x
2021 targets	mid-single-digits percentage	13.5-14.0%	£450-500m	1.5-1.75x
2023 targets	3-4%	15.5-16.0%	£300-350m	1.5-1.75x

Read more about our outlook and guidance on page 65

1 DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES

2 UNRIVALLED GLOBAL REACH AND SCALE

3 ATTRACTIVE AND GROWING ADDRESSABLE MARKETS

4 SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA

5 A STRONG FINANCIAL POSITION

6 VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH

[1] Guidance as published in 2020 interim report.

DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES

- Partner to most of the world's largest companies, including 325 of the Fortune Global 500
- Strong and unique CEO, CMO and CIO relationships
- Global Client Leaders, providing easy access to the breadth and depth of WPP

31% of our revenue less pass-through costs comes from our top 30 clients

8.1 Average client satisfaction score (out of 10)

UNRIVALLED GLOBAL REACH AND SCALE

- A global network of leading agencies, providing unrivalled geographic reach
- Home to GroupM, the number one media-buying operation globally, providing value and premium inventory
- Present in 111 countries worldwide, providing deep in-market expertise

111 countries in our global network

$60bn+ GroupM annual media investment

ATTRACTIVE AND GROWING ADDRESSABLE MARKETS

- Extended offer to high-growth areas of commerce, experience and technology
- Repositioned traditional communications offer to faster-growth digital communications
- Over half of revenue is from companies in the consumer packaged goods, technology and healthcare & pharma sectors, which were the least impacted by Covid-19
- Strong exposure to faster-growing economies such as China, India and Brazil

41% Digital % of GroupM billings (+4ppt YoY)

10% pa client spend growth expected in commerce, experience and technology sectors

SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA

- Scaled global partnerships with 25 leading technology companies
- WPP Open, our common data and technology platform for sharing innovations across WPP and its strategic technology partners, agencies and clients
- Deep specialisation in technical capabilities in advertising and marketing technology
- Distributed innovation throughout our agencies

$10bn of client billings across Google, Amazon and Facebook

21,000+ technology partner accreditations and certifications earned

A STRONG FINANCIAL POSITION

- Diverse revenue streams from a balanced global portfolio
- Resilient revenue streams from a varied client base that covers all business sectors
- Predominantly variable cost structure, which protects profitability during a downturn
- Strong balance sheet and ample liquidity due to strong cash generation and over 60 disposals

£6.4bn of total liquidity including £4.3bn of cash

12.9% Headline operating margin

1.6x Average net debt/Headline EBITDA

VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH

- Expanding further into high-growth areas, from 25% of our business today to 40% by 2025
- Targeting annual gross cost savings of £600 million by 2025 and reinvesting £400 million into talent, technology and incentives to drive growth
- Intention to grow dividend annually with a pay-out ratio around 40% of headline EPS

£3.5bn+ cash from >60 disposals

£600m approximate annual cost savings expected by 2025

THE MARKET

Growth opportunities in digital, ecommerce and purpose.

2020 MARKET OVERVIEW

The impact of Covid-19 began to be felt from March onwards, causing widespread restrictions on economic activity. The market began to recover in the latter half of the year, with GroupM estimating that global advertising fell by 5.8% during 2020, a substantially better outcome than the 11.8% annual decline predicted in June. Within this, spend on digital media increased to 59.3% of total spend in 2020, from 51.6% in 2019, underpinned by growth in ecommerce and the increasing importance of a seamless omnichannel customer experience.

DIGITAL AND ECOMMERCE DEMAND ACCELERATING

One of the prevailing outcomes of the pandemic has been the acceleration in underlying structural trends. Lockdown restrictions across the globe have brought about unprecedented growth in ecommerce, with a greater proportion of consumers shopping online. GroupM estimates that global retail ecommerce – including automotive sales but excluding food and delivery services – saw growth of 21% in 2020, amounting to 17% of global retail sales.

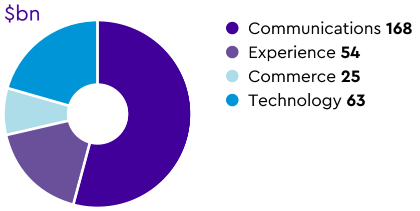
China, the world's largest ecommerce market, saw penetration reach 25% in 2020 and equivalent sales accounted for 14% and 18% of total retail activity in the United States and UK, respectively. As a result, brands have had to put greater focus on their digital strategies.

In terms of trends by sector, linear TV advertising has continued to decline with production and live events taking a pause, while streaming services have grown at a rapid pace. Advertising spend on outdoor, cinema and print has fallen significantly as consumers have been spending an increased amount of time at home.

Consumer packaged goods, technology and pharmaceuticals businesses (57% of WPP's revenue less pass-through costs from our top 200 clients for 2020) have held up reasonably well as demand for their services has either been less impacted or, in some cases, slightly increased. On the other hand, automotive, luxury & premium, travel and leisure businesses (22% of revenue less pass-through costs from the top 200 clients) have been the hardest hit and this in turn has been reflected in their marketing spend.

GLOBAL ADDRESSABLE MARKETING EXPENDITURE 2019 ($310bn)[1]

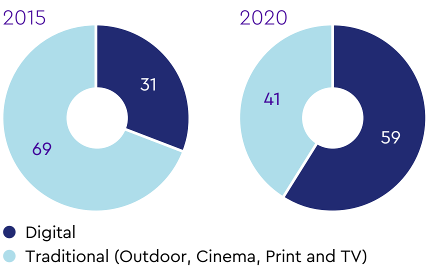
$bn



Trends in spend by geography have predominantly been driven by restrictions on economic activity and the maturity of digital channels. Based on GroupM findings, China saw growth in advertising spend of 6.2% in the year, reflecting its rapid response to the pandemic. Spend in the UK and United States, excluding political advertising, declined by 4.4% and 7.3% respectively, with these markets performing better than expected in the second half of the year as they benefited from the growth in ecommerce. Across other major markets in Europe activity was mixed: France saw advertising spend fall by 15.5%, while the market in Germany was more robust with spend falling by 2.0% in the year.

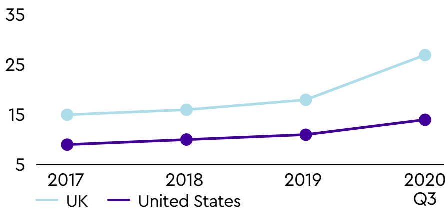
GLOBAL ADVERTISING SPEND BY MEDIA[2]

%



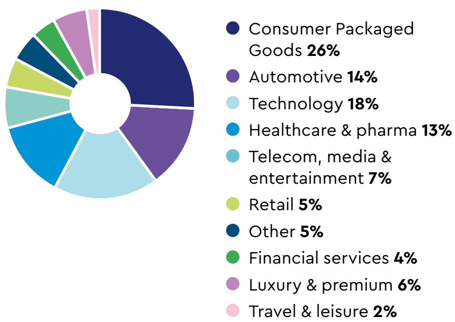
ECOMMERCE % OF RETAIL SALES[3]

%



1 Source: IDC, except GroupM/WPP for communications.
2 Source: GroupM *This Year Next Year* report.
3 Source: US Consensus (Nov-20) and ONS internet retail sales (UK).
4 % of total top 200 clients designated to each industry.

REVENUE LESS PASS-THROUGH COSTS BY CLIENT INDUSTRY[4]



Covid-19 is accelerating existing market trends

Trend			Why WPP is well positioned to manage and benefit from this
Growing importance of purpose and reputation	– Purpose and reputation are more critical than ever, driven by the lasting impact of the Covid-19 pandemic, the need for racial equity, the safety of social media platforms, and many other issues. Consumers continue to expect more from companies. In 2020 brands perceived as having a high positive impact on society grew at 2.5 times the rate of others[1]	**85%** **of consumers believe that brands should be about more than just profit** Source: Wunderman Thompson Intelligence	– Our agencies have the skills to advise clients on how best to embed purpose and sustainability in their marketing, and to meet the growing demand for services that promote and protect the reputations of brands and businesses
Technology reshaping old consumer models – mass media, bricks & mortar – with new expectations of personalisation and immediacy	– Technology is disrupting traditional media platforms: investment in physical retail stores and linear television for mass-media audiences is shifting towards ecommerce, digital channels and personalised messaging, requiring agencies to possess skills in data and technology alongside traditional strengths in communications	**61%** **digital % of global ad spend by 2021** (2015: 31%) Source: *2020 Gartner CMO Spend Survey*	– With our modern offer to clients, we deliver integrated campaigns across digital and traditional platforms – We are helping brands shift to ecommerce, supporting $30 billion of gross merchandise value sales over WPP-built ecommerce platforms
Collision of communications, content and commerce, powered by data and technology	– Covid-19 has accelerated the growth of digital media channels: ecommerce accounted for 27% of UK sales and 14% in the United States in Q3 2020; and demand for streaming services and social media is exploding. These changes require permanent shifts in the way media strategies are designed and developed	**1bn** **hours of video watched on YouTube daily** Source: Digital TV research	– Approximately 41% of our media billings are digital – Four of our creative and digital agencies were named as leaders in the influential Gartner Magic Quadrant study – We invest over $10 billion per year for clients with Google, Amazon and Facebook
CMOs are becoming Chief Growth Officers, requiring new skills and support	– The structural change driven by technology has broadened CMOs' responsibilities, increasing the need to deliver end-to-end customer experiences and react to real-time changes in consumer behaviour. This in turn requires greater advice and support from agencies	**68%** **of CMOs expect martech budgets to increase** Source: *2020 Gartner CMO Spend Survey*	– Modern marketing technology expertise: 3,200+ Adobe Experience Cloud specialists – We are a top three global partner to Adobe and Salesforce in marketing technology – Growing relationships with client CIOs as well as CMOs
Marketing value chain is evolving with disruptive entrants and operating models	– Alongside traditional competition from holding companies and specialist agencies, newer challengers such as technology firms and consultants are entering parts of the value chain, requiring agencies to promote their consulting and technology capabilities alongside their creative offerings	**"We have all the skills our clients need, and our creativity is what sets us apart."** **Mark Read** Chief Executive Officer	– We differentiate ourselves through our strongest asset – our creativity – which runs throughout our modern integrated offer of communications, experience, commerce and technology

1 Kantar *Purpose 2020* report.


SCIENCE WILL WIN™
Pfizer

SCIENCE WILL WIN

AGENCIES
GREY NEW YORK, H+K, LANDOR & FITCH

CLIENT
PFIZER

Before the onset of the Covid-19 pandemic, Pfizer had asked Grey Health & Wellness and H+K to create a corporate reputation campaign, building on a brand strategy devised by Landor & Fitch, to support the company's business and cultural transformation.

Science Will Win highlighted the company's dedication to harnessing the power of science to improve people's lives, but it soon turned into something much bigger than that. As Covid-19 took hold, Science Will Win became a rallying cry. Grey created a moving spot featuring Pfizer employees and saluting the global scientific community's unprecedented collaborative effort to end the pandemic and restore public health. Its message was uplifting, optimistic and defiant, as Pfizer and its peers raced to create and roll out vaccines around the world, and it struck a chord with millions of viewers.

YouGov named it one of the most effective campaigns in the United States in 2020, and reported that Pfizer's advertising awareness grew by two thirds during the year. As Science Will Win moves into 2021, H+K is helping the client to make scientific storytelling more accessible and inclusive, working with diverse voices to promote Pfizer's belief that science will only win if it wins for everyone.

66%
increase in awareness

OUR STRATEGY

“IN PARTNERSHIP WITH OUR AGENCY BRANDS WE ARE DEEPENING AND ACCELERATING THE CHANGE ALREADY HAPPENING WITHIN WPP.”

Mark Read
Chief Executive Officer

A strategy for growth: for our people, our clients, our agencies and our shareholders.

We have made significant progress since launching our new strategy in 2018.

It has been two years since we set out our strategy to return WPP to growth. We have made significant progress, with stronger agency brands, new leadership, a simpler structure and a strong balance sheet. The results were evident in our industry-leading new business performance in 2020.

The events of 2020 have only accelerated the structural changes in our industry, from the expansion of digital channels to growing demand for ecommerce solutions. The actions that we have taken have positioned us well, and we are already working with 76 of our top 100 clients on ecommerce. There are significant new growth opportunities for WPP as clients demand simple, integrated solutions that combine creativity with technology and data expertise. Clients need trusted partners more than ever to help them transform and succeed.

In December 2020, we held a Capital Markets Day to provide an update on progress and to outline our plans to accelerate our growth.

We aim to return our communications business to sustainable growth and invest further in the high-growth areas of commerce, experience and technology. A new transformation programme will make us more effective and efficient as we share expertise across a simpler company of stronger agency brands. We are targeting approximately £600 million of cost savings by 2025, of which £400 million will be used to fund investment in the capabilities and technology that will drive future growth for our people, our clients, our agencies and our shareholders.

VISION & OFFER

Read more from page 24

A vision developed with our people and clients and a modern offer to meet the needs of our clients in a rapidly changing market.

CREATIVITY

Read more from page 28

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

DATA & TECHNOLOGY

Read more from page 32

Harnessing the strength of marketing and advertising technology, and our unique partnerships with leading technology firms.

SIMPLER STRUCTURE

Read more from page 38

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

PEOPLE & CULTURE

Read more from page 46

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

Our approach to sustainability aligns with our strategy. **See page 66**

VISION & OFFER

Meeting the needs of modern marketing.

"WE CAN HELP BUSINESSES AND BRANDS ADAPT AND TRANSFORM FASTER."

Laurent Ezekiel
Chief Marketing & Growth Officer

A FOCUS ON HIGHER-GROWTH AREAS

In 2018 we set out a new vision and contemporary offer to meet the needs of modern marketing, spanning the full range of services and disciplines essential for our clients' success. Alongside our core strengths in communications, we have also become a leader in experience, commerce and technology.

The profound changes to consumer behaviour brought about by Covid-19 have only accelerated client demand for these future-facing capabilities. According to GroupM estimates, global retail ecommerce grew 21% in 2020, representing 17% of global retail sales[1].

The market opportunity in these newer areas is sizeable and we are strongly positioned to capitalise on it. Just under half of the addressable market is in the higher-growth sectors of experience, commerce and technology, where client spend is forecast to increase by some 10% annually over the next three years. The balance of spend is in our core communications services, which are expected to grow around 1% annually.

Given these trends, our goal is to return our core communications business to sustainable growth, through a focus on digital communications, and to expand further into the higher-growth areas – increasing their share of revenue from 25% to 40% by 2025.

We are seeing increased demand from our largest clients for these new services as they invest in digital technologies, data-driven marketing, ecommerce and personalised customer experiences.

A recent example is the retention and expansion of our relationship with Walgreens Boots Alliance. At the heart of the new partnership model is a data and technology solution that will pair WBA's rich first-party data set with WPP's industry-leading marketing technology capabilities.

AGENCIES: OUR GROWTH PLATFORM

This re-orientation of the Company into the growth areas of our industry is supported by the move to fewer, stronger agency brands within WPP, which have fully integrated offers combining creativity and digital expertise, and are better equipped to grow as a result.

The newly integrated agencies Wunderman Thompson and VMLY&R have been among WPP's strongest performers.

To support and increase our capabilities in fast-growth areas we have continued to make targeted acquisitions of technology, digital innovation and data companies, such as Sandtable, Xumak and – at the beginning of 2021 – DTI Digital and NN4M. We have also invested in the new innovation and business transformation consultancy, Proto.

The effectiveness of our offer was reflected in our industry-leading new business performance in 2020 with $4.4 billion of net new billings won during the year.

LOOKING AHEAD

As we look to the future, we will build on this strength by investing further in the people, platforms and partnerships that enhance our capabilities at scale, and continue to engage in targeted acquisitions, scalable across WPP, which bring in additional talent, skills and technology.

40%

Expected share of WPP revenue from experience, commerce and technology by 2025

1 Including automotive sales, but excluding food and delivery services.

DISTANCE DANCE

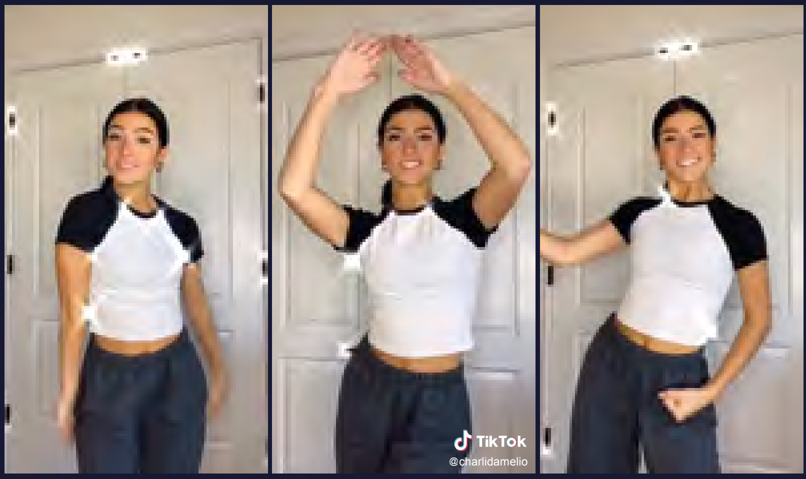
AGENCY
GREY NEW YORK

CLIENT
PROCTER & GAMBLE

Following a call from the Governor of Ohio to the CEO of P&G, asking for help in communicating stay-at-home and social distancing messages to a younger audience, the client reached out to Grey.

Grey collaborated with TikTok's number one global influencer, Charli D'Amelio, to create #DistanceDance, a Covid-19 safety campaign designed to reach a demographic who might not be watching the news through traditional channels.

In its first week, #DistanceDance attracted more than eight billion views and 1.7 million imitation dances from celebrities, other influencers, college mascots, all of the major sports leagues and members of the public. It became the most viewed video in the history of TikTok. By participating in the #DistanceDance challenge, followers generated donations, with P&G promising to contribute to Feeding America and humanitarian aid organisation Matthew 25: Ministries for the first three million videos. All parties donated their time and media for the campaign.



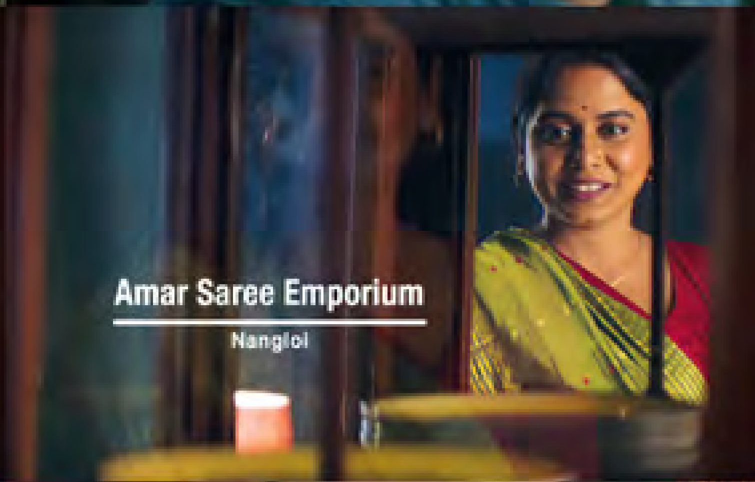
17.7bn
views

#1
influencer recruited on TikTok


Anjani Opticals
Chomu


Pandya Opticians
Maninagar


Ashoka Saree
Kamla Nagar


Amar Saree Emporium
Nangloi


Ravi Electrical
Gandhi Nagar


Shama Watch
Murlipura


Cadbury
Celebrations
PREMIUM SELECTIONS
Kirti General Store
MG Road

NOT JUST A CADBURY AD

AGENCIES
OGILVY MUMBAI, WAVEMAKER

CLIENT
CADBURY

Diwali is the festival of lights, but last year the festivities were dimmed as the pandemic adversely affected the Indian economy. Everyone needed a little help to get back on their feet, especially the small local stores, so Ogilvy and Wavemaker helped Cadbury launch #NotJustACadburyAd. The brand didn't just advertise itself, but thousands of small businesses, too. The agencies mapped local stores across India through their pin codes and geo-targeted customised ads to promote the stores in their areas. Using AI, the agency created thousands of hyper-personalised versions of the same ad, prompting viewers to support their local stores, and making everyone's Diwali happier and sweeter.

32%
sales increase

35m
total impressions, with 9.4 million video views

14.4%
uplift in ad recall

6%
uplift in consideration

CREATIVITY

Investing in extraordinary work and the talented people who produce it.

AWARDS IN 2020

Cannes Lions	Holding Company of the Decade
D&AD	Pencils won by eight creative agencies
Effie Index	Most effective marketing communications company 2012-2020
Clio Awards	89 awards; top honours to Ogilvy and AKQA
PRovoke	BCW first in 2020 Global Creative Index

THE ESSENTIAL INGREDIENT

Our clients come to us for an increasingly wide range of skills, services and capabilities, but outstanding creativity remains firmly at the top of the list. It is an essential ingredient for the kind of truly transformative work required to launch, elevate, reinvent and future-proof the world's most successful brands.

Creativity takes many forms: from the classic "Big Idea" to ground-breaking product innovation, inspired media planning, the forging of fresh paths to reach consumers, ingenious public relations campaigns and new ways of applying technology.

Take a look at the work of WPP agencies at the Super Bowl – the world's greatest marketing showcase – and you will see everything from moving and hilarious TV spots to unique, technology-enabled experiences and social media activations that reach millions. Real creativity transcends marketing channels and disciplines – at heart it is about how we solve problems, and generate impact.

INVESTING IN TALENT

Creativity is also a scarce resource. It takes special talent, and that means investing in the special people who possess it. In 2020 we recruited some of the industry's brightest creative talent, including Laura Jordan Bambach and Justine Armour at Grey, Danilo Boer and Marcos Kotlhar at Ogilvy, and Walter Geer and Noel Cottrell at VMLY&R.

This year, we announced the appointment of Rob Reilly as Global Chief Creative Officer of WPP, with a brief to champion creativity throughout the Company and foster a culture that delivers extraordinary work for our clients. He is also tasked with attracting and nurturing the best creative talent, driving inclusion and diversity in creative work and teams, and working with technology partners to fuel the creativity needed for their platforms.

Rob, who was previously Global Creative Chairman of McCann Worldgroup and joins WPP in May, is one of the industry's most respected leaders, known for helping to create iconic ideas for the most impactful global brands. He will act as a partner to CEO Mark Read, as well as the CEOs and Chief Creative Officers of WPP's agencies, and his appointment is a clear signal of WPP's creative ambition.

Also this year, we appointed Dave Rolfe to the new role of Global Head of Production for WPP and Hogarth, our creative production arm. Dave is widely acknowledged as a pioneer in his field and celebrated for his transformative work for clients. He will be responsible for a strategy that lifts the role of production in delivering creative excellence across WPP.

BOLD AMBITIONS

The best creative people want to work for the organisations with the strongest creative reputations. At WPP our ambition is to be seen not only as the most creative company in our sector, but in the world.

We begin from a position of strength: in 2020 the Cannes Lions International Festival of Creativity named WPP as the most creative company of the decade, and we were ranked the most effective marketing communications company in the world in the Effie Index, for the ninth successive year. No fewer than eight WPP agencies were recognised by D&AD, which celebrates excellence in commercial creativity, and BCW, our global public relations agency, was ranked number one in PRovoke Media's annual Global Creative Index.

LOOKING AHEAD

Investing further in creativity – in particular in the United States – will continue to be at the heart of our strategy. As well as hiring fresh talent we are funding development programmes for our creative leaders to ensure their skills evolve as fast as the landscape around us; working with our technology partners to bring new innovations and ideas to life; and making it easier for creative talent to move around our agencies so they can build an entire career within WPP.

WE WATCHED IT ALL

AGENCY
AKQA SÃO PAULO

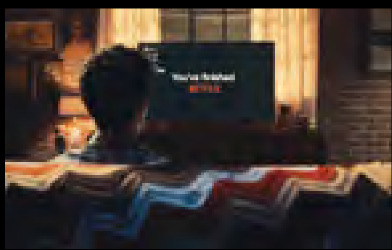
CLIENT
NETFLIX

As one of the last year's few entertainment options, Netflix has been both a source of sanity, but also endless scrolling. Audiences had spent so many hours in front of screens that there was a collective feeling everything had been watched on the platform. AKQA helped Netflix to turn this phenomenon into a celebration, a joyful playlist in an otherwise melancholy year.

In a surreal musical film, after receiving a prompt that he's "finished Netflix", a fan is taken on an immersive trip down memory lane – back through everything he and the wider audience had watched and felt, together.

As our hero moves through his retrospective journey, the lyrics and bizarre visuals make fan-centric references to some of 2020's most talked-about moments. The film was teased with a back-and-forth on social media between the protagonist and Netflix itself, and followed up with augmented reality filters and music track releases.

The film featured cameo appearances from Chris Hemsworth (*Extraction*), Anya Taylor-Joy (*Queen's Gambit*), Álvaro Morte (*La Casa de Papel*), Lily Collins (*Emily in Paris*), and Asa Butterfield and Ncuti Gatwa (*Sex Education*).



204m
Netflix paid memberships

190
Netflix countries with paid memberships

THE MOLDY WHOPPER

AGENCY
INGO STOCKHOLM, DAVID MIAMI, PUBLICIS

CLIENT
BURGER KING

Over the past three years Burger King has removed 8,500 tonnes of artificial preservatives from its products worldwide. The brief was to tell this story to the world.

Burger brands often showcase their products in the same way: juicy, beautiful and with over-produced photographs. As a result, it can be hard to believe that the food shown in those photos is real. So Burger King decided to break with convention with a campaign called the Moldy Whopper, featuring the iconic burger rotting over a period of 35 days.

A simple and clear message, showing that Burger King food has no preservatives. The campaign was talked about around the world, delivering commercial results for the client and winning numerous awards for outstanding creativity.

+14%
sales

8.4bn
impressions

$40m
earned media value

+88%
positive sentiment

Winner
D&AD Black Pencil
The One Show – Best of Show
ANDYs – Bravest
EPICA Grand Prix

DATA & TECHNOLOGY

Fuelling our growth and future-proofing our strategy.

"DATA AND TECHNOLOGY ARE FIRMLY EMBEDDED AT THE HEART OF WPP'S OFFER."

Stephan Pretorius
Chief Technology Officer

A TECHNOLOGY-DRIVEN WORLD

We know that technology is shaping the world around us. Technology underpins every aspect of the work we do for clients: how we understand consumers and markets, how we plan, buy and optimise campaigns, and how we connect consumers with brands and businesses. It allows us to innovate, it increases operational efficiency, and it enables us to deliver work that moves consumers and grows brands. Most of all, it allows us to augment creativity and deliver creative transformation for our clients.

OUR TECHNOLOGY STRATEGY

Our technology strategy is designed to address four key trends in our industry:

- the increasing fragmentation and complexity in the media landscape;
- consumers' changing attitude to data ownership and use;
- the use of marketing technology to deliver connected consumer experiences;
- the consumerisation of creative technologies.

In light of these trends we are re-inventing what a best-in-class data and technology offering looks like, building products and solutions not currently available in the market, and always focusing on empowering our clients to be the masters of their own data and technology destiny.

We are embedding a future-proofed strategy across our business which harnesses our strengths – distributed innovation, scaled global partnerships, deep specialisation and an open platform which will change how we mobilise, utilise and administer data and technology for our clients. This strategy is built on three components: the **Platform** to deliver our services; the **People** who bring our offers to life; and the **Partners** we work with.

PLATFORM

Throughout 2020 we have been rolling out WPP Open, a common data and technology platform that makes the best technology innovation from across WPP available to our agencies and clients. To date we have developed and commercialised 30 proprietary data and technology products through WPP Open.

PEOPLE

We are investing in our people and building a learning culture to give them the right technology skills across cloud, AI and data science, marketing and advertising technology, creative technologies and digital media platforms. As a top three partner with Adobe, we have developed deep specialisation in Adobe services. More than half (over 50,000) of WPP employees use Adobe Creative Cloud daily.

We are also building expert communities across WPP, intent on deepening collaboration and expertise in the areas of data and technology.

PARTNERS

We have holistic partnerships with many of the world's largest and most innovative technology companies, including Adobe, Amazon, Facebook, Google, IBM, Microsoft and Salesforce, providing us with preferential access to data and technology, joint product development, skills development and joint go-to-market programmes. We have received over 21,000 accreditations and certifications from these partners, strengthening our technical expertise.

With the addition of TikTok in 2021, we now have 25 global technology partners. This first-of-its-kind agreement provides WPP with early access to advertising products in development, ensuring WPP and its clients remain at the forefront of innovation as TikTok further develops its suite of products for brands.

LOOKING AHEAD

The scale and adoption of WPP Open as our core technology and data platform will be a key focus for the year ahead. This will enable us to double-down on innovating and investing in areas of key client demand, be that in addressable media, customer data management, identity resolution, customer experience, virtual production or commerce.

WPP AND TIKTOK: A NEW GLOBAL PARTNERSHIP

Fresh opportunities for creative excellence and innovative ways for clients to reach their customers.

In February 2021, WPP and TikTok – the short-form mobile video phenomenon – formed a global partnership that was the first of its kind in the industry. It enables WPP agencies and clients to tap into the culture-shaping impact and reach of TikTok, and to benefit from unique access and capabilities on the platform.

The opportunities for brands from short-form video and digital content continue to grow. As TikTok's designated Lead Agency Development Partner for new, creator-focused APIs, WPP will have early access to advertising products in development, ensuring we and our clients remain at the forefront of innovation.

TikTok will also collaborate with its talented community to build a diverse network of creators to partner with WPP and select advertisers.

Additionally, WPP and TikTok will co-create an industry-leading training and accreditation programme for WPP agencies, which will secure priority access to content tailored to media and creative disciplines.

3tn+
TikTok video views

2bn+
TikTok app downloads

700m+
TikTok monthly active users

RESERVING A LEGEND

AGENCIES
GTB, VMLY&R

CLIENT
FORD

For most people, buying a car is driven by sense and feeling – the touch of the body, the sound of the engine, the smell of the interior. How then to drive desire ahead of the launch of not one, but two iconic brands, Bronco and Bronco Sport, during a global pandemic? The experience also needed to inspire trust and be hassle-free.

GTB and VMLY&R had already created Ford's first online reservation platform – for the Ford Mustang Mach-E – at the beginning of 2020. With lessons from the Mustang Mach-E launch in hand, the Ford Bronco and Bronco Sport reservation experience was re-imagined.

The agencies worked with Ford to understand the elements of the purchasing process that could be optimised into a singular online reservation experience for all visitors to Ford.com, as well as their local dealer's website. The site enabled the customer to explore the new models in detail, while making it easy to convert interest into a tangible experience with a configurator that helped shoppers to build their own virtual Bronco.

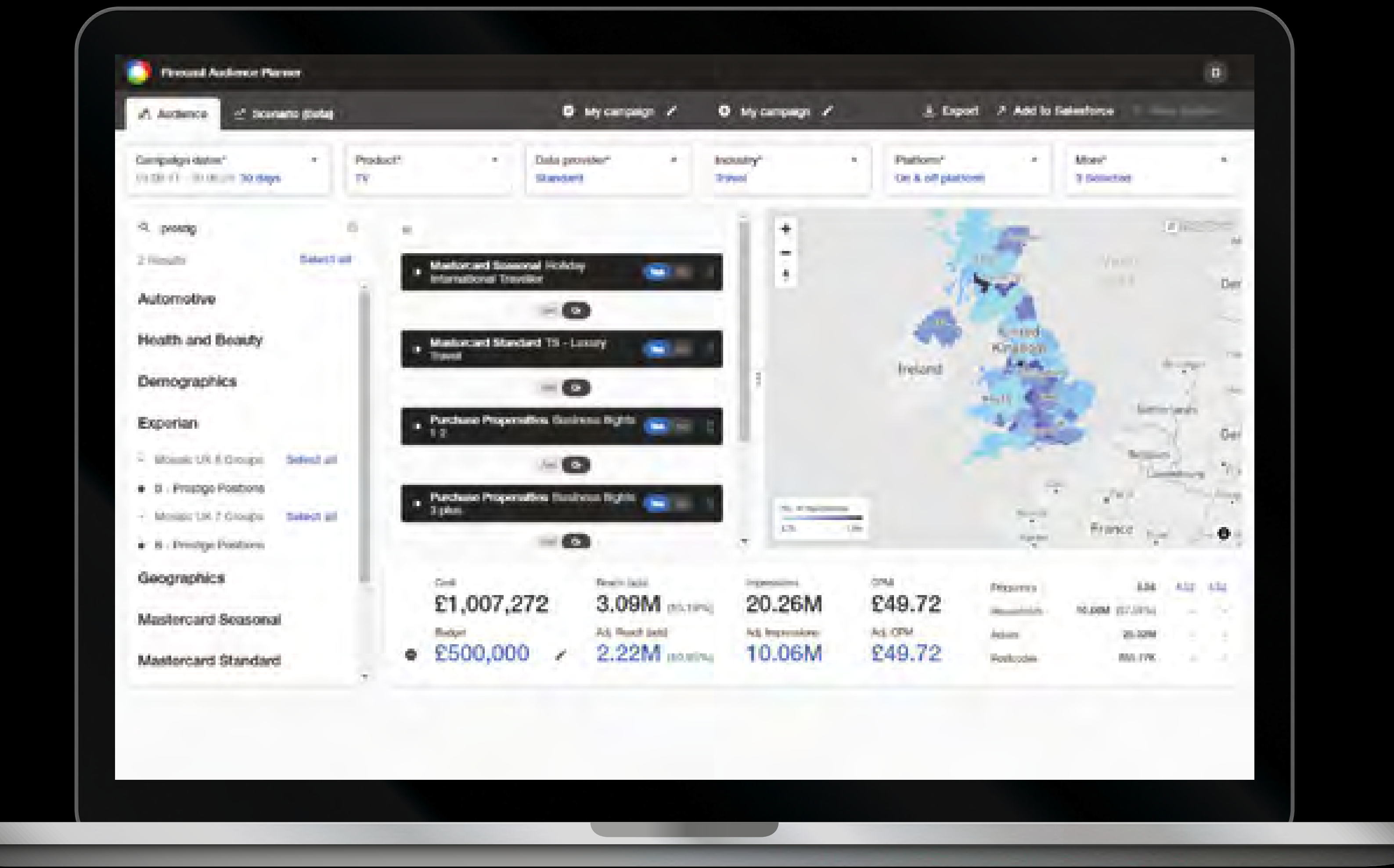
The results were stellar: the Ford Bronco First Edition sold out in less than 24 hours, over 190,000 reservations were submitted in the first three months after the Bronco's reveal, and almost half of them were for the most expensive models. Within three days of the configurator going live, over 450,000 virtual Broncos were built.

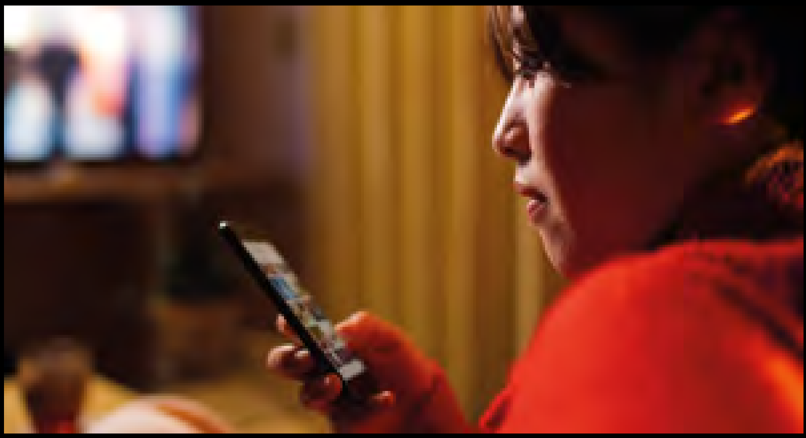
24 hours
time required for the Ford Bronco First Edition to sell out

450,000
virtual Ford Broncos built within three days of the configurator going live

190,000
reservations in the first three months


BRONCO


Export
Automotive
Health and Beauty
Demographics
Experian
Geographics
Mastercard Seasonal
Mastercard Standard
Ireland
France
£1,007,272
3.09M
20.26M
£49.72
£500,000
2.22M
10.06M
£49.72



ADDRESSING AUDIENCES

AGENCY
FINECAST

Television remains an incredibly powerful medium, but today people watch it in many different ways using many different kinds of devices. Finecast, which is part of our media investment arm GroupM, provides advertisers with a single point of access to the entire modern TV ecosystem.

Finecast Audience Planner is the first and, so far, the only technology platform globally to provide holistic campaign planning, pricing and forecasting capabilities across the addressable TV marketplace.

It is attracting new clients and driving new spend on TV by enabling brands to perform precision targeting within their audiences and activate first-party data. By integrating with broadcasters, platforms, data partners and advertisers, Audience Planner applies audience intelligence at scale, enabling clients to break through the complexity and fragmentation of today's market, and to deliver effective, precision-targeted campaigns across all major TV platforms.

Built from the ground up on WPP's technology infrastructure – including Google Cloud Platform – Audience Planner is highly scalable and customisable for any market, with a simple and fast user interface.

The platform launched in the UK in 2020, and is currently rolling out in every Finecast market across the globe.

10
markets live by the end of 2021

40m
TV devices being reached across the UK

5,000+
campaigns planned

2,000+
audience segments available to target

SIMPLER STRUCTURE
CLIENTS

Easy access to our market-leading capabilities.

"OUR CLIENT SATISFACTION SCORES IMPROVED IN 2020 DUE TO THE DEPTH OF OUR RELATIONSHIPS, STRENGTH OF OUR OFFER AND DEDICATION OF OUR PEOPLE."

Lindsay Pattison
Chief Client Officer

A DYNAMIC MARKET

The last year has seen many striking shifts in the marketing ecosystem: from hyper-fast changes in messaging and media spend, to more structural developments such as the pivot to ecommerce, and the importance of embracing purpose, diversity and sustainability to engage employees, investors and customers.

In this context, there has never been a more exciting time to partner with clients on their transformation journey. And while many things have changed during Covid-19, one constant is the necessity of strong client relationships.

Clients want their needs understood first, and then they want WPP to bring its full resources to provide the service they require with simplicity, speed and agility across integrated agency offerings – and with easy access to best-fit and diverse talent.

A TRUSTED PARTNER TO OUR CLIENTS

Amongst our top 20 clients, we have four of the world's most valuable companies by market capitalisation: Apple, Google, Microsoft and Johnson & Johnson. Despite the challenges of the pandemic, we grew our relationships with half of our top 30 clients in the year – who represent 31% of our revenue less pass-through costs.

Many of our largest clients have Global Client Leaders. These experienced executives make sure our clients have a simple and clear view of all we can do across communications, experience, commerce and technology; they identify the right capabilities, expertise, and talent within our agencies; and they ensure cohesion and collaboration across the Company for the benefit of our clients.

In 2020 we had very positive feedback from clients and our highest ever client satisfaction scores, reflecting the strength of our offer, the depth of our relationships with clients, and the skills and dedication of our people during a very challenging period in which the vast majority were working from home due to Covid-19 restrictions.

We have both expanded our remit with existing clients and continued to win new clients. In 2020 major assignment wins included companies such as Alibaba, Dell, HSBC, Intel, Uber, Unilever, WW and Whirlpool. Overall we were the industry leader in new business performance across both creative and media, with $4.4 billion of net new business won in 2020.[1]

We are seeing very strong levels of collaboration across WPP, with an increasing roster of pitches involving multi-agency teams and strong co-ordination and support from the client, new business and technology capability we are building at the centre of WPP. This was demonstrated most recently with the retention and expansion of our relationship with Walgreens Boots Alliance.

A key measure of how well we serve our clients is the improvement in our like-for-like revenue growth relative to peers. In the final quarter of 2018 WPP's growth rate was 3.1 percentage points (pp) less than the average of our competitors globally and 7.3pp less than the United States average. Fast-forward two years, to the end of 2020, and our relative position has improved significantly: WPP's growth rate was 0.9pp better than the average globally and only 0.4pp behind the average in the United States.

LOOKING AHEAD

We still see more room for improvement; in 2021 our central resources will be focused on driving client satisfaction and organic growth. There is significant headroom to grow, particularly in the high-growth areas of experience, commerce and technology, and in enterprise-level initiatives such as business transformation, DE&I and sustainability.

1 Billings, as defined in the Financial Glossary on page 225.

SERVING CLIENTS IN A CHALLENGING YEAR

Continuous service to clients at a time when the need for our solutions and expertise has been greater than ever.

REACT

WHEN THE WORLD STOPPED

During this critical phase our clients were able to depend on us for uninterrupted service: from re-planning their communications spend, redirecting resources to alternative channels and maximising their return on investment, to helping them to communicate effectively and appropriately.

24 hours

Many new campaigns were developed in a matter of hours or days instead of weeks and months

RECOVER

GETTING BACK TO BUSINESS

As clients resumed and reorganised their operations, they looked to WPP to deliver new creative ideas and executions, and to work closely with them to create the "new normal". This led to increasing demand for our public relations, ecommerce, marketing technology and production capabilities.

76%

We are working on ecommerce with more than three quarters of our top 100 clients

RENEW

LOOKING TO THE FUTURE

Today we are helping our clients adapt their marketing approaches for a post-pandemic world, in which digital communications, experience, commerce and technology will be of ever-greater importance.

59%

Share of digital in the advertising market[1]

For more information on how we played our part in responding to Covid-19 please see wpp.com/featured/how-wpp-is-responding-to-covid-19

1 SOURCE: GroupM *This Year Next Year* report total advertising spend excluding political advertising in the United States.

SIMPLER STRUCTURE
COMPANIES

We have radically simplified our structure.

"WPP NOW HAS FEWER, STRONGER AGENCY BRANDS WORKING BETTER TOGETHER."

Andrew Scott
Chief Operating Officer

FEWER, STRONGER BRANDS

Over the last two years we have made substantial progress towards our goal of radically simplifying our Company.

We now have fewer, stronger agency brands, following a series of targeted actions including the merger of several major agency networks; the disposal of 60 non-core businesses and investments; the merger of 100 small, local offices; and the closure of a further 80 business units.

The asset sales have generated proceeds of over £3.5 billion (including £2.5 billion from the sale of a 60% stake in Kantar in 2019) and significantly reduced our debt to low and sustainable levels.

As a result of these actions, we have a more streamlined and simplified structure, better positioning us to serve our clients. We now have a strong footprint of ten global agency networks and our overall stable of brands has been reduced from more than 500 to 220.

We have also grown our use of shared, multi-agency Campuses for our people, driving efficiencies and allowing clients easier access to our talent and expertise. Today we have a third of our people working in our Campuses – a significant increase over the last two years.

CREATING LEADING AGENCIES

In 2020, we announced we would bring AKQA and Grey together within AKQA Group, and move Geometry into VMLY&R to create VMLY&R Commerce, a new end-to-end creative commerce agency. These moves follow the creation of Wunderman Thompson and VMLY&R in prior years.

We now have the right structure of leading integrated global creative agency brands, providing clients with a full suite of modern marketing solutions across communications, experience, health, ecommerce, data and technology.

In 2020 we also announced changes within our public relations business, bringing together three of our agencies to form Finsbury Glover Hering, a leading global strategic communications and public affairs firm.

LOOKING AHEAD

WPP has a material opportunity to leverage our scale across our agencies, creating a more efficient operating platform and unlocking further cost savings.

We will achieve this in three ways: simplifying our operating model, including standardising technology and production platforms across our companies and consolidating our smaller local agencies; buying more efficiently as a single organisation; and reducing real estate costs by consolidating more of our agencies into fewer, larger, shared Campuses. For more on these and other savings initiatives, please turn to the Chief Financial Officer's statement on page 58.

SIMPLER STRUCTURE
COUNTRIES

Integrated country operations.

"THROUGH COLLABORATION WE ARE ABLE TO OFFER CLIENTS THE BEST OF WPP."

Karen Blackett OBE
WPP Country Manager for the UK and GroupM UK CEO

GLOBAL SCALE AND LOCAL PRESENCE

Our size is one of our strengths. We have industry-leading global media-buying scale, providing both good value and premium inventory, as well as strong positions in local markets. This is complemented by a network of global creative agencies, again with strong local presence, providing clients with an integrated suite of marketing solutions.

We have a unique position as one of the most geographically diversified companies in the industry with a worldwide reach to over 100 markets. This comprises an attractive combination of well-established and highly profitable markets such as the United States and UK, and structurally faster-growing economies, such as India, China and Brazil.

Within our three main geographic regions our revenue is broadly balanced, with roughly one-third each from North America, Western Europe including the UK, and Rest of the World markets (Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe). Our 20 largest countries are the key drivers of performance, representing 88% of revenue less pass-through costs.

We are already working with some of the world's fastest-growing companies in markets such as India, China and Brazil. In 2020 Alibaba appointed Mindshare as its media agency in China, Dell chose VMLY&R as lead creative agency in India, and Campari selected Ogilvy in Brazil.

COUNTRY-LEVEL INTEGRATION

Within our global footprint we have 18 Country and Regional Managers covering many of our larger markets. As well as providing depth of local understanding and insight, they bring the best of WPP to their markets by promoting WPP's brand, strategy and offer, and coordinating the resources of WPP on behalf of clients.

Our Campus programme is also a key element of our country-level integration strategy of leveraging our strengths in individual markets. Each Campus location brings our agencies together in modern, world-class workplaces for our people, encouraging closer collaboration between our agencies, providing clients with easier access to our talent and expertise, and unlocking efficiencies through consolidation of smaller office buildings.

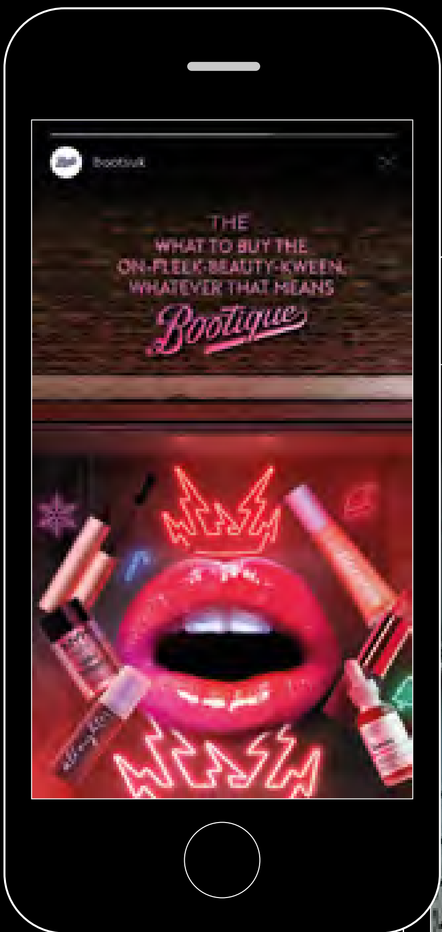
In 2020 we added three new Campuses, in Chicago, Hong Kong and Rome, taking the total to 20. Before the end of 2021 we expect to open a further 11 sites. For WPP, every new Campus is a sign of our commitment to that country and investment in our people.

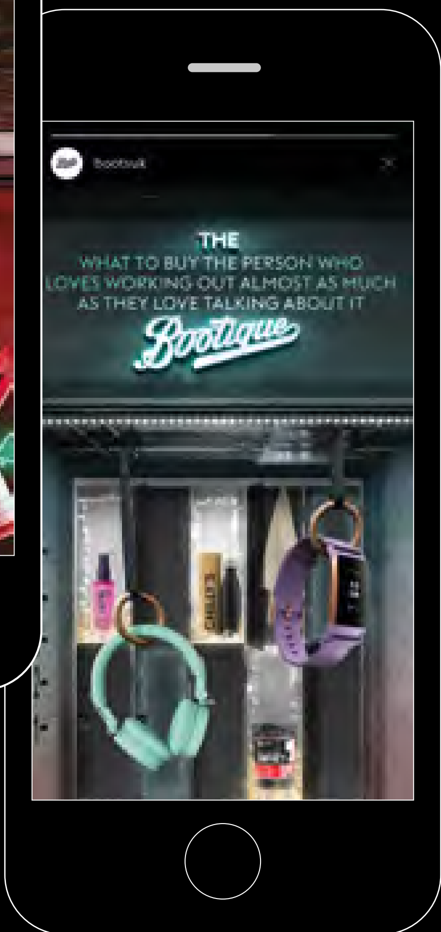
LOOKING AHEAD

As part of our strategy for growth, by leveraging WPP's existing global strength we will accelerate our investment in high growth potential markets, including China, India and Brazil. For example, earlier this year we acquired DTI Digital, a leading Brazilian digital innovation and software engineering company. These markets are attractive as we expect them to grow at double-digits annual rates over the next five years.

Under our simplification strategy, we expect to locate 85% of our people in Campuses by 2025, compared to 33% today. There is no doubt that a lasting legacy of Covid-19 will be to change the way that we work, providing an opportunity to reduce our space requirements by about 15-20% on average.


THE
WHAT TO BUY THE PERSON
WHO'S 100% VEGAN WHEN
YOU'RE 100% CLUELESS
Bootique
HONEST
BEAUTY
pixi
ISLE OF
PARADISE
BEAUTY KITCHEN





BOOTIQUES: BREAKING THE MOULD OF CHRISTMAS

AGENCIES
VMLY&R COMMERCE, OGILVY, MEDIACOM

CLIENT
BOOTS (WALGREENS BOOTS ALLIANCE)

For last year's festive season, Boots decided to break the mould of Christmas advertising. Instead of an emotive TV spot, a team from VMLY&R Commerce, MediaCom and Ogilvy created a multichannel experience for UK audiences, across digital and traditional media, that the whole nation could interact with and enjoy.

Knowing what to buy for your loved ones is a perennial Christmas problem. Fortunately, with over 2,500 stores across the UK, Boots has extensive knowledge about what British consumers love. Our agencies were able to use this data to curate bespoke ranges, answering every gifting problem, no matter how niche.

The ambition was to speak to as many consumer tribes as possible, which is why the team decided to turn every single asset created into its own shoppable Bootique. So whatever tribe you were shopping for, there was a Bootique for you.

The collaborative campaign – brought to life by a cross-disciplinary team spanning creative, PR, content, social, advertising, loyalty and media – also included the launch of physical Bootique stores across the UK.

+95%
Boots.com page views

+687%
social impressions

223%
return on ad spend

WORLD-CLASS WORKING ENVIRONMENTS

OUR CAMPUS STRATEGY

The WPP Campus programme is a key pillar of our country-level integration strategy: providing inspiring spaces for our people to work, learn and create; encouraging closer collaboration between our agencies; and giving clients easier access to our talent and expertise.

We continue to move employees into Campuses, closing multiple smaller sites and replacing them with fewer, larger, more environmentally friendly buildings that offer modern, world-class workspaces.

The proportion of our people based in Campuses has increased steadily from 15% in 2018 to 33% in 2020, though most of our colleagues have, of course, been working from home during the last year. As of December 2020 the level of office-based working in some of our main markets was: United States 2%, UK 3%, Germany 12%, China 71% and India 10%.

Just as we are helping our clients look beyond the pandemic, we are doing the same, and in 2020 we opened new Campuses in Chicago, Hong Kong and Rome. During 2021 we plan to open another 11 globally.

In the post-Covid world there will be a greater emphasis on flexible, hybrid models of working, which the Campus programme will support through its focus on agility and shared spaces.

By 2025 we expect 85% of WPP employees to be based in Campuses, and a reduction in our office space requirements of between 15 and 20%.

EXISTING CAMPUSES

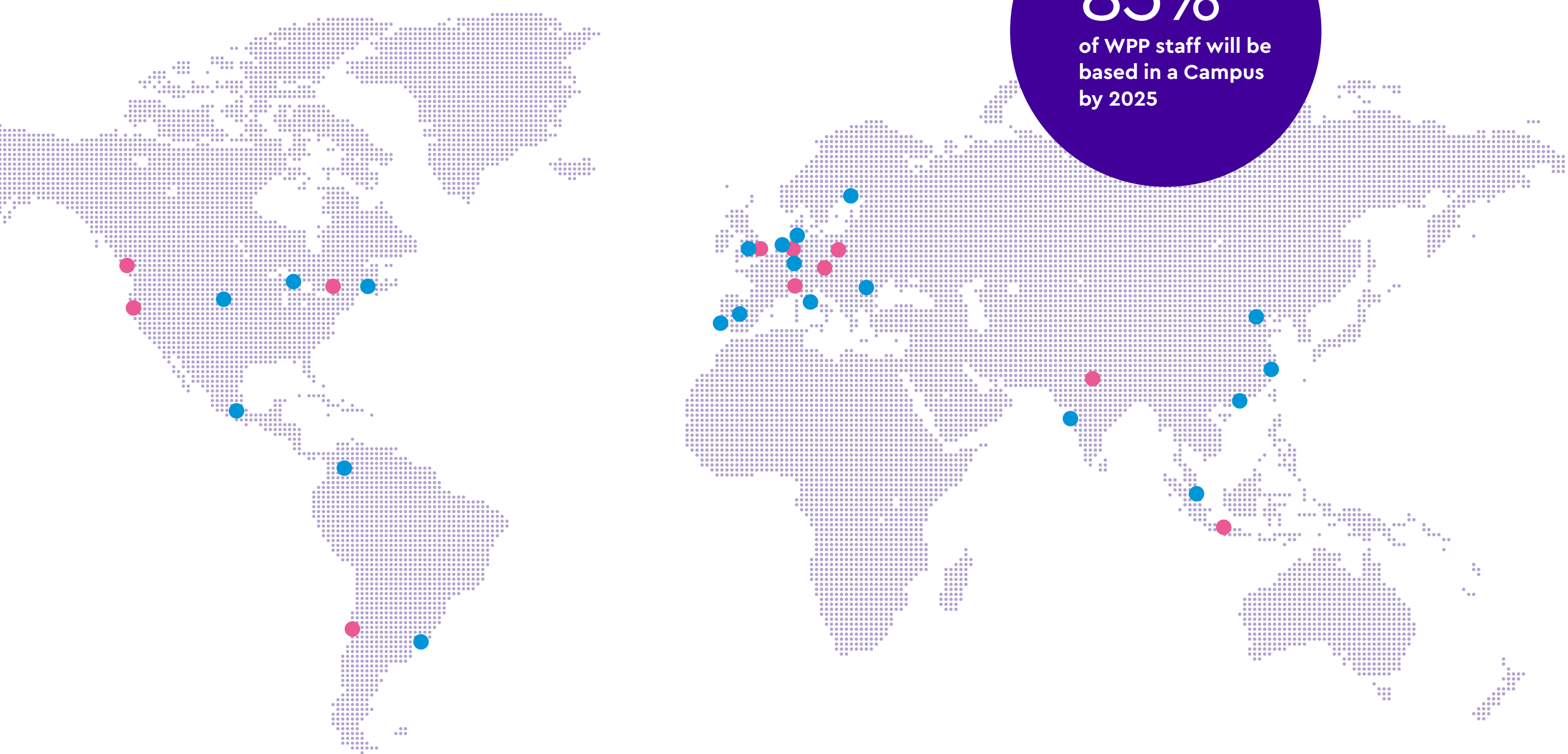
Amsterdam
Beijing
Bogota
Bucharest
Chicago
Frankfurt
Hamburg
Helsinki
Hong Kong
Kansas
Lisbon
London – Sea Containers House
Madrid
Mexico City
Montevideo
Mumbai
New York – 3WTC
Rome
Shanghai
Singapore

OPENING IN 2021

Detroit
Düsseldorf
Gurugram
Jakarta
London – Rose Court
Milan
Prague
San Francisco
Santiago
Seattle
Warsaw

85%

of WPP staff will be based in a Campus by 2025



THE HUNGER MONSTER

AGENCY
BCW LONDON

CLIENT
ALDI

One in five children lives in food poverty in the UK. To help combat this, BCW worked with Aldi to raise awareness, and get consumers involved in the retailer's pledge to donate ten million meals to families in need in 2021. BCW created a poignant film, *The Hunger Monster*, which depicts a young child's relationship with hunger and its devastating effects in a poem by Giles Andreae, while celebrated illustrator Lisa Stickley brings the story to life through the accompanying animation. The team secured the support of Marcus Rashford MBE, England footballer and campaigner, to narrate the poem and throw his weight behind the campaign.

1.9m
animation views on social media

570
items of media coverage

PEOPLE & CULTURE

How we fulfil our purpose starts with our people.

"OUR GOAL IS TO ATTRACT, RETAIN AND GROW THE MOST TALENTED, CREATIVE AND INSPIRED PEOPLE ON THE PLANET."

Jacqui Canney
Chief People Officer

OUR PEOPLE ARE OUR COMPANY

At WPP we know that our people are our Company. As we transform and help our clients to do the same, we need three key attributes: a clear purpose; a set of values that guide us; and a strong strategy for growth. All three come together in our people.

VALUES

Our core values inform how we work, who we hire and the way we operate as a business. We foster an inclusive culture across WPP, one that is equitable, tolerant and respectful of diverse thoughts and individual expression. We aim to create a work experience where people are **open** to new ideas, **optimistic** about the future, and empowered to do **extraordinary work**.

WORKING FROM HOME

Since the onset of the pandemic, the safety and wellbeing of our people has been our top priority. In 2020 we increased our investment in wellbeing resources and initiatives, especially in relation to mental health – see page 48. We also created new ways to connect across WPP, from CEO virtual townhalls to "safe rooms" that offer more space for open and candid discussions. We are communicating more often, from focusing on wellbeing in The Weekly, our global internal newsletter, to launching WPP TV, a new platform for our people to share their creativity, expertise and insights.

Since March 2020 the large majority of our people have been working remotely. Some offices have reopened in certain countries when local rules allowed – all on a voluntary basis for those who need or want to return – at reduced capacity and with strict safety protocols. At the peak around 95% of our colleagues were working away from the office. We developed new resources and guidance to help our people in caregiver roles, from assisting sick relatives to taking care of children studying at home.

OUR PEOPLE STRATEGY

Our people strategy is central to WPP's vision as a creative transformation company. At its heart is our goal to attract, retain and grow the most talented, creative and inspired people on the planet, those who are drawn to WPP by our purpose of building better futures. The strategy is based on three key pillars: being the employer of choice for all, modernisation of experiences and growth.

EMPLOYER OF CHOICE FOR ALL

Being the employer of choice for all rests on our ability to hire and retain exceptional, diverse talent. Diversity and difference power creativity – from sex, gender, race and ethnicity to sexual orientation, age, religion, disability, family status and so much more. To succeed, we are seeking out people who can bring more of these different perspectives to our client work, which is why we are partnering with organisations such as Brixton Finishing School, RARE recruitment, the One Club For Creativity and adfellows.

We are also listening more closely to our people. When we understand their experiences and learn from them, we create a deeper sense of belonging and an inclusive environment where everyone can do inspiring creative work. To this end, in 2020 we launched our first all-staff survey in our top five markets to better anticipate our people's needs and to shape our people strategy. This helped to form our 2021 Listening programme, which started with WPP Pulse – an anonymous, quarterly global survey, designed to gather and act on unfiltered, honest feedback.

In June 2020 we made a number of commitments to advance racial equity. We view this work as a moral and business imperative. We committed to take decisive action on each of the 12 points in the "Call for Change" open letter from more than 1,200 Black advertising professionals to the industry; to use our voice within and beyond our industry; and to invest $30 million over three years to fund inclusion programmes within WPP and to support external organisations. We set out our progress against these commitments on page 49 of this report, and in more detail in our Sustainability Report.

100,000
people

100%
of our employees have access to the Employee Assistance Programme

95%
of employees worked from home at the peak of the Covid-19 pandemic

51%
of our senior managers are women

50
editions of all-staff newsletter *The Weekly*, with 1.8 million unique opens

28
CEO virtual townhalls in 2020, with over 39,000 total participants

Much work remains, but we have made good progress on gender diversity. The proportion of women in executive leadership roles increased to 40%, compared to 37% in 2019, and 43% of the Board are women. We are currently running several successful gender diversity initiatives including WPP Stella, a senior leadership and networking group, and women's development programmes such as Fast Forward and Walk the Talk. In 2021 we were named an industry leader in the Bloomberg Equality Index for the third consecutive year.

In June 2020 we launched WPP Unite!, a cross-agency LGBTQ+ community, which advises on policies that impact the LGBTQ+ talent of WPP and its agencies. This year we were proud to be named one of the Best Places to Work for LGBTQ Equality in the 2021 Corporate Equality Index.

MODERNISATION OF EXPERIENCES

We are using technology to improve the experiences of our people, in the same way we use it for our clients and their customers. We are centralising our systems to provide the data-driven insights for improved decision-making. We are offering more user-friendly self-service tools, deploying new people management software and helping our teams match employee skills to client needs more effectively. And we continue to bring more of our people into modern, world-class Campuses, targeting 85% of employees by 2025.

Together these modernisation initiatives to simplify and standardise how we work form part of our wider business strategy to generate cost and efficiency savings – which will help us reinvest in talent and incentives to drive our growth. For more on these and other initiatives, please turn to the Chief Financial Officer's statement on page 58.

GROWTH

Talent is the life force of WPP. When we ask our people what they want, opportunities to grow and learn rank near the top. That is why we invest in new hires, training and skills development, to help us compete and to grow our people, teams and business.

We have named many dynamic new leaders in the last year, from internal promotions and external hires. In 2020 we appointed Simona Maggini as Country Manager for Italy, Nick Lawson as Global CEO of MediaCom, Andy Main to lead Ogilvy, and Adam Gerhart as Mindshare Global CEO, along with other senior leaders like Kirk McDonald, Devika Bulchandani and Rachel Higham. In 2021 we appointed Beth Ann Kaminkow as Global CEO of VMLY&R Commerce and Rob Reilly as WPP's Global Chief Creative Officer.

We spent £19.7 million on training in 2020 with 77% of our people taking part in formal training programmes. During 2020 we continued to work with our leading technology partners such as Adobe, Amazon, Google, Microsoft and Salesforce to enhance our technical expertise and gained over 21,000 accreditations and certifications.

This year, we are increasing our investment in development programmes to hone the skills and capabilities we need to transform and deliver on our business strategy. We are investing more in leadership development programmes for women, people of colour and the next generation of leaders, because our growth depends on effective, diverse leadership for many years to come. And we have launched our new Career Explorer platform, which provides greater transparency into job openings so current and prospective employees have access to more career paths across WPP.

LOOKING AHEAD

We plan to invest an additional £150 million annually by 2025 in our people. This will be targeted at increasing talent and skills in the fast-growth areas of the industry – such as experience, commerce and technology – and boosting our capabilities in AI and machine learning. The goals are simple: strengthen skills that unlock better client relationships and results, make it easier for our people to move around our agencies, and ensure more opportunities for growth are open to all our people.

For more on our people, please turn to Employer of Choice for All on page 76.

WELLBEING

The challenges created by the Covid-19 pandemic, racial injustice, political division, and many other issues around the globe have taken their toll on people's mental, emotional, financial and physical wellbeing. There are no simple answers to these complex issues that affect each person differently, but by increasing investment in wellbeing resources for our people we aim to anticipate and support their needs.

During 2020 we rolled out our Employee Assistance Programme to every market globally to offer our people and eligible family members access to free, confidential counselling and support, and we shared resources on topics such as managing stress, dealing with loss, and how to access local financial or legal help.

We launched our "safe room" series in response to horrific acts of racially motivated violence in the United States, so our people would have a space for open and honest conversations. The series has since been extended to various communities including Black women in leadership and single parents.

To recognise World Mental Health Day and Mental Health Awareness Month we curated a global programme of wellbeing sessions, highlighted educational wellbeing resources and gave our people a platform to share their personal tips and advice on how to look after our mental and emotional health during lockdown.

In May 2021, we are launching a new Mental Health Allies programme in the UK, with a pilot in the United States and the intention of rolling it out across other markets. Mental Health Allies are employees who volunteer to be trained to support others. As part of this initiative, we are building a Wellbeing Academy at the centre of WPP, where Allies and HR professionals will be able to seek support, continuous learning and advice.

100%
of employees can access Employee Assistance Programme

200
UK Mental Health Allies by May 2021

OUR RACIAL EQUITY COMMITMENTS

In June 2020, we set out a series of commitments to help advance racial equity. We said we would take decisive action on each of the 12 points in the "Call for Change" open letter to the industry from more than 1,200 Black advertising professionals; use our voice to bring about change in and beyond our industry; and invest $30 million over three years to fund inclusion programmes within WPP and to support external organisations. While there is much more work to be done, we have made progress towards these commitments as we embed diversity, equity and inclusion (DE&I) into everything we do.

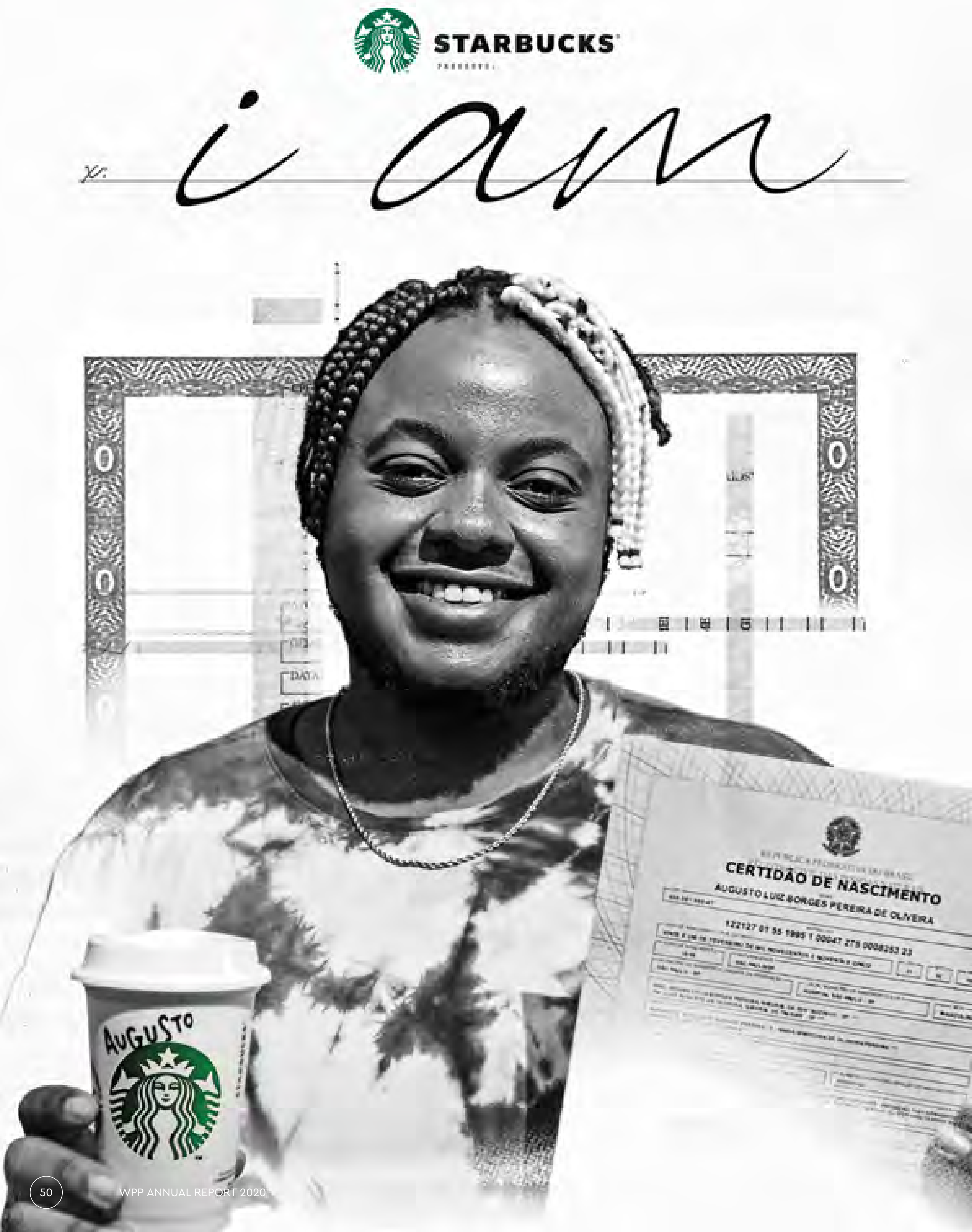
We have established our new Global Inclusion Council to advise on DE&I goals, recommend new systems and strategies, and identify barriers to progress. We released our most recent United States Equal Employment Opportunity Commission data and committed to reporting our workforce diversity data annually in our Sustainability Report. To embed DE&I into our hiring and development processes, all our HR teams received anti-bias training and we launched a diverse candidate slate policy in the US and UK.

We have partnered with organisations such as the LAGRANT Foundation to help build a more diverse future talent pool and launched NextGen Leaders, a virtual learning series for college students and recent graduates. 55% of the 846 participants in 2020 were Black, Asian and Latin American. We have implemented and are expanding learning and development opportunities for our employees of colour, including our Elevate sponsorship programme. We launched our mandatory Belonging at WPP inclusion training for all staff globally and a Conscious Inclusion programme, to raise our awareness of unconscious bias. We created an Inclusive Marketing Playbook to enable WPP teams to put inclusive marketing principles and best practice front and centre. And we established our Diversity Review Panel for our people to raise any concerns regarding negative stereotypes in our work.

To ensure transparency and accountability, we have committed to updating our employees on progress against our DE&I goals each quarter.

$30m
investment over three years in inclusion programmes within WPP and to support external organisations

For further detail on our racial equity commitments, please see our 2020 Sustainability Report


STARBUCKS
i am
CERTIDÃO DE NASCIMENTO
AUGUSTO LUIZ BORGES PEREIRA DE OLIVEIRA
AUGUSTO

I AM

AGENCY
VMLY&R BRAZIL

CLIENT
STARBUCKS

In Brazil, trans people often suffer prejudice when they don't have their new names on official documents. The process for legally changing names is expensive and bureaucratic, and the registry offices where it happens are intimidating environments for this community.

At Starbucks, anyone who orders a drink at the counter has their name respected and written on the cup without question.

So, VMLY&R decided to invite trans people to have their names legally changed in a place where they are always welcome. The agency transformed a local Starbucks into a registry office, and participants were able to leave the store with official documents in their new names – free of charge.

The result was a seven-times increase in daily legal name changes for the city of São Paulo.

Winner

Grand Prix El Ojo 2020

WINNING IN MEDIA

GroupM is the world's leading media investment company, responsible for more than $60 billion in annual media investment through agencies Mindshare, MediaCom, Wavemaker, Essence and m/SIX. The strength of our media offer was reflected in our industry-leading new business performance in 2020, with $4.8 billion of new media business won during the year.

According to independent research consultancy COMvergence, GroupM won close to three times more new business than its nearest competitor, reflecting significant new assignments during the year including Hasbro, Sainsbury's, Walgreens Boots Alliance, Whirlpool and Uber.

Among individual media agencies, GroupM companies led the global rankings. MediaCom was first, with a total new business value of $1.6 billion, and Wavemaker second, with $1.4 billion.

2020 KEY MEDIA NEW BUSINESS WINS

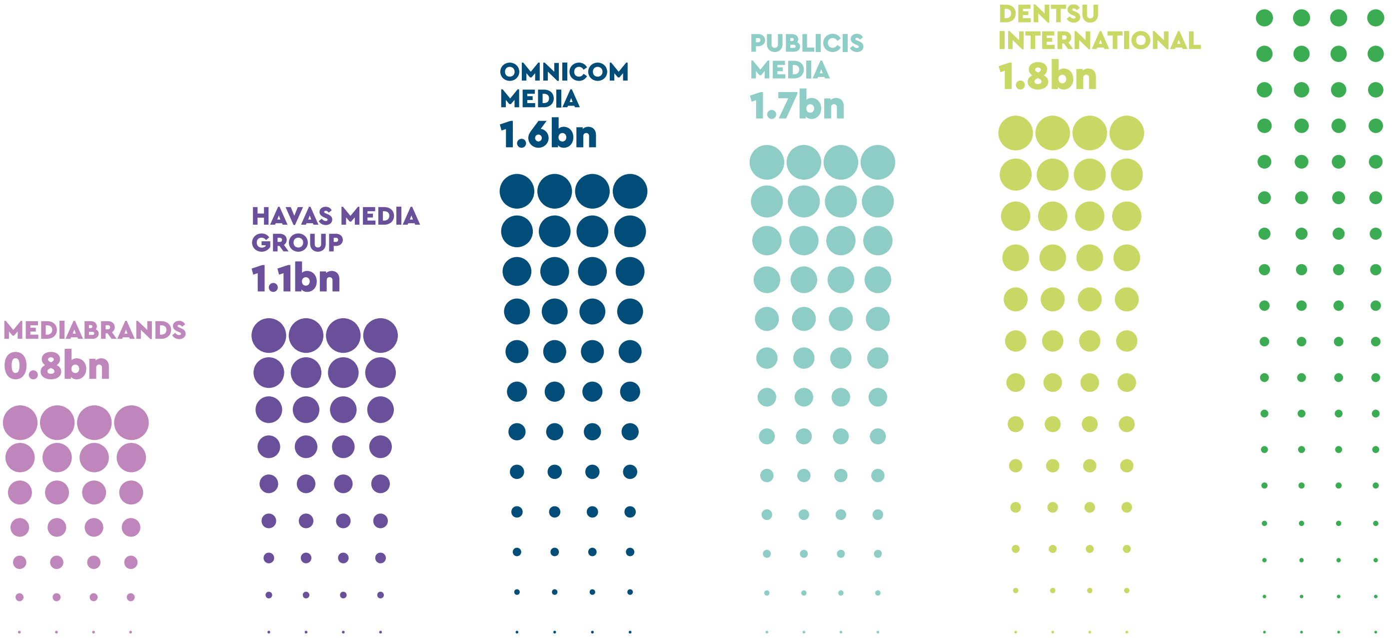
Zespri Kiwifruit
Duracell
Uber
Pernod Ricard
novo nordisk
Walgreens Boots Alliance
Sainsbury's
Hasbro
airbnb
WW

TOTAL NEW BUSINESS VALUES 2020 ($bn)

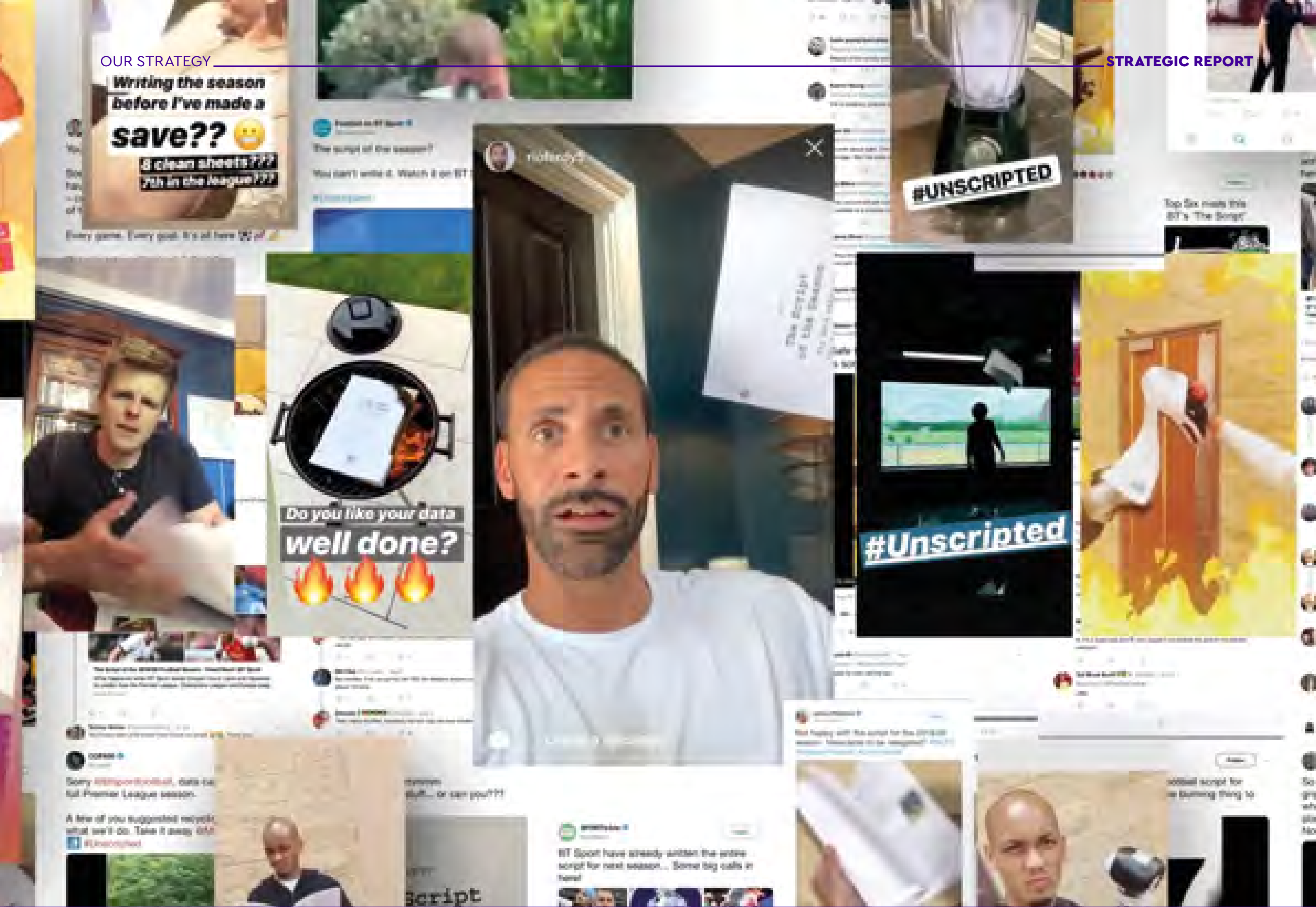
(including billings retained)

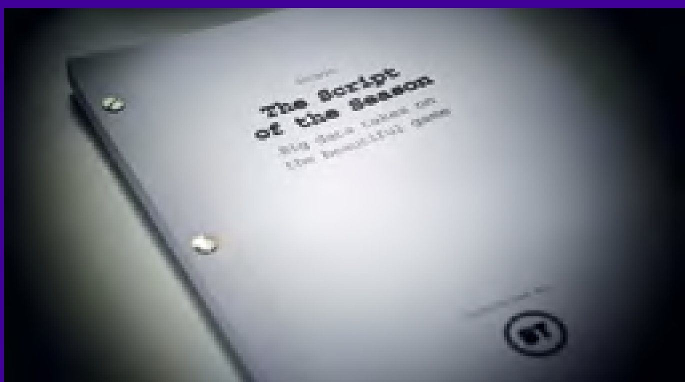
GROUPM
4.8bn

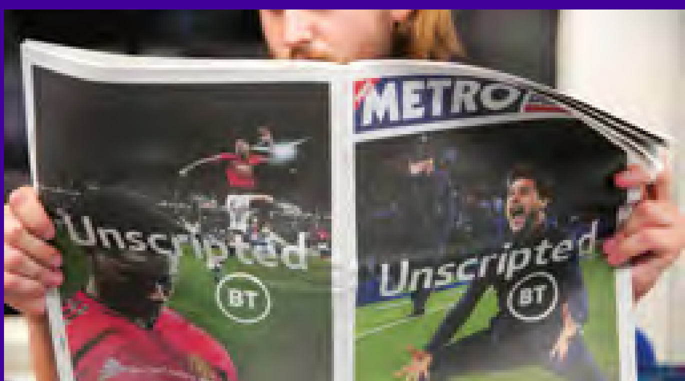
MINDSHARE
mediacom
Wavemaker
essence
m/SIX



SOURCE: COMvergence, Billings Rankings 2019 and New Business Barometer FY 2020







UNSCRIPTED

AGENCIES
WUNDERMAN THOMPSON LONDON, ESSENCE LONDON

CLIENT
BT SPORT

BT Sport's challenge to Wunderman Thompson and Essence was to help it take on and defeat its rivals in the battle for subscriptions. So, the agencies decided to ignite a global debate, using technology, social media and a large dose of controversy.

Time and again, football shows just how unpredictable live sport can be. You just couldn't write it. Or could you? Together with BT Sport, the agencies united Opta, the world's leading supplier of sports data, Squawka, the analytical sports agency, and Google Cloud. Their goal: use big data and AI to do the unthinkable – predict the entire season in the form of a 60-page script, before a ball had even been kicked. The next step was to release the script to pundits, players, influencers, journalists and fans – then sit back and watch the fireworks.

What followed was a conversation explosion across talk shows, newspapers, social media and news channels, driving 30% more BT Sport subscriptions than in the prior season.

137m
media impressions across 44 countries

40,000
new followers of BT Sport within the ten-day campaign period

30%
increase in BT Sport subscriptions

KEY PERFORMANCE INDICATORS

We track our performance against indicators that reflect our strategic, operational and financial progress, as well as our impact on society and the environment. These indicators allow the Board, management and stakeholders to compare our performance to our goals.

At our Capital Markets Day in December 2020, we introduced a number of new metrics including client satisfaction scores, digital share of billings, the share of revenue from experience, commerce and technology, and the proportion of employees in shared Campuses.

ALIGNING PERFORMANCE MEASUREMENT WITH STRATEGY

Performance measures are selected to align to our business strategy and include a range of financial and non-financial metrics. Non-financial metrics are measured in a scorecard with appropriate measures set based on role and accountabilities.

	STRATEGIC ELEMENTS				
	Vision & offer	Creativity	Data & technology	Simpler structure	People & culture
Operational					
Client satisfaction score	●	●	●	●	●
Digital % of media billings (GroupM)	●		●		
Share of revenue less pass-through costs from experience, commerce and technology	●		●	●	
People					
Proportion of women in senior executive positions					●
Employees in shared Campuses	●	●		●	●
Sustainability					
Carbon emissions per person from owned operations				●	●
Share of electricity purchased from renewable sources				●	●
Financial					
Like-for-like revenue less pass-through costs growth	●			●	
Headline operating profit margin	●		●	●	
Like-for-like revenue less pass-through costs growth versus competitors	●		●	●	
Dividends	●			●	

OPERATIONAL

Our operational KPIs measure our strategic progress towards a new vision and contemporary offer to meet the needs of modern marketing and our clients' future success.

We have continued to develop our operational KPIs. Accordingly data is not available for all three years for each operational KPI. Data is shown for the years it is available.

Read more on strategic progress on pages 22-53

Client satisfaction score (out of 10) 8.1

2020	**8.1**
2019	7.7
2018	7.4

Description and rationale
This measures how satisfied our clients are with our services, based on 59,000 clients' "Likelihood to Recommend" score out of ten. Our ability to retain satisfied clients is a key driver of our revenue[1].

Targets and performance
In a very challenging year, in which most of our employees worked from home, we achieved our highest ever satisfaction scores, reflecting the strength of our client relationships. We aim to maintain top-quartile performance.

Digital % of media billings (GroupM) 41

2020	**41**
2019	38
2018 – Not available	

Description and rationale
Billings comprise our clients' spend on media, plus our fees[2]. We measure the digital mix to ensure we are staying relevant to our clients, particularly as the digital media market now exceeds traditional platforms.

Targets and performance
GroupM's digital billing mix increased to 41% in 2020, compared with 38% in 2019, driven by the rapid growth in demand from clients for ecommerce services, across both our media and integrated creative agencies.

Share of revenue less pass-through costs from experience, commerce and technology (%) 25

2020 – Not yet available	
2019	25
2018 – Not available	

Description and rationale
Experience, commerce and technology are attractive addressable areas of the market where client spend is forecast to grow at around 10% annually between 2021 and 2024 compared with 1% annually for traditional communications.

Targets and performance
Our revenue mix in 2019 was approximately 75% in communications and 25% in higher-growth areas. Our goal is to increase our mix in higher-growth areas from 25% to 40% by 2025, so that we increase our share of the higher-growth areas of client spend.

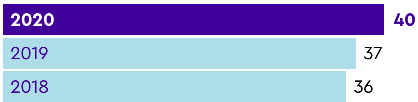
1 Includes Kantar.
2 For a full description see Financial Glossary on page 225.

PEOPLE

Every WPP workplace should be open, inclusive and collaborative to allow our people to do their best work. Our people KPIs assess our progress against these aims.

Read more on:
Campuses – page 44
Women in leadership – pages 46 and 76

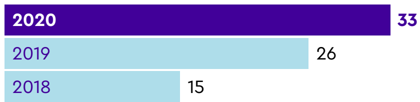
Proportion of women in executive leadership roles (%) — 40



Description and rationale
This measures our gender diversity. We believe that diversity drives creativity, so we are working hard to improve in all aspects of diversity, equity and inclusion. We aim to achieve equal representation of women at the Board and all other levels.

Targets and performance
In 2020 the proportion of women in executive leadership roles increased to 40% (2019: 37%). We are committed to achieve parity. To support this goal, we are running a number of leadership development programmes for women.

% of employees in shared Campuses[1] — 33



Description and rationale
We have 20 world-class, shared Campus workplaces across the globe in low-carbon, energy-efficient buildings. Each location encourages closer collaboration between our agencies, providing clients easier access to our talent and expertise.

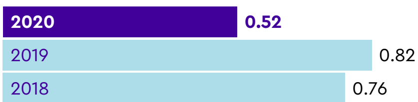
Targets and performance
In 2020 33% of our employees were located in Campuses. We expect this to rise to 85% of employees in 60 Campuses by 2025, providing an opportunity to reduce both our office space and our environmental footprint.

SUSTAINABILITY

We aim to be a sustainable business and play our part in protecting the planet. We have made a series of commitments to reduce our environmental impact, which are captured in our KPIs.

Read more on our actions to tackle the climate crisis on page 81

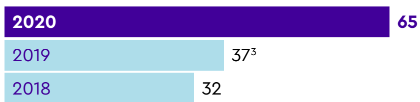
Carbon emissions per person from our owned operations (tCO_2e, scope 1 and 2)[2] — 0.52



Description and rationale
We support urgent action to tackle the climate crisis through the Paris Climate Agreement. We measure carbon emissions per employee, as headcount is closely linked to levels of business activity and this allows us to reflect the impact of acquisitions and disposals without needing to adjust our baseline.

Targets and performance
We are committed to achieve net zero emissions across our value chain by 2030 and to achieve net zero emissions across our owned operations by 2025. In 2020 carbon emissions per employee reduced by 37% compared with 2019.

Share of electricity purchased from renewable sources (%) — 65



Description and rationale
We have made good progress in reducing our carbon footprint, but there is more we can do, and we have committed to solely using renewable electricity to support our carbon reduction targets.

Targets and performance
In 2020 we purchased 65% of our electricity from renewable sources (2019: 37%[3]), reflecting progress towards our target of 100% by 2025. We are currently at 100% in the United States, Canada, UK and most European markets.

1 Defined as employees and freelancers in Campuses divided by total employees and freelancers.
2 These figures have been restated due to the integration of new best practice carbon emissions reporting.
3 Figure restated as part of a data reviews upon joining RE100.

FINANCIAL

Our financial targets help us to track the underlying health of the Company; compare our performance to competitors; set financial guidance for investors; and establish our remuneration targets.

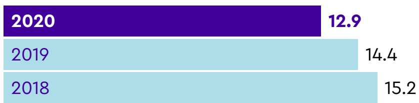
Read more on our financial performance on pages 58-65

Like-for-like (LFL) revenue less pass-through costs growth (%) -8.2

Description and rationale
This is the main measure of our strategic goal to return WPP to growth. Like-for-like revenue growth excludes the impact of currency and acquisitions. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients.

Targets and performance
In 2020 revenue less pass-through costs declined 8.2% as clients reduced spending due to the pandemic. Our targets are mid-single-digits % growth in 2021, recovery to 2019 levels by 2022 and 3-4%[1] annual growth from 2023 onwards.

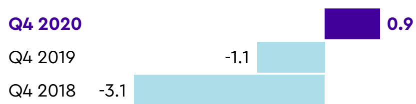
Headline operating profit margin (%) 12.9



Description and rationale
This is a key indicator of our profitability. It comprises profit on trading activities, excluding certain one-off or exceptional items[3]. These items are excluded because their size and nature mask the true underlying performance year-on-year.

Targets and performance
In 2020 the headline operating margin declined 150 basis points as cost savings offset most of the revenue decline. We expect the margin to recover to 13.5-14.0% in 2021 and 15.5-16.0% in 2023, due to cost savings and revenue recovery.

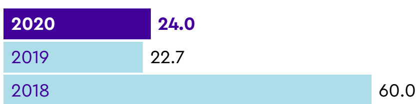
Organic revenue growth versus competitors[2] (%) +0.9



Description and rationale
This measures our growth relative to our main competitors. It compares organic revenue growth for WPP against the average of our global marketing services peers – Dentsu, Havas, IPG, Omnicom, and Publicis.

Targets and performance
In Q4 2020, WPP's growth rate was 0.9 percentage points faster than the average of our main peers. Going forward we aim to grow at a faster rate than the industry average.

Dividends per share (pence) 24.0



Description and rationale
Dividends are a key element of our returns to shareholders. They are an annual share of our profits and cash flow.

Targets and performance
In 2020 the Board paid an interim dividend of 10p and has proposed a final dividend of 14p, which is subject to shareholder approval. Starting from 2020 the Board aims to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

1 Includes 0.5-1.0pt annually of M&A contributions.
2 Organic revenue growth is defined as like-for-like revenue less pass-through costs growth. This chart shows year-end data.
3 For a full description see Financial Glossary on page 225.

CHIEF FINANCIAL OFFICER'S STATEMENT

Having simplified our business and reduced debt, we are well positioned to support our clients in achieving their growth aspirations.

"WE WERE ABLE TO MAINTAIN A VERY STRONG BALANCE SHEET THROUGH A PERIOD OF EXTREME UNCERTAINTY."

John Rogers
Chief Financial Officer

FIRST IMPRESSIONS

When I started at WPP in January 2020, I could not have envisaged spending my first year in front of a monitor, getting to know my colleagues over a range of video-conferencing tools. But the reaction to an unprecedented global shock tells you a lot about an organisation and its people, and I have been constantly impressed by the collective and individual professionalism, commitment and resilience I have witnessed, combined with the speed and agility of response in those very difficult few weeks when visibility was at its lowest. I am truly thankful to my new colleagues for their dedication.

When I am asked what most attracted me to WPP, the answer is very simple – opportunity. I believe the services we offer are more important to our clients than ever before, as every industry is disrupted and the marketing ecosystem becomes more fragmented and complex. In addition, we have the potential to be much more than the sum of our parts: first, in the way we bring the full power and range of expertise across WPP to our clients in a more simple and effective manner; and second, in the way we run our own business, as we simplify and standardise our operations, and reinvest for future growth.

ACHIEVEMENTS OF 2020

In such a challenging year it is especially important to reflect on what we did well. First and foremost, we moved at high speed to preserve the business. We took a number of rapid measures to improve our liquidity, including very tight control of working capital, the suspension of our share buyback and 2019 final dividend, and the issuing of two new bonds. We also worked hard to liberate "trapped" cash in a number of our subsidiaries. As a result, we were able to maintain a very strong balance sheet through a period of extreme uncertainty, and we have also retained a number of practices (particularly with regard to working capital) which can enhance our financial position further.

We also reduced cost in a highly effective manner: a £1,085 million reduction in revenue less pass-through costs translated into a £300 million reduction in headline operating profit, thanks to our cost control. Margins were much more robust than in the previous downturn in 2008/9 and, unlike in previous cycles, we were able to cut cost without cutting into the core of the business. Although there were inevitably some headcount reductions, we kept these to a minimum and are consequently well set to best serve our clients as the market recovers in 2021.

Finally, we built a robust corporate plan across the organisation, with a clear focus on growth, underpinned by efficiency and reinvestment, and with clear commitments and targets across the agencies. This forms the foundation of the medium-term guidance we have provided to our shareholders.

FINANCE PRIORITIES

CONTROL ENVIRONMENT

In such a large organisation as WPP, the need for a rigorous control environment is particularly important. Throughout 2020 the Company continued to improve and enhance controls across the business supported by the Risk and Controls Group that was created early in the year and is committed to the remediation of the material weaknesses reported as of 31 December 2020.

As the transformation programme continues our governance structures allow us to evolve and strengthen the control environment to match our strategic goals.

TRANSFORMATION

WPP has a very material opportunity to unlock efficiency savings, creating a more effective operating platform for our agencies, transforming the way we do business and reinvesting the savings for growth. We aim to achieve annual gross savings of around £600 million by 2025 by simplifying our operating model, generating efficiencies in procurement and real estate, and through improving the effectiveness of our support functions and shared services. The responsibility for delivering the savings from this transformation sits across the organisation, and one of my first priorities is building a team that has the skills and experience to deliver such a large and complex transformation programme.

Of the total savings target, we anticipate reinvesting around two-thirds into talent, technology and incentives to drive future growth.

INFORMED DECISION-MAKING

One of the significant benefits of the transformation described above is that it will improve the quality and speed of financial and other management information available to the business. This will empower finance to shift its centre of gravity away from highly detailed but ultimately backward-looking financial reporting to more commercial and real-time decision support: how best to bid for business, how to allocate resource across teams, and how to measure account and project profitability, for example. It will also facilitate automated, rolling forecast updates with less need for the regular, labour-intensive reviews that we undertake today.

"WPP HAS A VERY MATERIAL OPPORTUNITY TO UNLOCK EFFICIENCY SAVINGS."

CAPITAL ALLOCATION

The discipline with which companies allocate capital is a key determinant of growth and sustained financial returns. Finance plays a crucial role in this process, both in helping to set the overall framework and in the assessment of each project.

As we set out in December 2020, the four elements of our capital allocation strategy are as follows:

Capital expenditure: we will continue to invest in our technology infrastructure and Campuses, building platforms for our people and our clients, and supporting reduced property costs and standardised systems. Capex will rise to £450-500 million in 2021 and 2022, reflecting the peak of Campus and IT investments and in part the postponement of some 2020 spend. After 2022, we expect capex to return to a more normalised range of £300-350 million per annum.

Dividend: our goal is to pay a dividend that is growing and sustainable, reflecting the strong cash generation of the business while allowing for sufficient reinvestment for growth. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share. The full-year dividend of 24.0p for 2020 is approximately 40% of our 59.9p headline diluted EPS.

M&A: acquisitions have always been an important engine for growth for WPP, enhancing organic growth and introducing future talent. We intend to pursue a focused M&A strategy, building out our capabilities in key growth areas, such as marketing technology and ecommerce, and concentrating on a few targets with critical mass which are scalable across WPP's offering to our clients. We expect to spend £200-400 million a year on acquisitions. The two deals announced since year-end, DTI in Brazil and NN4M in the UK, are exactly aligned to this approach.

Excess capital and leverage target: we restarted the buyback, funded by the proceeds of the Kantar transaction, in March 2021. We expect to generate and return ongoing excess capital in future years, subject to our leverage target of 1.5-1.75x average net debt/EBITDA.

The Company is in a robust financial position with good liquidity, supported by strong free cash flow generation; and has a very material opportunity to unlock efficiency savings.

John Rogers
Chief Financial Officer
29 April 2021

"STARTING FROM THE CURRENT YEAR, WE INTEND TO GROW THE DIVIDEND ANNUALLY."

FINANCIAL REVIEW

REVIEW OF RESULTS

The financial results for 2020 are based on the Group's continuing operations and the results of Kantar are presented separately as discontinued operations.

Reported billings were £46.9 billion, down 11.6%, and down 9.6% like-for-like.

Reported revenue from continuing operations was down 9.3% at £12.0 billion. Revenue on a constant currency basis was down 8.1% compared with last year. Net changes from acquisitions and disposals had a negative impact of 0.8% on growth, leading to a like-for-like performance, excluding the impact of currency and acquisitions, of -7.3%.

Reported revenue less pass-through costs was down 10.0%, and down 8.8% on a constant currency basis. Excluding the impact of acquisitions and disposals, like-for-like growth was -8.2%. In the fourth quarter, like-for-like revenue less pass-through costs was down 6.5%, reflecting a sequential recovery from Q3 as client spend showed some resilience in response to renewed lockdowns.

OPERATING PROFITABILITY

Reported loss before tax was £2.8 billion, compared to a profit of £1.2 billion in 2019, reflecting principally the £3.1 billion of impairment charges and investment write-downs and £313 million of restructuring and transformation costs.

Reported loss after tax was £2.9 billion compared to a profit in 2019 of £939 million.

Headline EBITDA (including IFRS 16 depreciation) for 2020 was down 19.1% to £1.5 billion, compared to £1.8 billion the previous year, and down 17.7% in constant currency. Headline operating profit was down 19.2% to £1.3 billion, and down 17.2% like-for-like. The sharp decline in profitability year-on-year reflects the sudden and significant impact of Covid-19 on revenue less pass-through costs.

Headline operating margin[1] was down 150 basis points to 12.9%, and down 140 basis points like-for-like. Operating costs were down 8.8%, with a year-on-year saving of £810 million excluding severance. The main areas of cost reduction were in travel and discretionary expenditure (down 59.5%), property costs (down 5.1%) and staff costs (down 7.9%). Over the course of the year, we offset 74.7% of the decline in revenue less pass-through costs with cost saving actions. In the second half, this figure was 92.4%.

The Group's headline operating margin is after charging £68 million of severance costs, compared with £43 million in 2019 and £185 million of incentive[2] payments, compared to £294 million in 2019.

On a like-for-like basis, the average number of people in the Group in 2020 was 102,822 compared to 106,185 in 2019. On the same basis, the total number of people at 31 December 2020 was 99,830 compared to 106,478 at 31 December 2019.

IMPAIRMENTS

Impairments of £3.1 billion (including £2.8 billion of goodwill impairments and £0.3 billion of investment and other write-downs) were recognised in 2020. The goodwill impairments relate to historical acquisitions whose carrying values have been reassessed in light of the impact of Covid-19. The impairments are driven by a combination of higher discount rates used to value future cash flows, a lower profit base in 2020 and lower industry growth rates. The majority of the impairments relate to businesses acquired as part of the Y&R acquisition in 2000.

Notes

1 Headline operating profit (excluding income from associates) as a percentage of revenue less pass-through costs.
2 Short- and long-term incentives and the cost of share-based incentives.

FINANCIAL HIGHLIGHTS (2020)

£12.0bn
Revenue from continuing operations
(2019: £13.2bn)

-8.2%
Like-for-like revenue less pass-through costs growth
(2019: -1.6%)

12.9%
Headline operating margin
(2019: 14.4%)

173.8%
Free cash flow conversion[1]
(2019: 89.3%)

This Strategic Report should be read in conjunction with pages 108-155 and pages 216-224. The Group's key performance indicators are discussed on pages 54-57.

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 on pages 212 and 213 and are defined in the Financial Glossary on pages 225 and 226.

2019 figures have been restated as described in the Financial Statements on pages 158 and 159.

Note

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. Free cash flow conversion represents total continuing and discontinued operations.

The goodwill impairment charge recognised for the year ended 31 December 2020 includes £2.8 billion related to the six-month period ended 30 June 2020. This figure is £0.3 billion higher than the £2.5 billion reported in our 30 June 2020 interim financial statements as a result of an adjustment to appropriately reflect the working capital cash flow assumptions in the impairment model. This has been fully reflected in the consolidated financial statements for the year ended 31 December 2020, and the amount will be reflected in our future filings, including in the comparatives within the 30 June 2021 financial statements. A full analysis is provided on page 223.

EXCEPTIONAL ITEMS

In addition to the impairments outlined above, the Group incurred a net exceptional loss of £477 million in 2020. This comprises the Group's share of associate company exceptional losses (£146 million), restructuring and transformation costs (£313 million) and other net exceptional losses (£18 million). Restructuring and transformation costs mainly comprise severance and property-related costs arising from the continuing structural review of parts of the Group's operations and our response to the Covid-19 situation. This compares with a net exceptional loss in 2019 of £136 million.

INTEREST AND TAXES

Net finance costs (excluding the revaluation of financial instruments) were £229 million, a decrease of £31 million year-on-year, primarily as a result of lower average net debt.

The headline tax rate (excluding associate income) was 23.5% (2019: 23.0%). The reported tax charge was £129 million (2019: £275 million). 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 DIVIDENDS

Headline profit before tax was down 23.6% to £1.0 billion, and down 24.6% like-for-like.

Losses attributable to shareholders were £3.0 billion, again reflecting principally the £3.1 billion of impairments and £477 million of other net exceptional losses.

Headline diluted earnings per share from continuing operations fell by 23.3% to 59.9p and was down 3.8% like-for-like. Reported diluted loss per share, on the same basis, was 243.2p, compared to earnings per share of 68.2p in the prior period.

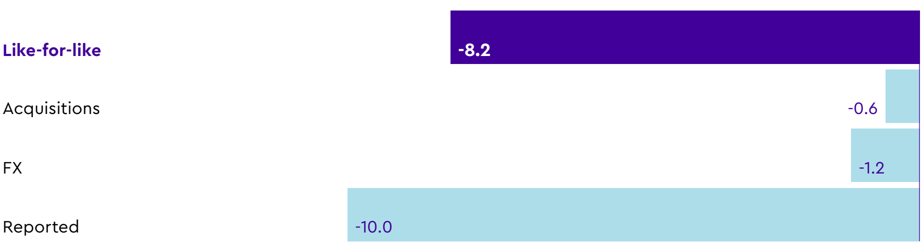
The Board is proposing a final dividend for 2020 of 14.0p per share, which together with the interim dividend paid in November 2020 gives a full-year dividend of 24.0p per share. The record date for the final dividend is 11 June 2021, and the dividend will be payable on 9 July 2021.

REGIONAL REVIEW

North America like-for-like revenue less pass-through costs was down 5.7% in the final quarter. The United States continued its trend of relative resilience compared to other markets, with VMLY&R and BCW both growing in the fourth quarter. This was offset by GroupM, which saw a slight deterioration compared to the third quarter. Canada finished the year strongly, on the back of new business wins. On a full-year basis, like-for-like revenue less pass-through costs in North America was -5.8%.

United Kingdom like-for-like revenue less pass-through costs was down 7.4% in the final quarter, a slight deterioration on the third quarter. AKQA and BCW were the best performers in the fourth quarter, both growing year-on-year. The lockdown in the UK limited the recovery in the larger integrated agencies. On a full-year basis, like-for-like revenue less pass-through costs was -10.5%.

REVENUE LESS PASS-THROUGH COSTS GROWTH VERSUS 2019
%



Western Continental Europe like-for-like revenue less pass-through costs was down 3.9% in the final quarter, an improvement on the third quarter performance. The recovery was led by Germany, the Netherlands, Denmark and Sweden. France, Spain and Italy continued to experience Covid-related headwinds. On a full-year basis, like-for-like revenue less pass-through costs was -8.1%.

In **Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe**, like-for-like revenue less pass-through costs was down 8.8% in the final quarter, the best quarter-on-quarter improvement of all the regions. The sequential improvement from the third quarter was driven by Asia Pacific and Latin America, with performance in the other regions slightly deteriorating in the fourth quarter. On a full-year basis, like-for-like revenue less pass-through costs was -10.3%.

REVENUE ANALYSIS

£ million	2020	Δ reported	Δ LFL[1]	2019
N. America	4,465	-8.0%	-5.8%	4,855
United Kingdom	1,637	-8.9%	-7.9%	1,797
W. Cont. Europe	2,442	-7.1%	-8.1%	2,629
AP, LA, AME, CEE[2]	3,459	-12.5%	-8.1%	3,953
Total Group	**12,003**	**-9.3%**	**-7.3%**	**13,234**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2020	Δ reported	Δ LFL	2019
N. America	3,744	-7.2%	-5.8%	4,034
United Kingdom	1,234	-11.2%	-10.5%	1,390
W. Cont. Europe	2,019	-7.2%	-8.1%	2,177
AP, LA, AME, CEE	2,765	-14.8%	-10.3%	3,246
Total Group	**9,762**	**-10.0%**	**-8.2%**	**10,847**

HEADLINE OPERATING PROFIT ANALYSIS

£ million	2020	% margin*	2019	% margin*
N. America	612	16.3%	662	16.4%
United Kingdom	138	11.2%	189	13.6%
W. Cont. Europe	199	9.8%	261	12.0%
AP, LA, AME, CEE	312	11.3%	449	13.8%
Total Group	**1,261**	**12.9%**	**1,561**	**14.4%**

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

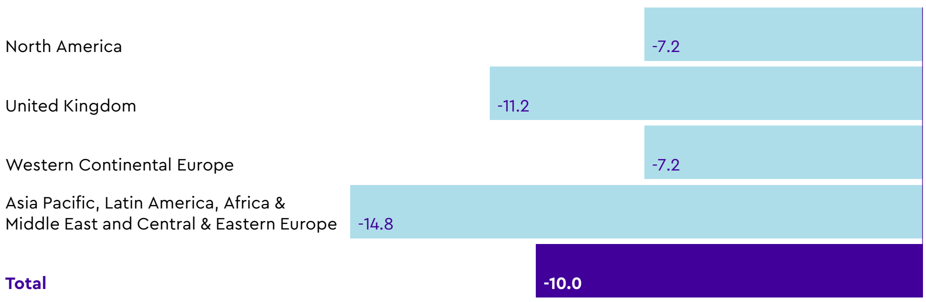
Notes

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

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

REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION VERSUS 2019

%



BUSINESS SECTOR REVIEW

Global Integrated Agencies like-for-like revenue less pass-through costs was down 6.3% in the final quarter, a small improvement on the third quarter performance. VMLY&R was the best performing integrated agency, returning to growth in the fourth quarter and demonstrating its improving business momentum since the merger. GroupM like-for-like revenue less pass-through costs was down 4.1% in the fourth quarter, similar to the third quarter. Of the other agencies, Wunderman Thompson improved slightly quarter-on-quarter, while trends at Ogilvy and Grey marginally deteriorated. From 2021, AKQA and Grey will come together within the AKQA Group, and Geometry will be incorporated within VMLY&R. For the full year, like-for-like revenue less pass-through costs for the segment was -7.9%.

Public Relations like-for-like revenue less pass-through costs was -4.1% in the final quarter. The trend at BCW, our largest agency within Public Relations, continued to improve, but H+K Strategies and Specialist PR were weaker in the fourth quarter as a result of a strong comparative period. In July, we announced the merger of Finsbury, Glover Park and Hering Schuppener to form Finsbury Glover Hering, to create a leading global strategic communications and public affairs business. Since the transaction, the business has achieved strong traction both with clients and in attracting new talent. For the full year, like-for-like revenue less pass-through costs for the segment was -4.0%.

REVENUE ANALYSIS

£ million	2020	Δ reported	Δ LFL[1]	2019
Global Integrated Agencies	9,303	-8.8%	-6.1%	10,205
Public Relations	893	-6.6%	-5.8%	957
Specialist Agencies	1,807	-12.8%	-13.3%	2,072
Total Group	**12,003**	**-9.3%**	**-7.3%**	**13,234**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2020	Δ reported	Δ LFL	2019
Global Integrated Agencies	7,319	-9.7%	-7.9%	8,108
Public Relations	854	-4.9%	-4.0%	898
Specialist Agencies	1,589	-13.7%	-11.5%	1,841
Total Group	**9,762**	**-10.0%**	**-8.2%**	**10,847**

HEADLINE OPERATING PROFIT ANALYSIS

£ million	2020	% margin*	2019	% margin*
Global Integrated Agencies	968	13.2%	1,219	15.0%
Public Relations	141	16.5%	141	15.7%
Specialist Agencies	152	9.5%	201	10.9%
Total Group	**1,261**	**12.9%**	**1,561**	**14.4%**

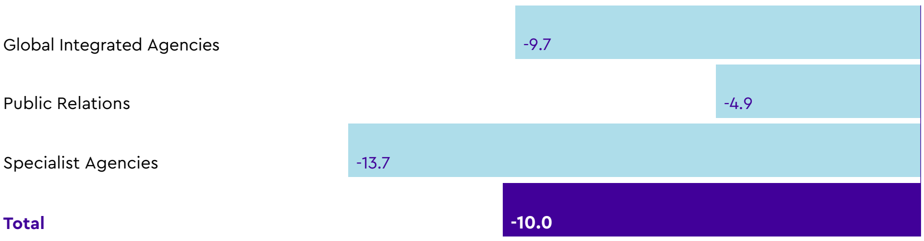
* Headline operating profit as a percentage of revenue less pass-through costs.

Note

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

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS VERSUS 2019

%



Specialist Agencies like-for-like revenue less pass-through costs was down 8.6% in the final quarter. All of our main agencies improved performance over the third quarter, with AKQA, Superunion and Landor & Fitch showing the biggest sequential improvements. For the full year, like-for-like revenue less pass-through costs for the segment was -11.5%.

CASH FLOW HIGHLIGHTS

In 2020, net cash inflow was £1.0 billion, compared to £2.5 billion in 2019. The main drivers of the cash flow performance year-on-year were the lower operating profit as a result of the impact of the pandemic, lower net disposal proceeds, and the share buybacks, offset by the very strong working capital performance and a reduction in the dividend.

Free cash flow conversion[1] in 2020 was 173.8% (2019: 89.3%).

BALANCE SHEET HIGHLIGHTS

As at 31 December 2020 we had cash and cash equivalents of £4.3 billion and total liquidity, including undrawn credit facilities, of £6.4 billion. Average net debt in 2020 was £2.3 billion, compared to £4.4 billion in the prior period, at 2020 exchange rates. On 31 December 2020 net debt was £0.7 billion, against £1.5 billion on 31 December 2019, a reduction of £1.0 billion at 2020 exchange rates. The reduced net debt figure year-on-year mainly reflects the benefit of the improved working capital performance and the reduced outflow from dividend payments.

In May 2020, we issued bonds of €750 million and £250 million. Our bond portfolio at 31 December 2020 had an average maturity of 7.4 years, with no maturities until 2022.

The average net debt to EBITDA ratio in the 12 months to 31 December 2020 is 1.57x, which excludes the impact of IFRS 16. This is within our target range of 1.5-1.75x average net debt to EBITDA.

OUTLOOK

As the global economy starts to recover from Covid-19, having simplified our business and reduced debt, WPP is well positioned to support our clients in achieving their growth aspirations.

We reiterate our guidance for 2021:

- Organic growth (defined as like-for-like revenue less pass-through costs growth) of mid-single-digits percentage, returning to growth in Q2 2021;
- Headline operating margin in the range of 13.5-14.0%;
- Capex £450-500 million.

In addition, our current projections for foreign exchange movements imply around a five percentage point drag to reported revenue less pass-through costs from the strength of sterling year-on-year. We also anticipate a net working capital outflow for 2021 of £200-£300 million, reflecting some normalisation from the very strong position at the end of 2020.

MEDIUM-TERM GUIDANCE

At our Capital Markets Day in December 2020, we set out our new medium-term financial targets that will allow us to invest in talent, incentives and technology, improve our competitive position and deliver sustainable long-term growth. These are:

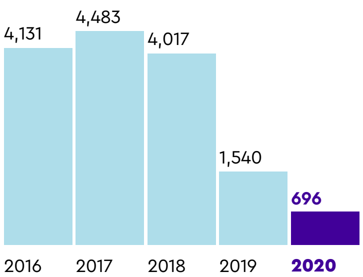
- Recovery to 2019 revenue less pass-through costs levels by 2022;
- 3-4% annual growth in revenue less pass-through costs from 2023, including M&A benefit of 0.5-1.0% annually;
- 15.5–16.0% headline operating margin in 2023;
- Dividend: intention to grow annually with a pay-out ratio around 40% of headline diluted EPS;
- Average net debt/EBITDA maintained in the range 1.5-1.75x.

Note

[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.

NET DEBT

£ million



For more information on our strategy see pages 22-53

SUSTAINABILITY

At WPP we use the power of creativity to build better futures for our people, planet, clients and communities.

"OUR EXPERTISE, CREATIVITY AND ABILITY TO SHIFT OPINION AND CHANGE BEHAVIOUR CAN HELP TO BUILD A MORE SUSTAINABLE AND EQUITABLE WORLD."

David Henderson
Global Corporate Affairs Director

We know we have the opportunity to reset and to create a more sustainable and equitable future.

WHY SUSTAINABILITY MATTERS

Like few other years before it, 2020 revealed the fragility of what was our way of life. The pandemic forced us to understand and appreciate those among us who have always been essential workers. The capturing on film of the most shocking of killings compelled us to face the truth that racial injustice is pervasive and endemic.

2020 also reassured. We have been reminded that necessity is the mother of invention; forced to work at home, we adapted fast.

And with the resources of the global scientific community and the will of the whole world, we invented multiple ways to inoculate against a virus that was unknown before last year.

OUR RESPONSE

Although the human and economic toll has been immense, our collective response and ingenuity again gives us reason for hope. We know we have the opportunity to reset how we live our lives, and to create a more sustainable and equitable future.

The task ahead may seem difficult, but 2020 should give us reason to be optimistic. At WPP, we are working with our people, clients and partners to take action, shift opinion and change behaviour in the ways that we need to achieve that goal.

COURAGE IS BEAUTIFUL

AGENCY
OGILVY LONDON & TORONTO

CLIENT
DOVE (UNILEVER)

In times of crisis, beauty isn't how you look, but what you do. And during the pandemic, frontline workers have epitomised this beauty, reminding us there is no greater expression of yourself than the qualities of selflessness and bravery.

We have all seen striking images of nurses, doctors and other health professionals, their faces bruised by protective masks after long, exhausting shifts caring for Covid-19 patients.

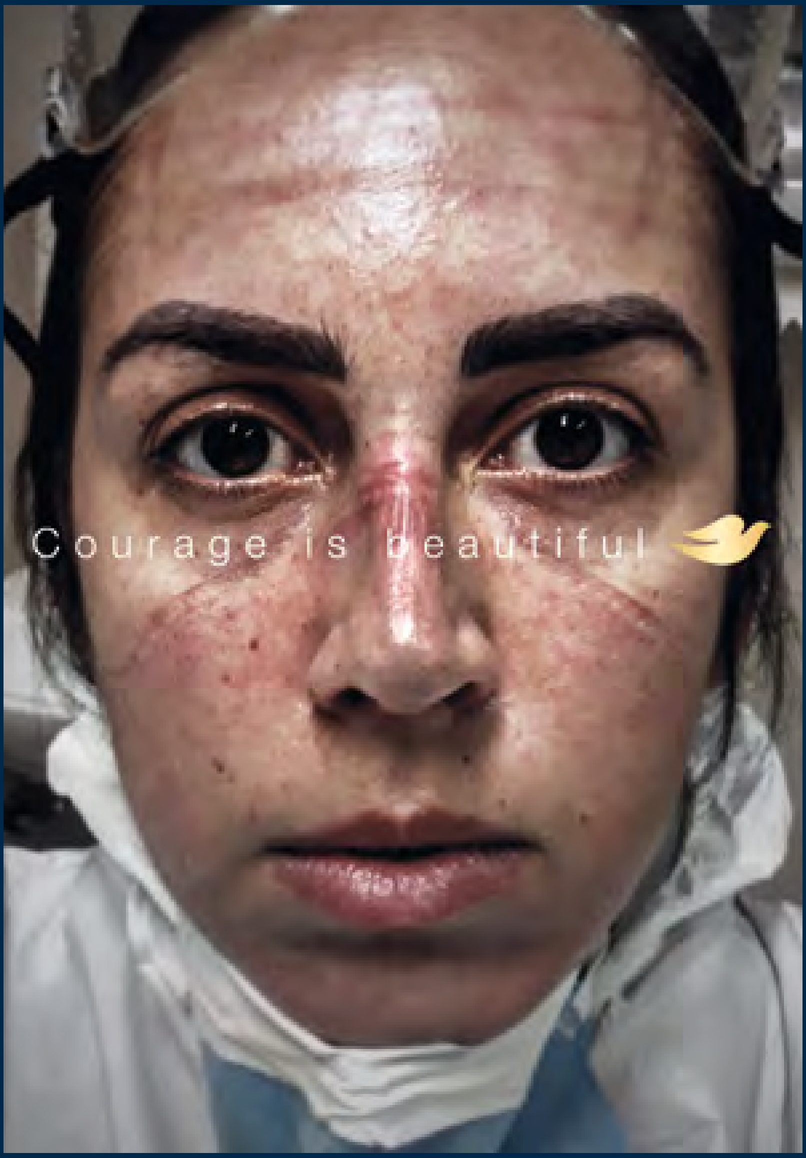
Dove, which has challenged conventional notions of beauty for the last 15 years through its advertising, decided to honour the sacrifice and courage these images represent.

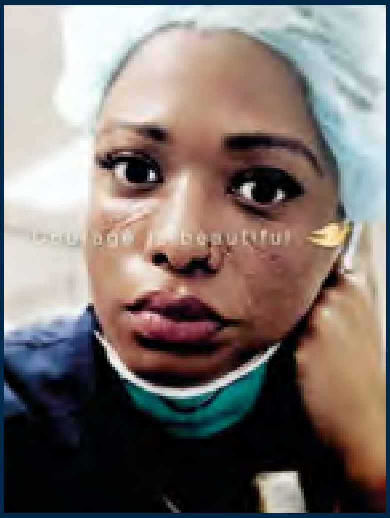
Ogilvy's challenge was to create a campaign that was true to Dove's brand purpose and deeply respectful of the healthcare workers shown. The team featured their powerful portraits in digital out-of-home media and films, thanking them directly and showing that Courage is Beautiful.

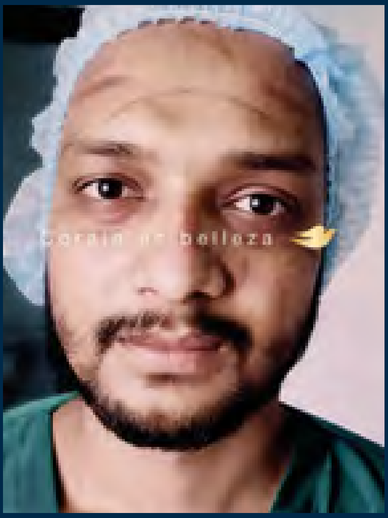
Launched in North America before rolling out across 15 countries, the campaign was covered by CNN, *The New York Times*, CBS, NBC and countless other media outlets, touching the hearts of millions and celebrating the extraordinary efforts of frontline workers around the world.

2bn
earned media impressions

360,000
hashtag mentions on Twitter on the first day







OUR SUSTAINABILITY STRATEGY

	PEOPLE	PLANET	CLIENTS	COMMUNITIES
MISSION	Become the employer of choice for all.	Maximise our positive impact on the planet.	Enable our clients on their sustainability journeys.	Use the power of our creativity and voice to create healthy and vibrant communities.
DELIVERED BY	**DRIVING DIVERSITY, EQUITY AND INCLUSION**			
	Ensuring an inclusive working environment with fair representation.	Building Campuses which make a positive contribution to local communities.	Ensuring our client work is inclusive and accessible.	Advancing equity and inclusion through our work, external partnerships and initiatives.
	ACCELERATING THE SUSTAINABLE ECONOMY			
	Growing sustainability skills and knowledge across our industry.	Reaching net zero across our value chain by 2030.	Supporting our clients to reduce their emissions and deliver their sustainability goals.	Working with partners, social enterprises and clients to drive sustainability.
	ENSURING TRUST, FAIRNESS AND GOVERNANCE			
	A culture where everyone is treated with dignity and respect.	Developing common carbon metrics as we move to integrated reporting.	Ensuring fairness and high privacy and data ethics standards in our work.	Buying responsibly and building a diverse supplier network.
METRICS	– Proportion of women in senior leadership positions – Continued improvement of ethnicity data disclosure – Employee participation in listening and engagement programmes – Number of participants in sustainability or DE&I training programmes – Sustainability strategy embedded in executive remuneration	– Progress towards net zero carbon emissions in our operations by 2025 (scope 1 and 2) and in our value chain by 2030 (scope 3) – Progress towards 100% renewable electricity – Phase out single-use plastics in our offices by 2021	– Roll out diversity evaluation scores to track progress in inclusive marketing – Rate of growth in sustainable and inclusive client briefs – Building common standards to measure carbon emissions in media and production	– Investment in pro bono work and free media space – Progress towards investing $30 million in racial equity initiatives

We have set a new sustainability strategy that directs us to use the power of creativity to build better futures for our people, planet, clients and communities. It sets out the action we are taking to make sure we are the employer of choice for all people – a company where a sense of belonging is felt by everyone, and our differences are celebrated. And it shows how we are tackling the greatest environmental challenges we face, committing to reach net zero carbon emissions across our value chain by 2030.

We know our clients also recognise these challenges and are looking for support and advice. That is why we are increasing our skills and capacity to assist them to make the transition to a sustainable and inclusive world. As an employer of 100,000 people in more than 100 countries, we are using our unique convening power and global partnerships to effect positive change for society as a whole. That is why we are proud to partner with the United Nations, especially the World Health Organization and UN Women, to provide our skills in creativity, communications, data and technology to support them as they support the world.

There has never been a better time to seize the opportunities before us. We are determined to do our very best to realise this potential.

Our sustainability strategy is aligned to all five elements of our corporate strategy.

STRATEGIC ELEMENT	SUSTAINABILITY STRATEGY		
VISION & OFFER	**SUSTAINABILITY AT THE HEART OF OUR OFFER FOR CLIENTS** A growing number of clients are embracing inclusion, diversity and sustainability 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.	**Sustainability at the heart of our offer for clients, see page 72** **Transparency and trust, see page 86**
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.	**Investing in communities, see page 74**
	DIVERSE, EQUITABLE AND INCLUSIVE TEAMS Diversity and difference power creativity. We foster an inclusive culture across WPP: one that is equitable, tolerant and respectful of diverse thoughts and individual expression. We want all of our people to feel valued and able to fulfil their	potential, regardless of background, lived experience, sex, gender, race and ethnicity, thinking style, sexual orientation, age, religion, disability, family status and so much more.	**Employer of choice for all, see pages 76-78**
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.	**Privacy and data ethics, see page 88**
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 continue to move employees into Campuses, closing multiple	smaller sites and replacing them with fewer, larger, more environmentally friendly buildings that offer modern, world-class workspaces.	**Planet, see pages 81**
PEOPLE & 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.	**Employer of choice for all, see pages 76-78** **Supply network, see page 83**

THE CHOICE

AGENCIES
CARTWRIGHT AND GREY NEW YORK

CLIENT
PROCTER & GAMBLE

The Choice is a film designed to move people to go beyond expressing feelings on social media and to take action.

It asks white people to use their power to tackle systemic racism and help fight the battle that Black people cannot win alone. *The Choice* was developed by Grey New York and Cartwright, and debuted on Oprah Winfrey's townhall *Where Do We Go From Here?* in the aftermath of the killing of George Floyd.

The film is the third in a series that began with *The Talk* and *The Look*, and which has reached huge mainstream audiences and started important conversations about race in America.

The series is part of P&G's ongoing anti-racism programme "Take on Race", which includes anti-racism resources on P&G's website and a $5 million fund to aid social justice organisations.

528m
impressions in the first 20 days

Winner
***Marketing Dive*'s Campaign of the Year**


NOW
IS THE TIME
TO TAKE
ACTION.
OUR LIVES
MATTER
BEING WHITE IN AMERICA
IS NOT NEEDING
TO STATE YOUR LIFE MATTERS.

PUTTING SUSTAINABILITY AT THE HEART OF OUR OFFER FOR CLIENTS

The work we do has the power to shift opinion and change behaviour, supporting our clients to transition to a sustainable and inclusive world.

We are working closely with clients as they adapt to a post-pandemic world and embrace purpose, diversity and sustainability to create a regenerative and inclusive "new normal". While challenging, today's landscape also offers major opportunities to create new markets for more inclusive and sustainable products and services.

WORK WITH IMPACT

The breadth and depth of our expertise means we can offer clients the latest technology alongside the creativity and sustainability expertise needed to inspire consumers and help shift behaviour to more sustainable norms.

Recognising our clients' growing focus on sustainable products and practices, we continue to strengthen our offer to ensure we can provide our clients with the best support and the expertise they need to deliver against their own sustainability ambitions. For example, in 2020 we became a founding member of AdGreen – alongside clients and partners including Google, Sky and Unilever – an initiative to unite the advertising industry to eliminate the negative environmental impacts of production.

During the year we established a Diversity Review Panel to provide a forum to escalate concerns around potentially offensive or culturally insensitive work and receive guidance and advice designed to ensure those concerns are appropriately addressed. To train and equip our client leads for the complexity of this issue, our new Inclusive Marketing Playbook and resource library codifies inclusive marketing principles and best practice for communications, marketing and new business projects. In 2021 we will also launch our Sustainability Playbook.

COMPLIANCE WITH MARKETING STANDARDS

Marketing is powerful – it can change attitudes and behaviour. It is critical that we apply high ethical standards to our work to ensure those changes are for the better. All the content we produce for clients has to meet rigorous standards and we will not undertake work which is intended or designed to mislead or deceive. This is covered in our Code of Conduct. We work hard to maintain high standards and strong compliance in areas such as ethics, human rights, privacy and data security.

There is growing scrutiny – from consumers and regulators – of the descriptions and labels used to promote the environmental credentials of products and services. We are working closely with our agencies to make sure that we are contributing to the discussion and to ensure that our marketing services promote transparency on the environmental attributes of products.

We require that all the work our companies produce for clients complies with all relevant legal requirements, codes of practice and marketing standards. There are occasional complaints made about campaigns we have worked on, and some of these are upheld by marketing standards authorities. Our agencies take action where needed to prevent a recurrence.

Our agencies have policies and processes to mitigate against online advertising appearing on sites with illegal, illicit or unsuitable content.

As part of our commitment to ensure children's safety while engaging with content online, in 2020 WPP launched a partnership with SuperAwesome, the leading kidtech platform, to give our people and clients access to training, industry-leading strategies and the latest privacy-by-design technology for the under-16 digital media space.

We also partnered with adtech start-up, Anzu, to help bring commonly accepted and widely applied digital advertising standards to fast-growing esports and gaming audiences.

ETHICAL DECISIONS IN OUR WORK

We have a review and referral process for work that may present an ethical risk, such as work for government clients, work relating to sensitive products or marketing to children.

Before our people can accept potentially sensitive work, they must refer 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, which all staff (including freelancers working for more than four weeks) are required to complete annually.

Our companies also have copy-checking and clearance processes for the legal team to review campaigns before publication. These processes have strict requirements in highly regulated sectors such as pharmaceutical marketing.

Each of our agencies has a global Risk Committee, chaired by its respective CEO, to ensure that leadership has a full understanding of the risks across businesses and markets (see page 90).

For more examples of our client work to address social and environmental issues, download our Sustainability Report 2020 from wpp.com/sustainability

U BY KOTEX®

AGENCY
MINDSHARE NEW YORK

CLIENT
KIMBERLY-CLARK

Today's advertisers have thousands of words and phrases on keyword exclusion lists, which tell automated digital advertising models not to place a brand's messages alongside content that is inappropriate or does not align with their values.

An unintended consequence is that important news stories and underrepresented communities can be excluded. Words like "dope" or "bomb", for example, can be incorrectly flagged as relating to drugs or violence, even though they are everyday jargon in Black culture – meaning that content brands may want to support is blocked, publishers lose out on revenue, and Black voices are, in effect, censored.

To address the problem, Mindshare launched a Black community private marketplace (PMP) to financially support Black journalism and community voices – with U by Kotex®, a brand that stands for championing women's progress, as the launch partner. The agency curated a list of Black publishers, content creators and artists for the PMP, which features everything from partners such as Pod Digital (the first Black-owned and curated podcast network) to a deal with Zefr that brings in over 150 Black YouTube creators.

It was the second in a series of "Inclusion PMPs" launched by the agency to help underrepresented communities in journalism; the first was a LGBTQ PMP launched in February 2020.

22%
efficiency saving on expected cost per thousand impressions

5%
brand awareness increase

INVESTING IN COMMUNITIES

We aim to give creativity back at scale. We can help boost the impact of charities and non-governmental organisations (NGOs) by providing marketing and creative services, often on a pro bono basis (for little or no fee).

This work is mutually rewarding. While enabling our voluntary sector clients to raise money and awareness, recruit members, and achieve campaign objectives, pro bono work also provides opportunities for our people to work on fulfilling, impactful and sometimes award-winning campaigns that raise the profile of our companies.

During the pandemic, we worked with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19. We secured and delivered more than $45 million in free media space ($43.5m) and pro bono work ($1.5m) to provide global and regional support to the World Health Organization (WHO) to help it reach the public with its vital communications promoting social distancing and good hygiene.

In June 2020 WPP and its agencies made a number of commitments to advance racial equity (see page 49). These included a commitment to use our voice to bring about change, and to invest $30 million over three years to fund inclusion programmes within WPP and support external organisations. In the second half of the year, our focus was on establishing a governance process to monitor and manage donations and ensure this fund has impact. We will report donations in 2021.

WHAT WE GAVE IN 2020

Our pro bono work was worth £12.6 million (2019: £10.6 million), for clients including UN Women and the World Health Organization.

We also made cash donations to charities of £4.3 million (2019: £5.2 million). Our pro bono work, combined with cash donations, resulted in a total social investment of £16.9 million (2019: £15.8 million), equivalent to 1.6% of headline profit before tax (2019: 1.2%[1]).

WPP media agencies negotiated free media space worth £59.3 million on behalf of pro bono clients (2019: £18.9 million). Our total social contribution, taking into account cash donations, pro bono work and free media space, was £76.2 million, a significant increase versus 2019 (£34.7 million).

VOLUNTEERING

In addition to providing donations and pro bono services, we encourage our people to volunteer their time.

In 2020, 66% of our agencies took part in organised volunteering activities as part of their support for local communities. For example, to mark its Foundation Day VMLY&R ceased normal business operations for a day to give nearly 7,000 employees around the world the opportunity to support their local community through virtual and in-person charitable volunteer projects.

SOCIAL IMPACT

Our support helps charities and NGOs to continue to grow their work in critical areas such as improving health and education, reducing inequality and protecting human rights. Pro bono work is often worth more than an equivalent cash donation as it raises awareness of our partners' work while helping to increase donations, recruit members, change behaviour and achieve campaign goals.

[1] We have restated this figure using headline profit before tax to provide a comparable measure against 2019. Reported pre-tax profits have been restated as described in the accounting policies.

We have conducted research to quantify this wider impact. Our most recent analysis shows that in 2020 our pro bono work created wider social benefits worth £108 million (2019: £92 million). This includes, for example, the impact of charities being able to improve health and wellbeing in communities. Adding in our charitable donations and free media space as well as our pro bono work, the wider social benefits created in 2020 were worth an estimated £649 million (2019: £291 million), a significant increase versus 2019 as our agencies have supported WHO campaigns to help fight the Covid-19 pandemic.

COMMON GROUND

Good communications are essential to bring about the shift in attitudes and behaviour needed to end extreme poverty, inequality and climate change by 2030 through the UN Sustainable Development Goals. Common Ground is a collaboration between the world's six largest advertising and marketing services groups and the United Nations, created to serve that purpose.

We work directly with the UN through our Common Ground initiative, partnering with UN Women to tackle gender inequality.

£108m

wider social benefits created by pro bono work in 2020

£649m

wider social benefits from pro bono work, charitable donations and free media space in 2020

Read our Quantifying our Impacts report and see more examples of our pro bono work in our Sustainability Report 2020.

MANTRA

AGENCY
WUNDERMAN THOMPSON SÃO PAULO

CLIENT
AVON

In 2019, Brazilian soccer legend Marta Vieira da Silva was wearing Avon lipstick when she scored the goal that made her the top scorer in World Cup history. It was the perfect response to the prejudice that still exists towards female athletes in Brazil, sending the defiant message – as *The New York Times* put it – that "muscles and make-up mix just fine, thanks".

Following the success of the World Cup partnership with Marta, Avon wanted to go further and launch a complete range of long-lasting beauty products. So, it invited athletes Pâmela Rosa (world record holder in street skateboarding), Raissa Machado (Paralympic record holder in javelin), and Vitória Rosa (Olympic Brazilian sprinter) to join Marta in a campaign for the new Power Stay collection.

Wunderman Thompson made a film demonstrating that Power Stay foundation, lipstick and concealer would stick with women all day, even while training. And to connect the challenges faced by female athletes in Brazil with the performance of the products, the traditional voiceover was replaced with a form of prayer – a mantra.

2bn+ media impressions

77m views

EMPLOYER OF CHOICE FOR ALL

We foster an inclusive culture across WPP: one that is equitable, tolerant and respectful of diverse thoughts and individual expression.

DIVERSITY, EQUITY AND INCLUSION

Diversity and difference power creativity – from background, lived experience, sex, gender, race and ethnicity, to thinking style, sexual orientation, age, religion, disability, family status and so much more.

WPP does not tolerate harassment, discrimination or offensive behaviour of any kind. Our Code of Business Conduct sets out our commitment to select and promote our people without discrimination or concern for factors such as sex, gender, race and ethnicity, sexual orientation, age, religion, disability or family status. This Code applies to all our people. In 2020, we launched mandatory global inclusion and diversity training called Belonging, as part of our wider How We Behave ethics training.

Progress relies on accountability so, for the first time, we have included diversity, equity and inclusion goals in our incentive plans for senior executives from 2021.

For information on our Code of Conduct and How We Behave training, see page 86

ETHNICITY

In July 2020, we released our United States Equal Employment Opportunity Commission (EEOC) data for 2018 and committed to reporting our workforce diversity data annually in our Sustainability Report. For our UK and United States data, see our 2020 Sustainability Report.

For information on our commitments to advance racial equity, see page 49

DISABILITY

We recruit, select and promote our people without discrimination or concern for disability. Candidates are assessed objectively against the requirements of the job, taking account of any reasonable adjustments that may be required for candidates with a disability. For people who develop a disability during their employment, we make adjustments to their working environment or other employment arrangements wherever possible, within a reasonable time frame and in consultation with the employee.

As an inclusive business we have signed up to The Valuable 500, a global initiative that is putting disability on the boardroom agenda by celebrating inclusion among 500 influential businesses. As part of our commitment, we established a centre of excellence for inclusive design to help our clients make their customer experiences disability-inclusive and accessible.

GENDER BALANCE

Much work remains to be done, but we have made good progress on gender diversity. 51% of our senior managers are women (2019: 50%) and the proportion of women in executive leadership roles increased to 40% (2019: 37%). At Board level, the proportion of women is 43%, compared with 40% in 2019. We aim to reach parity at all levels. We were ranked tenth by the Hampton-Alexander Review's FTSE 100 rankings for Women on Boards.

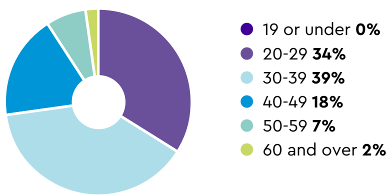
In 2019, WPP joined the 30% Club, a campaign group of Chairs and CEOs taking action to increase gender diversity on boards and management teams to a minimum of 30% female representation.

GENDER DIVERSITY

	Female	Male	Year
Board and Executive			
	40% (1,506)	**60% (2,302)**	**2020**
	37% (1,513)	63% (2,577)	2019
Senior managers			
	51% (8,298)	**49% (7,901)**	**2020**
	50% (8,689)	50% (8,578)	2019
All other employees			
	57% (44,604)	**43% (33,755)**	**2020**
	57% (47,625)	43% (36,118)	2019
Total employees			
	55% (54,408)	**45% (43,958)**	**2020**
	55% (57,827)	45% (47,273)	2019

● Female ● Male

AGE DIVERSITY



We remain a committed signatory of the Women's Empowerment Principles, a guide for businesses on how to empower women in the workplace, marketplace and community. We are also a proud partner of UN Women, which is a significant beneficiary of our pro bono work.

LGBTQ+

In June 2020 we launched WPP Unite!, a cross-agency LGBTQ+ community, which advises on policies that impact the LGBTQ+ talent of WPP and its agencies. This year we were proud to be named one of the Best Places to Work for LGBTQ Equality in the 2021 Corporate Equality Index.

HEALTH, SAFETY AND WELLBEING

Supporting our people's physical and mental health and wellbeing is good for our people and good for business. Our companies are required to have a health and safety policy in place.

Our overall sickness absence rate in 2020 was 3.0 days per employee (2019: 3.8). This includes non-work-related illness and injuries, work-related illness and injuries, and occupational diseases such as work-related stress and ergonomic injuries. There were no work-related fatalities in 2020.

Work-related stress is one of our main – and growing – health and safety hazards. In 2020, the challenges created by the Covid-19 pandemic have taken their toll on our mental, emotional and physical wellbeing.

Our Employee Assistance Programme is a 24/7 service for employees and eligible family members that provides access to free confidential counselling and support, as well as resources on topics such as managing stress, dealing with loss and referrals to local financial or legal help. The programme now covers all of our people around the world.

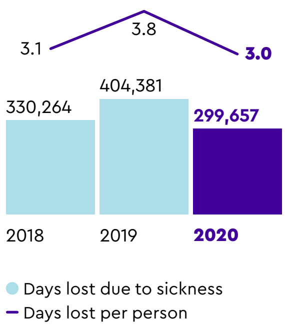
Though having good policies and procedures in place for managing mental health issues is important, we also need a working culture where people feel able to discuss concerns and seek support. Read more about how we are promoting employee wellbeing on page 48.

COORDINATED RESPONSE TO COVID-19

To help coordinate our response to the Covid-19 pandemic, our Covid-19 tracker app records real-time case status around the world.

Anonymised data is entered by local offices and aggregated, so users can drill down by agency and by country to get the latest status on Covid-19 cases. A "World Status dashboard" uses data from external sources to provide valuable context on topics including national case numbers and policies. We also use the app to track country-level changes to lockdowns, including restrictions on retail, hospitality and travel. This gives us a clear picture of the Covid-19 response by market.

DAYS LOST DUE TO SICKNESS



EMPLOYEE LISTENING AND ENGAGEMENT

We use formal and informal mechanisms to assess and improve employee engagement and satisfaction.

In 2020, we launched our first all-staff survey across our top five markets to better anticipate our people's needs and to shape our people strategy. This helped to form our 2021 Listening programme, which started with WPP Pulse – an anonymous, quarterly global survey, designed to gather and act on unfiltered, honest feedback.

We also launched new employee listening channels, including: virtual townhalls with the WPP CEO, which reached 39,000 participants; a series of "safe rooms" for open and candid discussions; and WPP TV, a channel for our people to share their creativity, expertise and insights.

Development needs are assessed during a formal appraisal process. In 2020, 89% of our people had a formal appraisal at least once a year (2019: 86%), including 360-degree appraisals for 69% of employees (2019: 65%).

For information on skills, training and development, see Growth section on page 47

The vast majority (99%) of our companies carry out exit interviews with leavers, which often provide helpful feedback on our culture and practices in order to best implement changes and target areas for development and continuous improvement.

To ensure our Board understands the views of our employees on WPP's purpose, values and strategy, and to consult on key people issues, in 2019 we established our first People Forum in UK. Sponsored by our UK Country Manager, the Forum has representatives from across our UK business who gather feedback from their agencies to feed up to the WPP Board. In 2020, we held our first People Forum in the United States and established an India People Forum, which met for the first time in February 2021.

LABOUR RELATIONS

We support the rights of our people to join trade unions and to bargain collectively, although trade union membership is not particularly widespread in our industry. In 2020, around 4% of our employees were either members of a trade union or covered by a collective bargaining agreement (2019: 5%). We held 185 consultations with works councils, mainly in Europe (2019: 1,507).

We have made around 7,000 redundancies as a consequence of the Covid-19 pandemic and also as part of our transformation programme, as we merge and restructure some agencies. We consulted with our employees as appropriate and supported affected people through our employee assistance programmes which includes outplacement in appropriate cases. We have also created an internal talent marketplace to try and ensure any open roles are filled by employees who have the right skills before recruiting for those roles externally.

DENTISTS FOR ME

AGENCY
VMLY&R MUMBAI

CLIENT
COLGATE

When India went into lockdown to control the Covid-19 pandemic, people suffering from urgent dental problems had little or no access to dental care. Time was of the essence, so the VMLY&R team moved quickly, and in only three weeks launched Colgate Dentists for Me – India's first online dental consultation platform. The platform allows users to connect for free to nearby dentists for remote consultations and oral check-ups, via chat messaging, audio and video calls. The agency led everything from initial insights to the platform's design, content and development across web and apps. It also created a digital film as part of the social media strategy to showcase the service.

135,000
minutes of consultations between dentists and patients

50,000
unique sign-ups

H&M LOOOP

AGENCY
AKQA GOTHENBURG, UNIVERSAL LONDON

CLIENT
H&M

84% of clothing ends up as landfill or in the incinerator. It's time to change the way we see our old and worn-out clothes. Not as waste, but as a resource.

The solution? Give H&M customers the opportunity to recycle old clothing into something new, with Looop, the world's first in-store garment-to-garment recycling system.

Housed in a stunning glass box at an H&M store in central Stockholm, visitors select one of eight new, ready-to-wear designs, configured through the app, and watch as unwanted garments are fed into the Looop to get cleaned, shredded and spun into yarn without the use of water or chemicals.

Opposite the machine, eight giant screens display the end-to-end process behind it. Each depicts an individual step as a beautifully animated loop, which comes to life as customers walk by. ASMR sound enriches each film to heighten the sensory experience, and an accompanying website brings this revolutionary recycling system and its story to a global audience.

PLANET

We support urgent action to tackle the climate crisis.

We recognise that modern lifestyles and demand for goods have contributed significantly to the climate crisis and environmental degradation. WPP is a proud signatory to the UN Global Compact's Business Ambition for 1.5°C and we aim to be net zero across our supply chain by 2030.

We have managed our carbon footprint from owned emissions (scopes 1 and 2) and business travel (limited scope 3) for 15 years. We have cut carbon emissions per employee by 37% and absolute market-based scope 1 and 2 emissions by 41%, both since 2019.

During the year we carried out an assessment of our full value chain emissions. In 2019, WPP's scope 1, 2 and 3 emissions totalled 5.4m tCO_2e. Our new goals are underpinned by targets that are in line with the Paris Climate Agreement and will be verified by the Science Based Targets initiative across our value chain (scopes 1, 2 and 3) set against a 2019 baseline.

RENEWABLE ELECTRICITY[1]

WPP is a member of RE100 and has committed to sourcing 100% of its electricity from renewable sources by 2025. In 2020, we purchased 65% of our electricity from renewable sources (2019: 37%[1]), including 100% of electricity purchased in the United States and, for the first time, in Canada, the UK and most European markets.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We support the TCFD and are developing our disclosures in line with its recommendations. Our third statement (see pages 216-218) is structured around four themes: governance, strategy, risk management, and monitoring progress. It sets out how we manage physical and transition climate-related risks and opportunities. Our climate risks include extreme weather and climate-related natural disasters, and reputational risk associated with misrepresenting environmental claims, working with oil and gas companies, and taking on environmentally detrimental briefs. Our opportunities include demand for sustainable products and services, and achieving resource efficiencies through cutting our carbon footprint and improving energy efficiency.

CIRCULAR ECONOMY

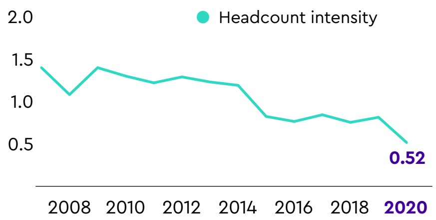
It has never been more important to transition to a circular economy. During the year, the Covid-19 pandemic increased global demand for single-use plastics. We remain committed to phasing out plastics that cannot be reused, recycled or composted across all of our offices and Campuses worldwide. To give our offices – many of which were unoccupied for much of 2020 – time to adjust to new safety requirements and consumption patterns, we have extended our timeline to December 2021. We are applying a new level of rigour to how we source products to ensure they comply with our Circular Economy Plastics Policy.

[1] Figure restated as part of data reviews upon joining RE100.

PERFORMANCE SUMMARY

SCOPE 1 AND 2 (MARKET BASED)

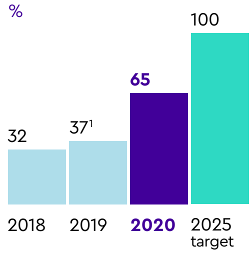
TONNES CO_2e EMISSIONS PER PERSON



Our scope 1 and 2 market-based emissions for 2020 were 0.52tCO_2e/head, a 37% reduction from 2019. Our carbon intensity per £1 million revenue was 4.33 tCO_2e, a 35% reduction since 2019.

ELECTRICITY FROM RENEWABLE SOURCES

%



For our carbon emissions statement, see page 219

TARGETS AND COMMITMENTS

2030
net zero carbon emissions across our supply chain (scope 3)

2025
net zero carbon emissions across owned operations (scope 1 and 2)

100%
renewable electricity by 2025

Zero
phase out plastics that cannot be reused, recycled or composted across our offices by end of 2021

THE GOOD DRUG TRAFFICKING

AGENCY
VMLY&R COMMERCE BOGOTÁ

CLIENT
COLIBRI FOUNDATION

With the ongoing humanitarian crisis in Venezuela, VMLY&R Commerce united with non-profit organisations to create The Good Drug Trafficking – a service that works with former smugglers to deliver restricted medicines and health supplies from Colombia to Venezuela in a safe and legal way.

Donations collected in Colombia by NGOs were given to foundations in Venezuela, through a network of volunteers advised by former traffickers who wanted to use their experience for good.

This huge campaign required the co-ordination of a large team of volunteers, foundations and NGOs, and meant that vital supplies continued to reach Venezuelan families in the greatest need.

30
tonnes of humanitarian aid has crossed the border since 2019

Winner
Gold El Ojo

SUPPLY NETWORK

WPP is committed to creating an inclusive, sustainable, ethical and diverse supplier network of business-enabling vendors.

Our Group procurement team manages centrally negotiated contracts with preferred suppliers. A significant proportion of additional procurement is delivered through contracts negotiated by budget holders within our agencies.

In 2020, we began an extensive transformation programme to modernise our procurement ecosystem and infrastructure and optimise how we buy. Workstreams include expanding our spend analytics tool across all markets by the end of 2022 and standardising processes and systems, beginning with the global roll-out of our travel programme in the second half of 2021.

SOURCING STANDARDS

Our Supplier Code of Conduct includes requirements relating to labour practices (such as anti-harassment and discrimination, and health and safety), human rights (including modern slavery issues such as child, forced or bonded labour), social impacts (such as anti-bribery and corruption) as well as other sustainability issues. Our Code requires suppliers to apply similar standards to companies within their own supply chain, including evidencing diversity and social responsibility in their cultures, behaviours and attitudes.

SUPPLIER SELECTION

Our procurement policy requires that anyone who buys goods and services in any WPP agency considers sustainability risks and criteria to determine whether suppliers are fit for purpose. In 2020 we launched new Mindful Purchasing Guidelines which outline how to select suppliers and partners that meet our responsible sourcing standards.

As part of our supplier onboarding process, we evaluate potential suppliers on factors including assurance of diversity of workforce, supply, quality, service, cost, innovation and sustainability. In 2020 we revised our supplier questionnaire to include new questions on supplier diversity and carbon reduction.

SUPPLIER DIVERSITY

WPP is committed to including Certified Diverse Suppliers in its purchasing lifecycle, both internally and for the benefit of our clients.[1]

In 2020 we relaunched our Supplier Diversity Programme to support and encourage buying from Certified Diverse Suppliers. We also joined the Global Supplier Diversity Alliance with memberships in Australia, the UK and the United States, giving us access to global directories of Certified Diverse Suppliers and guiding us on best practice so diverse suppliers can win contracts and thrive in our ecosystem.

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 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 ten 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. Human rights are included in the ethics training completed by all employees, which we updated in 2020.

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 in our business or supply chain.

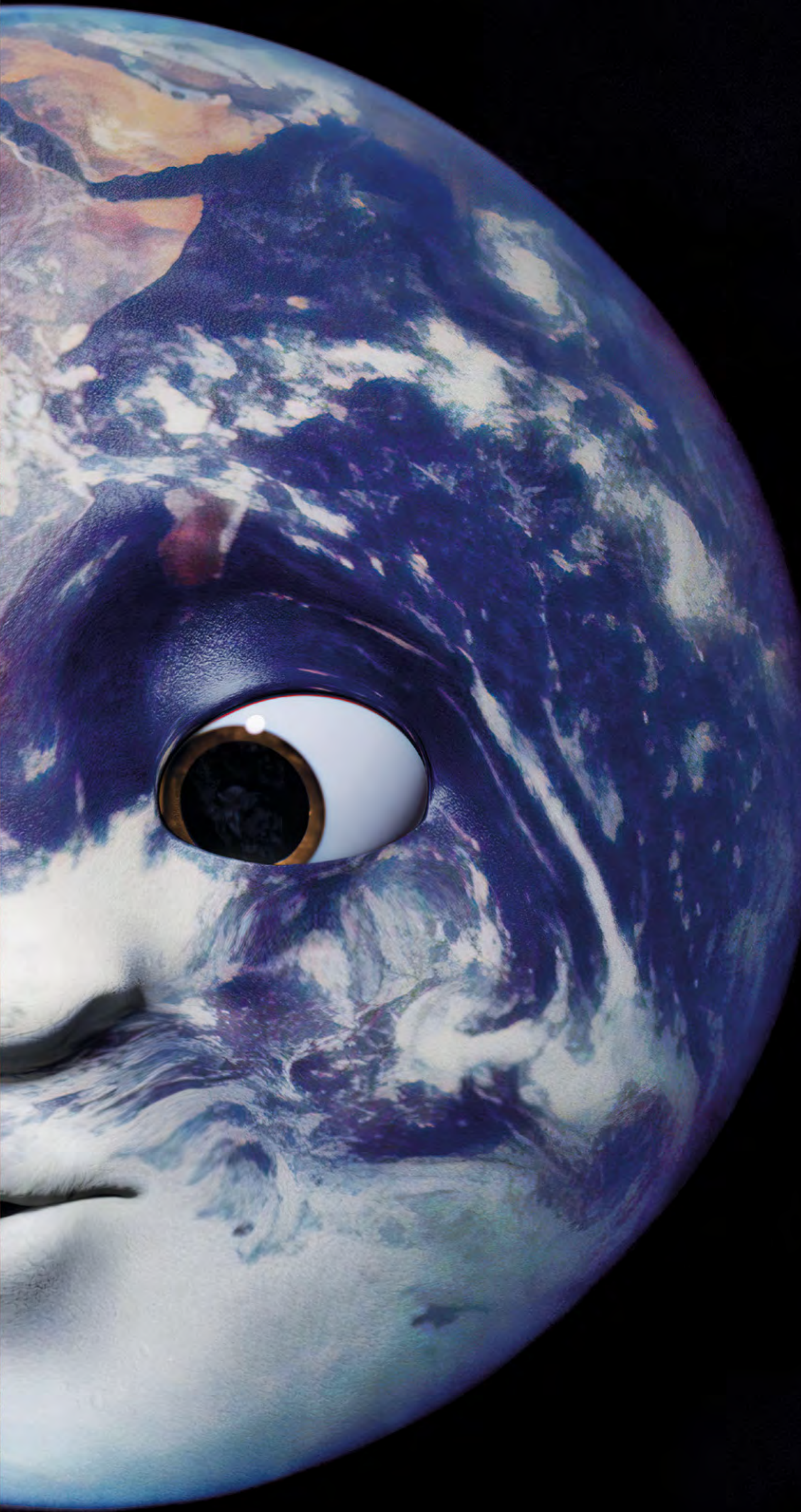
WPP recognises the prevalence of modern slavery across all countries. We aim to implement appropriate measures to mitigate the risk of it occurring, either in our own operations or those of our partners. In 2020, we trained more than 100 members of our HR community on modern slavery risks and how to mitigate against these by following our responsible recruitment and mindful purchasing processes.

As part of our due diligence process, our supplier questionnaires include an assessment of modern slavery risk. Our Global Supplier Agreement includes a specific clause relating to modern slavery.

1 Certified Diverse Suppliers are defined as minority-owned, women-owned, veteran-owned, LGBT-owned, service disabled veteran-owned, historically underutilised businesses and small businesses.

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



EARTH SPEAKR: IT'S TIME TO START LISTENING

AGENCY
AKQA COPENHAGEN

CLIENT
STUDIO OLAFUR ELIASSON

Earth Speakr is an interactive, augmented reality artwork, developed by contemporary artist Olafur Eliasson in collaboration with AKQA. It amplifies children's views on the future wellbeing of the planet, by inviting adults and today's decision-makers, change-agents and global leaders to listen to what young people have to say.

Earth Speakr uses augmented reality to blend children's faces with objects or materials in their surroundings – or even the planet itself – as they literally speak up on behalf of the environment. Adults are invited to participate by listening to the messages and creating augmented reality "Loud Speakrs" to amplify the powerful messages kids have to share.

Earth Speakr was funded by the German Federal Foreign Office on the occasion of the German Presidency of the Council of the European Union 2020 and realised in cooperation with the Goethe-Institut. It is available in the 24 official languages of the European Union and can be accessed worldwide.

2.5m
messages listened to

450,000
app downloads

TRANSPARENCY AND TRUST

We set clear standards, policies and procedures to ensure high levels of transparency and trust throughout our business.

OUR CODE OF CONDUCT

Our policy framework and training set clear ethical standards for our people and agencies.

The WPP Code of Business Conduct applies to everyone at WPP. It sets out our responsibilities to our people, partners and shareholders to act ethically and with integrity.

It is underpinned by more detailed policies on topics including anti-bribery and corruption, hospitality and gifts, facilitation payments, the use of third-party advisors, human rights and sustainability.

We want to embed a culture of integrity and transparency in which our people recognise that doing the right thing is good business.

We require our people to take our online ethics training, How We Behave, on joining and then on a regular basis, including after each update (at least every two to three years). Topics include diversity, human rights, conflicts of interest and avoiding misleading work. In 2020, How We Behave was refreshed to include new modules on sustainability and business integrity. More than 95,000 employees completed the training.

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

Part of WPP's Code of Conduct is making sure that our people have the confidence to speak up and raise concerns through various channels without fear of retaliation. Our approach is described under Whistleblowing on page 92.

MANAGEMENT AND COMPLIANCE

Our Group Chief Counsel oversees our approach to ethics and compliance. Senior managers in all our agencies 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. Our Board-level Sustainability Committee and Executive Committee sustainability working group provide additional oversight and guidance on any ethical issues that may arise.

Our people can report concerns or suspected cases of misconduct confidentially (and, if they wish, anonymously) through our independently managed Right to Speak facility, which is overseen by our legal and business integrity teams and is available via phone or email in local languages. We publicise the facility in induction packs, on our intranet and external website, in offices, in the WPP Policy Book and via our ethics training. Our people can also speak directly to our business integrity team who receive a number of reports through emails, calls, texts and in person appointments.

In 2020, we received 418 Right to Speak reports (2019: 361), all of which were followed up, investigated where appropriate by our legal and business integrity teams, and reported to the Audit Committee (see page 128).

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 WPP. This is agreed in an integration plan before the acquisition is finalised, and we monitor progress.

INSTITUTE OF BUSINESS ETHICS

WPP is a member of the Institute of Business Ethics (IBE) and considers it an important partner and support for the approach that the Company takes to business integrity, sustainability and ethics. As set out more fully in Risk Governance Framework and Business Integrity Programme on page 90, we want to champion and facilitate a culture where our people feel that acting with honesty and integrity is an expected metric for success and this is also the IBE's ethos. The IBE shares knowledge and good practice as well as advice on the development and embedding of relevant policies through networking events, regular publications and training sessions, research and benchmarking reports. The IBE is a registered charity funded by corporate and individual donations.

PUBLIC POLICY

We believe that business can make a valuable contribution to public policy debate. To protect the public interest, it is important to conduct all lobbying with integrity and transparency.

Most of our public policy activity is work that our public affairs businesses carry out for clients, including direct lobbying of public officials and influencing public opinion. On occasion, we also advocate on issues that affect our business.

Our public affairs companies include BCW, Finsbury Glover Hering and Hill+Knowlton Strategies. The majority of their work takes place in the United States, the UK and the EU, although many clients are multinational businesses operating in many countries.

OUR STANDARDS

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

Many of our companies are members of professional organisations and abide by their codes of conduct. Examples include the UK Association of Professional Political Consultants (APPC), and the European Public Affairs Consultancies' Association (EPACA).

WPP companies comply with all applicable laws and regulations governing the disclosure of public affairs activities. In the United States, 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 agencies are listed on the voluntary EU Transparency Register of lobbying activities.

Our companies in the United States 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 to mislead and always seek to identify the underlying client before taking on work. We do not knowingly represent "front groups" purporting to be independent campaign groups but which are in fact controlled by another organisation for the purpose of misleading.

Our Group Corporate Affairs Director has responsibility for developing and implementing our political activity policy and public reporting procedures. The CEO and CFO in each country or region are responsible for implementing our policy at the local level.

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

POLITICAL CONTRIBUTIONS

WPP agencies 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 BCW and Finsbury Glover Hering also maintain political action committees (PACs) which accept voluntary donations from their people to support political candidates. In 2020, these PACs made disbursements worth $108,037 (data from fec.gov).

LOBBYING AND POLITICAL ADVOCACY

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

We advocate on sustainability issues, through partnerships such as the Common Ground initiative in support of the UN Sustainable Development Goals. Demet İkiler, WPP's Turkey Country Manager and EMEA CEO of GroupM, serves on the local board of the UN Global Compact with responsibility for diversity and inclusion. Karen Blackett OBE, WPP's UK Country Manager and GroupM UK CEO, serves as a member of the Board of the UK's Cabinet Office.

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

WPP agencies must implement clear procedures for employing serving or former politicians, including 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. We select organisations with priorities and values aligned with our own and with robust governance processes. WPP companies must nominate a senior manager to manage and oversee trade association relationships.

At a Company level, our memberships include: 30% Club, the American Benefits Council, BritishAmerican Business Inc., Business Disability Forum, CBI, China Britain Business Council, Executive Leadership Council, Institute of Business Ethics, the Northeast Business Group on Health, PARC, RE100, The Valuable 500, Women on Boards, and the World Economic Forum.

In our markets, our agencies are often members of local advertising, PR, public affairs and market research industry associations, as well as national chambers of commerce and business councils.

PRIVACY AND DATA ETHICS

Throughout 2020 we continued to build on our established foundations for data protection and particularly for data privacy. With increasing regulation and the increased importance of these matters for consumers, WPP demonstrates, through its expertise and direct engagement, that we are a trusted partner for our clients, suppliers and associates.

We are seeing – and responding to – increased regulation with the introduction of new laws in Brazil, California and South Africa and we have policies and governance implemented ensuring we are well placed as countries introduce similar regulation. Through our active engagement in industry bodies, particularly in the UK with the Advertising Association and the United States with the 4As and the Network Advertising Initiative, we are able to monitor and influence the changing regulatory landscape.

Our Group Chief Privacy Officer leads our work on privacy, supported by our Global Data Protection Officer. Together, they provide practical guidance and support to our agencies, ensure that privacy risks are well understood, and promote best practices.

CLIENTS

We are understandably seeing increased interest and engagement from our clients on data privacy, protection and ethics, not only through commercial and contractual negotiations, but throughout the operational relationship. Our privacy teams have established direct relationships with their client counterparts to ensure alignment and engagement on this subject and we have jointly hosted privacy-focused client sessions establishing a shared understanding in the work being undertaken.

DATA ETHICS

Data ethics continues to be a focus for WPP. In 2020 we launched the WPP Data Ethics Statement, complemented by the WPP AI Statement, outlining to our people, clients and stakeholders the foundations of our ethical data processing. In 2021 we will be introducing full policies for both data ethics and AI.

GroupM, WPP's media investment group, recently launched the industry's first tool to operationalise data ethics. The Data Ethics Compass allows advertisers to evaluate the ethical risk level of data assets and decisions.

groupm.com/newsroom/groupm-operationalizes-data-ethics-with-a-proprietary-scoring-logic-criteria-and-standardization-tool/

DIVERSITY, EQUITY AND INCLUSION

WPP is committed to diversity, equity and inclusion in our business, supply chains and client work. Whilst this is achieved through our actions and initiatives, we must also measure achievement against our own commitments. Clients are increasingly asking us to demonstrate our people are from diverse backgrounds and representative of their own customers. For over 30 of our markets, we have developed detailed guidance on how we can collect and report on such data in line with regulations and in a way that is culturally sensitive to our own people.

For information on ethnicity data, see our Sustainability Report 2020

GOVERNANCE, POLICIES AND TRAINING

We have established the WPP Risk Sub-committee focusing on data privacy, security and ethics. Co-chaired by WPP's Chief Privacy Officer and Chief Information Officer, the Sub-committee consists of representation from across the security, technology and data leadership. The Sub-committee is responsible for reviewing and monitoring the Group's approach to regulatory and legal compliance, as well as monitoring data privacy, ethics and security risk. This Sub-committee is pivotal in our approach to our own and our clients' data, as well as contributing to our overall strategy.

2020 saw the first full-increment version of the WPP Data Privacy & Security Charter. Bringing together our related policies, the Charter communicates our approach to data, setting out core principles for responsible data management through our Data Code of Conduct, our technology, privacy and social media policies, and our security standards (based on ISO 27001).

Last year we launched the revised data protection and privacy Safer Data training as part of the relaunch of the WPP How We Behave training. Completed by all staff, the new training completely overhauls the content and delivery. This training is augmented by subject-focused training, where required, covering specific regulations, regional laws or activities undertaken by our agencies.

Our annual Data Health Checker 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 show us that the majority of our agencies continue to have mitigation measures that match or exceed their level of privacy risk, with the average risk score being 1.6 out of five, where five is the maximum score possible and indicates maximum risk.

ARTIFICIAL INTELLIGENCE, MACHINE LEARNING AND DATA

The Privacy, Data Protection and Security teams work closely with the Group WPP CTO function facilitating both strategic and compliance alignment particularly for the development of client-focused data services. Specifically, we recognise our clients' focus on the increasing importance of first-party data and data access and variety rather than acquisition at volume.

We are developing skilled, knowledgeable teams with an awareness and understanding about the centrality of data to our business (supported by programmes such as Demystify AI). We have launched a partnership with the Open Data Institute and are rolling out the WPP AI Academy in partnership with Coursera.

Recognition and elevation of the contribution that our data specialists make to our business has been fostered through the launch of the highly successful WPP Open Data & AI Community along with the Chief Data Officers' Group, which both seek to encourage a culture of curiosity and sharing.

OUR APPROACH TO SUSTAINABILITY

EMBEDDING SUSTAINABILITY IN OUR COMPANIES

WPP sets sustainability policy, with every agency responsible for implementation. We have a clear policy framework through our Code of Business Conduct, Sustainability Policy, Supplier Code of Conduct, Data Privacy and Security Charter, 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. In 2020, we launched a sustainability audit across 21 countries to establish a baseline of sustainability policies and performance.

We also established new green teams in India and the Netherlands to share best practice and encourage collaboration.

STAKEHOLDER ENGAGEMENT

Dialogue with our stakeholders, including our people, clients and shareholders, 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 work with clients on sustainability issues (see page 72). Information on employee engagement is on page 78. In 2020, as part of our sustainability strategy review, we conducted a formal sustainability stakeholder mapping exercise with H+K to help strengthen the effectiveness of our engagement on sustainability issues.

INVESTOR ENGAGEMENT

Our involvement with investors, rating agencies and benchmarking organisations on sustainability during 2020 included: Bloomberg Gender-Equality Index; Ecovadis; Ethibel; Vigeo Eiris; FTSE Russell; Human Rights Campaign Foundation's Corporate Equality Index; MSCI Research Inc.; Sustainalytics; Thomson Reuters D&I Index; and Workforce Disclosure Initiative (WDI).

We are included in the FTSE4Good Index and participate in the CDP climate change benchmark, receiving a rating of B in 2020 (2019: B).

OUR MATERIALITY PROCESS

We use a materiality process to ensure our strategy, investments and reporting focus on the issues of greatest importance and relevance to our business and our stakeholders.

Our first formal materiality assessment in 2014 included interviews with clients, investors, NGOs, and sustainable business experts, as well as with senior executives in our Company functions and our agencies. We carried out further reviews in 2016 and 2017. Our most recent formal materiality assessment was completed in January 2020 and reflected our new corporate strategy and changing stakeholder priorities (see 2020 Sustainability Report).

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We support the UN SDGs as a framework for government agencies, civil society, the private sector and citizens to work together to create a more sustainable future.

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 our full Sustainability Report 2020, available as a PDF download.

ABOUT OUR REPORTING

Data included in this Annual Report is for the calendar year 2020 and covers all subsidiaries of the Company. Some key environmental and people data is verified by Bureau Veritas, an independent assurance provider (see 2020 Sustainability Report).

We use external frameworks to help us implement good reporting practice, to ensure we are covering the topics of most interest to stakeholders and to aid comparison with other companies.

To find further details, data, our materiality analysis, case studies and our reporting standards index, listing disclosures including GRI and UNGC and their location in our report, visit:

wpp.com

NON-FINANCIAL INFORMATION STATEMENT

This section provides information required by regulation in relation to:

- environmental matters (page 81) and TCFD Statement, pages 216-218);
- our people (page 76);
- social matters (page 74);
- human rights (page 83); and corruption and bribery (page 86).

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

- business model (page 12);
- principal risks and how they are managed (page 95); and
- non-financial key performance indicators (page 54).

ASSESSING AND MANAGING OUR RISKS

The success of our strategic objectives as discussed in this report depends to a significant extent on how we identify and address the current and emerging risks and uncertainties we face as a business. The Board, assisted by the Audit Committee, has oversight and responsibility for our approach to risk management which is structured through our three lines of defence model and driven by our risk governance framework, business integrity programme, culture based upon the principles set out in our Code of Conduct and our internal control framework.

The Board has reviewed the design and effectiveness of this system during the year and up to the date of this report and carried out a robust assessment of the principal risks that could impact our business.

The system of controls described below is designed to manage and mitigate, but may not eliminate, the risk of failure to achieve our strategic objectives and is not an absolute assurance against material misstatement or loss.

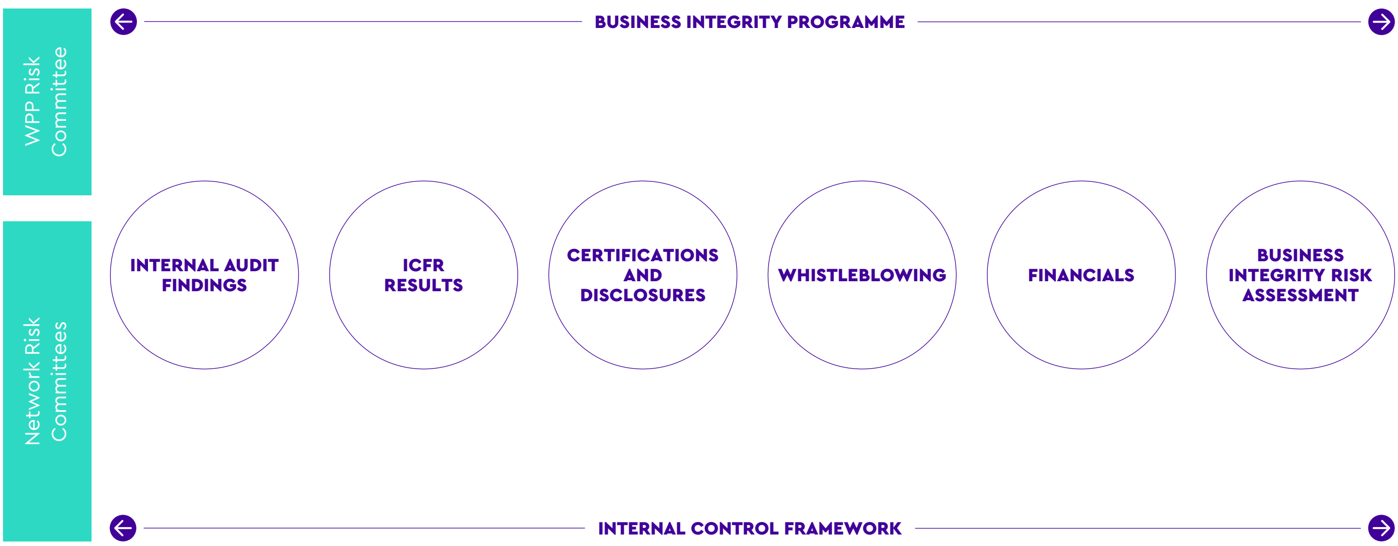
RISK GOVERNANCE FRAMEWORK AND BUSINESS INTEGRITY PROGRAMME

A key element of our risk governance framework is our Risk Committees. Each network has a global Risk Committee chaired by the CEO and with key senior managers participating to ensure that leadership has a full understanding of the risks across businesses and the remediation steps required from time to time in certain markets. We also have a WPP Risk Committee which has oversight of all network Risk Committees and itself reports into the Audit Committee. In 2020 we established two sub-committees to focus on the detail of risks relating to Data Privacy, Security and Ethics and to Controls at both WPP and network level.

The agenda of the Risk Committees is to review, monitor and advise on: compliance with laws, regulations, internal procedures, and industry standards, including anti-bribery and corruption matters; the implementation of our compliance framework (including setting clear standards and reporting lines for the accurate and timely monitoring of exposures and certain risk types of importance); compliance policies and practices; and risks that present themselves throughout each network. This agenda is framed by our business integrity programme and internal control environment. In 2020 the WPP Risk Committee's terms of reference were updated to hone in on the appropriateness of WPP's values, culture and reward systems for managing risk and internal controls, and the extent to which culture and values are embedded at all levels of WPP.

In order to carry out their duties comprehensively, each Risk Committee has secure access to an increasing central pool of data from, or with the potential to impact, their network that is crucial to the ability to recognise and monitor a full risk and compliance picture; this includes internal audit reports, Internal Controls over Financial Reporting (ICFR) results, general computing controls results, information from whistleblowers, findings from investigations, responses from our annual risk mapping process and the results of our annual assessment of business integrity risk.

WPP'S RISK GOVERNANCE FRAMEWORK



WPP'S RISK GOVERNANCE FRAMEWORK

Our business integrity programme is integral to ensuring that the policies, procedures and control environment set by the Board are understood and adhered to across all geographies and markets. It is produced by mapping resources, systems and processes against WPP's risk appetite (which the business integrity function supports the Board and WPP Risk Committee to set), governance requirements and regulator expectations and then crafting actions from the results for both the business integrity team and the Risk Committees.

Actions for the business integrity team focus on tackling root causes of risk and include:

- in respect of resources, championing and enhancing messages and examples from global, regional and local leadership with communications, training sessions, workshops, townhalls and practical guidance, knowhow and resources for our people and providing "on the ground" support for day to day queries from our networks;
- in respect of systems, advising on the implementation of WPP's policies, procedures and controls (including around internal reporting and approvals) and providing a compliance lens for the design and structure of our enterprise resource planning (ERP) environment (including ensuring that its functionality is leveraged to restrict access to key transactions to appropriate parties and ensure adequate segregation of duties and assets); and
- in terms of processes, conducting an annual assessment of business integrity risk, monitoring dynamic data feeds (including our financials, internal audit findings and ICFR results), pro-active management of self-certifications and disclosures from our people, reviewing and investigating whistleblowing reports and tracking remediation efforts.

POLICIES, PROCEDURES AND CULTURE

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, FRC guidance on risk management and internal control and the COSO framework.

In order to help our people make the right decisions, we provide a number of tools. The baseline reference of our policies and procedures are set out in our Policy Book, internal control bulletins and accounting guidelines. To help our people understand the ethical and business objectives set out in the WPP Policy Book, WPP has a mandatory online training programme which all our people (including freelancers working for more than four weeks) are required to complete on an annual basis. The programme content was refreshed in 2020 and comprises five modules: How We Behave, Business Integrity, Safer Data, Sustainability and Belonging. In addition, WPP's business integrity function organises in-person (or, through the lockdown months, video call) training sessions, townhalls and workshops throughout the year on topics thought necessary or relevant such as Ethics & Integrity, Respect in the Workplace and The ABCs of ABC (Anti-Bribery and Corruption). This top-up programme is designed in response to data collected and reviewed by WPP's business integrity function including from concerns raised and corroborated through investigations and our annual assessment of business integrity risks. It is underpinned with daily support on the ground from our regional compliance directors and managers. The business integrity function also houses an e-library of practical guides and compliance FAQs.

The core of our Policy Book is our Code of Business Conduct, which is regularly reviewed by the Board and sets out the principal obligations of all of our people. As a Group and as individuals we have a collective responsibility to behave in the right way, to live up to our values and to conduct our business with integrity. Our Code outlines the commitments we make to each other, our business partners, and others with a stake in what we do. The principles of the Code are embedded in our training courses and workshops and our senior managers are required to certify compliance with the Code on an annual basis.

WPP'S BUSINESS INTEGRITY PROGRAMME

RESOURCES
Our people – **everyone** is accountable
Leadership
Communications, training and guidance
"On the ground" support

SYSTEMS
ERP environment
Policies, procedures and controls
Financial reporting
Internal reporting and approvals

PROCESSES
Business integrity risk assessment
Monitoring dynamic data feeds
Whistleblowing
Due diligence
Certifications and disclosures
Remediation – and focus on **root causes**
Disciplinary measures and incentives

Our Anti-Bribery and 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 Hospitality 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 all of these obligations in our supply chain. Our Policy Book also includes required practices in many operational, tax, legal and human resource areas.

The application of our policies and procedures is monitored within each company and by the internal audit, legal, business integrity and risk and controls functions. Breaches are investigated by our legal and business integrity teams and, where appropriate, external advisors.

WPP's business integrity function has a mandate to make recommendations to realign and support WPP's networks where required to manage and reduce risk. Recommended remediation can include disciplinary action, changes to systems, controls, approvals or functions, monitoring and training sessions. This approach is formalised through WPP's Whistleblowing Protocol and Investigations Protocol. The Compensation Committee continues to review how the Group's performance rewards support the risk management and internal control systems now supported, as noted above, by the WPP Risk Committee.

WHISTLEBLOWING

WPP's Code of Conduct sets out our responsibilities to our people, partners and shareholders to act ethically and with integrity. We want to embed a culture of integrity and transparency and where our people recognise that doing the right thing is good business.

Part of this culture is making sure that our people have confidence to speak up and raise concerns with their managers or supporting teams, or through their employee forums or our Right to Speak hotline (which is confidential and allows for anonymity) if they experience or are concerned about behaviour which conflicts with our Code.

WPP is continuously raising awareness of these channels among our people and other stakeholders and as a result there has been a steady increase in the number of reports received over the past few years. In 2020, a total of 418 reports were received from whistleblowers, 312 of which were through the Right to Speak hotline. The most commonly raised concerns were about respect in the workplace and protection of WPP's assets.

RISK IMPACT FROM WHISTLEBLOWER REPORTS 2020

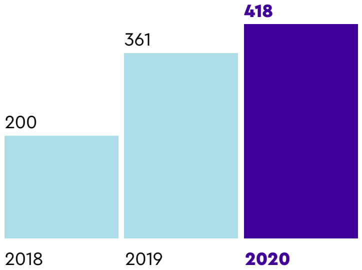
All whistleblower reports received by the Group Chief Counsel and General Counsel, Corporate Risk, which includes all Right to Speak reports, are handled in line with WPP's Whistleblowing and Investigations Protocols and logged, investigated and tracked through to a conclusion including any remediation or follow-up actions that might be required.

Reports are also analysed for risk impact and root causes. Learnings generated from this analysis are converted into recommendations including for training sessions, workshops and practical resources by WPP's business integrity function and implemented together with the support and input of the Risk Committees. Recommended remediation can also include disciplinary action, changes to systems, controls and processes or wider review and monitoring for a particular time period.

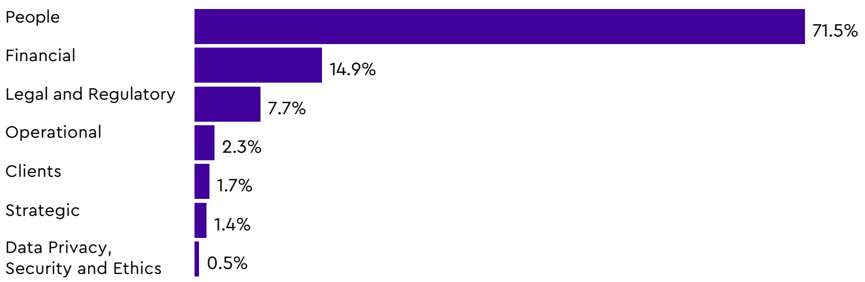
The nature of each report, action taken and outcome is reported to the Audit Committee and the approach and process are reviewed by the auditors. WPP is committed to providing a safe and confidential way for people with genuine concerns to raise them, and to do so without fear of reprisals. WPP does not tolerate any retaliatory behaviour against individuals reporting concerns and is equally committed to preserving the anonymity of an individual who makes a report and does not wish to have their identity revealed.

The consequences of misconduct or retaliation range from individual performance management, training for a business or an office and one-on-one training or coaching for an individual through to staff relocation and staff dismissal.

TOTAL NUMBER OF REPORTS FROM WHISTLEBLOWERS



RISK IMPACT FROM WHISTLEBLOWER REPORTS
%



RISK MANAGEMENT

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

1. COMPANY REVIEWS

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.

In addition, 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 information collated feeds up to each network's Risk Committee which uses it to assess and monitor current risk exposures, identify new risk types and set future risk strategy as well as compile it into reporting and insights for the WPP Risk Committee and executive management.

2. EXECUTIVE MANAGEMENT REVIEWS

The company 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.

To add to this, the WPP Risk Committee, supported by the business integrity function, is evolving our enterprise-wide risk management process through the design and build of a risk analytics platform which will sit over dynamic data feeds and alongside refreshed risk appetite statements, drivers and tolerances and incorporate our internal control framework. The resulting dashboard analysis will allow risks to be monitored and tracked across all businesses and markets and will feed into the regular risk discussions of executive management, the Audit Committee and the Board.

In 2020 the Company also established the Risk and Controls Group to drive continuous improvement in WPP's internal control environment. The new function focuses on the design and implementation of internal financial controls as well as controls that support WPP's risk framework and transformation programmes.

3. INTERNAL AUDIT AND AUDIT COMMITTEE OVERSIGHT

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 ICFR.

LINES OF DEFENCE

FIRST LINE OF DEFENCE
Functions that own and manage risk

SECOND LINE OF DEFENCE
Functions that oversee or specialise in risk management and business integrity

THIRD LINE OF DEFENCE
Functions that provide independent assurance, above all internal audit

THE NEWLY ESTABLISHED RISK AND CONTROLS GROUP IS PART OF OUR SECOND LINE OF DEFENCE

- To drive continuous improvement in WPP's control environment through strengthening ownership and accountability for internal controls at all levels of the organisation
- To drive culture change throughout WPP and improving understanding of internal controls
- To provide training and development as to "what good looks like" in relation to controls and demonstrating the value of good controls throughout WPP

VIABILITY STATEMENT

RISK ASSESSMENT

ASSESSMENT OF PROSPECTS

An understanding of the Group's business model and strategy detailed on pages 12 and 22 is central to understanding its prospects.

The Group's business model, transformation programme and diversification across marketing services businesses which operate in 111 countries, with a broad spectrum of clients, technology partners and suppliers and track record of making acquisitions and setting up new businesses, are all 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, the business reviews 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 has considered the longer-term risks and opportunities for the Group discussed in the Strategic Report at a Board strategy session in 2020 and the potential impact of competition for talent and competition from consulting firms, technological disruption, climate change and regulation. The Board has also considered the impact of the Covid-19 pandemic which adversely affected our business and our clients' and suppliers' businesses across all of the countries in which we operate but which also accelerated changes in our sector. The Group has experienced and expects to continue to experience unpredictable reductions in demand for our services from clients in sectors impacted by the pandemic.

VIABILITY STATEMENT

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

- the impact on the Group of the Covid-19 pandemic and the measures to contain its spread, including restrictions on businesses, social activities and travel, any failure to realise anticipated benefits from the roll-out of vaccination campaigns and the resulting impact on the economies in which the Group operates, our clients and demand for our services;
- the ongoing reviews, short-term notice periods or assignment nature of many of the client engagements;
- the volatility of global economic conditions and impact of a global recession as a consequence of the Covid-19 pandemic;
- the Group's current position and prospects;
- the ongoing transformation programme updated in this report;
- the changes taking place in our industry;
- the long-term impact of technological disruption; and
- the ongoing simplification of the Group structure and improving integrated service offering to clients.

This period has been chosen as it aligns with our three-year budget process and reflects the Board's best estimate of the future viability of the Company. Whilst we have built a five-year plan, levels of uncertainty increase as the planning horizon extends and the Group's plans focus more closely on the next three years. The Board therefore considers a period of three years to be an appropriate period over which to assess the long term viability of the Company. In testing the viability of the Company, we have undertaken a robust scenario assessment of the principal risks which could threaten the viability or existence of the Company. The impact of Brexit has been considered and it is not deemed to have a significant impact on this assessment. In the scenario modelling of the principal risks, we have stress-tested our forecast cash flows to reflect the potential impact of one or more of the Group's principal risks occurring and leading to client loss, loss of reputation, contract breach, our inability to win new business, and the impact of revenue less pass-through costs decline. The Company's forecasts and projections took account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes; and considered the Group's bank covenants and liquidity headroom including the suspension of share buybacks, dividends and acquisitions.

The Company modelled a range of revenue less pass-through cost declines up to a decline of 30% compared with the year ended 31 December 2020. In the most extreme scenarios tested, the Directors have considered the further actions that could be taken to mitigate negative cash flow impact and ensure additional liquidity. The Directors have assumed that the Company will be able to refinance existing bonds and, as a result, the Company will continue to operate in accordance with its bank covenants. However the long-term viability of the Company could be impacted by other as yet unforeseen risks and the mitigating actions that have been put in place in respect of the principal risks could turn out to be less effective than intended.

Having assessed the current position of the Company, its prospects and principal risks and taking into account the assumptions above, the Board has determined that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a period of three years from 1 January 2021.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review on pages 61-65 and Principal Risks and Uncertainties on pages 95-101. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Statements and the Notes to the Financial Statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Company's forecasts and projections, taking account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2020, considering the Group's bank covenant and liquidity headroom taking into account the suspension of share buybacks, dividends and acquisitions, and cost mitigation actions which are and which could be implemented, show that the Company and the Group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due. The Company modelled a range of revenue less pass-through cost declines up to 30% compared with the year ended 31 December 2020. The Directors therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 2020 and up to the date of this report including any adverse effects of the Covid-19 pandemic and which are described in the table on the following pages.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
COVID-19 PANDEMIC		
The coronavirus pandemic negatively impacted our business, revenues, results of operations, financial condition and prospects in 2020. The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.	The Covid-19 pandemic and the measures to contain its spread may have a continuing adverse effect on our business, revenues, results of operations and financial condition and prospects.	A strong balance sheet, supported further by action to maintain liquidity including, if needed, the suspension of share buybacks, dividends and acquisitions, cost reduction and cash conservation measures, savings on property and IT capex. Constant monitoring of working capital position.
STRATEGIC RISKS		
The failure to successfully complete the strategic plan updated in December 2020 to return the business to growth and simplify our structure.	A failure or delay in implementing or realising the benefits from the transformation plan and/or returning the business to growth may have a material adverse effect on our market share and our business, revenues, results of operations, financial condition or prospects.	Board oversight of the implementation of the strategic plan and regular briefings on the Group's response to the Covid-19 pandemic. The Executive Committee regularly reviews progress against the strategic plan and actions required to deliver against the plan and convenes regularly to discuss the Group's response to and implementation of the measures highlighted above to mitigate the impact of the Covid-19 pandemic on the Group's operations, people, clients and financial condition. The impact of the pandemic and focus on managing cost and changes in ways of working have accelerated aspects of the transformation as we move faster towards a simplified company structure and enhanced use of technology by our people as a consequence of adapting to remote working.

KEY

- Increased risk
- No change from last year
- Reduced risk

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
OPERATIONAL RISKS		
CLIENTS We compete for clients in a highly competitive industry which has been evolving and undergoing structural change, now accelerated by the Covid-19 pandemic. Client loss to competitors or as a consequence of client consolidation, insolvency or a reduction in marketing budgets due to recessionary economic conditions or a shift in client spending would have a material adverse effect on our market share, business, revenues, results of operations, financial condition and 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, 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. There are a range of different impacts on our clients globally as a consequence of the Covid-19 pandemic. 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 transformation plan updated in December 2020. Emphasis on providing faster, more agile and more effectively integrated solutions for our clients. Simplifying our organisational structure such as the disposal of 60% of our interest in Kantar and the disposal of non-core minority holdings. Launch of further Campus co-locations including in Chicago, Hong Kong and Rome. Embedding data and technology more deeply into our offer to clients. Board focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. Creation of a team focused on culture, diversity and inclusion across the Group. Creation of the WPP Global Inclusion Council in 2020 and commitments to anti-racism. Continuous improvement of our creative capability and reputation of our businesses. The development and implementation of senior leadership incentives to align more closely with our strategy and performance. Business review at every Board, Management and Executive Committee meeting to identify client loss. Monthly updates to the management team on the status of the Group's major clients and upcoming pitches for potential new clients. Continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.
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 ten largest clients accounted for 21% of revenue less pass-through costs in the year ended 31 December 2020. 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.	Increased 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. A monthly new and existing business tracker is reviewed by the Executive Committee on a monthly basis with regular updates to the Board.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
PEOPLE, CULTURE AND SUCCESSION 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, technology and management talent, or are unable to retain and incentivise key and diverse talent.	We are highly dependent on the talent, creative abilities and technical skills of our people as well as their relationships with clients. We are vulnerable to the loss of people to competitors (traditional and emerging) and clients, leading to disruption to the business.	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. 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 Campus properties is increasing the cooperation across our companies and provides extremely attractive and motivating working environments. Succession planning for the Chief Executive Officer, the Chief Financial Officer 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. Compensation Committee oversight for the Group's incentive plans and compensation. Our first priority during the Covid-19 pandemic has been the safety and welfare of our people and seeking to protect them as much as possible as well as maintaining the ability to serve clients and win new business as markets recover.
CYBER AND INFORMATION SECURITY We are undertaking a series of IT transformation programmes to support the Group's strategic plan and a failure or delay in implementing the IT programmes may have a material adverse effect on its business, revenues, results of operations, financial conditions or prospects. The Group is reliant 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. A cyber-attack could result in disruption to one or more of our businesses or the security of data being compromised.	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. A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects and have an impact on long-term reputation and lead to client loss. A significant number of the Group's people are working remotely as a consequence of the Covid-19 pandemic which has the potential to increase the risk of compromised data security and cyber-attacks.	The IT transformation programmes will underpin our strategic plan and enhance our data security. There is a rolling programme to retire servers across the Group and move to cloud solutions. We monitor and log our network and systems and keep raising our people's security awareness through our WPP Safer Data training and mock phishing attacks. Heightened focus on monitoring our network and systems and raising awareness of the potential for phishing and other cyber-attacks during the period of remote working and an increased focus on our control environment.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
FINANCIAL RISKS		
CREDIT RISK 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 and there could be an adverse effect on our working capital and operating cash flow.	Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance. We are working closely with our clients during this period of economic uncertainty to ensure timely payment for services in line with contractual commitments and with vendors to maintain the settlement flow on media. Our treasury position and compliance with lending covenants is a recurring agenda item for the Audit Committee and Board. Increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.
INTERNAL CONTROLS Our performance could be adversely impacted if we failed to ensure adequate internal control procedures are in place. We have identified material weaknesses in our internal control over financial reporting that, if not properly remediated, could adversely affect our results of operations, investor confidence in the Group and the market price of our ADSs and ordinary shares.	Failure to ensure that our businesses have robust control environments, or that the services we provide and trading activities within the Group are compliant with client obligations, could adversely impact client relationships and business volumes and revenues. As disclosed in our Form 20-F, in connection with the Group's assessment of the effectiveness of internal control over financial reporting as of December 31, 2020, we identified material weaknesses in our internal control over financial reporting with respect to management's review of the impairment assessment of intangible assets and goodwill (specifically the selection of appropriate discount rates for use in the impairment calculations, the determination of the appropriateness of the cash flow periods and associated discounting and determination of the assumptions in respect of working capital cash flows, in each case used in the impairment calculation); the design and implementation of internal controls to ensure that the complex accounting matters and judgements are assessed against the requirements of IFRS and to reflect changes in the applicable accounting standards and interpretations or changes in the underlying business on a timely basis; and our net investment hedging arrangements (specifically concerning the eligibility of hedging relationships under IFRS, the adequacy and maintenance of contemporaneous documentation of the application of hedge accounting, and the review of the impact of changes in internal financing structures on such hedging relationships). As a result of such material weaknesses, we concluded that our internal control over financial reporting was not effective. If remedial measures are insufficient to address the material weaknesses, or if additional material weaknesses in internal control are discovered or occur in the future, our ability to accurately record, process and report financial information and consequently, our ability to prepare financial statements within required time periods, could be adversely affected. In addition, the Group may be unable to maintain compliance with the federal securities laws and NYSE listing requirements regarding the timely filing of periodic reports. Any of the foregoing could cause investors to lose confidence in the reliability of our financial reporting, which could have a negative effect on the trading price of the Group's ADSs and ordinary shares.	Transparency and contract compliance are embedded through the networks and reinforced by audits at a WPP and network level. Regular monitoring of key performance indicators for trading are undertaken to identify trends and issues. An authorisation matrix on inventory trading is agreed with the Company and the Audit Committee. A new controls function has been established in 2020 to review and enhance controls across the Group. We have issued renewed guidance to our businesses of the need to focus on controls through the period of remote working as a consequence of the Covid-19 pandemic. Management is committed to maintaining a strong internal control environment and remediating the identified material weaknesses in a timely manner, with appropriate oversight from our Audit Committee. We have made progress towards remediation and continue to implement our remediation plan. We have engaged an independent valuation specialist, on an on-going basis with oversight by management, to assist us as an integral part of the discount rate and cash flow determination process in the impairment assessment of intangible assets and goodwill. This has included such items as updating our discount determination methodology for a current market participant approach; enhancing the level of review and controls related to the selection of the variables underpinning the discount rate calculation, the discount rate methodology and annual refresh; and implementing additional validation controls and additional reviews of the selection of cash flow periods and net working capital assumptions. In the case of complex accounting matters and hedging arrangements, we are performing a comprehensive retrospective review of our controls and procedures and implementing enhanced periodic controls into our control framework and have engaged outside advisors with specialist expertise in the respective subject matter areas to assist with the performance of the comprehensive retrospective review.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
COMPLIANCE RISKS		
DATA PRIVACY 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. – Data transfers between our global operating companies, clients or vendors may be interrupted due to changes in law (eg EU adequacy decisions, CJEU Schrems II decision)	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 – Restrictions or limitations on international data transfers could have an adverse effect on our business and operations.	We develop principles on privacy and data protection and compliance with local laws. We also monitor pending changes to regulations and identify changes to our processes and policies that would need to be implemented. In the case of data transfers, we also identify alternative approaches, including using other permitted transfer mechanisms, in order to limit any potential disruption (eg SCCs instead of Privacy Shield following the CJEU Schrems II decision). We implemented extensive training ahead of GDPR and CPPA implementation and the roll-out of toolkits 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.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
COMPLIANCE RISKS		
TAXATION We may be subject to regulations restricting our activities or effecting changes in taxation.	Changes in local or international tax rules, for example, as a consequence of the financial support programmes implemented by governments during the Covid-19 pandemic, changes arising from the application of existing rules, or challenges by tax or competition authorities, 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.	We actively monitor any proposed regulatory or statutory changes and consult with government agencies and regulatory bodies where possible on such proposed changes. 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.
REGULATORY We are subject to strict anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which we operate.	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.	Online and in-country ethics, anti-bribery, anti-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. A continuously evolving business integrity function to ensure compliance with our codes and policies and remediation of any breaches of policy. Continuous communication 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. 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. Rolling programme of creating shared financial services in the markets in which we operate and the creation of a new controls function in 2020. Risk Committees are well established at WPP and across the networks to monitor risk and compliance through all of our businesses and the enhancement of our business integrity programme across our markets. Gift and hospitality register and approvals process.
SANCTIONS We are subject to the laws of the United States, the EU and other jurisdictions that impose sanctions and regulate the supply of services to certain countries.	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.	Online training to raise awareness and seek compliance and updates for our companies on any new sanctions. Regular briefings to the Audit Committee and constant monitoring by the WPP legal team with assistance from external advisors of the sanctions regimes.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
EMERGING RISKS		
Increased frequency of extreme weather and climate-related natural disasters.	This includes storms, flooding, wildfires and water and heat stress which can damage our buildings, jeopardise the safety of our people and significantly disrupt our operations. At present 10% of our headcount is located in countries at "extreme" risk from the physical impacts of climate change in the next 30 years.	Our strategy of co-locating our people in WPP Campuses is enabling us to centralise emergency preparedness procedures. It will also enable us to more efficiently deploy climate mitigation measures. We intend to integrate climate-related risk assessment into the technical due diligence suite that we follow when we invest in a new Campus building to help ensure that material, acute and chronic physical climate risks are considered in design and embedded into business continuity procedures.
Increased reputational risk associated with working on environmentally detrimental client briefs and/or misrepresenting environmental claims.	As consumer consciousness around climate change rises, our sector is seeing increased scrutiny of our role in driving unsustainable consumption. Our clients seek expert partners who can give recommendations that take into account stakeholder concerns around climate change. Additionally, WPP serves some clients whose business models are under increased scrutiny, for example oil and gas companies or associated industry groups who are not actively decarbonising. This creates both a reputational and related financial risk for WPP if we are not rigorous in our content standards as we grow our sustainability-related services.	Our climate crisis training will ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It will be part of a broader sustainability training programme which we will run in multiple markets with localised content in key regions. We are also developing internal tools to help our people identify environmentally harmful briefs. These tools will embed climate-related issues within existing content-review procedures across the organisation. The misrepresentation of environmental issues is governed by our Code of Conduct. We are also reviewing our policies to reduce the risk that any client brief undermines the implementation of the Paris Agreement.

NOW IS THE TIME FOR BRANDS TO MAKE UP FOR LOST TIME.

BY JEREMY BULLMORE

On one subject, at least, all commentators are agreed. This last year has called for an unprecedented degree of re-examination. (And an unprecedented use of the word unprecedented.) Nothing can be taken comfortably for granted; just about everything needs to be pulled up by its roots, interrogated and tested for its inherent worth. And that is certainly true for The Brand.

It's easy to forget that a common understanding of the nature of brands is relatively recent. Sixty years ago, the word brand meant nothing more than a product with a name attached and it was applied almost exclusively to household goods. Washing powders were the archetypal brands. When the new discipline of account planning was introduced in advertising agencies, the name Brand Planning was rejected as being too restrictive. Banks, retailers and venerable institutions would certainly not have seen themselves as brands – and would have been deeply affronted had any agency been insensitive enough to suggest that they were.

FUNCTION AND REPUTATION

Products were evaluated and promoted almost entirely on function. When the UK Consumers' Association introduced product testing, there was a brief flurry of concern in the advertising community that the CA's well-publicised *Best Buy* rankings could make advertising redundant. Had an understanding of the nature of brands been more widespread, the theory of the Unique Selling Proposition could never have achieved its pernicious popularity. By encouraging companies to identify – or more often to confect – some functional product distinction, and to trumpet that distinction verbally and repetitively, USP practitioners inflicted on a luckless public some of the most insensitive advertising ever perpetrated. Only the fortuitous fact that simple name registration has a commercial value saved USP-inspired advertising from being not just sub-optimal but actually damaging to its subjects.

What inhibited the understanding of brands – and still makes any meaningful discussion of brands a bit of a minefield – is language. We struggle to find words to describe what is essentially a set of beliefs and feelings in other people's heads. As with humans, products have *reputations*. This is their Brand Image. But while their function may be susceptible to objective analysis, their reputation is not, because one of the key factors affecting the image of a brand is the composition of the individual mind entertaining that image; and no two minds are identical. If a thousand people hold an opinion of the same object or person, they will hold a thousand subtly different opinions. It's true that there can exist what has been called a consensus of subjectivity, where millions of different minds working independently construct very similar images of the same object; but it should never be forgotten that a brand's image – whose very existence defines the difference between a brand and a mere product – is an elusive, subjective Non-Thing. This much we have learned.

We have also learned of the immense commercial value of a strong brand reputation. We know beyond doubt that a strong brand is more resistant to competition; is less dependent on price promotions to maintain volume sales; and is as secure a certainty of future profit as is possible in any organic, competitive market. At much the same time, we have begun to understand the contribution that advertising can make to the reputation of brands.

People construct their feelings about a brand, automatically and unconsciously, as a result of every encounter, actual or remote, that they have with that brand. Function remains central. For a brand to deliver satisfaction at an acceptable price is an entry-level requirement – but that's just the beginning. An almost limitless number of brand encounters can have some small but significant effect on a person's perception of a brand, from whether or not their mother used the brand to an unfavourable news item about the company that makes it. Advertising is an obvious contributor to brand reputation – but if a brand is to enjoy the greatest return on its advertising, it has to be advertising of a certain style; the specific style of that specific brand.

When mass manufacturing and mass media first made advertising necessary, it was known as "salesmanship in print". Its job was to get as close to an actual sale as was possible. You featured a new range of socks in your local newspaper and expected them to sell out the following day. Today, this immediate role for advertising, "brand activation", is largely provided by online platforms. The new media are flexible, personal and accountable. Their success has been earned through demonstrable delivery. They are today's direct salesmen – but it should never be forgotten that they work most efficiently when the brands that they feature are already well-known and are already thought to be desirable.

THE VALUE OF FAMILIARITY

Of all the properties that a strong brand needs, simple familiarity must top the list. You're in a strange city, struck down by a minor ailment and the pharmacist doesn't speak your language. Then, on a shelf behind her, you spot the very same bottle you keep in your bathroom at home. Strange circumstances highlight the value of brand familiarity; and we've been experiencing many strange circumstances in recent months. So people can feel possessive about their brands – particularly repeat-purchase brands. Just as they talk about "my pub", or "my football club", so they feel about their favoured brands. Familiarity implies trust, reassurance – even affection.

Familiarity is acquired and maintained directly through experience and remotely through communications. The word "maintained" is important: familiarity can never achieve permanent status. When direct contact becomes less frequent or disappears altogether, familiarity fades. And as any publicist will confirm, once a client ceases to be in the public eye, demand for that client will dwindle – as will the size of any suggested fee.

TIME TO REPAIR

The planet's response to the coronavirus has changed the behaviour of the planet's population to a degree never before experienced. (Yes: it's been unprecedented.) Habits have been broken because they've had to be broken. Links between people and things have been weakened – and in many cases lost altogether. Some brands, in the right place at the right time, have benefited mightily. Others have suffered helplessly, their familiarity fading fast.

For many brands, the year 2021 will need to be a year of repair; a year where communications are called upon to help compensate for the absence of direct experience. It will demand creative excellence of the highest order; communications that are so true to the personality of the brand that they come close to being its proxy.

Jeremy Bullmore is a former Chairman of J. Walter Thompson London. He has also been a Non-Executive Director of WPP and a member of its Advisory Board. He has been described by *Campaign* magazine as "quite possibly the most admired man in advertising" and "Adland's greatest philosopher." *Marketing* magazine simply observed: "When Mr Bullmore speaks, the world listens."

THE ERICSSON EFFECT

AGENCY
SUPERUNION LONDON

CLIENT
ERICSSON

Ericsson, the global telecoms giant, is a pioneer of technology that connects people, places and things, enabling transformation on an industrial scale: from autonomous agriculture and smart cities to driverless cars.

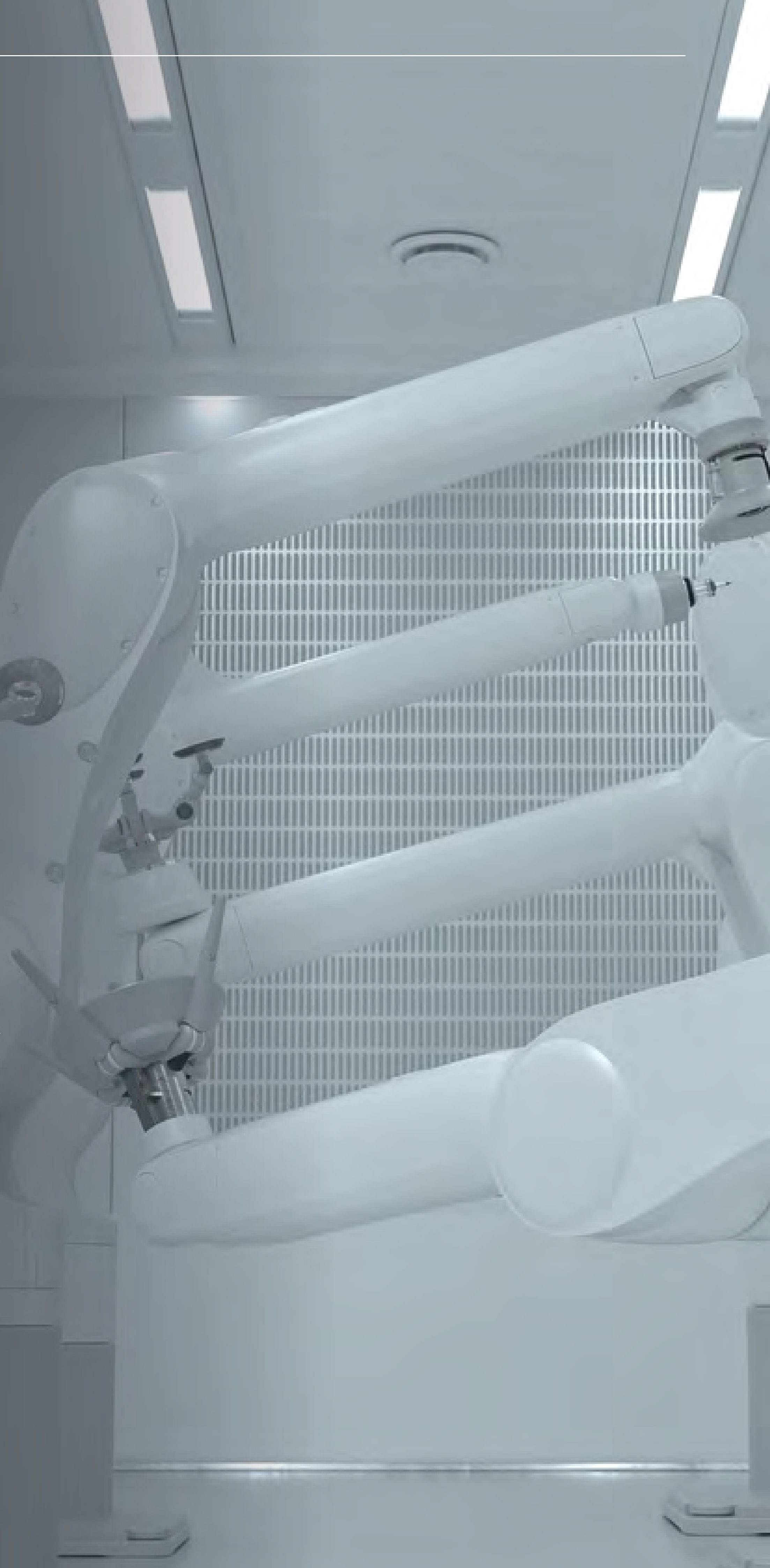
The growth potential of its pioneering technology is limitless. By 2050 there will be three times as many connected devices as people on this planet. 24 billion intelligent things.

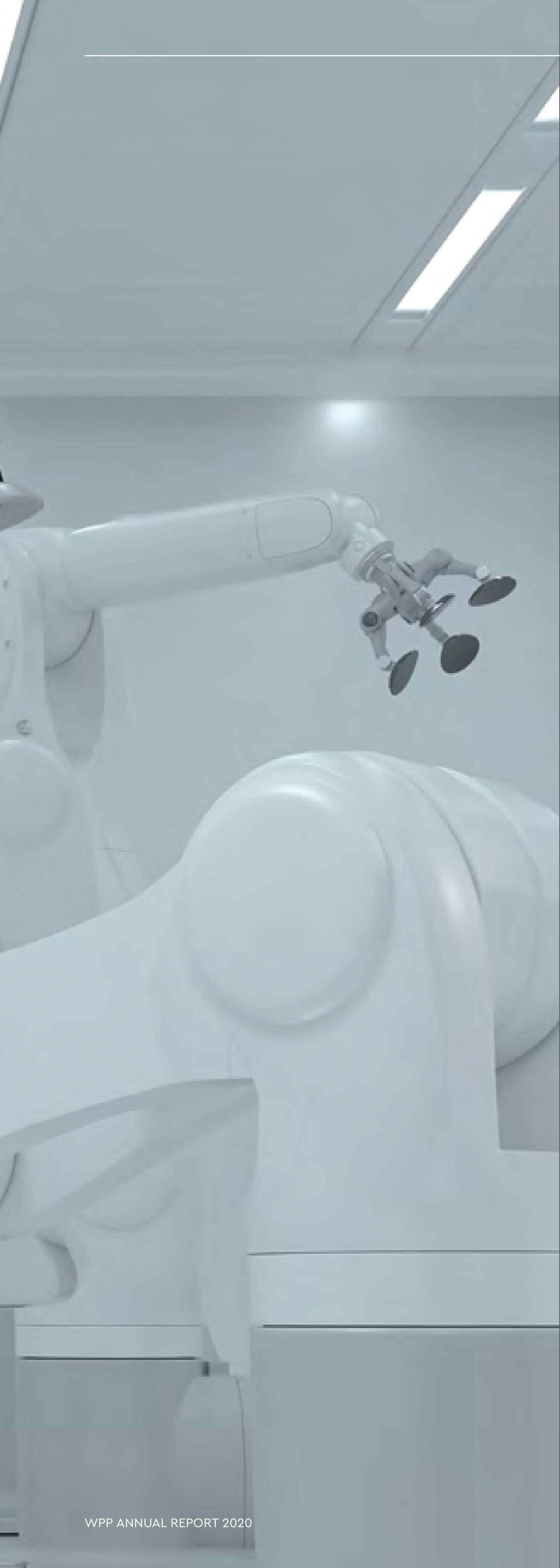
But scale does not equal familiarity. Through stakeholder interviews, creative workshops and market research, Superunion found that the digitalisation of industries remained misunderstood, tangled in cold, technical language and intangible visual references.

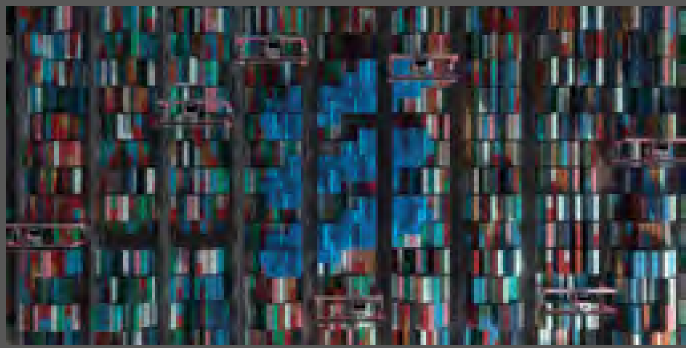
So they helped Ericsson fix that, by putting its unmistakeable identity on an invisible technology, and conveying the beauty and potential of connected devices in a voice that could resonate with many different audiences.

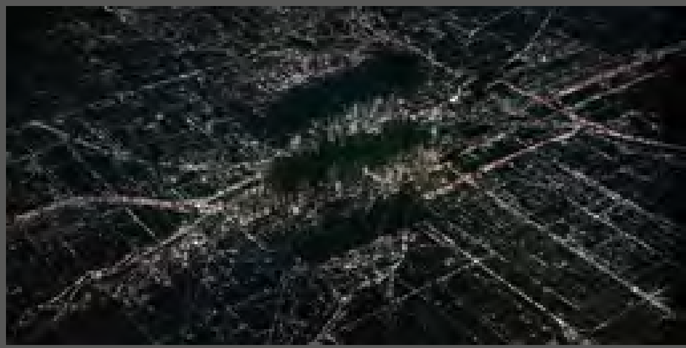
For the visual expression, the Ericsson icon was placed at the heart of a series of idents, conjuring a positive vision of the future for different industries and global environments. This innovative application of the brand shone a spotlight on the positive impact of technology, and its ability to transform the world for the better – which Superunion named "The Ericsson Effect".

24bn
connected devices by 2050









CORPORATE GOVERNANCE

CHAIRMAN'S LETTER

"THAT WPP HAS CONTINUED TO OPERATE SO WELL IN 2020 DESPITE WIDESPREAD LOCKDOWN-ENFORCED REMOTE WORKING REMINDS US THAT WE ARE A TRUE PEOPLE COMPANY."

In 2020 WPP was tested in ways that no-one could have predicted. The fundamental strength of the Company, the actions taken by leadership – both in prior years and in response to the pandemic – and the incredible efforts of our people helped it to pass that test.

As Covid-19 began to wreak havoc around the world, the executive team, with the full backing of the Board, acted swiftly to protect the business and its employees through a range of financial measures and operational decisions.

To secure the Company's position, the share buyback scheme and 2019 final dividend were suspended, costs were reduced substantially and leaders – including the Board and Executive Committee – volunteered to give up a portion of their salaries and fees.

An early decision was made to put in place a global policy of managed remote working, and the Company significantly increased its investment in wellbeing resources and initiatives for employees.

A comprehensive programme of internal communications and engagement ensured a regular flow of information from the centre of WPP – where the global strategic decisions were made – as well as from the agencies that employ our people directly. Our CEO Mark Read hosted 28 virtual townhalls during the year, providing the opportunity for people to ask questions and raise issues, and the Company to take the pulse of the organisation.

Our people and agencies put their skills to work to help combat the virus, creating and delivering public awareness campaigns advocating good hygiene and social distancing, and – more recently – supporting the roll-out of vaccines.

Throughout the year, the Board was provided with regular updates on the impact of the pandemic on the Company's people and performance. As Mark notes in his statement, that performance exceeded the expectations of the market, as WPP demonstrated its great resilience.

STRATEGIC PROGRESS

Covid-19 has only increased the pace of the changes already happening in the sectors in which WPP operates, not least the growth of digital advertising and ecommerce.

The leadership team responded by accelerating the existing strategy with, for example, the further simplification of the Company and strengthening of its agency brands through the creation of AKQA Group, VMLY&R Commerce and Finsbury Glover Hering announced during 2020.

In December a very well-received Capital Markets Day laid out the next phase of the Company's strategy for growth, plans for capital allocation and new medium-term financial targets, including the announcement of a new dividend policy. Starting from the current year, we intend to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

The Board held a Strategy Day with the executive team in advance of the Capital Markets Day to consider the strategy and to align around the vision and future prospects of the Company over the next three to five years.

Throughout the year we also received presentations from the leaders of WPP's agencies on their work to support WPP's wider strategy, providing an opportunity for the Board to see the strength of alignment across the Company.

BOARD COMPOSITION AND EFFECTIVENESS

To ensure the Board has the necessary skills, experience and diversity to effectively support and review the Company's strategic progress, we have continued our proactive review of its non-executive membership.

During 2020 we announced the appointment of three new Board members: Angela Ahrendts DBE, Tom Ilube CBE and Dr. Ya-Qin Zhang.

Angela was Senior Vice President, Retail at Apple, Inc. from May 2014 until April 2019, where she oversaw the company's global retail operations and the integration of its physical and digital businesses. She joined Apple from Burberry, where she was CEO from 2006 to 2014, and led the company through a period of global growth based on the adoption of new technologies, the launch of new product lines and the expansion of retail operations into new markets. Angela has joined our Sustainability Committee.

Tom is a technology entrepreneur and educational philanthropist. He is the founder and CEO of AIM-listed Crossword Cybersecurity Plc, and has launched several other technology start-ups. During his 30-year career in the UK technology sector he has held senior leadership roles in organisations including Callcredit Information Group and Egg Banking plc. Tom is also a Non-Executive Director of the BBC. He sits on the Audit Committee, the Nomination and Governance Committee and the Compensation Committee of WPP.

Dr. Zhang is a world-renowned technologist, scientist and entrepreneur, who served as President of Baidu Inc, the global internet services and AI company headquartered in Beijing, between 2014 and 2019. In this role, he oversaw the company's overall technologies, emerging businesses and global operations, and helped the company to push new frontiers including cloud computing, autonomous driving, quantum computing, and AI/machine learning systems.

Prior to Baidu, Dr. Zhang held various senior positions during a 16-year tenure with Microsoft, both in the United States and in China.

I am pleased to confirm that, as at the date of this report, we exceeded both diversity targets set by the Hampton-Alexander and Parker reports on gender and ethnic diversity. Women represented 43% of the Board and three directors are from an ethnic minority background. Our ambition for Board gender diversity is to reach parity.

Today we have a strong Board and executive team, but we must, of course, continue to look to the future. Succession planning, both for the Board and senior management roles, was overseen by the Nomination and Governance Committee and by the Board.

Alongside Board membership we have also continuously reviewed the governance architecture of the Board's committees and made changes to their composition accordingly. The reports from our committee chairs can be found on the pages that follow.

And finally, as part of our ongoing assessment of Board effectiveness, our Senior Independent Director, Nicole Seligman, carried out a Board evaluation exercise considering the performance of the Board and its committees, the results of which are set out on page 125. I am pleased to report that the evaluation concluded that the Board and its committees continue to operate effectively.

ENGAGING OUR STAKEHOLDERS

To succeed in an open and interconnected world, organisations need to demonstrate their value to all stakeholders, to operate by the principles of sustainable and responsible business at all times, and to be seen to do so.

The Board conducted deep-dives on a range of environmental, social and corporate governance (ESG) matters during 2020, from the mitigation of the Company's climate impacts to a full review of its sustainability strategy and statement of purpose.

The Board approved the change of the Company's purpose to include explicit reference to the planet. Reflecting this change, the leadership team committed WPP to achieving net zero carbon emissions across its value chain by 2030, supported by science-based targets.

Understanding how WPP's activities impact our various stakeholder groups and taking their views and interests into account when making decisions is one of the Board's most important responsibilities.

During 2020 the Board oversaw an investor perception study to provide a detailed analysis of how investors view the Company, its investment proposition and future prospects. In addition, we reviewed the results of the Company's first ever cross-agency employee survey and received updates on WPP's client satisfaction scores.

Both the Chair of the Compensation Committee and I also conducted extensive consultations with investors to discuss targets for the performance measures in the 2020 Executive Performance Share Plan.

MANAGING RISKS

To safeguard our business and our people, along with the interests of our shareholders and wider stakeholder groups, the Board constantly identifies, monitors and analyses the risks facing the Company and the markets in which it operates.

During the year the Board conducted a thorough assessment of WPP's principal risks and uncertainties, as well as strategic risk reviews focused on areas including cyber and information security.

Our risk governance framework is set out on page 90 of this report.

OUR PEOPLE

The fact that WPP has continued to operate so well in 2020 despite widespread lockdown-enforced remote working reminds us that we are a true "people company". Their talent, expertise and commitment, and the technology to connect to one another, were all our people needed to continue delivering results for our clients.

Exceptional people are not only our greatest asset but the key to our future growth. WPP has made great strides over the last two-and-a-half years in building a culture of openness, tolerance and respect throughout the organisation.

As well as being self-evidently the right thing to do, this is a prerequisite for success when success relies upon the ability to attract and retain the very best, in an organisation that welcomes and supports everyone equally.

The leadership team has placed diversity, equity and inclusion at the heart of the Company's strategy, and the Board tracks progress in this area just as closely as it does financial performance metrics.

From 2021 that progress will also be reported internally to all employees on a quarterly basis, so that it is clear to everyone how we are doing, and where we need to do better. The Company will also continue to provide a variety of ways for our people to make their voices heard.

That internal dialogue is vital because WPP's performance is simply a reflection of the collective effort and dedication of the many thousands of people within our organisation. As always, the Board's thanks go to all of them.

Roberto Quarta
Chairman
29 April 2021

GOVERNANCE AT A GLANCE

HIGHLIGHTS

46% female representation on the Board as at 31 December 2021

10th in the FTSE 100 2020 Hampton-Alexander Review

Exceeded Parker Review diversity target

Full compliance with provisions of the Code

Launched new sustainability strategy

3 new NED appointments announced in 2020

COMPLIANCE WITH THE CODE

During the year ended 31 December 2020, we applied the principles of good governance contained in the 2018 UK Corporate Governance Code (the "Code") and have been compliant with its provisions. The table below shows where shareholders can find further information on how the Company has complied with the Code. The Company's American Depositary Shares are listed on the New York Stock Exchange (NYSE) and we are therefore subject to the rules of the NYSE as well as to the US securities laws and the rules of the Securities and Exchange Commission (SEC) applicable to foreign private issuers. As the Company follows UK corporate governance standards, differences from the NYSE governance standards are summarised in the Company's Form 20-F filing.

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OUR BOARD

THE FOLLOWING DIRECTORS RETIRED FROM THE BOARD DURING THE YEAR:

Sir John Hood – retired on 10 June 2020

Daniela Riccardi – retired on 10 June 2020

Paul Richardson – retired on 1 May 2020

Solomon (Sol) Trujillo – retired on 10 June 2020

COMMITTEE MEMBERSHIP KEY

- A Audit
- C Compensation
- N Nomination and Governance
- S Sustainability
- ● Committee Chairman

ROBERTO QUARTA

CHAIRMAN

Appointed: 1 January 2015 (Chairman 9 June 2015) C N

Nationality: Italian and American

Skills and experience:

Roberto has extensive and diverse experience in corporate governance and global commerce having served on the boards of a number of UK and international companies. His career in private equity brings valuable experience to WPP, particularly when evaluating acquisitions and new business opportunities.

He is Chairman of Smith & Nephew plc, a Partner of Clayton, Dubilier & Rice and Chairman of Clayton, Dubilier & Rice Europe. Previously he was Chief Executive and then Chairman of BBA Group plc, Chairman of Rexel SA, Chairman of IMI plc and a Non-Executive Director at BAE Systems plc, Equant NV, Foster Wheeler AG and PowerGen plc.

External appointments:

Chairman, Smith & Nephew; Partner, Clayton, Dubilier & Rice; Chairman, Clayton, Dubilier & Rice Europe.

MARK READ

CHIEF EXECUTIVE OFFICER

Appointed: 3 September 2018

Nationality: British

Skills and experience:

Mark has a deep understanding of the industry having held multiple leadership positions at WPP since he joined in 1989. As Head of Strategy and then CEO of WPP Digital he was responsible for WPP's first moves into technology. In 2015, he became Global CEO of Wunderman, which he transformed into one of the world's leading creative, data and technology agencies. Earlier in his career, he co-founded internet start-up WebRewards and specialised in media and marketing as a principal at consultancy Booz Allen Hamilton. Mark was voted the industry's Most Influential Person of 2019 in Econsultancy's Top 100 Digital Agencies report and was recognised as a HERoes Champion of Women in Business in 2018, 2019 and 2020.

Mark has an MBA from INSEAD and an Economics degree from Trinity College, University of Cambridge, and was a Henry Fellow at Harvard University.

External appointments:

Chairman of the Natural History Museum Digital Council.

JOHN ROGERS

CHIEF FINANCIAL OFFICER

Appointed: 3 February 2020, Chief Financial Officer from 1 May 2020

Nationality: British

Skills and experience:

John has extensive finance, strategy, digital, property and retail experience. He joined WPP from J Sainsbury plc where he was Chief Executive Officer of Sainsbury's Argos. John was previously the Chief Financial Officer of J Sainsbury plc, responsible for business strategy, new business development, Sainsbury's Online and Sainsbury's Bank, in addition to its core finance functions.

John is a member of The Prince's Advisory Council for Accounting for Sustainability. He also sits on the Retail Sector Council, which acts as a point of liaison between the UK Government and retail sector.

External appointments:

Non-Executive Director and Chair of the Audit Committee, Travis Perkins plc; Member, The Prince's Advisory Council for Accounting for Sustainability; Member, Retail Sector Council.

INDEPENDENT NON-EXECUTIVE DIRECTOR

NICOLE SELIGMAN

SENIOR INDEPENDENT DIRECTOR, NON-EXECUTIVE DIRECTOR

Appointed: 1 January 2014 C N

Nationality: American

Skills and experience:

Nicole is a global business leader and an internationally recognised lawyer. She brings to the Board analytical skills, in-depth knowledge of public company corporate governance and a comprehensive understanding of media and business issues. Nicole was previously President of Sony Entertainment, Inc. and global General Counsel for Sony Corporation. Prior to that, as a partner at law firm Williams & Connolly, Nicole represented key public figures and major media and other companies in complex litigation.

She is a Magna Cum Laude graduate of both Harvard College and Harvard Law School.

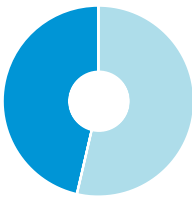
External appointments:

Non-Executive Director, ViacomCBS Inc.; Non-Executive Director, MeiraGTx Holdings plc; Non-Executive Director, Far Peak Acquisition Corporation.

NON-EXECUTIVE DIRECTOR TENURE AS AT 31 DECEMBER 2020

- 0-3 years **6**
- 3-6 years **1**
- 6-9 years **4**
- 9+ years **0**

GENDER AS AT 31 DECEMBER 2020



- Male **7**
- Female **6**

INDEPENDENT NON-EXECUTIVE DIRECTORS

ANGELA AHRENDTS DBE
NON-EXECUTIVE DIRECTOR
Appointed: 1 July 2020 S
Nationality: British and American

Skills and experience:
Angela brings expertise as a leader of creative and technology-driven global businesses. From 2014 until 2019, she was Senior Vice President, Retail at Apple, Inc., where she integrated and redesigned the physical and digital global consumer experience. Angela was CEO of Burberry from 2006 to 2014, where she repositioned the brand as a luxury high-growth company and created the Burberry Foundation. Prior to Burberry, Angela was Executive Vice President at Liz Claiborne, Inc. and President of Donna Karan International, Inc. Angela was a member of the UK Prime Minister's Business Advisory Council from 2010 to 2015.

External appointments:
Non-Executive Director, Ralph Lauren Corporation and Airbnb, Inc.; Chair of Save the Children International; Non-Executive Director, Charity: Water and The HOW Institute for Society; member of the Global Leadership Council of the Oxford University Saïd Business School and BritishAmerican Business International Advisory Board.

JACQUES AIGRAIN
NON-EXECUTIVE DIRECTOR
Appointed: 13 May 2013 A C
Nationality: Swiss and French

Skills and experience:
Jacques has extensive business, corporate finance and governance expertise. He was a Senior Advisor at Warburg Pincus LLP from 2001 to 2009. Jacques was a member of the Executive Committee of Swiss Re AG and CEO from 2006. Prior to Swiss Re, he spent 20 years with JPMorgan Chase. Jacques was previously Chairman of LCH Clearnet Group Ltd from 2010, a Director of the Qatar Financial Centre Authority and a Supervisory Board Member of Lufthansa AG and Swiss International Airlines AG.

He holds a PhD in Economics from Sorbonne University and an MA in Economics from Paris Dauphine University.

External appointments:
Chairman, LyondellBasell NV; Non-Executive Director, London Stock Exchange Group plc; Chairman, Singular SAU (private company); Chairman, ACUTRONIC Holding AG (private company); Non-Executive Director, Clearwater Analytics (private company).

SANDRINE DUFOUR
NON-EXECUTIVE DIRECTOR
Appointed: 3 February 2020 A C
Nationality: French

Skills and experience:
Sandrine brings substantial financial expertise gained in global companies and strong strategic capability to the Board. She has executive leadership experience in the telecommunications, entertainment and media industries and an enthusiasm for cultural, technological and business transformation. Sandrine is currently Chief Financial Officer of UCB, a global pharmaceutical company. Previously she was CFO of Proximus. She held a number of leadership roles at Vivendi, in France and in the United States, across its entertainment and telecommunications business.

Sandrine began her career as a financial analyst at BNP and then Credit Agricole in the telecoms sector. She has held other non-executive director roles, most recently at Solocal Group.

External appointments:
Chief Financial Officer, UCB.

TAREK FARAHAT
NON-EXECUTIVE DIRECTOR
Appointed: 11 October 2016 A
Nationality: Brazilian and Egyptian

Skills and experience:
Tarek has extensive leadership and brand-building experience gained in leading businesses in the Americas, Europe, Middle East and Africa. He worked for Procter & Gamble for over 26 years, his last position as President of Procter & Gamble Latin America and member of the Global Leadership Council. Tarek was previously Chairman of the board of JBS S.A. and a board member of Pilgrim's Pride Corporation and Alpargatas. Tarek is currently a strategic advisor, consultant and partner for companies in the consumer goods, Fintec and healthcare sectors.

Tarek is a graduate of the American University in Cairo, Faculty of Commerce and Finance.

External appointments:
None.

TOM ILUBE CBE
NON-EXECUTIVE DIRECTOR
Appointed: 5 October 2020 A C N
Nationality: British

Skills and experience:
Tom brings a wealth of expertise as a technology entrepreneur. He is the founder and CEO of Crossword Cybersecurity Plc. From 2010 to 2014, Tom was Managing Director of Consumer Markets at Callcredit Information Group. Prior to Callcredit, Tom founded and was CEO of Garlik, a venture capital-backed identity protection company. His 30-year career in the UK technology sector includes roles at Egg Banking plc, PricewaterhouseCoopers, Goldman Sachs and the London Stock Exchange.

He was made a Doctor of Science (Honoris Causa) by City, University of London, an Honorary Doctor of Technology by the University of Wolverhampton, an Honorary Fellow of Jesus College, Oxford and an Advisory Fellow at St Anne's College. In 2017 Tom topped the Powerlist ranking of the most influential people of African or African Caribbean heritage in the UK.

External appointments:
Founder and CEO, Crossword Cybersecurity plc; Non-Executive Director, BBC; Chair, Deathio Ltd; Founder and Chair, African Gifted Foundation.

CINDY ROSE OBE
NON-EXECUTIVE DIRECTOR
Appointed: 1 April 2019 A C
Nationality: British and American

Skills and experience:
Cindy has extensive experience as a leader in the technology and media sectors and a deep understanding of the role of technology in business transformation. She was appointed President of Microsoft Western Europe in October 2020, prior to which she was Microsoft UK CEO from 2016. She previously held roles as Managing Director of the UK consumer division at Vodafone and as Executive Director of Digital Entertainment at Virgin Media. She also spent 15 years at The Walt Disney Company, ultimately as Senior Vice President & Managing Director of Disney Interactive Media Group.

Cindy is a graduate of Columbia University and New York Law School.

External appointments:
President, Microsoft Western Europe; Member of the advisory board of Imperial College Business School in London; Member of the advisory board of McLaren.

INDEPENDENT NON-EXECUTIVE DIRECTORS

SALLY SUSMAN
NON-EXECUTIVE DIRECTOR
Appointed: 13 May 2013 N S
Nationality: American

Skills and experience:
Sally brings expertise in communications, public affairs, governance and strategy. She is Executive Vice President, Chief Corporate Affairs Officer for Pfizer and also heads Pfizer's corporate responsibility group. Before joining Pfizer in 2007, Sally was Executive Vice President of Global Communications at Estée Lauder, where she directed global corporate affairs strategy and served as a member of the Executive Committee. She previously held several senior corporate affairs posts at American Express, in both London and the United States. She started her career in government service where positions included Deputy Assistant Secretary for Legislative and Intergovernmental Affairs in the U.S. Department of Commerce.

Sally has a BA in Government from Connecticut College and has studied at the London School of Economics.

External appointments:
Executive Vice President, Chief Corporate Affairs Officer, Pfizer; Co-Chair, International Rescue Committee.

KEITH WEED CBE
NON-EXECUTIVE DIRECTOR
Appointed: 1 November 2019 S
Nationality: British

Skills and experience:
Keith has a wealth of experience as a marketing and digital leader and an understanding of the ways in which technology is transforming businesses. From 2010 to 2019, Keith was Chief Marketing and Communications Officer at Unilever, a role that included creating and leading Unilever's sustainability programme. Keith was named the World's Most Influential Chief Marketing Officer by *Forbes* in 2017, 2018 and 2019, and Global Marketer of the Year 2017 by the World Federation of Advertisers.

He received *The Drum*'s Lifetime Achievement Award in 2018 and was inducted into the Marketing Hall of Fame in 2019. Keith is a Non-Executive Director of J Sainsbury plc.

External appointments:
Non-Executive Director, J Sainsbury plc; Trustee Director of Business in the Community; Board Trustee Grange Park Opera; President of the UK Advertising Association; President of the Royal Horticultural Society.

JASMINE WHITBREAD
NON-EXECUTIVE DIRECTOR
Appointed: 1 September 2019 S C
Nationality: British and Swiss

Skills and experience:
Jasmine's experience spans marketing, technology, finance, media, telecommunications, and not-for-profit organisations, and she brings this breadth of perspective and knowledge of many of WPP's client sectors.

Jasmine began her career in marketing in the technology sector, including with Thomson Financial in the US. After completing the Stanford Executive Program, Jasmine went on to hold leadership roles with Oxfam and Save the Children, starting in 1999 in West Africa and, from 2010-15, as the first Chief Executive of Save the Children International.

Jasmine was a Non-Executive Director of BT Group plc from 2011 to 2019 and Chief Executive Officer of London First from 2016 until March 2021.

External appointments:
Chair of the Board, Travis Perkins plc effective 31 March 2021; Non-Executive Director, Standard Chartered plc; Advisor to the Ethics Committee, Compagnie Financière Richemont SA; Visiting Fellow, Oxford University.

COMPANY SECRETARY

BALBIR KELLY-BISLA
COMPANY SECRETARY
Appointed: 27 April 2020

Skills and experience:
Balbir has significant governance experience across various roles, most recently as Company Secretary of William Hill plc. Prior to joining William Hill, Balbir was Director of Investor Relations at GlaxoSmithKline plc (GSK), leading on engagement with ESG-focused investors, and before that held company secretarial roles at GSK, Lastminute.com, Royal & Sun Alliance and Segro plc.

DIRECTOR APPOINTMENT SINCE YEAR-END

DR. YA-QIN ZHANG
NON-EXECUTIVE DIRECTOR
Appointed: 1 January 2021
Nationality: Chinese

Skills and experience:
Ya-Qin is a world-renowned technologist, scientist and entrepreneur with a particular understanding of the changing consumer technology landscape in China. He was President of Baidu Inc., the global internet services and AI company headquartered in Beijing, between 2014 and 2019. Prior to joining Baidu, he held several positions during his 16-year tenure at Microsoft, both in the United States and China, including Corporate Vice President and Chairman of Microsoft China. Ya-Qin is currently a Non-Executive Director of Fortescue Metals Group, AsiaInfo Technologies Limited and ChinaSoft International Limited. He is also Chair Professor of AI Science at Tsinghua University and the founding Dean of the Institute for AI Industry Research at the same university.

External appointments:
Non-Executive Director of Fortescue Metals Group, AsiaInfo Technologies Limited and ChinaSoft International Limited; Chair Professor of AI Science at Tsinghua University and the founding Dean of the Institute for AI Industry Research at the same university; Fellow, American Academy of Arts and Sciences.

OUR EXECUTIVE COMMITTEE

The Executive Committee of WPP is responsible for leading the Company and executing its strategy. Its members lead WPP's largest operating companies and central corporate functions.

MARK READ
CHIEF EXECUTIVE OFFICER
Biography can be found on page 112.

JOHN ROGERS
CHIEF FINANCIAL OFFICER
Biography can be found on page 112.

AJAZ AHMED
CHIEF EXECUTIVE OFFICER, AKQA
Ajaz is the CEO of AKQA, which recently joined forces with Grey within AKQA Group. Recognised as a creative pioneer, AKQA has won over 60 Agency of the Year awards.

JACQUI CANNEY
CHIEF PEOPLE OFFICER
Jacqui joined WPP in 2019 from Walmart, where she served as Chief People Officer, having previously worked at Accenture. She is responsible for all elements of WPP's people strategy.

JON COOK
GLOBAL CHIEF EXECUTIVE OFFICER, VMLY&R
Jon has led VMLY&R since its formation in 2018 as WPP's new global brand and customer experience agency. He was formerly Global CEO of VML, which he joined in 1996.

MEL EDWARDS
GLOBAL CHIEF EXECUTIVE OFFICER, WUNDERMAN THOMPSON
Mel was appointed as CEO of the newly formed Wunderman Thompson in 2018, having previously been the Global CEO of Wunderman. She joined Wunderman as UK CEO in 2012.

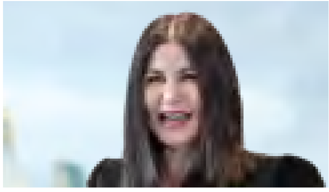
LAURENT EZEKIEL
CHIEF MARKETING & GROWTH OFFICER
Laurent became WPP's first Chief Marketing & Growth Officer in 2019. He joined from Publicis where he was President of Digitas, North America, and International and Client Leader for GSK.

RICHARD GLASSON
GLOBAL CHIEF EXECUTIVE OFFICER, HOGARTH
Richard was appointed CEO of Hogarth Worldwide in 2016, having joined the company in 2011. Prior to this he was CEO of Gyro, the B2B marketing specialist.

ANDREA HARRIS
GROUP CHIEF COUNSEL
Andrea was appointed as Group Chief Counsel in 2005 having joined WPP in 1996. Andrea is Chair of the Risk Committee and a member of the ExCo Sustainability Committee.

MICHAEL HOUSTON
GLOBAL CHIEF EXECUTIVE OFFICER, GREY

Grey is among the industry's most awarded creative agencies. Michael became CEO of Grey Group in 2017, after roles including Global President and CEO of Grey North America.



DONNA IMPERATO
GLOBAL CHIEF EXECUTIVE OFFICER, BCW (BURSON COHN & WOLFE)

Donna was appointed CEO of BCW, one of the world's largest earned-first creative communications agencies, in 2018. Before taking the helm of BCW, Donna served for 15 years as CEO of Cohn & Wolfe.

TOBY JENNER
GLOBAL CHIEF EXECUTIVE OFFICER, WAVEMAKER

Toby joined global media network Wavemaker as CEO in 2019. Previously he held senior roles with MediaCom in New York, Singapore, Sydney and lastly in London as Worldwide Chief Operating Officer.

CHRISTIAN JUHL
GLOBAL CHIEF EXECUTIVE OFFICER, GROUPM

GroupM is the world's largest media investment group and home to WPP's media agencies. Formerly Global CEO of Essence, Christian was appointed CEO of GroupM in 2019.

ANDY MAIN
WORLDWIDE CHIEF EXECUTIVE OFFICER, OGILVY

Prior to joining Ogilvy in 2020, Andy led Deloitte Digital and scaled it into a multi-billion-dollar global business. He's an entrepreneur who helped reshape the industry by making the first move by consultancies into creative services.

LINDSAY PATTISON
CHIEF CLIENT OFFICER

Lindsay became Chief Client Officer of WPP in 2018. Prior roles include Chief Transformation Officer of WPP and Global CEO of Maxus, which she joined as UK CEO in 2009.

STEPHAN PRETORIUS
CHIEF TECHNOLOGY OFFICER

Stephan was appointed as WPP's first CTO in 2018. Before that he was UK Group CEO and Global CTO of Wunderman, having joined the company in 2016.

ANDREW SCOTT
CHIEF OPERATING OFFICER

Andrew joined WPP in 1999 as Director of Corporate Development. He held a number of other senior roles including Chief Operating Officer for Europe before being appointed COO in 2018.

APPOINTMENT SINCE YEAR-END

ROB REILLY
GLOBAL CHIEF CREATIVE OFFICER

Appointed with effect from 1 May 2021

Rob was previously Global Creative Chairman of McCann Worldgroup, which was named Network of the Year by Cannes Lions and The Effies during his tenure. Before McCann he was Partner and Worldwide Chief Creative Officer at CP+B, helping it to win *Ad Age*'s Agency of the Decade.

HOW OUR BOARD ENGAGES

OUR APPROACH TO ENGAGEMENT

The success of our business is dependent upon our ability to understand and respond to the needs of the various stakeholders connected with WPP. When making decisions, our Board and its Committees consider which course of action best leads to the success of the Company over the long term, which requires an understanding of how our decisions impact these stakeholder groups.

Through open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. Decisions of the Board are taken after receiving reports from management on issues concerning our stakeholders and after discussing the potential impact of decisions on our key stakeholders, reflecting what are referred to as Section 172 factors. As a Jersey incorporated company, WPP is not subject to UK legislation. However, as a matter of good governance and in order to comply with the provisions of the 2018 UK Corporate Governance Code, the Board considers the matters described in Section 172 of the Companies Act 2006 in its decision-making.

Illustrations of how Section 172 factors have been applied by the Board can be found throughout the Strategic Report including the Covid-19 case study on page 119.

OUR ENGAGEMENT DURING 2020

Page 15 within the Strategic Report sets out our most important stakeholders and how, as a Company, we engage with these stakeholders on an operational level. The following table summarises how the Board engages with each of these stakeholder groups.

STAKEHOLDER GROUP	DIRECT BOARD ENGAGEMENT IN 2020	INDIRECT BOARD ENGAGEMENT
SHAREHOLDERS Our shareholders provide capital to invest in the business. Shareholders benefit from the Board acting in the best interests of the Company and investors for long-term value generation.	The Capital Markets Day in December 2020 enabled WPP's shareholders to hear from the Chief Executive Officer, Chief Financial Officer and Chief People Officer about the strategy for growth and plans for capital allocation and to share their views directly through the interactive webinar. The Chairman and Executive Directors met regularly with institutional investors to discuss the business and to respond to any concerns. The Committee Chairs met with major shareholders to discuss matters within their remit, such as targets for the performance measures in the 2020 Executive Performance Share Plan. A webcast hosted by the Chairman and Chief Executive Officer followed the 2020 AGM, where shareholders had the opportunity to submit questions.	Feedback to the Board on investor views, particularly from the Chairman, Chief Executive Officer and Chief Financial Officer. Reports to the Board detailing investor relations activities, key themes of interest from investors and share register composition and movements. Analyst and broker briefings and reports of meetings with major shareholders. Investor perception study conducted, which detailed how investors view the Company, its investment proposition and future prospects.
CLIENTS AND SUPPLIERS Our clients come from businesses across every sector. The work we do for clients provides our revenue and helps them to grow their businesses, build relationships with their customers and ready themselves for future success. Our suppliers range from small businesses to the world's largest technology partners. They provide us with the products and services we need to meet our clients' needs.	Engaged with clients on issues including strategy, changes taking place in our market and understanding the changes taking place in our clients' and suppliers' markets. Through our Chief Executive Officer, engaged with suppliers in joint product development, skills development and joint go-to-market programmes.	Received updates on WPP's client satisfaction scores. Received reports from operating companies, which included updates on customers, in particular how customer relationships were being managed in response to the Covid-19 pandemic. Received reports from the Chief Executive Officer on the impact of the Covid-19 pandemic on clients and the Group's response. Received updates on the supplier onboarding process, including the addition of workforce diversity and carbon reduction metrics.

OUR ENGAGEMENT DURING 2020 CONTINUED

STAKEHOLDER GROUP	DIRECT BOARD ENGAGEMENT IN 2020	INDIRECT BOARD ENGAGEMENT
GOVERNMENTS AND REGULATORS Governments receive the tax contributions we make to public finances, enabling them to invest in public services. Governments and regulators determine the policy frameworks that impact us and our stakeholders.	As a listed global company, engagement with listing authorities and financial regulators. The Chief Executive Officer met regularly with government representatives and regulators around the world. Approved WPP's Modern Slavery Act Statement. Responded to government consultations, such as the Parker Review.	Reports to the Board and its Committees on regulatory changes from the Group Chief Counsel, Global Corporate Affairs Director and Group Company Secretary.
PEOPLE We depend on the talent, creativity and technology skills of our people. And we want our employees to embrace our purpose, culture and values. In return, our people receive salaries, pension contributions, employee benefits, career development and training.	Cindy Rose, our Workforce Engagement Non-Executive Director, attended meetings of the Workforce Advisory Panel (WAP) and updated the Board on matters discussed. Wellbeing initiatives were introduced in response to issues raised at forums such as the WAP. For more detail see page 48. The Chief Executive Officer hosted 28 virtual townhalls, which gave him the chance to speak to people directly and to hear from attendees in return. The Chief Executive Officer hosted a global webcast with Tom Ilube to discuss championing greater diversity within our agencies and work. Board engagement with senior managers at the Board Strategy Day.	Formal reports to the Board from the Chief Executive Officer and Chief People Officer included: – In-depth reviews of the people strategy, people risk and workforce engagement – The impact of the Covid-19 pandemic on our people and actions being taken to support them – Progress on diversity & inclusion initiatives – Actions taken to address employee feedback Endorsed the establishment of WPP's first Global Inclusion Council to deliver on our diversity, equity and inclusion commitments. Reports at each Audit Committee meeting were received on issues raised via 'Right to Speak' channels.
PLANET We are committed to responsible and sustainable business practices. We take steps to optimise our own environmental impact, but recognise that our greatest contribution to the planet is through our work with clients, which can shift attitudes and change behaviours to build a sustainable future and a more inclusive society.	The Board undertook deep dives on a range of environmental, social and governance (ESG) topics, including the development of a Company-wide net zero carbon strategy. For more detail see page 68. The Board approved the change of the Company's purpose to include reference to "planet". The Board and Sustainability Committee reviewed climate-related risks and opportunities as part of its review and approval of WPP's Task Force on Climate-related Financial Disclosures statement on page 216.	Reports to the Sustainability Committee included updates on: – Progress on WPP's single-use plastics commitment – Performance against sustainability KPIs including renewable energy, carbon reduction and waste management – the development of a company-wide net zero carbon strategy
COMMUNITIES We can help boost the impact of charities and non-governmental organisations by providing marketing and creative services, often on a pro bono basis, enabling them to raise awareness and funds, recruit members, and achieve campaign objectives. We believe, and so do many of our stakeholders, that acting responsibly is both the right thing to do and in our long-term interests.	Chief Executive Officer visit to a WPP Foundation School in India. The Board endorsed the commitment to spend $30 million over three years to fund inclusion programmes within WPP and support external organisations. To read more about how we are investing in our communities, please see page 74.	Reports from the Chief Executive Officer received on the Group's response to Covid-19, including delivering public awareness campaigns. The Sustainability Committee oversaw the work on the new sustainability strategy and the progress made on establishing Group-wide sustainability targets tied to the WPP purpose statement. Reports to the Sustainability Committee included updates on performance against KPIs including donations and pro bono work. Updates received from the business on elements of the Group's operations which impact the wider community, including the Group's tax strategy.

ENGAGEMENT IN ACTION

The Board had an active oversight role in WPP's response to the Covid-19 pandemic.

For more information on how we played our part in responding to Covid-19 please see wpp.com/featured/how-wpp-is-responding-to-covid-19

OUR RESPONSE TO THE COVID-19 PANDEMIC

PEOPLE

An early decision was made to put in place a global policy of managed remote working, and the Company significantly increased its investment in employee support services, with a particular focus on mental health and wellbeing.

A comprehensive programme of internal communications and engagement ensured a regular flow of information from the centre of WPP as well as from the agencies that employ our people directly. Our CEO hosted 28 virtual townhalls during the year, giving people the opportunity to ask questions and raise issues, and the Company the chance to take the pulse of the organisation. The Board received regular updates on workforce communications.

CLIENTS AND SUPPLIERS

WPP worked with our clients to help them get back to business, adapt their marketing strategies at speed and reshape their operations. We worked with 76 of our top 100 clients on ecommerce during 2020.

For more information about how WPP has served our clients in a challenging year, please turn to page 38.

SHAREHOLDERS

Covid-19 has required the Board to balance the long-term consequences of decisions and the shorter-term requirements for operational resilience. As a result, the Board took the decision to suspend the Kantar share buyback scheme and final dividend for 2019, costs were reduced substantially and leaders – including the Board and Executive Committee – volunteered to take a 20% cut in their fees or salary for a three-month period.

The unique nature of the Covid-19 pandemic brought logistical challenges for interacting with shareholders. To protect and keep our shareholders and people safe and in line with the advice from the UK Government, it was not possible for shareholders to attend our AGM. However, shareholders were able to submit questions to the Chairman and CEO at the shareholder presentation webcast following the closed AGM.

GOVERNMENTS, REGULATORS AND COMMUNITIES

We continued to work with governments, commercial clients, NGOs and international health bodies to produce public awareness campaigns to help limit the spread and impact of Covid-19.

WPP supported the World Health Organization (WHO) globally and regionally on a pro bono basis, leveraging the scale and expertise of our agencies to help the WHO reach the public with its vital communications promoting social distancing and good hygiene. More recently, the Ogilvy Consulting team has been advising WHO and UNICEF in the United States on the behavioural science of health communications, with a focus on vaccine hesitancy and the importance of customised messages which take into account specific world views and cultural filters.

WPP did not consider it appropriate to make use of the UK Government furlough scheme.

DIVISION OF RESPONSIBILITIES

The WPP Board is committed to ensuring there is a strong and effective system of corporate governance in place to support the successful execution of the Company's strategy.

GOVERNANCE MODEL

THE BOARD

- Responsible for the overall long-term success of WPP and for setting the Company's purpose, values and culture and strategic direction
- Oversees the implementation of appropriate risk assessment processes to identify and mitigate WPP's principal risks
- Responsible for corporate governance
- Oversees the execution of the strategy and responsible for the overall financial performance of the Group

The Matters Reserved for the Board are available on our website, wpp.com

CHAIRMAN

- Responsible for Board governance principles, including setting the Board agenda and ensuring the Board receives timely and accurate information
- Ensures all Directors are enabled to play their full part in Board activities
- Represents the Board in discussions with shareholders and other stakeholders

CHIEF EXECUTIVE OFFICER

- Responsible for the day-to-day leadership of the Group, representing the Company to clients, suppliers, governments and employees
- Develops the strategic direction for consideration by the Board
- Sets the tone at the top with regard to culture and values
- Ensures there are effective processes for engaging with and listening to employees and other stakeholders

NON-EXECUTIVE DIRECTORS

- Bring an external perspective to support and challenge the performance of management
- Assist in developing the Company's strategy and offer specialist advice to management based on their particular skills and experience

SENIOR INDEPENDENT DIRECTOR

- Provides a sounding board for the Chairman and acts as an intermediary for the other Directors
- Meets with the Non-Executive Directors (without the Chairman present) when necessary and at least once a year to appraise the Chairman's performance and communicates the results to the Chairman

COMPANY SECRETARY

- Ensures the Board operates in accordance with the corporate governance framework and that there are good information flows between the Board and Committees
- Advises the Board on matters of corporate governance
- Supports the Board's development through organising training and induction programmes
- Supports the Board and Committee Chairs with annual agenda planning

BOARD COMMITTEES

NOMINATION AND GOVERNANCE COMMITTEE
- Reviews the size, skills, diversity, experience and composition of the Board
- Leads the process for Director appointments and Director and senior management succession planning
- Oversees general governance matters, including the ongoing suitability of the governance framework

Read more on page 126

AUDIT COMMITTEE
- Monitors the integrity of the Financial Statements
- Provides oversight of internal controls and risk management
- Manages the relationship with the external auditor, including making recommendations to the Board and shareholders in relation to the appointment and re-appointment of the external auditor

Read more on page 128

COMPENSATION COMMITTEE
- Sets, reviews and recommends the policy on remuneration of the Chairman, executives and senior management team
- Monitors the implementation of the Compensation Policy

Read more on page 134

SUSTAINABILITY COMMITTEE
- Supports the Board in its oversight of corporate responsibility, sustainability and reputational matters
- Reviews and monitors implementation of the Company's sustainability strategy
- Reviews policy statements on environmental and social matters

Read more on page 133

EXECUTIVE COMMITTEES

EXECUTIVE COMMITTEE
Assists the Chief Executive Officer in discharging his responsibilities and is collectively responsible for implementing strategy, ensuring consistent execution and embedding the Company's culture and values.

DISCLOSURE COMMITTEE
An executive Disclosure Committee responsible for overseeing the accuracy and timeliness of Group disclosures and reviewing controls and procedures in relation to the public disclosure of financial information.

RISK COMMITTEE
An executive Risk Committee, which assists the Board and Audit Committee in discharging its responsibilities by reviewing, monitoring and advising on the design and implementation of WPP's compliance framework, compliance policies and procedures and risks that present themselves throughout WPP.

BOARD ACTIVITIES

The key areas of focus considered by the Board during 2020 are set out below.

The Board recognises the importance of considering the perspectives of, and the potential impact on, the Company's key stakeholders in its discussions. Its responsibilities are discharged through an annual programme of meetings, each of which follows a tailored agenda. A typical Board meeting will comprise reports on operational and financial performance, progress on strategy, people updates and a deep-dive into a particular ESG topic.

	MATTERS CONSIDERED
PERFORMANCE	– Received regular updates on the Group's financial performance including to assess the impact of the Covid-19 pandemic – Actions taken to maintain the Company's strong liquidity position included suspension of the share buyback and cancelling the 2019 final dividend – Reviewed the Company's financial results, earnings guidance, investor materials and related announcements – Considered performance against the 2019-2020 budget and agreed on the 2020-2021 budget – Confirmation of the viability statement and going concern
STRATEGY & PURPOSE	– Undertook an investor perception study to ascertain how investors view the Company, its investment proposition and future prospects – Board strategy meeting to consider the end-to-end strategy and to align around the vision and future prospects of the Company over the next 3 to 5 years – Capital Markets Day held to update investors on the Company's strategy for growth, plans for capital allocation and new medium-term financial targets, including the announcement of a new dividend policy – Approved a revised purpose statement to demonstrate the growing importance of sustainability and to deliver value for shareholders and broader stakeholders – Received presentations from the agencies on their work to support WPP's strategy – M&A activities, including the acquisition of the remaining shares in WPP AUNZ Limited and the merger of Finsbury, The Glover Park Group and Hering Schuppener to form Finsbury Glover Hering – Simplification activities, including bringing together AKQA and Grey and Geometry moving into VMLY&R
PEOPLE & CULTURE	– Prioritised people matters throughout the Covid-19 pandemic, receiving insights from the leadership team through their continuous engagement with people – Received regular updates from the Chief People Officer on talent, succession planning and employee engagement, with a particular focus on driving greater diversity and inclusion in terms of gender and ethnicity, data and insights – Received regular updates from the designated NED on the Workforce Advisory Panel – Considered how the people strategy would enable the overall business strategy – Announced a set of commitments and actions to advance racial equity
GOVERNANCE & COMPLIANCE	– Received reports from Board Committees and the external auditor – Reviewed and approved the 2019 Annual Report, Form 20-F and Sustainability Report – Reviewed the 2020 Modern Slavery Act Statement and approved it for publication on the Company website – Reviewed Annual General Meeting arrangements to consider the impact of Covid-19 and approved the 2020 Notice of Annual General Meeting – Considered the output of the Board performance evaluation. For more details see page 125. – Continued focus on the Board's composition, diversity and succession plans, resulting in the appointment of new Non-Executive Directors and Board Committee membership changes – Reviewed the risk management and internal controls across the Group. In-depth reviews of internal controls over financial reporting, with a focus on remediation of material weaknesses. For more details see page 130. – Carried out a robust assessment of the principal risks and uncertainties affecting the Group and the markets we operate in and strategic risk reviews including cyber and information security

COMPOSITION, SUCCESSION AND EVALUATION

BOARD ATTENDANCE TABLE: 2020

	Board	Audit Committee	Compensation Committee	Nomination and Governance Committee	Sustainability Committee
Total number of scheduled meetings	6	8	3	4	4
Members	Attended	Attended	Attended	Attended	Attended
Roberto Quarta	6		3	4	
Mark Read	6				
John Rogers – *appointed on 3 February 2020*	6				
Angela Ahrendts DBE – *appointed on 1 July 2020*	3(3)				
Jacques Aigrain	6	8	3		
Sandrine Dufour – *appointed on 3 February 2020*	6	8			
Tarek Farahat	6	8			
Tom Ilube CBE – *appointed on 5 October 2020*	2(2)				
Cindy Rose OBE	6	8			
Nicole Seligman	6		3	4	
Sally Susman	6			4	4
Keith Weed	6				4
Jasmine Whitbread	6		3		4
Former Directors who served for part of the year					
Sir John Hood – *retired on 10 June 2020*	3(3)		2(2)		
Daniela Riccardi – *retired on 10 June 2020*	3(3)			3(3)	
Paul Richardson – *retired on 1 May 2020*	2(2)				
Solomon D. (Sol) Trujillo – *retired on 10 June 2020*	3(3)	5(5)			
Number of ad hoc meetings	7	1	8	2	2

For Directors who served for part of the year, the numbers in brackets denote the number of meetings the Directors were eligible to attend.

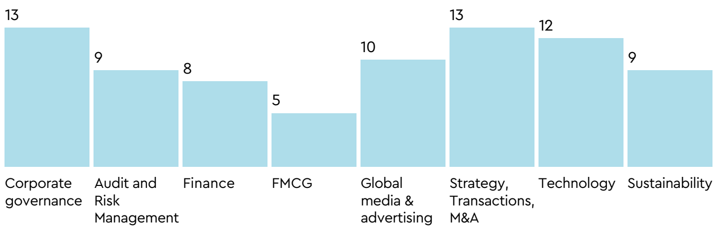
BOARD COMPOSITION

As at the date of this report, our Board comprised 11 independent Non-Executive Directors, the Chairman and two Executive Directors. The aim is to ensure the balance of the Board reflects the needs of the Company, is culturally diverse and is able to consider matters from a broad perspective, understanding the views of all our stakeholders. Each individual Board member brings a wide range of skills and experience from different business backgrounds to Board deliberations. Further details, including the external appointments held by Board members and their Committee membership, can be found on pages 112-114. Further detail on the responsibilities of the Chair and members of the Board can be found on pages 120-121.

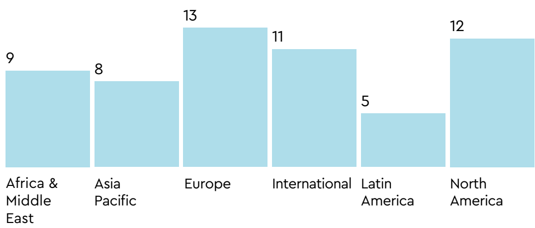
The chart opposite details those skills and experience of our Board which are identified as being particularly important to the execution of the Company's strategy.

OUR BOARD – A DIVERSE MIX OF SKILLS, EXPERIENCE AND KNOWLEDGE*

SKILLS



GEOGRAPHICAL EXPERIENCE



* Information as at 31 December 2020.

DIVERSITY

WPP believes that diversity and difference of thought, gender, background and outlook, leads to more rewarding and successful workplaces and the same principle applies to the composition of our Board. The Board has a diverse range of experience by way of expertise, business sector background and length of tenure on the Board. Our Non-Executive Directors demonstrate expertise from a range of industries including tech, marketing, financial services, FMCG and pharma, representative of our customer base. The chart on page 123 illustrates the range of skills across the Board, with the new appointments in 2020-2021 bringing additional expertise in technology, transformation and finance.

The Board's Diversity Policy, which is available on our website, wpp.com, reinforces the Board's ongoing commitment to all aspects of diversity and supports the principles of the Hampton-Alexander and Parker reviews on gender and ethnic diversity. We are pleased to confirm that as at the date of this report, we met both diversity targets as women represented 43% of the Board (46% as at 31 December 2020) and three Directors are from an ethnic minority background. The 2020 Hampton-Alexander Review of FTSE Women Leaders placed WPP at 10th in the FTSE 100. Our ambition for Board gender diversity is to reach parity.

Diversity, equity and inclusion is also integrated across workforce policy and the Board is provided with regular updates covering a range of metrics and measures, including trends around gender and ethnic diversity.

For more information on gender diversity in executive leadership roles see page 47.

RE-ELECTION OF DIRECTORS

The Chair, Senior Independent Director and Non-Executive Directors are appointed for a three-year term, subject to annual re-election by the shareholders at the AGM. With only specific exceptions to ensure Board continuity, Non-Executive Directors shall not stand for re-election after they have served for the period of their independence, as determined by applicable UK and United States standards, which is nine years. With the exception of Angela Ahrendts, Tom Ilube and Dr. Zhang who are standing for election for the first time, all Directors will stand for re-election at the AGM with the support of the Board. The Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

INDUCTION PROGRAMME

To ensure that they are able to effectively contribute to discussion and decision-making, all Directors participate in an induction programme on joining the Board. Each induction programme is tailored to the individual Director, based on their personal experience and background, including matters specific to their role as a member of the Committees upon which they sit.

Each induction programme includes meetings with members of the Executive Committee, senior management and external advisors including the external auditor and the Company's corporate brokers. New Directors will also receive a Board induction pack, which is devised to assist with building an understanding of the Company and to introduce the Company's key stakeholders, as well as explain the commercial and regulatory environment in which the Company operates.

CASE STUDY: DIRECTOR INDUCTIONS DURING THE COVID-19 PANDEMIC

Angela Ahrendts and Tom Ilube joined the Board in July and October respectively. Typically, induction programmes would include visits to operating companies in different markets and face-to-face meetings; however most meetings were held virtually in 2020 due to Covid-19 travel and meeting restrictions.

While virtual meetings expanded the scope of interactions possible across the Company, our new Directors look forward to continuing their induction programmes with site visits, and meeting clients and employees once Covid-19 restrictions are lifted.

KEY AREAS OF FOCUS

MEETINGS
Meetings with Board members and the Executive management team, including WPP's operating company leaders and country managers in key markets

STAKEHOLDERS
Stakeholder perceptions and key issues raised by, for example, investors, regulators and industry groups were explained by our investor relations and sustainability teams, as well as the Company's external advisors

BRIEFINGS
Briefing sessions on the financial structure and organisation, key financial metrics, principal risks and the Company's internal control framework were provided by the Chief Financial Officer, the Group Chief Counsel and the Group's external auditor

CORPORATE GOVERNANCE
The Group Company Secretary provided advice on corporate governance matters, including duties and responsibilities as a director of a listed company. Training and development requirements were identified as part of the induction

BOARD TRAINING AND DEVELOPMENT

To assist the Board in undertaking its responsibilities, ongoing training is provided to all Directors and training needs are assessed as part of the induction programme and Board evaluation process. In 2020, the Board programme included regular presentations from the management teams of our businesses on developments in our sector and our operating environment, particularly focused on the impact of Covid-19 and action being taken to respond to changing and new opportunities and risks. At the Board strategy meeting in October, members of the senior management team together with the Board, had an opportunity to review WPP's strategy for growth, operating model and data and technology approach. The Group Chief Counsel and the Group Company Secretary provide updates on current legal and governance matters relevant to WPP. The Board activities schedule on page 122 sets out further detail on topics covered during the year. The Board also completed a programme of mandatory training covering WPP's Code of Conduct and Business Ethics.

All Directors have access to the advice and services of the Group Chief Counsel and the Group Company Secretary. The Board also obtains advice from professional advisors, as and when required, and Directors may, as required, obtain external advice at the expense of the Company.

TIME COMMITMENT

In addition to attending Board and Committee meetings, each of the Non-Executive Directors devotes sufficient time to the Company to ensure that their responsibilities are met effectively. When making new appointments, the Board takes into account other demands on Directors' time. Prior to appointment, significant commitments are disclosed by Directors to the Board. Any additional external appointments are not undertaken by any of the Directors without prior approval from the Board.

INDEMNIFICATION OF DIRECTORS

Liability insurance and third-party indemnity provisions are in force for the benefit of directors and officers who held office during the year and up to the approval of the Annual Report.

BOARD EVALUATION

Each year, WPP completes a review of the Board and its Committees to monitor their effectiveness and identify improvement opportunities. Progress against the outcomes of the 2019 evaluation conducted by Nicole Seligman, Senior Independent Director, are set out in the table shown to the right.

2020 BOARD EVALUATION

The 2020 evaluation was internally facilitated by the Senior Independent Director. The review comprised a questionnaire and discussions with each member of the Board based around a number of themes, including performance and strategy, the evolution of WPP's purpose, sustainability strategy and the wider stakeholder engagement approach.

The output of the 2020 review was that the Board is operating effectively, with strong support for the quality of the relationships between the Chairman, the Senior Independent Director, Non-Executive Directors and the Executive. Good progress was also acknowledged to have been made in the year to further enhance the skills and experience on the Board and Committees. The Board continues to be positively engaged with the strategic process and transformation plan.

KEY RECOMMENDATIONS FOR 2020	WHAT WE HAVE DONE IN 2020
TRANSFORMATION AND SIMPLIFICATION Continued focus on domain knowledge for the Board and new members, understanding the evolving landscape and process of transformation	The Board strategy meeting was an opportunity for in-depth discussions on strategy for growth, operating model and data and technology approach. Simplification of the Group structure and improving integrated service offering is ongoing.
FOCUS ON THE RISK FRAMEWORK Continued focus on risk and risk appetite, enterprise resilience, business integrity and culture and the controls framework from the Board and its Committees	The Board continued its focus on risk management and reviewing the effectiveness of the Company's approach to risk management and the internal control framework
BOARD MODUS OPERANDI Ensuring the Board continues to evolve how it functions, its skills mix and how it engages with stakeholders	Board refreshment continued in 2020. Read more about our new Directors on page 109 and how they engaged with shareholders and other key stakeholders on pages 117-119

Key areas of focus in 2021 will be:

- **Sustainability and ESG:** build further on WPP's sustainability strategy and commitment to ESG matters, with ongoing dialogue with stakeholders to gather valuable insights into sustainability risks and opportunities, for our Company.
- **Strategy:** maintain momentum on the execution of the strategy, monitor effectiveness and keep stakeholders informed of progress.
- **Risk Framework:** continue to focus on the effectiveness of the Company's approach to risk management and system of internal controls, as well as monitoring future risks and challenges across businesses and markets.
- Consider **organisation of meetings** post Covid-19 to create opportunities again and time for discussion and renewed exposure to senior management and key stakeholders.

REVIEW OF CHAIRMAN'S PERFORMANCE

The Senior Independent Director met with the Non-Executive Directors during the year to appraise the performance of the Chairman.

2021 EVALUATION

In accordance with the Code requirements, it is expected that the 2021 evaluation will be externally facilitated as part of the three-year cycle.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Committee members
- Roberto Quarta (Chair)
- Nicole Seligman
- Sally Susman
- Tom Ilube (appointed 1 January 2021)

The Company Secretary is Secretary to the Committee and attends all meetings.

Key responsibilities:
- Reviewing the composition of the Board including the balance of skills, knowledge, experience and diversity
- In conjunction with the Board, considering succession planning for Non-Executive Directors, Executive Directors and senior management
- Making recommendations to the Board for the appointment or reappointment of Directors
- Considering other significant commitments of prospective directors and reviewing the external commitments of Directors
- Monitoring external governance developments and bringing any issues to the attention of the Board

Attendance at Committee meetings during the year can be found on page 123.

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS

STEP 1 Engage with search consultancy and provide them with a search specification

STEP 2 Shortlisting candidates by Committee

STEP 3 Interview process with Committee members and Chief Executive Officer

STEP 4 Recommendation to the Board on the chosen candidate

STEP 5 Appointment terms drafted and agreed with the selected candidate

ROBERTO QUARTA
CHAIR OF THE NOMINATION AND GOVERNANCE COMMITTEE

DEAR SHAREHOLDER

As Chair of the Nomination and Governance Committee, I am pleased to present the Committee's 2020 report.

Board composition and succession to support the next phase of the Company's strategy continued to be a key area of focus this year. In addition to John Rogers and Sandrine Dufour joining the Board in February (John Rogers took over as CFO in May 2020), we were delighted to welcome two new Directors in 2020 – Angela Ahrendts and Tom Ilube, who joined as independent Non-Executive Directors in June and October respectively. The Board was further enhanced with the appointment of Dr. Zhang who joined as a Non-Executive Director in January 2021. These appointments support the Committee's priority to diversify the Board and bring different perspectives to discussions, reflective of our stakeholders and the markets in which we operate.

The Committee also considered the findings of the 2020 Board evaluation and I am pleased that the review concluded that the Board is operating effectively.

Lastly, the Committee continued to review action taken to comply with the Code and other legal, governance and regulatory obligations during the year.

I should like to thank the other Committee members for their dedication throughout the year and the sections that follow provide more detail on the work undertaken by the Committee during the year.

Roberto Quarta
Chair of the Nomination and Governance Committee
29 April 2021

BOARD AND COMMITTEE CHANGES

As noted in last year's report, three of our long-standing Non-Executive Directors, Sol Trujillo, Sir John Hood and Daniela Riccardi stepped down from the Board prior to the 2020 AGM.

During the year, the Committee took the opportunity to review the composition and membership of the Board Committees. Jasmine Whitbread succeeded Sir John Hood as Chair of the Compensation Committee following the AGM and effective 1 January 2021; Angela Ahrendts joined the Sustainability Committee; Sandrine Dufour joined the Compensation Committee; and Tom Ilube joined the Audit Committee and the Nomination and Governance Committee. Tom Ilube also joined the Compensation Committee in February 2021, together with Cindy Rose.

SUCCESSION PLANNING

Succession planning continued to be a key focus and the Committee took an approach looking out over several years. The Committee reviewed the composition of the Board and its Committees to ensure strong alignment with the strategic priorities. In 2020, the Committee identified the need to enhance the Board with Non-Executive Directors with a strong degree of financial literacy, experience of working in technology industries, and knowledge and experience of the China market. These attributes were underlined by the commitment to continue to build greater diversity on the Board. The Board also considered emergency succession planning in response to the Covid-19 pandemic.

Russell Reynolds, who are independent of the Company and all the Directors, assisted the Committee during the search process for new Non-Executive Directors. The Committee considered a list of potential candidates for each role and took into account the balance of skills, knowledge, independence, diversity and experience of the Board, together with an assessment of the time commitment expected. The preferred candidates met with the Chairman and other members of the Committee, following which the Committee recommended to the Board the appointments of Angela Ahrendts, Tom Ilube and Dr. Zhang.

Angela Ahrendts, Tom Ilube and Dr Zhang will stand for election at the AGM. All other Directors will stand for re-election.

The Committee supported the Board on succession plans for management and Executive Committee members to ensure a diverse pipeline of potential successors to support the transformation plan.

ASSESSMENT OF INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Committee assessed the independence of all the Non-Executive Directors pursuant to the Code and concluded that all are considered independent and continue to make independent contributions and effectively challenge management. We were satisfied with the contributions and time commitment of all the Non-Executive Directors during the year.

Effective 31 March 2021, Jasmine Whitbread was appointed as a director and Chair of Travis Perkins plc, of which John Rogers is also a Non-Executive Director. As Jasmine consistently demonstrates independence of thought and challenge, the Board has determined this cross-directorship does not affect its assessment of her independence.

CONFLICTS OF INTEREST

The Committee and the Board are satisfied that the external commitments of the Non-Executive Directors and of me, your Chairman, do not conflict with our duties and commitments as Directors of the Company, and that each Non-Executive Director is able to dedicate sufficient time to the Company's affairs.

Directors have a duty to avoid a situation in which they have, or may have a direct or indirect interest that conflicts, or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company. Our Directors must: report any changes to their commitments to the Board; immediately notify the Company of actual or potential conflicts or a change in circumstances relating to an existing authorisation; and complete an annual conflicts questionnaire. Any conflicts or potential conflicts identified are considered and, as appropriate, authorised by the Board in accordance with the Company's Articles of Association. A register of authorised conflicts is also reviewed periodically.

During the financial year, no actual or potential conflicts were identified.

BOARD EVALUATION

The Committee considered the findings of the 2020 Board evaluation. Further details on the process and output is set out on page 125.

The performance of the Committee was also considered as part of the evaluation process, which concluded that the Committee is operating effectively and has successfully managed the changes to the Board and its Committees to ensure greater diversity and an enhanced mix of skills and expertise.

GOVERNANCE

The Committee has responsibility for overseeing the effective governance of the Board and its Committees and for making recommendations to the Board to ensure arrangements are consistent with emerging best practice. During the year, the Committee undertook a review of its terms of reference and recommended various changes to the Board for approval.

The Committee also reviewed the composition and make-up of the Board Committees as detailed above.

WORKFORCE ENGAGEMENT

In order to apply the requirements of the UK Corporate Governance Code that relate to workforce engagement, WPP has established a Workforce Advisory Panel (WAP) and appointed Cindy Rose as the designated Non-Executive Director. Cindy attends the WAP meetings and presents updates on issues discussed at Board meetings throughout the year and shares feedback from the Board with the WAP on matters considered. Issues raised at the WAP which were then discussed by the Board included employee wellbeing and burnout due to Covid-19, diversity and inclusion and future working environments post Covid-19.

The Chief Executive Officer and the Chief People Officer provided frequent People updates to the Board, including results on the various employee engagement and belonging surveys undertaken through the year. For more information on actions taken in response to employee feedback, please see page 46.

In addition, templates and guidance for Board and Committee presentations were altered in order to support the Board and Committees' consideration of employee and other stakeholder views when making decisions.

FOCUS FOR 2021

During the course of the next year, the Committee will continue to monitor its compliance with the Code and, in conjunction with the Board, review succession plans in order to further enhance the cultural diversity and skills balance across the business.

TERMS OF REFERENCE

The Committee's terms of reference are adopted by the Board and reviewed annually by the Committee, most recently on 9 December 2020. A copy of the Committee's terms of reference is available on the Company's website at wpp.com/investors/corporate-governance

AUDIT COMMITTEE REPORT

Committee members
- Jacques Aigrain (Chair)
- Sandrine Dufour (appointed 3 February 2020)
- Tarek Farahat
- Cindy Rose
- Tom Ilube (appointed 1 January 2021)

The Company Secretary is Secretary to the Committee and attends all meetings.

The entire Board is invited to attend the Committee meetings and typically the Chairman of the Board and the Senior Independent Director attend.

Other regular attendees include the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Group Chief Counsel, the Group Chief Accountant, the Global Director Risk and Controls, General Counsel Corporate Risk, the Director of Internal Audit, and the external auditor.

The Board has designated the Committee Chair as the Committee's financial expert as defined by the Sarbanes-Oxley Act 2002 and, together with Sandrine Dufour and Tarek Farahat, as having recent and relevant financial experience for the purposes of the 2018 UK Corporate Governance Code. Both are determined to be independent within the meaning of the Securities Exchange Act 1934, as amended. The Committee has, as a whole, competence relevant to the sectors in which the Company operates.

Key responsibilities
- Monitoring the integrity of financial information provided to shareholders, including the review of significant financial reporting judgements
- Reviewing the integrity, adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management systems, including the risk management framework and related compliance activities
- Monitoring and reviewing the Group's internal audit function
- Reviewing the selection and appointment of the external auditor
- Reviewing the effectiveness of the external audit process and reviewing and monitoring the independence and objectivity of the external auditor

Attendance at Committee meetings during the year can be found on page 123.

JACQUES AIGRAIN
CHAIR OF THE AUDIT COMMITTEE

DEAR SHAREHOLDER

As Chair of the Audit Committee, I am pleased to present the Committee's 2020 report. In the following pages of this report, we have set out an overview of the activities undertaken or overseen by the Committee during the year.

In 2020, the Committee continued to fulfil its important oversight role, monitoring the integrity of the Group's financial reporting and the effectiveness of internal control and risk management systems on which it has reported to the Board. The delivery of the Committee's responsibilities during a period of considerable uncertainty arising from the Covid-19 pandemic has been more important than ever to help demonstrate the effectiveness of the Company's strategy to its stakeholders.

Key areas of focus for the Committee in 2020 included:

- monitoring the impact of Covid-19 on the financial resilience of the business, including carrying out additional reviews on goodwill impairment and providing a recommendation to the Board to cancel the 2019 final dividend and suspend the share buyback programme;
- monitoring the role of the newly established Risk and Controls Group and its objectives to strengthen the Internal Financial Controls Framework, particularly focused on Sarbanes-Oxley Act compliance, and developing controls relating to risks identified in the Risk Appetite Framework;
- in-depth reviews of the Group's internal controls over financial reporting, particularly in relation to the material weaknesses identified, which are detailed on page 130.
- ongoing monitoring of the business integrity programme, including oversight of whistleblower reports;
- assessing the effectiveness of WPP's IT Covid-19 response, including IT and cyber security; and
- continuing to engage with the Internal Audit plan and monitoring progress.

Other reviews undertaken in 2020 by the Committee included:

- Group tax strategy, performance and drivers of the Group's effective tax rate;
- reports on any actual or potential material litigation; and
- Group Treasury performance and risk management.

The annual Board effectiveness evaluation assessed the performance of the Committee and I am pleased that this concluded that we operate effectively and the Board takes reassurance from the quality of our work. The Board is satisfied that the Committee members bring a wide range and depth of financial and commercial experience and all members have recent and relevant financial experience.

The composition of the Committee has been further strengthened by the appointment of Tom Ilube who became a member on 1 January 2021.

John Rogers joined as Chief Financial Officer during the year and has kept the Committee updated on initiatives he is leading on, including finance transformation and simplification.

And finally, I would like to thank the other members of the Committee, together with management, for their support during the year and I look forward to continuing our work in 2021. The sections that follow provide a more detailed explanation of the work of the Committee undertaken during the year.

Jacques Aigrain
Chair of the Audit Committee
29 April 2021

FINANCIAL REPORTING

The Committee is responsible for reviewing the quarterly, half yearly and annual financial results, including the Annual Report, with management, focusing on the integrity of the financial reporting process, compliance with relevant legal and financial reporting standards and application of accounting policies and judgements.

During the year, the Committee considered management's application of key accounting policies, compliance with disclosure requirements and information presented on significant matters of judgement to ensure the adequacy, clarity and completeness of half yearly and annual financial results announcements. The Committee undertook a detailed review before recommending to the Board that the Company continues to adopt the going concern basis in preparing the annual financial statements.

The Committee also reviewed various materials to support the statements in the Annual Report on risk management and internal control and the assessment of the Group's long-term viability – see page 94 for more details.

FAIR, BALANCED AND UNDERSTANDABLE

To support the Board's confirmation that the Annual Report and Accounts, taken as a whole, is considered to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy, the Committee oversaw the process by which the Annual Report and Accounts were prepared.

The Committee received a summary of the approach taken by management in the preparation of the Annual Report and Accounts, and considered in particular the accuracy, integrity and consistency of the messages conveyed in the Annual Report; the appropriateness of the level of detail in the narrative reporting; and that a balance had been sought between describing potential challenges and opportunities.

The Committee therefore recommended to the Board (which the Board subsequently approved) that, taken as a whole, the 2020 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

INTERNAL AUDIT

The Internal Audit team provides independent assurance over the Company's risk management and internal controls processes via internal audits and the testing programme for the Sarbanes-Oxley Act. The Internal Audit team has unrestricted access to all Group documentation, premises, functions and employees to enable it to perform its work. The Committee Chair met regularly with the Director of Internal Audit during the year without executive management present.

The annual internal audit plan, including the list of units for internal audit review, was approved by the Committee and progress against the plan was monitored throughout the year. There was particular focus on how the plan would be completed due to site and system restrictions as a result of Covid-19. This was largely addressed through reviews being completed remotely. Significant issues identified within internal audit reports were discussed in detail by the Committee along with the remediation plans to resolve them.

In March 2021, the Committee approved the appointment of Phil Gerrard as Director of Internal Audit, in succession to Paul Stanley who will retire later in the year. The Committee also considered the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the principal risks and controls throughout the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for setting the Company's risk appetite and for ensuring there is effective risk management. The Committee supports the Board in the management of risk and, in 2020, was responsible for monitoring and reviewing the effectiveness of the Company's approach to risk management and the internal control framework.

Under the overall supervision of the Committee, the WPP Risk Committee, an executive committee supported by Risk Committees in each network, assesses emerging and principal risks and oversees and manages day-to-day risk in the business. The General Counsel, Corporate Risk provides regular updates to the Committee on risk matters including emerging risks, adherence to the Company's business integrity programme (including mitigating and remediation actions) and the monitoring and evolution of the Company's four risk modules: governance, culture, appetite and management.

An overview of how our risks are assessed and managed and how these were reviewed to assess the Group's viability can be found on pages 90-94 together with an assessment of the principal risks and uncertainties facing the Group on pages 95-101.

In fulfilling its responsibilities, the Committee received reports throughout 2020 to enable evaluation of the control environment and risk management framework.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Committee carried out in-depth reviews of the Group's internal controls over financial reporting, with a focus on monitoring, remediation of material weaknesses and compliance with Section 404 of the Sarbanes-Oxley Act. The following paragraphs outline the approach taken by management in relation to the remediation of material weaknesses, which the Committee oversaw and continues to monitor.

In response to the material weakness identified in 2019 relating to the control over the discount rate methodology used in impairment testing, management has enhanced its risk assessment of the impairment assessment process and has changed the approach to determining inputs with respect to the discount rates used in impairment assessments and has established a more comprehensive review process over inputs and the overall discount rate methodology. Management has also engaged an independent valuation specialist to assist as an integral part of the input determination process on an ongoing basis and implemented additional validation controls.

In respect of the years ended 31 December 2019, 2018 and 2017, and for each of the interim half year periods ended 30 June 2020 and 2019, material weaknesses were identified relating to the application of IAS 32 and IAS 39, which resulted in material misstatements. The Company filed a Form 20-F/A and Form 6-K/A with the SEC on 12 February 2021 restating the relevant Financial Statements to correct the identified misstatements. The Board determined these errors resulted from material weaknesses in its internal control over financial reporting as at 31 December 2019 and the Group concluded that its internal control over financial reporting was not effective. Management is committed to remediating the identified material weaknesses in a timely manner, with appropriate oversight from the Audit Committee. As part of the remediation, management is undertaking a series of steps to complete a comprehensive review and remediation of our controls and procedures and has engaged outside advisors to assist with this. In addition to the comprehensive retrospective reviews of the Company's controls, management is implementing enhanced periodic controls including to identify and evaluate amended or clarified accounting standards, or new guidance with respect to accounting standards, as well as controls surrounding the verification of critical accounting judgments, including those most likely to be impacted by amendments to or clarifications of accounting standards we have adopted. Management is also re-reviewing our hedging relationships and the associated documentation and analysing the application of hedge accounting to all other financial instruments to which such accounting treatment is being applied. Management has updated the design of our controls to verify the nature and existence of contemporaneous hedge documentation in accordance with IAS 39. Each material weakness will not be considered fully remediated until all aspects of the applicable remediation plan for that material weakness have been implemented and such controls operate for a sufficient period of time to allow management to conclude, through testing, that these controls are operating effectively. The Committee continues to monitor the progress of the remediation.

BUSINESS INTEGRITY

During the year, the Committee reviewed the adherence to, and evolution of, the business integrity programme. The Group has established procedures by which all employees may, in confidence (and, if they wish, anonymously) report any concerns and more information on this can be found on page 92. The Committee received regular updates on the Company's systems and controls for ethical behaviour, which included matters reported on the Group's Right to Speak helpline and investigations and actions undertaken in response. The Committee received regular reports on the total number and nature of reports from whistleblowers and investigations by region and by network both for substantiated and unsubstantiated cases. During the year the Committee was satisfied that the Right to Speak helpline arrangements are effective and facilitate the proportionate and independent investigation of reported matters and allow appropriate follow-up action.

TERMS OF REFERENCE

The Committee's terms of reference are adopted by the Board and reviewed annually by the Committee, most recently on 4 February 2021. A copy of the Committee's terms of reference is available on the Company's website at wpp.com/investors/corporate-governance

EXTERNAL AUDITOR

The Committee has primary responsibility for overseeing the relationship with the external auditor, including assessing its performance, effectiveness and independence annually prior to making a recommendation to the Board in respect of its reappointment or removal.

Deloitte was appointed external auditor of the Company in 2002 and, as defined by the transitional arrangements for competitive tender, they are not permitted to be reappointed as the Company's auditor after the 2023 fiscal year-end. An audit tender process has been initiated with a view to the selected firm auditing the financial statements for the financial year ending 31 December 2024. The tender process will be overseen by the Committee and is expected to conclude later this year.

The Company has complied with the Competition and Markets Authority's Statutory Audit Services Order 2014 for the financial year under review in respect to audit tendering and the provision of non-audit services.

EFFECTIVENESS AND INDEPENDENCE OF THE EXTERNAL AUDITOR

In 2020, the Committee evaluated the effectiveness of the external audit process through its ongoing review of the external audit planning process and discussions with key members of the Group's finance team.

The Committee also considered:

- a report from Deloitte confirming it maintains appropriate internal safeguards in line with applicable professional standards to remain independent, and mitigation actions to safeguard Deloitte's independence such as the operation of the non-audit services policy and the tenure of the lead audit partner (Robert Topley was appointed in 2019); and
- the Financial Reporting Council's (FRC) Audit Quality Review Inspection Report on the audit of the Company's Financial Statements for the year ended 31 December 2019. As the report was close to completion at the time the material misstatements (as detailed on page 130) were identified, the FRC has advised it will review separately Deloitte's audit of the areas giving rise to the material misstatements identified and therefore did not provide an assessment of the overall quality of Deloitte's audit work. The report from the FRC highlighted three areas which the FRC considered to be good practice and contained no key findings. One "other finding" was included in the report which the Audit Committee is satisfied did not affect the effectiveness of the external audit.

Deloitte attended all Committee meetings in 2020 and met at least once without executive management present.

Overall therefore, the Committee concluded that:

- it continues to be satisfied with the performance of the external auditor and with the policies and procedures in place to maintain its objectivity and independence; and
- Deloitte possesses the skills and experience required to fulfil its duties, there was constructive challenge where necessary to ensure balanced reporting and that the audit for the year ended 31 December 2020 was effective.

APPOINTMENT OF EXTERNAL AUDITOR AT GENERAL MEETING

The Committee has recommended to the Board that Deloitte should be reappointed as auditor. Resolutions will be put to the 2021 Annual General Meeting proposing the re-appointment of Deloitte and to authorise the Audit Committee to determine the auditor's remuneration.

NON-AUDIT SERVICES

To preserve objectivity and independence, Deloitte is not asked to provide other services unless it is in the best interests of the Company, in accordance with the Non-Audit Services Policy that sets out the circumstances and financial limits within which Deloitte is permitted to provide certain non-audit services.

All fees are summarised periodically for the Committee to assess the aggregate value of non-audit fees against audit fees. During the year, Deloitte received £29.3 million in fees for work relating to the audit services it provides the Group. Non-audit related work undertaken by Deloitte amounted to fees of £1,243,000 this year, which amounted to 4.2% of the total audit fees paid.

AUDIT/NON-AUDIT SERVICES
£m

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

Key accounting judgements made by management were reported to and examined by the Committee and discussed with management and Deloitte. The Committee considered the following significant financial reporting judgements in relation to the financial statements:

AREA OF FOCUS	ACTIONS TAKEN/CONCLUSION
Headline profit Judgements relating to headline profit.	The Committee considered the judgement applied by management in calculating headline profit, in order to present an alternative picture of performance by excluding significant, non-recurring or volatile items otherwise included in the reportable figures.
Impact of Covid-19	The Committee considered the impact of Covid-19 on accounting judgements relating to goodwill, debtor and other financial asset provisions under IFRS 9, leases and going concern.
Goodwill impairments Judgements in relation to goodwill impairment testing.	The Committee challenged the appropriateness of the assumptions used by management in the goodwill impairment assessment model, with a particular focus on the discount rate and growth assumptions.
Leases	The Committee reviewed the judgements made by management in the application of IFRS 16 Leases and was satisfied that these were appropriate.
Liabilities in respect of put options and earnouts The accuracy of the calculation of the fair value of liabilities in respect of put options and earnouts.	The Committee considered management's calculations of the fair value of liabilities in respect of put option agreements and payments due to vendors (earnout agreements), including the forecasts, growth rates and discount rates used in these calculations. The Committee was satisfied that liabilities for potential future earnout payments have been accounted for appropriately.
Investments The valuations of non-controlled investments.	The Committee examined management's valuations, based on forecasts, recent third-party investment, external transactions and/or other available information such as industry valuation multiples. The Committee considered Deloitte's testing of the valuations and agreed that the valuations were appropriate based on the information available to the Group.
Debtors and other financial assets Expected credit losses under IFRS 9 Financial Instruments.	The Committee reviewed the judgements made by management in their assessment of expected credit losses of financial assets under IFRS 9. The Committee concluded that the level of provisions was appropriate.
Remuneration Accounting for the judgemental elements of remuneration.	The Committee reviewed the assumptions applied by management in relation to judgemental elements of remuneration, including pensions, bonus accrual, severances and share-based payments and agreed that these are reasonable.
Taxation The judgements made in respect of tax.	The Group Tax Director presented to the Committee in December 2020. The Committee considered management's assumptions, in particular in relation to the level of central tax provisions, and believes that the level of central tax provisions is reasonable.
Going concern The going concern assessment and viability statement.	The Committee reviewed the scenarios modelled by management given the uncertainty caused by Covid-19 and the cost mitigation actions available to management. The Committee assessed management's view that the likelihood of declines of over 30% of revenue less pass-through costs compared to 2020 was remote. The Committee has considered and concurs with management's going concern, viability and forecasting assumptions, as set out on page 94.
Restructuring and transformation costs Recognition of restructuring and transformation costs.	The Committee reviewed management's key accounting judgements and procedures relating to restructuring and transformation costs, including associated property impairment charges. The Committee was satisfied with the quantum of costs recognised in 2020 and the presentation of such costs in the Financial Statements.

SUSTAINABILITY COMMITTEE REPORT

Committee members in 2020
- Sally Susman (Co-Chair)
- Keith Weed (Co-Chair)
- Angela Ahrendts (appointed 1 January 2021)
- Jasmine Whitbread

Regular attendees include the Chief Executive Officer, the Chief Financial Officer, the Chief People Officer, the Director of Sustainability, the Global Corporate Affairs Director, the Senior Independent Director and the Group Chief Counsel.

The Company Secretary is Secretary to the Committee and attends all meetings.

Key responsibilities
- Understanding the sustainability risks and opportunities for the Company
- Assisting the Board in its oversight of corporate responsibility, sustainability and reputation matters taking into account the Company's purpose, strategy and culture
- Assessing the Company's current sustainability footprint, reviewing sustainability targets and commitments and materiality

Attendance at Committee meetings during the year can be found on page 123.

SALLY SUSMAN
CO-CHAIR OF THE SUSTAINABILITY COMMITTEE

KEITH WEED CBE
CO-CHAIR OF THE SUSTAINABILITY COMMITTEE

DEAR SHAREHOLDER

As the Co-Chairs of the Sustainability Committee, we are pleased to present the Committee's 2020 report.

The challenges created by the Covid-19 pandemic, racial unrest, political division, and climate-related disasters around the globe have accelerated focus on environmental, social and governance (ESG) matters and sustainability, with significant risks and opportunities for our business and our clients.

The Committee was formed in December 2019 to give increased focus on sustainability for the Board and the Company, to strive to meet the expectations of our stakeholders as well as to ensure we are managing our risks and taking advantage of the opportunities.

In its inaugural year, the Committee first identified what was material in forming WPP's sustainability strategy, with an in-depth review of sustainability workstreams in January. The Committee also reviewed WPP's sustainability assessment.

SUSTAINABILITY FRAMEWORK

The focus for the Board and the Group in 2020 has been the development of a new sustainability strategy for WPP, set out on pages 68-69. In July, the Sustainability Committee discussed a sustainability framework with workstreams focused on environmental reset, social impact and governance. The framework was designed to deliver a new sustainability objective and targets for the Company. The Committee reviewed progress against these workstreams in December. Critical to this programme of work has been a sustainability audit across 21 markets to establish a "baseline" of ESG performance across the Company.

CLIMATE CHANGE

Recognising the growing urgency of the climate crisis, and as part of the Company's sustainability strategy review, WPP revised its purpose to include the word "planet". The Committee had regular in-depth progress reviews as the Company built an inventory of its value chain emissions (scope 1, 2 and 3). The sustainability section on pages 68-69 sets out the Company's new commitment to reach net zero emissions across its value chain by 2030, an ambition which will be underpinned by science-based targets in 2021.

LAUNCH OF SUSTAINABILITY STRATEGY

In December, our attention turned to the launch of WPP's sustainability strategy. The Committee will continue to monitor sustainability KPIs to measure delivery against the Company's strategy and targets, and supporting management's engagement strategy on sustainability.

We would like to thank the members of the Committee and the management team for their continued commitment throughout the year and look forward to continuing our work in 2021.

Sally Susman **Keith Weed**
Co-Chairs of the Sustainability Committee
29 April 2021

COMPENSATION COMMITTEE REPORT

Committee members
- Jasmine Whitbread (Chair)
- Jacques Aigrain
- Sandrine Dufour (appointed on 1 January 2021)
- Tom Ilube (appointed on 5 February 2021)
- Roberto Quarta
- Cindy Rose (appointed on 5 February 2021)
- Nicole Seligman

Attendees
Other attendees at the Committee meetings were:
- Chief Executive Officer
- Chief Financial Officer
- Chief People Officer
- Global Reward and Performance Director
- Company Secretary
- Committee advisor (Willis Towers Watson)

The Chief Executive Officer and Chief Financial Officer are not present when matters relating to their own compensation or contracts are discussed and decided.

Key responsibilities
- Setting the Compensation Policy and the terms and conditions for the Chairman of the Board, Executive Committee and Company Secretary
- Designing and monitoring incentive arrangements including setting targets and assessing performance
- Maintaining an active dialogue with shareholders and ensuring WPP practice aligns with corporate governance standards

"THE IMPACT OF COVID-19 ON OUR BUSINESS, OUR PEOPLE AND ON THE WIDER STAKEHOLDER GROUP HAS BEEN A KEY CONSIDERATION FOR THE COMPENSATION DECISIONS MADE DURING THE YEAR."

Jasmine Whitbread
Chair of the
Compensation Committee

To learn more see wpp.com/about/corporate-governance

JASMINE WHITBREAD
Chair of the Compensation Committee

DEAR SHAREHOLDER

On behalf of the WPP Board, I am pleased to present the Compensation Committee report for the financial year ended 31 December 2020. In the report, I include my introductory letter and At a Glance summary of compensation, an overview of the Directors' Compensation Policy approved by shareholders at the 2020 AGM and the Annual Report on Compensation setting out the implementation of the Policy in 2020. The Report also sets out the proposed implementation for 2021.

COVID-19 CONTEXT

This has been an exceptionally difficult year with the Covid-19 pandemic presenting unprecedented challenges for all our stakeholders.

Revenues were significantly impacted during the year, particularly in the second quarter, as clients reduced their spending. Significant cost savings offset the majority of revenue decline and headline operating profit was down 1.5 margin points on the prior year.

The Committee has been impressed by the resilience shown by our people who continued to service clients with agility and collaboration, helping them shape their response to the pandemic and earning improved client satisfaction scores across the year, as well as achieving material client wins for WPP against the backdrop of tough competition. The ongoing simplification of our business, integration of our capabilities, and investment in creativity and technology meant we were well placed to deliver a resilient business performance.

The wellbeing of our people has been front and centre throughout this year. The vast majority of our workforce has been successfully working from home throughout the pandemic, continuing to deliver for clients and for our business. This was underpinned by increased investment in our wellbeing programme to ensure our people have the support they need, and a step up in internal communications to keep everyone connected.

Early in the year, to address uncertainty at the beginning of the pandemic, management set a cost-reduction target and implemented a series of measures to protect the business and our people. This included a reduction to travel and property costs, suspension (and subsequent cancellation) of the 2019 final dividend, a hiring freeze, the removal of salary increase budgets for 2020 as well as a voluntary 20% salary reduction for the Executive Directors and other senior management for a period of three months, extended for a fourth month for the Executive Directors. A corresponding fee reduction was implemented for the Chairman of the Board and Non-Executive Directors. Management did not consider it appropriate to make use of the UK Government furlough scheme and took limited advantage of government support measures in other jurisdictions.

In making decisions this year, the Compensation Committee considered a wide range of factors. We took into account the negative impact that Covid-19 had on the financial performance of the business, but also the resilience of the Company and how well positioned WPP has been to respond when the pandemic drove greater digital technology enablement. We took account of wider stakeholder groups' experience, in particular the cancellation of the 2019 final dividend and the impact on shareholders.

We have an exceptional leadership team in place, which has delivered performance exceeding expectations in an incredibly challenging environment. We recognise the role that compensation plays in the global competition for talent and in the retention and incentivisation of the leadership team to deliver a demanding plan for growth and value creation.

COMPENSATION IN 2020

STIP 2020

Due to the impact of Covid-19 on the financial performance of WPP, the financial component will not pay out. In an exceptional year, when leadership not only delivered a resilient performance with an agile response to the crisis, but also remained focused on progressing the transformation agenda, the Committee considered whether the non-financial measures should still be assessed. However, taking the wider stakeholder group into account, the decision was made not to make an award under the short-term incentive plan (STIP) for 2020.

A reduced STIP pool has been made available for the wider workforce to allow leaders to recognise exceptional contributions over the year.

LTIP 2016-2020

The 2016 Executive Performance Share Plan (EPSP) award completed its five-year performance period on 31 December 2020. This is a performance share plan that measures performance against three metrics: relative total shareholder return (TSR), return on equity (ROE) and earnings per share (EPS). The Committee has used its discretion to adjust the ROE to ensure management does not benefit from goodwill impairments made during the year. Following this adjustment, ROE performance fell below threshold levels, therefore no payout in respect of ROE was earned. With respect to the remaining performance measures, EPS performance was below threshold and the TSR component of the award achieved a threshold level of performance. This resulted in an overall total vesting of 5%.

IMPLEMENTING THE NEW DIRECTORS' COMPENSATION POLICY

We were pleased to receive strong shareholder support for our updated Directors' Compensation Policy at the 2020 AGM. This policy included a restructured Executive Performance Share Plan (EPSP) with reduced normal grant values and metrics more closely aligned to WPP strategy, using return on invested capital (ROIC) and adjusted free cash flow (AFCF) together with relative TSR to measure performance.

Due to uncertainty around the impact of Covid-19, at the suggestion of some of our shareholders, we took the unusual step of delaying target setting and therefore not setting out the financial targets for ROIC and AFCF in the 2019 Compensation Committee Report.

Instead, we waited until we had greater clarity in relation to the financial outlook and consulted our key shareholders in relation to the existing landscape, the definitions of the measures, the targets and the value of 2020 awards.

During the consultation, it was acknowledged that the impact of the pandemic meant in-flight LTIPs and STIP have a limited retention or incentivisation effect and going forward this needed to be addressed. It was further recognised in respect of the proposed 2020 award that, to achieve vesting at the upper end of the scale, management would need to deliver strong performance against stretching targets creating long-term value for shareholders. The Committee carefully considered the views expressed, including the suggestion to include full commentary on the context in this report. The awards were subsequently made at the new reduced Policy normal levels (350% for the Chief Executive Officer and 300% for the Chief Financial Officer).

The Committee is mindful of recent investor guidance regarding windfall gains. The Committee has the discretion to adjust the formulaic outcome of the award to ensure that vesting reflects underlying Company performance and value creation for shareholders.

BOARD CHANGES

As previously announced, Paul Richardson stepped down from the Board and his position as Group Finance Director with effect from 1 May 2020. Paul was treated in line with the Directors' Compensation Policy and therefore received his base salary, benefits cash allowance and pension up to the date of his retirement, and a payment relating to outstanding annual leave. He was not eligible to receive a 2020 short-term incentive and was treated as a good leaver for the purposes of his outstanding share awards (see page 142).

Paul was succeeded by John Rogers, who joined on 27 January 2020 and was appointed to the Board on 3 February 2020. John was appointed on a competitive salary package and received buy-out awards in line with the approved Directors' Compensation Policy. Detail is disclosed in this report.

LOOKING FORWARD TO 2021

2020 was a year that highlighted the inequalities in our society, particularly those faced by Black citizens throughout the world. We have made a series of commitments to tackle racism and invest in Black talent, alongside goals to improve gender diversity at senior leadership levels. Progress in these areas requires accountability throughout the business, but particularly at a leadership level. We have, therefore, included diversity, equity and inclusion (DE&I) goals in our incentive plans for senior executives from 2021 onwards.

CONCLUSION

I would like to thank the leadership team for making an exceptional contribution in an extraordinary year, while forgoing compensation and benefits at the same time. Furthermore, I would like to express my thanks to Committee members who have given generously of their time in what has been a particularly demanding year, and also to the key investors for their insight and contributions during our consultations. I believe that the decisions taken this year have been balanced, fair and in the long-term interests of all stakeholders.

Jasmine Whitbread
Chair of the
Compensation Committee
29 April 2021

COMPENSATION AT A GLANCE

IMPACT OF COVID-19 ON EXECUTIVE COMPENSATION

The impact of Covid-19 on our people, our business and on the wider stakeholder group has been a key determinant in many of the Committee's decisions. The table below summarises the decisions made by the Committee during the year in the context of the pandemic.

ELEMENT OF COMPENSATION	COMMITTEE DECISION	RATIONALE
2020 salary	**Review** The CEO's salary has not been reviewed since appointment in September 2018 and was due for review in 2020. This review has been postponed to 2021.	– The Committee considered the employee and shareholder experience, including our focus on cost reduction, the postponement of salary increases for all employees, the suspension (and subsequent cancellation) of the 2019 dividend, and the associated performance of our share price. In light of these factors, the Committee took the decision to postpone the CEO's salary review to ensure alignment with the wider employee and stakeholder group.
	Temporary salary reduction Base salaries for the CEO and the CFO were reduced by 20% for a period of four months, together with a reduction to the Chairman's fee. There was a corresponding reduction in fees paid to Non-Executive Directors.	– As part of a series of cost-reduction measures to protect the business and our people, the decision was made to temporarily reduce the salaries of the Executive Directors and other senior leaders.
2020 STIP	**Financial measures** Due to the impact of Covid-19 on the financial performance of WPP, the financial component of the STIP will not pay out. **Non-financial measures** Taking the wider stakeholder group into account, the decision was made not to award a STIP based on non-financial performance in 2020.	– The Committee is of the view that the Executive Directors have shown outstanding leadership during 2020 responding to the pandemic with an agility that ensured the protection of our business and our people, whilst responding to evolving client needs. The leadership team achieved some exceptional milestones in respect of progress against the strategy and have been integral in positioning the Company for growth in 2021. – However, in light of the impact of the pandemic on the business, our people and our shareholders, the Committee has made the decision not to award a STIP in respect of 2020.
Long-term incentive plan	**2016-2020 Vesting** The 2016 EPSP award vested in March 2021 at 5%.	– The Committee has used its discretion to adjust the ROE to ensure management does not benefit from goodwill impairments made during the year. Following this adjustment, ROE performance fell below threshold levels. EPS performance was below threshold and the TSR component of the award achieved a threshold level of performance. This resulted in an overall total vesting of 5% which the Committee deemed a fair reflection of financial performance against the targets set five years previously.
	2020-2022 Grant Following a consultation with shareholders in respect of the definition of the new performance measures (ROIC, AFCF and TSR), the targets and award values, the Committee made the decision to grant 2020 EPSP awards at the new reduced normal level (350% for the CEO and 300% for the CFO).	– During consultation with shareholders, we noted that existing incentives provided limited retention and the need to ensure that the 2020 award incentivised management to deliver strong performance. – The Committee considered whether any adjustment should be made to the multiple of salary taking into account the Company's share price. However, the performance measures are well aligned to strategy and our robust target-setting process ensures that the maximum end of the performance ranges represent exceptional performance and significant value for shareholders. Maximum and normal award levels under the Directors' Compensation Policy reflect a reduction compared with the previous policy and the decision was made to make awards at this level. The Committee is confident that such awards will fulfil their purpose of incentivising and retaining an exceptional management team at a crucial time for the business. – The Committee is mindful of recent investor guidance regarding windfall gains. Under our Directors' Compensation Policy, the Committee has the discretion to adjust the formulaic vesting opportunity when determining the final level of vesting, to ensure that it reflects underlying Company performance and value creation for shareholders.

ALIGNING COMPENSATION WITH STRATEGY

Performance measures are selected to align to our business strategy and include a range of financial and non-financial metrics. Non-financial metrics are measured in a scorecard with appropriate measures set based on role and accountabilities. These measures are based on four categories: Client – relating to new business and client satisfaction; People and DE&I – this will include improvements in relation to diversity as well as the delivery of our people strategy; ESG – aligned to the Company's sustainability strategy and the management of governance and controls; and Strategic priorities – in relation to our Group-wide transformation.

		STRATEGIC ELEMENTS				
	Financial measures	**Vision & offer**	**Creativity**	**Data & technology**	**Simpler structure**	**People & culture**
Short-term incentive plan (STIP)	Like-for-like headline operating profit growth	●			●	
	Headline operating profit margin	●		●	●	
	Like-for-like revenue less pass-through costs growth	●			●	
	Non financial scorecard					
	Client	●	●	●	●	●
	People and DE&I	●	●			●
	ESG				●	●
	Strategic priorities	●	●	●	●	●
Long-term incentive plan (EPSP)	Return on invested capital				●	
	Adjusted free cash flow	●			●	
	Relative TSR	●				

2020 PERFORMANCE OUTCOMES

STIP

Due to the impact of Covid-19 on the financial performance of WPP, the financial component of the STIP will not pay out. The Committee recognises the exceptional performance of both Executive Directors in delivering resilient performance in a challenging year whilst progressing the transformation agenda. However, taking account of the wider stakeholder experience, the decision was made not to award a STIP in respect of 2020 performance.

EPSP

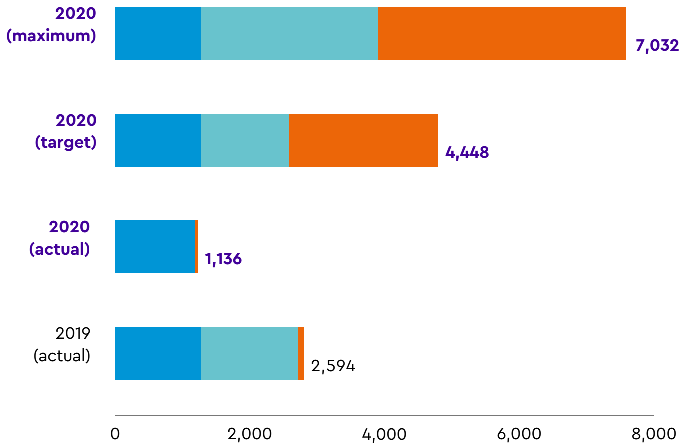
The Committee has used its discretion to adjust the ROE to ensure management does not benefit from goodwill impairments made during the year.

	WEIGHTING		Threshold (20% payable)	Maximum (100% payable)	OUTCOME ACHIEVED
Average ROE over five years	⅓	14.7%	15%	18%	0%
EPS growth over five years	⅓	-8.6%	7%	14%	0%
Relative TSR (common currency) – assessed as outperformance against set % of peer group	⅓	32%	50%	90%	15%
Relative TSR (local currency) – assessed as outperformance against set % of peer group		55%	50%	90%	
Total	100%				5%

TOTAL COMPENSATION 2020

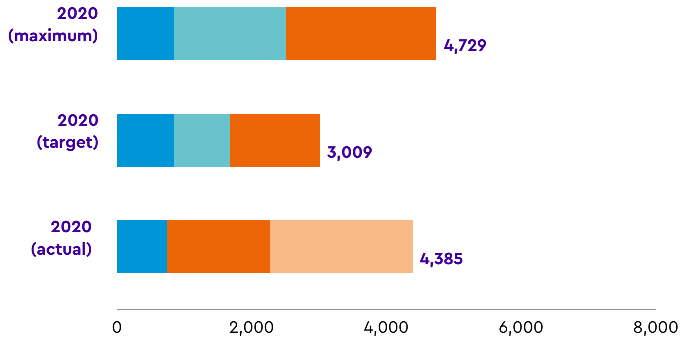
£000

Mark Read



John Rogers

Joined the Company on 27 January 2020



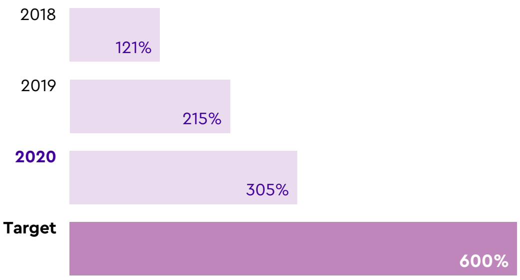
- Fixed, consisting of base salary, benefits and pension
- Short-term incentives (STIP)
- Long-term incentives (EPSP)
- Buy-out awards (see page 142)

SHAREHOLDING REQUIREMENTS

Both Mark Read and John Rogers are on target to reach their shareholding requirements within seven years of their appointment as Executive Directors, as required by the Policy. Their shareholding is shown below as a percentage of base salary.

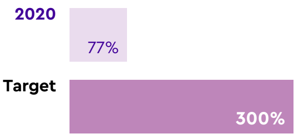
Mark Read

Appointed to the Board 3 September 2018



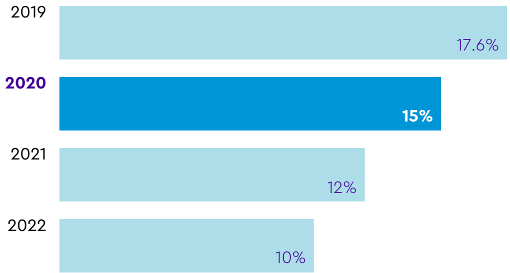
John Rogers

Appointed to the Board 3 February 2020



PENSIONS

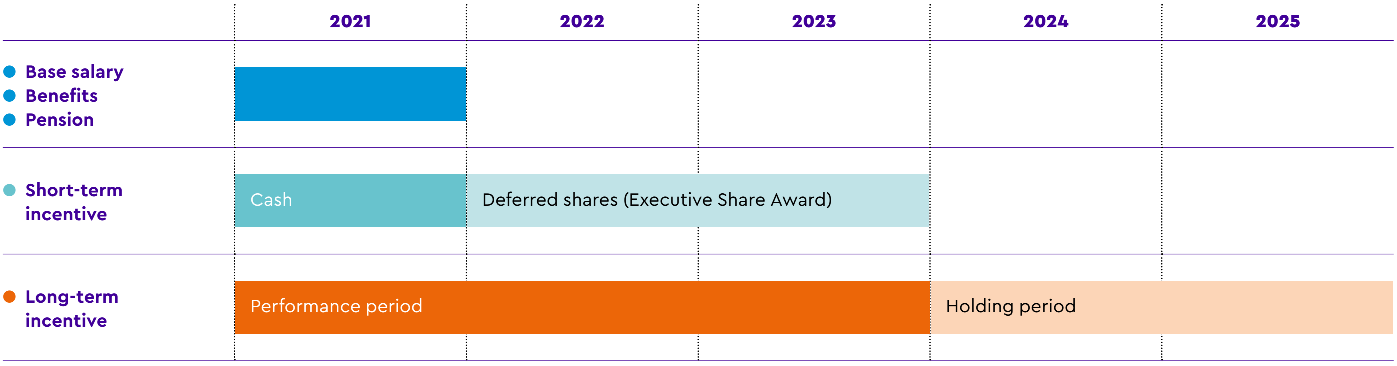
As set out in our 2019 report, Mark Read's pension contribution is being reduced to align executive pensions with the wider workforce in the UK and will be 10% of base salary by the end of the policy period. The chart below shows the contribution levels at year end throughout the policy period. John Rogers' pension contribution is already aligned at 10% of base salary.



COMPENSATION POLICY

The Directors' Compensation Policy was approved by shareholders at the 2020 AGM. The table below shows a summary of the policy and how it will be implemented for 2021. Full details of the policy can be found at pages 120-125 of the 2019 Annual Report and Accounts.

TIMELINE OF COMPENSATION ELEMENTS



FIXED ELEMENTS OF COMPENSATION

COMPONENT AND TIME HORIZON	PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	IMPLEMENTATION FOR 2021
Base salary	To maintain package competitiveness and reflect skills and experience; to enable recruitment and retention.	Base salary is typically reviewed every two years but may be reviewed annually if the Committee deems appropriate. The Committee may realign base salary over a phased period for new Board appointees who start on a lower-than-market salary. Salary levels and increases take into consideration: – Salary increases awarded across the Group – Individual performance – Levels in other companies of similar size, scope and complexity	Increases for executives will usually be aligned to the wider workforce which will reflect the performance of the Company, individual and local economic factors. Increases above the normal level may be made to take into account special circumstances such as: – Increase in the nature or scope of the role – To reflect development in a role such as in the case of an executive appointed at a below-market salary	Mark Read: £975,000 John Rogers: £740,000 Salary levels may be reviewed in 2021.
Benefits	Provide an annual fixed and non-itemised allowance to enable the executive to procure benefits to enable them to undertake their role and ensure their wellbeing and security.	The fixed annual allowance will be reviewed periodically by the Committee and any changes will be effective for the next fiscal year. The allowance is set with regard to the individual concerned and the role they undertake. Should the executive be required to move to a different country, a relocation benefit may be provided in addition to the usual benefit allowance.	The maximum benefit allowance payable is £50,000.	Mark Read: £35,000 John Rogers: £30,000
Pension	To enable provision for retirement benefits.	Pension is provided by way of contribution to a defined contribution retirement arrangement, or as a cash allowance, determined as a percentage of base salary.	Executive Director: 10% of base salary. Current: CEO – 15% of base salary reducing to 10% over the 2020-2022 Policy period. CFO – 10% of base salary.	Mark Read: 15%* John Rogers: 10% * To be reduced to 12% during 2021 as part of plans to align executive pensions with the wider workforce.

VARIABLE ELEMENTS OF COMPENSATION

COMPONENT AND TIME HORIZON	PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE	IMPLEMENTATION FOR 2021
Short-term incentive plan (STIP)	– Cash bonus – Executive Share Award (ESA) To drive the achievement of strategic priorities for the financial year and to motivate, retain and reward executives over the short and medium term. The ESA element of the incentive aligns executives with shareholder interests.	Targets are set early in the year. The Committee determines the extent to which these targets have been achieved at the end of the year based on performance. The STIP is delivered as follows: – At least 40% of the STIP pay-out is delivered in the form of conditional deferred shares (ESA) which will be released after a period of two years – The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) if it is determined that performance has been impacted by unforeseen circumstances and the outcome is not reflective of the underlying company performance – STIP is subject to the malus and clawback policy	Maximum opportunity – 250% of base salary Target opportunity – 50% of the maximum opportunity Less than the maximum opportunity may be applied to executives. Dividends will accrue on the ESA during the deferral period.	Performance measures and targets are reviewed and set annually to ensure continued strategic alignment. Financial measures may represent a minimum of 75% of the award and a maximum of 100%. Individual strategic or non-financial objectives may represent up to 25% of the award.	Mark Read: 0-250% John Rogers: 0-225% 75% financial and 25% non-financial targets
Long-term incentive plan – Executive Performance Share Plan (EPSP)	To drive the achievement of long-term strategic priorities, to aid retention and to align executive and shareholder interests over the long term.	The EPSP comprises a grant of performance share awards which will vest subject to the achievement of performance conditions. The EPSP has a performance period of three years, followed by a two-year holding period of the vested shares. The Committee has the discretion to adjust the formulaic outcome of the award to ensure that vesting reflects underlying Company performance and value creation for shareholders. EPSP is subject to the malus and clawback policy.	Maximum opportunity – 400% of base salary Less than the maximum opportunity may be applied to executives. Dividends will accrue on awards during the performance period.	Vesting of the EPSP is subject to the achievement of demanding performance targets. Performance measures are set by the Committee and may be a mix of market, financial and non-financial measures. In 2021 the measures will be relative TSR, ROIC and cumulative adjusted free cash flow (AFCF). Threshold performance will produce an award of 20% of the award granted and increase on a sliding scale to 100% for maximum performance achievement.	Mark Read: 0-350% John Rogers: 0-300%
Shareholding requirements	To align the interests of Executive Directors with shareholders. Executive Directors are required to hold 100% of their shareholding requirement for a period of one year following cessation of employment, reducing to 50% for a second year.	Executive Directors and other members of the senior management team are subject to shareholding requirements which seek to reinforce the WPP principle of alignment of management's interests with those of shareholders.	Chief Executive Officer: 600% of base salary. Chief Financial Officer: 300% of base salary. Minimum for any other new executive appointed to the Board: 200% of base salary. Executive Directors will be permitted a period of seven years from the date of their appointment to achieve the required level.	If an Executive Director fails to achieve the required levels of shareholding, the Committee will decide what remedial action or penalty is appropriate. This may involve a reduction in future share awards or requiring the Director to purchase shares in the market to meet the shareholding requirements. If the Executive Director fails to maintain their shareholding requirement post-employment, this may result in a reduction of outstanding awards.	

ANNUAL REPORT ON COMPENSATION

This section of the report sets out details of how the Directors' Compensation Policy was implemented in 2020. We start by setting out the details of the operation of the Compensation Committee and then present a summary of the 2020 Director compensation together with a summary of pay across the Group.

Payments have been made in accordance with the Directors' Compensation Policy, approved by shareholders at the 2020 AGM. The information included in this section has been audited where stated.

GOVERNANCE IN RELATION TO COMPENSATION

During 2020, there were three scheduled and eight unscheduled Compensation Committee meetings. A table of Board and Committee attendance can be found on page 123 and the detail of key activities discussed is set out below.

The Committee members have no personal financial interest (other than as a shareholder as disclosed on page 151) in the matters to be decided by the Committee, potential conflicts of interest arising from cross-directorships, or day-to-day involvement in running the Company's businesses. The terms of reference for the Compensation Committee are available on the Company's website and will be on display at the AGM, as set out in the Notice of AGM.

ADVISORS TO THE COMPENSATION COMMITTEE

The Compensation Committee regularly consults with Group executives. The Committee invites certain individuals to attend meetings, including the Chief Executive Officer and Chief Financial Officer (who are not present when matters relating to their own compensation or contracts are discussed and decided), the Company Secretary, the Chief People Officer and the Global Reward and Performance Director. The latter two individuals provide a perspective on information reviewed by the Committee and are a conduit for requests for information and analysis from the Committee's external advisors.

EXTERNAL ADVISORS

The Committee retains Willis Towers Watson (WTW) to act as independent advisors. They provide advice to the Compensation Committee and work with management on matters related to our compensation policy and practices. They are a member of the Remuneration Consultants Group and have signed the code of conduct relating to the provision of advice in the UK. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent. WTW provides limited other services at a Group level and some of our operating companies engage them as advisors at a local level. In 2020, WTW received fees of £166,265 in relation to the provision of advice to the Committee. The Committee receives external legal advice, where required, to assist it in carrying out its duties.

ACTIVITY DURING THE YEAR

The key activities of the Compensation Committee are set out below. In addition to the specific items outlined, the Committee reviews any compensation matters relating to the Executive Directors and the Executive Committee, as well as all compensation governance matters.

2020

Q1

- Determined performance outcomes for 2015-2019 EPSP and 2019 STIP
- Consideration of 2020 STIP and EPSP targets in the context of the emerging Covid-19 pandemic
- Agreement of retirement terms for the outgoing Group Finance Director
- Reviewed and approved updated terms of reference
- Reviewed and approved 2019 Compensation Committee Report

Q2

- Received an update on the compensation implications of Covid-19
- Reviewed and approved proposals to reduce salaries as a cost reduction measure at the executive and senior leadership level
- Received an update on the executive compensation landscape

Q3

- Received further updates on compensation implications of Covid-19 throughout the workforce
- Approved salary reinstatement for Executive Directors and fees for Chairman
- Consideration of ESG measures in incentives
- Reviewed and approved design concepts for 2021 incentives for the Executive Directors and Executive Committee

Q4

- Received update on the performance of inflight EPSP awards
- Considered proposed targets for delayed 2020 EPSP awards
- Shareholder consultation regarding proposed 2020 EPSP awards
- Received an update on the gender pay gap analysis and wider workforce incentives
- Finalised EPSP 2020 targets based on shareholder feedback and approved awards
- Considered TSR peer groups for 2021 EPSP awards

To learn more see wpp.com/about/corporate-governance

DIRECTOR CHANGES DURING THE YEAR

Paul Richardson retired from the Company with effect from 1 May 2020. John Rogers joined the Company as Chief Financial Officer Designate on 27 January 2020 and was appointed to the Board on 3 February 2020. Mr Rogers became Chief Financial Officer following Paul Richardson's retirement on 1 May 2020.

PAUL RICHARDSON

In line with the current Directors' Compensation Policy, Paul Richardson received his base salary, benefits cash allowance and pension up to the date of his retirement and a payment relating to outstanding annual leave, details of which are included in the single figure table on page 143. Mr Richardson was not eligible to receive a 2020 short-term incentive. He was treated as a good leaver for the purposes of his outstanding share awards. Unvested ESA awards will be reduced on a time pro-rata basis and paid on the normal vesting date. Outstanding EPSP awards will vest subject to performance at the end of the performance period and time pro-rating. Awards will be paid on the normal vesting date.

JOHN ROGERS

As announced on 1 October 2019, John Rogers' compensation package, in line with the shareholder approved Policy, consists of the following:

- Base salary of £740,000
- Annual bonus opportunity of 225%
- An award of 300% of base salary under the EPSP
- A benefits allowance of £30,000 per annum
- A cash allowance in lieu of pension of 10% of base salary

Mr Rogers also received buy-out awards to compensate for the forfeiture of incentive awards from his previous employer. The awards have been determined according to the Policy, such that the structure and value of the awards will be informed by the structure and value of those entitlements being forfeited, and the performance targets, time horizon and method of payment has been set in an appropriate manner at the discretion of the Committee:

- Awards made in cash on appointment totalling £729,707
- An award made in cash paid in May 2020 of £727,831
- Two awards made in restricted stock of £288,514 and £364,100, vesting in November 2021 and May 2021 respectively
- Two awards made in performance shares under the EPSP of £1,069,783 and £1,427,990 vesting in March 2021 and 2022 respectively. Both these awards are subject to a TSR performance condition and discretionary ROIC underpin over the respective performance periods

STATEMENT OF SHAREHOLDER VOTING

The results of the shareholder vote at the Company's 2020 AGM in respect of the 2019 Compensation Committee Report and the Directors' Compensation Policy are shown below:

Voting outcome for 2019 Compensation Committee Report (At 2020 AGM)

	VOTES FOR		VOTES AGAINST		VOTES CAST	VOTES WITHHELD
Resolution	**Number**	**%**	**Number**	**%**	**Number**	**Number**
To approve the Compensation Committee Report	874,512,819	90.72	89,440,199	9.28	963,953,018	25,281,512

Voting outcome for 2020 Compensation Policy (At 2020 AGM)

	VOTES FOR		VOTES AGAINST		VOTES CAST	VOTES WITHHELD
Resolution	**Number**	**%**	**Number**	**%**	**Number**	**Number**
To approve the Compensation Policy	885,129,086	90.76	90,096,398	9.24	975,225,484	14,009,046

EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

Single total figure of compensation

		Base salary[3] £000	Benefits £000	Pension £000	Total fixed £000	Short-term incentive £000 Cash	Deferred	Long-term incentive[4] £000	Total variable £000	Other[4,5] £000	Total annual compensation £000
Mark Read	**2020**	**910**	**36**	**158**	**1,104**	**–**	**–**	**32**	**32**	**–**	**1,136**
	2019	975	35	171	1,181	805	537	71	1,413	–	2,594
John Rogers[1]	**2020**	**643**	**30**	**64**	**737**	**–**	**–**	**1,538**	**1,538**	**2,110**	**4,385**
Paul Richardson[2]	**2020**	**282**	**25**	**62**	**369**	**–**	**–**	**105**	**105**	**242**	**716**
	2019	840	67	252	1,159	670	–	201	871	–	2,030

1 John Rogers joined the Company on 27 January 2020. His base salary and benefits reflect his time in role.
2 Paul Richardson retired effective 1 May 2020. His 2020 base salary, contractual fee for his directorship of WPP plc and benefits reflect his time in role. Paul Richardson's base salary and benefits allowance are denominated in US dollars and have been converted at an exchange rate of $1.2836 to £1. Mr Richardson was not eligible to receive an annual bonus for 2020 and his 2016 EPSP vesting has been prorated to reflect his time in role in accordance with the Directors' Compensation Policy.
3 Mark Read and John Rogers voluntarily reduced their base salary for a four-month period during the year as part of cost-reduction targets implemented during the Covid-19 pandemic.
4 John Rogers received buy-out awards to compensate for the forfeiture of incentive awards from his previous employer. This comprises cash of £1,457,538, restricted stock of £652,614 and an EPSP which vested in March 2021 based on a performance period of 1 Jan 2019 to 31 Dec 2020 with a final vesting value of £1,538,363.
5 Paul Richardson received a payment in relation to accumulated outstanding annual leave on retirement.

FIXED ELEMENTS OF COMPENSATION (AUDITED)

The Compensation Policy summaries below are from the 2020 Directors' Compensation Policy, as approved by shareholders, and represent the maximum levels applicable.

BASE SALARY

Base salary policy

Typically reviewed every two years but may be reviewed annually if the Committee deems appropriate

Salary levels and increases take into consideration:

- Salary increases awarded across the Group
- Individual performance
- Levels in other companies of similar size, scope and complexity

Increases for executives will usually be aligned to the wider workforce which will reflect the performance of the Company, individual and local economic factors

Mark Read and John Rogers voluntarily reduced their salaries by 20% for the period 1 April to 31 July 2020 as part of plans to reduce cost during the Covid-19 pandemic.

	Effective date	Annual base salary 000	Base salary received in 2020 000
Mark Read	3 September 2018	£975	**£910**
John Rogers	27 January 2020	£740	**£643**
Paul Richardson[1]	1 July 2013	$945 and £100	**£282**

1 Paul Richardson received a salary denominated in US dollars and a fee for directorship of WPP plc denominated in pounds sterling. The base salary has been converted at an exchange rate of $1.2836 to £1. Paul Richardson retired with effect from 1 May 2020. His salary and Director's fee have been prorated to reflect this.

BENEFITS

Benefits policy			
Benefits policy	Fixed, non-itemised allowance enabling executives to procure their own benefits as required	Allowance as follows: Maximum – £50,000 CEO – £35,000 CFO – £30,000	Reviewed periodically by the Committee

In addition to the allowance received, the values disclosed include the value of expenses related directly to attendance at Board meetings that would be chargeable to UK income tax. The expenses for Mark Read were £945 (£2,442 in 2019), for John Rogers were £1,641 and for Paul Richardson were £2,458 (£7,626 in 2019).

	2020 Benefits £000
Mark Read	**36**
John Rogers	**30**
Paul Richardson[1]	**25**

[1] Paul Richardson retired with effect from 1 May 2020. His benefits allowance has been pro-rated to reflect this. His allowance is denominated in US dollars and has been converted at an exchange rate of $1.2836 to £1.

PENSION

Pension policy			
Pension policy	Contribution to a defined contribution retirement arrangement, or a cash allowance	Opportunity is as follows: Executive Director – 10% of base salary Current: CEO – 15% of base salary reducing to 10% over the Policy period CFO – 10% of base salary	Only base salary is pensionable

Mark Read was awarded an allowance of 20% less employer's national insurance contribution of 13.8% resulting in a net pension contribution of 17.6%. This reduced to 15% during 2020 and will reduce to 12% in 2021 and 10% in 2022 to ensure alignment with the wider workforce by the end of 2022.

	Contractual pension (% of base salary)	2020 Pension £000
Mark Read	15	**158**
John Rogers	10	**64**
Paul Richardson[1]	30	**62**

[1] Paul Richardson's pension is denominated in US dollars and has been converted at an exchange rate of $1.2836 to £1.

SHORT-TERM INCENTIVE (AUDITED)

Short-term incentive policy				
Short-term incentive policy	Maximum opportunity – 250% of base salary Target opportunity – 50% of the maximum opportunity	Financial measures may represent a minimum of 75% of the award and a maximum of 100% Individual strategic or non-financial objectives may represent up to 25% of the award	At least 40% of the STIP payout is deferred into shares, vesting after two years	Deferred shares are subject to malus provisions Cash bonus is subject to clawback provisions

PERFORMANCE AGAINST 2020 OBJECTIVES

Due to the impact of Covid-19 on the performance of WPP and the uncertainty over future performance, the Committee determined it was not possible to set meaningful financial targets. As a result, the financial component will not pay out. The Committee considered whether the non-financial measures should be assessed and a STIP awarded. The Committee recognised the exceptional performance of both Executive Directors in delivering resilient performance in a challenging year whilst progressing the transformation agenda. However, taking the wider stakeholder group into account, the decision was made not to award a STIP in respect of 2020 performance.

SHORT-TERM INCENTIVE WEIGHTINGS AND MEASURES FOR 2021

The Committee has reviewed the performance objectives for 2021 to ensure continued alignment with Company strategy. The Group financial measures are headline operating profit growth, headline operating profit margin improvement and revenue less pass-through costs growth. Non-financial performance will be measured based on a scorecard including the following metrics: Client – relating to new business and client satisfaction; People and DE&I – this will include improvements in relation to diversity as well as the delivery of our people strategy; ESG – aligned to the Company's sustainability strategy and the management of governance and controls; and Strategic priorities – in relation to our Group-wide transformation.

The Committee is of the view that the specific targets for the STIP are commercially sensitive and it would be detrimental to the Company to disclose them in advance of, or during, the relevant performance period. To the extent targets are no longer commercially sensitive they will be disclosed at the end of the relevant performance period in that year's Annual Report, as we have done in previous years.

LONG-TERM INCENTIVES (AUDITED)

VESTING OF 2016-2020 EPSP AWARDS

Vesting of the 2016 EPSP awards was dependent on performance against three measures, all assessed over a five-year period:

- WPP's relative TSR, measured in common and local currency, against a custom group of WPP's comparators (Dentsu, Interpublic, Ipsos, Nielsen, Omnicom and Publicis – GfK and Havas were removed from the peer group as they were subject to complete acquisitions in 2017 and were listed for less than 40% of the performance period), weighted by their respective market capitalisation
- Compound annual growth in headline EPS
- Average ROE

The Committee has used its discretion to adjust the ROE to ensure management does not benefit from goodwill impairments made during the year. In aggregate, WPP's performance against the three measures resulted in an overall achievement of 5.0% of the maximum award as set out below.

Performance measure	Weighting	Threshold %	Maximum %	Actual %	% of maximum achieved
Relative TSR (common currency)	1/3	50% of weighted peer group outperformed	90% of weighted peer group outperformed	32	15.0
Relative TSR (local currency)				55	
EPS growth	1/3	7.0	14.0	-8.6	0.0
Average ROE	1/3	15.0	18.0	14.7	0.0
Total vesting (% of maximum)					5.0

	Number of shares awarded	Additional shares in respect of dividend accrual	Number of shares vesting	Share price on vesting	Value of vested 2016-2020 EPSP awards[1] 000
Mark Read	58,644	545	3,477	£9.111	**£32**
Paul Richardson[2]	41,536	333	2,132	$62.922	**$134**

1 None of the value of the vested awards is attributable to share price appreciation.
2 Paul Richardson's EPSP awards were granted in the form of ADRs. In addition to the application of the performance outcome, Paul Richardson's award was time prorated in accordance with the Plan Rules.

2020 EPSP AWARDS GRANTED

Executive Performance Share Plan (EPSP) Policy	Maximum opportunity – 400% of base salary Threshold performance will result in 20% vesting increasing on a straight line basis to 100% for maximum performance	1/3 ROIC 1/3 AFCF 1/3 TSR	Three-year performance period plus two-year holding period	Subject to malus and clawback provisions Awards accrue dividends

In 2020, the Executive Directors were granted awards under the EPSP as approved by shareholders in 2020. The performance measures are ROIC, AFCF and relative TSR. In order to set meaningful targets, an extensive target-setting process took place which had been delayed as set out in the 2019 Annual Report. This ensured targets could take account of greater clarity in relation to the financial outlook. Proposed targets were developed based on detailed medium-term financial plans and robust modelling, with reference to analyst consensus estimates. As part of the consultation with our key shareholders on the metrics and their associated definitions, we also sought input on potential targets to inform the eventual goal-setting for the awards subsequently granted.

Definition of measure	
Relative TSR	TSR performance is compared to that of five comparators: Dentsu, IPG, Omnicom, Publicis and the FTSE 100 Index. Each comparator carries an equal weighting. TSR performance is calculated both in common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.
AFCF (Adjusted free cash flow)	A cumulative AFCF for each of the three years in the performance period. Adjusted free cash flow is calculated as cash generated by operations plus dividends received from associates, interest received, investment income received, and proceeds from the issue of shares, less interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, repayment of lease liabilities (including interest), and purchases of property, plant and equipment and purchases of other intangible assets over the course of the performance period.
ROIC (Return on invested capital)	An average of the year end ROIC for each of the three years in the performance period calculated as: Headline operating profit/Invested capital Where invested capital = (Opening net assets + closing net assets)/2 + average net debt + average lease liabilities (opening lease liabilities + closing lease liabilities)/2

The table below summarises the awards granted and the performance conditions against which participants will be measured.

Awards granted in 2020	Basis and level of award (% of salary)	Number of shares awarded	Face value at date of grant[1] £000
Mark Read	350	460,464	3,413
John Rogers	300	299,554	2,220

Performance measure	Relative TSR	AFCF	ROIC
Weight	One-third	One-third	One-third
Nature	Relative to peers	Cumulative	Average
Performance zone (threshold to maximum)	Median to upper decile	£2,300m-£3,100m	11.5%-12.9%
Payout	For performance below threshold there is nil vesting. 20% vesting occurs at threshold performance, 100% vesting at maximum performance and straight-line vesting between threshold and maximum		
Performance period	1 January 2020 to 31 December 2022		
Holding period	1 January 2023 to 31 December 2024		

1 Awards were granted on 24 November 2020. Face value is calculated based on the five-day average share price preceding the date of award (£7.411).

ADDITIONAL SHARE AWARDS – BUY-OUT AWARDS

John Rogers received buy-out awards to compensate for the forfeiture of incentive awards from his previous employer. These awards were determined in accordance with the Policy and comprise cash, restricted stock and performance shares. The table below summarises the awards granted by way of restricted stock and performance shares (see page 142 and the single figure table on page 143 for further information in relation to the cash elements).

	Number of shares awarded	Face value at date of grant £000	Vesting date	Subject to performance	Performance conditions
Restricted stock award[1]	66,176	364	4 May 2021	No	–
Restricted stock award[1]	52,438	289	15 Nov 2021	No	–
EPSP award[2]	182,744	1,070	15 March 2021	Yes	Relative TSR over the 2-year period 1 Jan 2019 to 31 Dec 2020 and discretionary ROIC underpin[3]
EPSP award[2]	243,934	1,428	15 March 2022	Yes	Relative TSR over the 3-year period 1 Jan 2019 to 31 Dec 2021 and discretionary ROIC underpin[3]

1 Granted on 14 May 2020 at a share price of £5.502.
2 Granted on 14 May 2020 at a share price of £5.854.
3 The TSR peer group and calculation method is as per the terms of the 2019 EPSP award. The comparator group comprised Dentsu, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance is calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). A discretionary ROIC underpin may be applied.

The first of the EPSP awards granted to John Rogers has vested following achievement of the TSR performance measure. The Committee has the discretion to determine the extent to which the award will vest if an average ROIC of 7.5% over the performance period is not achieved.

	Weighting	Threshold (15% payable)	Maximum (100% payable)	Actual performance	Vesting
Relative TSR common currency	50%	50% of weighted peer group outperformed	90% of weighted peer group outperformed	87%	93%
Relative TSR local currency	50%			85%	89%
Average ROIC	Underpin	Average ROIC of 7.5%		8.1%	–
Total vesting (as a % of maximum)					**91%**

	Number of shares awarded	Additional shares in respect of dividend accrual	Number of shares vesting	Share price on vesting[1]	Value of vested shares[1] 000
John Rogers	182,744	2,546	168,843	£9.111	**£1,538**

1 The share price increased 55.6% between the grant and vest dates for this award. £549,956 of the total value of vested shares is attributable to share price appreciation.

EPSP MEASURES AND TARGETS FOR 2021

The table below shows the targets against which performance will be measured for the awards granted in 2021. In setting the targets the Committee took into account the exceptional working capital performance in 2020 which impacts on the adjusted free cash flow metric. The Committee considers the measures and targets set to be appropriate and challenging.

Performance measure	Relative TSR	AFCF	ROIC
Weight	One-third	One-third	One-third
Nature	Relative to peers	Cumulative	Average
Performance zone (threshold to maximum)	Median to upper decile	£2,100m-£2,900m	14.1%-15.9%
Payout	For performance below threshold there is nil vesting. 20% vesting occurs at threshold performance, 100% vesting at maximum performance and straight-line vesting between threshold and maximum		
Performance period	1 January 2021 to 31 December 2023		
Holding period	1 January 2024 to 31 December 2025		

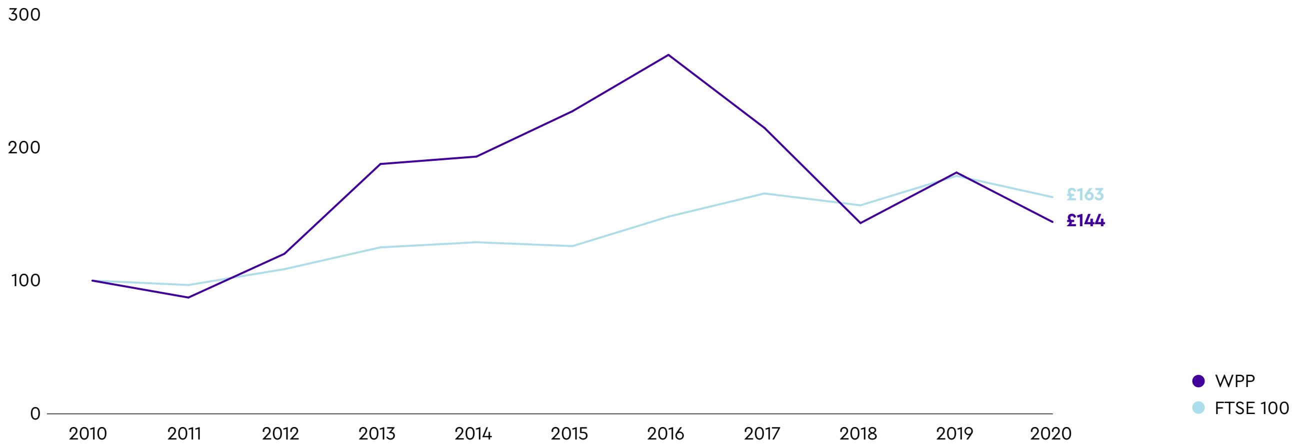
ALIGNING PAY AND PERFORMANCE

As set out in the Directors' Compensation Policy, the Committee's objective is to align variable compensation with the key strategic priorities of WPP, maximising the dynamic between pay and performance.

This dynamic is contingent upon the Committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last ten years for the CEO. With respect to 2018, the pay for both the current and previous CEO are included, as separate sets of data.

HISTORICAL TSR PERFORMANCE[1]

Value of hypothetical £100 holding



Source: S&P Capital IQ.

	2011	2012	2013	2014	2015	2016	2017	2018 MSS[5]	2018 MR[5]	2019	2020
CEO total compensation (£000)[2]	11,941	17,543	29,846	42,704	70,409	48,148	13,930	3,085	965	2,594	1,136
Year-on-year change in CEO total compensation (%)	3	47	70	43	65	(32)	(71)	(78)	n/a	169[6]	(56)
Short-term incentive award against maximum (%)	77	62	82	72	86	60	0	0	30	55	0
Long-term incentive award against maximum (%)	46	86	87	100	100	100	73	33	33	15	5
Change in annual TSR (%)[3]	(13)	38	56	3	18	19	(20)	(33)	(33)	27	(20)
Change in five-year TSR (%)[4]	13	45	241	172	135	210	96	(1)	(1)	(4)	(44)

1 Growth in the value of a hypothetical £100 holding of WPP ordinary shares over ten years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one-month average of trading day values. Source: CapIQ.
2 Calculated based on the methodology used for disclosing compensation in the single total figure of compensation table.
3 TSR calculated using a one-month trading day average, consistent with the data shown in the graph.
4 TSR calculated using a six-month averaging period, consistent with the calculation methodology under EPSP.
5 Sir Martin Sorrell (MSS) left the company on 14 April 2018; Mark Read (MR) was appointed as Chief Executive Officer from 3 September 2018.
6 Mark Read was appointed to the role of Chief Executive Officer in September 2018. The year-on-year change has been calculated based on the total compensation for this four-month period.

NON-EXECUTIVE DIRECTORS' FEES

Non-Executive Director policy

- Base fees reflect the skills, experience and time required to undertake the role
- Additional fees reflect additional time required in any additional duties for the Company
- To enable the Chairman and Non-Executive Directors to undertake their roles
- No element of pay is performance-linked

The fees due to Non-Executive Directors were reviewed and increased in 2018. The Chairman's fee was reviewed and increased effective July 2019. The fees are shown in the table below:

	£000
Chairman	**525**
Non-Executive Director	**85**
Senior Independent Director	**30**
Chair of Audit or Compensation Committee	**40**
Chair of Nomination and Governance Committee	**15**
Chair of Sustainability Committee[1]	**15**
Member of Audit or Compensation Committee	**20**
Member of Nomination and Governance Committee	**10**
Member of Sustainability Committee	**10**

1 The Sustainability Committee is currently co-chaired. Each Chair receives a £15,000 fee.

NON-EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

The single figure table below details fee payments received by the Non-Executive Directors while they held a position on the Board. During both 2019 and 2020, the Company met the cost (including national insurance and income tax, where relevant) of expenses incurred by the Non-Executive Directors in performing their duties of office, in accordance with the policy set out above.

	Fees £000		Benefits £000		Total £000	
	2020[1]	2019	**2020**	2019	**2020**	2019
Roberto Quarta[2]	**490**	500	**27**	57	**517**	557
Angela Ahrendts, appointed 1 July 2020	**41**	n/a	**0**	n/a	**41**	n/a
Jacques Aigrain	**135**	145	**2**	6	**137**	151
Sandrine Dufour, appointed 3 February 2020	**89**	n/a	**1**	n/a	**90**	n/a
Tarek Farahat	**98**	105	**0**	1	**98**	106
Sir John Hood, retired 10 June 2020	**51**	125	**3**	10	**54**	135
Tom Ilube, appointed 3 October 2020	**20**	n/a	**1**	n/a	**21**	n/a
Daniela Riccardi, retired 10 June 2020	**39**	95	**1**	1	**40**	96
Cindy Rose[3]	**98**	79	**5**	2	**103**	81
Nicole Seligman	**135**	145	**1**	0	**136**	145
Sally Susman[4]	**103**	98	**1**	0	**104**	98
Sol Trujillo, retired 10 June 2020	**43**	105	**1**	1	**44**	106
Keith Weed[3,4]	**93**	17	**5**	1	**98**	18
Jasmine Whitbread[3]	**118**	37	**5**	0	**123**	37

1 The Non-Executive Directors took a voluntary 20% reduction in fees for four months between April and July 2020.
2 The Chairman's fee was reviewed and increased effective July 2019.
3 Cindy Rose, Keith Weed and Jasmine Whitbread were appointed to the Board in 1 April 2019, 1 November 2019 and 1 September 2019 respectively.
4 Sally Susman and Keith Weed co-chair the Sustainability Committee. The Committee was set up at the end of 2019, having its first meeting in December 2019.

PAST DIRECTORS

Since his retirement from the Board, Timothy Shriver provided consultancy services advising the Company on certain client relationships until 30 June 2020. He received a payment of £77,906 in 2020 for his consultancy services.

The Compensation Committee exercised its discretion under the terms of the EPSP to make malus adjustments. It determined that the 2016 and 2017 EPSP Awards granted to Sir Martin Sorrell, the former Group Chief Executive, will lapse as a result of Sir Martin Sorrell's disclosure of confidential information belonging to WPP and certain of its clients to the media during his tenure as a WPP director.

EXECUTIVE DIRECTORS' INTERESTS (AUDITED)

Executive Directors' interests in the Company's ordinary share capital are shown in the following table. Other than as disclosed in this table, no Executive Director had any interest in any contract of significance with the Group during the year. Each Executive Director has a technical interest as an employee and potential beneficiary in shares in the Company held under the Employee Share Ownership Plan Trusts (ESOPs). More specifically, the Executive Directors have potential interests in shares related to the outstanding awards under the EPSP and outstanding ESAs. As at 31 December 2020, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 4,863,244 shares in the Company (9,219,837 in 2019).

						Shareholding requirements	
Director		Total beneficial interests	Shares without performance conditions (unvested)[1,2]	Shares with performance conditions (unvested)[3,4]	Total unvested shares	% of base salary	On track
Mark Read	At 31 December 2020	395,039	200,744	1,362,282	1,563,026	600%	✓
	At 23 April 2021[5]	466,265	137,910	1,672,916	1,810,826		
John Rogers	At 31 December 2020	75,838	118,614	726,232	844,846	300%	✓
	At 23 April 2021[5]	208,234	118,614	783,721	902,335		
Paul Richardson	At 1 May 2020	1,080,145	10,485	943,450	953,935	Subject to post-employment requirements	✓

1 For Mark Read, shares due pursuant to the 2018 and 2019 Executive Share awards and 2018 Retention awards, and for Paul Richardson, the 2018 Executive Share award. Full details of these awards can be found on pages 151 and 152. Additional dividend shares will be due on vesting.
2 As noted in footnote 1 above, less 2018 Executive Share award, which vested on 12 March 2021 (full details can be found on page 151).
3 Maximum number of shares due on vesting pursuant to the outstanding EPSP awards, full details of which can be found on page 152. Additional dividend shares will be due on vesting.
4 As noted in footnote 3 above, less the maximum due under the 2016 EPSP award, and for John Rogers a portion of his buy-out award, both of which vested on 15 March 2021 (full details can be found on pages 145 and 147), plus the 2021 EPSP granted on 28 March 2021.
5 Total beneficial interests calculated at the last practicable date for this Annual Report.

SHAREHOLDING REQUIREMENTS

As detailed in the Directors' Compensation Policy, the Executive Directors are required to achieve a minimum level of shareholding of WPP shares. The Chief Executive Officer and Chief Financial Officer are required to hold shares to the value of 600% and 300% of base salary respectively.

As at 31 December 2020, the Chief Executive Officer held shares to the value of 305% of his base salary. At the same date, the Chief Financial Officer held shares to the value of 77% of his base salary. Both Directors have seven years from the date they were appointed to their respective roles in which to reach the required level.

Paul Richardson, who retired effective 1st May 2020, held shares to the value of 740% of his base salary when he retired. He is required to maintain his shareholding requirement of at least 300% of base salary in the year following his retirement and 150% of base salary for the second year.

NON-EXECUTIVE DIRECTORS' INTERESTS (AUDITED)

Non-Executive Directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table, no Non-Executive Director had any interest in any contract of significance with the Group during the year.

Non-Executive Director	Total interests at 31 December 2020[1]	Total interests at 23 April 2021[2]
Roberto Quarta	87,500	87,500
Angela Ahrendts, appointed 1 July 2020	12,571	12,571
Jacques Aigrain	34,000	34,000
Sandrine Dufour, appointed 3 February 2020	15,000	15,000
Tarek Farahat	3,775	3,775
Sir John Hood, retired 10 June 2020	3,000	n/a
Tom Ilube, appointed 3 October 2020	–	1,000
Daniela Riccardi, retired 10 June 2020	4,100	n/a
Cindy Rose	8,000	8,000
Nicole Seligman	8,750	8,750
Sally Susman	5,000	5,000
Sol Trujillo, retired 10 June 2020	10,000	n/a
Keith Weed	5,353	5,353
Jasmine Whitbread	3,330	3,330

1 Or at date of retirement if retired during the year.
2 Total beneficial interests calculated at the last practicable date for this Annual Report.

OUTSTANDING SHARE-BASED AWARDS

EXECUTIVE SHARE AWARDS (ESAS) HELD BY EXECUTIVE DIRECTORS

All Executive Share Awards (ESAs) or Performance Share Awards (PSAs) granted under the Restricted Stock Plan and its successor, the WPP Stock Plan 2018, are made on the basis of satisfaction of previous performance conditions and are subject to continuous employment until the vesting date. Mark Read received ESA and PSA awards prior to his appointment as Executive Director. The table below shows outstanding ESAs at 31 December 2020. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of shares/ ADRs granted[2]	Face value on grant date 000[3]	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date[4]	Shares/ADR price on vesting	Value on vesting 000
Mark Read	2017 PSA	12.06.18	£12.380	38,317	£474	4,692	43,009	10.03.20	£6.681	£287
	2018 ESA	30.05.19	£9.484	62,834	£596	–	–	06.03.21	–	–
	2019 ESA	14.05.20	£5.502	97,523	£537	–	–	06.03.22	–	–
Paul Richardson[1]	2018 ESA	30.05.19	$60.060	2,847	$171	–	–	06.03.21	–	–

1 Paul Richardson's ESAs were granted in respect of ADRs.
2 Dividend shares will be due on these awards.
3 Face value has been calculated using the average closing share price for the trading day preceding the date of grant (as set out in the table).
4 The 2018 ESA vested on 12 March 2021 due to an extended close period.

OUTSTANDING SHARE-BASED AWARDS CONTINUED

LONG-TERM INCENTIVE PLANS – EXECUTIVE PERFORMANCE SHARE PLAN

The following table summarises all of the awards outstanding under the Executive Performance Share Plan.

					During 2020			
	Grant date	Performance period	Shares/ADR price on grant date	Maximum number of nil cost options over shares/ADRs awarded[2]	Options vested/(lapsed)	Additional dividend shares	Options exercised	Maximum number of nil cost options over shares/ADRs at 31 December 2020
Mark Read	28.11.16	01.01.16-31.12.20	£17.052	58,644	–	–	–	58,644
	04.12.17	01.01.17-31.12.21	£12.911	106,498	–	–	–	106,498
	06.12.18	01.01.18-31.12.22	£8.604	396,617	–	–	–	396,617
	24.09.19	01.01.19-31.12.23	£10.035	340,059	–	–	–	340,059
	24.11.20	01.01.20-31.12.22	£7.411	460,464	–	–	–	460,464
Paul Richardson[1]	28.11.16	01.01.16-31.12.20	$105.931	41,536	–	–	–	41,536
	04.12.17	01.01.17-31.12.21	$86.914	36,933	–	–	–	36,933
	06.12.18	01.01.18-31.12.22	$55.263	58,628	–	–	–	58,628
	24.09.19	01.01.19-31.12.23	$62.653	51,593	–	–	–	51,593
John Rogers	24.11.20	01.01.20-31.12.22	£7.411	299,554	–	–	–	299,554

1 Paul Richardson's EPSP awards were granted in respect of ADRs.
2 Dividend shares will be due on these awards.

Full details of the 2020 EPSP award, including performance measures and targets, can be found on page 146.

ADDITIONAL SHARE AWARDS

Mark Read received awards prior to his appointment as CEO under the management incentive plans. In addition, he received awards on his appointment as joint-COO in April 2018. While the Board decided on the appointment of the next CEO, a special one-off award was made recognising the importance and scale of the additional responsibilities that were being undertaken. Each award is subject to continuous employment and malus and clawback. The awards were made under the Restricted Stock Plan and the WPP Stock Plan 2018. John Rogers received buy-out awards to compensate for the forfeiture of incentive awards from his previous employer. See page 147 for further detail.

		Grant date	Share price on grant date	No. of shares granted[2]	Face value on grant date £000[3]	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Share price on vesting	Value on vesting £000
Mark Read	Leaders 2017	04.12.17	£13.085	11,463	150	1,600	13,063	15.11.20	£7.537	98
	Special award[1]	12.06.18	£12.380	80,774	500	4,946	45,333	01.05.20	£5.940	269
					500	–	–	01.05.21	–	–
John Rogers	2019 EPSP award	14.05.20	£5.854	182,744	1,070	–	–	15.03.21	–	–
	2019 EPSP award	14.05.20	£5.854	243,934	1,428	–	–	15.03.22	–	–
	Contractual award	14.05.20	£5.502	66,176	364	–	–	04.05.21	–	–
	Contractual award	14.05.20	£5.502	52,438	289	–	–	15.11.21	–	–

1 This award vested in three tranches – the first on 1 May 2019, the second on 1 May 2020 and the third is due to vest on 1 May 2021.
2 Dividend shares will be due on these awards.
3 Face value has been calculated using the average closing share price for the trading day preceding the date of grant (as set out in the table).

COMPENSATION IN THE WIDER CONTEXT

When setting the Directors' Compensation Policy and making decisions in relation to Executive Compensation, the Compensation Committee considers the wider workforce and the broader compensation context. The Committee places significant value on the views of employees and has facilitated the engagement with the Workforce Advisory Panel (WAP) on compensation matters at the executive level and throughout the organisation. This included the Global Reward and Performance Director's attendance at a WAP meeting to discuss how executive compensation aligns with wider Company compensation policies. Further information on the Workforce Advisory Panel can be found in the Nomination Committee report on page 127.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in total staff costs, headcount, dividends and share buybacks.

	2020	2019	% change
Total staff costs (continuing operations)	**£6,556.5m**	£7,090.6m	(7.5)
Headcount – average over year	**104,163**	132,823	(21.6)
Dividends and share buybacks	**£412.2m**	£794.3m	(48.1)

ANNUAL PERCENTAGE CHANGE IN COMPENSATION OF DIRECTORS AND EMPLOYEES

As required under the Shareholder Rights Directive, this section has been expanded compared with prior years to show the comparison of the annual change in each individual Director's pay to the annual average percentage change for employees of the head office between the year ended 31 December 2019 and 31 December 2020. Owing to changes in travel during the pandemic and changes to Board composition, values may vary significantly compared with 2019.

	Change in pay between 2019 and 2020		
	Base salary/Fees % change[1]	Benefits % change	Annual bonus % change[2]
Executive Directors			
Mark Read	(6.7)	0	(100)
John Rogers, appointed 27 July 2020	n/a	n/a	n/a
Non-Executive Directors			
Roberto Quarta	(2.0)	(51.9)	Non-Executive Directors do not receive variable compensation
Angela Ahrendts, appointed 1 July 2020	n/a	n/a	
Jacques Aigrain	(6.9)	(73.3)	
Sandrine Dufour, appointed 3 February 2020	n/a	n/a	
Tarek Farahat	(6.7)	(57.2)	
Sir John Hood, retired 10 June 2020	(59.2)	(68.4)	
Tom Ilube, appointed 3 October 2020	n/a	n/a	
Daniela Riccardi, retired 10 June 2020	(58.9)	3.8	
Cindy Rose[3]	24.1	113.8	
Nicole Seligman	(6.9)	47.2	
Sally Susman	5.1	135.3	
Sol Trujillo, retired 10 June 2020	(59.0)	(17.8)	
Keith Weed[3]	447.1	820.9	
Jasmine Whitbread[3]	218.9	1,318.1	
Average employees[4]	**1.2%**	**0%**	**23.6%**

1 The base salary/fee reductions reflect the 20% voluntary salary/fee reduction taken by the Executive and Non-Executive Directors for a period of four months.
2 The annual percentage change in bonus is calculated by reference to the bonus payable in respect of the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019 for Executive Directors, and by reference to all bonus payments received during the financial year ended 31 December 2020 in comparison to the financial year ended 31 December 2019 for Parent Company employees. Non-Executive Directors do not receive variable compensation.
3 Cindy Rose, Keith Weed and Jasmine Whitbread were appointed to the Board on 1 April 2019, 1 November 2019 and 1 September 2019 respectively.
4 Based on full-time equivalent comparisons. Average is calculated by reference to the median percentage change.

CEO PAY RATIO

The ratios shown in the table below compare the total compensation of the CEO (as shown in the single figure table on page 143) to the compensation of the median UK employee and those at the lower and upper quartile.

Year		Methodology used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2020	Total compensation	Option B	**36:1**	**24:1**	**15:1**
2019	Total compensation	Option B	79:1	55:1	34:1

Given the complexity of WPP and the number of payrolls used across the UK Group, Option B was the most appropriate methodology to use to determine the CEO pay ratio. We believe this approach provides accurate information and representation of the ratios. The latest data collected as part of gender pay reporting was used, with a snapshot date of 5 April 2020. The ratio has been computed taking into account the pay and benefits of over 10,000 UK employees, other than the role of the CEO. Where an employee works part-time, fixed pay, benefits, and any variable pay were adjusted, where appropriate, to reflect full-time equivalent compensation. The 25th, 50th and 75th percentile employees were determined based on this adjusted data and are considered to be representative. Total compensation for 2020 was calculated using single figure table methodology for these employees in order to provide a meaningful comparison with the CEO. We are satisfied that the median pay ratio is consistent with the compensation policies for our UK workforce taken as a whole and our objective of delivering market competitive pay for each role.

The salary and total pay and benefits for the 25th, 50th and 75th percentile employees are shown in the table below:

Year		Methodology used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2020	Salary	Option B	**£30,000**	**£45,000**	**£71,000**
	Total pay and benefits	Option B	**£31,800**	**£46,800**	**£73,840**
2019	Salary	Option B	£31,000	£44,739	£70,000
	Total pay and benefits	Option B	£32,636	£46,975	£77,416

The pay ratio reflects how the structure and approach to compensation changes with increased seniority and accountability within the Group and is therefore consistent with pay, reward and progression policies. The CEO's pay is significantly weighted towards performance-related pay with a focus on aligning with long-term performance and the interests of shareholders. The CEO's variable compensation for 2020 was substantially below that in 2019, whereas employee pay at the 25th, 50th and 75th percentile has remained broadly the same, resulting in a lower CEO pay ratio for the year.

SHARE-BASED COMPENSATION BELOW THE BOARD

The Company uses share-based compensation programmes to incentivise and retain employees, recruit new talent and encourage a strong ownership culture among employees. The use of the core share plans in 2020 is described below.

WPP STOCK PLAN 2018 (WSP)

The WPP Leaders, Partners and High Potential programme made awards under the WSP to about 1,600 of our key executives in 2020. Awards vest three years after grant, provided the participant is still employed within the Group. In addition, senior executives have part of their annual bonus paid in the form of executive or performance share awards that vest two years after grant.

The Executive Directors do not participate in any aspect of the WSP except for shares granted as part of the STIP. All awards granted under the WSP are subject to malus and clawback conditions.

WPP SHARE OPTION PLAN 2015

During 2020, the WPP Share Option Plan 2015 was used to make awards to over 41,000 employees. By 31 December 2020, options under this plan, and its predecessor, the Worldwide Ownership Plan, had been granted to approximately 196,000 employees over 100 million shares since March 1997.

While the Share Option Plan provides the authority to make executive option awards, in addition to all employee awards, no awards were granted in 2020. The Executive Directors do not participate in this plan.

SHARE INCENTIVE DILUTION FOR 2010 TO 2020

The share incentive dilution level, measured on a ten-year rolling basis, was at 2.8% at 31 December 2020 (2019: 3.3%). It is intended that awards under all plans, other than share options, will all be satisfied with purchased shares held either in the ESOPs or in treasury.

Jasmine Whitbread
Chair of the Compensation Committee
on behalf of the Board of Directors of WPP plc
29 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The Directors have elected to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRS) and have also elected to prepare financial statements for the Company in accordance with UK accounting standards. Company law requires the Directors to prepare such financial statements in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements".

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' Compensation Report.

The Directors are responsible for the maintenance and integrity of the Company website. Jersey legislation and UK regulation governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The Directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he or she ought to have taken, as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with the principles of the UK Corporate Governance Code, the Board has established arrangements to evaluate whether the information presented in the Annual Report is fair, balanced and understandable; these are described on page 129.

The Board considers the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The letters from the Chairs of the Sustainability, Nomination and Governance, Audit and Compensation Committees, the statements regarding Directors' responsibilities and statement of going concern set out above and the Directors' remuneration and interests in the share capital of the Company are included in the Directors' report, which also includes the Strategic Report and Corporate Governance sections.

By Order of the Board

Balbir Kelly-Bisla
Company Secretary
29 April 2021

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The consolidated financial statements of WPP plc and its subsidiaries (the Group) for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Regulation (EC) No 1606/2002 as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2020.

The Group's financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments and held for sale assets. The financial statements have been prepared using the going concern basis of accounting. The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the consolidated income statement from the effective date of acquisition or disposal.

NEW IFRS ACCOUNTING PRONOUNCEMENTS

In the current year, the following Standards and Interpretations became effective:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Impact of Covid-19 Related Rent Concessions (Amendment to IFRS 16).

The Group does not consider that other standards or amendments to standards adopted during the year have a significant impact on the financial statements.

IMPACT OF INTEREST RATE BENCHMARK REFORM

The amendments issued by the IASB, Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7), are mandatory and are effective from 1 January 2020. They provide relief on specific aspects of pre-replacement issues that impact hedge accounting, whereby entities applying hedge accounting requirements will be able to assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based are not altered as a result of Interest Rate Benchmark Reform. The Group does not consider that these amendments have a significant impact on the financial statements as they provide relief for the possible effects of the uncertainty arising from interest rate benchmark reform.

IMPACT OF COVID-19-RELATED RENT CONCESSIONS

The amendment to IFRS 16, Covid-19-Related Rent Concessions, was issued by the IASB in May 2020 and is effective from 1 June 2020. It provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. The Group has elected to apply the practical expedient. There has been no material impact to our financial statements as a result of the application of this amendment.

At the date of authorisation of these financial statements, the following amendments to standards, which have not been applied in these financial statements, were in issue but not yet effective:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The Group does not consider that other standards or amendments to standards in issue but not yet effective will have a significant impact on the financial statements.

IMPACT OF INTEREST RATE BENCHMARK REFORM PHASE 2

The amendments issued by the IASB, Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), are mandatory and are effective from 1 January 2021. They address issues arising from the implementation of the reforms. A practical expedient is provided such that the change to contractual cash flows for financial assets and liabilities (including lease liabilities) is accounted for prospectively by revising the effective interest rate. In addition, hedge accounting will not be discontinued solely because of the IBOR reform. The Group does not consider that these amendments will have a significant impact on the financial statements as they provide relief for the possible effects of the uncertainty arising from interest rate benchmark reform.

RESTATEMENT

After the consolidated financial statements for the year ended 31 December 2019 were issued, it was determined that they did not comply with certain elements of the application of IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, resulting in the incorrect presentation of the Company's notional cash pooling arrangements on the balance sheet, the inappropriate deferral of foreign exchange movements in the Company's translation reserve due to the inappropriate application of hedge accounting in respect of non-derivative financial instruments and the inappropriate discount rate being applied in the calculation of the fair value of liabilities in respect of put option agreements and payments due to vendors (earnout agreements).

The presentation of cash and overdrafts within notional cash pooling arrangements did not meet the requirements for offsetting in accordance with IAS 32 Financial Instruments: Presentation. This resulted in the incorrect presentation of the notional cash pooling arrangements on the balance sheet. Therefore, there has been a restatement of the year ended 31 December 2019 and 2018. The impact of this change is to increase cash and short-term deposits and bank overdrafts, bonds and bank loans by £8,336.7 million for the year ended 31 December 2019 (2018: £8,422.6 million), while having no impact on the Company's net debt position. This adjustment does not impact the consolidated income statement or consolidated cash flow statement.

Net investment hedging was inappropriately applied against certain foreign exchange exposures and net investment in foreign operations, where the relationship was either an ineligible hedging relationship under IFRS or insufficiently documented, such that the criteria to apply hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement were not met. Therefore, there has been a restatement of the year ended 31 December 2019 and 2018, resulting in the reclassification of gains/losses recognised in exchange adjustments on foreign currency net investments within the consolidated statement of comprehensive income to be reported in the consolidated income statement as revaluation and retranslation of financial instruments (note 6). The impact of this change is a £245.7 million gain for the year ended 31 December 2019 (2018: £205.1 million loss) being recognised in revaluation and retranslation of financial instruments. This change also reduces the opening retained earnings balance as at 1 January 2019 by £517.4 million with a corresponding increase in the foreign currency translation reserve.

The fair value of liabilities in respect of put option agreements and payments due to vendors (earnout agreements) are recorded at the present value of the expected cash outflows of the obligation. The discount rate historically used in this calculation represented the Company's cost of debt. To fully reflect the risk in the cash flows, the Company has changed the discount rate used in this calculation, and restated the years ending 31 December 2019 and 2018 to reflect the change, which resulted in the following adjustments:

- Liabilities in respect of put options (note 19 and 20) have decreased by £22.3 million at 31 December 2019 (2018: £34.0 million) and a charge of £10.8 million in 2019 (2018: £8.5 million) recognised in the consolidated income statement within the revaluation and retranslation of financial instruments (note 6). Other reserves on the consolidated balance sheet increased by £59.6 million at 31 December 2019 (2018: £51.5 million);
- Payments due to vendors (earnout agreements) (note 20) have decreased by £10.1 million at 31 December 2019 (2018: £13.9 million) and a charge of £2.7 million in 2019 (2018: £32.1 million) recognised in the consolidated income statement within the revaluation and retranslation of financial instruments (note 6). Goodwill on the consolidated balance sheet decreased by £60.1 million at 31 December 2019 (2018: £70.2 million);
- The goodwill impairment charge (note 3) decreased by £7.4 million in 2018, as a result of the above adjustments that decreased goodwill and payments due to vendors (earnout agreements) on the consolidated balance sheet;
- These changes also decreased the opening retained earnings balance as at 1 January 2019 by £73.8 million.

The restatements described in this note resulted in an increase in the basic and diluted earnings per share from continuing and discontinued operations of 18.6p and 18.4p, respectively, for the year ended 31 December 2019 (2018: decrease of 19.1p and 18.9p, respectively).

IMPACT OF COVID-19 ON CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

The critical judgements and estimation uncertainty in applying accounting policies are set out on page 164, however Covid-19 has had the most significant impact on the below areas of estimation uncertainty.

IMPAIRMENT OF GOODWILL:

Given the Covid-19 pandemic, impairment indicators such as a decline in revenue less pass-through costs forecasts, and downturns in the global economy and the advertising industry were identified in 2020. As such, the Group performed impairment tests over goodwill and intangible assets with indefinite useful lives. In performing the impairment tests, estimates are required in regard to the discount rates, long-term growth rates and the level of cash flows during the five-year projection period, which involves judgement on the duration and shape of the recovery from Covid-19. Further details of the goodwill impairment charge are outlined in note 14.

EXPECTED CREDIT LOSSES:

Under IFRS 9 Financial Instruments, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of discounted estimated future cash flows. As a result of the Covid-19 pandemic on the Group's clients, estimates of future cash flows from clients involve significant judgement. The Group performed a detailed review of trade receivables, work in progress and accrued income at 31 December 2020, focusing on significant individual clients along with the industry and country in which the clients operate where there is increased risk due to the pandemic. The Group's approach to expected credit losses is outlined in note 18.

PAYMENTS DUE TO VENDORS (EARNOUT AGREEMENTS) AND LIABILITIES IN RESPECT OF PUT OPTIONS:

When measuring the liabilities for earnouts and put options, estimates are required regarding discount rates and growth rates in determining future financial performance, which involves judgement on the duration and shape of the recovery from Covid-19 in this period. Further details on growth rates, discount rates and the sensitivity to these estimates are set out in note 26.

GOVERNMENT SUPPORT

In reaction to the Covid-19 pandemic, certain governments have introduced measures to assist companies. A reduction to operating costs is recorded in relation to government subsidies/schemes where these amounts will never have to be repaid. Further details of such amounts are included in note 3.
In other cases, this involves the deferral of certain tax payments in order to stimulate the economy. The deferral of payments does not impact the income statement and these are charged as normal in the period they are incurred.

GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships, acquired proprietary tools and capitalised computer software not integral to a related item of hardware.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.
The carrying value of goodwill is compared to the recoverable amount, defined as the higher of fair value less costs to sell and value in use. The net present value of future cash flows is derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period, a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names, customer relationships and proprietary tools acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Certain corporate brands of the Group are considered to have an indefinite economic life because of the institutional nature of the corporate brand names, their proven ability to maintain market leadership and profitable operations over long periods of time and the Group's commitment to develop and enhance their value. The carrying value of these intangible assets is reviewed at least annually for impairment and adjusted to the recoverable amount if required.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

- brand names (with finite lives) – 10-20 years;
- customer-related intangibles – 3-10 years;
- other proprietary tools – 3-10 years;
- other (including capitalised computer software) – 3-5 years.

CONTINGENT CONSIDERATION

Contingent consideration is accounted for in accordance with IFRS 3 Business Combinations. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors and any such payments are expensed when they relate to future employment.

Future anticipated payments to vendors in respect of contingent consideration (earnout agreements) are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent on the future financial performance of the interests acquired (typically over a four- to five-year period following the year of acquisition) and assume the operating companies improve profits in line with Directors' estimates. The Directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

Subsequent adjustments to the fair value are recorded in the consolidated income statement within revaluation and retranslation of financial instruments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost less accumulated depreciation and any provision for impairment with the exception of freehold land which is not depreciated. The Group assesses the carrying value of its property, plant and equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows:

- freehold buildings – 50 years;
- leasehold land and buildings – over the term of the lease or life of the asset, if shorter;
- fixtures, fittings and equipment – 3-10 years;
- computer equipment – 3-5 years.

INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. In certain circumstances, significant influence may be represented by factors other than ownership and voting rights, such as representation on the Board of Directors.

The Group's share of the profits less losses of associate undertakings net of tax, interest and non-controlling interests is included in the consolidated income statement and the Group's share of net assets is shown within interests in associates in the consolidated balance sheet. The Group's share of the profits less losses and net assets is based on current information produced by the undertakings, adjusted to conform with the accounting policies of the Group.

The Group assesses the carrying value of its associate undertakings to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the Group applies the requirements of IAS 36 in assessing the carrying amount of the investment. This process includes comparing its recoverable amount with its carrying value. The recoverable amount is defined as the higher of fair value less costs to sell and value in use.

The Group accounts for joint venture investments under the equity method which is consistent with the Group's treatment of associates.

OTHER INVESTMENTS

Certain equity investments are designated as either fair value through other comprehensive income or fair value through profit or loss. Movements in fair value through profit or loss are recorded in the consolidated income statement within revaluation of financial instruments.

The Group generally elects to classify equity investments as fair value through other comprehensive income where the Group forms a strategic partnership with the investee.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, where certain conditions are met, an asset or disposal group that is for sale is recognised as "held for sale". The Group has classified a disposal group as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. Such assets are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated or amortised, excluding certain assets that are carried at fair value under IFRS 5. Furthermore, when an associate is classified as held for sale, equity accounting ceases.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The profit or loss from a discontinued operation is shown as a single amount on the face of the income statement and the comparatives and related notes restated accordingly. This represents total post-tax profit of the disposal group for the whole of the financial year including any post-tax gain or loss on the measurement of fair value less costs to sell, as well as the post-tax loss on sale of the disposal group. Assets and liabilities classified as held for sale are shown as a separate line on the balance sheet.

ACCRUED AND DEFERRED INCOME

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers or amounts are billed with an unconditional right to receive consideration prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities and are typically related to prepayments for third-party expenses that are incurred shortly after billing.

TRADE RECEIVABLES AND WORK IN PROGRESS

Trade receivables are stated net of provisions for bad and doubtful debts.

Work in progress includes outlays incurred on behalf of clients, including production costs, and other third-party costs that have not yet been billed and are considered receivables under IFRS 15 Revenue from Contracts with Customers.

EXPECTED CREDIT LOSSES

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9 Financial Instruments. Under this approach, the Group utilises a provision matrix based on the age of the trade receivables and historical loss rates to determine the expected credit losses. Where relevant, the Group also considers forward looking information. Therefore the Group does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss.

Under IFRS 9, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Given the short-term nature of the Group's trade receivables, work in progress and accrued income, which are mainly due from large national or multinational companies, the Group's assessment of expected credit losses includes provisions for specific clients and receivables where the contractual cash flow is deemed at risk. Additional provisions are made based on the assessment of recoverability of aged receivables, where the following criteria are met:

- 100% of the asset aged over one year;
- 50% of the asset aged between 180 days and one year; and
- sufficient evidence of recoverability is not evident.

Further details on provisions for bad and doubtful debts are provided in note 18.

FOREIGN CURRENCY AND INTEREST RATE HEDGING

The Group's policy on interest rate and foreign exchange rate management sets out the instruments and methods available to hedge interest and currency risk exposures and the control procedures in place to ensure effectiveness.

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 26 contains details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is recognised in other comprehensive income and deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the consolidated income statement.

LIABILITIES IN RESPECT OF OPTION AGREEMENTS

Option agreements that allow the Group's equity partners to require the Group to purchase a non-controlling interest are treated as derivatives over equity instruments and are recorded in the consolidated balance sheet initially at the present value of the redemption amount in accordance with IAS 32 Financial Instruments: Presentation and subsequently, the financial liability is measured in accordance with IFRS 9 Financial Instruments. Changes in the measurement of the financial liability due to the unwinding of the discount or changes in the amount that the Group could be required to pay are recognised in profit or loss within revaluation and retranslation of financial instruments in the consolidated income statement.

DERECOGNITION OF FINANCIAL LIABILITIES

In accordance with IFRS 9 Financial Instruments, a financial liability of the Group is only released to the consolidated income statement when the underlying legal obligation is extinguished.

DEBT

Interest-bearing debt is recorded at the proceeds received, net of direct issue costs.

The Group's bank overdrafts are included in cash and cash equivalents where they are repayable on demand, are components of the Group's centralised treasury strategy employed across the Group and form an integral part of the Group's cash management, in accordance with IAS 7 Statement of Cash Flows.

BORROWING COSTS

Finance costs of borrowing are recognised in the consolidated income statement over the term of those borrowings.

REVENUE RECOGNITION

The Group is a leading worldwide creative transformation organisation offering national and multinational clients a comprehensive range of communications, experience, commerce and technology services. Contracts often involve multiple agencies offering different services in different countries. As such, the terms of local, regional and global contracts can vary to meet client needs and regulatory requirements. Consistent with the industry, contracts are typically short-term in nature and tend to be cancellable by either party with 90 days' notice. The Group is generally entitled to payment for work performed to date.

The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. Revenue comprises commissions and fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

In most instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative stand-alone selling prices.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand-ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

The amount of revenue recognised depends on whether we act as an agent or as a principal. Certain arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases we are acting as an agent as we do not control the relevant good or service before it is transferred to the client. When we act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers (such as production costs and media suppliers) are excluded from revenue and recorded as work in progress until billed.

The Group acts as principal when we control the specified good or service prior to transfer. When the Group acts as a principal (such as when supplying in-house production services, events and branding), the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

Further details on revenue recognition are detailed by sector below.

GLOBAL INTEGRATED AGENCIES
Revenue is typically derived from integrated product offerings including media placements and creative services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client. Revenue for commissions on purchased media is typically recognised at the point in time the media is run.

The Group receives volume rebates from certain suppliers for transactions entered into on behalf of clients that, based on the terms of the relevant contracts and local law, are either remitted to clients or retained by the Group. If amounts are passed on to clients they are recorded as liabilities until settled or, if retained by the Group, are recorded as revenue when earned.

Variable incentive-based revenue typically comprises both quantitative and qualitative elements. Incentive compensation is estimated using the most likely amount and is included in revenue up to the amount that is highly probable not to result in a significant reversal of cumulative revenue recognised. The Group recognises incentive revenue as the related performance obligation is satisfied.

PUBLIC RELATIONS AND SPECIALIST AGENCIES
Revenue for these services is typically derived from retainer fees and fees for services to be performed subject to specific agreement. Most revenue under these arrangements is earned over time, in accordance with the terms of the contractual arrangement.

DISCONTINUED OPERATIONS (DATA INVESTMENT MANAGEMENT)
Revenue for market research services is typically recognised over time based on input measures. For certain performance obligations, output measures such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract are used to measure progress.

While most of the studies provided in connection with the Group's market research contracts are undertaken in response to an individual client's or group of clients' specifications, in certain instances a study may be developed as an off-the-shelf product offering sold to a broad client base. For these transactions, revenue is recognised when the product is delivered. When the terms of the transaction provide for licensing the right to access a product on a subscription basis, revenue is recognised over the subscription period, typically on a straight-line basis.

TAXATION
Corporate taxes are payable on taxable profits at current rates. The tax expense represents the sum of the tax currently payable and deferred tax.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable, liabilities are classified as current. Any interest and penalties accrued are included in corporate income taxes both in the consolidated income statement and balance sheet. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

The tax laws that apply to the Group's subsidiaries may be amended by the relevant tax authorities. Such potential amendments are regularly monitored and adjustments are made to the Group's tax liabilities and deferred tax assets and liabilities where necessary.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences unless specifically excepted by IAS 12 Income Taxes. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, which can require the use of accounting estimation and the exercise of judgement. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on enacted or substantively enacted legislation.

RETIREMENT BENEFIT COSTS
The Group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits.

For defined contribution plans, contributions are charged to the consolidated income statement as payable in respect of the accounting period.

For defined benefit plans the amounts charged to operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the consolidated income statement when the related plan amendment occurs. Net interest expense is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Where defined benefit plans are funded, the assets of the plan are held separately from those of the Group, in separate independently managed funds. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Recognition of a surplus in a defined benefit plan is limited based on the economic gain the Company is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

PROVISIONS FOR LIABILITIES AND CHARGES
Provisions comprise liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount. These include provisions for other property-related liabilities. Also included are other provisions, such as certain long-term employee benefits and legal claims, where the likelihood of settlement is considered probable.

LEASES

The Group leases most of its offices in cities where it operates. Other lease contracts include office equipment and motor vehicles.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The assets are depreciated over the term of the lease using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Lease modifications result in remeasurement of the lease liability.

Depreciation is recognised in both costs of services and general and administrative costs and interest expense is recognised under finance costs in the consolidated income statement.

The Group has elected to use the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (under $5,000). The payments associated with these leases are recognised as cost of services and general and administrative costs within the consolidated income statement on a straight-line basis over the lease term.

The Group assesses at the reporting date whether there are any indicators of impairment and performs an impairment test when an impairment indicator exists. The Group tests a right-of use asset as a stand-alone asset for impairment when it either meets the definition of investment property which generates independent cash flows or it is vacant with minimal to no continued utility for the Company. When a right-of-use asset is tested as a stand-alone asset, an impairment loss is recognised when the carrying amount of the right-of-use asset exceeds its recoverable amount. The recoverable amount of a right-of-use asset is estimated mainly based on the present value of the estimated sublease income, discounted using the property yield rates.

The property held by the Group as right-of-use assets to earn rentals is classified as investment property. The Company measures its investment property applying the cost model.

In 2018 leases were accounted for per IAS 17 Leases. The following policies were applicable:

FINANCE LEASES

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the consolidated income statement on the same basis as owned assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the consolidated income statement as it is incurred.

OPERATING LEASES

Operating lease rentals are charged to the consolidated income statement on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the consolidated income statement as they arise.

The income statements of foreign subsidiary undertakings are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates.

Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

HYPERINFLATION IN ARGENTINA

During 2020, 2019 and 2018, Argentina was designated as a hyperinflationary economy and the financial statements of the Group's subsidiaries in Argentina have been adjusted for the effects of inflation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

IAS 29 requires that the income statement is adjusted for inflation in the period and translated at the year-end foreign exchange rate and that non-monetary assets and liabilities on the balance sheet are restated to reflect the change in purchasing power caused by inflation from the date of initial recognition. In 2020, this resulted in an increase in goodwill of £22.6 million (2019: £41.0 million, 2018: £105.8 million), an increase in other intangibles of £5.3 million (2019: £7.1 million, 2018: £19.5 million), and an increase in property, plant and equipment of £19.3 million (2019: £10.7 million, 2018: £3.3 million). A consumer price index (CPI) of 385.9 was used at 31 December 2020 (2019: 283.4, 2018: 184.3). The impact on other non-monetary assets and liabilities and the impact on the Group's income statement in the year were immaterial.

SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments (including share options) to certain employees and accounts for these awards in accordance with IFRS 2 Share-Based Payment. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the fair value of equity settled share-based transactions are set out in notes 23 and 27.

The fair value determined at the grant date is recognised in the consolidated income statement as an expense on a straight-line basis over the relevant vesting period, based on the Group's estimate of the number of shares that will ultimately vest and adjusted for the effect of non-market-based vesting conditions.

CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY IN APPLYING ACCOUNTING POLICIES

Management is required to make key decisions and judgements whilst acknowledging there is estimation uncertainty in the process of applying the Group's accounting policies. These estimates and judgements are reviewed on an ongoing basis. Where judgement has been applied or estimation uncertainty exists, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in these financial statements.

The most significant areas of estimation uncertainty include:

- Goodwill: the discounted cash flow methodology employed by the Group when testing for goodwill impairment requires estimates regarding revenue growth, operating margins, discount rates and working capital requirements. Further details of the methodology, discount rates, long-term growth rates and estimates used in relation to the goodwill impairment, and sensitivites to these estimates are set out in note 14;
- Payments due to vendors (earnout agreements) and liabilities in respect of put options: estimates are required regarding growth rates in deriving future financial performance and discount rates to be applied when measuring the liabilities for earnouts and put options. Further details on growth rates and discount rates and the sensitivity to these estimates are set out in note 26;
- Provision for post-employment benefits: estimates are required in the accounting for defined benefit pension plans, including establishing discount rates, rates of increase in salaries and pensions in payment, inflation and mortality assumptions. These estimates are made by management based on the advice of qualified advisors. Details of the assumptions used and the sensitivity of the benefit obligation to these assumptions are set out in note 24;
- Deferred consideration on the Kantar disposal: as per the terms of the Kantar disposal, deferred consideration consisted of amounts expected to be received in future periods on satisfaction of certain conditions and the deferral of consideration against services to be provided to Kantar in the future, as detailed in note 12. Estimates are required in determining amounts to be received and the value of services to be provided, taking into account uncertainty in the ultimate timing and resolution of each of these. The sensitivity to these estimates is specific to each individual circumstance and no individual estimate is expected to result in a material change to the amount recognised;
- Taxation: Estimates are required in determining whether a provision is required and, the amount of taxes that will be due, particularly given the many countries in which the Group operates. Where the final tax outcome is different from the amounts recorded, such differences may expose the Group to additional tax liabilities or impact the carrying value of deferred tax assets, which would affect the future tax charge. Further details on the tax charge, corporate income tax payable and deferred tax balances are set out in the income statement, balance sheet and notes 7 and 17.

The most significant areas of judgements include:

- Revenue recognition: judgement is required regarding the timing of recognition, particularly in relation to assessing progress on performance obligations where revenue is recognised over time. Further details are set out in the accounting policy.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019[1] £m	2018[1] £m
Continuing operations				
Revenue	2	**12,002.8**	13,234.1	13,046.7
Costs of services	3	**(9,987.9)**	(10,825.1)	(10,559.1)
Gross profit		**2,014.9**	2,409.0	2,487.6
General and administrative costs	3	**(4,293.0)**	(1,113.1)	(1,242.3)
Operating (loss)/profit		**(2,278.1)**	1,295.9	1,245.3
Share of results of associates	4	**(136.0)**	14.7	30.5
(Loss)/profit before interest and taxation		**(2,414.1)**	1,310.6	1,275.8
Finance and investment income	6	**82.7**	99.0	98.9
Finance costs	6	**(312.0)**	(359.1)	(279.1)
Revaluation and retranslation of financial instruments	6	**(147.2)**	163.8	(76.3)
(Loss)/profit before taxation		**(2,790.6)**	1,214.3	1,019.3
Taxation	7	**(129.3)**	(275.0)	(256.0)
(Loss)/profit for the year from continuing operations		**(2,919.9)**	939.3	763.3
Discontinued operations				
Profit for the year from discontinued operations	12	**16.4**	10.8	137.8
(Loss)/profit for the year		**(2,903.5)**	950.1	901.1
Attributable to				
Equity holders of the parent:				
Continuing operations		**(2,973.8)**	860.1	698.2
Discontinued operations		**6.5**	(3.8)	126.4
		(2,967.3)	856.3	824.6
Non-controlling interests:				
Continuing operations		**53.9**	79.2	65.1
Discontinued operations		**9.9**	14.6	11.4
		63.8	93.8	76.5
		(2,903.5)	950.1	901.1
Earnings per share from continuing and discontinued operations				
Basic earnings per ordinary share	9	**(242.7p)**	68.5p	66.1p
Diluted earnings per ordinary share	9	**(242.7p)**	67.9p	65.4p
Earnings per share from continuing operations				
Basic earnings per ordinary share	9	**(243.2p)**	68.8p	56.0p
Diluted earnings per ordinary share	9	**(243.2p)**	68.2p	55.4p

Notes

The accompanying notes form an integral part of this consolidated income statement.

1 Figures have been restated as described in the accounting policies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £m	2019[1] £m	2018[1] £m
(Loss)/profit for the year	**(2,903.5)**	950.1	901.1
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments on foreign currency net investments	**23.6**	(625.1)	284.0
Exchange adjustments recycled to the income statement on disposal of discontinued operations	**(20.6)**	(284.0)	–
	3.0	(909.1)	284.0
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit pension plans	**2.0**	(36.6)	8.9
Deferred tax on defined benefit pension plans	**7.4**	6.4	(0.7)
Movements on equity investments held at fair value through other comprehensive income	**(127.7)**	(141.4)	(247.9)
	(118.3)	(171.6)	(239.7)
Other comprehensive (loss)/income for the year	**(115.3)**	(1,080.7)	44.3
Total comprehensive (loss)/income for the year	**(3,018.8)**	(130.6)	945.4
Attributable to			
Equity holders of the parent:			
Continuing operations	**(3,066.1)**	180.0	697.7
Discontinued operations	**(12.6)**	(386.4)	162.2
	(3,078.7)	(206.4)	859.9
Non-controlling interests:			
Continuing operations	**50.5**	61.9	73.8
Discontinued operations	**9.4**	13.9	11.7
	59.9	75.8	85.5
	(3,018.8)	(130.6)	945.4

Notes

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

1 Figures have been restated as described in the accounting policies.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020 £m**	2019 £m	2018 £m
Net cash inflow from operating activities	11	**2,054.8**	1,850.5	1,693.8
Investing activities				
Acquisitions	11	**(178.4)**	(161.3)	(283.7)
Disposal of investments and subsidiaries	11	**272.3**	2,141.0	833.9
Purchases of property, plant and equipment		**(218.3)**	(339.3)	(314.8)
Purchases of other intangible assets (including capitalised computer software)		**(54.4)**	(54.8)	(60.4)
Proceeds on disposal of property, plant and equipment		**11.2**	174.0	9.5
Net cash (outflow)/inflow from investing activities		**(167.6)**	1,759.6	184.5
Financing activities				
Repayment of lease liabilities		**(300.1)**	(249.8)	–
Share option proceeds		**–**	0.6	1.2
Cash consideration for non-controlling interests	11	**(80.6)**	(62.7)	(109.9)
Share repurchases and buybacks	11	**(290.2)**	(43.8)	(207.1)
Proceeds from issue of bonds	11	**915.5**	–	656.8
Repayment of borrowings	11	**(282.7)**	(1,713.2)	(1,097.4)
Financing and share issue costs		**(7.1)**	(6.4)	(3.8)
Equity dividends paid		**(122.0)**	(750.5)	(747.4)
Dividends paid to non-controlling interests in subsidiary undertakings		**(83.3)**	(96.2)	(106.2)
Net cash outflow from financing activities		**(250.5)**	(2,922.0)	(1,613.8)
Net increase in cash and cash equivalents		**1,636.7**	688.1	264.5
Translation of cash and cash equivalents		**(99.2)**	(89.7)	(61.5)
Cash and cash equivalents at beginning of year		**2,799.6**	2,201.2	1,998.2
Cash and cash equivalents including cash held in disposal group at end of year		**4,337.1**	2,799.6	2,201.2
Cash and cash equivalents held in disposal group presented as held for sale		**–**	(66.3)	–
Cash and cash equivalents at end of year	11	**4,337.1**	2,733.3	2,201.2

Reconciliation of net cash flow to movement in net debt				
Net increase in cash and cash equivalents		**1,636.7**	688.1	264.5
Cash (inflow)/outflow from (increase)/decrease in debt financing		**(625.7)**	1,719.6	444.4
Other movements		**(6.1)**	(32.5)	(1.4)
Translation differences		**(227.2)**	168.2	(241.1)
Movement of net debt in the year		**777.7**	2,543.4	466.4
Net debt at beginning of year		**(1,473.3)**	(4,016.7)	(4,483.1)
Net debt including net debt in disposal group at end of year		**(695.6)**	(1,473.3)	(4,016.7)
Net debt in disposal group		**–**	(66.3)	–
Net debt at end of year	10	**(695.6)**	(1,539.6)	(4,016.7)

Note

The accompanying notes form an integral part of this consolidated cash flow statement.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2020

	Notes	2020 £m	2019[1] £m	2018[1] £m
Non-current assets				
Intangible assets:				
Goodwill	14	**7,388.8**	10,110.6	13,132.6
Other	14	**1,389.3**	1,468.8	1,842.0
Property, plant and equipment	15	**790.9**	876.0	1,083.0
Right-of-use assets	13	**1,504.5**	1,734.5	–
Interests in associates and joint ventures	16	**330.7**	813.0	796.8
Other investments	16	**387.3**	498.3	666.7
Deferred tax assets	17	**212.9**	187.9	153.0
Corporate income tax recoverable		**24.8**	–	–
Trade and other receivables	18	**156.2**	137.6	180.0
		12,185.4	15,826.7	17,854.1
Current assets				
Corporate income tax recoverable		**133.1**	165.4	198.7
Trade and other receivables	18	**10,972.3**	11,822.3	13,101.5
Cash and short-term deposits		**12,899.1**	11,305.7	11,065.8
		24,004.5	23,293.4	24,366.0
Assets classified as held for sale		**–**	485.3	–
		24,004.5	23,778.7	24,366.0
Current liabilities				
Trade and other payables	19	**(13,859.7)**	(14,188.1)	(15,021.9)
Corporate income tax payable		**(330.9)**	(499.9)	(545.9)
Short-term lease liabilities	13	**(323.8)**	(302.2)	–
Bank overdrafts, bonds and bank loans	21	**(8,619.2)**	(8,798.0)	(9,447.7)
		(23,133.6)	(23,788.2)	(25,015.5)
Liabilities associated with assets classified as held for sale		**–**	(170.4)	–
		(23,133.6)	(23,958.6)	(25,015.5)
Net current assets/(liabilities)		**870.9**	(179.9)	(649.5)
Total assets less current liabilities		**13,056.3**	15,646.8	17,204.6
Non-current liabilities				
Bonds and bank loans	21	**(4,975.5)**	(4,047.3)	(5,634.8)
Trade and other payables	20	**(313.5)**	(449.6)	(810.0)
Corporate income tax payable		**(1.3)**	–	–
Deferred tax liabilities	17	**(304.1)**	(379.8)	(479.5)
Provision for post-employment benefits	24	**(156.7)**	(159.0)	(184.3)
Provisions for liabilities and charges	22	**(306.3)**	(247.8)	(311.7)
Long-term lease liabilities	13	**(1,832.5)**	(1,947.5)	–
		(7,889.9)	(7,231.0)	(7,420.3)
Net assets		**5,166.4**	8,415.8	9,784.3
Equity				
Called-up share capital	27	**129.6**	132.8	133.3
Share premium account		**570.3**	570.3	569.7
Other reserves	28	**196.0**	(169.9)	962.4
Own shares		**(1,118.3)**	(1,178.7)	(1,255.7)
Retained earnings		**5,070.7**	8,689.9	8,950.2
Equity shareholders' funds		**4,848.3**	8,044.4	9,359.9
Non-controlling interests		**318.1**	371.4	424.4
Total equity		**5,166.4**	8,415.8	9,784.3

Notes

The accompanying notes form an integral part of this consolidated balance sheet.

[1] Figures have been restated as described in the accounting policies.

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2021.

Signed on behalf of the Board:

Mark Read
Chief Executive Officer

John Rogers
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-up share capital £m	Share premium account £m	Other reserves[1,2] £m	Own shares £m	Retained earnings[1] £m	Total equity shareholders' funds[1] £m	Non-controlling interests £m	Total[1] £m
Balance at 1 January 2019	**133.3**	**569.7**	**393.5**	**(1,255.7)**	**9,541.4**	**9,382.2**	**424.4**	**9,806.6**
Restatement[1]	–	–	568.9	–	(591.2)	(22.3)	–	(22.3)
Restated balance at 1 January 2019	**133.3**	**569.7**	**962.4**	**(1,255.7)**	**8,950.2**	**9,359.9**	**424.4**	**9,784.3**
Accounting policy change (IFRS 16)	–	–	–	–	(128.9)	(128.9)	–	(128.9)
Deferred tax on accounting policy change (IFRS 16)	–	–	–	–	27.8	27.8	–	27.8
Revised balance at 1 January 2019	**133.3**	**569.7**	**962.4**	**(1,255.7)**	**8,849.1**	**9,258.8**	**424.4**	**9,683.2**
Ordinary shares issued	–	0.6	–	–	–	0.6	–	0.6
Share cancellations	(0.5)	–	0.5	–	(47.7)	(47.7)	–	(47.7)
Treasury share allocations	–	–	–	1.0	(1.0)	–	–	–
Profit for the year	–	–	–	–	856.3	856.3	93.8	950.1
Exchange adjustments on foreign currency net investments	–	–	(607.1)	–	–	(607.1)	(18.0)	(625.1)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	(284.0)	–	–	(284.0)	–	(284.0)
Movements on equity investments held at fair value through other comprehensive income	–	–	–	–	(141.4)	(141.4)	–	(141.4)
Actuarial loss on defined benefit pension plans	–	–	–	–	(36.6)	(36.6)	–	(36.6)
Deferred tax on defined benefit pension plans	–	–	–	–	6.4	6.4	–	6.4
Other comprehensive loss	–	–	(891.1)	–	(171.6)	(1,062.7)	(18.0)	(1,080.7)
Total comprehensive (loss)/income	–	–	(891.1)	–	684.7	(206.4)	75.8	(130.6)
Dividends paid	–	–	–	–	(750.5)	(750.5)	(96.2)	(846.7)
Non-cash share-based incentive plans (including share options)	–	–	–	–	71.4	71.4	–	71.4
Tax adjustment on share-based payments	–	–	–	–	3.1	3.1	–	3.1
Net movement in own shares held by ESOP Trusts	–	–	–	76.0	(76.0)	–	–	–
Recognition/remeasurement of financial instruments	–	–	10.6	–	13.1	23.7	–	23.7
Share purchases – close period commitments[3]	–	–	(252.3)	–	–	(252.3)	–	(252.3)
Acquisition of subsidiaries[4]	–	–	–	–	(56.3)	(56.3)	(32.6)	(88.9)
Restated balance at 31 December 2019	**132.8**	**570.3**	**(169.9)**	**(1,178.7)**	**8,689.9**	**8,044.4**	**371.4**	**8,415.8**
Share cancellations	(3.2)	–	3.2	–	(281.2)	(281.2)	–	(281.2)
Treasury share allocations	–	–	–	0.6	(0.6)	–	–	–
(Loss)/profit for the year	–	–	–	–	(2,967.3)	(2,967.3)	63.8	(2,903.5)
Exchange adjustments on foreign currency net investments	–	–	27.5	–	–	27.5	(3.9)	23.6
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	(20.6)	–	–	(20.6)	–	(20.6)
Movements on equity investments held at fair value through other comprehensive income	–	–	–	–	(127.7)	(127.7)	–	(127.7)
Actuarial gain on defined benefit pension plans	–	–	–	–	2.0	2.0	–	2.0
Deferred tax on defined benefit pension plans	–	–	–	–	7.4	7.4	–	7.4
Other comprehensive income/(loss)	–	–	6.9	–	(118.3)	(111.4)	(3.9)	(115.3)
Total comprehensive income/(loss)	–	–	6.9	–	(3,085.6)	(3,078.7)	59.9	(3,018.8)
Dividends paid	–	–	–	–	(122.0)	(122.0)	(83.3)	(205.3)
Non-cash share-based incentive plans (including share options)	–	–	–	–	74.4	74.4	–	74.4
Net movement in own shares held by ESOP Trusts	–	–	–	59.8	(64.9)	(5.1)	–	(5.1)
Recognition/remeasurement of financial instruments	–	–	103.5	–	(26.6)	76.9	–	76.9
Share purchases – close period commitments[3]	–	–	252.3	–	–	252.3	–	252.3
Acquisition of subsidiaries[4]	–	–	–	–	(112.7)	(112.7)	(29.9)	(142.6)
Balance at 31 December 2020	**129.6**	**570.3**	**196.0**	**(1,118.3)**	**5,070.7**	**4,848.3**	**318.1**	**5,166.4**

Notes

The accompanying notes form an integral part of this consolidated statement of changes in equity.

1 Figures have been restated as described in the accounting policies.

2 Other reserves are analysed in note 28.

3 During 2019, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 2 January 2020 and ending on 27 February 2020, in accordance with UK listing rules. The commitment resulting from this agreement constitutes a liability at 31 December 2019, which is included in Trade and other payables: amounts falling due within one year and has been recognised as a movement in equity. As the close period ended on 27 February 2020 the movement in other reserves has been reversed in the year ended 31 December 2020.

4 Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

WPP plc is a company incorporated in Jersey. The address of the registered office is 13 Castle Street, St Helier, Jersey, JE1 1ES and the address of the principal executive office is Sea Containers, 18 Upper Ground, London, United Kingdom, SE1 9GL. The nature of the Group's operations and its principal activities are set out in note 2. These consolidated financial statements are presented in pounds sterling.

2. SEGMENT INFORMATION

The Group is a leading worldwide creative transformation organisation offering national and multinational clients a comprehensive range of communications, experience, commerce and technology services. Substantially all of the Group's revenue is from contracts with customers.

Reportable segments

Reported contributions were as follows:

Continuing operations – Income statement	Revenue[1] £m	Revenue less pass-through costs[2] £m	Headline operating profit[3] £m
2020			
Global Integrated Agencies	**9,302.5**	**7,318.5**	**967.8**
Public Relations	**892.9**	**854.4**	**141.3**
Specialist Agencies	**1,807.4**	**1,589.1**	**151.4**
	12,002.8	**9,762.0**	**1,260.5**
2019			
Global Integrated Agencies	10,205.2	8,108.1	1,219.5
Public Relations	956.5	898.0	140.6
Specialist Agencies	2,072.4	1,840.4	200.5
	13,234.1	10,846.5	1,560.6
2018			
Global Integrated Agencies	9,930.7	8,070.8	1,228.2
Public Relations	931.7	879.9	139.2
Specialist Agencies	2,184.3	1,925.0	283.8
	13,046.7	10,875.7	1,651.2

Notes

1 Intersegment sales have not been separately disclosed as they are not material.
2 Revenue less pass-through costs is defined on page 212.
3 A reconciliation from reported operating profit to headline operating profit is provided on page 212.

Continuing operations – Other information	Share-based payments £m	Capital additions[1] £m	Depreciation and amortisation[2] £m	Goodwill impairment[3] £m	Share of results of associates £m	Interests in associates and joint ventures £m
2020						
Global Integrated Agencies	**55.0**	**201.6**	**408.9**	**1,820.1**	**17.7**	**154.0**
Public Relations	**8.0**	**15.5**	**32.8**	**161.5**	**1.3**	**6.4**
Specialist Agencies[4]	**11.4**	**55.5**	**100.2**	**841.3**	**(155.0)**	**170.3**
	74.4	**272.6**	**541.9**	**2,822.9**	**(136.0)**	**330.7**
2019						
Global Integrated Agencies	54.3	265.6	392.8	4.8	17.0	164.2
Public Relations	4.6	17.5	31.5	–	(0.3)	5.5
Specialist Agencies[4]	7.1	46.7	84.0	42.9	(2.0)	643.3
	66.0	329.8	508.3	47.7	14.7	813.0
2018						
Global Integrated Agencies	59.5	255.6	159.1	142.8	25.4	175.1
Public Relations	7.1	12.5	10.8	–	1.3	6.2
Specialist Agencies[4]	11.7	45.9	39.4	33.7	3.8	615.5
	78.3	314.0	209.3	176.5	30.5	796.8

Notes
1 Capital additions include purchases of property, plant and equipment and other intangible assets (including capitalised computer software).
2 Depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets.
3 Figures have been restated as described in the accounting policies.
4 Specialist Agencies includes the Kantar associates and amounts previously reported under the Data Investment Management segment.

Contributions by geographical area were as follows:

Continuing operations	2020 £m	2019 £m	2018 £m
Revenue[1]			
North America[2]	**4,464.9**	4,854.7	4,851.7
United Kingdom	**1,637.0**	1,797.1	1,785.6
Western Continental Europe	**2,441.6**	2,628.8	2,589.6
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**3,459.3**	3,953.5	3,819.8
	12,002.8	13,234.1	13,046.7
Revenue less pass-through costs[3]			
North America[2]	**3,743.4**	4,034.3	4,059.7
United Kingdom	**1,233.8**	1,390.1	1,393.8
Western Continental Europe	**2,019.4**	2,176.4	2,182.9
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**2,765.4**	3,245.7	3,239.3
	9,762.0	10,846.5	10,875.7
Headline operating profit[3]			
North America[2]	**611.9**	662.0	710.6
United Kingdom	**137.7**	188.5	179.6
Western Continental Europe	**198.7**	261.5	289.4
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**312.2**	448.6	471.6
	1,260.5	1,560.6	1,651.2

Notes
1 Intersegment sales have not been separately disclosed as they are not material.
2 North America includes the United States with revenue of £4,216.1 million (2019: £4,576.5 million, 2018: £4,576.1 million), revenue less pass-through costs of £3,524.8 million (2019: £3,806.3 million, 2018: £3,836.0 million) and headline operating profit of £563.7 million (2019: £620.6 million, 2018: £674.4 million).
3 Revenue less pass-through costs and headline operating profit are defined on page 212.

	2020 £m	2019[1] £m
Non-current assets[2]		
North America[3]	**4,962.1**	6,812.6
United Kingdom	**1,488.7**	1,743.3
Western Continental Europe	**2,745.0**	3,417.2
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**2,767.1**	3,665.7
	11,962.9	15,638.8

Notes
1 Figures have been restated as described in the accounting policies.
2 Non-current assets excluding financial instruments and deferred tax.
3 North America includes the United States with non-current assets of £4,609.0 million (2019: £6,354.7 million).

3. COSTS OF SERVICES AND GENERAL AND ADMINISTRATIVE COSTS

Continuing operations	2020 £m	2019 £m	2018[1] £m
Costs of services	**9,987.9**	10,825.1	10,559.1
General and administrative costs	**4,293.0**	1,113.1	1,242.3
	14,280.9	11,938.2	11,801.4

Costs of services and general and administrative costs include:

Continuing operations	2020 £m	2019 £m	2018[1] £m
Staff costs (note 5)	**6,556.5**	7,090.6	6,950.6
Establishment costs	**638.5**	672.9	756.6
Media pass-through costs	**1,555.2**	1,656.2	1,458.0
Other costs of services and general and administrative costs[2]	**5,530.7**	2,518.5	2,636.2
	14,280.9	11,938.2	11,801.4

Included within costs of services and general administrative costs are the following:

Continuing operations	2020 £m	2019 £m	2018[1] £m
Goodwill impairment (note 14)	**2,822.9**	47.7	176.5
Investment and other write-downs	**296.2**	7.5	2.0
Restructuring and transformation costs	**80.7**	153.5	265.5
Restructuring costs in relation to Covid-19	**232.5**	–	–
Litigation settlement	**25.6**	(16.8)	–
Gain on sale of freehold property in New York	**–**	(7.9)	–
Amortisation and impairment of acquired intangible assets	**89.1**	121.5	201.8
Amortisation of other intangible assets	**35.2**	21.2	20.7
Depreciation of property, plant and equipment	**174.8**	185.5	188.6
Depreciation of right-of-use assets	**331.9**	301.6	–
Losses on sale of property, plant and equipment	**0.3**	3.2	0.6
Gains on disposal of investments and subsidiaries	**(7.8)**	(40.4)	(237.9)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**(0.6)**	(0.4)	(2.0)
Net foreign exchange losses/(gains)	**5.9**	6.1	(13.0)
Short-term lease expense	**36.7**	83.8	–
Low-value lease expense	**2.3**	2.9	–

Notes

1 Figures have been restated as described in the accounting policies.

2 Other costs of services and general and administrative costs include £685.6 million (2019: £731.4 million, 2018: £713.0 million) of other pass-through costs.

In 2020, operating profit includes credits totalling £46.3 million (2019: £26.9 million, 2018: £25.6 million) relating to the release of excess provisions and other balances established in respect of acquisitions completed prior to 2019. Further details of the Group's approach to acquisition reserves, as required by IFRS 3 Business Combinations, are given in note 29.

Amortisation and impairment of acquired intangibles in 2020 includes an impairment charge in the year of £21.6 million (2019: £26.5 million, 2018: £89.1 million) in regard to certain brand names that are no longer in use and customer relationships where the underlying clients have been lost.

Further details of the goodwill impairment charge of £2,822.9 million are provided in note 14. In 2019, the goodwill impairment charge of £47.7 million relates to a number of under-performing businesses in the Group where the impact of past, local economic conditions and trading circumstances on these businesses was sufficiently severe to indicate impairment to the carrying value of goodwill. In 2018, the goodwill impairment charge of £176.5 million primarily relates to a charge of £142.8 million on VMLY&R.

Investment and other write-downs of £296.2 million primarily relate to the impairment of certain investments in associates, including £255.6 million in relation to Imagina in Spain. Further details of the Group's impairment review are provided in note 14.

Gains on disposal of investments and subsidiaries of £40.4 million in 2019 include a gain of £28.6 million on the disposal of the Group's interest in Chime. Gains on disposal of investments and subsidiaries of £237.9 million in 2018 include a gain of £185.3 million on the disposal of the Group's interest in Globant S.A.

Restructuring costs in relation to Covid-19 of £232.5 million primarily relate to severance and property costs which the Group undertook in response to the Covid-19 pandemic. As management continues to assess the impact of Covid-19 on long-term working practices and the Group's real estate portfolio, further impairments may occur in the future.

Restructuring and transformation costs of £80.7 million (2019: £153.5 million, 2018: £265.5 million) are in relation to the continuing restructuring plan, first outlined on the Investor Day in December 2018. As part of that plan, restructuring actions have been taken to right-size under-performing businesses, address high-cost severance markets and simplify operational structures. Further restructuring and transformation costs will be incurred in 2021.

Total impairment charges included in restructuring costs of £196.7 million consist of £147.6 million within restructuring costs in relation to Covid-19 and £49.1 million within restructuring and transformation costs. These impairment charges include £117.0 million in relation to right-of-use assets and £79.7 million of related property, plant and equipment, arising from the Group's re-assessment of its property requirements as a result of effective remote working practises during the Covid-19 pandemic and continued focus on campuses.

In 2020, a provision of £25.6 million was made for potential legal settlements. In 2019, the Group received £16.8 million in settlement of a class action lawsuit against Comscore Inc. for providing materially false and misleading information regarding their company and its financial performance.

In 2020, the Group received £77.1 million of aid from governments around the world in relation to the Covid-19 pandemic, predominantly in Western Continental Europe and Asia Pacific, which is included as a credit in other staff costs.

In March 2019, the Group entered into a sale and leaseback agreement for its office space at 3 Columbus Circle in New York. The Group sold the freehold for proceeds of £159.0 million and simultaneously entered into a 15-year lease. The net gain recognised from the sale and leaseback is £7.9 million.

Auditors' remuneration:

	2020 £m	2019 £m	2018 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**1.9**	1.5	1.4
The audit of the Company's subsidiaries pursuant to legislation	**22.9**	28.0	25.2[1]
Other services pursuant to legislation	**4.5**	5.0	4.2
Fees payable to the auditors pursuant to legislation	**29.3**	34.5	30.8
Audit-related services[2]	**1.1**	8.2	4.7
Tax compliance services	**0.1**	–	0.1
Total other fees	**1.2**	8.2	4.8
Total fees	**30.5**	42.7	35.6

Notes

1 Includes a true-up of £3.5 million.

2 Audit-related services include audits for earnout purposes.

4. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates includes:

Continuing operations	2020 £m	2019 £m	2018 £m
Share of profit before interest and taxation	**142.5**	99.2	110.8
Share of exceptional losses	**(146.1)**	(47.8)	(41.5)
Share of interest and non-controlling interests	**(91.4)**	(19.4)	(15.1)
Share of taxation	**(41.0)**	(17.3)	(23.7)
	(136.0)	14.7	30.5

Share of exceptional losses of £146.1 million (2019: £47.8 million, 2018: £41.5 million) primarily comprise £54.3 million (2019: £5.3 million, 2018 £nil) of amortisation and impairment of acquired intangible assets as well as restructuring and one-off transaction costs of £89.3 million (2019: £20.3 million, 2018: £nil) within Kantar.

5. OUR PEOPLE

Our staff numbers, including the Kantar disposal group up to the date of disposal, averaged 104,163 for the year ended 31 December 2020 against 132,823 in 2019 and 133,903 in 2018. Their geographical distribution was as follows:

	2020	2019	2018
North America	**21,524**	25,008	25,990
United Kingdom	**10,670**	14,192	14,331
Western Continental Europe	**21,551**	26,973	26,825
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**50,418**	66,650	66,757
	104,163	132,823	133,903

Their reportable segment distribution was as follows:

	2020	2019	2018
Global Integrated Agencies	**79,937**	82,295	83,015
Data Investment Management	**1,341**	26,325	27,813
Public Relations	**6,810**	6,890	6,891
Specialist Agencies	**16,075**	17,313	16,184
	104,163	132,823	133,903

At the end of 2020, staff numbers were 99,830 (2019: 106,786, 2018: 134,281).

Staff costs include:

Continuing operations	2020 £m	2019 £m	2018 £m
Wages and salaries	**4,781.0**	4,946.2	4,828.0
Cash-based incentive plans	**110.7**	227.6	233.0
Share-based incentive plans	**74.4**	66.0	78.3
Social security costs	**570.9**	591.7	579.0
Pension costs	**171.7**	169.7	160.9
Severance	**68.2**	42.6	30.0
Other staff costs[1]	**779.6**	1,046.8	1,041.4
	6,556.5	7,090.6	6,950.6

Note

1 Freelance and temporary staff costs are included in other staff costs.

Compensation for key management personnel includes:

	2020 £m	2019 £m	2018 £m
Short-term employee benefits	**17.9**	18.3	3.5
Pensions and other post-retirement benefits	**1.0**	1.0	0.4
Share-based payments	**10.3**	10.8	3.8
	29.2	30.1	7.7

Key management personnel comprises the Board and the Executive Committee. The Executive Committee was established in 2019 therefore is not included in the 2018 figures above. Further details of compensation for the Board are disclosed on pages 134-154.

6. FINANCE AND INVESTMENT INCOME, FINANCE COSTS AND REVALUATION AND RETRANSLATION OF FINANCIAL INSTRUMENTS

Finance and investment income includes:

Continuing operations	2020 £m	2019 £m	2018 £m
Income from equity investments	**8.7**	18.3	15.2
Interest income	**74.0**	80.7	83.7
	82.7	99.0	98.9

Finance costs include:

Continuing operations	2020 £m	2019 £m	2018 £m
Net interest expense on pension plans	**2.9**	3.5	3.6
Interest on other long-term employee benefits	**3.1**	3.9	3.5
Interest expense and similar charges[1]	**205.0**	252.0	272.0
Interest expense related to lease liabilities	**101.0**	99.7	–
	312.0	359.1	279.1

Revaluation and retranslation of financial instruments include:

Continuing operations	2020 £m	2019[2] £m	2018[2] £m
Movements in fair value of treasury instruments	**15.4**	0.4	(11.0)
Premium on the early repayment of bonds	**–**	(63.4)	–
Revaluation of investments held at fair value through profit or loss	**8.0**	9.1	67.8
Revaluation of put options over non-controlling interests	**12.3**	(24.3)	25.9
Revaluation of payments due to vendors (earnout agreements)	**13.4**	(3.7)	46.1
Retranslation of financial instruments	**(196.3)**	245.7	(205.1)
	(147.2)	163.8	(76.3)

Notes

1 Interest expense and similar charges are payable on bank overdrafts, bonds and bank loans held at amortised cost.

2 Figures have been restated as described in the accounting policies.

The majority of the Group's long-term debt is represented by $1,563 million of US dollar bonds at an average interest rate of 4.06%, €3,600 million of Eurobonds at an average interest rate of 2.05% and £650 million of Sterling bonds at an average interest rate of 3.21%.

Average borrowings under the US Dollar Revolving Credit Facilities (note 10) amounted to the equivalent of nil (2019: $72 million at an average interest rate of 1.11%).

Average borrowings under the Australian Dollar Revolving Credit Facilities amounted to A$151 million at an average rate of 2.06% (2019: A$310 million at an average rate of 2.95%).

Average borrowings under the US Commercial Paper Programme for 2020 amounted to $2 million at an average interest rate of 1.66% inclusive of margin (2019: $41 million at an average interest rate of 2.46% inclusive of margin).

Average borrowings under the Euro Commercial Paper Programme for 2020 amounted to nil (2019: £255 million at an average interest rate of 1.16% inclusive of currency swaps).

7. TAXATION

The tax rate on reported (loss)/profit before tax was -4.6% (2019: 22.6%, 2018: 25.1%).

The tax charge comprises:

Continuing operations	2020 £m	2019 £m	2018 £m
Corporation tax			
Current year	**310.0**	423.0	404.2
Prior years	**(83.2)**	(63.4)	(108.1)
	226.8	359.6	296.1
Deferred tax			
Current year	**(80.2)**	(78.3)	(41.5)
Prior years	**(17.3)**	(6.3)	1.4
	(97.5)	(84.6)	(40.1)
Tax charge	**129.3**	275.0	256.0

The corporation tax credit for prior years in 2020, 2019, and 2018, mainly comprises the release of a number of provisions following the resolution of tax matters in various countries.

The tax charge for the year can be reconciled to (loss)/profit before taxation in the consolidated income statement as follows:

Continuing operations	2020 £m	2019[1] £m	2018[1] £m
(Loss)/profit before taxation	**(2,790.6)**	1,214.3	1,019.3
Tax at the corporation tax rate of 19.0%[2]	**(530.2)**	230.7	193.7
Tax effect of share of results of associates	**16.2**	(2.7)	(5.8)
Irrecoverable withholding taxes	**49.4**	44.7	48.9
Items that are not deductible in determining taxable profit	**69.2**	41.5	34.1
Goodwill impairment	**542.4**	10.4	33.1
Effect of different tax rates in subsidiaries operating in other jurisdictions	**92.7**	77.1	71.2
US Transition Tax related to unremitted foreign earnings	**–**	–	(4.6)
Origination and reversal on unrecognised temporary differences	**(29.3)**	(3.4)	5.1
Tax losses not recognised or utilised in the year	**21.1**	13.2	19.9
Utilisation of tax losses not previously recognised	**(1.7)**	(42.7)	(25.5)
Recognition of temporary differences not previously recognised	**–**	(24.1)	(7.4)
Net release of prior year provisions in relation to acquired businesses	**(1.7)**	(19.9)	(20.4)
Other prior year adjustments	**(98.8)**	(49.8)	(86.3)
Tax charge	**129.3**	275.0	256.0
Effective tax rate on (loss)/profit before tax	**(4.6%)**	22.6%	25.1%

Notes

1 Figures have been restated as described in the accounting policies.

2 As the Group is subject to the tax rates of more than one country, it has chosen to present its reconciliation of the tax charge using the UK corporation tax rate of 19.0% (2019: 19.0%, 2018: 19.0%).

FACTORS AFFECTING THE TAX CHARGE IN FUTURE YEARS

The tax charge may be affected by the impact of acquisitions, disposals and other corporate restructurings, the resolution of open tax issues, and the ability to use brought forward tax losses. Changes in local or international tax rules, for example, as a consequence of the financial support programmes implemented by governments during the Covid-19 pandemic, changes arising from the application of existing rules or challenges by tax or competition authorities, may expose the Group to additional tax liabilities or impact the carrying value of deferred tax assets, which could affect the future tax charge.

Liabilities relating to open and judgemental matters are based upon an assessment of whether the tax authorities will accept the position taken, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts which were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Group does not currently consider that judgements made in assessing tax liabilities have a significant risk of resulting in any material additional charges or credits in respect of these matters, within the next financial year, beyond the amounts already provided.

In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end. This change is not expected to have a material impact on the Group's deferred tax balances.

TAX RISK MANAGEMENT

We maintain constructive engagement with the tax authorities and relevant government representatives, as well as active engagement with a wide range of international companies and business organisations with similar issues. We engage advisors and legal counsel to obtain opinions on tax legislation and principles. We have a Tax Risk Management Strategy in place which sets out the controls established and our assessment procedures for decision making and how we monitor tax risk. We monitor proposed changes in taxation legislation and ensure these are taken into account when we consider our future business plans. Our Directors are informed by management of any tax law changes, the nature and status of any significant ongoing tax audits, and other developments that could materially affect the Group's tax position.

8. ORDINARY DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2020	2019	2018	2020	2019	2018
Per share	Pence per share			**£m**	£m	£m
2019 Final dividend	**–**	37.30p	37.30p	**–**	466.4	464.6
2020 Interim dividend	**10.00p**	22.70p	22.70p	**122.0**	284.1	282.8
	10.00p	60.00p	60.00p	**122.0**	750.5	747.4

	2020	2019	2018	2020	2019	2018
Per ADR[1]	Cents per ADR			**$m**	$m	$m
2019 Final dividend	**–**	249.00¢	240.34¢	**–**	622.8	598.7
2020 Interim dividend	**64.18¢**	144.88¢	151.53¢	**156.6**	362.6	377.6
	64.18¢	393.88¢	391.87¢	**156.6**	985.4	976.3

Proposed final dividend for the year ended 31 December 2020:

	2020	2019	2018
Per share	Pence per share		
Final dividend	**14.00p**	–	37.3p

	2020	2019	2018
Per ADR[1]	Cents per share		
Final dividend	**89.85¢**	–	249.00¢

Note

1 These figures have been translated for convenience purposes only, using the approximate average rate for the year of US$1.2836 (2019: US$1.2765, 2018: US$1.3351). This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

The payment of dividends will not have any tax consequences for the Group.

Final dividends are paid in the subsequent year to which they relate. The 2019 final dividend which was due to be paid in 2020 was cancelled to protect liquidity in light of the threat from Covid-19 at that time.

9. EARNINGS PER SHARE

BASIC EPS

The calculation of basic reported and headline EPS is as follows:

Continuing operations	2020	2019[1]	2018[1]
Reported earnings[2] (£m)	**(2,973.8)**	860.1	698.2
Headline earnings (£m) (page 212)	**740.3**	984.2	1,153.1
Weighted average shares used in basic EPS calculation (m)	**1,223.0**	1,250.0	1,247.8
Reported EPS	**(243.2p)**	68.8p	56.0p
Headline EPS	**60.5p**	78.7p	92.4p

Discontinued operations	2020	2019	2018
Reported earnings[2] (£m)	**6.5**	(3.8)	126.4
Weighted average shares used in basic EPS calculation (m)	**1,223.0**	1,250.0	1,247.8
Reported EPS	**0.5p**	(0.3p)	10.1p

Continuing and discontinued operations	2020	2019[1]	2018[1]
Reported earnings[2] (£m)	**(2,967.3)**	856.3	824.6
Weighted average shares used in basic EPS calculation (m)	**1,223.0**	1,250.0	1,247.8
Reported EPS	**(242.7p)**	68.5p	66.1p

Notes

1 Earnings figures have been restated as described in the accounting policies.

2 Reported earnings is equivalent to (loss)/profit for the year attributable to equity holders of the parent.

DILUTED EPS

The calculation of diluted reported and headline EPS is as follows:

Continuing operations	2020	2019[1]	2018[1]
Diluted reported earnings (£m)	**(2,973.8)**	860.1	698.2
Diluted headline earnings (£m)	**740.3**	984.2	1,153.1
Weighted average shares used in reported diluted EPS calculation (m)[2]	**1,223.0**	1,260.6	1,261.2
Weighted average shares used in headline diluted EPS calculation (m)	**1,236.0**	1,260.6	1,261.2
Diluted reported EPS	**(243.2p)**	68.2p	55.4p
Diluted headline EPS	**59.9p**	78.1p	91.4p

Discontinued operations	2020	2019	2018
Diluted reported earnings (£m)	**6.5**	(3.8)	126.4
Weighted average shares used in diluted EPS calculation (m)[2]	**1,223.0**	1,260.6	1,261.2
Diluted reported EPS	**0.5p**	(0.3p)	10.0p

Continuing and discontinued operations	2020	2019[1]	2018[1]
Diluted reported earnings (£m)	**(2,967.3)**	856.3	824.6
Weighted average shares used in diluted EPS calculation (m)[2]	**1,223.0**	1,260.6	1,261.2
Diluted reported EPS	**(242.7p)**	67.9p	65.4p

Notes

1 Earnings figures have been restated as described in the accounting policies.

2 The weighted average shares used in the basic EPS calculation for 2020 has also been used for reported diluted EPS due to the anti-dilutive effect of the weighted average shares calculated for the reported diluted EPS calculation.

Diluted EPS has been calculated based on the diluted reported and diluted headline earnings amounts above. At 31 December 2020, options to purchase 14.2 million ordinary shares (2019: 19.3 million, 2018: 16.9 million) were outstanding, but were excluded from the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of the Group's shares and, therefore, their inclusion would have been accretive.

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

	2020 m	2019 m	2018 m
Weighted average shares used in basic EPS calculation	**1,223.0**	1,250.0	1,247.8
Dilutive share options outstanding	**–**	0.3	1.6
Other potentially issuable shares	**13.0**	10.3	11.8
Weighted average shares used in diluted EPS calculation	**1,236.0**	1,260.6	1,261.2

At 31 December 2020 there were 1,296,080,242 (2019: 1,328,167,813, 2018: 1,332,678,227) ordinary shares in issue, including 70,748,100 treasury shares (2019: 70,787,730, 2018: 70,854,553).

10. SOURCES OF FINANCE

The following table summarises the equity and debt financing of the Group, and changes during the year:

	Shares		Debt	
Analysis of changes in financing	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Beginning of year	**703.1**	703.0	**4,272.9**	6,217.9
Ordinary shares issued	**–**	0.6	**–**	–
Share cancellations	**(3.2)**	(0.5)	**–**	–
Net increase/(decrease) in drawings on bank loans and corporate bonds	**–**	–	**632.8**	(1,713.2)
Amortisation of financing costs included in debt	**–**	–	**7.5**	10.3
Changes in fair value due to hedging arrangements	**–**	–	**(1.4)**	14.3
Other movements	**–**	–	**(7.1)**	1.5
Exchange adjustments	**–**	–	**128.0**	(257.9)
End of year	**699.9**	703.1	**5,032.7**	4,272.9

Note
The table above excludes bank overdrafts which fall within cash and cash equivalents for the purposes of the consolidated cash flow statement.

SHARES

At 31 December 2020, the Company's share base was entirely composed of ordinary equity share capital and share premium of £699.9 million (2019: £703.1 million), further details of which are disclosed in note 27.

DEBT

US$ bonds The Group has in issue $500 million of 3.625% bonds due September 2022, $750 million of 3.75% bonds due September 2024, $93 million of 5.125% bonds due September 2042 and $220 million of 5.625% bonds due November 2043.

Eurobonds During the year, the Group issued €750 million of 2.375% bonds due May 2027. The Group also has in issue €750 million of 3.0% bonds due November 2023, €500 million of 1.375% bonds due March 2025, €750 million of 2.25% bonds due September 2026, €600 million of 1.625% bonds due March 2030, and €250 million of Floating Rate Notes carrying a coupon of 3m EURIBOR +0.45% due March 2022.

Sterling bonds During the year, the Group issued £250 million of 3.750% bonds due May 2032. The Group also has in issue £400 million of 2.875% bonds due September 2046.

Revolving Credit Facility The Group has a five-year Revolving Credit Facility of $2.5 billion due March 2025, signed in March 2019 and extended in February 2020. The Group's borrowing under these facilities, which are drawn down predominantly in pounds sterling, averaged the equivalent of $nil in 2020.

At 31 December 2020, the Group's subsidiary, WPP AUNZ had a A$150 million Revolving Credit Facility due June 2020 and a A$270 million Revolving Credit Facility due June 2021. In August 2020, the A$150 million Revolving Credit Facility was extended to August 2021 and the A$270 million Revolving Credit Facility was extended to August 2023. The Group's borrowings under the Australian dollar facilities which were drawn down in Australian dollars and New Zealand dollars, averaged the equivalent of A$151 million in 2020.

The Group had available undrawn committed credit facilities of £2,023.2 million at 31 December 2020 (2019: £2,005.6 million).

Borrowings under the $2.5 billion Revolving Credit Facility are governed by certain financial covenants based on the results and financial position of the Group. Borrowings under the A$150 million Revolving Credit Facility and the A$270 million Revolving Credit Facility are governed by certain financial covenants based on the results and financial position of WPP AUNZ.

The $2.5 billion Revolving Credit Facility, due March 2025, includes terms which require the consent of the majority of the lenders if a proposed merger or consolidation of the Company would alter its legal personality or identity.

In February 2021, the $2.5 billion Revolving Credit Facility was extended to March 2026.

COMMERCIAL PAPER PROGRAMMES

The Group operates commercial paper programmes using its Revolving Credit Facility as a backstop. The average US commercial paper outstanding in 2020 was $2 million (2019: $41 million). The average Euro commercial paper outstanding in 2020 was £nil (2019: £255 million) inclusive of the effect of currency swaps. There was no US or Euro commercial paper outstanding at 31 December 2020.

The following table is an analysis of future anticipated cash flows in relation to the Group's debt, on an undiscounted basis which, therefore, differs from the fair value and carrying value:

	2020 £m	2019[1] £m
Within one year	**(182.2)**	(324.8)
Between one and two years	**(725.6)**	(204.0)
Between two and three years	**(795.7)**	(692.1)
Between three and four years	**(649.1)**	(726.3)
Between four and five years	**(528.2)**	(634.2)
Over five years	**(3,387.1)**	(2,761.9)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	**(6,267.9)**	(5,343.3)
Short-term overdrafts – within one year	**(8,562.0)**	(8,572.4)
Future anticipated cash flows	**(14,829.9)**	(13,915.7)
Effect of discounting/financing rates	**1,235.2**	1,070.4
Debt financing	**(13,594.7)**	(12,845.3)
Cash and short-term deposits	**12,899.1**	11,305.7
Net debt	**(695.6)**	(1,539.6)

Note
[1] Figures have been restated as described in the accounting policies.

Analysis of fixed and floating rate debt by currency including the effect of interest rate and cross-currency swaps:

2020		£m	Fixed rate[1]	Floating basis	Period (months)[1]
Currency					
$	– fixed	1,585.1	4.06	n/a	70
£	– fixed	1,094.1	3.21	n/a	167
€	– fixed	2,104.6	2.20	n/a	79
	– floating	223.9	n/a	EURIBOR	15
Other		25.0	n/a	n/a	n/a
		5,032.7			

2019		£m	Fixed rate[1]	Floating basis	Period (months)[1]
Currency					
$	– fixed	1,178.2	4.06	n/a	95
£	– fixed	844.1	2.73	n/a	188
€	– fixed	1,777.7	2.34	n/a	82
	– floating	423.3	n/a	EURIBOR	16
Other		49.6	n/a	n/a	n/a
		4,272.9			

Note
[1] Weighted average. These rates do not include the effect of gains on interest rate swap terminations that are written to income over the life of the original instrument.

The following table is an analysis of future undiscounted anticipated cash flows in relation to the Group's financial derivatives, which include interest rate swaps, forward contracts and other foreign exchange swaps assuming interest rates and foreign exchange rates as at 31 December:

	Financial liabilities		Financial assets	
2020	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	201.7	195.4	102.3	98.2
Between one and two years	11.6	6.2	17.8	13.6
Between two and three years	41.9	35.7	449.2	461.2
Between three and four years	11.6	6.3	–	–
Between four and five years	449.8	466.3	–	–
Over five years	–	–	–	–
	716.6	**709.9**	**569.3**	**573.0**

	Financial liabilities		Financial assets	
2019	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	113.6	107.8	44.0	45.0
Between one and two years	17.5	10.9	–	–
Between two and three years	11.8	6.2	–	–
Between three and four years	11.6	6.1	–	–
Between four and five years	11.6	6.1	–	–
Over five years	449.8	456.3	–	–
	615.9	593.4	44.0	45.0

11. ANALYSIS OF CASH FLOWS

The following tables analyse the items included within the main cash flow headings on page 167.

Net cash from operating activities:

	2020 £m	2019[1] £m	2018[1] £m
(Loss)/profit for the year	**(2,903.5)**	950.1	901.1
Taxation	**131.5**	353.8	323.9
Revaluation and retranslation of financial instruments	**147.2**	(154.4)	72.8
Finance costs	**312.3**	376.4	289.3
Finance and investment income	**(82.8)**	(102.6)	(104.8)
Share of results of associates	**136.0**	(21.2)	(43.5)
Goodwill impairment on classification as held for sale	**–**	94.5	–
Gain on sale of discontinued operations	**(10.0)**	(73.8)	–
Attributable tax expense on sale of discontinued operations	**1.9**	157.4	–
Operating (loss)/profit of continuing and discontinued operations	**(2,267.4)**	1,580.2	1,438.8
Adjustments for			
Non-cash share-based incentive plans (including share options)	**74.4**	71.4	84.8
Depreciation of property, plant and equipment	**174.8**	203.2	225.1
Depreciation of right-of-use assets	**331.9**	317.9	–
Impairment charges included within restructuring costs	**196.7**	–	–
Impairment of goodwill	**2,822.9**	47.7	176.5
Amortisation and impairment of acquired intangible assets	**89.1**	135.6	280.0
Amortisation of other intangible assets	**35.2**	29.6	38.7
Investment and other write-downs	**296.2**	7.5	2.0
Gains on disposal of investments and subsidiaries	**(7.8)**	(45.1)	(235.5)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**(0.6)**	(0.4)	(2.0)
Gain on sale of freehold property in New York	**–**	(7.9)	–
Losses on sale of property, plant and equipment	**0.3**	3.2	0.6
Operating cash flow before movements in working capital and provisions	**1,745.7**	2,342.9	2,009.0
Decrease/(increase) in trade receivables and accrued income	**585.2**	159.0	(298.9)
Increase in trade payables and deferred income	**195.0**	394.7	500.9
Decrease/(increase) in other receivables	**123.3**	(263.8)	(52.9)
Decrease in other payables – short-term	**(36.6)**	(16.4)	(31.8)
(Decrease)/increase in other payables – long-term	**(44.3)**	53.7	0.4
Increase in provisions	**15.6**	23.1	48.0
Cash generated by operations	**2,583.9**	2,693.2	2,174.7
Corporation and overseas tax paid	**(371.5)**	(536.0)	(383.6)
Payment on early settlement of bonds	**–**	(63.4)	–
Interest and similar charges paid	**(173.9)**	(270.6)	(252.8)
Interest paid on lease liabilities	**(98.5)**	(105.1)	–
Interest received	**73.6**	80.8	90.4
Investment income	**8.7**	18.3	15.4
Dividends from associates	**32.5**	33.3	49.7
Net cash inflow from operating activities	**2,054.8**	1,850.5	1,693.8

Note

1 Figures have been restated as described in the accounting policies.

Acquisitions and disposals:

	2020 £m	2019 £m	2018 £m
Initial cash consideration	**(32.8)**	(3.9)	(126.7)
Cash and cash equivalents acquired	**–**	–	11.3
Earnout payments	**(115.2)**	(130.2)	(120.2)
Purchase of other investments (including associates)	**(30.4)**	(27.2)	(48.1)
Acquisitions	**(178.4)**	(161.3)	(283.7)
Proceeds on disposal of investments and subsidiaries[1]	**320.0**	2,468.5	849.0
Cash and cash equivalents disposed	**(47.7)**	(327.5)	(15.1)
Disposals of investments and subsidiaries	**272.3**	2,141.0	833.9
Cash consideration for non-controlling interests	**(80.6)**	(62.7)	(109.9)
Net acquisition payments and disposal proceeds	**13.3**	1,917.0	440.3

Note

1 Proceeds on disposal of investments and subsidiaries includes return of capital from investments in associates.

Share repurchases and buybacks:

	2020 £m	2019 £m	2018 £m
Purchase of own shares by ESOP Trusts	**(5.1)**	–	(102.8)
Shares purchased into treasury	**(285.1)**	(43.8)	(104.3)
Net cash outflow	**(290.2)**	(43.8)	(207.1)

Proceeds from issue of bonds:

	2020 £m	2019 £m	2018 £m
Proceeds from issue of €750 million bonds	**665.5**	–	–
Proceeds from issue of £250 million bonds	**250.0**	–	–
Proceeds from issue of €250 million bonds	**–**	–	218.8
Proceeds from issue of €500 million bonds	**–**	–	438.0
Net cash inflow	**915.5**	–	656.8

Repayment of borrowings:

	2020 £m	2019 £m	2018 £m
Decrease in drawings on bank loans	**(59.6)**	(70.6)	(819.3)
Repayment of €250 million bonds	**(223.1)**	–	–
Repayment of €600 million bonds	**–**	(512.7)	–
Repayment of $812 million bonds	**–**	(618.8)	–
Partial repayment of $272 million bonds	**–**	(135.4)	(20.8)
Partial repayment of $450 million bonds	**–**	(176.2)	(37.3)
Repayment of £200 million bonds	**–**	(199.5)	–
Repayment of €252 million bonds	**–**	–	(220.0)
Net cash outflow	**(282.7)**	(1,713.2)	(1,097.4)

Cash and cash equivalents:

	2020 £m	2019[1] £m	2018[1] £m
Cash at bank and in hand	**10,075.0**	10,442.1	10,433.4
Short-term bank deposits	**2,824.1**	863.6	632.4
Overdrafts[2]	**(8,562.0)**	(8,572.4)	(8,864.6)
	4,337.1	2,733.3	2,201.2

Notes

1 Figures have been restated as described in the accounting policies.

2 Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

The Group considers that the carrying amount of cash and cash equivalents approximates their fair value.

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In July 2019, the Group announced the proposed sale of its Kantar business to Bain Capital. On 5 December 2019 the first stage of the transaction completed, consisting of approximately 90% of the Kantar group, with consideration of £2,140.2 million after tax and disposal costs. The sale involved the Group disposing of the Kantar business and holding 40% equity stakes post-transaction which are treated as associates. This generated a pre-tax gain of £73.8 million, tax charge of £157.4 million and goodwill impairment of £94.5 million for the Group. In 2020, the remaining stages of the transaction completed with total consideration of £236.1 million after tax and disposal costs. This generated a pre-tax gain of £10.0 million and a tax charge of £1.9 million.

Under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations where certain conditions are met, an asset or disposal group that has been put up for sale should be recognised as "held for sale". The criterion was met on 9 July 2019, following Board approval of the disposal of Kantar to Bain Capital, representing the date at which the appropriate level of management was committed to a plan to sell the disposal group. The Kantar disposal group therefore became held for sale on this date.

The Kantar group is classified as a discontinued operation in 2019 and 2020 under IFRS 5, as it forms a separate major line of business and there was a single co-ordinated plan to dispose of it.

Results of the discontinued operations, which have been included in profit for the year, were as follows:

	2020 £m	2019 £m	2018 £m
Revenue	**107.4**	2,387.5	2,555.7
Costs of services	**(92.3)**	(1,951.5)	(2,104.4)
Gross profit	**15.1**	436.0	451.3
General and administrative costs	**(4.4)**	(151.7)	(257.8)
Operating profit	**10.7**	284.3	193.5
Share of results of associates	**–**	6.5	13.0
Profit before interest and taxation	**10.7**	290.8	206.5
Finance and investment income	**0.1**	3.6	5.4
Finance costs	**(0.3)**	(17.3)	(9.7)
Revaluation and retranslation of financial instruments	**–**	(9.4)	3.5
Profit before taxation	**10.5**	267.7	205.7
Attributable tax expense	**(2.2)**	(78.8)	(67.9)
Profit after taxation	**8.3**	188.9	137.8
Goodwill impairment on classification as held for sale[1]	**–**	(94.5)	–
Gain on sale of discontinued operations	**10.0**	73.8	–
Attributable tax expense on sale of discontinued operations	**(1.9)**	(157.4)	–
Net gain attributable to discontinued operations	**16.4**	10.8	137.8
Attributable to			
Equity holders of the parent	**6.5**	(3.8)	126.4
Non-controlling interests[2]	**9.9**	14.6	11.4
	16.4	10.8	137.8

Notes

1 In 2019, goodwill impairment of £94.5 million arose from the assessment of fair value less costs to sell under IFRS 5.

2 In 2020, non-controlling interests includes £9.3 million recognised on the disposal of Kantar within WPP Scangroup, a 56% owned subsidiary of the Group.

For the year ended 31 December 2020, the Kantar group contributed £30.8 million (2019: £322.9 million, 2018: £292.5 million) to the Group's net operating cash flows, paid £0.9 million (2019: £53.2 million, 2018: £59.5 million) in respect of investing activities and paid £0.7 million (2019: £27.2 million, 2018: £7.9 million) in respect of financing activities.

The gain on sale of discontinued operations disposed by 31 December 2020 is calculated as follows:

	2020 £m	2019 £m
Intangible assets (including goodwill)	**162.5**	2,410.0
Property, plant and equipment	**15.1**	115.7
Right-of-use assets	**27.2**	103.5
Interests in associates and joint ventures	**4.6**	92.3
Other investments	**–**	11.5
Deferred tax assets	**6.1**	44.1
Corporate income tax recoverable	**16.9**	49.8
Trade and other receivables	**170.3**	748.8
Cash and cash equivalents	**32.2**	324.9
Trade and other payables	**(141.6)**	(839.8)
Corporate income tax payable	**(5.6)**	(48.2)
Lease liabilities	**(23.2)**	(106.3)
Deferred tax liabilities	**(1.3)**	(98.6)
Provisions for post-employment benefits	**(7.9)**	(26.7)
Provisions for liabilities and charges	**(0.6)**	(22.4)
Net assets	**254.7**	2,758.6
Non-controlling interests	**(6.1)**	(19.1)
Net assets excluding non-controlling interests	**248.6**	2,739.5
Consideration received in cash and cash equivalents	**240.9**	2,352.1
Re-investment in equity stake[1]	**–**	231.7
Transaction costs	**(4.5)**	(56.1)
Deferred consideration[2]	**1.6**	1.6
Total consideration received	**238.0**	2,529.3
Loss on sale before exchange adjustments	**(10.6)**	(210.2)
Exchange adjustments recycled to the income statement	**20.6**	284.0
Gain on sale of discontinued operation	**10.0**	73.8

Notes

1 Re-investment in equity stake represents the value of the Group's 40% stake in the new Kantar group as part of the disposal.

2 Deferred consideration in 2019 is made up of £79.6 million expected to be received in future periods on the satisfaction of certain conditions and the deferral of £78.0 million consideration against services the Group will supply to Kantar on favourable terms in the future. The conditions expected to be met in the future include the settlement of ongoing legal cases, realisation of the value of certain investments and the utilisation of certain tax losses and allowances. There was uncertainty at the date of disposal in regard to the ultimate resolution of these items and estimates of amounts due to be received were required to be made; there were no individually material estimates. Future services provided by the Group to Kantar arose through the negotiation of Transition Service Arrangements, as is customary for a disposal of this magnitude. The Group will support Kantar for a period of up to four years, primarily in the area of IT, on terms which are favourable to the disposal group. As such, an element of consideration has been deferred and will be recognised as the services are provided.

13. LEASES

The movements in 2020 and 2019 were as follows:

Right-of-use assets	Land and buildings[1] £m	Plant and machinery £m	Total £m
1 January 2019	1,862.5	32.6	1,895.1
Additions	348.1	16.5	364.6
Transfers to net investment in subleases[2]	(37.6)	–	(37.6)
Disposals	(31.0)	(0.6)	(31.6)
Depreciation of right-of-use assets	(301.5)	(16.4)	(317.9)
Transfer to disposal group classified as held for sale	(134.4)	(3.7)	(138.1)
31 December 2019	1,706.1	28.4	1,734.5
Additions	233.0	35.0	268.0
Disposals	(40.5)	(1.9)	(42.4)
Depreciation of right-of-use assets	(312.1)	(19.8)	(331.9)
Impairment charges included in restructuring costs	(117.0)	–	(117.0)
Other write-downs	(8.1)	–	(8.1)
Exchange adjustments	0.4	1.0	1.4
31 December 2020	**1,461.8**	**42.7**	**1,504.5**

Notes

1 For the year ended 31 December 2020 and 2019, the Company has £67.9 million and £27.4 million of right-of-use assets that are classified as investment property, respectively.

2 The sublease of certain office space is classified as a finance lease and relates primarily to Kantar business units that were sold. The Company de-recognised the right-of-use asset (to the extent that it is subject to the sublease) and recognised the net investment in subleases, which is included within trade and other receivables. No other disclosures are deemed necessary as it is not material.

Lease liabilities	Land and buildings £m	Plant and machinery £m	Total £m
1 January 2019	2,294.4	31.8	2,326.2
Additions	325.9	12.3	338.2
Interest expense related to lease liabilities (net)	101.5	1.2	102.7
Disposals	(27.5)	(0.2)	(27.7)
Repayment of lease liabilities (including interest)	(326.2)	(14.9)	(341.1)
Transfer to disposal group classified as held for sale	(144.7)	(3.9)	(148.6)
31 December 2019	2,223.4	26.3	2,249.7
Additions	226.9	37.1	264.0
Interest expense related to lease liabilities (net)	96.8	1.7	98.5
Disposals	(49.4)	(1.7)	(51.1)
Repayment of lease liabilities (including interest)	(379.1)	(19.5)	(398.6)
Exchange adjustments	(6.8)	0.6	(6.2)
31 December 2020	**2,111.8**	**44.5**	**2,156.3**

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

Continuing operations	2020 £m	2019 £m
Depreciation of right-of-use assets:		
Land and buildings	**(312.1)**	(286.5)
Plant and machinery	**(19.8)**	(15.1)
Impairment charges	**(125.1)**	–
Short-term lease expense	**(36.7)**	(83.8)
Low-value lease expense	**(2.3)**	(2.9)
Variable lease expense	**(65.4)**	(74.2)
Sublease income	**25.3**	17.5
Charge to operating profit	**(536.1)**	(445.0)
Interest expense related to lease liabilities	**(101.0)**	(99.7)
Charge to profit before taxation for leases	**(637.1)**	(544.7)

Variable lease payments primarily include real estate taxes and insurance costs.

The maturity of lease liabilities at 31 December 2020 were as follows:

	2020 £m	2019 £m
Within one year	**412.3**	385.9
Between one and two years	**357.7**	384.0
Between two and three years	**309.0**	335.4
Between three and four years	**255.3**	283.0
Between four and five years	**209.9**	220.5
Over five years	**1,238.9**	1,393.7
	2,783.1	3,002.5
Effect of discounting	**(626.8)**	(752.8)
Lease liability at end of year	**2,156.3**	2,249.7
Short-term lease liability	**323.8**	302.2
Long-term lease liability	**1,832.5**	1,947.5

The total committed future cash flows for leases not yet commenced at 31 December 2020 is £674.3 million.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Refer to note 25 for management of liquidity risk.

14. INTANGIBLE ASSETS

GOODWILL

The movements in 2020 and 2019 were as follows:

	£m[1]
Cost	
1 January 2019	14,051.9
Additions[2]	8.5
Revision of earnout estimates	(14.1)
Disposals	(18.6)
Transfer to disposal group classified as held for sale	(2,729.1)
Exchange adjustments	(410.0)
31 December 2019	10,888.6
Additions[2]	40.1
Revision of earnout estimates	(2.8)
Disposals	(24.6)
Exchange adjustments	(94.0)
31 December 2020	**10,807.3**

Accumulated impairment losses and write-downs	
1 January 2019	919.3
Impairment on classification as held for sale[3]	70.9
Impairment losses for the year	47.7
Transfer to disposal group classified as held for sale	(230.6)
Exchange adjustments	(29.3)
31 December 2019	778.0
Impairment losses for the year	2,822.9
Exchange adjustments	(182.4)
31 December 2020	**3,418.5**

Net book value	
31 December 2020	**7,388.8**
31 December 2019	10,110.6
1 January 2019	13,132.6

Notes

1 Figures have been restated as described in the accounting policies.

2 Additions represent goodwill arising on the acquisition of subsidiary undertakings including the effect of any revisions to fair value adjustments that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations. The effect of such revisions was not material in either year presented.

3 Goodwill impairment of £70.9 million arose from the assessment of fair value less costs to sell of the Kantar group on classification as held for sale under IFRS 5.

14. INTANGIBLE ASSETS CONTINUED

OTHER INTANGIBLE ASSETS

The movements in 2020 and 2019 were as follows:

	Brands with an indefinite useful life £m	Acquired intangibles £m	Other £m	Total £m
Cost				
1 January 2019	1,132.8	2,610.0	437.3	4,180.1
Additions	–	–	43.2	43.2
Disposals	–	(3.4)	(41.0)	(44.4)
New acquisitions	–	3.5	–	3.5
Other movements[1]	–	–	(1.4)	(1.4)
Exchange adjustments	(41.4)	(28.2)	(9.9)	(79.5)
Transfer to disposal group classified as held for sale	–	(979.0)	(115.9)	(1,094.9)
31 December 2019	1,091.4	1,602.9	312.3	3,006.6
Additions	–	–	54.3	54.3
Disposals	–	(21.5)	(74.8)	(96.3)
New acquisitions	–	4.8	0.2	5.0
Other movements[1]	–	5.7	13.1	18.8
Exchange adjustments	(19.5)	(22.2)	(4.8)	(46.5)
31 December 2020	**1,071.9**	**1,569.7**	**300.3**	**2,941.9**
Amortisation and impairment				
1 January 2019	–	2,015.2	322.9	2,338.1
Charge for the year	13.2	116.8	29.6	159.6
Disposals	–	(1.6)	(37.7)	(39.3)
Other movements	–	–	2.6	2.6
Exchange adjustments	–	(15.2)	(9.1)	(24.3)
Transfer to disposal group classified as held for sale	–	(835.9)	(63.0)	(898.9)
31 December 2019	13.2	1,279.3	245.3	1,537.8
Charge for the year	–	88.5	35.2	123.7
Disposals	–	(17.4)	(72.0)	(89.4)
Other movements	–	5.7	5.4	11.1
Exchange adjustments	(0.4)	(26.9)	(3.3)	(30.6)
31 December 2020	**12.8**	**1,329.2**	**210.6**	**1,552.6**
Net book value				
31 December 2020	**1,059.1**	**240.5**	**89.7**	**1,389.3**
31 December 2019	1,078.2	323.6	67.0	1,468.8
1 January 2019	1,132.8	594.8	114.4	1,842.0

Note

1 Other movements in acquired intangibles include revisions to fair value adjustments arising on the acquisition of subsidiary undertakings that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations.

Cash-generating units (CGUs) with significant goodwill and brands with an indefinite useful life as at 31 December are:

	Goodwill		Brands with an indefinite useful life	
	2020 £m	2019[1] £m	**2020 £m**	2019 £m
GroupM	**2,953.7**	2,921.7	**–**	–
Wunderman Thompson	**949.4**	2,121.9	**403.9**	409.7
VMLY&R	**411.9**	901.0	**193.4**	199.1
Ogilvy	**782.0**	758.6	**206.5**	211.1
Burson Cohn & Wolfe	**591.1**	739.3	**128.8**	130.2
Other	**1,700.7**	2,668.1	**126.5**	128.1
	7,388.8	10,110.6	**1,059.1**	1,078.2

Note

1 Figures have been restated, as described in the accounting policies.

Other goodwill represents goodwill on a large number of CGUs, none of which is individually significant in comparison to the total carrying value of goodwill. Separately identifiable brands with an indefinite life are carried at historical cost in accordance with the Group's accounting policy for intangible assets. The carrying values of the other brands with an indefinite useful life are not individually significant in comparison with the total carrying value of brands with an indefinite useful life.

Acquired intangible assets at net book value at 31 December 2020 include brand names of £172.8 million (2019: £218.6 million), customer-related intangibles of £67.1 million (2019: £100.6 million), and other assets (including proprietary tools) of £0.6 million (2019: £4.4 million).

The total amortisation and impairment of acquired intangible assets of £89.1 million (2019: £121.5 million) includes an impairment charge of £21.6 million (2019: £26.5 million) comprising £13.5 million in regard to certain brand names that are no longer in use, and £8.1 million in regard to customer relationships where the underlying clients have been lost. £16.4 million of the impairment charge relates to the Global Integrated Agencies segment, and £5.2 million relates to the Specialist Agencies segment. In addition, the total amortisation and impairment of acquired intangible assets includes £0.6 million (2019: £5.6 million) in relation to associates.

In accordance with the Group's accounting policy, the carrying values of goodwill and intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment review is undertaken annually on 30 September. Given the Covid-19 pandemic, impairment indicators such as a decline in revenue less pass-through costs forecasts, and downturns in the global economy and the advertising industry were identified in the first half of 2020. As such, the Group performed an impairment test over goodwill and intangible assets with indefinite useful lives as at 30 June 2020. Given the continued impact of Covid-19, an additional impairment test was performed as of 31 December 2020.

Under IFRS, an impairment charge is required for both goodwill and other indefinite-lived assets when the carrying amount exceeds the "recoverable amount", defined as the higher of fair value less costs to sell and value in use. The review assessed whether the carrying value of goodwill and intangible assets with indefinite useful lives was supported by the value in use determined as the net present value of future cash flows.

14. INTANGIBLE ASSETS CONTINUED

Due to the significant number of CGUs, the impairment test was performed in two steps. In the first step, the recoverable amount was calculated for each CGU using the latest available forecasts for 2020 and/or 2021, nil growth rate thereafter (2019: 3.0%) and a conservative pre-tax discount rate of 13.5% (2019: 8.5%). The pre-tax discount rate of 13.5% was above the rate calculated for the global networks of 12.5%. For smaller CGUs that operate primarily in a particular region subject to higher risk, the higher of 13.5% or 100 basis points above the regional discount rate was used in the first step.

The recoverable amount was then compared to the carrying amount, which includes goodwill, intangible assets, and other assets. CGUs where the recoverable amount exceeded the carrying amount were not considered to be impaired. Those CGUs where the recoverable amount did not exceed the carrying amount were then further reviewed in the second step.

In the second step, these CGUs were retested for impairment using more refined assumptions. This included using a CGU specific pre-tax discount rate and management forecasts for a projection period of up to five-years, followed by an assumed long-term growth rate of 2.0% (2019: 3.0%). If the recoverable amount using the more specific assumptions did not exceed the carrying value of a CGU, an impairment charge was recorded.

In developing the cash flows, we considered the impact of the Covid-19 pandemic to our businesses and adjusted projected revenue less pass-through costs and operating margins in 2020 and/or 2021 accordingly. For the remaining years in the projection period, we assessed when the cash flows would recover to 2019 levels as representative of pre-Covid-19 revenue less pass-through costs and operating margins. For many of our CGUs, recovery to 2019 levels by 2023 was estimated with some CGUs using alternative recovery profiles as considered appropriate.

The long-term growth rate is derived from management's best estimate of the likely long-term trading performance with reference to external industry reports and other relevant market trends. As at 31 December 2020, we have assessed long-term industry trends based on recent historical data including the long-term impact of Covid-19 and assumed a long-term growth rate of 2.0% (2019: 3.0%). Management have made the judgement that the long-term growth rate does not exceed the long-term average growth rate for the industry.

The discount rate uses the capital asset pricing model (CAPM) to derive the cost of equity along with an estimated cost of debt that is weighted by an appropriate capital structure to derive an indication of a weighted average cost of capital. The cost of equity is calculated based on long-term government bond yield, an estimate of the required premium for investment in equity relative to government securities and further considers the volatility associated with peer public companies relative to the market. The cost of debt reflects an estimated market yield for long-term debt financing after taking into account the credit profile of public peer companies in the industry. The capital structure used to weight the cost of equity and cost of debt has been derived from the observed capital structure of public peer companies.

Given market factors in the period, there has been an increase in the estimated cost of equity from previous years. This has been driven by increased levels of market uncertainty and volatility which is reflected in the market valuations for global advertising agencies. This has led to upward adjustments to the estimates for the equity risk premium as well as the applicable beta (ie, volatility of public peer companies relative to the market). Additionally, given the magnitude of the declines in our market capitalisation, the cost of equity reflects an increase in the size premium applicable to the Group, and a company specific risk premium to reflect implied market discount rates. This increase in the cost of equity, combined with an increase in the cost of debt as a result of increased corporate bond yields, resulted in the discount rates applied to our CGUs increasing relative to the prior year.

The pre-tax discount rate applied to the cash flow projections for the CGUs that operate globally was 12.5% (2019: 6.3% to 7.4%). We developed a global discount rate that takes into account the diverse nature of the operations, as these CGUs operate with a diverse range of clients in a range of industries throughout the world, hence are subject to similar levels of market risks. The pre-tax discount rates applied to the CGUs that have more regional specific operations ranged from 10.8% to 18.6% for the 30 June 2020 test, 11.3% to 14.4% for the 30 September 2020 test, and 11.2% to 13.6% for the 31 December 2020 test (2019: 4.1% to 13.6%).

Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue less pass-through costs growth, operating margins, appropriate discount rates and working capital requirements. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue less pass-through costs growth and operating margins. The key assumptions take account of the business' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the CGU's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining the level of CGU identified for impairment testing and the criteria used to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss.

As part of the overall effort to simplify operations and become more client-centric, certain operations have been realigned between the various networks. These realignments have been reflected in the CGUs being tested. The most significant of these for the 30 June 2020 test included the treatment of Landor and Fitch as a single CGU given the collaboration of the two brands from both a management and client perspective; the shift of certain European operations into VMLY&R; and the transfer of certain Asian operations from VMLY&R to Ogilvy in order to improve the operational synergies and offer in the respective regions.

Subsequent realignments to improve the operational synergies and regional offers were reflected in the September and December tests including the shift of certain Latin American and European operations between Wunderman Thompson, VMLY&R and GroupM; and the transfer of certain Asian operations to VMLY&R that previously operated independently from a network.

The transfers of carrying value between CGUs were determined on a relative value basis. The impact of these realignments has not had a significant impact on the impairment figures recognised.

The goodwill impairment charge of £2,822.9 million largely reflects the adverse impacts of Covid-19 on a number of businesses in the Group. The impact of these global economic conditions and trading circumstances was sufficiently severe to indicate impairment to the carrying value of goodwill. By operating sector, £1,820.1 million of the impairment charge relates to Global Integrated Agencies, £161.5 million relates to Public Relations and £841.3 million relates to Specialist Agencies.

The CGUs with significant impairments of goodwill as at 31 December 2020 are set out in the below table with the latest recoverable amount determined as of the December test.

	Operating Sector	Recoverable amount £m	Goodwill impairment charge £m
Wunderman Thompson	Global Integrated Agencies	1,956.8	1,207.5
VMLY&R	Global Integrated Agencies	1,075.7	516.9
Burson Cohn & Wolfe	Public Relations	790.2	144.8
Geometry Global	Specialist Agencies	164.4	305.8
Landor & Fitch	Specialist Agencies	177.6	185.4
Other		1,409.5	462.5
		5,574.2	**2,822.9**

14. INTANGIBLE ASSETS CONTINUED

The goodwill impairment charge recognised for the year ended 31 December 2020 includes £2,812.9 million related to the six-month period ended 30 June 2020. This figure is £328.2 million higher than the £2,484.7 million previously reported in the 30 June 2020 interim financial statements as a result of an adjustment to appropriately reflect the working capital cash flow assumptions in the impairment model. This has been fully reflected in the consolidated financial statements for the year ended 31 December 2020, and the amount will be reflected in the comparatives included in the 30 June 2021 financial statements. Refer to page 223 for additional information.

As of the December test, the recoverable amounts of all CGUs were determined to be above their carrying values. Burson Cohn & Wolfe's recoverable amount exceeded its carrying value by £14.4 million and is the only significant CGU that is sensitive to changes in the key assumptions used in determining the cash flows as of the December test. The average operating margins used in the five-year projection period for CGUs with significant goodwill and brands with an indefinite useful life ranged from 12.5% to 21.3%. The average operating margin of Burson Cohn & Wolfe would have to decrease by 0.3% to cause its carrying value to be above its recoverable amount. The long-term cash flow growth rate would also have to decrease by 0.3% to cause the carrying value of Burson Cohn & Wolfe to be above its recoverable amount. Burson Cohn & Wolfe is not sensitive to a reasonably possible change in the revenue less pass-through costs growth used in the five-year projection period.

As of the December test, a reasonably possible change in the key assumptions noted above would not result in a material amount of further impairments for Burson Cohn & Wolfe or any other CGU individually or in aggregate.

A change in the discount rate applied to the cash flows in the December impairment test up or down by 1.5% is considered reasonably possible. An increase of the discount rate by 1.5% would have resulted in £84.3 million additional impairment, £70.9 million of which would be attributable to Burson Cohn & Wolfe. As of the December test, Landor & Fitch's recoverable amount exceeded its carrying value by £19.4 million. Increasing the discount rate by 1.5% would result in additional impairment of £2.6 million for Landor & Fitch with the remaining impairment attributable to other CGUs not individually significant. The discount rates would have to increase by 0.2% and 1.3% respectively to cause the carrying values of Burson Cohn & Wolfe and Landor & Fitch to be above their recoverable amounts.

15. PROPERTY, PLANT AND EQUIPMENT

The movements in 2020 and 2019 were as follows:

	Land £m	Freehold buildings £m	Leasehold buildings £m	Fixtures, fittings and equipment £m	Computer equipment £m	Total £m
Cost						
1 January 2019	37.1	135.5	1,202.4	375.3	690.4	2,440.7
Additions	–	33.7	158.5	35.0	67.7	294.9
New acquisitions	–	–	–	0.1	–	0.1
Disposals	–	(109.0)	(167.3)	(68.3)	(76.3)	(420.9)
Transfer to disposal group classified as held for sale	(2.8)	(17.1)	(98.1)	(115.2)	(231.5)	(464.7)
Exchange adjustments	–	(16.9)	(46.7)	(14.5)	(26.4)	(104.5)
31 December 2019	34.3	26.2	1,048.8	212.4	423.9	1,745.6
Additions	–	8.9	135.7	25.0	48.7	218.3
New acquisitions	–	–	0.2	–	0.2	0.4
Disposals	–	(0.2)	(99.1)	(41.1)	(83.7)	(224.1)
Exchange adjustments	–	4.7	(33.1)	(7.0)	(7.4)	(42.8)
31 December 2020	**34.3**	**39.6**	**1,052.5**	**189.3**	**381.7**	**1,697.4**
Depreciation						
1 January 2019	–	27.1	567.3	229.7	533.6	1,357.7
Charge for the year	–	1.5	79.9	36.3	67.8	185.5
Disposals	–	(7.2)	(129.9)	(59.9)	(74.5)	(271.5)
Transfer to disposal group classified as held for sale	–	(15.6)	(56.1)	(81.7)	(192.6)	(346.0)
Exchange adjustments	–	(1.6)	(17.9)	(13.2)	(23.4)	(56.1)
31 December 2019	–	4.2	443.3	111.2	310.9	869.6
Charge for the year	–	1.2	76.6	33.2	63.8	174.8
Impairment charges included in restructuring costs	–	–	72.1	6.3	1.3	79.7
Other write-downs	–	–	2.6	–	–	2.6
Disposals	–	–	(79.0)	(38.3)	(82.5)	(199.8)
Exchange adjustments	–	(3.1)	(5.2)	(5.5)	(6.6)	(20.4)
31 December 2020	**–**	**2.3**	**510.4**	**106.9**	**286.9**	**906.5**
Net book value						
31 December 2020	**34.3**	**37.3**	**542.1**	**82.4**	**94.8**	**790.9**
31 December 2019	34.3	22.0	605.5	101.2	113.0	876.0
1 January 2019	37.1	108.4	635.1	145.6	156.8	1,083.0

At 31 December 2020, capital commitments contracted, but not provided for in respect of property, plant and equipment, were £132.5 million (2019: £165.0 million). The decrease is due to a number of property development projects near completion, or completed, during 2020 in North America, UK and Latin America.

16. INTERESTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The movements in 2020 and 2019 were as follows:

	Interests in associates and joint ventures £m	Other investments £m
1 January 2019	796.8	666.7
Additions	236.6	18.3
Share of results of associate undertakings	21.2	–
Dividends	(33.3)	–
Other movements	1.2	–
Exchange adjustments	(35.5)	–
Disposals	(51.5)	(42.3)
Reclassification to subsidiaries	(0.3)	–
Revaluation of other investments through profit or loss	–	9.1
Revaluation of other investments through other comprehensive income	–	(141.4)
Amortisation of other intangible assets	(5.6)	–
Transfer to disposal group classified as held for sale	(109.1)	(12.1)
Write-downs	(7.5)	–
31 December 2019	813.0	498.3
Additions	15.2	15.9
Share of results of associate undertakings	(136.0)	–
Dividends	(32.5)	–
Other movements	(5.2)	–
Exchange adjustments	(39.7)	–
Disposals	(7.3)	(7.0)
Reclassification from subsidiaries	4.5	–
Reclassification from other investments to associates	0.2	(0.2)
Revaluation of other investments through profit or loss	–	8.0
Revaluation of other investments through other comprehensive income	–	(127.7)
Amortisation of other intangible assets	(0.6)	–
Write-downs	(280.9)	–
31 December 2020	**330.7**	**387.3**

The investments included above as "other investments" represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. For unlisted securities, where market value is not available, the Group has estimated relevant fair values on the basis of information from outside sources.

The carrying values of the Group's associates and joint ventures are reviewed for impairment in accordance with the Group's accounting policies.

The Group's principal associates and joint ventures at 31 December 2020 included:

	Country of incorporation	% owned
Advantage Smollan Ltd	UK	18.7
Barrows Design and Manufacturing (Pty) Limited	South Africa	35.0
Dat Viet VAC Media Corporation	Vietnam	30.0
GIIR Inc.	Korea	30.0
Haworth Marketing & Media Company	USA	49.0
High Co SA	France	34.1
Nanjing Yindu Ogilvy Advertising Co. Ltd	China	49.0
PRAP Japan, Inc	Japan	23.4
Smollan Holdings (Pty) Ltd	South Africa	24.8
Summer (BC) US JVCo SCSp[1]	Luxembourg	40.0

Note

1 Representing the Group's interest in Kantar in the United States.

The market value of the Group's shares in its principal listed associate undertakings at 31 December 2020 was as follows: GIIR Inc: £19.0 million, and High Co SA: £32.8 million (2019: GIIR Inc: £21.2 million and High Co SA: £39.4 million). The carrying value (including goodwill and other intangibles) of these equity interests in the Group's consolidated balance sheet at 31 December 2020 was as follows: GIIR Inc: £41.2 million and High Co SA: £38.9 million (2019: GIIR Inc: £37.7 million and High Co SA: £35.4 million).

Where the market value of the Group's listed associates is less than the carrying value, an impairment review is performed utilising the discounted cash flow methodology discussed in note 14, which represents the value in use.

The Group's investments in its principal associate undertakings are represented by ordinary shares.

AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

The following table presents a summary of the aggregate financial performance of the Group's associate undertakings and joint ventures.

Continuing operations	2020 £m	2019 £m	2018 £m
Share of results of associate undertakings (note 4)	**(136.0)**	14.7	30.5
Share of other comprehensive loss of associate undertakings	**(61.5)**	–	–
Share of total comprehensive (loss)/ income of associate undertakings	**(197.5)**	14.7	30.5

The application of equity accounting is ordinarily discontinued when the investment is reduced to zero and additional losses are not provided for unless the Group has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

In the year ended 31 December 2020, share of losses of £62.9 million were not recognised in relation to Imagina, an associate in Spain, as the investment was reduced to zero. The cumulative share of unrecognised losses relating to Imagina is £62.9 million.

At 31 December 2020, capital commitments contracted, but not provided for, in respect of interests in associates and other investments were £7.5 million (2019: £21.8 million).

17. DEFERRED TAX

The Group's deferred tax assets and liabilities are measured at the end of each period in accordance with IAS 12 Income Taxes. The recognition of deferred tax assets is determined by reference to the Group's estimate of recoverability, using models where appropriate to forecast future taxable profits.

Deferred tax assets have only been recognised for territories where the Group considers that it is probable that all or a portion of the deferred tax assets will be realised. The main factors that we consider include:

- the future earnings potential determined through the use of internal forecasts;
- the cumulative losses in recent years;
- the various jurisdictions in which the potential deferred tax assets arise;
- the history of losses carried forward and other tax assets expiring;
- the timing of future reversal of taxable temporary differences;
- the expiry period associated with the deferred tax assets; and
- the nature of the income that can be used to realise the deferred tax asset.

If it is probable that some portion of these assets will not be realised, no asset is recognised in relation to that portion.

If market conditions improve and future results of operations exceed our current expectations, our existing recognised deferred tax assets may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realisable. As a result, all or a portion of the deferred tax assets may need to be reversed.

Certain deferred tax assets and liabilities have been offset as they relate to the same tax group. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Gross 2020 £m	Offset 2020 £m	**As reported 2020 £m**	Gross 2019 £m	Offset 2019 £m	As reported 2019 £m
Deferred tax assets	477.5	(264.6)	**212.9**	430.9	(243.0)	187.9
Deferred tax liabilities	(568.7)	264.6	**(304.1)**	(622.8)	243.0	(379.8)
	(91.2)	–	**(91.2)**	(191.9)	–	(191.9)

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2020 and 2019:

	Deferred compensation £m	Accounting provisions and accruals £m	Retirement benefit obligations £m	Property, plant and equipment £m	Tax losses and credits £m	Share-based payments £m	Restructuring provisions £m	Other temporary differences £m	Total £m
1 January 2019	61.6	101.4	68.5	47.9	67.1	16.8	17.3	31.4	412.0
(Charge)/credit to income	(1.7)	10.2	6.7	19.4	24.2	2.9	12.5	(16.6)	57.6
Charge to other comprehensive income	–	–	(3.2)	–	–	–	–	–	(3.2)
Credit to equity	–	–	–	27.8	–	3.1	–	–	30.9
Transfer to disposal group classified as held for sale	(4.2)	(19.2)	(12.3)	(13.6)	(3.0)	(0.7)	(3.4)	0.1	(56.3)
Exchange differences and other movements	(2.2)	(5.0)	(2.2)	3.2	(2.0)	(0.6)	(0.6)	(0.7)	(10.1)
31 December 2019	53.5	87.4	57.5	84.7	86.3	21.5	25.8	14.2	430.9
(Charge)/credit to income	(1.5)	30.3	(3.5)	(3.4)	5.9	0.4	31.9	(2.7)	57.4
Credit to other comprehensive income	–	–	7.4	–	–	–	–	–	7.4
Exchange differences and other movements	(2.5)	(8.2)	(3.5)	(0.4)	(1.9)	(0.5)	(1.3)	0.1	(18.2)
31 December 2020	**49.5**	**109.5**	**57.9**	**80.9**	**90.3**	**21.4**	**56.4**	**11.6**	**477.5**

Other temporary differences comprise a number of items including tax deductible goodwill, none of which is individually significant to the Group's consolidated balance sheet. At 31 December 2020 the balance related to temporary differences in relation to revenue adjustments, tax deductible goodwill, fair value adjustments, and other temporary differences.

In addition the Group has recognised the following gross deferred tax liabilities and movements thereon in 2020 and 2019:

	Brands and other intangibles £m	Associate earnings £m	Goodwill £m	Property, plant and equipment £m	Financial instruments £m	Other temporary differences £m	Total £m
1 January 2019	438.6	17.6	182.3	22.2	39.9	37.9	738.5
Acquisition of subsidiaries	0.8	–	–	–	–	–	0.8
(Credit)/charge to income	(31.2)	68.6	10.3	(22.2)	(0.7)	(6.7)	18.1
Credit to other comprehensive income	–	–	–	–	–	(9.6)	(9.6)
Transfer to disposal group classified as held for sale	(46.6)	(7.9)	(51.7)	–	–	0.6	(105.6)
Exchange differences and other movements	(9.3)	(1.8)	(5.5)	–	(2.3)	(0.5)	(19.4)
31 December 2019	352.3	76.5	135.4	–	36.9	21.7	622.8
Acquisition of subsidiaries	1.5	–	–	–	–	–	1.5
(Credit)/charge to income	(22.3)	(16.7)	(7.8)	–	–	6.7	(40.1)
Exchange differences and other movements	(4.7)	(1.8)	(4.5)	–	(1.1)	(3.4)	(15.5)
31 December 2020	**326.8**	**58.0**	**123.1**	**–**	**35.8**	**25.0**	**568.7**

At the balance sheet date, the Group has gross tax losses and other temporary differences of £6,895.2 million (2019: £6,475.6 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £2,041.3 million (2019: £1,856.6 million) of such tax losses and other temporary differences. No deferred tax asset has been recognised in respect of the remaining £4,853.9 million (2019: £4,619.0 million) of losses and other temporary differences as the Group considers that there will not be enough taxable profits in the entities concerned such that any additional asset could be considered recoverable. Included in the total unrecognised temporary differences are losses of £65.4 million (2019: £60.7 million) that will expire within one to ten years, and £4,594.9 million (2019: £4,437.6 million) of losses that may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was £1,655.3 million (2019: £2,165.3 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and the Group considers that it is probable that such differences will not reverse in the foreseeable future.

18. TRADE AND OTHER RECEIVABLES

The following are included in trade and other receivables:

	2020 £m	2019 £m
Amounts falling due within one year		
Trade receivables (net of bad debt provision)	**6,572.2**	7,007.6
Work in progress	**264.1**	349.5
VAT and sales taxes recoverable	**236.6**	212.7
Prepayments	**248.1**	287.1
Accrued income	**3,150.1**	3,292.7
Fair value of derivatives	**0.2**	1.4
Other debtors	**501.0**	671.3
	10,972.3	11,822.3

The ageing of trade receivables and other financial assets by due date is as follows:

			Days past due				
2020	Carrying amount at 31 December 2020 £m	Not past due £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	6,572.2	5,692.4	660.0	167.3	40.4	7.5	4.6
Other financial assets	527.2	451.8	32.5	8.6	11.8	4.3	18.2
	7,099.4	**6,144.2**	**692.5**	**175.9**	**52.2**	**11.8**	**22.8**

			Days past due				
2019	Carrying amount at 31 December 2019 £m	Not past due £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	7,007.6	5,553.3	934.9	341.0	92.1	22.4	63.9
Other financial assets	582.5	357.6	129.9	48.3	16.2	5.2	25.3
	7,590.1	5,910.9	1,064.8	389.3	108.3	27.6	89.2

Other financial assets are included in other debtors.

Past due amounts are not impaired where collection is considered likely.

	2020 £m	2019 £m
Amounts falling due after more than one year		
Prepayments	**2.8**	2.2
Fair value of derivatives	**9.6**	–
Other debtors	**143.8**	135.4
	156.2	137.6

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

	2020 £m	2019 £m
Bad debt provisions		
At beginning of year	**111.7**	116.6
New acquisitions	**3.5**	5.0
Charged to the income statement	**50.6**	45.4
Released to the income statement	**(9.8)**	(19.0)
Exchange adjustments	**(2.8)**	(4.1)
Transfer to disposal group classified as held for sale	**–**	(8.9)
Utilisations and other movements	**(40.7)**	(23.3)
At end of year	**112.5**	111.7

The allowance for bad and doubtful debts is equivalent to 1.7% (2019: 1.6%) of gross trade accounts receivables.

Impairment losses on work in progress and accrued income were immaterial for the years presented.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

EXPECTED CREDIT LOSSES

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Under this approach, the Group utilises a provision matrix based on the age of the trade receivables and historical loss rates to determine the expected credit losses. Where relevant, the Group also considers forward looking information. Therefore the Group does not track changes in credit risk over the life of a financial asset, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. Under IFRS 9, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Given the short-term nature of the Group's trade receivables, work in progress and accrued income, which are mainly due from large national or multinational companies, the Group's assessment of expected credit losses includes provisions for specific clients and receivables where the contractual cash flow is deemed at risk. Additional provisions are made based on the assessment of recoverability of aged receivables, where the following criteria are met:

- 100% of the asset aged over one year;
- 50% of the asset aged between 180 days and one year; and
- sufficient evidence of recoverability is not evident.

As a result of the Covid-19 pandemic, the Group also performed a detailed review of trade receivables, work in progress and accrued income aged less than 180 days, taking into account the level of credit insurance the Group has along with internal and external data including historical and forward looking information. This review focused on significant individual clients along with the industry and country in which the clients operate where there is increased risk due to the pandemic.

19. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in trade and other payables falling due within one year:

	2020 £m	2019[1] £m
Trade payables	**10,206.5**	10,112.1
Deferred income	**1,153.7**	1,024.6
Payments due to vendors (earnout agreements)	**57.8**	143.4
Liabilities in respect of put option agreements with vendors	**9.3**	75.7
Fair value of derivatives	**1.8**	1.5
Share repurchases – close period commitments[2]	**–**	252.3
Other creditors and accruals	**2,430.6**	2,578.5
	13,859.7	14,188.1

Notes

1 Figures have been restated as described in the accounting policies.

2 During 2019, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 2 January 2020 and ending on 27 February 2020, in accordance with UK listing rules. The commitment resulting from this agreement constitutes a liability at 31 December 2019, which is included in Trade and other payables: amounts falling due within one year and has been recognised as a movement in equity.

The Group considers that the carrying amount of trade and other payables approximates their fair value.

20. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in trade and other payables falling due after more than one year:

	2020 £m	2019[1] £m
Payments due to vendors (earnout agreements)	**56.5**	100.3
Liabilities in respect of put option agreements with vendors	**101.4**	128.8
Fair value of derivatives	**11.2**	21.2
Other creditors and accruals	**144.4**	199.3
	313.5	449.6

Note

1 Figures have been restated as described in the accounting policies.

The Group considers that the carrying amount of trade and other payables approximates their fair value.

The following tables set out payments due to vendors, comprising contingent consideration and the Directors' best estimates of future earnout-related obligations:

	2020 £m	2019[1] £m
Within one year	**57.8**	143.4
Between one and two years	**17.2**	36.3
Between two and three years	**6.0**	34.6
Between three and four years	**30.5**	12.3
Between four and five years	**2.8**	7.7
Over five years	**–**	9.4
	114.3	243.7

Note

1 Figures have been restated as described in the accounting policies.

	2020 £m	2019[1] £m
At beginning of year	**243.7**	400.8
Earnouts paid	**(115.2)**	(130.0)
New acquisitions	**7.3**	9.6
Revision of estimates taken to goodwill (note 14)	**(2.8)**	(14.1)
Revaluation of payments due to vendors	**(13.4)**	3.8
Transfer to disposal group classified as held for sale	**–**	(11.5)
Exchange adjustments	**(5.3)**	(14.9)
At end of year	**114.3**	243.7

Note

1 Figures have been restated as described in the accounting policies.

As of 31 December 2020, the potential undiscounted amount of future payments that could be required under the earnout agreements for acquisitions completed in the current year and for all earnout agreements ranges from £nil to £41 million (2019: £nil to £14 million) and £nil to £808 million (2019: £nil to £1,110 million), respectively. The decrease in the maximum potential undiscounted amount of future payments for all earnout agreements is due to earnout arrangements that have completed and payments made on active arrangements during the year, and exchange adjustments, partially offset by earnout arrangements related to new acquisitions.

21. BANK OVERDRAFTS, BONDS AND BANK LOANS

Amounts falling due within one year:

	2020 £m	2019[1] £m
Bank overdrafts	**8,562.0**	8,572.4
Corporate bonds and bank loans	**57.2**	225.6
	8,619.2	8,798.0

Note

1 Figures have been restated as described in the accounting policies.

The Group considers that the carrying amount of bank overdrafts approximates their fair value.

Amounts falling due after more than one year:

	2020 £m	2019 £m
Corporate bonds and bank loans	**4,975.5**	4,047.3

The Group estimates that the fair value of corporate bonds is £5,509.1 million at 31 December 2020 (2019: £4,439.8 million). The fair values of the corporate bonds are based on quoted market prices.

The Group considers that the carrying amount of bank loans of £57.2 million (2019: £110.4 million) approximates their fair value.

The corporate bonds, bank loans and overdrafts included within liabilities fall due for repayment as follows:

	2020 £m	2019[1] £m
Within one year	**8,619.2**	8,798.0
Between one and two years	**590.9**	96.4
Between two and three years	**669.4**	590.4
Between three and four years	**540.2**	632.1
Between four and five years	**445.6**	554.3
Over five years	**2,729.4**	2,174.1
	13,594.7	12,845.3

Note

1 Figures have been restated as described in the accounting policies.

22. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in 2020 and 2019 were as follows:

	Property £m	Other £m	Total £m
1 January 2019	118.7	193.0	311.7
Charged to the income statement	39.5	7.6	47.1
Acquisitions[1]	–	0.7	0.7
Utilised	(1.2)	(12.2)	(13.4)
Released to the income statement	(10.3)	(6.9)	(17.2)
Other movements[2]	(58.4)	9.2	(49.2)
Transfer to disposal group classified as held for sale	(6.2)	(18.4)	(24.6)
Exchange adjustments	(0.6)	(6.7)	(7.3)
31 December 2019	**81.5**	**166.3**	**247.8**
Charged to the income statement	14.8	50.4	65.2
Acquisitions[1]	–	0.7	0.7
Utilised	(1.6)	(17.0)	(18.6)
Released to the income statement	(1.5)	(15.0)	(16.5)
Other movements	(15.0)	48.7	33.7
Exchange adjustments	(1.5)	(4.5)	(6.0)
31 December 2020	**76.7**	**229.6**	**306.3**

Notes

1 Acquisitions include £0.4 million (2019: £0.7 million) of provisions arising from revisions to fair value adjustments related to the acquisition of subsidiary undertakings that had been determined provisionally at the immediately preceding balance sheet date, as permitted by IFRS 3 Business Combinations.

2 In 2019, other movements include transfers of property provisions related to property leases which are now recognised in right-of-use assets, and certain long-term employee benefits.

The Company and various of its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The Directors do not anticipate that the outcome of these proceedings and claims will have a material adverse effect on the Group's financial position or on the results of its operations.

23. SHARE-BASED PAYMENTS

Charges for share-based incentive plans were as follows:

Continuing operations	**2020 £m**	2019 £m	2018 £m
Share-based payments	**74.4**	66.0	78.3

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

As of 31 December 2020, there was £134.9 million (2019: £140.7 million) of total unrecognised compensation cost related to the Group's restricted stock plans. That cost is expected to be recognised over an average period of one to two years.

Further information on stock options is provided in note 27.

RESTRICTED STOCK PLANS

The Group operates a number of equity-settled share incentive schemes, in most cases satisfied by the delivery of stock from one of the Group's ESOP Trusts. The most significant current schemes are as follows:

EXECUTIVE PERFORMANCE SHARE PLAN (EPSP)

This scheme is intended to reward and incentivise the most senior executives of the Group. The performance period is three or five complete financial years, commencing with the financial year in which the award is granted. The vest date will usually be in the March following the end of the performance period. Vesting is conditional on continued employment throughout the vesting period.

The 2020 EPSP awards are subject to three equally weighted performance conditions: three-year average Return on Invested Capital (ROIC), cumulative Adjusted Free Cash Flow (AFCF), and relative Total Shareholder Return (TSR). Achieving the threshold performance requirement will result in a vesting opportunity of 20% for that element. The vesting opportunity will increase on a straight line basis to 100% of the award for maximum performance. The Compensation Committee has an overriding discretion to determine the extent to which the award will vest.

The 2019 EPSP awards are subject to a relative TSR performance condition, with a ROIC underpin. TSR performance will be compared to companies representing the most relevant, listed global competitors, with performance below median resulting in zero vesting. Performance between median and upper decile provides for a vesting opportunity of between 15% and 100%. The awards will vest subject to a ROIC underpin of an average of 7.5% over the performance period. The Compensation Committee has an overriding discretion to determine the extent to which the award will vest.

For EPSP awards granted between 2013 and 2018 there are three performance criteria, each constituting one-third of the vesting value, and each measured over the performance period:

(i) TSR against a comparator group of companies. Threshold performance (equating to ranking in the 50th percentile of the comparator group) will result in 20% vesting of the part of the award dependent on TSR. The maximum vest of 100% will arise if performance ranks in the 90th percentile, with a sliding scale of vesting for performance between threshold and maximum.

(ii) Headline diluted earnings per share. Threshold performance (7% compound annual growth) will again result in a 20% vest. Maximum performance of 14% compound annual growth will give rise to a 100% vest, with a sliding vesting scale for performance between threshold and maximum.

(iii) Return on equity (ROE). Average annual ROE defined as headline diluted EPS divided by the balance sheet value per share of shareholders' equity. Threshold performance ranges between 10-14% average annual ROE and maximum performance ranges between 14-18%. Threshold again gives rise to a 20% vest, 100% for maximum, with a sliding scale in between.

PERFORMANCE SHARE AWARDS (PSA)

Conditional stock awards made under the PSA are dependent upon annual performance targets, typically based on one or more of: operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and vest two years after grant date provided the individual concerned is continually employed by the Group throughout this time.

LEADERS, PARTNERS AND HIGH POTENTIAL GROUP

This scheme makes annual conditional stock awards to approximately 1,600 key executives of the Group. Vesting is conditional on continued employment over the three-year vesting period.

VALUATION METHODOLOGY

For all of these schemes, the valuation methodology is based upon fair value on grant date, which is determined by the market price on that date or the application of a Black-Scholes model, depending upon the characteristics of the scheme concerned. The assumptions underlying the Black-Scholes model are detailed in note 27, including details of assumed dividend yields. Market price on any given day is obtained from external, publicly available sources.

MARKET/NON-MARKET CONDITIONS

Most share-based plans are subject to non-market performance conditions, such as margin or growth targets, as well as continued employment. EPSP is subject to a number of performance conditions, including TSR, a market-based condition.

For schemes without market-based performance conditions, the valuation methodology above is applied and, at each year-end, the relevant charge for each grant is revised, if appropriate, to take account of any changes in estimate of the likely number of shares expected to vest.

For schemes with market-based performance conditions, the probability of satisfying these conditions is assessed at grant date through a statistical model (such as the Monte Carlo model) and applied to the fair value. This initial valuation remains fixed throughout the life of the relevant plan, irrespective of the actual outcome in terms of performance. Where a lapse occurs due to cessation of employment, the cumulative charge taken to date is reversed.

Movement on ordinary shares granted for significant restricted stock plans:

	Non-vested 1 January 2020 number m	Granted number m	Forfeited number m	Vested number m	**Non-vested 31 December 2020 number m**
Executive Performance Share Plan (EPSP)	8.8	6.5	(2.0)	(0.3)	**13.0**
Performance Share Awards (PSA)	2.6	3.3	(0.3)	(1.3)	**4.3**
Leaders, Partners and High Potential Group	9.3	4.9	(0.7)	(2.5)	**11.0**
Weighted average fair value (pence per share)					
Executive Performance Share Plan (EPSP)	1,198p	742p	1,336p	1,481p	**943p**
Performance Share Awards (PSA)	1,081p	546p	787p	1,136p	**675p**
Leaders, Partners and High Potential Group	974p	719p	879p	1,131p	**831p**

The total fair value of shares vested for all the Group's restricted stock plans during the year ended 31 December 2020 was £71.6 million (2019: £90.8 million, 2018: £107.2 million).

24. PROVISION FOR POST-EMPLOYMENT BENEFITS

Companies within the Group operate a large number of pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned. The Group's pension costs are analysed as follows:

Continuing operations	2020 £m	2019 £m	2018 £m
Defined contribution plans	**157.8**	154.9	146.7
Defined benefit plans charge to operating profit	**13.9**	14.8	14.2
Pension costs (note 5)	**171.7**	169.7	160.9
Net interest expense on pension plans (note 6)	**2.9**	3.5	3.6
	174.6	173.2	164.5

DEFINED BENEFIT PLANS

The pension costs are assessed in accordance with the advice of local independent qualified actuaries. The latest full actuarial valuations for the various pension plans were carried out at various dates in the last three years. These valuations have been updated by the local actuaries to 31 December 2020.

The majority of plans provide final salary benefits, with plan benefits typically based either on mandatory plans under local legislation, eg, termination indemnity benefits, or on the rules of WPP sponsored supplementary plans. The implications of IFRIC 14 have been allowed for where relevant, in particular with regard to the asset ceiling/irrecoverable surplus.

The Group's policy is to close existing defined benefit plans to new members. This has been implemented across a significant number of the pension plans.

Contributions to funded plans are determined in line with local conditions and practices. Contributions in respect of unfunded plans are paid as they fall due. The total contributions (for funded plans) and benefit payments (for unfunded plans) paid for 2020 amounted to £20.3 million (2019: £37.1 million, 2018: £44.9 million). Employer contributions and benefit payments in 2021 are expected to be approximately £25 million.

(A) ASSUMPTIONS

There are a number of areas in pension accounting that involve estimates made by management based on advice of qualified advisors. These include establishing the discount rates, rates of increase in salaries and pensions in payment, inflation, and mortality assumptions. The main weighted average assumptions used for the actuarial valuations at 31 December are shown in the following table:

	2020 % pa	2019 % pa	2018 % pa	2017 % pa
UK				
Discount rate[1]	**1.3**	2.0	2.8	2.4
Rate of increase in pensions in payment	**4.4**	4.4	4.3	4.1
Inflation	**2.8**	2.6	2.8	2.7
North America				
Discount rate[1]	**2.0**	3.0	4.1	3.5
Rate of increase in salaries	**3.0**	3.0	3.0	3.1
Inflation	**n/a**	n/a	n/a	4.0
Western Continental Europe				
Discount rate[1]	**0.9**	1.2	2.0	1.9
Rate of increase in salaries	**2.2**	2.2	2.3	1.9
Rate of increase in pensions in payment	**1.8**	1.8	1.2	1.2
Inflation	**1.7**	1.7	1.7	1.7
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe				
Discount rate[1]	**4.2**	4.6	5.0	4.2
Rate of increase in salaries	**5.2**	6.1	5.8	5.5
Inflation	**3.7**	3.7	3.6	4.0

Note

1 Discount rates are based on high-quality corporate bond yields. In countries where there is no deep market in corporate bonds, the discount rate assumption has been set with regard to the yield on long-term government bonds.

For the Group's pension plans, the plans' assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling balance sheet volatility and future contributions. Pension plan assets are invested with a number of investment managers, and assets are diversified among equities, bonds, insured annuities, property and cash or other liquid investments. The primary use of bonds as an investment class is to match the anticipated cash flows from the plans to pay pensions. The Group is invested in high-quality corporate and government bonds which share similar risk characteristics and are of equivalent currency and term to the plan liabilities. Various insurance policies have also been bought historically to provide a more exact match for the cash flows, including a match for the actual mortality of specific plan members. These insurance policies effectively provide protection against both investment fluctuations and longevity risks. The strategic target allocation varies among the individual plans.

Management considers the types of investment classes in which the pension plan assets are invested. The types of investment classes are determined by economic and market conditions and in consideration of specific asset class risk.

Management periodically commissions detailed asset and liability studies performed by third-party professional investment advisors and actuaries that generate probability-adjusted expected future returns on those assets. These studies also project the estimated future pension payments and evaluate the efficiency of the allocation of the pension plan assets into various investment categories.

At 31 December 2020, the life expectancies underlying the value of the accrued liabilities for the main defined benefit pension plans operated by the Group were as follows:

Years life expectancy after age 65	All plans	North America	UK	Western Continental Europe	Other[1]
Current pensioners (at age 65) – male	**22.1**	**21.7**	**23.1**	**20.9**	**13.8**
Current pensioners (at age 65) – female	**23.6**	**23.1**	**24.1**	**24.0**	**17.0**
Future pensioners (current age 45) – male	**23.7**	**23.1**	**24.7**	**23.3**	**13.8**
Future pensioners (current age 45) – female	**25.2**	**24.5**	**25.9**	**26.0**	**17.0**

Note

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

The life expectancies after age 65 at 31 December 2019 were 22.2 years and 23.7 years for male and female current pensioners (at age 65) respectively, and 23.8 years and 25.4 years for male and female future pensioners (current age 45), respectively.

In the determination of mortality assumptions, management uses the most up-to-date mortality tables available in each country.

The following table provides information on the weighted average duration of the defined benefit pension obligations and the distribution of the timing of benefit payments for the next ten years. The duration corresponds to the weighted average length of the underlying cash flows.

	All plans	North America	UK	Western Continental Europe	Other[1]
Weighted average duration of the defined benefit obligation (years)	**11.5**	**9.6**	**13.8**	**12.8**	**6.8**
Expected benefit payments over the next ten years (£m)					
Benefits expected to be paid within 12 months	**49.8**	**24.4**	**15.1**	**5.8**	**4.5**
Benefits expected to be paid in 2022	**46.9**	**24.7**	**12.8**	**6.2**	**3.2**
Benefits expected to be paid in 2023	**45.2**	**21.9**	**13.5**	**6.1**	**3.7**
Benefits expected to be paid in 2024	**43.2**	**21.1**	**13.2**	**5.8**	**3.1**
Benefits expected to be paid in 2025	**43.1**	**19.1**	**14.0**	**6.2**	**3.8**
Benefits expected to be paid in the next five years	**222.1**	**94.1**	**70.1**	**34.3**	**23.6**

Note

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

24. PROVISION FOR POST-EMPLOYMENT BENEFITS CONTINUED

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant so that interdependencies between the assumptions are excluded. The methodology applied is consistent with that used to determine the recognised defined benefit obligation. The sensitivity analysis for inflation is not shown as it is an underlying assumption to build the pension and salary increase assumptions. Changing the inflation assumption on its own without changing the salary or pension assumptions will not result in a significant change in pension liabilities.

	(Decrease)/increase in benefit obligation	
Sensitivity analysis of significant actuarial assumptions	**2020 £m**	2019 £m
Discount rate		
Increase by 25 basis points:		
UK	**(8.8)**	(8.2)
North America	**(7.6)**	(7.5)
Western Continental Europe	**(4.0)**	(3.8)
Other[1]	**(0.6)**	(0.7)
Decrease by 25 basis points:		
UK	**9.1**	8.5
North America	**7.8**	7.7
Western Continental Europe	**4.3**	3.9
Other[1]	**0.6**	0.7
Rate of increase in salaries		
Increase by 25 basis points:		
Western Continental Europe	**0.9**	0.8
Other[1]	**0.6**	0.6
Decrease by 25 basis points:		
Western Continental Europe	**(0.9)**	(0.8)
Other[1]	**(0.5)**	(0.6)
Rate of increase in pensions in payment		
Increase by 25 basis points:		
UK	**1.1**	0.7
Western Continental Europe	**2.1**	1.9
Decrease by 25 basis points:		
UK	**(0.7)**	(0.6)
Western Continental Europe	**(2.0)**	(1.9)
Life expectancy		
Increase in longevity by one additional year:		
UK	**14.0**	11.7
North America	**5.9**	5.9
Western Continental Europe	**4.8**	4.3

Note

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

(B) ASSETS AND LIABILITIES

At 31 December, the fair value of the assets in the pension plans, and the assessed present value of the liabilities in the pension plans are shown in the following table:

	2020 £m	**%**	2019 £m	%	2018 £m	%
Equities	**41.6**	**6.7**	55.5	9.1	76.5	9.1
Bonds	**284.2**	**46.1**	272.5	44.8	544.9	64.8
Insured annuities[1]	**252.8**	**41.0**	239.1	39.3	90.9	10.8
Property	**0.7**	**0.1**	0.7	0.1	0.9	0.1
Cash	**14.7**	**2.4**	17.7	2.9	31.1	3.7
Other	**22.6**	**3.7**	23.0	3.8	96.3	11.5
Total fair value of assets	**616.6**	**100.0**	608.5	100.0	840.6	100.0
Present value of liabilities	**(772.7)**		(767.5)		(1,024.0)	
Deficit in the plans	**(156.1)**		(159.0)		(183.4)	
Irrecoverable surplus	**(0.6)**		–		(0.9)	
Net liability[2]	**(156.7)**		(159.0)		(184.3)	
Plans in surplus	**27.2**		20.6		42.8	
Plans in deficit	**(183.9)**		(179.6)		(227.1)	

Notes

1 The increase in 2019 from 2018 in the amount of assets held in insured annuities is attributable to the completion of buy-in transactions during 2019 for certain UK plans. The invested assets for these plans, as at 31 December 2018 consisted of a mixture of equities, bonds, cash and other assets, were transferred to an insurance company and, in accordance with IAS 19, all assets for these plans are now classified as insured annuities.

2 The related deferred tax asset is discussed in note 17.

All plan assets have quoted prices in active markets with the exception of insured annuities and other assets.

Surplus/(deficit) in plans by region	**2020 £m**	2019 £m	2018 £m
UK	**0.7**	0.3	33.7
North America	**(37.9)**	(45.2)	(68.7)
Western Continental Europe	**(85.9)**	(79.4)	(104.6)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(33.0)**	(34.7)	(43.8)
Deficit in the plans	**(156.1)**	(159.0)	(183.4)

Some of the Group's defined benefit plans are unfunded (or largely unfunded) by common custom and practice in certain jurisdictions. In the case of these unfunded plans, the benefit payments are made as and when they fall due. Pre-funding of these plans would not be typical business practice.

The following table shows the split of the deficit at 31 December between funded and unfunded pension plans.

	2020 Surplus/ (deficit) £m	2020 Present value of liabilities £m	2019 Surplus/ (deficit) £m	2019 Present value of liabilities £m	2018 Surplus/ (deficit) £m	2018 Present value of liabilities £m
Funded plans by region						
UK	**0.7**	**(262.7)**	0.3	(247.6)	33.7	(290.5)
North America	**17.4**	**(271.8)**	12.8	(286.2)	(4.6)	(375.3)
Western Continental Europe	**(38.6)**	**(84.3)**	(33.3)	(77.6)	(35.8)	(168.4)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(5.8)**	**(24.1)**	(3.6)	(20.9)	(6.6)	(19.7)
Deficit/liabilities in the funded plans	**(26.3)**	**(642.9)**	(23.8)	(632.3)	(13.3)	(853.9)
Unfunded plans by region						
North America	**(55.3)**	**(55.3)**	(58.0)	(58.0)	(64.1)	(64.1)
Western Continental Europe	**(47.3)**	**(47.3)**	(46.1)	(46.1)	(68.8)	(68.8)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(27.2)**	**(27.2)**	(31.1)	(31.1)	(37.2)	(37.2)
Deficit/liabilities in the unfunded plans	**(129.8)**	**(129.8)**	(135.2)	(135.2)	(170.1)	(170.1)
Deficit/liabilities in the plans	**(156.1)**	**(772.7)**	(159.0)	(767.5)	(183.4)	(1,024.0)

In accordance with IAS 19, plans that are wholly or partially funded are considered funded plans.

(C) PENSION EXPENSE

The following tables show the breakdown of the pension expense between amounts charged to operating profit and amounts charged to finance costs:

Continuing operations	2020 £m	2019 £m	2018 £m
Service cost[1]	**12.0**	12.9	12.0
Administrative expenses	**1.9**	1.9	2.2
Charge to operating profit	**13.9**	14.8	14.2
Net interest expense on pension plans	**2.9**	3.5	3.6
Charge to profit before taxation for defined benefit plans	**16.8**	18.3	17.8

Note

1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments.

The following table shows the breakdown of amounts recognised in the consolidated statement of comprehensive income (OCI):

	2020 £m	2019 £m	2018 £m
Return on plan assets (excluding interest income)	**57.2**	16.7	(43.9)
Changes in demographic assumptions underlying the present value of the plan liabilities	**3.8**	5.9	3.8
Changes in financial assumptions underlying the present value of the plan liabilities	**(54.0)**	(64.3)	45.2
Experience (loss)/gain arising on the plan liabilities	**(4.4)**	5.1	3.8
Change in irrecoverable surplus	**(0.6)**	–	–
Actuarial gain/(loss) recognised in OCI	**2.0**	(36.6)	8.9

(D) MOVEMENT IN PLAN LIABILITIES

The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

	2020 £m	2019 £m	2018 £m
Plan liabilities at beginning of year	**767.5**	1,024.0	1,135.4
Service cost[1]	**12.0**	14.9	15.5
Interest cost	**17.0**	26.2	30.7
Actuarial (gain)/loss:			
Effect of changes in demographic assumptions	**(3.8)**	(5.9)	(3.8)
Effect of changes in financial assumptions	**54.0**	64.3	(45.2)
Effect of experience adjustments	**4.4**	(5.1)	(3.8)
Benefits paid[2]	**(59.6)**	(140.8)	(75.6)
(Gain)/loss due to exchange rate movements	**(4.2)**	(22.7)	30.0
Settlement payments[3]	**(17.0)**	(47.4)	(70.4)
Transfer to disposal group classified as held for sale	**–**	(148.0)	–
Other[4]	**2.4**	8.0	11.2
Plan liabilities at end of year	**772.7**	767.5	1,024.0

Notes

1 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments.

2 In 2019, there was an amendment to a United States defined benefit plan that allowed certain participants to receive immediate lump sum pay-outs, which totalled £69.7 million.

3 In 2019 and 2018, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million and £70.4 million, respectively, in settlement payments.

4 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

(E) MOVEMENT IN PLAN ASSETS

The following table shows an analysis of the movement in the pension plan assets for each accounting period:

	2020 £m	2019 £m	2018 £m
Fair value of plan assets at beginning of year	**608.5**	840.6	930.0
Interest income on plan assets	**14.1**	22.4	26.3
Return on plan assets (excluding interest income)	**57.2**	16.7	(43.9)
Employer contributions	**20.3**	37.1	44.9
Benefits paid[1]	**(59.6)**	(140.8)	(75.6)
(Loss)/gain due to exchange rate movements	**(6.8)**	(15.7)	23.0
Settlement payments[2]	**(17.0)**	(47.4)	(70.4)
Administrative expenses	**(1.9)**	(2.1)	(3.4)
Transfer to disposal group classified as held for sale	**–**	(111.1)	–
Other[3]	**1.8**	8.8	9.7
Fair value of plan assets at end of year	**616.6**	608.5	840.6
Actual return on plan assets	**71.3**	39.1	(17.6)

Notes

1 In 2019, there was an amendment to a United States defined benefit plan that allowed certain participants to receive immediate lump sum pay-outs, which totalled £69.7 million.

2 In 2019 and 2018, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million and £70.4 million, respectively, in settlement payments.

3 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

25. RISK MANAGEMENT POLICIES

FOREIGN CURRENCY RISK

The Group's results in pounds sterling are subject to fluctuation as a result of exchange rate movements. The Group does not hedge this translation exposure to its earnings but does partially hedge the currency element of its net assets using foreign currency borrowings, cross-currency swaps and forward foreign exchange contracts.

The Group effects these currency net asset hedges by borrowing in the same currencies as the operating (or "functional") currencies of its main operating units. The majority of the Group's debt is therefore denominated in US dollars, pounds sterling and euros. The Group's borrowings at 31 December 2020 were primarily made up of $2,167 million, £1,094 million and €2,600 million (2019: $1,563 million, £844 million and €2,600 million). The Group's average gross debt during the course of 2020 was $2,311 million, £999 million and €2,409 million (2019: $2,509 million, £947 million and €3,128 million).

The Group's operations conduct the majority of their activities in their own local currency and consequently the Group has no significant transactional foreign exchange exposures arising from its operations. Any significant cross-border trading exposures are hedged by the use of forward foreign-exchange contracts. No speculative foreign exchange trading is undertaken.

INTEREST RATE RISK

The Group is exposed to interest rate risk on both interest-bearing assets and interest-bearing liabilities. The Group has a policy of actively managing its interest rate risk exposure while recognising that fixing rates on all its debt eliminates the possibility of benefiting from rate reductions and similarly, having all its debt at floating rates unduly exposes the Group to increases in rates.

Including the effect of interest rate and cross-currency swaps, 100% of the year-end US dollar debt is at fixed rates averaging 4.06% for an average period of 70 months; 100% of the sterling debt is at a fixed rate of 3.21% for an average period of 167 months; 90.4% of the euro debt is at fixed rates averaging 2.20% for an average period of 79 months and 9.6% of the euro debt is at floating rates averaging 0.04% for an average of 15 months.

GOING CONCERN AND LIQUIDITY RISK

In considering going concern and liquidity risk, the Directors have reviewed the Group's future cash requirements and earnings projections. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance. The Company's forecasts and projections, taking account of (i) reasonably possible declines in revenue less pass-through costs; (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2020; and considering the Group's bank covenant and liquidity headroom and cost mitigation actions which are and which could be implemented, show that the Company and the Group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due. The Company modelled a range of revenue less pass-through costs up to a decline of 30% compared with the year ended 31 December 2020 and a number of mitigating cost actions that are available to the Company. The Directors have concluded that the Group will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis and that there are no material uncertainties which gives rise to a significant going concern risk.

At 31 December 2020, the Group has access to £7.1 billion of committed facilities with maturity dates spread over the years 2021 to 2046 as illustrated below:

		2021 £m	2022 £m	2023 £m	2024 £m	2025+ £m
£ bonds £400m (2.875% 2046)	**400.0**					400.0
US bond $220m (5.625% 2043)	**160.8**					160.8
US bond $93m (5.125% 2042)	**67.9**					67.9
£ bonds £250m (3.75% 2032)	**250.0**					250.0
Eurobonds €600m (1.625% 2030)	**537.3**					537.3
Eurobonds €750m (2.375% 2027)	**671.7**					671.7
Eurobonds €750m (2.25% 2026)	**671.7**					671.7
Eurobonds €500m (1.375% 2025)	**447.8**					447.8
Bank revolver ($2,500m 2025)	**1,828.8**					1,828.8
US bond $750m (3.75% 2024)	**548.6**				548.6	
Eurobonds €750m (3.0% 2023)	**671.7**			671.7		
US bond $500m (3.625% 2022)	**365.8**		365.8			
Eurobonds €250m (3m EURIBOR + 0.45% 2022)	**223.9**		223.9			
Bank revolver (A$150m 2021, A$270m 2023)	**236.7**	84.5		152.2		
Total committed facilities available	**7,082.7**	**84.5**	**589.7**	**823.9**	**548.6**	**5,036.0**
Drawn down facilities at 31 December 2020	**5,059.5**	42.3	589.7	671.7	548.6	3,207.2
Undrawn committed credit facilities	**2,023.2**					
Drawn down facilities at 31 December 2020	**5,059.5**					
Net cash at 31 December 2020	**(4,337.1)**					
Other adjustments	**(26.8)**					
Net debt at 31 December 2020	**695.6**					

Given the strong cash generation of the business, its debt maturity profile and available facilities, the Directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

TREASURY ACTIVITIES

Treasury activity is managed centrally from London, New York and Hong Kong, and is principally concerned with the monitoring of working capital, managing external and internal funding requirements and the monitoring and management of financial market risks, in particular interest rate and foreign exchange exposures.

The treasury operation is not a profit centre and its activities are carried out in accordance with policies approved by the Board of Directors and subject to regular review and audit.

The Group manages liquidity risk by ensuring continuity and flexibility of funding even in difficult market conditions. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are closely monitored. Targets for average net debt are set on an annual basis and, to assist in meeting this, working capital targets are set for all the Group's major operations.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 10, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in notes 27 and 28.

CREDIT RISK

The Group's principal financial assets are cash and short-term deposits, trade and other receivables and investments, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets, as shown in note 26.

The Group's credit risk is primarily attributable to its trade receivables. The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on expected losses, prior experience and their assessment of the current economic environment. A relatively small number of clients make up a significant percentage of the Group's debtors, but no single client represents more than 7% of total trade receivables as at 31 December 2020.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or banks that have been financed by their government.

A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group's clients generally are able to reduce advertising and marketing spending or cancel projects at any time for any reason. There can be no assurance that any of the Group's clients will continue to utilise the Group's services to the same extent, or at all, in the future. 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.

SENSITIVITY ANALYSIS

The following sensitivity analysis addresses the effect of currency and interest rate risks on the Group's financial instruments. The analysis assumes that all hedges are highly effective.

CURRENCY RISK

A 10% weakening of sterling against the Group's major currencies would result in the following losses, which would arise on the retranslation of foreign currency denominated borrowings and derivatives. These losses would be partially offset in equity by a corresponding gain arising on the retranslation of the Group's foreign currency net assets. A 10% strengthening of sterling would have an equal and opposite effect.

	2020 £m	2019[1] £m
US dollar	**159.1**	240.5
Euro	**167.2**	153.0

Note

1 Figures have been restated as described in the accounting policies.

INTEREST RATE RISK

A one percentage point increase in market interest rates for all currencies in which the Group had cash and borrowings at 31 December 2020 would increase profit before tax by approximately £40.9 million (2019: £22.6 million). A one percentage decrease in market interest rates would have an equal and opposite effect. This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings.

26. FINANCIAL INSTRUMENTS

CURRENCY DERIVATIVES

The Group utilises currency derivatives to hedge significant future transactions and cash flows and the exchange risk arising on translation of the Group's investments in foreign operations. The Group is a party to a variety of foreign currency derivatives in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

The Group also designates certain cross currency swaps as hedging instruments in cash flow hedges to manage its exposure to foreign exchange movements on its borrowings. Contracts due in November 2023 have receipts of €500.0 million and payments of $604.2 million.

At 31 December 2020, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £1.6 million (2019: £21.2 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £9.6 million (2019: £nil) assets included in trade and other receivables and £11.2 million (2019: £21.2 million) liabilities included in trade and other payables. The amounts taken to and deferred in equity during the year for currency derivatives that are designated and effective hedges was a credit of £9.7 million (2019: £nil) for net investment hedges and a debit of £5.9 million (2019: £nil) for cash flow hedges. 2019 figures have been restated as described in the accounting policies.

Changes in the fair value relating to the ineffective portion of the currency derivatives that are designated hedges amounted to £nil (2019: £nil). At the balance sheet date, the total nominal amount of outstanding forward foreign exchange contracts not designated as hedges was £304.6 million (2019: £151.7 million). The Group estimates the fair value of these contracts to be a net liability of £1.6 million (2019: £0.1 million).

These arrangements are designed to address significant exchange exposure and are renewed on a revolving basis as required.

26. FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE SWAPS

The Group uses interest rate swaps as hedging instruments in fair value hedges to manage its exposure to interest rate movements on its borrowing. There were no interest rate swaps in existence throughout 2020. During 2019 the Group terminated contracts that had a nominal value of $812 million which had fixed rate receipts of 4.75% and floating interest payments averaging LIBOR plus 2.34% until November 2021. The Group also terminated contracts in 2019 that had a nominal value of $500 million which had fixed rate receipts of 3.63% and floating interest payments averaging LIBOR plus 1.52% until September 2022.

An analysis of the Group's financial assets and liabilities by accounting classification is set out below:

	Derivatives in designated hedge relationships £m	Held at fair value through profit or loss £m	Held at fair value through other comprehensive income £m	Amortised cost £m	Carrying value £m
2020					
Other investments	–	263.3	124.0	–	387.3
Cash and short-term deposits	–	–	–	12,899.1	12,899.1
Bank overdrafts, bonds and bank loans	–	–	–	(8,619.2)	(8,619.2)
Bonds and bank loans	–	–	–	(4,975.5)	(4,975.5)
Trade and other receivables: amounts falling due within one year	–	–	–	6,989.3	6,989.3
Trade and other receivables: amounts falling due after more than one year	–	–	–	110.1	110.1
Trade and other payables: amounts falling due within one year	–	–	–	(10,268.0)	(10,268.0)
Trade and other payables: amounts falling due after more than one year	–	–	–	(0.9)	(0.9)
Derivative assets	9.6	0.2	–	–	9.8
Derivative liabilities	(6.3)	(6.7)	–	–	(13.0)
Payments due to vendors (earnout agreements) (note 20)	–	(114.3)	–	–	(114.3)
Liabilities in respect of put options	–	(110.7)	–	–	(110.7)
	3.3	**31.8**	**124.0**	**(3,865.1)**	**(3,706.0)**

	Held at fair value through profit or loss £m	Held at fair value through other comprehensive income £m	Amortised cost £m	Carrying value £m
2019				
Other investments	255.7	242.6	–	498.3
Cash and short-term deposits[1]	–	–	11,305.7	11,305.7
Bank overdrafts, bonds and bank loans[1]	–	–	(8,798.0)	(8,798.0)
Bonds and bank loans	–	–	(4,047.3)	(4,047.3)
Trade and other receivables: amounts falling due within one year	–	–	7,530.8	7,530.8
Trade and other receivables: amounts falling due after more than one year	–	–	59.3	59.3
Trade and other payables: amounts falling due within one year	–	–	(10,191.6)	(10,191.6)
Trade and other payables: amounts falling due after more than one year	–	–	(2.6)	(2.6)
Derivative assets	1.4	–	–	1.4
Derivative liabilities[1]	(22.7)	–	–	(22.7)
Payments due to vendors (earnout agreements) (note 20)[1]	(243.7)	–	–	(243.7)
Liabilities in respect of put options[1]	(204.5)	–	–	(204.5)
	(213.8)	242.6	(4,143.7)	(4,114.9)

Note

1 Figures have been restated as described in the accounting policies.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2020	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives in designated hedge relationships			
Derivative assets	–	9.6	–
Derivative liabilities	–	(6.3)	–
Held at fair value through profit or loss			
Other investments	0.1	–	263.2
Derivative assets	–	0.2	–
Derivative liabilities	–	(6.7)	–
Payments due to vendors (earnout agreements) (note 20)	–	–	(114.3)
Liabilities in respect of put options	–	–	(110.7)
Held at fair value through other comprehensive income			
Other investments	20.6	–	103.4

2019	Level 1 £m	Level 2[1] £m	Level 3[1] £m
Held at fair value through profit or loss			
Other investments	–	–	255.7
Derivative assets	–	1.4	–
Derivative liabilities	–	(22.7)	–
Payments due to vendors (earnout agreements) (note 20)	–	–	(243.7)
Liabilities in respect of put options	–	–	(204.5)
Held at fair value through other comprehensive income			
Other investments	42.2	–	200.4

Note

1 Figures have been restated as described in the accounting policies.

There have been no transfers between these levels in the years presented.

Reconciliation of level 3 fair value measurements[1]:

	Liabilities in respect of put options[2] £m	Other investments £m
1 January 2019	(208.0)	538.2
(Losses)/gains recognised in the income statement	(30.1)	9.1
Losses recognised in other comprehensive income	–	(55.4)
Exchange adjustments	6.9	–
Additions	(34.8)	18.2
Disposals	–	(53.4)
Cancellations	9.7	–
Transfer to disposal group classified as held for sale	31.0	(0.6)
Settlements	20.8	–
31 December 2019	(204.5)	456.1
Gains recognised in the income statement	12.3	7.9
Losses recognised in other comprehensive income	–	(106.1)
Exchange adjustments	2.3	–
Additions	(4.2)	15.9
Disposals	–	(7.0)
Reclassification from other investments to interests in associates	–	(0.2)
Cancellations	30.5	–
Settlements	52.9	–
31 December 2020	**(110.7)**	**366.6**

Notes

1 The reconciliation of payments due to vendors (earnout agreements) is presented in note 20.

2 Figures have been restated as described in the accounting policies.

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of available information from outside sources. There have been no movements between level 3 and other levels.

PAYMENTS DUE TO VENDORS AND LIABILITIES IN RESPECT OF PUT OPTIONS

Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32. After recognition, the liability is remeasured in accordance with IFRS 9 and is subject to the estimation of future performance of the business acquired. Changes in the estimation result in re-measurement of the liability through the income statement. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with Directors' estimates. The Directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition. At 31 December 2020, the weighted average growth rate in estimating future financial performance was 14.8% (2019: 19.5%), which reflects the prevalence of acquisitions in the faster-growing markets and new media sectors. The decrease in the weighted average growth rate from 19.5% to 14.8% is due primarily to completed, settled or cancelled obligations and partially due to the effects of Covid-19 to the future financial performance of the entity. The weighted average of the risk-adjusted discount rate applied to these obligations at 31 December 2020 was approximately 4.0% (2019: 3.2%).

A one percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the combined liabilities due to earnout agreements and put options by approximately £1.5 million (2019: £3.8 million) and £1.4 million (2019: £6.6 million), respectively. A 0.5 percentage point increase or decrease in the risk-adjusted discount rate would decrease or increase the combined liabilities by approximately £2.0 million (2019: £3.9 million) and £2.0 million (2019: £4.0 million), respectively. An increase in the liability would result in a loss in the revaluation of financial instruments, while a decrease would result in a gain.

OTHER INVESTMENTS

The fair value of other investments included in level 1 is based on quoted market prices. Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of information from outside sources using the most appropriate valuation technique, including all external funding rounds, revenue and EBITDA multiples, the share of fund net asset value and discounted cash flows. Certain investments are valued using revenue multiples. An increase or decrease in this multiple of 0.5 times revenue would result in an increase or decrease in the value of investments of £24.2 million, which would result in a credit or charge to the income statement of £1.5 million and equity of £22.7 million. The sensitivity to changes in unobservable inputs is specific to each individual investment.

27. AUTHORISED AND ISSUED SHARE CAPITAL

	Equity ordinary shares	Nominal value £m
Authorised		
1 January 2019	1,750,000,000	175.0
31 December 2019	1,750,000,000	175.0
31 December 2020	**1,750,000,000**	**175.0**
Issued and fully paid		
1 January 2019	1,332,678,227	133.3
Exercise of share options	75,625	–
Share cancellations	(4,586,039)	(0.5)
At 31 December 2019	**1,328,167,813**	**132.8**
Exercise of share options	1,000	–
Share cancellations	(32,088,571)	(3.2)
At 31 December 2020	**1,296,080,242**	**129.6**

COMPANY'S OWN SHARES

The Company's holdings of own shares are stated at cost and represent shares held in treasury and purchases by the Employee Share Ownership Plan (ESOP) trusts of shares in the Company for the purpose of funding certain of the Group's share-based incentive plans, details of which are disclosed in the Compensation Committee report on pages 134-154.

The trustees of the ESOP purchase the Company's ordinary shares in the open market using funds provided by the Company. The Company also has an obligation to make regular contributions to the ESOP to enable it to meet its administrative costs. The number and market value of the ordinary shares of the Company held by the ESOP at 31 December 2020 was 4,863,244 (2019: 9,219,837), and £38.9 million (2019: £98.3 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2020 was 70,748,100 (2019: 70,787,730) and £566.0 million (2019: £755.0 million) respectively.

SHARE OPTIONS

WPP EXECUTIVE SHARE OPTION SCHEME (WPP)

As at 31 December 2020, unexercised options over ordinary shares of 6,741 have been granted under the WPP Executive Share Option Scheme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
3,696	8.333	2015-2022
3,045	10.595	2016-2023

WPP WORLDWIDE SHARE OWNERSHIP PROGRAMME (WWOP)

As at 31 December 2020, unexercised options over ordinary shares of 1,330,679 and unexercised options over ADRs of 233,799 have been granted under the WPP Worldwide Share Ownership Programme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
45,325	6.268	2014-2021
7,250	6.268	2015-2021
88,604	8.458	2015-2022
28,125	13.145	2017-2021
897,100	13.145	2017-2024
4,250	13.145	2018-2024
259,150	13.505	2016-2023
875	13.505	2017-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
14,930	49.230	2014-2021
25,234	67.490	2015-2022
105,545	102.670	2017-2024
88,090	110.760	2016-2023

WPP SHARE OPTION PLAN 2015 (WSOP)

As at 31 December 2020, unexercised options over ordinary shares of 11,276,225 and unexercised options over ADRs of 1,332,900 have been granted under the WPP Share Option Plan as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
14,875	7.344	2023-2027
3,109,225	7.344	2023-2030
10,500	8.372	2021-2025
1,920,375	8.372	2021-2028
12,375	9.600	2022-2026
2,336,975	9.600	2022-2029
10,375	13.085	2020-2024
1,538,225	13.085	2020-2027
37,625	15.150	2018-2022
1,042,700	15.150	2018-2025
5,125	15.150	2019-2025
8,125	17.055	2019-2023
1,229,725	17.055	2019-2026

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
364,225	48.950	2023-2030
229,810	53.140	2021-2028
287,790	62.590	2022-2029
180,155	88.260	2020-2027
150,955	105.490	2020-2026
119,965	115.940	2018-2025

The aggregate status of the WPP Share Option Plans during 2020 was as follows:

	1 January 2020	Granted	Exercised	Forfeited	Outstanding 31 December 2020	Exercisable 31 December 2020
Movements on options granted (represented in ordinary shares)						
WPP	6,741	–	–	–	6,741	–
WWOP	4,701,924	–	(1,000)	(2,201,250)	2,499,674	127,225
WSOP	20,397,150	4,990,300	–	(7,446,725)	17,940,725	6,094,275
	25,105,815	4,990,300	(1,000)	(9,647,975)	20,447,140	6,221,500

	1 January 2020	Granted	Exercised	Forfeited	Outstanding 31 December 2020	Exercisable 31 December 2020
Weighted-average exercise price for options over						
Ordinary shares (£)						
WPP	9.355	–	–	–	9.355	–
WWOP	12.421	–	6.268	12.229	12.631	6.268
WSOP	12.121	7.344	–	12.530	10.596	7.344
ADRs ($)						
WWOP	96.744	–	–	94.083	98.509	49.230
WSOP	79.798	48.950	–	82.605	70.363	50.571

OPTIONS OVER ORDINARY SHARES

Outstanding	Range of exercise prices £	Weighted average exercise price £	Weighted average contractual life Months
	6.268-17.055	10.810	91

OPTIONS OVER ADRs

Outstanding	Range of exercise prices $	Weighted average exercise price $	Weighted average contractual life Months
	48.950-115.940	74.563	89

As at 31 December 2020 there was £7.2 million (2019: £7.3 million) of total unrecognised compensation costs related to share options. That cost is expected to be recognised over a weighted average period of 20 months (2019: 19 months).

Share options are satisfied out of newly issued shares.

The weighted average fair value of options granted in the year calculated using the Black-Scholes model was as follows:

	2020	2019	2018
Fair value of UK options (shares)	128.0p	117.0p	107.0p
Fair value of US options (ADRs)	$8.95	$8.49	$8.09
Weighted average assumptions			
UK risk-free interest rate	-0.02%	0.57%	0.78%
US risk-free interest rate	0.31%	1.61%	2.74%
Expected life (months)	48	48	48
Expected volatility	34%	24%	24%
Dividend yield	4.2%	3.8%	3.5%

Options are issued at an exercise price equal to market value on the date of grant.

The average share price of the Group for the year ended 31 December 2020 was £6.96 (2019: £9.39, 2018: £11.56) and the average ADR price for the same period was $44.56 (2019: $59.93, 2018: $77.31).

Expected volatility is sourced from external market data and represents the historical volatility in the Company's share price over a period equivalent to the expected option life.

Expected life is based on a review of historical exercise behaviour in the context of the contractual terms of the options, as described in more detail below.

27. AUTHORISED AND ISSUED SHARE CAPITAL CONTINUED

TERMS OF SHARE OPTION PLANS

In 2015, the Group introduced the Share Option Plan 2015 to replace both the "all-employee" Worldwide Share Ownership Plan and the discretionary Executive Stock Option Plan. Two kinds of options over ordinary shares can be granted, both with a market value exercise price. Firstly, options can be granted to employees who have worked at a company owned by WPP plc for at least two years which are not subject to performance conditions. Secondly, options may be granted on a discretionary basis subject to the satisfaction of performance conditions.

The Worldwide Share Ownership Programme was open for participation to employees with at least two years' employment in the Group. It was not available to those participating in other share-based incentive programmes or to Executive Directors. The vesting period for each grant is three years and there are no performance conditions other than continued employment with the Group.

The Executive Stock Option Plan has historically been open for participation to WPP Group Leaders, Partners and High Potential Group. It is not currently offered to Parent Company Executive Directors. The vesting period is three years and performance conditions include achievement of various TSR (Total Shareholder Return) and EPS (Earnings Per Share) objectives, as well as continued employment. The terms of these stock options are such that if, after nine years and eight months, the performance conditions have not been met, the stock option will vest automatically.

The Group grants stock options with a life of ten years, including the vesting period.

28. OTHER RESERVES

Other reserves comprise the following:

	Capital redemption reserve £m	Equity reserve[1] £m	Translation reserve[1] £m	Total other reserves[1] £m
1 January 2019	2.7	(236.4)	1,196.1	962.4
Exchange adjustments on foreign currency net investments	–	–	(607.1)	(607.1)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	(284.0)	(284.0)
Share cancellations	0.5	–	–	0.5
Recognition and remeasurement of financial instruments	–	10.6	–	10.6
Share purchases – close period commitments	–	(252.3)	–	(252.3)
31 December 2019	3.2	(478.1)	305.0	(169.9)
Exchange adjustments on foreign currency net investments	–	–	27.5	27.5
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	(20.6)	(20.6)
Share cancellations	3.2	–	–	3.2
Recognition and remeasurement of financial instruments	–	103.5	–	103.5
Share purchases – close period commitments	–	252.3	–	252.3
31 December 2020	**6.4**	**(122.3)**	**311.9**	**196.0**

Note

[1] Figures have been restated as described in the accounting policies.

29. ACQUISITIONS

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 requires the acquiree's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date. In assessing fair value at acquisition date, management make their best estimate of the likely outcome where the fair value of an asset or liability may be contingent on a future event. In certain instances, the underlying transaction giving rise to an estimate may not be resolved until some years after the acquisition date. IFRS 3 requires the release to profit of any acquisition reserves which subsequently become excess in the same way as any excess costs over those provided at acquisition date are charged to profit. At each period end management assess provisions and other balances established in respect of acquisitions for their continued probability of occurrence and amend the relevant value accordingly through the consolidated income statement or as an adjustment to goodwill as appropriate under IFRS 3.

Goodwill arising from acquisitions represents the value of synergies with our existing portfolio of businesses and skilled staff to deliver services to our clients.

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The contribution to revenue and operating profit of acquisitions completed in the year was not material. There were no material acquisitions completed in the year ended 31 December 2020 or between 31 December 2020 and the date the financial statements have been authorised for issue.

30. RELATED PARTY TRANSACTIONS

From time to time the Group enters into transactions with its associate undertakings.

The Group has continuing transactions with Kantar, including sales, purchases, the provision of IT services, subleases and property related items. None of these were material in the period after 5 December 2019, when Kantar became an associate, to 31 December 2019, or in 2020.

In 2020, revenue of £90.6 million was reported in relation to Compas, an associate in the United States. All other transactions in the periods presented were immaterial.

The following amounts were outstanding at 31 December:

	2020 £m	2019 £m
Amounts owed by related parties		
Kantar	**39.0**	87.5
Other	**27.9**	87.5
	66.9	175.0
Amounts owed to related parties		
Kantar	**(5.6)**	(36.5)
Other	**(36.0)**	(49.6)
	(41.6)	(86.1)

COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Turnover		**–**	–
Operating income		**0.8**	0.5
Operating profit		**0.8**	0.5
Interest receivable and similar income		**0.3**	0.1
Interest payable and similar charges	32	**(128.1)**	(138.9)
Loss on ordinary activities before taxation		**(127.0)**	(138.3)
Taxation on loss on ordinary activities	33	**–**	–
Loss for the year		**(127.0)**	(138.3)

Note
The accompanying notes form an integral part of this profit and loss account.

All results are derived from continuing activities.

There are no recognised gains or losses in either year, other than those shown above, and accordingly no statement of comprehensive income has been prepared.

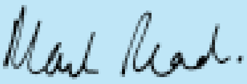
COMPANY BALANCE SHEET

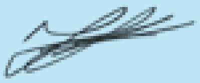
AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Fixed assets			
Investments	34	**13,303.6**	13,231.5
		13,303.6	13,231.5
Current assets			
Debtors due within one year	35	**1,997.6**	1,647.9
Cash at bank and in hand		**0.3**	216.8
		1,997.9	1,864.7
Current liabilities			
Creditors: amounts falling due within one year	36	**(9,063.7)**	(8,446.3)
Net current liabilities		**(7,065.8)**	(6,581.6)
Total assets less current liabilities		**6,237.8**	6,649.9
Creditors: amounts falling due after more than one year	37	**(479.7)**	(688.3)
Net assets		**5,758.1**	5,961.6
Capital and reserves			
Called-up share capital		**129.6**	132.8
Share premium account		**570.3**	570.3
Other reserves	38	**(10.0)**	(262.3)
Capital redemption reserve		**6.4**	3.2
Own shares		**(1,045.3)**	(1,045.9)
Profit and loss account		**6,107.1**	6,563.5
Equity shareholders' funds		**5,758.1**	5,961.6

Note
The accompanying notes form an integral part of this balance sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2021.





Mark Read
Chief Executive Officer

John Rogers
Chief Financial Officer

Registered Company Number: 111714

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Ordinary share capital £m	Share premium £m	Other reserves[1] £m	Capital redemption reserve £m	Own shares £m	Profit and loss account £m	Total equity shareholders' funds £m
Balance at 1 January 2019	133.3	569.7	(10.0)	2.7	(1,046.9)	7,429.6	7,078.4
Ordinary shares issued	–	0.6	–	–	–	–	0.6
Share cancellations	(0.5)	–	–	0.5	–	(47.7)	(47.7)
Treasury share allocations	–	–	–	–	1.0	(1.0)	–
Loss for the year	–	–	–	–	–	(138.3)	(138.3)
Dividends paid	–	–	–	–	–	(750.5)	(750.5)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	71.4	71.4
Share purchases – close period commitments	–	–	(252.3)	–	–	–	(252.3)
Balance at 31 December 2019	132.8	570.3	(262.3)	3.2	(1,045.9)	6,563.5	5,961.6
Share cancellations	(3.2)	–	–	3.2	–	(281.2)	(281.2)
Treasury share allocations	–	–	–	–	0.6	(0.6)	–
Loss for the year	–	–	–	–	–	(127.0)	(127.0)
Dividends paid	–	–	–	–	–	(122.0)	(122.0)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	74.4	74.4
Share purchases – close period commitments	–	–	252.3	–	–	–	252.3
Balance at 31 December 2020	**129.6**	**570.3**	**(10.0)**	**6.4**	**(1,045.3)**	**6,107.1**	**5,758.1**

Notes

The accompanying notes form an integral part of this statement of changes in equity.

1 Other reserves are analysed in note 38.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

31. ACCOUNTING POLICIES

The principal accounting policies of WPP plc (the Company) are summarised below. These accounting policies have all been applied consistently throughout the year and preceding year.

(A) BASIS OF ACCOUNTING

The separate financial statements of the Company are prepared under the historical cost convention in accordance with the Companies (Jersey) Law 1991. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash-flow statement and certain related-party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements. The financial statements are prepared on a going concern basis, further details of which are in the Strategic Report on page 94.

(B) TRANSLATION OF FOREIGN CURRENCY

Foreign currency transactions arising from operating activities are translated from local currency into pounds sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the period-end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

(C) INVESTMENTS

Fixed asset investments are stated at cost less provision for impairment. Investments are tested for impairment annually. At 31 December 2020, the recoverable amount was assessed based on the Group's market value and exceeded the carrying value at that date.

(D) TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences unless specifically excepted by IAS 12 Income Taxes. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

(E) GROUP AND TREASURY SHARE TRANSACTIONS

Where a parent entity grants rights to its equity instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent, IFRS 2 Share-based Payments requires the subsidiary to record an expense for such compensation with a corresponding increase recognised in equity as a contribution from the parent. Consequently, in the financial statements of WPP plc, the Company has recognised an addition to fixed asset investments of the aggregate amount of these contributions of £74.4 million in 2020 (2019: £71.4 million), with a credit to equity for the same amount.

(F) EXPECTED CREDIT LOSSES

Amounts owed by subsidiaries are recorded at amortised cost and are reduced by expected credit losses. Under IFRS 9 Financial Instruments, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

32. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £m	2019 £m
Bank and other interest payable	**12.0**	26.9
Interest payable to subsidiary undertakings	**116.1**	112.0
	128.1	138.9

33. TAXATION ON LOSS ON ORDINARY ACTIVITIES

The tax assessed for the year differs from that resulting from applying the rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £m	2019 £m
Loss on ordinary activities before tax	**(127.0)**	(138.3)
Tax at the rate of 19% (2019: 19%) thereon	**24.1**	26.3
Factors affecting tax charge for the year		
Group relief not paid for	**(23.0)**	(26.3)
Items that are not deductible	**(1.1)**	–
Tax charge for the year	**–**	–

34. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:

	Subsidiary undertakings £m
Cost	
1 January 2019	13,160.1
Additions	71.4
31 December 2019	13,231.5
Additions	74.4
31 December 2020	**13,305.9**
Accumulated impairment losses and write-downs	
1 January 2019 and 31 December 2019	–
Impairment losses for the year	(2.3)
31 December 2020	**(2.3)**
Net book value	
31 December 2020	**13,303.6**
31 December 2019	13,231.5
1 January 2019	13,160.1

Fixed asset investments primarily represent 100% of the issued share capital of WPP Emerald Limited, a company incorporated in Ireland. Fixed asset investments were purchased in a share-for-share exchange.

35. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in debtors falling due within one year:

	2020 £m	2019 £m
Amounts owed by subsidiary undertakings	**1,997.3**	1,646.8
Other debtors	**0.3**	1.1
	1,997.6	1,647.9

There were no expected credit losses on debtors in the year ended 31 December 2020 (2019: £nil).

36. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in creditors falling due within one year:

	2020 £m	2019 £m
Bank overdrafts	**716.4**	1,222.5
Amounts due to subsidiary undertakings	**8,344.9**	6,964.3
Share purchases – close period commitments	**–**	252.3
Other creditors and accruals	**2.4**	7.2
	9,063.7	8,446.3

37. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in creditors falling due after more than one year:

	2020 £m	2019 £m
Amounts due to subsidiary undertakings	**479.7**	688.3

Total borrowings are repayable as follows:

	2020 £m	2019 £m
Within one year	**9,063.7**	8,446.3
Between one and five years	**331.4**	535.4
Over five years	**148.3**	152.9
	9,543.4	9,134.6

38. EQUITY SHAREHOLDERS' FUNDS

Other reserves at 31 December 2020 comprise a translation reserve of £10.0 million (2019: £10.0 million) and an equity reserve of £nil (2019: £252.3 million).

At 31 December 2020 the Company's distributable reserves amounted to £5,622.1 million (2019: £5,825.6 million). Further details of the Company's share capital are shown in note 27.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WPP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of WPP plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's and of the Parent Company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Jersey Law 1991.

We have audited the financial statements which comprise:

- the accounting policies;
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated cash flow statement;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the Parent Company profit and loss account, balance sheet and statement of changes in equity; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: – Goodwill – Revenue Within this report, any new key audit matters are identified with and any key audit matters which are similar to the prior year are identified with .
Materiality	We considered a number of metrics when determining Group materiality, including: pre-tax profit from continuing operations adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments; revenue; and headline EBITDA. Our selected materiality figure represents 9.5% of pre-tax profit from continuing operations adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments, 0.4% of revenue (2019: 0.4%) and 2.8% of Headline EBITDA (2019: 2.6%).
Scoping	Those entities subject to audit represented 73% of the Group's consolidated revenue from continuing operations (2019: 75%) achieved through a combination of direct testing and specified audit procedures, including substantive analytical review procedures, performed by the Group auditor and/or component auditors across the world.
Significant changes in our approach	We have revised our assessment of key audit matters as compared to the prior year as discussed below.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- testing the operating effectiveness of controls over management's going concern model, including the review of the inputs and assumptions used in the model;
- identifying the key assumptions and evaluating the appropriateness of these assumptions and their consistency with management's presentations to the Board and Audit Committee;
- comparing the forecasts within the going concern model to recent historical financial information;
- testing the mechanical accuracy of the going concern model;
- testing the covenant compliance calculations and headroom thereof;
- confirming the existence and availability of financing facilities;
- evaluating the appropriateness of management's sensitivity analysis modelled under their most severe scenario; and
- evaluating the disclosures on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

During the year we reassessed the risks of material misstatement in respect of revenue recognition, recognising in part the impact of the Covid-19 pandemic on the performance of the Group. As a result, revenue recognition for open contracts at 31 December 2020 in certain of the Group's operating companies accounted for on a percentage of completion basis has been identified as a new key audit matter in the current period.

In the prior year audit we identified assets held for sale and discontinued operations in relation to the Kantar disposal as a key audit matter. Given the transaction substantially completed during the year ended 31 December 2019, assets held for sale and discontinued operations in relation to the Kantar disposal is no longer a key audit matter.

As there were no new significant uncertain tax positions (UTPs) or significant changes to existing UTPs which arose during the year, we no longer consider UTPs to be a key audit matter.

We determined that going concern is no longer a key audit matter given the Group's trading performance in the year is significantly better than management's most severe scenarios modelled in connection with the directors' going concern assessment in respect of the 2019 financial statements.

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations

GOODWILL

(Refer to the Accounting Policies and Notes 3 (Costs of services and general and administrative costs) and 14 (Intangible assets) to the financial statements, and the Audit Committee Report)

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations

The Group's assessment of goodwill for impairment involves the comparison of the recoverable amount of goodwill to its carrying value at each measurement date, calculated as the higher of fair value less costs to sell and value in use. The Group used the value in use approach, which uses a discounted cash flow model to estimate the recoverable amount of each cash generating unit or group of cash generating units and requires management to make significant estimates and assumptions related to discount rates, short-term forecasts and long-term growth rates. The net book value of goodwill was £7,389 million as at 31 December 2020 (2019: £10,111 million). In the current year, an impairment charge of £2,823 million was recorded (2019: £48 million) related to a number of businesses that were either underperforming or impacted by the Covid-19 pandemic.
 	
We identified goodwill valuation as a key audit matter because of the significant judgements made by management, which consider future impacts of the Covid-19 pandemic, to estimate the recoverable amount of goodwill, the sensitivity of certain inputs to the value in use calculations for certain groups of cash generating units, and the increased auditor judgement and level of audit effort required to obtain evidence to test these significant judgements. Estimates of future performance and market conditions used to arrive at the net present value of future cash flows at the relevant assessment date, which is used within the goodwill impairment analysis, are subjective in nature with increased uncertainty as a result of the Covid-19 pandemic. Through our risk assessment procedures, we identified those inputs that were the most sensitive to the recoverable values computed by the value in use calculations for certain groups of cash generating units, which enabled us to design our audit procedures to address the most significant risk areas in our work, focusing on those estimates that are either complex, including the discount rate calculations, or subjective in nature, including the short-term forecast and long-term growth rates.
	Our audit procedures focused on challenging the discount rates, short-term forecasts and long-term growth rates used in the respective discounted cash flow models to determine the recoverable amount of each group of cash generating units and included the following audit procedures, among others:
	
	– We tested the effectiveness of controls over management's selection of long-term growth rates used to determine the recoverable amount for each group of cash generating units.
	– We assessed the appropriateness of forecasted revenue and operating margin growth rates by comparing with external economic data, including peers, market data and wider economic forecasts, with a particular focus on the impact of Covid-19 on those forecasts.
	– We evaluated management's ability to accurately forecast future revenues and growth rates by comparing actual results to management's historical forecasts.
	– We assessed the mechanical accuracy of the impairment models and the methodology applied by management for consistency with the requirements of IAS 36.
	– With the assistance of our valuation specialists, we evaluated the appropriateness of the discount rates and long-term growth rates used for each group of cash generating units by:
	  – Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation;
	  – Assessing the methodology applied in the discount rate calculation against market practice valuation techniques; and
	  – Assessing the long-term growth rates against independently derived weighted average rate for each country, based on their GDP forecasts.
	– We compared the long-term growth rates to independent market data to assess the appropriateness of the management's long-term growth rates used within the forecasts.
	– We evaluated the Group's disclosures on goodwill against the requirements of IFRS.
		Based on our procedures, we determined management's assumptions used in the valuation of goodwill to be reasonable.
		
		As set out in the Audit Committee Report on page 130, a control weakness was identified with respect to management's review and selection of the appropriate discount rates, the determination of the appropriateness of the cash flow periods and associated discounting, and assumptions in respect of working capital cash flows included in the impairment calculations.

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
REVENUE RECOGNITION **(Refer to the Accounting Policies in the financial statements)**		

The Group recognises revenue when a performance obligation is satisfied, in accordance with the terms of its contractual arrangements. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the service performed, using either an input method or an output method, depending on the particular arrangement, to measure progress for each performance obligation. For most contracts where revenue is recognised over time using the input method, costs incurred are used as an objective measure of performance. The Group's revenue was £12,003 million for the year ended 31 December 2020 (2019: £13,234 million).
 	
We identified the revenue recognition for open contracts at 31 December 2020 in certain of the Group's operating companies accounted for on a percentage of completion basis as a key audit matter because of the management judgement required to estimate the proportion of the service performed and therefore the revenue to be recognised on these contracts at year end. Auditing these estimates was challenging and required extensive audit effort and a high degree of auditor judgement given the bespoke nature of each contract and limited availability of external evidence to support the percentage of completion determined.
	Our audit procedures related to the key audit matter for revenue recognition included the following, among others:
	
	– We tested the effectiveness of controls for over time recognition of revenue, including management's controls over the recording of costs incurred and estimates of costs to complete for the remaining contract performance obligations.
	– We evaluated the accuracy of management's previous forecasts of costs to complete projects by performing retrospective reviews of such estimates as compared to actual results for performance obligations that have been fulfilled.
	– We selected a sample of contracts with customers and performed the following:
	  – Recalculated revenue recognised based on the percentage of completion by obtaining schedules of estimated costs to complete from project managers and challenging the key underlying assumptions to test their completeness and accuracy.
	  – Evaluated whether the contracts were properly included in management's calculation of revenue recognised over time based on the terms and conditions of each contract and confirmed contract values by verifying the values against signed agreements and any contract amendments.
	  – Tested the completeness and accuracy of costs incurred to date to determine fulfilment of the performance obligations.
	  – Evaluated the reasonableness and consistency of the methods and assumptions used by management to develop the estimates of costs to complete.
	  – Evaluated management's ability to achieve the estimates of future costs to complete by performing inquiries with the Group's project managers related to project status and comparing estimates to project work plans.
	  – Tested the mathematical accuracy of cost estimates.
	  – Recalculated deferred and accrued income balances based on the contract terms, costs incurred to date and remaining cost estimates to conclude on the appropriateness of the revenue recognised at year end.
		Based on our procedures, we determined management's judgement to estimate the proportion of the service performed, and therefore the revenue to be recognised on open contracts at year end to be reasonable.

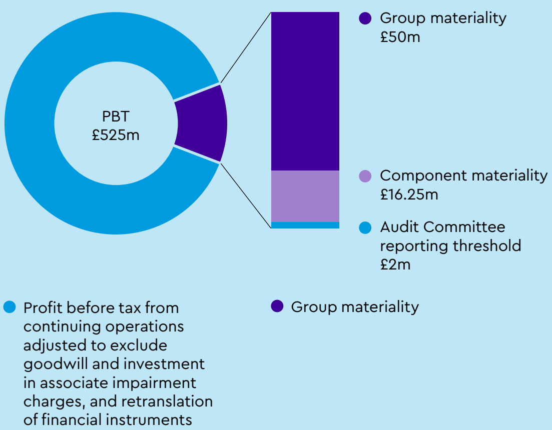
6. OUR APPLICATION OF MATERIALITY

6.1. MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	**Parent Company financial statements**
Materiality	£50 million (2019: £55 million)	£25 million (2019: £22 million)
Basis for determining materiality	We considered a number of metrics when determining Group materiality, including: pre-tax profit from continuing operations adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments; revenue; and headline EBITDA. Our selected materiality figure represents 9.5% of pre-tax profit from continuing operations adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments, 0.4% of revenue (2019: 0.4%) and 2.8% of Headline EBITDA (2019: 2.6%). In 2019, we determined materiality to be £55 million, as 5.6% of pre-tax profit from continuing operations.	The basis for materiality is shareholder's equity. The materiality used is less than 1% of shareholders' equity (2019: less than 1% of shareholders' equity).
Rationale for the benchmark applied	The significant impairment charges of £3,119 million recognised in 2020 caused us to place more emphasis on pre-tax profit from continuing operations adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments, revenue and Headline EBITDA in our determination of materiality this year.	Due to the nature of the Company as a parent entity holding company, we consider shareholders' equity to be the most appropriate basis for materiality.



6.2. PERFORMANCE MATERIALITY

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2019: 60%) of Group materiality	65% (2019: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered factors including: – our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls, financial processes and systems in the majority of areas of the audit; and – our past experience of the audit, which has indicated a low value of uncorrected misstatements identified in prior periods.	The Parent Company performance materiality has been set at 65% of Parent Company materiality, to align with the Group performance materiality threshold used.

6.3. ERROR REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2.0 million (2019: £1.5 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The change in the reporting threshold has been made following our reassessment of matters requiring communication. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

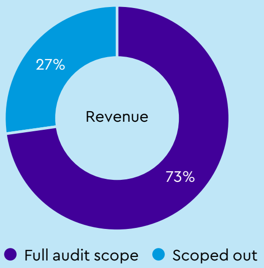
7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. IDENTIFICATION AND SCOPING OF COMPONENTS

In selecting the components that are in scope each year, we refresh and update our understanding of the Group and its environment, including obtaining an understanding of the Group's system of internal controls, and assessing the risks of material misstatement at the Group level, in order to ensure that the components selected for audit provide an appropriate basis on which to undertake audit work to address the identified risks of material misstatement. Such audit work represents a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible.

Those entities subjected to audit represented 73% of the Group's consolidated revenue from continuing operations (2019: 75%) achieved through a combination of direct testing and specified audit procedures, including substantive analytical review procedures, performed by the Group auditor and component auditors across the world. Our audit work on components is executed at levels of materiality appropriate for such components, many of which are local statutory materiality levels which in all instances are no higher than 50% of Group performance materiality.

In order to support our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components, we tested the consolidation process and performed analytical procedures at both the Group level and component level for components deemed to be out-of-scope.



7.2. OUR CONSIDERATION OF THE CONTROL ENVIRONMENT

WPP plc is reliant on the effectiveness of a number of IT applications and controls to ensure that financial transactions are processed and recorded completely and accurately. As the Group files its financial statements in the US, the Group is required to comply with the US Sarbanes Oxley Act. Accordingly, we perform testing of the operating effectiveness of internal controls, including the general IT controls, over financial reporting in all areas of the audit.

As set out in the Audit Committee's report, management identified material weaknesses in internal control over financial reporting with respect to three areas of financial reporting. We have assessed the impact of these material weaknesses on our audit and we have not relied upon controls in our substantive testing of the related areas.

7.3. WORKING WITH OTHER AUDITORS

The Group audit team exercises its oversight of component auditors using a carefully designed programme, which considers a variety of factors including the size of entity and number of significant risks. This programme is put in place to ensure that appropriate guidance is provided to the component auditors through a combination of:

- upfront planning meetings with all component teams;
- site visits;
- central review of documentation; and
- risk assessment discussions and detailed review of workpapers.

As a result of the Covid-19 pandemic, our oversight of component auditors including site visits was conducted largely remotely using video conferencing.

In years when we elect to not visit a key location, either physically or virtually, we:

- include the component audit partner in our team planning meeting;
- discuss their risk assessment; and
- review the documentation of the findings from their work and discuss with them as needed.

These are designed so that the Senior Statutory Auditor or a senior member of the Group audit team can have oversight of the work of our component auditors on a regular basis. In addition we assess the competence of each of our component auditors.

We also hold quarterly meetings with management at a regional and global level in order to update our understanding of the Group and its environment on an ongoing basis.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of management, the Group's general counsel, internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the areas of goodwill impairment and revenue recognition related to open contracts at year-end accounted for using the percentage of completion method. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Securities and Exchange Commission rules, Securities Law in the UK and US, the UK Listing Rules, Companies (Jersey) Law and tax legislation in the Group's various jurisdictions.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the US Foreign Corrupt Practices Act and the UK Bribery Act.

11.2. AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified goodwill impairment and revenue recognition related to open contracts at year-end accounted for using the percentage of completion method as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY OUR ENGAGEMENT LETTER

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006 as if that Act had applied to the Group.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the corporate governance report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the corporate governance report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 94;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 94;
- the directors' statement on fair, balanced and understandable set out on page 155;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 95-101;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 130; and
- the section describing the work of the audit committee set out on pages 128-132.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1. ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 DIRECTORS' REMUNERATION

Under our engagement letter we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1. AUDITOR TENURE

Following the recommendation of the audit committee, we were appointed by the Company at the Annual General Meeting on 20 May 2002 to audit the financial statements for the year ending 31 December 2002 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 31 December 2002 to 31 December 2020.

15.2. CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Topley, FCA
For and on behalf of Deloitte LLP
Recognized auditor
London, United Kingdom
29 April 2021

RECONCILIATION TO NON-GAAP MEASURES OF PERFORMANCE

Management includes non-GAAP measures as they consider these measures to be both useful and necessary. They are used by management for internal performance analyses; the presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community.

Reconciliation of revenue to revenue less pass-through costs:

Continuing operations	2020 £m	2019 £m	2018 £m
Revenue	**12,002.8**	13,234.1	13,046.7
Media pass-through costs	**(1,555.2)**	(1,656.2)	(1,458.0)
Other pass-through costs	**(685.6)**	(731.4)	(713.0)
Revenue less pass-through costs	**9,762.0**	10,846.5	10,875.7

Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients. This includes the cost of media where the Group is buying digital media for its own account on a transparent opt-in basis and, as a result, the subsequent media pass-through costs have to be accounted for as revenue, as well as billings. Therefore, management considers that revenue less pass-through costs gives a helpful reflection of top-line growth.

Reconciliation of operating (loss)/profit to headline operating profit:

Continuing operations	2020 £m	2019 £m	2018[1] £m
Operating (loss)/profit	**(2,278.1)**	1,295.9	1,245.3
Amortisation and impairment of acquired intangible assets	**89.1**	121.5	201.8
Goodwill impairment	**2,822.9**	47.7	176.5
Gains on disposal of investments and subsidiaries	**(7.8)**	(40.4)	(237.9)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**(0.6)**	(0.4)	(2.0)
Investment and other write-downs	**296.2**	7.5	2.0
Litigation settlement	**25.6**	(16.8)	–
Gain on sale of freehold property in New York	**–**	(7.9)	–
Restructuring and transformation costs	**80.7**	153.5	265.5
Restructuring costs in relation to Covid-19	**232.5**	–	–
Headline operating profit	**1,260.5**	1,560.6	1,651.2
Finance and investment income	**82.7**	99.0	98.9
Finance costs (excluding interest expense related to lease liabilities)	**(211.0)**	(259.4)	(279.1)
	(128.3)	(160.4)	(180.2)
Interest cover[2] on headline operating profit	**9.8 times**	9.7 times	9.2 times

Notes

1 Figures have been restated as described in the accounting policies.

2 Interest expense related to lease liabilities is excluded from interest cover as lease liabilities are excluded from the Group's key leverage metrics.

Headline operating profit is one of the metrics that management uses to assess the performance of the business.

Headline operating profit margin before and after share of results of associates:

Continuing operations	Margin %	2020 £m	Margin %	2019 £m	Margin %	2018 £m
Revenue less pass-through costs		**9,762.0**		10,846.5		10,875.7
Headline operating profit	**12.9**	**1,260.5**	14.4	1,560.6	15.2	1,651.2
Share of results of associates (excluding exceptional gains/losses)		**10.1**		62.5		72.0
Headline PBIT	**13.0**	**1,270.6**	15.0	1,623.1	15.8	1,723.2

Calculation of headline EBITDA:

Continuing operations	2020 £m	2019 £m	2018 £m
Headline PBIT (as above)	**1,270.6**	1,623.1	1,723.2
Depreciation of property, plant and equipment	**174.8**	185.5	188.6
Amortisation of other intangible assets	**35.2**	21.2	20.7
Headline EBITDA (including depreciation of right-of-use assets)	**1,480.6**	1,829.8	1,932.5
Depreciation of right-of-use assets	**331.9**	301.6	–
Headline EBITDA	**1,812.5**	2,131.4	1,932.5

Headline EBITDA is a key metric that private equity firms, for example, use for valuing companies, and is one of the metrics that management uses to assess the performance of the business. Headline EBITDA (including depreciation of right-of-use assets) is used in the Group's key leverage metric.

Reconciliation of (loss)/profit before taxation to headline PBT and headline earnings:

Continuing operations	2020 £m	2019[1] £m	2018[1] £m
(Loss)/profit before taxation	**(2,790.6)**	1,214.3	1,019.3
Amortisation and impairment of acquired intangible assets	**89.1**	121.5	201.8
Goodwill impairment	**2,822.9**	47.7	176.5
Gains on disposal of investments and subsidiaries	**(7.8)**	(40.4)	(237.9)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**(0.6)**	(0.4)	(2.0)
Investment and other write-downs	**296.2**	7.5	2.0
Restructuring and transformation costs	**80.7**	153.5	265.5
Restructuring costs in relation to Covid-19	**232.5**	–	–
Share of exceptional losses of associates	**146.1**	47.8	41.5
Litigation settlement	**25.6**	(16.8)	–
Gain on sale of freehold property in New York	**–**	(7.9)	–
Revaluation and retranslation of financial instruments	**147.2**	(163.8)	76.3
Headline PBT	**1,041.3**	1,363.0	1,543.0
Headline tax charge	**(242.1)**	(299.6)	(320.1)
Headline non-controlling interests	**(58.9)**	(79.2)	(69.8)
Headline earnings	**740.3**	984.2	1,153.1

Note

1 Figures have been restated as described in the accounting policies.

Headline PBT and headline earnings are metrics that management use to assess the performance of the business.

Calculation of headline taxation:

Continuing operations	2020 £m	2019 £m	2018 £m
Headline PBT	**1,041.3**	1,363.0	1,543.0
Share of results of associates (excluding exceptional gains/losses)	**(10.1)**	(62.5)	(72.0)
Headline PBT excluding headline share of results of associates	**1,031.2**	1,300.5	1,471.0
Tax charge	**129.3**	275.0	256.0
Tax charge relating to gains on disposal of investments and subsidiaries	**(2.7)**	(6.9)	(0.8)
Tax credit relating to gain on sale of freehold property in New York	**–**	0.5	–
Tax credit/(charge) relating to litigation settlement	**5.4**	(4.2)	–
Deferred tax impact of the amortisation of acquired intangible assets and other goodwill items	**36.0**	13.3	12.9
Tax credit relating to restructuring and transformation costs	**14.3**	29.2	41.1
Tax credit relating to restructuring and transformation costs in relation to Covid-19	**51.2**	–	–
Tax impact of US tax reform	**–**	–	11.6
Deferred tax relating to gains on disposal of investments and subsidiaries	**8.6**	(7.3)	(0.7)
Headline tax charge	**242.1**	299.6	320.1
Headline tax rate	**23.5%**	23.0%	21.8%

Following the disposal of a majority stake in Kantar and its subsequent classification as an associate in December 2019, the Group considers the most relevant metric to assess the underlying tax charge is to use the headline tax charge on headline PBT excluding the share of headline results of associates, as the tax charge on associate income is reflected within the share of results of associates. On this basis, the headline tax rate was 23.5% (2019: 23.0%, 2018: 21.8%).

Given the Group's geographic mix of profits and the changing international tax environment, the headline tax rate is expected to increase slightly over the next few years.

Calculation of headline non-controlling interests:

Continuing operations	2020 £m	2019 £m	2018 £m
Non-controlling interests	**53.9**	79.2	65.1
Non-controlling interests relating to restructuring costs in relation to Covid-19	**5.0**	–	–
Non-controlling interests relating to restructuring and transformation costs	**–**	–	4.7
Headline non-controlling interests	**58.9**	79.2	69.8

Reconciliation of free cash flow:

	2020 £m	2019 £m	2018 £m
Cash generated by continuing and discontinued operations (note 11)	**2,583.9**	2,693.2	2,174.7
Plus			
Interest received	**73.6**	80.8	90.4
Investment income	**8.7**	18.3	15.4
Dividends from associates	**32.5**	33.3	49.7
Share option proceeds	**–**	0.6	1.2
Less			
Earnout payments	**(115.2)**	(130.2)	(120.2)
Interest and similar charges paid	**(173.9)**	(270.6)	(252.8)
Purchases of property, plant and equipment	**(218.3)**	(339.3)	(314.8)
Purchase of other intangible assets (including capitalised computer software)	**(54.4)**	(54.8)	(60.4)
Repayment of lease liabilities	**(300.1)**	(249.8)	–
Interest paid on lease liabilities	**(98.5)**	(105.1)	–
Corporation and overseas tax paid	**(371.5)**	(536.0)	(383.6)
Dividends paid to non-controlling interests in subsidiary undertakings	**(83.3)**	(96.2)	(106.2)
Free cash flow	**1,283.5**	1,044.2	1,093.4

The Group bases its internal cash flow objectives on free cash flow. Management believes free cash flow is meaningful to investors because it is the measure of the Group's funds available for acquisition related payments, dividends to shareholders, share repurchases and debt repayment. The purpose of presenting free cash flow is to indicate the ongoing cash generation within the control of the Group after taking account of the necessary cash expenditures of maintaining the capital and operating structure of the Group (in the form of payments of interest, corporate taxation and capital expenditure).

CONSTANT CURRENCY AND PRO FORMA ('LIKE-FOR-LIKE')

These consolidated financial statements are presented in pounds sterling. However, the Group's significant international operations give rise to fluctuations in foreign exchange rates. To neutralise foreign exchange impact and illustrate the underlying change in revenue and profit from one year to the next, the Group has adopted the practice of discussing results in both reportable currency (local currency results translated into pounds sterling at the prevailing foreign exchange rate) and constant currency.

Management also believes that discussing pro forma or like-for-like contributes to the understanding of the Group's performance and trends because it allows for meaningful comparisons of the current year to that of prior years.

Further details of the constant currency and pro forma methods are given in the Financial Glossary on pages 225 and 226.

ADDITIONAL INFORMATION

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

We support the Task Force 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. Our disclosure, across these four themes, is set out below. WPP's overall approach to risk management and a summary of our principal risks can be found on pages 90-101 of this Annual Report. Our CDP response provides further disclosures on our approach to climate change and is available at cdp.net/en.

GOVERNANCE

Our Executive Directors have overall responsibility for climate-related risks and opportunities and our performance on carbon reduction is integrated into their incentive plans. At Board level, the Sustainability Committee steers our approach and is attended by both the CEO and CFO, as well as experienced Non-Executive Directors. The Committee meets at least four times per year. Its remit includes reviewing our sustainability strategy and evaluating our performance against targets and commitments. As our clients integrate climate adaptation and mitigation into their business strategies, the Committee will review the growth of services which maximise their success. It will also review climate adaptation and transition plans, including steps to ensure that our Campuses and offices are resilient to extreme weather and that we are meeting growing regulatory requirements that face both WPP and its clients. In 2020, climate strategy was discussed at all meetings as the Committee monitored the development of WPP's science-based carbon target and net zero strategy.

Our Executive Committee working group on sustainability also works to guide our strategy and oversee our approach across agencies. This group includes WPP's Chief Financial Officer, Chief Marketing and Growth Officer, Group Chief Counsel, and agency CEOs. The wider Executive Committee includes the leaders of WPP's largest agencies and Group functional leaders. In 2021, we will build implementation plans for our sustainability strategy, net zero carbon commitments, and climate-related risk and opportunity management. Further information on sustainability governance is provided on page 89 of this Annual Report.

IDENTIFYING CLIMATE RISK AND OPPORTUNITY

Sustainability risks are integrated into our overall risk management processes. Performance and updated risk implications are reviewed by the Audit Committee on a regular basis. Assessment of risk is informed by feedback from investors, clients and our people. Our overall risk management process is outlined on pages 90-101 and climate change risk is included as an emerging risk as part of our principal risks and uncertainties disclosure on page 101. WPP has implemented Risk Committees in our operating companies with the aim of ensuring accountability at the network level to monitor risk and compliance and we are embedding climate risks in their agendas. Our business integrity programme is integral to ensuring that the policies, procedures and control environment set by the Board are understood and adhered to across all geographies and markets. In 2020, the business continuity implications of physical climate change and the risk of not meeting WPP's sustainability commitments was integrated into the Business Integrity function's annual risk assessment.

The Board Sustainability Committee reviews WPP's climate-related risks and opportunities on an annual basis. This analysis is informed by interviews with sustainability and consumer experts from within WPP's agencies and external data sources including Maplecroft's Climate Change Exposure Index and the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs). Factors considered include regulatory requirements, reputational risk, physical risks, and opportunities to advise our clients. Evaluation criteria include relevance to our industry, relevance to sustainability, regulatory and legal risks, financial implications and the operations affected.

CLIMATE CHANGE AND OUR STRATEGY

The nature of the risks and opportunities that we face depend not just on the physical aspects of climate change, but also on: the trajectory our clients take in adapting their business models; regulations in the markets in which we operate; and our ability to understand and shape a culture of climate action. Our response to our principal climate risks and opportunities involves a range of WPP Group functions and responses by our companies.

KEY
● Risk
○ Opportunity

CLIMATE-RELATED RISK OR OPPORTUNITY	POTENTIAL IMPACT	HOW IT IS MANAGED
PHYSICAL RISKS AND OPPORTUNITIES		
Increased frequency of extreme weather and climate-related natural disasters ●	This includes storms, flooding, wildfires and water and heat stress which can damage our buildings, jeopardise the safety of our people and significantly disrupt our operations. Our assessment of physical climate risk on our Campus buildings shows that 10% of headcount will be located in countries at "extreme" risk from the physical impacts of climate change in the next 30 years, up from 9% in 2019. In addition, 15% of our headcount is in markets where climate risk exposure has increased by more than 10% in the past five years[1]. This includes our operations in Canada, China, Italy, Turkey and the United Arab Emirates.	Co-locating our people through our Campus strategy has enabled us to centralise emergency preparedness procedures. In 2021 we will integrate climate-related risk assessment into the technical due diligence suite that we follow when we invest in a new Campus building. This will help to ensure that material acute and chronic physical climate risks are considered in design and embedded into business continuity procedures. Further details on our Campus strategy are outlined on page 44. Our annual risk assessment identified the need to develop tools and guidance to support our People teams in identifying and responding to emergent physical climate risk. In 2021, we will work with our Business Integrity function to develop resources and deploy them across WPP agencies.
TRANSITION RISKS AND OPPORTUNITIES		
Increased demand for sustainable products and services ○	Our clients are grappling with sustainability challenges and looking to transition their business models away from fossil fuels. For example, 64% of our top 50 clients have committed to setting science-based carbon reduction targets, representing 33% of total revenues in 2020. As clients increase their ambitions in this space, there is an opportunity for WPP to grow revenues from products and services which support the sustainability ambitions of our clients as they transition their businesses away from fossil fuels. This may include developing low or net zero marketing and ecommerce services, developing sustainability-focused brand strategies, and promoting sustainable consumption norms to consumers.	To realise this opportunity, we will need to invest in the innovation and growth of sustainability-focused services. Our sustainability strategy (see page 68) outlines our commitment to developing products and services which enable our clients to adopt leadership positions on climate change and exceed the expectations of consumers. In 2020 we increased investment in our virtual advertising production capability, which reduces the emissions and environmental impact of production shoots. Increasingly, our agencies are hiring for sustainability-focused leadership roles. We expect this community to continue to grow. Additionally, we are evaluating whether to increase our sustainability resources for clients organically or by acquisition. We are already upskilling our people in carbon reduction and climate-related issues. In 2020, we started training our people to deliver net zero products and services through programmes such as AdGreen (page 72) and to innovate on behalf of our clients through initiatives like Change the Brief. Through our strategy, we will be developing materials and training programmes to upskill our people on climate-related issues.

1 Based on the Maplecroft Climate Risk Exposure Index values, December 2020.

CLIMATE-RELATED RISK OR OPPORTUNITY	POTENTIAL IMPACT	HOW IT IS MANAGED
TRANSITION RISKS AND OPPORTUNITIES		
Achieving resource efficiencies through cutting our carbon footprint and improving energy efficiency ○	Through carbon reduction initiatives we have the opportunity to decrease the costs associated with energy use and avoid increased costs associated with carbon taxation. This relates both to our buildings, and to energy-intense activities such as data storage. Through energy audits we have identified that moving to offices which are certified to advanced sustainability standards reduced energy consumption by 21% per location. As part of our net zero strategy we are working to identify the potential cost savings of embedding best-practice solutions in our buildings. Our industry is increasingly reliant on data, digital content and centralised cloud computing. In coming years, we expect to see an increase in externality taxes designed to curb the carbon emissions associated with data storage, which may lead to companies embedding data minimisation strategies[1]. This creates an opportunity for networks such as WPP, which are following a policy of using data well rather than focusing on collection, to emerge as practice leaders and drive innovation.	Through our Campus strategy we have been driving energy efficiency gains by ensuring that all buildings with a floor space exceeding 50,000 square feet will be certified to advanced sustainability standards including LEED and BREEAM. As part of our net zero strategy we are working with our real estate function to embed sustainability best practice into our Campus strategy. For more details see our Sustainability Report. We are working to embed our net zero ambitions in our data and AI strategy to maximise carbon reduction opportunities. This includes through traditional methods such as embedding the use of efficient hardware and renewable energy into purchasing decisions, and by pursuing data minimisation, federation and virtualisation solutions which reduce energy consumption by keeping data in its place of origin.
Increased reputational risk associated with misrepresenting environmental claims in marketing and advertising content ●	As consumer consciousness around climate change rises, there is increased scrutiny of our sector's role in driving unsustainable consumption. Increased regulatory scrutiny, including government consultations, demonstrates the growing reputational, financial and regulatory risks associated with the misrepresentation of environmental claims in marketing and advertising content.	The misrepresentation of environmental issues is governed by our Code of Conduct, which makes clear that we will not take on work or produce content that is designed or intended to mislead. We train our people on avoiding misleading work through our online ethics training, How We Behave, on joining and then on a regular basis, including after each update. Our people, suppliers and partners can report concerns or suspected cases of misconduct through our independently managed Right to Speak facility. For further details, see "Policies, Procedures and Culture" (page 91). Through our sustainability strategy, we are developing additional training and resources to help our people to avoid misrepresentation in the work we do on behalf of clients.
Increased reputational risk associated with working with oil and gas companies and taking on environmentally detrimental briefs ●	WPP agencies are working with a number of energy clients. In many cases we are helping them to reshape their strategies and to embed the principles of sustainability within their operations, products and marketing. Working with oil and gas companies, or associated industry groups, who are not actively decarbonising could result in weakened employee morale, lower client confidence and greater regulatory burden.	Our sustainability strategy outlines our commitment to supporting our clients' on their sustainability journeys (see page 72). We are reviewing our policies to reduce the risk that any client brief undermines the implementation of the Paris Agreement.

MONITORING OUR PROGRESS

We have been reporting on our performance on carbon emissions' reduction since 2006. Our carbon emissions' statement is included on page 219 of WPP's 2020 Sustainability Report. In 2020 and early 2021 we worked with the consultancy Carbon Intelligence to develop a net zero carbon strategy. WPP has committed to setting carbon reduction targets in line with Science Based Targets initiative (SBTi) requirements for 1.5°C and is a signatory to the Business Ambition for 1.5°C. This year we have published our full scope 3 inventory for the first time (see wpp.com/netzero). WPP's net zero strategy and the metrics we will use to monitor its implementation and progress are outlined on page 81 and in the Planet chapter of our Sustainability Report 2020. Our most material climate-related opportunities relate to our client work. As part of our sustainability strategy we will develop metrics which track the growth of sustainable products and services. Examples of work relating to climate change are included in our downloadable Sustainability Report 2020: **wpp.com/sustainability**.

1 WPP, Data 2030: what does the future of data look like.

OTHER STATUTORY INFORMATION

CARBON EMISSIONS STATEMENT

CO_2e EMISSIONS BREAKDOWN (TONNES OF CO_2e)

Emissions source		2020	2019	2018
Continuing operations				
Scope 1	Natural Gas	**4,069**	6,299	5,804
	Diesel and Heating Oil	**692**	541	1,505
	Company cars[1]	**17,041**	18,175	n/a
	Total scope 1	**21,802**	25,015	7,309
Scope 2	Scope 2 emissions from standard electricity (location-based)	**28,984**	56,421	66,848
	Scope 2 emissions from green and renewable electricity (location-based)	**31,671**	27,324	26,370
	Scope 2 emissions from heat and steam	**1,177**	1,820	1,925
	Total scope 2 (location-based)	**61,832**	85,565	95,143
	Scope 2 emissions from standard electricity (market-based)	**28,983**	60,750	71,905
	Scope 2 emissions from green and renewable electricity (market-based)	**0**	0	0
	Scope 2 emissions from heat and steam	**1,177**	1,820	1,925
	Total scope 2 (market-based)[1]	**30,160**	62,570	73,830
Total scope 1 and 2	Total scope 1 and 2 CO_2e emissions (location-based)	**83,634**	110,580	102,452
	Total scope 1 and 2 CO_2e emissions (market-based)	**51,962**	87,585	81,139
Scope 3	Business air travel	**23,325**	122,967	131,313
	Total scope 3[1]	**23,325**	122,967	131,313

WPP'S CARBON INTENSITY (TONNES OF CO_2e)

Intensity metric		2020	2019	2018
Total scope 1 and 2	Tonnes CO_2e per full-time employee (market-based)	**0.52**	0.82	0.76
	Tonnes CO_2e per £million revenue (market-based)	**4.33**	6.62	6.22
Scope 3	Tonnes CO_2e per full time employee	**0.23**	1.15	1.24

NOTES TO CARBON EMISSIONS STATEMENT 2020

Our carbon emissions statement has been prepared in accordance with the Greenhouse Gas Protocol and aligns with the scope 2 market-based emissions methodology guidance. Our reporting incorporates carbon dioxide equivalent emissions from building energy use and business air travel. Emissions data is included for all operations for which WPP and its subsidiaries have operational control. Associate companies are excluded. This covers 99,830 people.

[1] As part of our net zero strategy we have updated our emissions methodology. We are therefore restating our 2019 carbon emissions to capture best practice in emissions reporting and ensure the best possible baseline for our carbon reduction targets. Updates to our methodology have incorporated reporting on the emissions associated with company cars, updating our business air travel emissions factors to include radiative forcing and rectifying a material error found in the 2019 emissions factor applied for Australia. Further details of the restatement are included in the content index of our Sustainability Report.

Our carbon data is reviewed by Bureau Veritas, an independent assurance provider. See its Independent Verification Statement on our website **wpp.com/sustainability**. Additional information on our carbon emissions methodology is included in our Sustainability Report.

SHAREHOLDER INFORMATION

SHARE CAPITAL AND CONTROL

Details of our issued share capital and the number of shares held in Treasury as at 31 December 2020 can be found in note 27 to the financial statements.

Our ordinary shares are listed on the London Stock Exchange (LSE) and are also quoted on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs).

The rights and obligations relating to the ordinary share capital are outlined in the Articles of Association; there are no restrictions on transfer, no restrictions on voting rights and no securities carry special voting rights with regard to control of the Company.

At the AGM on 10 June 2020, shareholders passed resolutions authorising the Company, in accordance with its Articles, to allot shares up to a maximum nominal amount of £40,844,302 of which £6,126,645 could be allotted for cash free of statutory pre-emption rights. In the year under review no shares were issued for cash free from pre-emption rights. Details of share capital movements are given in note 27 to the financial statements on pages 196-198.

AUTHORITY FOR PURCHASE OF OWN SHARES

At the AGM on 10 June 2020, shareholders passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 122,532,907 of its own shares in the market. In the year under review, 32,088,571 ordinary shares were purchased.

MAJOR SHAREHOLDERS

The table below shows the holdings of major shareholders in the Company's issued ordinary share capital in accordance with the Disclosure Guidance and Transparency Rules (DTRs) notified to the Company as at 31 December 2020. Information provided to the Company under the DTRs is publicly available via the regulatory information services and on the Company's website.

	At 30 December 2020
Harris Associates LP	4.51%
BlackRock Inc	7.56%

	At 23 April 2021
Harris Associates LP	3.75%
BlackRock Inc	8.04%

SHAREHOLDERS AS AT 31 DECEMBER 2020

Holding of shares	Number of holders	% Owners	Shareholdings	% Outstanding
Up to 1,000	5,810	53.1	1,538,230	0.1
1,001 to 5,000	1,634	15.0	3,920,826	0.3
5,001 to 100,000	2,247	20.6	69,828,801	5.4
100,001 to 1,000,000	987	9.0	328,301,356	25.3
Over 1,000,000	254	2.3	892,491,029	68.9

Shareholders by geography	%
UK	30.6
United States	36.0
Rest of World	33.4
Total	**100**

Shareholders by type	%
Institutional investors	95.2
Our people	0.6
Other individuals	4.2
Total	**100**

SHARE PRICE

The closing price of the shares at 31 December was as follows:

	At 23 April 2021	2020	2019	2018	2017	2016
Ordinary 10p shares	967.8p	800.0p	1,066.5p	846.6p	1,341.0p	1,816.0p

Share price information is also available online at **wpp.com/investors/share-price**

CHANGE OF CONTROL

All of our bonds contain provisions which are triggered on a change of control of the Company. The holders of such bonds have the right to repayment at par except for holders of our US$ bonds. The holders of our US$ bonds have the right to redeem the bonds at 101% of par, if the Company is non-investment grade at the time of the change of control or becomes non-investment grade within 120 days of the announcement of the change of control.

In addition, the Group has a Revolving Credit Facility in the amount of $2,500 million due March 2025, the terms of which require the consent of the majority of the lenders if a proposed merger or consolidation of the Company would alter its legal personality or identity. In February 2021, the lending banks approved an extension of the term of the Revolving Credit Facility to March 2026.

In general terms, awards granted under WPP's incentive plans will usually vest on a change of control, albeit on a prorated basis. Where awards are subject to performance conditions, those conditions will still need to be met, also on a prorated basis. Certain incentive plans allow the Compensation Committee to require outstanding awards to be exchanged for equivalent awards in the acquiring company.

SHARE BUY-BACK PROGRAMME

The Board has been authorised to issue and allot Ordinary Shares under Article 12 of the company's Articles of Association. The power under Article 12 and the authority for the company to make purchases of its own shares are subject to shareholder authorities which are sought on an annual basis at our Annual General Meeting (AGM). Any shares purchased by the company may be cancelled, held as Treasury shares or used for satisfying share options and grants under the Group's employee share plans.

The Company announced on 31 March 2020 its decision to suspend the £950 million share buyback, funded by proceeds from the Kantar transaction, with immediate effect. The Company announced a £300 million share buy-back programme on 11 March 2021, which would take place during the period commencing 11 March 2021 and ending no later than 18 June 2021.

DIVIDENDS

Subject to shareholder approval at the 2021 AGM, the final dividend for 2020 will become due and payable on 9 July 2021 to all holders of ordinary shares on the Register of Members at the close of business on 11 June 2021.

The table below sets out the dividend per share ordinary shareholders have received for the last five years:

	2020	2019	2018	2017	2016
Interim dividend per ordinary share	**10.00p**	22.70p	22.70p	22.70p	19.55p
Final dividend per ordinary share	**14.00p**	–	37.30p	37.30p	37.05p
Total	**24.00p**	22.70p	60.00p	60.00p	56.60p

AMERICAN DEPOSITARY RECEIPTS (ADRS)

Each ADR represents five ordinary shares.

WPP plc is subject to the informational requirements of the United States' securities laws applicable to foreign companies and files an annual report on Form 20-F and other information with the US Securities and Exchange Commission. These documents are available at the Commission's website, sec.gov.

ADR DIVIDENDS

ADR holders are eligible for all stock dividends or other entitlements accruing on the underlying WPP plc shares and receive all cash dividends in US dollars. These are normally paid twice a year.

Dividend cheques are mailed directly to the ADR holder on the payment date if ADRs are registered with WPP's US depositary. Dividends on ADRs that are registered with brokers are sent to the brokers, who forward them to ADR holders. WPP's US depositary is Citibank N.A. (address on page 222).

Dividends per ADR in respect of each financial year are set out below.

	2020	2019	2018	2017	2016
In £ sterling					
Interim	**50.00p**	113.50p	113.50p	113.50p	97.75p
Final	**70.00p**	–	186.50p	186.50p	185.25p
Total	**120.00p**	113.50p	300.00p	300.00p	283.00p
In US dollars[1]					
Interim	**64.18¢**	144.88¢	151.53¢	146.27¢	132.42¢
Final	**89.85¢**	–	249.00¢	240.34¢	250.96¢
Total	**154.03¢**	144.88¢	400.53¢	386.61¢	383.38¢

1 These figures have been translated for convenience purposes only, using the approximate average rate for the year of US$1.2836 (2019: US$1.2765, 2018: US$1.3351). This conversion should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

Dollar amounts paid to ADR holders depend on the sterling/dollar exchange rate at the time of payment.

No withholding tax is imposed on dividends paid to ADR holders. The dividends received will be subject to United States' taxation.

LISTING RULES

For the purposes of Listing Rule (LR) 9.8.4R, the information required to be disclosed by that section can be found in the following locations:

Section	Applicable sub-paragraph within LR 9.8.4R	Location
4	Details of long-term incentive schemes	Directors' compensation report page 134-154
5	Details of Directors' waiver of emoluments	Directors' compensation report page 134-154
6	Director waiver of future emoluments	Directors' compensation report page 134-154

The above table sets out only those sections of LR 9.8.4R which are relevant. The remaining sections of LR 9.8.4R are not applicable.

ARTICLES OF ASSOCIATION

There are no restrictions on amending the Articles of Association of the Company (Articles) other than the requirement to pass a special resolution of the shareholders at a general meeting. Subject to applicable law and the Company's Articles, the Directors may exercise all powers of the Company.

The Articles are available on the Company's website at **wpp.com/investors/corporate-governance**

2021 FINANCIAL CALENDAR

Ordinary dividend timetable	Final	Interim
Ordinary ex-dividend date	10 June 2021	October 2021
Dividend record date	11 June 2021	October 2021
Dividend payment date	9 July 2021	November 2021
Other key dates:		
2020 preliminary results	11 March 2021	
First quarter trading update	28 April 2021	
Annual General Meeting	9 June 2021	
2021 interim results announcement	August 2021	
Third quarter trading update	October 2021	

RESULTS ANNOUNCEMENTS

Results announcements are issued to the London Stock Exchange and are available on its news service. They are also sent to the US Securities and Exchange Commission and the NYSE, issued to the media and made available on our website.

SHAREHOLDER COMMUNICATIONS

A growing number of our shareholders have opted to receive communications from us electronically. The use of electronic communications, rather than printed paper documents, means information about the Company can be accessed through emails or the Company's website, thus reducing our impact on the environment. Shareholders who have elected for electronic communication will be sent an email alert containing a link to the relevant documents. We encourage all our shareholders to sign up for this service. You can register for this service at investorcentre.co.uk or by contacting Computershare by the telephone number provided below.

WPP's public website, wpp.com, provides current and historical financial information, news releases, trading reports and share price information. Go to **wpp.com/investors**

SHAREHOLDERS' REGISTER

A register of shareholders' interests is kept at the Company's registrar's office in Jersey and is available for inspection on request. The register includes information on nominee accounts and their beneficial owners.

ACCESS NUMBERS/TICKER SYMBOLS

	NYSE	Reuters	Bloomberg
Ordinary shares	–	WPP.L	WPP LN
American Depositary Shares	WPP	WPP.N	WPP US

SHAREHOLDER CONTACTS

ORDINARY SHARES

For any queries regarding your shareholding, please contact Computershare:

By telephone: +44 (0)870 707 1411

Lines are open from Monday to Friday, 8.30am to 5.30pm UK time, excluding public holidays.

Using the contact form on the website: investorcentre.co.uk/je/contactus

In writing: Computershare Investor Services (Jersey) Limited, 13 Castle Street, St Helier, Jersey, JE1 1ES

AMERICAN DEPOSITARY RECEIPTS (ADRS) OFFICE

For any queries regarding WPP ADRs, please contact Citibank Shareholder Services (Citibank):

By telephone: +1 877 248 4237

Opening hours are Monday to Friday, 8.30am to 6pm US Eastern Standard Time. Please call +1 781 575 4555 if calling from outside of the US.

By email: citibank@shareholders-online.com

In writing: Citibank N.A., PO Box 43077, Providence, RI 02940–3077, USA

REGISTERED OFFICE

WPP plc
13 Castle Street, St Helier
Jersey, JE1 1ES

Telephone: +44 (0)20 7282 4600

Registered number: 111714

Website: **wpp.com**

TAXATION INFORMATION

As this is a complex area investors should consult their own tax advisor regarding the US federal, state and local, the UK and other tax consequences of owning and disposing of shares and ADSs in their particular circumstances.

DIVIDENDS RECEIVED

UK resident individuals receive a Dividend Allowance in the form of a 0% tax rate on the first £2,000 of dividend income received each tax year.

Any dividends received over the Dividend Allowance are taxed at a rate of 7.5% on dividend income for individuals in the basic rate band, 32.5% for higher rate tax payers and at 38.1% for individuals with income of £150,000 or more.

CAPITAL GAINS TAX

The market value of an ordinary share at 31 March 1982 was 39p. Since that date rights issues have occurred in September 1986, August 1987 and April 1993. For capital gains tax purposes the acquisition cost of ordinary shares is adjusted to take account of such rights issues. Since any adjustments will depend on individual circumstances, shareholders are advised to consult their professional advisors.

CAPITAL GAINS

As liability to capital gains tax on a disposal of WPP shares will depend on individual circumstances, shareholders are advised to consult their professional advisors.

ADJUSTMENT OF 30 JUNE 2020 GOODWILL IMPAIRMENT

The goodwill impairment charge recognised for the year ended 31 December 2020 includes £2,812.9 million related to the six-month period ended 30 June 2020. This figure is £328.2 million higher than the £2,484.7 million previously reported in the 30 June 2020 interim financial statements as a result of an adjustment to appropriately reflect the working capital cash flow assumptions in the impairment model.

The following table presents the CGUs with significant goodwill impairments that were recognised as at 30 June 2020, both as previously reported and as adjusted for the identified adjustment.

		As reported		As adjusted	
CGU	**Operating Sector**	Recoverable amount as at 30 June 2020 £m	Goodwill impairment charge for the period ended 30 June 2020 £m	Recoverable amount as at 30 June 2020 £m	Goodwill impairment charge for the period ended 30 June 2020 £m
Wunderman Thompson	Global Integrated Agencies	1,932.2	1,054.4	1,759.5	1,207.5
VMLY&R	Global Integrated Agencies	918.3	472.0	871.0	516.9
Burson Cohn & Wolfe	Public Relations	859.8	127.0	845.9	140.3
Geometry Global	Specialist Agencies	205.9	232.5	128.4	305.8
Landor & Fitch	Specialist Agencies	197.5	158.1	169.5	185.4
Other		1,349.3	440.7	1,325.7	457.0
		5,463.0	2,484.7	5,100.0	2,812.9

The table below reflects the impact of the adjustment on key income statement and balance sheet line items. The £333.3 million adjustment reflects the £328.2 million increase in the goodwill impairment charge and a £5.1 million increase primarily in impairment of right-of-use assets with a related increase in the deferred tax credit of £13.1 million and a corresponding decrease in deferred tax liabilities.

Six months ended 30 June 2020	As previously reported £m	Adjusted £m
Continuing operations		
General and administrative costs	3,195.3	3,528.6
Operating loss	(2,417.3)	(2,750.6)
Loss before interest and taxation	(2,469.2)	(2,802.5)
Loss before taxation	(2,843.9)	(3,177.2)
Loss for the period from continuing operations	(2,867.9)	(3,188.1)
Loss for the period	(2,864.8)	(3,185.0)
Headline operating profit	382.3	382.3
Loss for the period attributable to equity holders of the parent	(2,889.0)	(3,209.2)
Weighted average shares used in basic EPS calculation (million)	1,224.7	1,224.7
Reported basic earnings per share	(235.9p)	(262.0p)
Goodwill	8,096.3	7,768.1
Deferred tax liabilities	(398.9)	(385.8)
Net assets	5,779.7	5,459.5

We will reflect these adjustments in the comparatives included in the 2021 interim financial statements.

FIVE-YEAR SUMMARY

	Continuing operations 2020 £m	2019[1] £m	2018[1] £m	2017[1] £m	Continuing and discontinued operations 2016[2] £m
Income statement					
Billings[3]	**46,917.8**	53,059.0	53,219.7	52,915.4	55,278.0
Revenue	**12,002.8**	13,234.1	13,046.7	13,146.4	14,887.3
Revenue less pass-through costs[3]	**9,762.0**	10,846.5	10,875.7	11,143.9	12,428.6
Operating (loss)/profit	**(2,278.1)**	1,295.9	1,245.3	1,577.9	2,063.1
Headline EBITDA[4]	**1,812.5**	2,131.4	1,932.5	2,099.6	2,419.7
Headline operating profit[4]	**1,260.5**	1,560.6	1,651.2	1,793.1	2,095.3
(Loss)/profit before taxation	**(2,790.6)**	1,214.3	1,019.3	1,894.0	1,890.5
Headline PBT[4]	**1,041.3**	1,363.0	1,543.0	1,717.6	1,986.2
(Loss)/profit for the year	**(2,919.9)**	939.3	763.3	1,811.0	1,501.6
Headline operating profit margin[4]	**12.9%**	14.4%	15.2%	16.1%	16.9%
Balance sheet					
Non-current assets	**12,185.4**	15,826.7	17,854.1	18,427.7	19,125.3
Net current assets/(liabilities)	**870.9**	(179.9)	(649.5)	(356.1)	(1,328.1)
Net assets	**5,166.4**	8,415.8	9,784.3	9,960.5	9,761.7
Net debt	**(695.6)**	(1,539.6)	(4,016.7)	(4,483.1)	(4,130.5)
Average net debt	**(2,331.0)**	(4,282.0)	(4,965.6)	(5,142.7)	(4,340.5)

		2020	2019	2018	2017	2016
Our people						
Revenue per employee (£000)		**116.7**	124.3	123.0	123.5	112.2
Revenue less pass-through costs[3] per employee (£000)		**94.9**	101.8	102.5	104.7	93.7
Staff cost per employee (£000)		**63.8**	66.6	65.5	66.4	58.7
Average headcount[5]		**102,822**	106,498	106,090	106,414	132,657
Share information						
Headline[6]	– basic earnings per share from continuing operations	**60.5p**	78.7p	92.4p	104.2p	114.8p
	– diluted earnings per share from continuing operations	**59.9p**	78.1p	91.4p	103.0p	113.2p
Reported	– basic earnings per share from continuing operations	**(243.2p)**	68.8p	56.0p	136.9p	109.6p
	– diluted earnings per share from continuing operations	**(243.2p)**	68.2p	55.4p	135.3p	108.0p
Dividends per share[7]		**24.00p**	22.70p	60.00p	60.00p	56.60p
Share price	– high	**1,071.0p**	1,077.5p	1,471.0p	1,921.0p	1,850.0p
	– low	**483.7p**	800.4p	805.0p	1,253.0p	1,338.0p
Market capitalisation at year-end (£m)		**9,802.7**	13,410.0	10,682.6	17,029.8	23,260.3

Notes

1 Figures have been restated as described in the accounting policies.

2 2016 figures have not been re-presented in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations therefore represent total continuing and discontinued operations. 2016 figures have also not been restated to reflect the impact of the change in the discount rate used in the calculation of the present value of the expected cash outflows in respect of put option agreements and payments due to vendors (earnout agreements).

3 Billings and revenue less pass-through costs are defined on pages 225 and 226.

4 The calculation of 'headline' measures of performance (including headline EBITDA, headline operating profit, headline operating profit margin and headline PBT) is set out on pages 212 and 213.

5 2016 average headcount includes the Kantar disposal group.

6 Headline earnings per share is set out in note 9 of the financial statements.

7 Dividends per share represents the dividends declared in respect of each year.

The information on this page is unaudited.

FINANCIAL GLOSSARY

Term used in Annual Report	United States' equivalent or brief description
ADRs/ADSs	American Depositary Receipts/American Depositary Shares. The Group uses the terms ADR and ADS interchangeably. One ADR/ADS represents five ordinary shares
Allotted	Issued
Average net debt and net debt	Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net borrowings of the Group, derived from the cash ledgers and accounts in the balance sheet. Net debt excludes lease liabilities
Billings and estimated net new billings	Billings comprise the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned. Net new billings represent the estimated annualised impact on billings of new business gained from both existing and new clients, net of existing client business lost. The estimated impact is based upon initial assessments of the clients' marketing budgets, which may not necessarily result in actual billings of the same amount
Called-up share capital	Ordinary shares, issued and fully paid
Company or Parent Company	WPP plc
Constant currency	The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2020 exchange rates to local currency reported results for the current and prior year. This gives a US dollar-denominated income statement which excludes any variances attributable to foreign exchange rate movements
ESOP	Employee share ownership plan
EURIBOR	The euro area inter-bank offered rate for euro deposits
Finance lease	Capital lease
Free cash flow	Free cash flow is calculated as cash generated by operations plus dividends received from associates, interest received, investment income received, and proceeds from the issue of shares, less corporation and overseas tax paid, interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, repayment of lease liabilities (including interest), earnout payments and purchases of property, plant and equipment and purchases of other intangible assets
Freehold	Ownership with absolute rights in perpetuity
General and administrative costs	General and administrative costs include marketing costs, certain professional fees and an allocation of other costs, including staff and establishment costs, based on the function of employees within the Group
Group	WPP plc and its subsidiaries
Headline earnings	Headline PBT less headline tax charge and non-controlling interests
Headline EBITDA	Profit before finance and investment income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, amortisation of other intangibles, depreciation of property, plant and equipment, depreciation of right-of-use assets, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement, gain on sale of freehold property in New York, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interests arising from a change in scope of ownership
Headline operating profit	Operating profit before gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement, gain on sale of freehold property in New York and gains/losses on remeasurement of equity interests arising from a change in scope of ownership
Headline operating profit margin	Headline operating profit margin is calculated as headline operating profit (defined above) as a percentage of revenue less pass-through costs
Headline PBIT	Profit before finance and investment income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement, gain on sale of freehold property in New York, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interests arising from a change in scope of ownership

Term used in Annual Report	United States' equivalent or brief description
Headline PBT	Profit before taxation, gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement, gain on sale of freehold property in New York, share of exceptional gains/losses of associates, gains/losses arising from the revaluation and retranslation of financial instruments and gains/losses on remeasurement of equity interests arising from a change in scope of ownership
Headline tax charge	Taxation excluding tax/deferred tax relating to gains/losses on disposal of investments and subsidiaries, investment and other write-downs, goodwill impairment and other goodwill write-downs, restructuring and transformation costs, restructuring costs in relation to Covid-19, litigation settlement, gain on sale of freehold property in New York, and the deferred tax impact of the amortisation of acquired intangible assets and other goodwill items
IFRS/IAS	International Financial Reporting Standards/International Accounting Standards
LIBOR	The London inter-bank offered rate
Net working capital	The movement in net working capital consists of movements in trade working capital and movements in other working capital and provisions per the analysis of cash flows note
OCI	Consolidated statement of comprehensive income
Pass-through costs	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
Pro forma ("like-for-like")	Pro forma comparisons are calculated as follows: current year, constant currency actual results (which include acquisitions from the relevant date of completion) are compared with prior year, constant currency actual results, adjusted to include the results of acquisitions for the commensurate period in the prior year. The Group uses the terms "pro forma" and "like-for-like" interchangeably
Profit	Income
Profit attributable to equity holders of the parent	Net income
Revenue less pass-through costs	Revenue less pass-through costs is revenue less media, data collection and other pass-through costs
Sarbanes-Oxley Act or SOX	An Act passed in the United States to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Shares in issue	Shares outstanding
Share premium account	Additional paid-in capital or paid-in surplus (not distributable)
UK Corporate Governance Code	The UK Corporate Governance Code published by the Financial Reporting Council dated April 2018
WPP	WPP plc and its subsidiaries

FORWARD-LOOKING STATEMENT

In connection with the provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the 'Reform Act'), the Company may include forward-looking statements (as defined in the Reform Act) in oral or written public statements issued by or on behalf of the Company. These forward-looking statements may include, among other things, plans, objectives, beliefs, intentions, strategies, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as 'anticipate', 'estimate', 'expect', 'intend', 'will', 'project', 'plan', 'believe', 'target', and other words and similar references to future periods but are not the exclusive means of identifying such statements. As such, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company. Actual results or outcomes may differ materially from those discussed or implied in the forward-looking statements. Therefore, you should not rely on such forward-looking statements, which speak only as of the date they are made, as a prediction of actual results or otherwise. Important factors which may cause actual results to differ include but are not limited to: the impact of outbreaks, epidemics or pandemics, such as the Covid-19 pandemic and ongoing challenges and uncertainties posed by the Covid-19 pandemic for businesses and governments around the world; the unanticipated loss of a material client or key personnel; delays or reductions in client advertising budgets; shifts in industry rates of compensation; regulatory compliance costs or litigation; changes in competitive factors in the industries in which we operate and demand for our products and services; our inability to realise the future anticipated benefits of acquisitions; failure to realise our assumptions regarding goodwill and indefinite lived intangible assets; natural disasters or acts of terrorism; the Company's ability to attract new clients; the UK's exit from the EU; the risk of global economic downturn; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; the Company's exposure to changes in the values of other major currencies (because a substantial portion of its revenues are derived and costs incurred outside of the UK); and the overall level of economic activity in the Company's major markets (which varies depending on, among other things, regional, national and international political and economic conditions and government regulations in the world's advertising markets). In addition, you should consider the risks described under the heading Principal risks on pages 95-101, which could also cause actual results to differ from forward-looking information. In light of these and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by the Company that the Company's plans and objectives will be achieved. Neither the Company, nor any its directors, officers or employees, provides any representation, assurance or guarantee that the occurrence of any events anticipated, expressed or implied in any forward-looking statements will actually occur. The Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

WEBSITE

WPP's website wpp.com gives additional information on the Group. Notwithstanding the references we make in this Annual Report to WPP's website, none of the information made available on the website constitutes part of this Annual Report or shall be deemed to be incorporated by reference herein.

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Written by WPP
Designed and produced by Superunion, London
superunion.com

This report is printed on Arena Extra White Smooth which is made of FSC® certified and other controlled material. Printed in the UK by Pureprint Group. A CarbonNeutral® company, certificated to Environmental Management System ISO14001 and holders of FSC® chain of custody certification.

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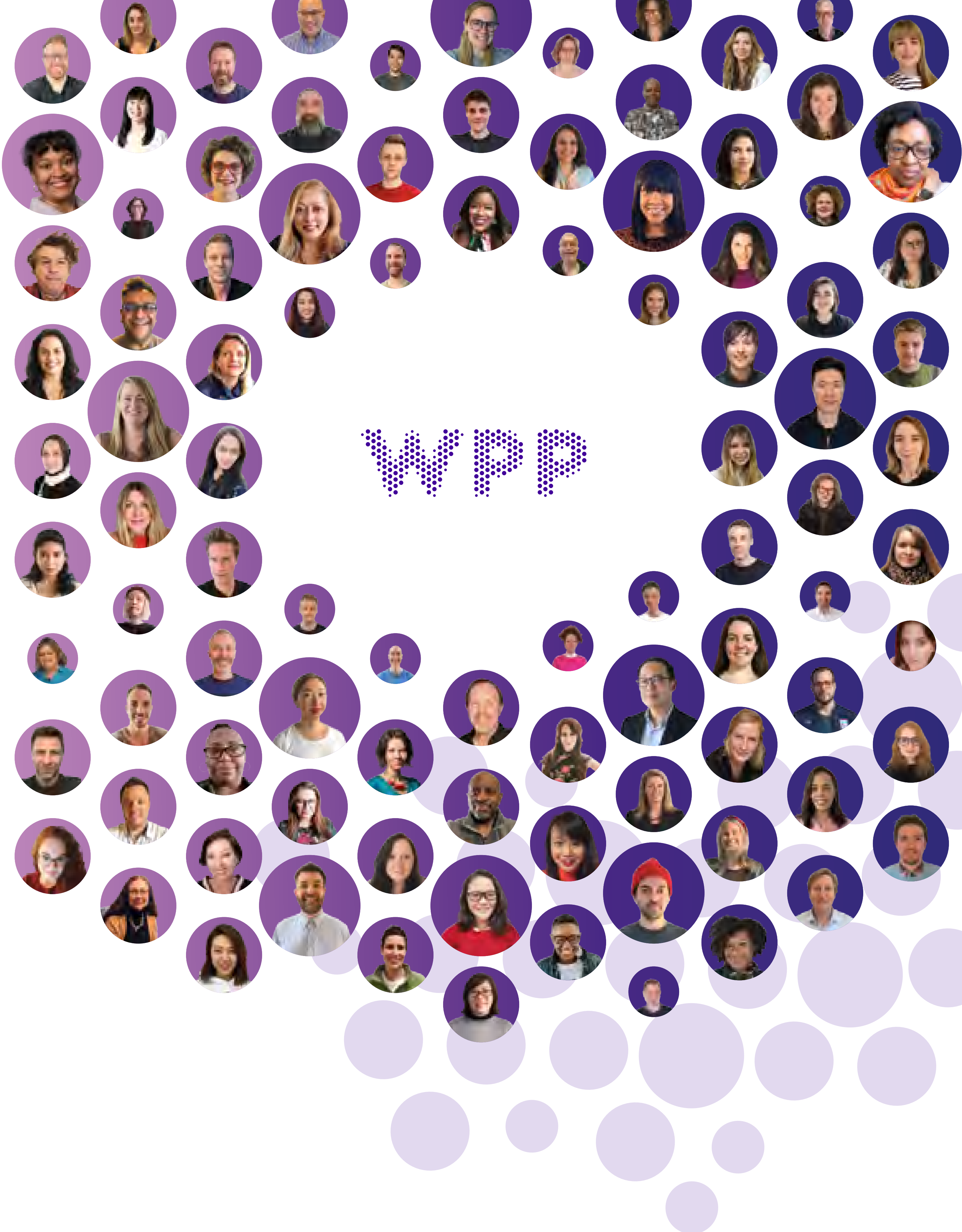
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