

ANNUAL REPORT & ACCOUNTS 2021



WPP IS THE CREATIVE TRANSFORMATION COMPANY

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

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This report provides an update on our strategic progress, financial performance and sustainability activities for the year ended 31 December 2021.

To learn more see **wpp.com**

This icon denotes more information within the report

Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC')

For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021' for assured metrics, see our Sustainability Report 2021.

ABOUT US

OUR MARKET

We operate in a fast-paced and growing market. Our clients are investing more in modern marketing – digital technologies, ecommerce and new customer experiences – and focusing on their environmental and social commitments

We based our vision and strategy on the growing demand for digital services, ecommerce solutions and simple, integrated offerings that bring together creativity and skills in technology and data, and our purpose to build better futures for all our stakeholders

Read more on pages 24 and 25

OUR PURPOSE

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

The world is changing at an unprecedented rate, requiring companies to align people and purpose to achieve sustainable profit

Read more about our sustainability strategy on page 68

OUR OFFER

WPP provides a modern, integrated offer of communications, experience, commerce and technology services across digital and traditional platforms

The breadth, depth and global scale of our offer meets clients' needs for digital technologies and new customer experiences paired with outstanding creativity

Read more on pages 18 and 19

OUR STRATEGIC APPROACH

To deliver sustainable growth, by bringing together for our clients the diverse talents and capabilities of our global integrated media and creative agencies, world-class public relations firms and specialist communications companies

Our goal is to continue to enhance WPP's proposition by investing in talented people and leveraging our industry-leading global media platform, technology capabilities and strategic global partnerships

Read more on page 26

OUR PERFORMANCE

We are benefiting from resurgent demand from clients for our services, and have made strong progress on our strategic plans

2021 was a very strong year for WPP, in which we invested more in our people and communities, delivered transformative results for our clients, set industry-leading environmental targets and achieved major new business successes and retentions. As a result, our performance was ahead of pre-pandemic levels as we saw our fastest organic growth in 20 years

Read more on page 63

HIGHLIGHTS

2021 was a year of success and momentum, thanks to our extraordinary people, agencies, clients and partners.

Our purpose

BUILDING BETTER FUTURES FOR OUR PEOPLE

Investing in our people's future

109,000
talented people in 112 countries across the globe

39%
Women in executive leadership roles[1]
(2020: 40%)

30,000+
Technology partner accreditations and certifications awarded to our people
(2020: 21,000+)

BUILDING BETTER FUTURES FOR OUR PLANET

Including our industry-leading commitment to reduce carbon emissions from our own operations to net zero by 2025 and across our supply chain by 2030

0.32 tCO_2e
Carbon emissions per person[2] from direct operations (Scope 1 and 2)
(2020: 0.52 tCO_2e)

74%
Electricity purchased from renewable sources
(2020: 65%)

A-
CDP scorecard, ranking WPP as a leader on climate change
(2020: B)

BUILDING BETTER FUTURES FOR OUR CLIENTS

Delivering transformational results for our clients

317
of the Fortune Global 500 are WPP clients, reflecting demand for our services among the world's leading companies

Most creative company of the year 2021

$8.7bn
industry-leading net new billings[3]
(2020: $4.4bn)

BUILDING BETTER FUTURES FOR OUR COMMUNITIES

Helping to bring about change for the better in society

Leader
in the Bloomberg Gender-Equality Index for the fourth year in a row

100%
in the Human Rights Campaign Foundation Corporate Equality Index for LGBTQ+ communities
(2020: 100%)

$9.3m
committed to inclusion programmes as part of our commitment to invest $30m over three years

FINANCIAL PERFORMANCE

In 2021, we grew at our fastest rate for over 20 years

£50.7bn
Billings[3] (+14.4%[4])
(2020: £46.9bn)

£12.8bn
Revenue (+13.3%[4])
(2020: £12.0bn)

14.4%
Headline operating margin[3] (+1.5 pt)
(2020: 12.9%)

KEY

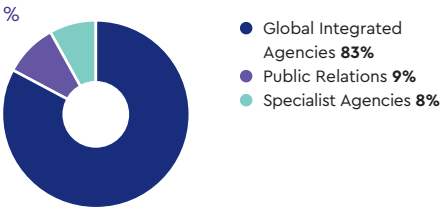
- Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC'). For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021' for assured metrics, see our Sustainability Report 2021.

1 Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.
2 Full Time Equivalent Employee (FTE).
3 Billings and headline operating margin are defined in the Glossary on page 222.
4 Like-for-like growth as defined in the Glossary on page 222.
Independent limited assurance will be sought by WPP over our percentage electricity purchased from renewable sources. The assurance report will be made available on our website.

WHAT WE DO

We provide services to clients through integrated creative agencies and media agencies, 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.

WUNDERMAN THOMPSON · Ogilvy · VMLY&R · HOGARTH · AKQA · GREY · groupm · MINDSHARE · mediacom · Wavemaker · essence · m/SIX

PUBLIC RELATIONS

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

bcw · Hill+Knowlton Strategies · FINSBURY GLOVER HERING · SIVIC

SPECIALIST AGENCIES

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

supervision · LANDOR & FITCH · CMI MEDIA GROUP

HOGARTH: SUSTAINABLY MADE

A unique approach to creative production to help our agencies and our clients limit their carbon footprint.

Our creative production arm, Hogarth, is the world leader in producing and deploying content across all channels to drive growth and engagement for brands. Hogarth works for one in two of the world's top 100 brands, delivering to 157 markets across almost every sector, from automotive and entertainment to technology and pharmaceuticals.

However, production and content creation is responsible for a substantial proportion of the total carbon footprint of the marketing and communications process. In a typical year, the agency used to fly to around 1,500 locations all over the world, transporting talent, crew, sets and equipment in search of the perfect environment to shoot hours of footage, much of which was never used. A single hour of film typically generates five tonnes of CO_2e, resulting in estimated industry emissions of around a million tonnes of CO_2e a year.

So, as its clients and partners seek to reduce the environmental impact of their work and move towards net zero, Hogarth harnessed a new sustainable approach to content creation – 'Sustainably Made'.

Using virtual studios and real-time camera-to-cloud technology, the team removed the need for location shoots, allowing clients to see the results in real-time from wherever they are in the world. In turn, this enabled real-time feedback, minimising post-production time and expense. Duplication was reduced by using the same virtual set for different markets. And the team extended the lifecycle of assets by using AI-powered tagging throughout the production process, allowing them to identify, recycle and repurpose footage.

Sustainably Made is the future of content creation, allowing clients to produce the very highest-quality work at scale, tailored to every channel and audience, while significantly reducing its environmental impact.



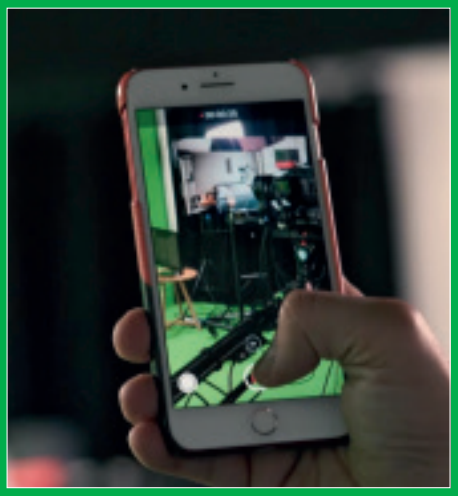


75%

Estimate of all global productions to be carbon measured, optimised and residually offset by the end of 2023

"BY CHANGING HOW WE MAKE WORK, WE CAN MAKE A SIGNIFICANT REDUCTION IN THE ENVIRONMENTAL IMPACT OF OUR ACTIVITY."

Richard Glasson
Global CEO, Hogarth



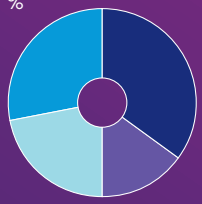


WHERE WE ARE

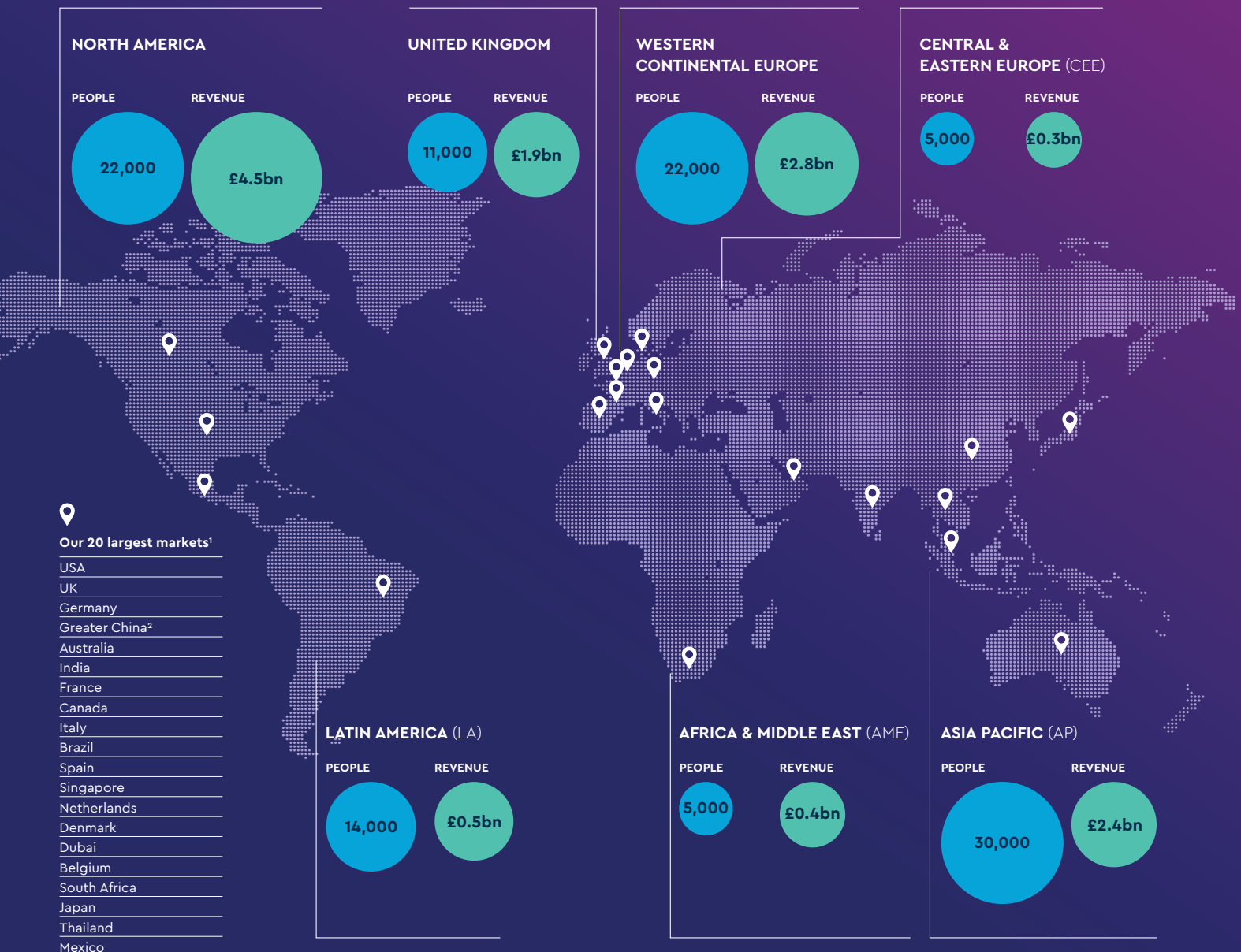
WPP companies operate in 112 countries, providing unrivalled global reach and scale.

REVENUE BY REGION

%



- North America **35%**
- United Kingdom **15%**
- Western Continental Europe **22%**
- ROW (AP, LA, AME, CEE) **28%**



1 2021 revenue less pass-through costs.
2 Including Hong Kong and Taiwan.

OUR CAMPUSES

In 2018 we announced our ambition to deliver a global network of campus buildings that bring our agencies together in modern, world-class workplaces. Each location provides inspiring spaces for our people to work, learn and create, encouraging closer collaboration and giving our clients easier access to our talent and expertise.

Despite the constraints of Covid-19, we opened a further nine campuses in 2021, taking the total to 31. We aim to have at least 65 campuses, accommodating 85,000 people, by 2025, eventually replacing our smaller offices across the globe and reducing our overall need for space by 15-20%.



London's Rose Court Campus opened in December 2021, as the base for 2,500 people from 14 WPP companies and teams.

22
campuses opened by 2020

Amsterdam
Beijing
Bogotá
Bucharest
Chicago
Frankfurt
Hamburg
Helsinki
Hong Kong
Kansas
Lisbon
London – Sea Containers
Madrid
Mexico City
Montevideo
Mumbai
New York – 5th Avenue
New York – Columbus Circle
New York – 3WTC
Rome
Shanghai
Singapore

9
opened in 2021

Brisbane
Detroit
Gurugram
Jakarta
London – Rose Court
Milan
Prague
San Francisco
Warsaw

10
opening in 2022

Atlanta
Austin
Brussels
Düsseldorf
Guangzhou
Manchester
Paris
Santiago
Tokyo
Toronto

65+
campuses to be completed by 2025

UKRAINE

Our response

We have all been moved by the extraordinary courage and resolve of the Ukrainian people, and horrified by the terrible human cost of the invasion. We have 200 people in the country, and their safety has been our priority. I would like to share the actions we have taken to support them, alongside our wider response to the crisis.

We have been in constant contact with our leaders in Ukraine to provide whatever help we can for our employees, including immediate financial support, assistance with evacuation and accommodation, and medical and security advice.

We have made a commitment to provide ongoing employment for all our people, whether they have left or remain in Ukraine. For employees and their families who have had to leave the country we are offering a comprehensive package of support, covering areas such as housing, living expenses, healthcare, schooling and language classes.

The reaction of our people in countries close to Ukraine was spontaneous and immediate. Employees in Poland, Romania, Hungary, Slovakia, the Czech Republic and elsewhere rushed to help. Many drove to the border to collect Ukrainian colleagues and welcomed them into their homes.

Our leaders in Central and Eastern Europe (CEE) have formed a 'United for Ukraine' taskforce to keep track of Ukrainian colleagues and their families in the region and meet their short- and medium-term needs. Given the psychological and emotional impact of these traumatic events on our people we have stepped up counselling support across the region.

Our Warsaw Campus is collecting items people need, from mattresses to children's car seats, managing a special online channel to enable the exchange of information, and hosting Ukrainian colleagues in its new digital hub and our agencies in the city.

In Romania, our people are welcoming Ukrainian colleagues at the main railway station in Bucharest, and offering accommodation, office space and equipment. They are also donating blood to the Red Cross and organising collections for the wider Ukrainian refugee community.

In Prague, our agencies are pairing offers of support with requests for help, providing housing, workspaces and funds. And in Hungary and Slovakia they are arranging transport from the border, accommodation and essentials such as food, clothes and children's toys.

Our people around the world have made their own contribution by donating to the UNHCR appeal set up by WPP agency Blue State to support those forced to flee their homes. More than 4,000 individuals between them donated $670,000, which WPP has matched, bringing the total to $1.34 million.

A number of clients, inspired by our appeal, donated a further $1.4 million. And through GroupM, we arranged $1.5 million in pro bono media support for the UNHCR campaign, thanks to the generosity of our media partners.

The wider public campaign run by Blue State with UNHCR has generated nearly $70 million at the time of writing. The funds raised are being used by UNHCR, the UN Refugee Agency, to provide emergency shelter, relief items such as blankets, emergency payments and community support for the millions of people displaced by the conflict.

In the UK we are working to match Ukrainian colleagues with our employees who are planning to host evacuees through the Government's Homes for Ukraine scheme.

We are also part of a coalition of businesses offering full-time English language training, recertification, resettlement skills and employment to evacuees as they settle in the UK.

On 4 March we announced that the Board of WPP had decided that we would discontinue our operations in Russia.

This followed a week of very careful consideration and internal debate focused on the impact of such a decision on our nearly 1,400 people in Russia, who have been dedicated members of the WPP family for many years. Our conclusion was that to continue operating in Russia would be inconsistent with our values as a company, and that we would do everything we can to support our Russian colleagues as we discontinued our activity in the country.

We are working to transfer our companies in Russia to local ownership to ensure continuity of employment for our people wherever possible.

I deeply regret the effect of our decision on our people in Russia, but this was a moment when we felt we had to take action. While it was not the reason we made it, we have had overwhelming support for the decision from our people, clients and partners.

As I write, the war in Ukraine continues. We all hope for a swift and peaceful resolution to this appalling conflict and humanitarian crisis. The bravery and resilience of our people in Ukraine has been truly inspiring, and we are very proud of them all. I would also like to thank our employees around the world for their instinctive generosity towards and support for their colleagues in Ukraine.

Mark Read
Chief Executive Officer

CHIEF EXECUTIVE'S STATEMENT

2021 was the year that really brought our vision to life: to make WPP the creative transformation company.



"THROUGH OUR AGENCIES, WE CREATED TRULY EXTRAORDINARY WORK THAT PUSHED BACK THE BOUNDARIES OF WHAT OUR INDUSTRY IS ABLE TO ACHIEVE."

Mark Read
Chief Executive Officer

2021 was an exceptional year for WPP as we delivered growth ahead of pre-pandemic levels, built and extended our relationships with clients and continued to fulfil our purpose of using the power of creativity to build better futures for our people, planet, clients and communities.

We were named most creative company of the year at the Cannes Lions International Festival of Creativity for the first time since 2017, were appointed Global Marketing Network Partner to The Coca-Cola Company after the largest review in the history of our industry and won and retained a series of other global client assignments including with Google and Unilever.

We led the global creative new business rankings by a wide margin, and each of the top three spots in the media rankings were held by GroupM agencies.

We attracted and promoted some of the finest talent in the business, including Global Chief Creative Officer Rob Reilly and Global Chief People Officer Jennifer Remling at the WPP level, and made concrete progress towards our diversity, equity and inclusion (DE&I) goals.

We launched our industry-leading net zero commitment, becoming the only company in our sector to pledge to eliminate emissions not only from our own operations but across our supply chain by 2030.

And, through our agencies, we created truly extraordinary work that pushed back the boundaries of what our industry is able to achieve: from an audio system that transforms sports events for the visually impaired to an AI-driven predictive data model that supported more than 30 million Covid-19 vaccinations.

Three years ago, we set out a vision to make WPP the creative transformation company. 2021 was the year that really brought that vision to life, and showed what it could mean for all those with a stake in what we do.

BETTER FUTURES FOR OUR PEOPLE

It was not an easy year for our people, which is what makes their achievements all the more impressive. Through adversity, they continued to support one another, collaborate and innovate. Our strong performance is a reflection of the new spirit of partnership across our agencies, a more inclusive culture and increased investment in outstanding talent.

In 2021, given the challenges of the ongoing pandemic, new ways of working and social and environmental issues around the world, it was especially important that we focused on providing greater support and opportunities for our people.

> **"THERE IS NO STRONGER ENDORSEMENT OF THE SUCCESS OF THE NEW WPP THAN GLOBAL MANDATES FROM THE WORLD'S LEADING MARKETERS."**

Investing in mental health and breaking down the stigma associated with it is a personal priority of mine, and in 2021 we launched our cross-agency Mental Health Allies programme, providing training to 500 leaders, HR professionals and volunteers across the UK and US. We plan to expand the programme to more regions in 2022.

Due to our global scale and the breadth of our capabilities across our network of agencies, WPP is in a position to provide almost limitless professional development for our people. In the past people found it hard to move between our agencies and there was often little encouragement to do so. In 2021 we changed that with the launch of Career Explorer, a new platform that empowers our people to move seamlessly to the open roles that inspire them most. We hope it will result in more people staying at WPP not just for a single job but for a rewarding career.

Meanwhile, our new virtual series for students and recent graduates, NextGen Leaders, provided learning and growth opportunities for incoming talent. An important objective of the programme is to identify future leaders who are representative of the world around us. In 2021, we welcomed 1,400 participants. Of those based in the US and UK, 50% identified as Black, Asian or LatinX. Globally, 60% were female, 11% identified as LGBTQ+ and 8% identified as having a disability[1].

WPP has been recognised for its progress in DE&I. This year we were named in the Bloomberg Gender-Equality Index for the fourth year in a row and among the best places to work for LGBTQ+ equality in the Corporate Equality Index. We also entered the top 10 in the FTSE Women Leaders Review for gender representation among Executive Committee and direct reports and moved up from 10th to 8th at Board level.

The proportion of our executive leaders[2] who are women was 39%◠ in 2021, and within this the proportion of women on the Executive Committee grew from 29% to 35%. At Board level, the proportion of women was 43%. Our UK gender pay gap continues to fall and in the US the proportion of our senior managers who are non-white rose from 24% to 26%.

However, we know we have more work to do to ensure our organisation better reflects society as a whole, and that progress relies on accountability. So, in addition to reporting data on our gender and ethnic representation, from 2021 we included DE&I goals in the incentive plans for senior leaders across the WPP network, including mine.

We also stepped up efforts to embed DE&I into hiring processes. We implemented our diverse candidate slate policy in the US, Canada, UK and APAC, which means that for the first time roles are now specifically marketed and accessible to candidates from underrepresented groups.

We expanded development opportunities for employees of colour, including the Elevate sponsorship programme for high-potential Black female employees, and our Sayge programme which provides three months of coaching for Black mid-level employees. 72 Black leaders graduated from our 2021 McKinsey Black Leadership Academy programmes.

Our 150 active employee resource groups are centres of inspiration, passion and connection. In 2021 we created a central team to better support them, and to share best practice and guidance across the different groups. We also formally launched WPP Unite, our first Company-wide LGBTQ+ community.

Finally, our Inclusive Leadership Learning Experience pilot helped over 1,000 mid-level managers foster a culture of belonging for everyone in their teams.

BETTER FUTURES FOR OUR PLANET

In 2021 WPP became one of just 517 companies out of 13,000 to achieve an A- rating from the CDP, in its annual assessment of the environmental impact of companies globally.

The cornerstone of our sustainability programme is our pledge to achieve net zero carbon emissions in our own operations by 2025, and net zero including our supply chain by 2030. As the world's largest buyer of advertising space and the world's largest producer of advertising content, we have the ability to make a real difference.

Our net zero commitment, announced on Earth Day 2021, is unique in our industry because it includes the emissions associated with the more than $50 billion of advertising we place in the media each year – equivalent to 2.90 million tonnes. We are the only marketing communications company to have taken on the challenge of developing the technology and standards to identify and then dramatically reduce emissions from advertising globally.

As well as placing advertising more sustainably, we want to produce high-quality work with a much smaller carbon footprint, and in 2021 we pioneered new ways to achieve that. For example, we are using technology to create virtual production sets and now tag everything we shoot so we can use AI to search, identify and repurpose footage. This has the potential to make a significant impact because for every minute of film that is used, four hours of footage is wasted. As a founding member of AdGreen, we also helped clients to reduce their own emissions in the production of advertising, through solutions including a carbon calculator for creative work.

BETTER FUTURES FOR OUR CLIENTS

There is no stronger endorsement of the success of the new WPP than global mandates from the world's leading marketers. Our revamped offer of outstanding creativity, the world's leading media platform in GroupM, deep expertise in data and technology, and exceptional public relations and branding services resonated strongly with global brands in 2021. We registered some of our greatest ever new business wins and retentions and, at $8.7 billion for the year, our net new business billings led the industry.

We continued to deliver work that demonstrated the power of creative transformation – whether that's bringing the iconic Wendy's persona to life on Twitch in some of the world's most popular video games (making the brand one of the top 1% of all streamers on Twitch worldwide), reinventing car ownership for Ford by giving drivers the chance to interact with their

1 Percentages reflect those participants who responded to the survey.
2 Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.
◠ Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC').

new vehicle before it is even delivered, or creating recyclable toothpaste tubes for Colgate.

A range of initiatives in 2021 enabled us to serve our clients in new and better ways. We continued to invest in our agencies' capabilities and talent, and made strategic acquisitions including DTI Digital, NN4M, Satalia, Cloud Commerce Group and Made Thought to add further dimensions to our offer. Finsbury Glover Hering merged with Sard Verbinnen to create the world's leading strategic communications firm, and we combined the specialist data units of GroupM and Wunderman Thompson to form Choreograph – a new global data company. Choreograph played a key role in multiple successful pitches including Bayer, Beiersdorf, Coca-Cola, L'Oréal and Unilever.

Coca-Cola and Unilever were among the clients to recognise our progress as part of their appointments of WPP as their global agency partner. Coca-Cola said "WPP will bring creative excellence and unparalleled marketing capabilities at a global scale that no other network can deploy". Unilever said WPP now has the unique capability to address the "convergence of media, commerce, entertainment and shopping".

BETTER FUTURES FOR OUR COMMUNITIES

The greatest impact we have is through our work for clients, which reaches billions of people and – with its significant influence on consumer choice, behaviour and outlook – has the power to bring about real change for the better.

In 2021 this work included helping homeless people reconnect with society by enabling them to open bank accounts without official documents, designing the world's first carbon-neutral TV, an AI-powered campaign that supported local Indian businesses hit hard by Covid-19, and an immersive experience on the plastic crisis that helped protect over 22,000 square kilometres of ocean.

There are too many examples to mention more than a fraction, but you can read about some of them in our Sustainability Report.

One piece of work I am particularly proud of is a collaboration across many WPP agencies. Since the beginning of the pandemic we have been supporting the World Health Organization on a pro bono basis, helping them to deliver vital public health messages, tackle misinformation and encourage people to get vaccinated.

In many parts of the world, people still cannot access Covid-19 vaccines. So, in 2021, we teamed up with the WHO Foundation to create the $5 Vaccine campaign, which gives people everywhere the chance to play their part in vaccinating the world by spending the price of a coffee on a shot that could save someone's life. The money raised is funding Covid-19 vaccines for lower-income countries where they are in short supply and needed the most.

As well as creating and delivering the $5V campaign (thanks to Ogilvy, Blue State, Landor & Fitch and GroupM), we donated 10,000 vaccines on behalf of our clients, and are matching every $5V bought by our own people.

We also accelerated our own community-facing initiatives in 2021. We made our first investments through our Racial Equity Programme, part of our wider anti-racism commitments announced in June 2020 and our pledge to invest $30 million to fund inclusion programmes and support external organisations.

Under the scheme, we invited our global network of agencies to apply to receive resources to build and run "bold, audacious and creative" initiatives to advance racial equity in our communities. One of the first projects to receive funding is the Detroit Experience Studio, which focuses on empowering Detroit's Black and brown students who are exploring a creative future.

Commitments like this, and our net zero pledge, are not just the right thing to do; they are cutting through with our clients and people, who want to work with and for companies that share their values and help them to achieve their own goals. Unilever, when announcing the result of its recent media review, cited Mindshare's 'Good Growth' programme as being an important factor in WPP's retention of the account.

RECORD GROWTH

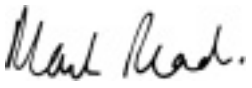
During 2021 we grew organically at the fastest rate for over 20 years. This was more than just an economic rebound, as we performed ahead of 2019 levels, demonstrating the success of the strategy we first set out in December 2018.

Organic growth (like-for-like revenue less pass-through costs growth) was 12.1% (2.9% on a two-year basis), while revenue growth was 13.3%. Headline operating margin was up 150 basis points to 14.4%, and up 170 basis points like-for-like.

Reported profit before tax was £951 million, compared to a loss of £2.8 billion in 2020, reflecting principally the £3.1 billion of impairment charges and investment write-downs and £313 million of restructuring and transformation costs during the prior period. Average adjusted net debt in 2021 was £1.6 billion, compared to £2.3 billion in the prior period, at 2020 exchange rates.

While it is right that we celebrate our success, it is equally important to recognise that 2021 held many challenges for our Company and our people. We have all had to adapt to drastically changed circumstances and many have faced suffering and loss. Our colleagues' support for one another has been a constant throughout the pandemic.

For that and many other reasons, I would like to say thank you to the 109,000 people who make up WPP and our fantastic agencies. They are the Company, and they are what makes leading it such a privilege.



Mark Read
Chief Executive Officer
31 March 2022

SUPER WENDY'S WORLD

Telling a fresh story.

OFFER
EXPERIENCE TECHNOLOGY

AGENCY
VMLY&R, KANSAS CITY

CLIENT
WENDY'S

Wendy's sought a way to tell the story of its 'fresh, never frozen' beef to a growing generation of consumers in the gaming industry, which is bigger than the music and movie industries combined.

Of course, gamers don't just welcome anyone. As a group constantly overstimulated with messaging, gamers have naturally become sceptical of brands infringing upon their space.

So, rather than behaving like a brand with targeted ads and paid sponsorships, the VMLY&R team assumed the role of a player themselves, and transformed their brand message into interactive video game-play. Each week on Twitch, Wendy came to life in some of the most popular video games, then played each game with an 'anti-frozen' twist. VMLY&R played with gamers, created custom content for gamers and even inspired gamers to play as Wendy themselves – all in the name of getting the message out: Wendy's beef is fresh, never frozen.

1%
Wendy's became one of the top 1% of all streamers on Twitch

9.8m
minutes gamers spent watching Wendy's on Twitch

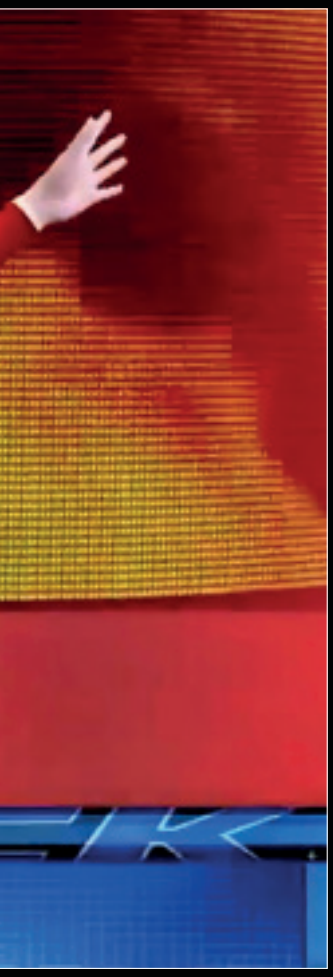
988,000+
downloads of own custom-branded in-game content

Awards
Cannes Lions, Gold and Silver







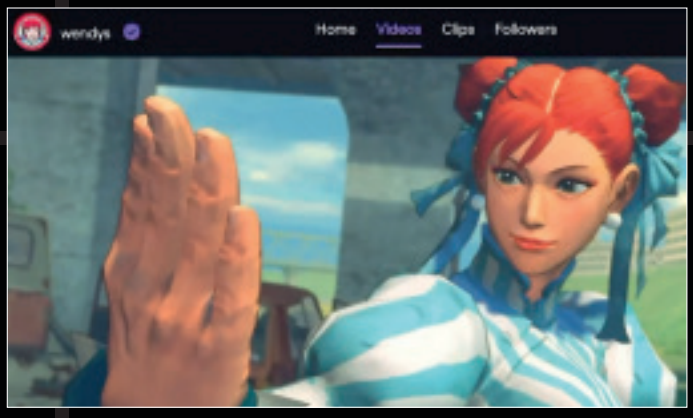



SUPER
WENDY'S WORLD


FRESH OVER FROZEN
WENDY'S


THE ULTIMATE
Wendy's
INVITATIONAL


BUY ONE
GET ONE


wendys
Home
Videos
Clips
Followers


10,707
Timmy
A freezer!
Sure! How about if I offer you
875 Bells?
FREE


LVL 2
A

KEY EVENTS OF THE YEAR

2021 was a year of success and momentum for WPP.



JANUARY
- WPP appoints Rob Reilly as Global Chief Creative Officer

FEBRUARY
- WPP and TikTok announce strategic partnership



- WPP acquires DTI Digital
- Sam's Club names VMLY&R as its first Agency of Record

MARCH
- Forrester Research, Inc. names WPP a leader among commerce services providers

MARCH
- AKQA achieves highest position in Gartner's Magic Quadrant
- WPP acquires mobile technology provider NN4M



APRIL
- WPP makes industry-leading net zero commitment

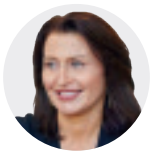
Watch video here
wpp.com/sustainability/wpp-net-zero

- WPP launches global data company: Choreograph
- WPP publishes US and UK workforce ethnic diversity data for the first time

MAY
- AnnaMaria DeSalva, Chairman and CEO, Hill+Knowlton, appointed to WPP Executive Committee



- Jane Geraghty, Global CEO, Landor & Fitch, appointed to WPP Executive Committee



- WPP launches Mental Health Allies programme in the UK
- WPP acquires minority interests in WPP AUNZ, moving to 100% ownership

JUNE
- WPP wins most creative company of the year at Cannes Lions

JUNE
190 Cannes Lions won:

1	Titanium
12	Grand Prix
28	Gold
57	Silver
92	Bronze



JULY
- WPP receives Sitecore's Global Excellence in Solution Delivery award
- WPP's second NextGen Leaders programme for early-career talent

SEPTEMBER
- Mindshare retains Unilever's global media account

- WPP and Snap Inc. launch Augmented Reality partnership

- TD Bank awards its North American creative accounts to Ogilvy and DAVID

NOVEMBER
- WPP appointed as The Coca-Cola Company's Global Marketing Network Partner

- Google consolidates its entire global media account with Essence and MediaCom
- WPP tops the WARC rankings for creativity, effectiveness and media
- WPP acquires Cloud Commerce Group



AUGUST
- WPP acquires AI technology company Satalia



- Wavemaker wins L'Oréal's global media account

SEPTEMBER
- Ogilvy wins Sainsbury's digital creative account

- Bayer names MediaCom as global media agency

- WPP announces first successful applications to its Racial Equity Programme



OCTOBER
- Finsbury Glover Hering and Sard Verbinnen & Co merger

- WPP appoints Jennifer Remling as Global Chief People Officer



- Wavemaker wins Beiersdorf's global media planning and strategy account

DECEMBER
- #1 In R3's creative new business rankings
- WPP and WHO launch the $5 Vaccine campaign



- WPP achieves leading A- rating in the CDP sustainability rankings

- Creative studio Made Thought joins WPP

OUR BUSINESS MODEL

WPP is the creative transformation company.

We offer clients a comprehensive range of communications, experience, commerce and technology services.

We bring together diverse capabilities from integrated and specialist agencies globally.

We enhance the impact of our agencies with scaled data and technology capabilities, partnerships and platforms, with one goal: to unleash their creativity.

OUR STRENGTHS

Our success depends on our creative talent, our client relationships, the scale and breadth of our offer, and our technology capabilities.

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

109,000
people

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

317
of the Fortune Global 500, 62 of the FTSE 100, and all 30 of the Dow Jones 30 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

$8.7bn
of net new business in 2021[1]

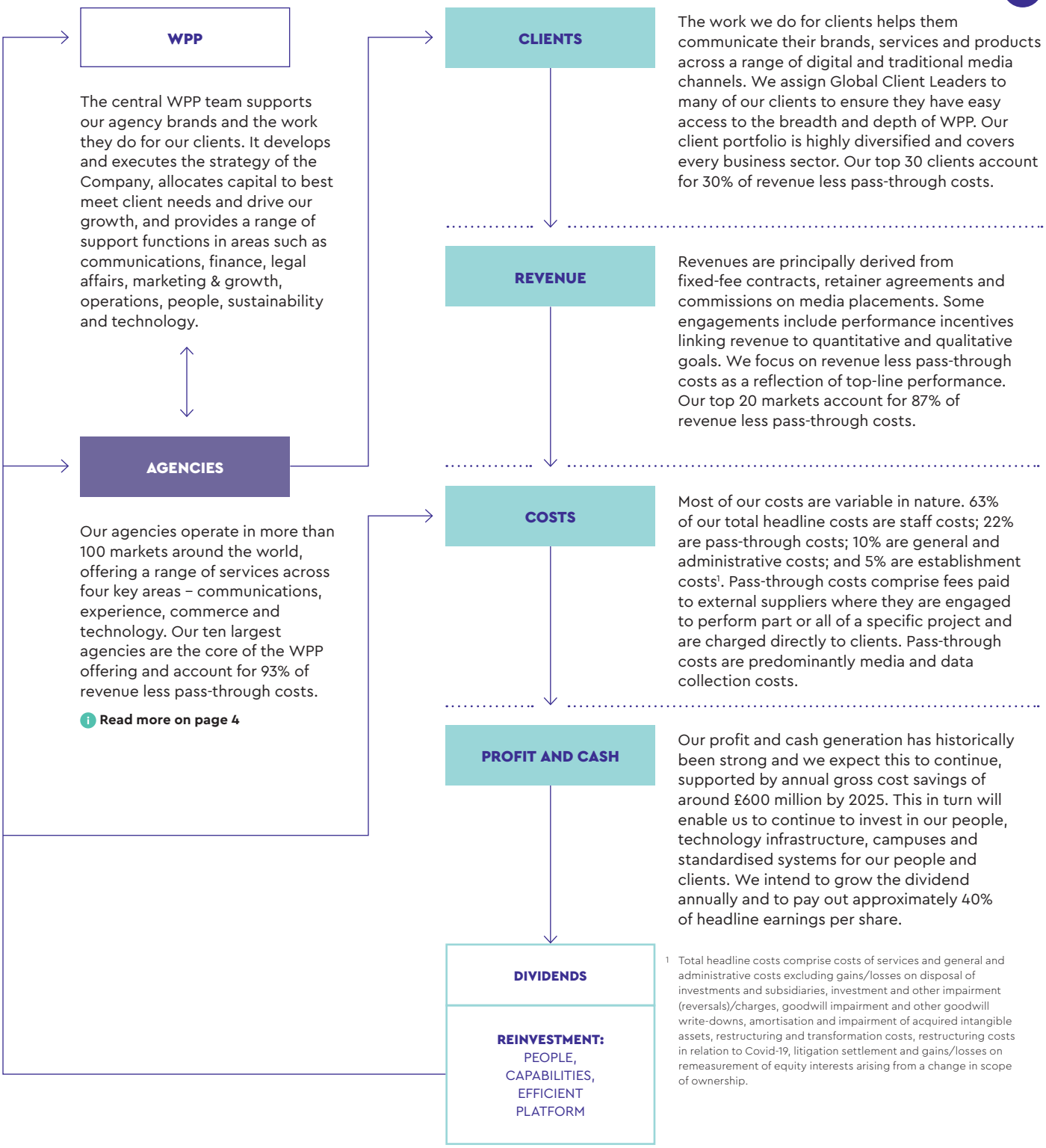
- **The technology skills and platforms to deliver modern marketing solutions**
  - Ability to deliver integrated campaigns, globally across traditional and digital platforms
  - WPP Open – a common data and technology platform for agencies and clients to share the best innovation from across WPP and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

3,300+
Adobe-certified professionals across WPP, and over 4,500 practitioners

[1] Billings, as defined in the Glossary on page 222.

OPERATING MODEL

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



[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 impairment (reversals)/charges, 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 and packaging.

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.

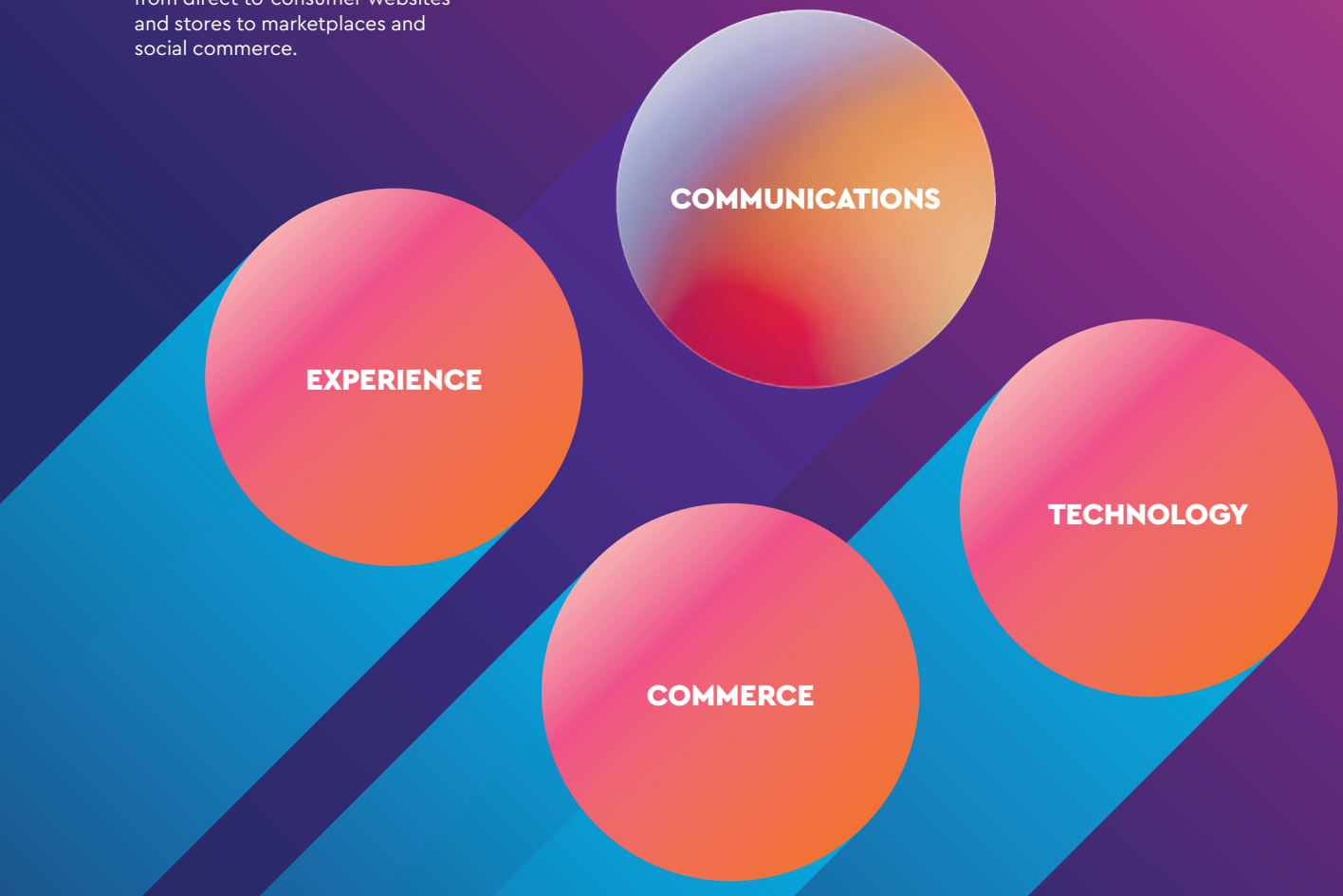
TECHNOLOGY

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.

To learn more, see **wpp.com/about/our-offer-to-clients**

REVENUE LESS PASS-THROUGH COSTS IN GLOBAL INTEGRATED AGENCIES, EXCLUDING GROUPM





INVESTING IN OUR OFFER

To support our future growth, during 2021 we invested in new strategic acquisitions and partnerships – and in our existing operations – to further modernise our offer, strengthen our capabilities and serve clients in new and better ways.

Higher-growth segments

TECHNOLOGY

Satalia (A)

A technology company offering market-leading AI solutions for clients, to transform their business strategies and improve operational efficiency.

dti (A)

A Brazilian digital innovation and software engineering business, helping clients become more efficient, digitalised and fully connected to their customers.

choreograph (M)

A global data company, bringing together the specialist data units of GroupM and Wunderman Thompson.

Numerator (A)

A United States-based technology-driven consumer and market intelligence company (acquired by Kantar, which is 40% owned by WPP).

COMMERCE

NN4M (A)

A leading UK-based mobile commerce partner for global brands, offering innovative and cutting-edge commerce services for retailers.

Cloud Commerce Group Omnichannel eCommerce Solutions (A)

A leading UK-based provider of omnichannel ecommerce platforms and marketplaces globally.

WPP | Snapchat (P)

A global partnership (The AR Lab) delivering state-of-the-art marketing and commerce solutions for brands using augmented reality.

EXPERIENCE

WPP | TikTok (P)

A first-of-its-kind global agency partnership, focusing on delivering new opportunities for creative excellence.

WPP | Microsoft (P)

Developed on Microsoft Azure, WPP's new platform, Cloud Studio, enables greater collaboration between creative teams, regardless of location.

proto (I)

A new innovation consultancy that helps brands find growth amid disruption.

COMMUNICATIONS

Finsbury Glover Hering | SVC (A)

The merger of Finsbury Glover Hering and Sard Verbinnen & Co (SVC) to create the world's leading board-level strategic communications firm.

MADE THOUGHT (A)

A UK-based branding and design agency, providing clients with transformational design and creative thinking.

BAVGROUP (M)

A global strategic consultancy, with expertise in consumer insights, brand and marketing strategy, formed by combining separate WPP operations into a single platform.

A Acquisition P Partnership M Merging of WPP capabilities I Investment

STAKEHOLDER ENGAGEMENT

We rely on active engagement with our stakeholders to drive our business.

Our approach to engagement is driven by our values – openness, optimism and a commitment to extraordinary work.

For more on how the Board engages with our stakeholders, please see page 113.[1] And to find out how we engage on sustainability, please see the Sustainability Report 2021

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 investing for long-term value generation.

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.

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 affect us and our stakeholders.

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.

THE PLANET

We are committed to responsible and sustainable business practices. We take steps to reduce 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.

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.

[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.

HOW WE ENGAGE WITH OUR STAKEHOLDERS	HOW WE REACT TO STAKEHOLDERS
SHAREHOLDERS – We have an extensive investor relations programme, comprising quarterly results presentations, 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 response to feedback, we established a series of webinars in 2021 designed to give investors and analysts deeper insight into individual agencies, products and services within WPP. We also increased disclosure on GroupM, our largest business unit – In June, we held our first environmental, social and governance investor event to share our strategy on these areas with investors – In March we met our goal to recommence the share buyback scheme, after a pause due to the economic impact of the pandemic – In 2021, we returned over £1 billion in cash to shareholders through dividends and share buybacks (2020: £412 million)
CLIENTS AND SUPPLIERS – We engage with our major clients through our central team of Global Client Leaders, our agency CEOs, and their 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, carbon reduction and human rights	– We are investing in innovation to deliver high-quality work for clients, while reducing emissions by using cloud-based and virtual solutions to create content – In 2021, we created the Sustainability Playbook to help clients in their sustainability transformation – We partnered with Unilever, Google and Dow to launch the UK's first accelerator programme to help minority-owned businesses become supply chain ready – We undertook more work for clients addressing the growing importance of reputation and purpose
GOVERNMENTS AND REGULATORS – 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 November we attended COP26 in Glasgow, participating in discussions with the United Nations and NGOs on the climate crisis – In 2021, we contributed £1.4 billion in taxes to public finances
PEOPLE – We regularly survey our staff about their experiences at work – We have extensive internal communications programmes and platforms to keep staff informed, including a regular series of CEO virtual townhalls with our people – Employees' development needs are assessed during formal appraisal processes	– In response to our first global people survey, with more than 43,000 participants, we established a people strategy based on career growth, investment in learning, and fostering the best possible culture. See page 52 for more details – To support our people's wellbeing, in 2021 we launched our Mental Health Allies programme, comprising employees who volunteer to be trained to support others – In 2021, we invested £29.7 million in learning and development opportunities for our people
THE PLANET – 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	– In response to the climate crisis, we established an industry-leading target to reach net zero carbon emissions in our operations by 2025 and across our supply chain by 2030, including emissions from media buying – Following investor interest, in November 2021 we amended and supplemented our $2.5 billion revolving credit facility, linking its margin to specific sustainability measures
COMMUNITIES – We work closely with communities and NGO partners to increase our understanding, and amplify the impact, of their work – We encourage our people to volunteer their time – We contribute to early-career development through internships, apprenticeships and the WPP Foundation	– In partnership with the WHO Foundation, we commenced the $5 Vaccine campaign to raise funds for Covid-19 vaccines in low-income countries – Our total social contribution in 2021 was £41 million, including: pro bono work for NGOs and charities; negotiating free media space on behalf of pro bono clients; and cash donations to charities – As part of our commitment to invest $30 million over three years in racial equity programmes, in 2021 we invested $5.9 million and committed a further $3.4 million, taking our first-year total to $9.3 million

Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC').

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 2021, the attractiveness of our investment proposition was demonstrated by our performance. Our top-line growth, driven by strong demand for our services in digital marketing, media, ecommerce and technology, resulted in our fastest organic growth for over 20 years. As a result, we are two years ahead of our plan, hitting our 2023 revenue target in 2021.

We look forward to 2022 with confidence, reflected in our guidance of strong top-line growth, improving profitability and continued investment in our people and services.

We have also reconfirmed our medium-term financial targets for 2023, which allow us to invest in talent, incentives and technology, improve our competitive position, and deliver sustainable long-term growth.

FINANCIAL TARGETS AND PERFORMANCE

	Revenue less pass-through costs growth	Headline operating margin	Capital expenditure	Average adjusted net debt/ EBITDA
2021 actual	12.1%	14.4%	£293m	0.9x
2022 targets	around 5%	+50 bps YoY	£350-400m	N/A
2023 targets	3-4%	15.5-16.0%	£300-350m	1.5-1.75x

Read more about our outlook and guidance on page 67

1. **UNRIVALLED GLOBAL REACH AND SCALE**
2. **ATTRACTIVE AND GROWING ADDRESSABLE MARKETS**
3. **DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES**
4. **SIGNIFICANT STRENGTHS IN TECHNOLOGY AND DATA**
5. **A STRONG FINANCIAL POSITION**
6. **VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH**

UNRIVALLED GLOBAL REACH AND SCALE

- A global network of leading agencies, providing the broadest geographic reach
- Home to GroupM, the number one media-buying operation globally, accounting for 30% of global media billings, providing value and premium inventory
- Present in 112 countries worldwide, providing deep in-market expertise

112
countries in our global network

$50bn+
GroupM global billings

ATTRACTIVE AND GROWING ADDRESSABLE MARKETS

- Extended our 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

60%
GroupM's estimate of global retail ecommerce spend growth in 2021

30.5%
GroupM estimates of global digital advertising spend growth in 2021[1]

DEEP CLIENT RELATIONSHIPS WITH LEADING GLOBAL BUSINESSES

- Partner to most of the world's largest companies, including 317 of the Fortune Global 500
- Strong and enduring CEO, CMO and CIO relationships
- Global Client Leaders provide easy access to the breadth and depth of WPP

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

8.1
Average client satisfaction score (out of 10)

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
- Strong data and digital capabilities

43%
GroupM's proportion of digital media billings (2020: 41%)

5,000+
data practitioners, who build our proprietary models

A STRONG FINANCIAL POSITION

- Resilient revenue streams from a varied client base that covers all business sectors
- Predominantly variable cost structure, which protects profitability during a downturn
- Attractive margin, with scope to improve through our transformation programme
- Low adjusted net debt and ample liquidity, after significant growth investments and shareholder returns, reflecting strong cash generation

£1.3bn
Free cash flow

14.4%
Headline operating margin

0.9x
Average adjusted net debt/Headline EBITDA

VALUE CREATION FROM STRATEGIC PLANS TO ACCELERATE GROWTH

- Expanding further the proportion of our business in high-growth areas
- Our transformation programme has delivered £245 million of gross cost savings, towards our 2025 annual run rate target of £600 million. We aim to reinvest £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

£245m
Transformation programme gross savings since 2019

31.2p
Dividend per share (+30.0% on 2020)

[1] Excluding US political advertising.

THE MARKET

Fast-paced, growing and global.

MARKET ENVIRONMENT

2021 was an extraordinary year for our industry. Growth in spend was supported by a stronger-than-expected macroeconomic environment, a consumption boost from pent-up saving and structural growth in digital channels. According to GroupM estimates, global advertising spend[1] grew by 22.5% in 2021, a considerably better outcome than the 12.3% forecast in December 2020.

The pace of growth in digital advertising has continued to accelerate, reflecting the seismic shift in the way people consume media. GroupM estimates that global digital advertising spend grew by 30.5% in 2021, and now accounts for 64.4% of total spend, up from 59.3% in 2020.

ECOMMERCE DEMAND IS EXPLODING

Within digital, one of the big drivers of growth has been the explosion in ecommerce. The pandemic accelerated a widespread shift towards shopping online, amplifying the number of opportunities for brands to connect with consumers on digital channels, while also levelling the playing field for challenger brands. GroupM estimates that global retail ecommerce advanced 20.4% in 2021.

Two other factors are playing a significant role in the growth in advertising spend. New, app-based or digital-first businesses are able to afford to invest a greater proportion of their income into marketing to grow scale fast because they lack the physical presence (and associated costs such as rent) of traditional businesses. In turn, more traditional advertisers such as consumer packaged goods companies are investing in retail and commerce media – engaging with customers closer to the digital point of sale. This is blurring the lines between the marketing budget and the sales promotion budget, significantly growing the addressable market for marketing services businesses.

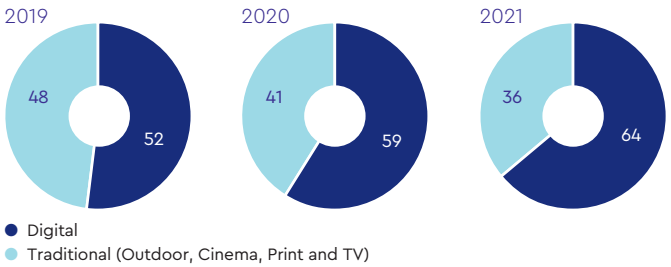
GROWING TV MARKET

By medium, TV had a strong year with global advertising spend on TV growing by 11.7% in 2021, as advertisers invested in their brand-building strategies. It also reflects the growth of connected TV and the increased targeting and measurement potential this brings to advertisers. Despite restrictions on mobility, spend on outdoor also grew, supported by the increasing availability of digital screens and programmatic options. Audio also saw some growth reinforced by podcasting, while cinema has been slower to recover. Print was the only medium to decline, reflecting the trends in circulation.

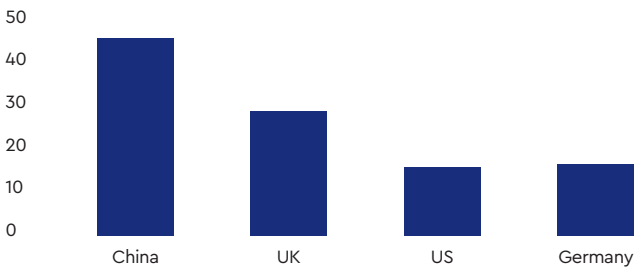
COUNTRY TRENDS

The UK, United States and China remain the largest contributors to growth in advertising spend, spurred by their exposure to digital. Based on GroupM findings, the UK has been the fastest growing among major markets, growing 35.7%, while spend in the US, excluding political advertising, grew by 28.4%. China saw growth in advertising spend of 18.8% in the year, against a tougher comparative, with digital accounting for nearly 90% of the market. Our fastest-growing Western European market was France where advertising spend grew by 19.0%. Germany's growth was tempered by lingering Covid-19 restrictions and less favourable comparatives, with advertising spend advancing 10.5%.

GLOBAL ADVERTISING SPEND BY MEDIA[1]
%



ECOMMERCE PENETRATION[2]
(% of retail sales)



[1] All references to estimates and forecasts for advertising spend exclude US political advertising. Source: GroupM *This Year Next Year* report.

[2] Source: Wunderman Thompson Commerce, Dec 2021.

MARKET TRENDS

The outlook for growth remains positive.

WPP provides services in a global market, with an estimated addressable fee income of $329 billion in 2021. Demand in this market is expected to continue to grow, to over $410 billion by 2025, representing cumulative annual growth of around 6%. Just over half of the addressable market is in our core communications services of media, creative and PR, which are forecast to grow at around 2% annually until 2025.

The balance of spend is in the higher-growth areas of experience, commerce and technology. These are forecast to grow at 10% due to rising consumer expectations of seamlessly blended online and physical environments, sustained expansion and use of ecommerce channels, and the need for client businesses to rapidly adapt in a fast-changing market.

Sector	KEY TRENDS IN OUR MAIN OFFER AREAS	WHY WPP IS WELL POSITIONED TO MANAGE AND BENEFIT FROM THIS
COMMUNICATIONS	Communications is our largest sector, accounting for two-thirds of our business mix in our Global Integrated Agencies, excluding GroupM[1]. The growth opportunity in digital communications remains attractive, driven by continued consumer migration to digital behaviours and channels, and clients' need for high volumes of content to fill new channels and touchpoints across consumer journeys. Global digital ad spend grew by 30.5% in 2021[2]. Although traditional communications is a mature market, we continue to see increased demand for services related to digital communications, purpose, the environment and reputation, notably driven by the impact of the pandemic, a growing awareness of the need for racial equity and concern for the safety of social media platforms. 85% of consumers believe brands should be about something more than profit[3].	– 43% of GroupM's media billings were digital in 2021 – We are investing for growth in specialist digital platforms, such as Xaxis, our programmatic business, Finecast, our market-leading addressable TV platform, and DTI Digital, a digital innovation and software engineering business – In 2021 Superunion was engaged on sustainability-related workstreams with 80% of its top 20 global clients
EXPERIENCE	Experience is a rapidly growing area driven by the increasing number of people online and the hybrid blend of physical and digital channels. According to Forrester, brands with superior customer experience deliver five times the revenue growth of other brands[4].	– Ogilvy was named a Loyalty Service Providers Leader by Forrester[5] – AKQA ranked highest in Gartner's Magic Quadrant for Global Marketing Agencies, 2021
COMMERCE	Commerce is being driven by the shift to digital and omnichannel commerce, including the adaptation of physical commerce post Covid-19. 73% of consumers believe ecommerce is more important post pandemic[6], and ecommerce is now 45% of retail sales across China and 28% in the UK (two of our largest markets)[7].	– We have 13,500 commerce experts in the Company – WPP was named as Leader in the Gartner Magic Quadrant study of commerce leaders in Q1 2021
TECHNOLOGY	Growth for technology services continues due to demand for data and analytics, and managed services offerings with lengthier contracts. We believe technology remains the engine behind delivering better customer experiences. 76% of businesses aspire to create more personalised experiences, but just 14% are doing so. Data and technology are central to closing this gap[4].	– We possess extensive modern marketing technology expertise, including 6,000+ creative technologists bringing ideas to life – We are a top-three global partner to Adobe and Salesforce in marketing technology

1 Revenue less pass-through costs in our Global Integrated Agencies, excluding GroupM.
2 Excluding US political advertising. Source: GroupM, *This Year, Next Year* report, December 2021.
3 Source *GenerationZ*: Wunderman Thompson Intelligence, December 2020.
4 Source: WPP Customer Experience Playbook, January 2022.
5 Source: Forrester Wave, Loyalty Service Providers, Q3 2021.
6 Source: Wunderman Thompson, *The Future Shopper Report*, 2021.
7 Source: Wunderman Thompson Commerce, Investor Webinar, December 2021.

OUR STRATEGIC PROGRESS

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

It has been three years since we set out our strategy to return WPP to growth. Our top-line performance is ahead of plan, with like-for-like growth of 12.1% in 2021, which is 2.9% over 2019.

2021 was an outstanding year for WPP.

As clients seek to accelerate their growth and transform how they reach customers, the depth, breadth and global scale of our offer – which combines creativity with technology and data, through Choreograph, and the largest global media platform in GroupM – is proving its value for existing and new clients. The talent, dynamism and commitment of our people have also shone through. Our extensive partnership with The Coca-Cola Company, the expansion of our work with Google and the continuation of our longstanding relationship with Unilever demonstrate the value that three of the world's leading marketing organisations place in WPP.

We have made substantial strategic progress, creating the world's leading board-level communications firm through the merger of Finsbury Glover Hering and Sard Verbinnen & Co, and acquiring capabilities in AI, commerce and technology services to leverage across all of WPP for future growth. Cash generation continues to be very strong, underpinned by efficiencies achieved in our transformation programme, allowing us to make significant investments in our offer and reward our people for their huge contribution, while returning over £1 billion in cash to shareholders through dividends and share buybacks.

VISION & OFFER
Read more from page 28

CREATIVITY
Read more from page 32

DATA & TECHNOLOGY
Read more from page 36

SIMPLER STRUCTURE
Read more from page 40

PEOPLE
Read more from page 52

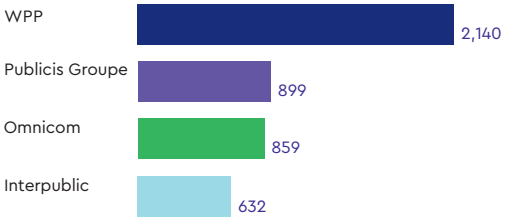
VISION & OFFER

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

- Increased the share of revenue from the high-growth, future-facing areas of experience, commerce and technology to 38%[1]
- Industry-leading net new business in 2021 of $8.7 billion
- Continued investment in client offer, through acquisitions including Sard Verbinnen, Satalia, Cloud Commerce and Numerator (Kantar)

[1] Global Integrated Agencies, excluding GroupM.

R3'S NEW BUSINESS LEAGUE (2021 WINS)



CREATIVITY

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

- Recognised as the most creative company of the year at the 2021 Cannes Lions Festival
- Topped the WARC 2021 global agency rankings across creativity, effectiveness and media excellence
- Invested in leading creative talent

WPP was named the most creative company of the year at the Cannes Lions International Festival of Creativity. WPP agencies collected a total of 190 Lions

DATA & TECHNOLOGY

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

- Continued to enhance our technical expertise and gained over 30,000 accreditations and certifications with our technology partners
- Developed new IT platforms to enhance productivity and collaboration
- Nearly 6,000 of our people are certified Google Marketing Platform consultants

4 out of 12

Gartner Magic Quadrant Leaders are WPP digital agencies (March 2021)

SIMPLER STRUCTURE

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

- All-time high client satisfaction score
- Combined the specialist data units of GroupM and Wunderman Thompson to form Choreograph – a new global data company
- Increased the number of WPP campuses to 31, providing more collaborative workspaces for our agencies and clients

8.1 (out of 10)

Client satisfaction score. See page 40

47,500

people based in our campuses (2020: 34,000)

PEOPLE & CULTURE

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

- Listened to our people more and supported their wellbeing
- Provided greater opportunities for career development
- Continued to build an inclusive culture

100%

of our people have access to wide-ranging support from our Employee Assistance Programme

OUR STRATEGY – VISION AND OFFER

A modern offer for the future.

A FOCUS ON HIGHER-GROWTH AREAS

In 2018 we set out a new vision and contemporary offer, building on our core strengths in communications, by expanding our capabilities in the higher-growth and future-facing areas of experience, commerce and technology.

The attractiveness of our offer – outstanding creativity combined with strong capabilities in data and technology, the leading global media platform and exceptional PR and branding services – continues to attract and retain clients. This is reflected in our industry-leading new business performance for 2021: $8.7 billion of net new billings, surpassing the (also industry-leading) $4.4 billion achieved in 2020.

INVESTING IN OUR OFFER

As we look to accelerate growth at WPP, we continue to make strategic investments to build capabilities in key areas. During 2021, we acquired a number of technology, digital innovation and data companies. These include Satalia, a market-leading artificial intelligence business; Cloud Commerce Group, a technology company helping brands to market, sell and deliver products across ecommerce platforms globally; and Made Thought, a London-based branding and design agency. In addition, Kantar, in which we own a 40% stake, acquired Numerator, a technology-driven consumer and market intelligence company.

We also merged Finsbury Glover Hering and Sard Verbinnen & Co, creating the world's leading board-level strategic communications firm.

We have simplified our business to allow us to share resources better across the Company. In 2021, this simplification included the formation of Choreograph, from two separate data units in GroupM and Wunderman Thompson, to unify and accelerate our data capabilities. And Satalia's highly specialised artificial intelligence capabilities have been leveraged across WPP to solve a range of complex optimisation challenges for clients and our own business.

We have stepped up internal investment to drive significant long-term growth opportunities. For example, we have created a commerce-as-a-service platform to complement our broader expertise in commerce, and we are driving further innovation in our market-leading programmatic and connected TV businesses, Xaxis and Finecast.

A REFLECTION OF OUR SIMPLE, INTEGRATED, MODERN OFFER

Our strategy gave us our greatest ever new business achievement – WPP's 2021 appointment as the Global Marketing Network Partner for The Coca-Cola Company.

The company was looking for a partner able to build its brands in the digital age and transform its marketing for the future. Our data and technology capabilities through Choreograph were a critical factor in our success. The Coca-Cola Company operates in over 200 markets across 200 brands and WPP's solutions and global scale will unleash the potential of data-driven marketing for this iconic organisation.

LOOKING AHEAD

Just under half of the addressable market in which we operate is in the higher-growth sectors of experience, commerce and technology, where client spend is forecast to increase by some 10% annually until 2025. The balance of spend is in our core communications services, which are expected to grow by around 2% annually.

Given these trends, our goal is sustainable growth in our core communications business, through a focus on digital communications, and further expansion into the higher-growth areas (whose share of our business mix increased to 38% in 2021). We aim to do this by building on our strengths, and by investing in our talent and market-leading technology and data capabilities.

$8.7bn

of net new business in 2021[1]

[1] Billings as defined in the Glossary on page 222.

VISION AND OFFER

As The Coca-Cola Company's Global Marketing Network Partner, our role is to be a catalyst for transformation and a pillar for growth in a new age of connected experiences.

"WPP WILL BRING CREATIVE EXCELLENCE AND UNPARALLELED MARKETING CAPABILITIES AT A GLOBAL SCALE THAT NO OTHER NETWORK CAN DEPLOY."

Manuel Arroyo
Global Chief Marketing Officer,
The Coca-Cola Company

200+
Markets

200
Brands

OpenX
OpenX, the bespoke WPP team, will provide global end-to-end capabilities across media, creative, data, production, technology, social and PR



SUCCESS IN THE LARGEST PITCH...
The Coca-Cola Company's global marketing review is widely regarded as the biggest pitch in the history of our industry. So succeeding in the pitch and being appointed as Global Marketing Network Partner, after nine months and a Company-wide effort involving hundreds of our colleagues, means the world to us.

DUE TO OUR GLOBAL REACH...
WPP will handle nearly all of The Coca-Cola Company's media worldwide and the large majority of its creative work. We will also be responsible for production, data, technology, PR and social, globally. Our work will span the client's 200-plus markets, five categories and nine geographical operating units.

...AND OUR MODERN OFFER
The Coca-Cola Company was looking for a partner with modern capabilities to build its brands in the digital age and help transform its marketing. Critical to our success were our simple, integrated offer, and our data and technology capabilities through our newly created Choreograph business. The depth, breadth and scale of our expertise is what set us apart from our peers.

THE Coca-Cola COMPANY | WPP


Celebrations
Celebrations
इस दिवाली,
कुछ अच्छा हो जाये
कुछ मीठा हो जाये.




Celebrations


Shivam Electronics
400012











CADBURY – SHAH RUKH KHAN, MY AD

The small stores around us deserve to have a happy Diwali.

OFFER
COMMUNICATIONS TECHNOLOGY

AGENCY
OGILVY, MUMBAI & WAVEMAKER

CLIENT
CADBURY (MONDELEZ)

The Covid-19 pandemic has had a particularly severe impact on smaller businesses in India. So Ogilvy and Wavemaker, together with Cadbury Celebrations, worked side-by-side in 2020 on the #NotJustACadburyAd campaign to lend a helping hand.

In 2021, the team updated the data-driven campaign, using machine learning to create advertisements that served both Cadbury and thousands of local businesses, all given support with the enthusiastic help of Cadbury's brand ambassador and Bollywood's biggest star, Shah Rukh Khan.

Ogilvy produced ads for small stores that 'featured' the famous actor asking passers-by to shop locally for Diwali. The AI-powered, hyper-personalised ads featured more than 2,000 grocery, retail, consumer electronics, home décor, clothing, furniture and jewellery stores across the country. Wavemaker developed the media plan and worked with Google and YouTube to optimise ad reach and engagement.

Ads were targeted to consumers based on their geolocation, promoting only nearby small businesses. Since it's impossible to cover all the stores across the country, the team created a microsite that allowed small business owners to generate their own versions of the ads, with Shah Rukh Khan 'himself' using owners' stores' names in ads that could be easily posted on social media and other platforms.

130,000
total ads created

94m
views on Facebook and YouTube

2,000
stores featured

CREATIVITY

The driving force behind our competitiveness.

CREATIVITY: IT'S WHAT WE DO

Creativity is our differentiator. It is at the heart of what we do, and – combined with our global media platform, and leading technology and data capabilities – is what delivers results for our clients. During 2021, we continued to bolster our creative capabilities – by investing in talent, adopting new ways of working and utilising new technologies – to help our clients and grow our business.

First, we focused on hiring great creative talent. This included the appointment of Rob Reilly as WPP's Global Chief Creative Officer, and Dave Rolfe in the new role of Global Head of Production for WPP and Hogarth, our creative production arm. We promoted Devika Bulchandani, the force behind several iconic campaigns, to Global President of Ogilvy (while retaining her position as CEO of Ogilvy North America) and welcomed the return of Liz Taylor as Ogilvy's new Global Chief Creative Officer. This year we appointed Mehta Mehta to the new position of Global Executive Creative Director for Hogarth.

Second, we found creative new ways to run pitches and win business. We led the industry on new business wins in 2021, often working remotely throughout the pitch process. And rather than flying around the world to find 'just the right location', we pivoted to producing film and content remotely, using virtual technology and AI. We also partnered with Microsoft to launch Cloud Studio, an innovative cloud platform that allows creative teams from across WPP's global network to produce campaigns for clients from any location.

Third, we invested in new creative businesses such as Made Thought, a branding and design agency, which is now part of The New Standard, an industry-leading collective that provides clients with transformational design and creative thinking. And this year we announced the acquisition of Village Marketing in North America, the industry leader in influencer marketing and creator economy partnerships.

Fourth, we continued to push the boundaries and expand the definition of creativity itself. The metaverse, for example, brings countless new opportunities for creative expression and for brands to connect with consumers. To capture those opportunities, this year Hogarth launched The Metaverse Foundry, a global team of over 700 creatives, producers, visual artists and technologists focused on delivering the most creative and compelling metaverse experiences for our clients.

OUR AGENCIES

During 2021, we continued to help clients tell their stories in new and imaginative ways. This included helping Under Armour celebrate Stephen Curry's three-point world record score in basketball, through the sale of 2,974 NFT sneakers in the metaverse (read more on page 50). We helped Degree, one of Unilever's key brands, raise awareness of its mission to create suitable products for those living with a disability (you can see the campaign on page 69). We helped Volvo remind consumers that the biggest threat to our safety isn't on the road, it's climate change (read more on page 80). And we helped tell the compelling story of how Black men are often misrepresented in modern media (see page 75).

Due to our global scale, breadth and scope, we have a real opportunity to use the power of our creativity to support our communities, not least by helping governments, vaccine-makers, health authorities and brands to deliver their communications during the pandemic. For example, we worked with the World Health Organization Foundation to fund Covid-19 vaccines for lower-income countries, and collaborated with Pfizer to encourage Grand Theft Auto players in Brazil to get a vaccine shot, both in the metaverse and in the real world.

RECOGNITION

Awards are the by-product of doing the right thing for our clients, never the motivation. But winning awards is a validation that our agencies are at the pinnacle of creativity. We were honoured to be recognised as the most creative company at the 2021 Cannes Lions Festival, with our agencies receiving 190 Lions and representing 38 different countries. In addition, WPP topped WARC's 2021 global agency rankings across all three categories – creative, media and effectiveness – reflecting the breadth of our capabilities.

We were recognised for our industry-leading new business performance, with GroupM agencies – MediaCom, Mindshare and Wavemaker – ranked as the top three, respectively, in R3's 2021 global media league table. And as you can see on the following page, our agencies won many other plaudits for their work and achievements.

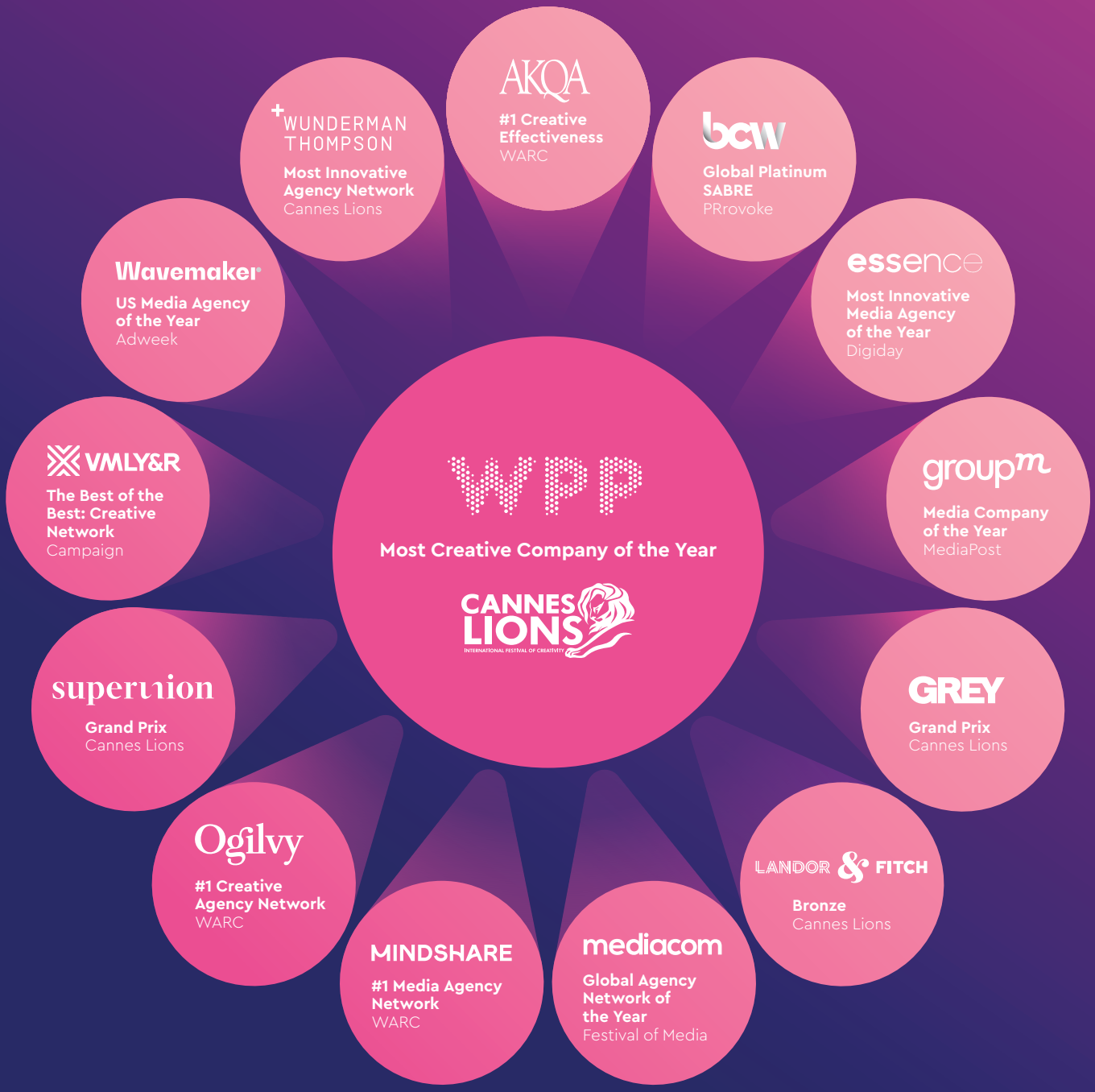
LOOKING AHEAD

Investing further in creativity is key to our future success. To that end, we are using part of the savings from our transformation programme to invest in creative talent – supporting and developing our existing people and attracting the next generation of makers and creators. You can read more about our people strategy on page 52.

DELIVERING EXCELLENCE

WELCOME RECOGNITION
The work we do for clients is to meet their specific business needs. We don't do it for the awards, but we like winning them because they're a testament to the talent of our people and the excellence of our agencies.

Here are just a few of the many won in 2021 by our creative, media, public relations and specialist agencies. These awards, from the industry's pre-eminent voices, recognise the breadth of our work across every discipline of marketing.



SKY GLASS

Say goodbye to the satellite dish, say hello to Sky Glass.

OFFER
TECHNOLOGY

AGENCY
MAP PROJECT OFFICE LONDON

CLIENT
SKY

Sky collaborated with AKQA's pre-eminent industrial design studio, Map, to create Sky Glass, the world's first carbon-neutral TV, requiring 50% less energy than a typical TV and soundbar set-up.

One wire and one plug – Sky Glass breaks with the tired conventions of television design. Typically, televisions sit at the heart of a complex ecosystem of surrounding technologies including multiple remotes, set-top box, soundbars and smart speakers. With Sky Glass, however, Map designed a television that integrates hardware, software and content into a single unit, as well as creating an immersive home cinema experience straight out of the box.

By combining industrial design with Sky's service, Glass also takes a first step towards imagining a more environment-friendly future for televisions. While most televisions and related devices quickly end up in landfill as technology advances, Glass can add new features as technology is upgraded – extending the product's lifespan, as well as cutting down on waste.

Carbon Neutral®

The first TV to be certified carbon-neutral by Natural Capital Partners


sky glass

DATA & TECHNOLOGY

Technology powering creativity.

TECHNOLOGY AT WPP

We use technology and data to augment creativity, and to deliver it faster with more impact and insight. Technology is critical to what we do: it helps us to understand markets, consumers and behaviours; delivers the channels for consumers to engage with a campaign; and provides the technical data or insights to inspire and measure our marketing success.

CLIENTS' TECHNOLOGY NEEDS

For the past decade, our clients' businesses have been undergoing digital transformation, but the events of the past two years have accelerated this trend and created several permanent structural changes:

- The emergence of omni-channel commerce as a competitive imperative
- The integration of physical and digital customer experiences
- A build-once, use-many-times approach to content production and distribution across all channels
- An increased reliance on first-party data and direct consumer relationships with the deprecation of third-party cookies

WPP has been partnering with our clients on the strategic imperative to transform their businesses through technology and data so that they can engage with consumers and then, on an ongoing basis, build the capability in their businesses to allow them to take advantage of those opportunities. Fundamentally, this means that we are helping clients to transform their businesses with new technology, new data, new business processes and new skillsets.

A TECHNOLOGY STRATEGY THAT SETS US APART

Our comprehensive marketing technology offering, scaled globally, means we can match clients' ambitions with capabilities and services, whether that is in commerce, consulting or systems integration. Our commitment to distributed innovation – where innovation takes place closest to our clients, in our agencies and disseminated across the Company through our technology platform, WPP Open – means that we are innovating at the edges. We are driving this innovation by investing $300 million annually (the equivalent of 2% of sales) in internal product development to differentiate our proposition and offer to clients. We are also automating repetitive and manual processes so that we can free up creativity, enabling our people to focus on delivering true value to clients.

Our technology strategy builds on our capabilities and is focused on three core components: our platform, WPP Open; our people; and our partners.

PLATFORM

WPP Open, our common data and technology platform, offers 50 scaled data and technology products. We have begun building the technology chassis that underpins WPP Open, allowing for a network-wide, interoperable operating system. Through WPP Open, we are seeking to integrate marketing silos, reducing time to value for our clients – a position that is resonating and has been instrumental in our most significant account wins in 2021. The launch of Choreograph, our new data services business, in April 2021 epitomises our data philosophy: that clients should own their own data to future-proof their businesses.

PEOPLE

Key to our future success is ensuring that our people have the skills and curiosity to deliver creative transformation. Our Commerce and MarTech Academies have been completed by all Global Client Leaders along with other participants from across the Company. We proudly continue to invest in training on partner technologies, with over 30,000 accreditations and certifications achieved this year by our people.

PARTNERSHIPS

We have key strategic partnerships with 25 of the world's largest and most innovative technology companies. At the heart of each partnership is a joint business plan covering product development, preferential access to data and technology, globally scaled enablement programmes for our teams (for example, providing us with over 3,300 Adobe-certified professionals across WPP), and joint go-to-market approaches. We are expanding and strengthening our partnership ecosystem to ensure our offerings contain innovative and leading-edge elements, and address clients' rapidly changing needs. The focus in 2021 has been on new ad-supported platforms (eg TikTok and Instacart), new formats (eg Augmented Reality), commerce (eg Shopify) and new managed service business lines (eg Google Cloud Premier Partner).

RECOGNITION

WPP was named a leader among commerce services providers by Forrester Research, Inc. in Q1 2021, reflecting the capabilities of the 13,500 commerce service experts we employ across the globe. And we were named Adobe's Digital Partner of the Year in the UK.

LOOKING AHEAD

Our priorities for the year ahead are delivery of the WPP Open technology platform, commerce-as-a-service, optimisation and intelligent decision-making in our products and operations, and the democratisation of data – all to drive creativity.

PLATFORM, PEOPLE & PARTNERSHIPS

PLATFORM

WPP Open, our common data and technology platform, showcases the best data, technology products (tools, apps and services) and partnerships from across WPP – all in one place.

WPP Open

PEOPLE

Our partner enablement programmes help to develop our people by focusing on three high-growth areas: modern marketing technology, creative and production, and digital media platforms.

PARTNERS

Our technology partners are some of our largest and fastest-growing clients. By developing solutions using their technology, and enabling our teams, we become strategic partners, driving joint innovation, deeper access, and new opportunities.

DRIVING GROWTH AND INNOVATION WITH WPP OPEN

WPP Open has become a key competitive advantage – both in terms of how we build proprietary products and how we integrate creativity, data and technology for our clients.

50

scaled data and technology products

OUR CAPABILITY IN TECHNOLOGY AND DATA STARTS WITH OUR PEOPLE

Across WPP, we have 13,500 colleagues delivering commerce services, 5,000+ data practitioners – leading specialists who build our proprietary models, and 6,000+ creative technologists, bringing great ideas to life using technology.

30,000+

accreditations and certifications earned from our technology partners during 2021 – that's 1 in 3 of our people (2020: 21,000+)

GLOBAL PARTNERSHIPS AND STRATEGIC RELATIONSHIPS

Our partnerships comprise four areas: marketing technology (such as Adobe and Salesforce), digital media platforms (including Facebook and Instacart), cloud and AI (such as Amazon and Google) and creative and production (TikTok and Snap, for example). During 2021, we added one new strategic partnership to our ecosystem (Instacart), taking the total to 25.

25

global strategic partnerships

VACCINE READINESS MODEL

Helping to vaccinate the United States against Covid-19.

OFFER
COMMUNICATIONS DATA

AGENCY
MEDIACOM, CHICAGO

CLIENT
WALGREEN BOOTS ALLIANCE

With misinformation running rampant, some people were hesitant about receiving the Covid-19 vaccine. And because the supply and geographical distribution of doses were unpredictable, reliable sources became paramount.

So, Walgreens asked MediaCom to help, focusing on three main goals: building brand trust with Walgreens for the vaccine; driving vaccine appointments; and delivering 30 million Covid-19 shots in arms.

To do this MediaCom had to identify and reach those who were most likely to want the shot, and meet fluctuating demand – based on changes to individual mindsets and changes in Covid cases by area.

First, the agency created a Vaccine Readiness Model, using a wide range of behavioural, cultural and mindset factors affecting vaccine uptake across the United States, to identify vaccine readiness in real-time, amid ever-changing attitudes and supply availability.

The next step was to include Walgreens store location information and pull in audiences within a five-mile radius, reaching those most likely to make an appointment with the right messages at the right time, and helping the 'vaccine-hesitant' to become the 'vaccine-ready'.

Through the combination of integrated data insight, modelling and media message delivery via programmatic platforms, the team created one of the most successful data-led campaigns in the world, achieving its objectives and providing millions of Americans with protection against Covid-19.



34.6m
people vaccinated at August 30, 2021

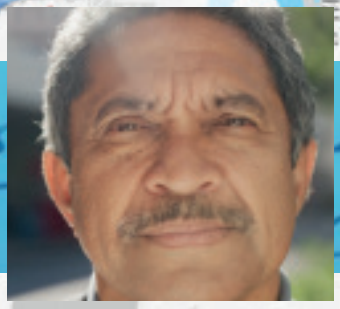
43%
increase in appointments

47%
increase in media engagement

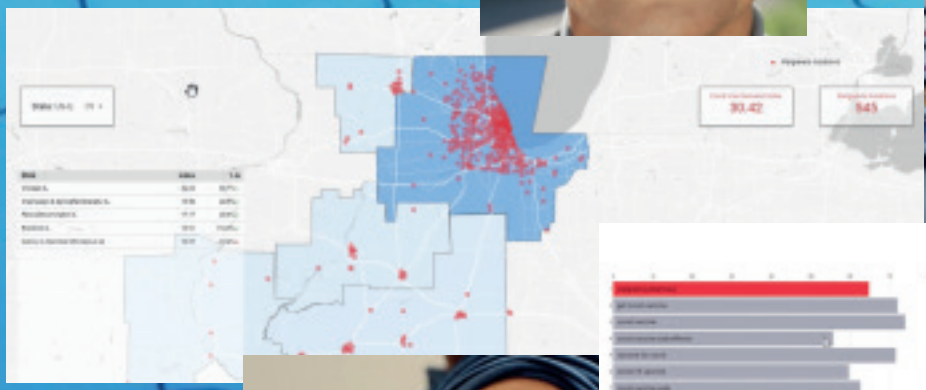
Awards
Festival of Media North America, Gold
The Internationalist Innovative Digital Solution, Grand Prix



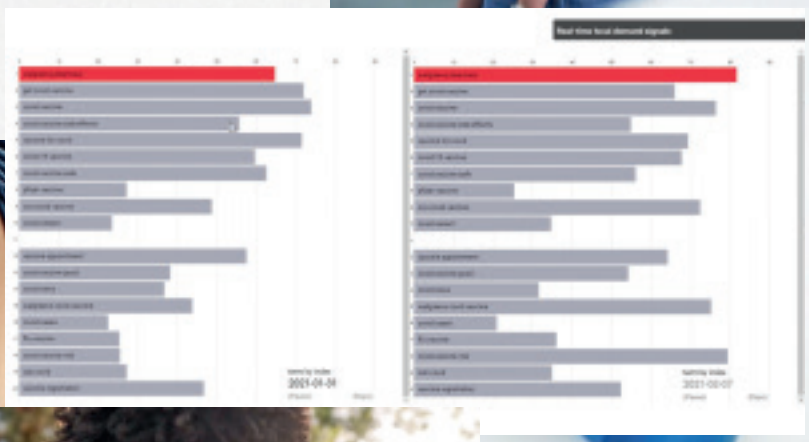

This is our shot








Flu Fighter




VACCINATED

SIMPLER STRUCTURE
CLIENTS

Bringing the best of WPP to our clients.

A GROWTH MARKET

The global advertising market is growing and we have benefited: we have seen record growth across our largest clients in terms of their spend with WPP. According to GroupM estimates, global ad spend grew by 22.5%[1] in 2021, and 18 out of our top 30 clients achieved double-digit two-year growth in the year. These trends are driven by increased demand for our digital and commerce expertise; the greater integration of media, creative, data and technology services; and clients reinvesting in marketing for growth.

INTEGRATED APPROACH

Our leadership team is dedicated to ensuring integrated and collaborative service across our global clients. Our Global Client Leaders, responsible for being a single point of entry into WPP and acting as trusted advisors to our largest clients, focus on how we can help power their business.

Our Global Client Leaders help to deliver our core communications offer, and further develop client relationships across our higher-growth capabilities in experience, commerce and technology. Each of our top 10 clients work with us in at least three of our four capability areas of communications, technology, experience and commerce.

We are driving high levels of integration across our network. Over 95% of our top 50 clients work with at least five of the agencies in our network and have rewarded us with an average score of 8.1 (on a 10-point scale) for 'Collaboration' in our 2021 client satisfaction programme.

OUR COMPETITIVENESS

Clients today are increasingly looking for a partner that can provide a suite of services across media, creative, data and technology – simply and seamlessly. We have positioned WPP to meet these needs, which has resulted in our improved performance.

The combination of our outstanding creativity, leading technology and data expertise, and the strength and scale of GroupM – both at the global and local level – is proving its value for existing and new clients.

During 2021 we achieved many significant wins in pitches, from media, creative and PR to design, technology and production, culminating in WPP's appointment as The Coca-Cola Company's Global Marketing Network Partner. Other major cross-agency wins included AstraZeneca, Beiersdorf, L'Oréal, Sainsbury's, TD Bank and Under Armour.

Overall, on new business in 2021, we ranked as number one for both creative and media wins according to R3, with a total of $8.7 billion of net new business won.

According to independent research consultancy COMvergence, GroupM led the industry in total media wins and retentions globally in 2021. Among the rankings of individual agencies MediaCom secured second place and Mindshare was third.

Clients are seeking our help across their businesses. Digital transformation, reputation, DE&I, ESG, privacy and data management are central to commercial success for many clients and we are well equipped to deliver services that address these needs. During 2021, we worked with many of our biggest clients in these areas – scoring 8.2 (on a 10-point scale) for client satisfaction on 'ESG achievement', for example. All of this work and more contributed to an all-time high 'Likelihood of recommending WPP' score from our clients – an average of 8.1 out of 10, up from 7.5 in 2018.

LOOKING AHEAD

Our focus is on continuing to increase our impact for clients, using our creativity and technology to support their transformation journeys. Choreograph, our new data company, is designing innovative ways to future-proof our clients' approach to data. We anticipate more client assignments in the ever-more important areas of business transformation, sustainability, DE&I and cultural change management.

We are deeply committed to the success of our clients and grateful to them for the trust they continue to place in us.

18 out of 30

of our top clients achieved double-digit two-year growth in 2021

[1] Excludes US political advertising.

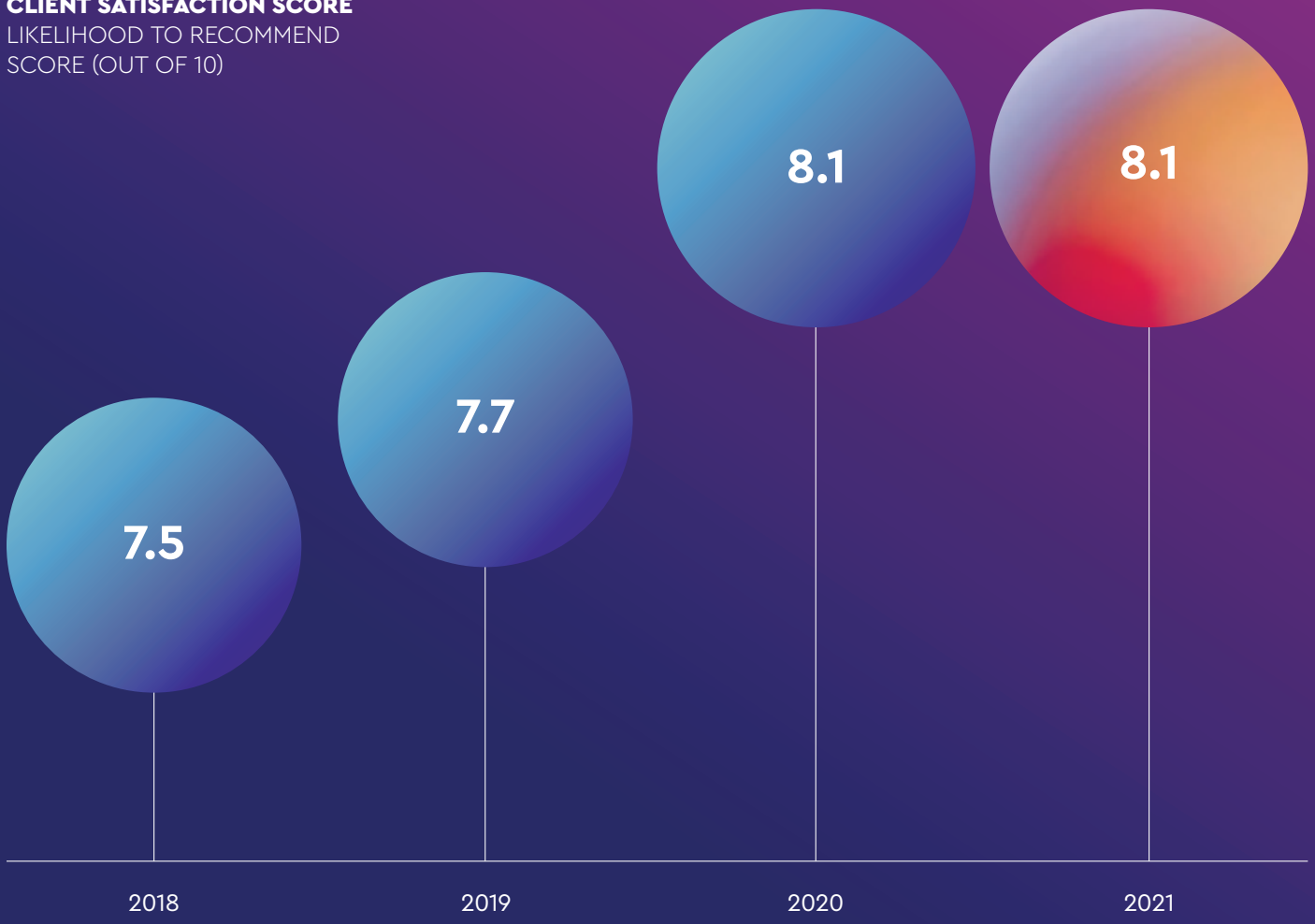
HAPPY CLIENTS

During 2021, we registered a record-high client satisfaction score.

Key to this was the work of our Global Client Leaders (GCLs), who provide a single point of access to WPP and our agencies for a number of our largest clients.

GCLs lead these relationships as the client's business partner for growth, making sure they can easily see and experience the best of what WPP can do across its agencies – in terms of capabilities, expertise and talent – and ensuring effective collaboration on behalf of those clients.

CLIENT SATISFACTION SCORE
LIKELIHOOD TO RECOMMEND SCORE (OUT OF 10)



REINVENTING CAR OWNERSHIP

Ford customer experience transformation.

OFFER
EXPERIENCE
COMMERCE
TECHNOLOGY

AGENCY
VMLY&R, KANSAS CITY

CLIENT
FORD

For as long as vehicles have been made, the primary focus of automakers has been on selling the vehicle – a limited, singular interaction in a years-long ownership experience. Ford's goal was to change this. So when it came to launching the new all-electric Mustang Mach-E, instead of planning to market another new vehicle, Ford and VMLY&R worked together to, reimagine the entire Ford ownership experience.

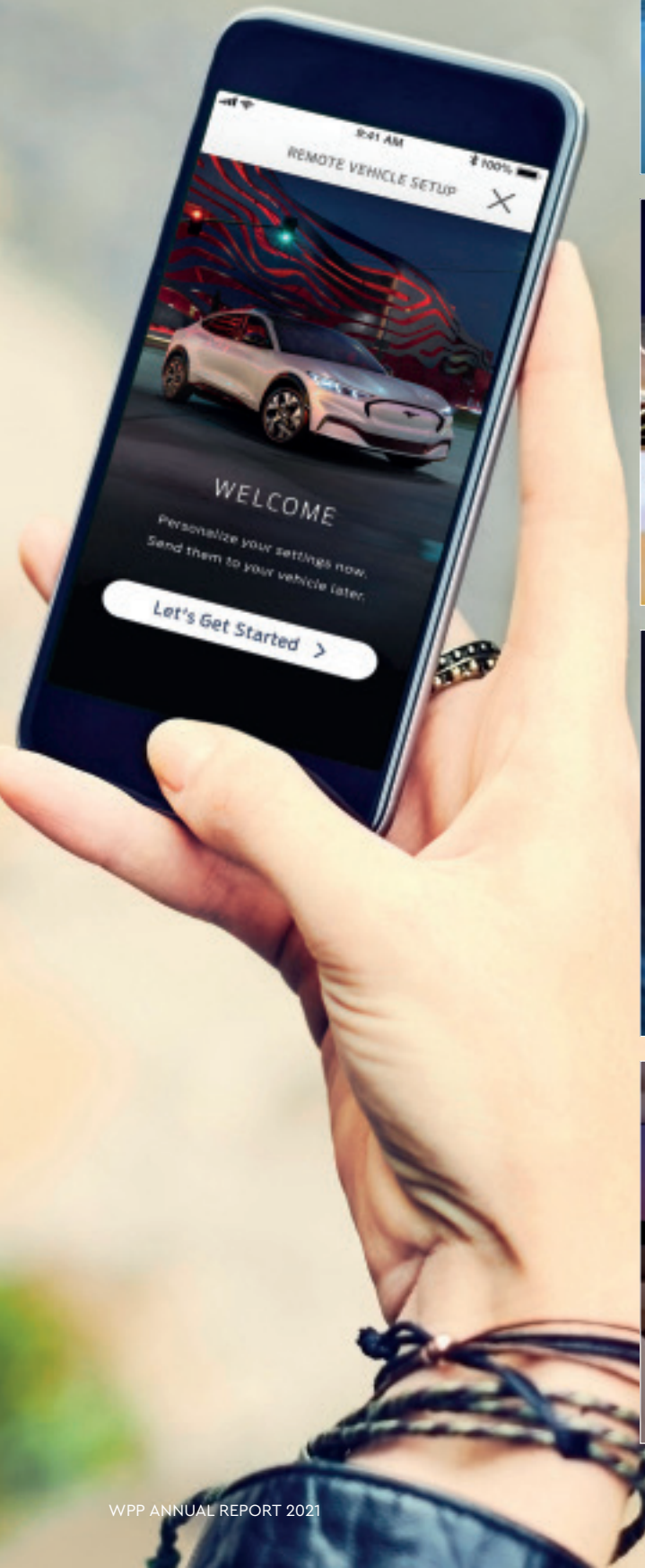
Ford knew from research that they needed to modernise the purchase process and make it more convenient. They also knew owners craved support and engagement beyond the moment of purchase for any new vehicle – especially for what is likely to be their first all-electric vehicle. And they knew that during the time between pre-order and delivery some customers change their minds and drop out.

So together with VMLY&R they invented a first-of-its-kind experience that allowed owners to set preferences in their new vehicles before they were even built. By creating the industry's first Remote Vehicle Setup in 2020, owners could engage with their vehicle during the long wait period between order and delivery. This ensured that all those who pre-ordered remained engaged and stayed with Ford until delivery.

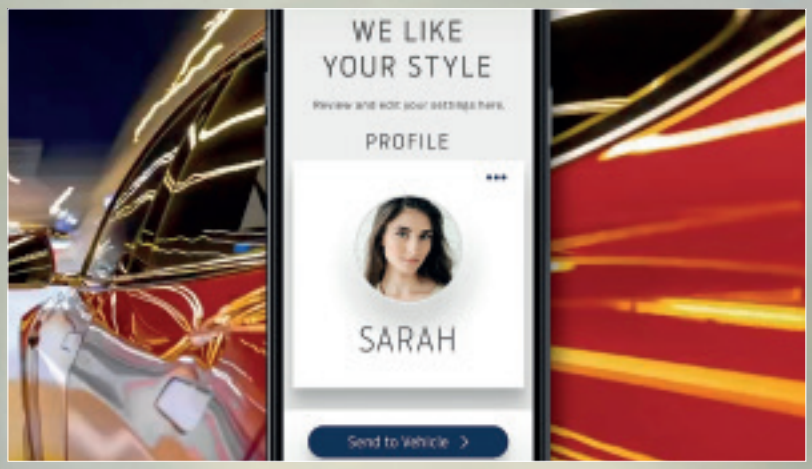
The new ecommerce experience accounted for 97% of Mustang Mach-E reservations. All of this effort has created millions of interactions in parts of the Ford business that didn't even exist just a few years ago. This is the new way forward for all Ford launches to come.

97%
of Mustang Mach-E reservations

600
million interactions across digital touchpoints


9:41 AM
100%
REMOTE VEHICLE SETUP
WELCOME
Personalize your settings now.
Send them to your vehicle later.
Let's Get Started >




WE LIKE
YOUR STYLE
PROFILE
SARAH
Send to Vehicle >





SIMPLER STRUCTURE
COMPANIES

Making our business simpler to manage.

During 2021, we continued to simplify our structure, allowing us to reduce complexity and cost, and respond more quickly to client needs. This included the implementation of agency network mergers, the merger of smaller, sub-scale, local offices and the concentration of working locations into fewer, more efficient campuses.

CREATING LEADING AGENCIES

After a series of mergers and business combinations over the last few years, we have a strong footprint of ten global agency networks, providing clients with a full suite of modern marketing solutions across communications, experience, health, ecommerce, data and technology.

Following the successful mergers to create Wunderman Thompson and VMLY&R, in 2021 we made a series of further business combinations. We brought AKQA and Grey together within AKQA Group, moved Geometry into VMLY&R to create VMLY&R Commerce, a global end-to-end creative commerce agency, and the specialist agency GTB became part of VMLY&R. As a result, AKQA, the former Geometry business and GTB are now reported within Global Integrated Agencies (see page 66).

In 2021, we also established Choreograph, a new global data company, bringing together the specialist data units of GroupM and Wunderman Thompson into a single company with global reach, accessible to all WPP clients and companies. Choreograph played a key role in several important client wins in 2021, including Bayer, Beiersdorf, Coca-Cola, L'Oréal and Unilever. For more information about Choreograph, see the page opposite.

In addition, we combined separate operations into a single brand research and analytics platform under BAV, creating the leading source of brand analytics on some 60,000 brands worldwide. This will enable us to better integrate brand data into our data analytics offer across WPP companies.

TRANSFORMATION PROGRAMME: STRUCTURAL SIMPLIFICATION

We have made good progress on our transformation programme, a key objective of which is to simplify WPP, as it drives £600 million of annual cost efficiencies by 2025. Around £245 million of gross annual savings have been achieved so far, mainly in property, procurement and simplification initiatives.

We have grown our use of shared, multi-agency campuses for our people, driving efficiencies and allowing clients easier access to our talent and expertise. A further nine campuses opened in 2021, taking the total to 31. We have combined sub-scale agencies in smaller markets, and removed around 500 legal entities from our structure, to reduce the complexity arising from legacy acquisitions. In procurement, we are beginning to consolidate our spend more effectively, improving terms for our agencies with our purchasing scale.

We also completed the transaction to take 100% ownership of WPP AUNZ (previously 61.5%), which housed our operations in Australia and New Zealand. This will improve control and governance of our fifth largest market and allows our agencies there to have stronger connections with the rest of the WPP network.

LOOKING AHEAD

We continue to focus on three areas to transform the way we work and drive efficiencies: by simplifying our operating model, generating savings in procurement and real estate, and improving the effectiveness of our support functions and shared services. For more on these and other initiatives under the transformation programme, please turn to the Chief Financial Officer's statement on page 60.

FUEL FOR GROWTH

Choreograph: another important step in our simplification strategy that will help WPP and our clients to grow.

Data is fuel for growth, which is why we created Choreograph, our global data services and products company. It combines the specialist data units of GroupM and Wunderman Thompson into a single global data company, leveraging our common data and technology platform, WPP Open, and is accessible to all WPP clients and companies. Choreograph unlocks data inside brands to power deeper customer connections. Bringing together a constellation of leading products and expertise, Choreograph delivers an end-to-end data-enablement solution that helps clients address their most critical data-driven marketing challenges. Founded on the principles of flexibility, openness and privacy, our purposeful approach to data helped us to win a number of new clients in 2021, including some of the world's most admired brands.



850+
data experts (technologists, product developers and data scientists)

74
markets serviced, by 19 global offices

"CHOREOGRAPH DELIVERS A UNIFIED IDENTITY-BASED APPROACH, PROVIDING UNIQUE INSIGHTS TO FUEL BRAND GROWTH AND POWER PERSONALIZED EXPERIENCES FOR OUR CUSTOMERS WHILE FULLY RESPECTING THEIR PRIVACY AND PREFERENCES."

Matt Harker
VP Global Marketing Strategy & Transformation, Walgreens Boots Alliance





RIOT GAMES

Celebrating the 10th 'Annie-versary' of League of Legends China.

OFFER
COMMUNICATIONS
EXPERIENCE
TECHNOLOGY

AGENCY
SUPERUNION AND HOGARTH

CLIENT
RIOT GAMES

Riot Games brought us League of Legends, the most played PC game in the world. They also created the annual League of Legends World Championships, the most widely viewed and followed esports events in the world. And with the League of Legends 10th anniversary on the horizon, they needed to celebrate in true Riot Games fashion, with the help of Superunion Asia.

Working in partnership with the Riot Games team, Superunion developed the 'Annie-versary' campaign as a nod to the famous League of Legends character, Annie, an iconic gamer champion. With the insight from Riot Games that gamers love finding Easter eggs and the feeling of being truly part of a gaming community, the campaign taps into the League of Legends players' secret language and evokes memories from the past ten years of gameplay.

The campaign uses memes, secret words and insider jokes, piecing them together to follow a protagonist's ten-year gaming journey with League of Legends, sharing the wild ride with the gaming community.

Riot Games led the film creation and art direction, and Superunion curated the story, developed the creative strategy and ran the post-production including 3D animations, 2D graphics and animated text. The production was provided by Hogarth Worldwide.

The film launched at a grand opening celebration event at Hangzhou Olympic Sport Centre and featured across all social media platforms and broadcast media.



180m
active players

160m+
hours a month gamers spent playing League of Legends

SIMPLER STRUCTURE
COUNTRIES

Combining our global scale with a local approach.

UNPARALLELED SCALE
We have a unique position as the most geographically diversified company in the industry with a worldwide reach to over 100 markets. Our 20 largest countries account for 87% of our revenue less pass-through costs, while our top ten markets represent 77%. For more information on our largest markets, see the page opposite.

LOCAL APPROACH
Within our global footprint, we have 17 Country and Regional Managers covering many of our larger markets. Their role is to leverage our strengths in each market: promoting WPP's brand, strategy and offer, co-ordinating WPP resources on behalf of clients, encouraging collaboration between WPP agencies in-market, and retaining and developing diverse talent. This year, we strengthened our country leadership with the appointment of Arthur Fleischmann in Canada, Tebogo Skwambane in South Africa, and Rose Herceg to lead Australia and New Zealand.

INVESTING IN FAST-GROWING MARKETS
Our reach comprises an attractive balance of well-established markets in North America and Europe, including the UK, and other markets in structurally faster-growing economies, such as India, China and Brazil.

Based on external GDP growth estimates, we have the leading market share in nine out of the top ten fastest-growing economies[1]. And many of the future high-growth clients are in those markets.

We are investing significantly in these and similar markets – in technology, campuses, acquisitions and talent. In 2021, we acquired DTI Digital, a leading Brazilian digital innovation and software engineering company; DAVID, the multi award-winning agency within Ogilvy, expanded its operations to Bogotá; in India we opened a new campus for our people and agencies in Gurugram; and in China we made a strategic investment in StarEngine, a Beijing-based social content-marketing technology startup.

Those investments are reaping rewards. In China, Wavemaker secured Under Armour's digital media business, and WPP was named Most Effective Agency Holding Group at the Effie Awards Greater China. And in India Wavemaker retained the media mandate for L'Oréal.

CAMPUSES
Our campus programme is key to leveraging our strengths in individual markets, by bringing agencies together to facilitate greater collaboration, supporting flexible and hybrid working, and giving clients access to the breadth and depth of WPP talent in one location. Each campus location also contributes to savings under our transformation programme, by unlocking efficiencies through the consolidation of smaller office buildings. For example, our new Milan campus accommodates 2,000 people, from 35 WPP agencies, that were previously in eight different buildings. In 2021, we added nine new campuses, including sites in London, Milan, New York and Prague, taking the total to 31, accommodating 47,500 people.

LOOKING AHEAD
As part of our strategy for growth, and building on WPP's existing global strength, we will continue to invest more in high growth-potential markets, as we expect them to grow at double-digit annual rates over the next few years.

Under our simplification strategy, we expect to open more campuses, reaching at least 65, and housing 85,000 people by 2025. Consolidation into fewer, larger buildings provides an opportunity to reduce our space requirements by 15-20% on average.

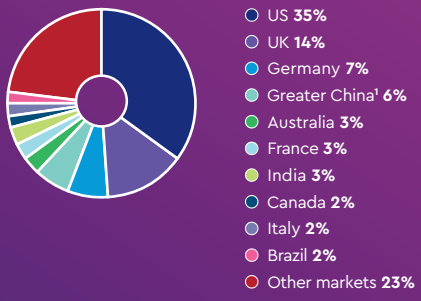
[1] Top 10 absolute GDP growth markets 2020-2030: Brazil, China, India, Indonesia, Pakistan, Philippines, Turkey, UK, United States, and Vietnam. Source: The Economist Intelligence Unit, 2021.

INTEGRATED COUNTRY OPERATIONS

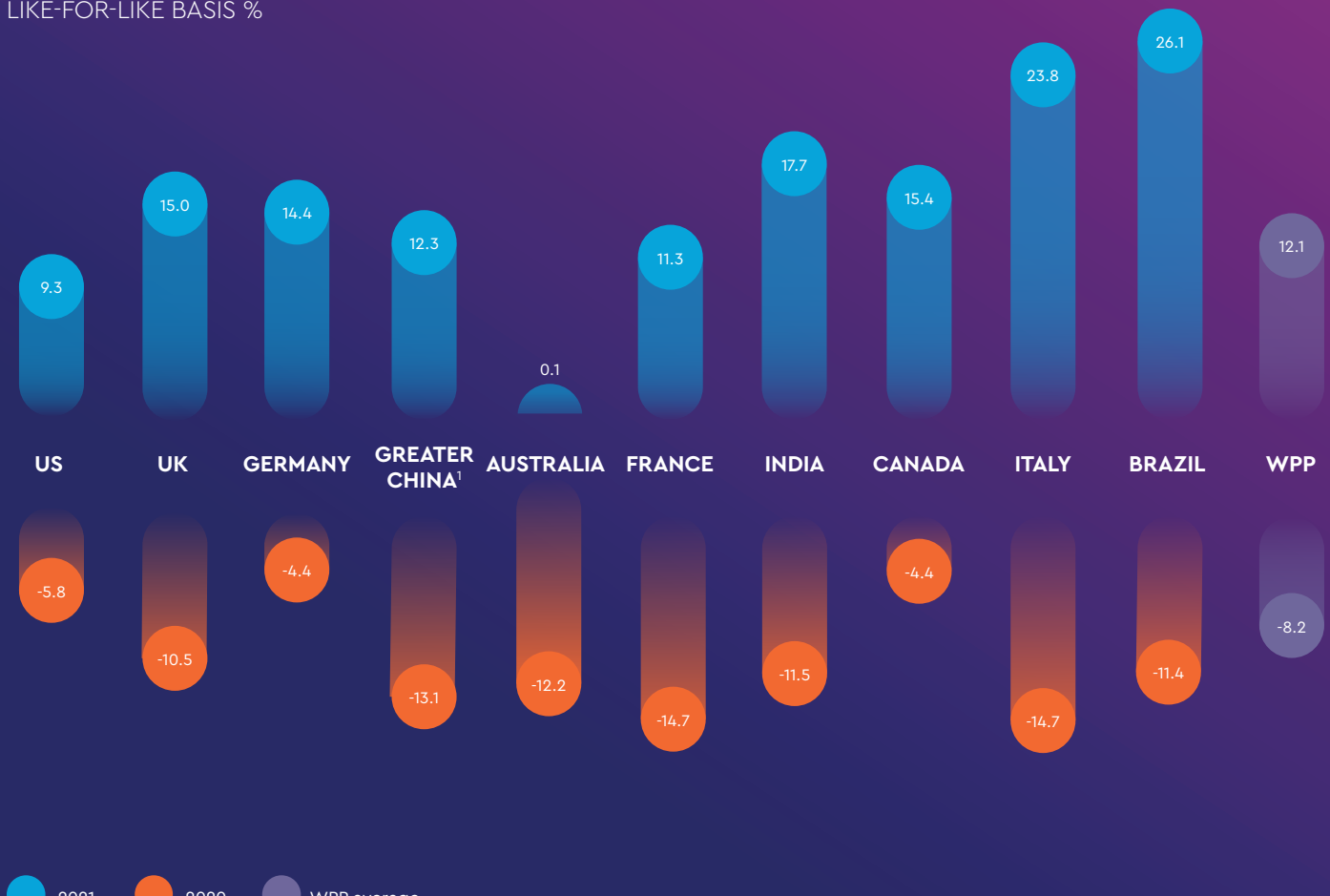
Strong growth in key markets.

MAJOR MARKETS PERFORMANCE
Our top ten markets account for 77% of revenue less pass-through costs. Their performance therefore drives our business. In 2020, these markets were negatively impacted by clients reducing spending during the pandemic. In 2021 – with the exception of Australia, which was affected by stricter Covid-19 restrictions – these markets delivered strong growth, driven by the demand for digital services, ecommerce and technology.

2021 REVENUE LESS PASS-THROUGH COSTS BY MAJOR MARKET

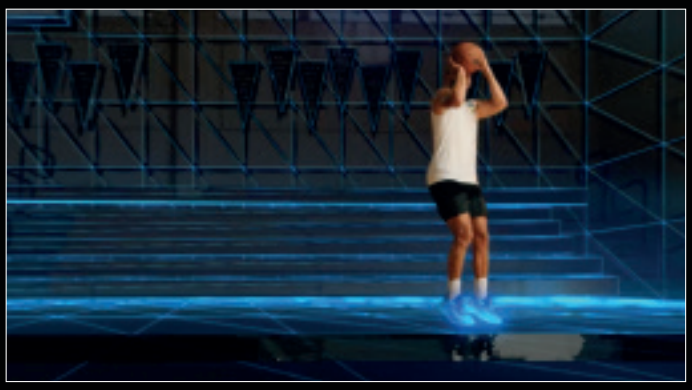


REVENUE LESS PASS-THROUGH COSTS GROWTH
LIKE-FOR-LIKE BASIS %



[1] Including Hong Kong and Taiwan.















GENESIS CURRY FLOW

The metaverse is real – just ask Under Armour.

OFFER
EXPERIENCE TECHNOLOGY

AGENCY
BERLIN CAMERON, NEW YORK

CLIENT
UNDER ARMOUR

Under Armour wanted to celebrate the three-point world record of their star basketball player, Stephen Curry, so they got Berlin Cameron into the game.

2021 was the year the metaverse was on everyone's lips, so the agency decided to create the very first metaverse wearable: the 'Genesis Curry Flow' sneaker.

The Genesis Curry Flow was released in a limited edition of 2,974 NFTs, reflecting Stephen's world record, and minted in five distinct rarities, each reflecting part of the narrative of his amazing accomplishment.

The Genesis NFT came with a locker where gaming platforms Decentraland, Sandbox, Gala Games and Rumble Kong League were able to drop their version of the NFT expressed in the design language of each game. This meant that for the very first time gamers were able to move through the metaverse wearing the same sneaker.

The NFTs sold out in minutes, and the goal to raise $1 million for Under Armour's charities was reached instantly.

One sneaker, four exciting worlds – changing the game and the metaverse for good.

25m
visits to the drop site

4.5m
people tried to buy the NFTs, which sold out in 10 minutes

$17m
in secondary sales by February 2022

1.3bn
impressions

PEOPLE

How we fulfil our purpose starts with our people.

UNLOCKING OUR CREATIVE POTENTIAL

We use the power of creativity to build better futures for our people, planet, clients and communities. Activating that purpose starts with our people, which is why it is our ambition to unlock the creative potential in every WPP employee.

ADAPTING TO NEW WAYS OF WORKING

As we navigated Covid-19 restrictions, we learned we can deliver outstanding service for our clients in a flexible working environment. We won pitches without ever having been in the same room and were awarded for inspiring work from teams who had never met in person.

Our new hybrid working practices are grounded in the reality that work is a part of life, not the other way around, while recognising the important role our campuses and offices play in bringing our people together to create, collaborate, learn and socialise.

During the year, we continued to build on the new ways to connect that we established at the start of the pandemic. As part of our virtual global CEO townhall series, Mark Read was joined by WPP leaders for candid discussions about issues important to our people, with over 44,000 participants tuning in during the year, up from 39,000 in 2020. CEO direct-to-staff emails accumulated over one million unique opens over the year.

Our global internal email newsletter, *The Weekly*, had over 1.3 million opens across 49 editions. WPP TV invited more than 1,000 speakers to share their expertise over 126 episodes with 200,000 views in total.

LISTENING TO OUR PEOPLE

As we adapted to new ways of working, we launched WPP Pulse, our first global, Company-wide survey, with more than 43,000 participants across more than 100 countries.

This showed what our people want most from WPP: fulfilling careers, where they grow and discover new ways of working and learning; the opportunity to contribute to inspiring work that creates impact for their clients; and a sense of belonging to an organisation they are proud to be part of.

What we heard determined our focus areas for the year ahead.

ENABLING CAREER GROWTH

Due to our size and global reach, we are uniquely positioned to offer our people excellent growth and mobility opportunities across some of the most exciting, creative companies in the world, with the power to drive meaningful impact in the world around us.

In March, we launched Career Explorer to provide greater transparency into job openings across the network. Over 2021, our companies posted more than 10,000 roles on the platform, receiving over 430,000 views on our internal and external websites.

INVESTING IN LEARNING

In 2021, we invested £29.7 million in learning and development opportunities for our people, a 51% increase from the previous year. We plan to invest an additional £150 million annually in our people by 2025.

During 2021 we continued to work with our leading technology partners such as Adobe, Amazon, Google, Microsoft, Salesforce and TikTok to enhance our technical expertise and gained over 30,000 accreditations and certifications.

We doubled down on programmes for women, people of colour and the next generation of leaders, because we know our growth depends on effective, diverse leadership.

One example is Elevate, a United States sponsorship programme designed to provide tools to support Black women in their career growth, personal development and wellbeing. 20% of participants from the first cohort were either promoted or received a raise within eight weeks. In 2022, we are expanding Elevate to the UK.

Our Inclusive Leadership Learning Experience provided 1,000 mid-level managers with the skills needed to embed inclusive ways of working across the employee experience, and will expand to more than 40,000 managers in the coming year.

For those aiming to join the industry, NextGen Leaders – a first-of-its-kind virtual programme that aims to provide learning, growth and professional development opportunities – has become an integral part of our early-career talent strategy. In our second series, we welcomed 1,400 participants from diverse backgrounds, 65% more than in 2020.

For more information see page 55

109,000
people

SUPPORTING OUR PEOPLE

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

500
Mental Health Allies

DIVERSITY

52%
of our senior managers are women, and 39% at executive leadership levels[1]

26%
of our senior managers in our largest market, the United States, are non-white

STAFF COMMUNICATIONS

1 million+
unique opens of CEO all-staff emails

44,000
participants in CEO virtual townhalls

FOSTERING THE BEST POSSIBLE CULTURE

When all our people feel secure, safe and confident to share their ideas, it has a direct impact on creativity and the power of collaboration.

Through partnerships including The LaGrant Foundation in the United States and Brixton Finishing School in the UK, we are attracting different voices and perspectives to WPP.

We partnered with The One Club for Creativity to host the Behind the Stonewall Riots competition for Black LGBTQ+ creatives, awarding the winners internship opportunities at WPP. Read more on page 73.

We continue to embed diversity, equity and inclusion into everything we do, and you can read more about the progress we have made against our racial equity commitments, including our Racial Equity Programme, on page 72.

For more information see the People and Communities chapter of our Sustainability Report 2021

With the support of our first Company-wide LGBTQ+ community, WPP Unite, we developed the LGBTQ+ inclusive marketing resource hub, to equip our people with the knowledge, skills and resources to create more inclusive marketing. WPP Unite was spearheaded in the UK and United States, and will expand to other regions. We achieved the highest score of 100% in the Corporate Equality Index, which measures the attractiveness of workplaces for LGBTQ+ employees.

To continue advancing gender equity, we expanded our Stella community into India, with over 50 leaders across WPP completing more than 500 hours of mentoring to help guide and inspire 67 aspiring female leaders.

The proportion of women in executive leadership roles[1] globally was 39% (2020: 40%) and within this we increased the proportion of women on the Executive Committee to 35%, compared with 29% in the previous year. In 2021, we were named an industry leader in the Bloomberg Gender-Equality Index for the fourth consecutive year.

With the challenges of the pandemic and injustices around the world impacting mental wellbeing, we launched our Mental Health Allies programme, providing mental health training to 500 leaders, HR professionals and employees across the UK and United States. We will expand into more regions in 2022.

HELPING OUR EMPLOYEES TO PLAY THEIR PART

We know employees want to work for a company that is willing to stand up for the issues they care about.

As part of our Racial Equity Programme, WPP committed in June 2020 to match personal donations by employees to a number of non-profit organisations up to $1,000 per person, to a total of $1 million. And in December, we announced our partnership with the World Health Organization to create the $5 Vaccine campaign, which calls on people to spend the price of a coffee on a shot that could save someone's life. WPP donated 10,000 vaccines on behalf of our clients and matched every $5V bought by our own people.

LOOKING AHEAD TO 2022

In the coming year we will address the insights gathered from our people in 2021, build on our listening programme and use our competitive advantage to ensure we continue to attract, retain and grow the best, most creative minds from all over the world.

1 Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.

This metric was subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC') for the year ended 31 December 2021. For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021' for assured metrics, see our Sustainability Report 2021.

INCLUSIVE LEADERSHIP

Building inclusion as a skill in a hybrid world.

We've heard from our people that they want to work somewhere with an inclusive culture. A place where they can be their true, authentic selves and are trusted and relied upon to do their best, most creative work. Our goal is to help remove the barriers that may prevent people from thriving. We believe inclusion is a skill to be developed – one that requires knowledge, practice and action – and we know managers play a critical role in creating an inclusive employee experience. They hold the keys to increasing retention and promotion through more inclusive leadership behaviours.

Inclusive Leadership in a Hybrid World is a five-week, interactive, live and on-demand experience delivered in bite-sized moments of engagement. The experience aims to leave participants with a roadmap for how to build themselves into a more inclusive leader, resulting in better decision-making, an increased sense of belonging and greater accountability.

Designed in partnership with UniWorld Group (UWG), a WPP associate, the learning experience provided the foundations of DE&I, how to build trust amongst a team, how to apply cultural intelligence and the fundamentals of inclusive leadership in a hybrid world.

We launched a pilot in 2021 with a cross-section of 1,000 mid-level managers across five companies and four countries (China, India, UK and United States).

Our long-term goal is to make this learning experience available to everyone across WPP, starting with 40,000 managers globally in 2022.

40,000
managers to be trained by 2022

In partnership with UniWorld Group



NEXTGEN LEADERS

Unlocking WPP for the next generation.



I never thought I'd learn so much in only 10 weeks! It was a game-changer for me. Interacting with WPP leaders across the world has helped me understand the power of creativity, innovation and technology. It has shed a light on the importance of diversity and inclusion and how critical it is to embrace yourself no matter who you are, where you are from or what your background is.

FARAH BOUGUERRA
Tunisia

Our ambition is to lower the barrier to entry into the creative industry and create a robust pipeline of early talent for WPP and our clients. In 2020, amidst the challenges of the global pandemic, we created NextGen Leaders, a ten-week virtual learning programme for college students and recent graduates across the globe.

The programme provides participants with insights into the marketing industry and an in-depth look at WPP – from our culture to creativity and innovation, and how we work with our clients.

In our second series in July 2021, 100 leaders from across more than 20 WPP companies welcomed 1,400 participants. NextGen has inclusion at its core, which is reflected in the diverse pool of participants:

- 50% of participants in the US and UK identified as Black, Asian or LatinX
- 60% identified as female
- 11% identified as LGBTQ+
- 8% identified as having a disability/ neurodiversity[1]

All participants received a certificate of completion from Coursera and many secured internships or full-time positions across WPP.

For our third series, we want to continue to attract a diverse population with a goal of doubling the number of participants to 3,000 globally. We will work closely with WPP agencies to understand hiring needs, mapping internship and early-career roles for NextGen graduates.

1,400
participants

50%
of participants in the US & UK identified as Black, Asian or LatinX

100
leaders from across WPP

11%
of participants identified as LGBTQ+

1 Percentages reflect those participants who responded to the survey.

I got to learn so many different things throughout the course and the live sessions. Additionally, it even broadened my network. It was definitely an opportunity that I am glad that I could take part in.

MADHURA MAZUMDAR
India



A sincere thank you to Mark Read and to all of WPP. I am grateful for this opportunity that allowed me to better understand the different brands, their way of working, how they manage to create a link with their consumers, the process of setting up an advertising campaign, the questions to ask, and so much more.

BENJAMIN KODJO KOGBLE
Togo



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.

This year we added our transformation programme to our KPIs. This programme aims to simplify WPP, build greater collaboration, drive efficiency and free up funds for reinvestment in growth.

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	●	●	●	●	
Gross annual savings from our transformation programme			●	●	●
People					
Proportion of women in executive leadership roles[1]					●
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	●			●	

[1] Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.

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 8-55

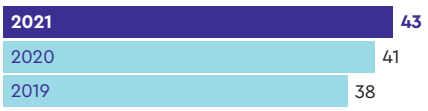
Client satisfaction score (out of 10) 8.1



Description and rationale
This measures how satisfied our clients are with our services, based on 40,000 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
The combination of our modern integrated offer combined with our talent and capabilities is proving its value for clients, leading to our highest ever customer satisfaction score. We aim to maintain top-quartile performance.

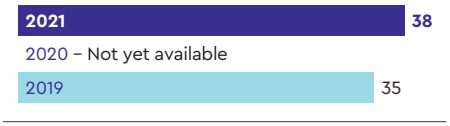
Digital % of media billings (GroupM) 43



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 43% in 2021, compared with 41% in 2020, driven by the rapid growth in demand from clients for ecommerce services, across both our media and integrated creative agencies.

Business mix in experience, commerce, technology for Global Integrated Agencies (%)[3] 38



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 2025 compared with 2% annually for traditional communications.

Targets and performance
The share of revenue of less pass-through costs from higher-growth areas of our offer (experience, commerce and technology) for our Global Integrated Agencies, excluding GroupM, was around 38% in 2021. Our goal is to further increase our mix in these areas.

Gross annual savings from our transformation programme (£m) 245



Description and rationale
Our transformation programme is designed to simplify our operating model, generate efficiencies in procurement and real estate, and improve the effectiveness of our support functions and shared services.

Targets and performance
We remain comfortably on target to achieve our goal of £600 million annual cost efficiencies by 2025, with around £245 million of gross annual savings achieved so far against a 2019 base.

1 Includes Kantar.
2 For a full description see Glossary on page 222.
3 Share of Global Integrated Agencies, excluding GroupM.

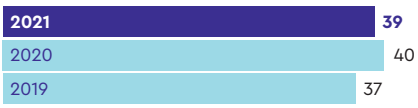
PEOPLE

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 7
Women in leadership – pages 52 and 72

Proportion of women in executive leadership roles[1] 39

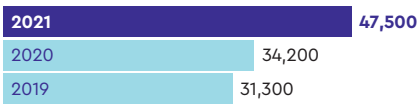
(%)



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 2021, the proportion of women in executive leadership roles slightly decreased to 39% (2020: 40%), and within this we increased the proportion on the Executive Committee to 35%, compared with 29% in the previous year.

Employees in shared campuses[2] 47,500



Description and rationale
In 2018 we announced our ambition to deliver a global network of modern, world-class campus workplaces. Each location provides inspiring spaces for our people, encouraging closer collaboration between our agencies, and giving clients easier access to our talent and expertise.

Targets and performance
In 2021, 47,500 of our employees were based in campuses. We expect this to rise to 85,000 employees in at least 65 campuses by 2025, providing an opportunity to reduce both our office space and our environmental footprint.

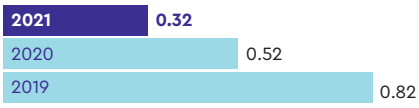
SUSTAINABILITY

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 68

Carbon emissions per person from our owned operations 0.32

(tCO_2e, Scope 1 and 2)

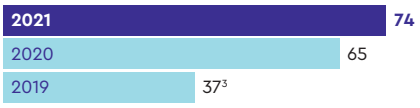


Description and rationale
We support urgent action to tackle the climate crisis through the Paris Climate Agreement. We measure carbon emissions per employee, as headcount is closely linked to levels of business activity, and this allows us to reflect the impact of acquisitions and disposals without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

Targets and performance
We are committed to achieving net zero emissions across our owned operations by 2025 and across our supply chain by 2030. In 2021 carbon emissions per employee reduced by 38% compared with 2020.

Share of electricity purchased from renewable sources 74

(%)



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 2021 we purchased 74% of our electricity from renewable sources (2020: 65%), reflecting progress towards our target of 100% by 2025.

1 Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.
2 Defined as employees and freelancers in campuses.
3 Figure restated in 2020 as part of a data review upon joining RE100.
Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC').
Independent limited assurance will be sought by WPP over our percentage electricity purchased from renewable sources and Scope 2 market-based GHG emissions reporting. The assurance report will be made available on our website.

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 60-67

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

12.1

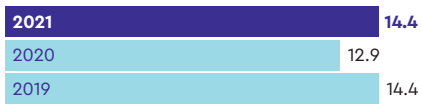


Description and rationale
This is the main measure of our strategic goal to return WPP to growth. Like-for-like revenue growth excludes the impact of currency and acquisitions. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project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

Targets and performance
2021 was an exceptional recovery year, with revenue less pass-through costs growth of 12.1%, and 2.9% ahead of 2019 levels. Our targets going forward are: around 5% growth in 2022, and 3-4%[1] annual growth from 2023 onwards.

Headline operating profit margin (%)

14.4

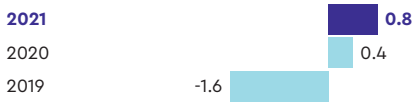


Description and rationale
This is a key indicator of our profitability. It comprises profit on trading activities, excluding certain one-off or exceptional items[3]. These items are excluded because their size and nature mask the true underlying performance year-on-year.

Targets and performance
In 2021, the headline operating margin improved 150 basis points due to revenue growth and cost savings from the transformation programme. We expect the margin to improve by around 50 bps in 2022 and to reach 15.5-16.0% in 2023.

Organic revenue growth versus competitors[2] (percentage points)

0.8



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 2021, WPP's growth rate was 0.8 percentage points faster than the average of our main peers, continuing the progress made in recent years. Our goal is to grow at a faster rate than the industry average.

Dividends per share (pence)

31.2



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 2021 the Board paid an interim dividend of 12.5p and has proposed a final dividend of 18.7p, 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. Omnicom data is based on revenue. This chart shows data over the last 12 months. Competitor data sourced from publicly disclosed results.
3 For a full description see Glossary on page 222.

CHIEF FINANCIAL OFFICER'S STATEMENT

We have the financial strength to invest in future growth through talent, capabilities and targeted M&A, while rewarding shareholders today.



"WE REMAIN ON TARGET TO ACHIEVE OUR GOAL OF £600 MILLION ANNUAL COST EFFICIENCIES BY 2025."

John Rogers
Chief Financial Officer

INTRODUCTION

2021 has been a very strong year: well beyond our expectations and underlining the resurgent demand from clients for our services, as well as the excellent progress we have made against our own strategic plan. Our financial performance is covered in detail elsewhere in this report, so my review focuses on two key elements of the broader finance remit, both of which are significant value drivers for WPP: our transformation programme and our approach to capital allocation.

TRANSFORMATION PROGRAMME

Good progress has been made on our transformation programme, designed to simplify WPP, build greater collaboration, drive efficiency and free up funds for reinvestment in growth. We remain on target to achieve our goal of £600 million annual cost efficiencies by 2025, with around £245 million of gross annual savings achieved so far against a 2019 base.

The transformation of our property estate continues, despite the constraints of Covid-19, with a further nine campuses opened in 2021, taking the total to 31. We aim to complete at least 65 campuses, housing more than 85,000 people, by 2025. In procurement, we are beginning to consolidate our spend more effectively, improving terms for our agencies with our purchasing scale. Telecoms savings and software licences were areas of significant efficiency in 2021. In terms of simplification, the combination of sub-scale agencies in smaller markets is leading to a significant improvement in performance; we have removed around 500 legal entities from the Group structure, with a similar figure targeted for 2022; and we have acquired the minorities in WPP AUNZ, taking us to 100% ownership to improve control and governance of our fifth largest geography.

Across IT, Finance and HR transformation, significant groundwork has been undertaken as we modernise and move to more standardised processes, with target operating models approved for all three. In IT, transformation plans including network infrastructure, cloud acceleration and platform rationalisation are all on track. The shared services programme is progressing, with a significant portion of finance processes migrated from the UK to Mumbai, and new deployments in the Middle East, Asia and Latin America. We have, however, experienced some delays to the deployment of Workday, our new ERP platform, but we are confident of meeting our revised timetable starting in the first half of 2022.

One of the significant benefits of the transformation is that it will improve the quality and speed of financial and other management information available to the business. We have already made good progress in this area: our corporate plan has, for the first time, been built up from detailed strategic plans at the agency level, with dedicated plans for our highest growth businesses such as Xaxis, Finecast and Choreograph; we are enhancing management insights with a new enterprise data tool and analysis of client profitability; and we have built a detailed commercial playbook and asset pricing tool. We know we need to do more concerning the quality and coverage of

our emissions data and our transformation strategy will enable us to manage more data centrally, improving consistency. We are also developing more robust protocols for calculating and reporting data and are aiming to expand the proportion of our data over which we seek independent assurance.

Finally, standardised systems will give us significantly improved controls. We have made huge improvements to our controls environment through our governance structures, the recruitment of senior leaders with strong track records and, most importantly, a real change in culture.

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 where to invest.

We set out the four elements of our capital allocation policy in December 2020, and I am glad to say we have made really strong progress on each front. We've also maintained a very healthy balance sheet for future investments in growth and returns to shareholders.

Capital expenditure: our priorities are to invest in our technology infrastructure and campuses, building platforms for our people and our clients, and supporting reduced property costs and standardised systems. In 2021, we invested £293 million, as we opened nine new campuses and continued to develop a further 10 sites. Most of the rest of our investment was divided between our enterprise IT estate and the development of new products for growth platforms such as Choreograph, our data business, and Finecast, our connected TV business.

Capex will rise to £350-400 million in 2022, reflecting the peak of campus and IT investments and some delayed spend from 2020 and 2021. Organic investment in our capabilities and client offer will remain a priority.

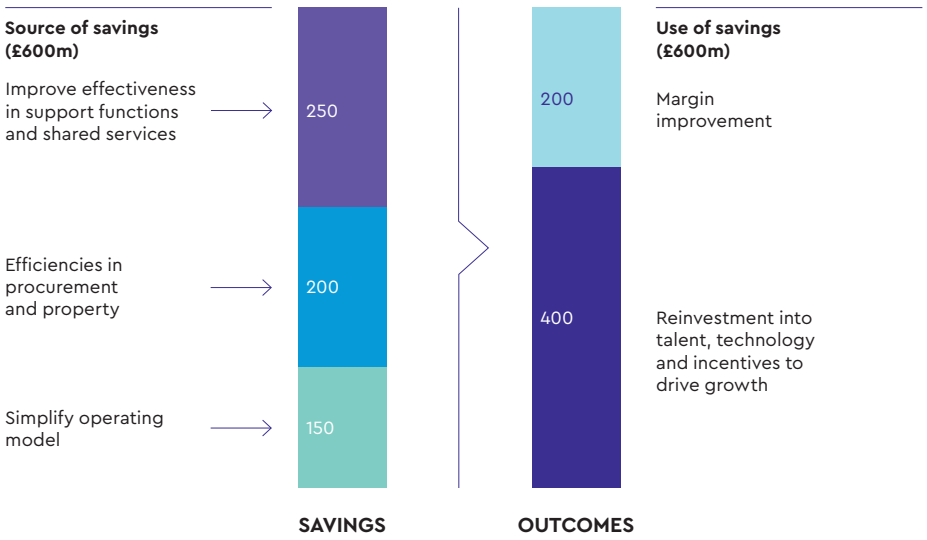
Dividend: our goal is to pay a dividend that is growing and sustainable, reflecting the strong cash generation of the business while allowing for sufficient reinvestment for growth. Our policy is to grow the dividend annually and to pay out approximately 40% of headline earnings per share. The full-year dividend of 31.2p proposed for 2021 is approximately 40% of our 78.5p headline diluted EPS, and is up 30% year-on-year on the 2020 pay-out.

M&A: acquisitions have always been an important engine for growth for WPP, enhancing organic growth, bringing in new capabilities and client relationships, and introducing talent. Our M&A strategy is now more focused than in the past, 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 SET OUT THE FOUR ELEMENTS OF OUR CAPITAL ALLOCATION POLICY IN DECEMBER 2020, AND I AM GLAD TO SAY WE HAVE MADE REALLY STRONG PROGRESS ON EACH FRONT."**

DELIVERING GROWTH FROM OUR TRANSFORMATION PROGRAMME

£m



2021 typified this new approach. In total we spent £396 million net on acquisitions (excluding earnouts) during the year. We brought in new skills in artificial intelligence (Satalia), commerce (Cloud Commerce) and software engineering (DTI Digital). All these businesses have huge potential to grow in their own right and to complement our existing offer. They are being fully integrated into our business rather than standing alone, to maximise their value to WPP.

In addition, we supported the acquisition of Numerator by Kantar, in which we own a 40% stake. This transforms Kantar's US panel business and takes it into a technology lead versus its competitors. We also created a leading global strategic communications business through the merger of Finsbury Glover Hering with Sard Verbinnen & Co. Throughout WPP we are building leading global franchises in high-growth areas.

Excess capital and leverage target: after making organic investments, paying our regular dividend and completing targeted acquisitions, we will continue to review our capital needs relative to our leverage target of 1.5-1.75x average adjusted net debt/EBITDA. When we have excess capital, we will return it to shareholders, typically via share buybacks.

In 2021, we completed £729 million of share buybacks, and ended the year with average adjusted net debt/EBITDA of 0.9x. As a result, we have committed to a further £800 million buyback during 2022.

In line with our clear capital allocation, during 2021 we invested around £700 million in future growth, through capex and M&A; and returned over £1 billion to shareholders. We will continue to balance our investments in long-term growth and value creation with cash returns to shareholders today.



John Rogers
Chief Financial Officer
31 March 2022

"A VERY HEALTHY BALANCE SHEET FOR FUTURE INVESTMENTS IN GROWTH AND RETURNS TO SHAREHOLDERS."

FINANCIAL REVIEW

REVIEW OF RESULTS

Reported billings were £50.7 billion, up 8.0%, from £46.9 billion in 2020 and up 14.4% on a like-for-like basis compared to last year.

Reported revenue from continuing operations was up 6.7% at £12.8 billion compared to £12.0 billion in 2020. Revenue on a constant currency basis was up 11.6% compared with last year. Net changes from acquisitions, disposals and other adjustments[1] had a negative impact of 1.7% on growth.

Like-for-like revenue growth for 2021, excluding the impact of currency, acquisitions and disposals, and the other adjustments, was 13.3%, as compared to 2020.

Reported revenue less pass-through costs was up 6.5%, and up 11.5% on a constant currency basis. Excluding the impact of acquisitions and disposals and the other adjustments, like-for-like growth was 12.1%.

OPERATING PROFITABILITY

Reported profit before tax was £951 million, compared to a loss of £2.8 billion in 2020, reflecting principally the £3.1 billion of impairment charges and investment write-downs and £313 million of restructuring and transformation costs during the prior period.

Reported profit after tax was £721 million compared to a loss in 2020 of £2.9 billion.

Headline EBITDA (including IFRS 16 depreciation) for 2021 was up 18.2% to £1.8 billion, compared to £1.5 billion the previous year. Headline operating profit was up 18.5% to £1.5 billion. The significant growth in profitability year-on-year reflects the strong recovery from the impact of Covid-19 on revenue less pass-through costs, as well as improvement in our competitive performance and the progress on our transformation programme, with £245 million of gross savings towards our 2025 annual run rate target of £600 million.

Headline operating margin[2] was up 150 basis points to 14.4%, and up 170 basis points like-for-like. Operating costs were up 4.7%, but were flat year-on-year excluding the impact of incentives. Staff costs pre-incentives rose 3.2% but property costs fell 17.1% reflecting the campus roll-out and the continued impact of Covid-19. IT costs were flat, and other costs were down 13.2%, driven by lower office costs and bad debt.

The Group's headline operating margin is after charging £42 million of severance costs, compared with £68 million in 2020 and £592 million of incentive[3] payments, compared to £185 million in 2020 and £294 million in 2019.

The average number of people in the Group in 2021 was 104,808 compared to 102,822 in 2020. The total number of people at 31 December 2021 was 109,382 compared to 99,830 at 31 December 2020.

Notes

1 Certain businesses were reclassified to associates as the Group no longer controls them. In addition, certain media billings recognised as revenue earlier in the year have been re-assessed under IFRS 15 Revenue from Contracts with Customers and have been excluded from revenue, but have no impact on revenue less pass-through costs. There is no adjustment to previously reported revenue in the 2020 financial year.

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

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

FINANCIAL HIGHLIGHTS (2021)

£12.8bn
Revenue from continuing operations
(2020: £12.0bn)

12.1%
Like-for-like revenue less pass-through costs growth
(2020: -8.2%)

14.4%
Headline operating margin
(2020: 12.9%)

This Strategic Report should be read in conjunction with the Corporate Governance report on pages 104-155 and pages 214-221. The Group's key performance indicators are discussed on pages 56-59.

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 210 and 211 and are defined in the Glossary on pages 222 and 223.

2020 figures have been restated as described in the Financial Statements on page 158. The comparative financial result for 2020 is based on the Group's continuing operations with the results of Kantar presented separately as discontinued operations.

EXCEPTIONAL ITEMS

The Group incurred a net exceptional loss of £270 million in 2021. This comprises the Group's share of associate company exceptional losses (£62 million), restructuring and transformation costs (£176 million) and other net exceptional losses (£32 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, investments in IT and ERP systems as part of our transformation programme, and our response to the Covid-19 situation. This compares with a net exceptional loss in 2020 of £477 million.

INTEREST AND TAXES

Net finance costs (excluding the revaluation and retranslation of financial instruments) were £215 million, a decrease of £15 million year-on-year, primarily as a result of the repayment of the $500 million 3.625% September 2022 bond in July 2021 and foreign exchange movements.

The reported tax charge was £230 million (2020: £127 million). The headline tax rate (measured on headline profit before tax, including associate income) was 24.0% (2020: 23.0%). Given the Group's geographic mix of profits and the changing international tax environment, the tax rate is expected to be around 25.5% in 2022, and to continue to increase in subsequent years.

EARNINGS AND DIVIDENDS

Headline profit before tax was up 31.1% to £1.4 billion, and profits attributable to share owners were £954 million.

Reported diluted earnings per share were 52.5 pence, compared to a loss per share of 243.0 pence in the prior period. Headline diluted earnings per share were up 30.6% to 78.5 pence.

The Board is proposing a final dividend for 2021 of 18.7 pence per share, which together with the interim dividend paid in November 2021 gives a full-year dividend of 31.2 pence per share. The record date for the final dividend is 10 June 2022, and the dividend will be payable on 8 July 2022.

REVENUE LESS PASS-THROUGH COSTS GROWTH VERSUS 2020

%



REGIONAL REVIEW

North America like-for-like revenue less pass-through costs was up 9.7%, and up 3.3% on a two-year basis. The USA and Canada performed strongly in the year, led by GroupM, VMLY&R and Hogarth. Headline operating profit was up £44 million to £656 million in 2021 from £612 million in 2020.

United Kingdom like-for-like revenue less pass-through costs was up 15.0%, and up 2.9% on a two-year basis. AKQA Group and VMLY&R were the strongest performers. Headline operating profit was up £43 million to £181 million in 2021 from £138 million in 2020.

Western Continental Europe like-for-like revenue less pass-through costs was up 14.5%, and up 5.2% on a two-year basis. The strongest performers in the year were Italy, the Netherlands and Germany. Headline operating profit was up £90 million to £289 million in 2021 from £199 million in 2020.

In **Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe**, like-for-like revenue less pass-through costs was up 12.3%, and up 0.7% on a two-year basis. Latin America was boosted by a very strong performance in Brazil, while Asia Pacific continued to be negatively impacted by Covid-related restrictions in Australia. Headline operating profit was up £56 million to £368 million in 2021 from £312 million in 2020.

REVENUE ANALYSIS

£ million	2021	2020	+/(-) % reported	+/(-) % LFL[1]
N. America	4,494	4,465	0.7	9.4
United Kingdom	1,867	1,637	14.0	15.0
W. Cont. Europe	2,786	2,442	14.1	19.2
AP, LA, AME, CEE[2]	3,654	3,459	5.6	13.3
Total Group	**12,801**	**12,003**	**6.7**	**13.3**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2021	2020	+/(-) % reported	+/(-) % LFL
N. America	3,849	3,744	2.8	9.7
United Kingdom	1,414	1,234	14.6	15.0
W. Cont. Europe	2,226	2,019	10.2	14.5
AP, LA, AME, CEE	2,908	2,765	5.2	12.3
Total Group	**10,397**	**9,762**	**6.5**	**12.1**

HEADLINE OPERATING PROFIT ANALYSIS

£ million	2021	% margin*	2020	% margin*
N. America	656	17.0	612	16.3
United Kingdom	181	12.8	138	11.2
W. Cont. Europe	289	13.0	199	9.8
AP, LA, AME, CEE	368	12.7	312	11.3
Total Group	**1,494**	**14.4**	**1,261**	**12.9**

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

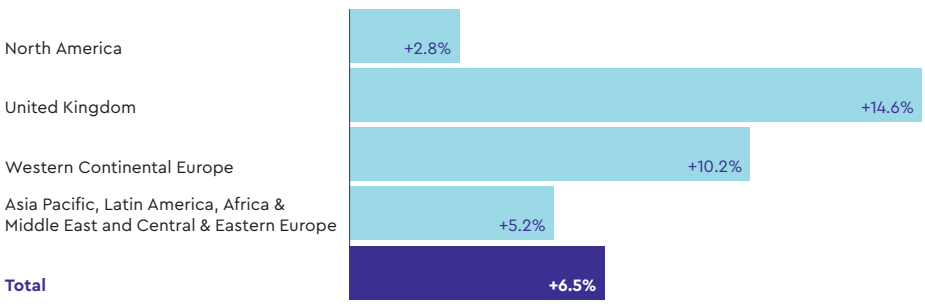
Notes

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

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

REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION VERSUS 2020

%



BUSINESS SECTOR REVIEW

During 2020, we announced that we would bring together Grey and AKQA under the AKQA Group, and we brought Geometry and GTB into VMLY&R, and International Healthcare into VMLY&R and Ogilvy. As a result AKQA Group, Geometry, GTB and International Healthcare are now reported within Global Integrated Agencies, having previously been reported within Specialist Agencies. Prior year figures have been re-presented to reflect these changes.

Global Integrated Agencies like-for-like revenue less pass-through costs was up 11.3%, and up 2.5% on a two-year basis. GroupM, which represented 37% of WPP's revenue less pass-through costs in the year, was up 16.1% like-for-like. VMLY&R also performed strongly with the other integrated agencies all recording broadly similar levels of growth. Headline operating profit was up £156 million to £1,216 million in 2021 from £1,060 million in 2020.

Public Relations like-for-like revenue less pass-through costs was up 11.5%, and up 7.0% on a two-year basis. BCW and H+K Strategies grew strongly during the year. In October, we announced the merger of Finsbury Glover Hering with Sard Verbinnen to create a leading global strategic communications firm. Headline operating profit was up £1 million to £143 million in 2021 from £142 million in 2020.

REVENUE ANALYSIS

£ million	2021	2020	+/(-) % reported	+/(-) % LFL[1]
Global Integrated Agencies	10,836	10,266	5.6	12.6
Public Relations	959	893	7.4	12.6
Specialist Agencies	1,006	844	19.1	22.5
Total Group	**12,801**	**12,003**	**6.7**	**13.3**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2021	2020	+/(-) % reported	+/(-) % LFL
Global Integrated Agencies	8,638	8,194	5.4	11.3
Public Relations	910	854	6.5	11.5
Specialist Agencies	849	714	19.0	21.8
Total Group	**10,397**	**9,762**	**6.5**	**12.1**

HEADLINE OPERATING PROFIT ANALYSIS

£ million	2021	% margin*	2020	% margin*
Global Integrated Agencies	1,216	14.1	1,060	12.9
Public Relations	143	15.7	142	16.5
Specialist Agencies	135	15.9	59	8.3
Total Group	**1,494**	**14.4**	**1,261**	**12.9**

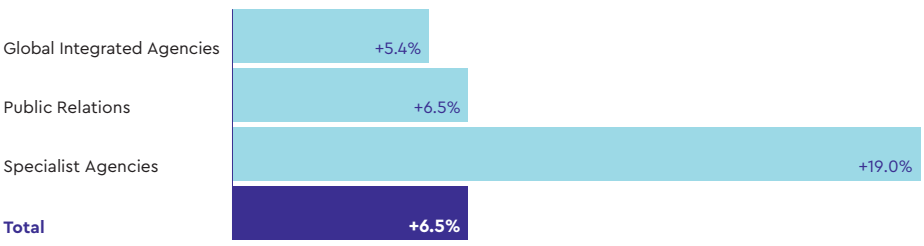
* Headline operating profit as a percentage of revenue less pass-through costs.

Note

[1] Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions, disposals and other adjustments.

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS VERSUS 2020

%



Specialist Agencies like-for-like revenue less pass-through costs was up 21.8%, and up 7.8% on a two-year basis. We saw strong demand from clients across most of our businesses, although the overall growth rate slowed towards the end of the year as the contribution from the Covid-related contract in Germany eased. Headline operating profit was up £76 million to £135 million in 2021 from £59 million in 2020.

CASH FLOW HIGHLIGHTS

In 2021, net cash outflow was £256 million, compared to a £1.0 billion inflow in 2020. The main drivers of the cash flow performance year-on-year were the higher operating profit and continued improvements in working capital, offset by increased spend on acquisitions, growth in the dividend and the significant increase in the share buyback.

BALANCE SHEET HIGHLIGHTS

As at 31 December 2021 we had cash and cash equivalents of £3.5 billion and total liquidity, including undrawn credit facilities, of £5.5 billion. Average adjusted net debt in 2021 was £1.6 billion, compared to £2.3 billion in the prior year, at 2021 exchange rates. On 31 December 2021 adjusted net debt was £0.9 billion, against £0.7 billion on 31 December 2020, an increase of £0.2 billion at 2021 exchange rates. The slightly higher adjusted net debt figure reflects mainly the significant increase in share buybacks year-on-year.

During the year, we converted the majority of our cash pool arrangements to zero-balancing cash pools, whereby the cash and overdrafts within these cash pools are physically swept to the header accounts on a daily basis, resulting in a reduction of the large gross cash and overdraft positions at 31 December 2020. Our bond portfolio at 31 December 2021 had an average maturity of 7.0 years. In July 2021 we repaid the $500 million 3.625% September 2022 bond. A €250 million Eurobond at 3-month EURIBOR +0.45% is due to mature in March 2022.

The average adjusted net debt to EBITDA ratio in the 12 months to 31 December 2021 is 0.9x, which excludes the impact of IFRS 16. This is below our target range of 1.5-1.75x average adjusted net debt to EBITDA.

OUTLOOK

WPP is entering 2022 with a strong balance sheet, good momentum from new business wins, and a comprehensive client offer.

Our guidance for 2022 is as follows:

- Like-for-like revenue less pass-through costs growth of around 5%
- Headline operating margin improvement of around 50 bps, excluding the impacts of M&A and foreign exchange
- Effective tax rate (measured as headline tax as a % of headline profit before tax) of around 25.5%
- Capex £350-400 million, with around £100 million relating to ERP system deployment previously included in capex guidance now included in restructuring costs
- Trade working capital expected to be flat year-on-year
- Current foreign exchange rates imply around a 0.5% drag on reported revenue less pass-through costs from the movement in sterling year-on-year
- We also anticipate mergers and acquisitions will add 0.5-1.0% to revenue less pass-through costs growth
- Given our low leverage and continued strong cash generation, we expect to execute around £800 million of share buybacks in 2022, of which £129 million has already been completed

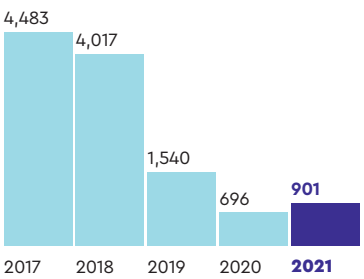
MEDIUM-TERM GUIDANCE

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 remain:

- 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 adjusted net debt/EBITDA maintained in the range 1.5-1.75x

ADJUSTED NET DEBT

£ million



For more information on our strategy see pages 28-55

SUSTAINABILITY

Sustainability is at the heart of our business.

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

WHY SUSTAINABILITY MATTERS

The pandemic exposed and accelerated existing issues, from gender inequality to the importance of mental health. It also revealed new concerns, such as vaccine inequity and the risk that an uneven economic recovery would intensify social and geopolitical tensions.

And just a few months after world leaders gathered at COP26 to commit to rapid action on climate change, a new UN study shows the scale of the task. Many of the impacts of climate change are already irreversible, pushing both people and nature beyond their abilities to adapt.

Companies are responding. Increasingly, our clients are focused on how to ensure the targets and pledges they are making, from combatting climate change to tackling racial inequity, translate into tangible change. They are looking to WPP and our agencies to help them find and scale solutions.

OUR RESPONSE

Our industry is at the heart of many of the pressing issues that we face as a society – diversity, racial equity, privacy, data ethics and, of course, climate change.

Our creativity, scale and power to bring people together put us in a privileged position. We can help accelerate the transition to a low-carbon and more equitable economy, make sustainable lifestyles desirable, and support clients as they adapt and innovate. By living up to our purpose, we believe we will deliver a sustainable future not only for our people, planet, clients and communities but also for WPP and its shareholders.

DEGREE INCLUSIVE

Let's design for a fairer and more inclusive world.

OFFER
EXPERIENCE

AGENCY
WUNDERMAN THOMPSON, BUENOS AIRES

CLIENT
UNILEVER

15% of the world's population has a disability, yet products and experiences are still not designed with this community in mind. Across the beauty and personal care industry, there is currently no deodorant product to use that's suitable for people with upper extremity impairment or visual impairment.

Degree Deodorant – maker of the world's #1 antiperspirant – is committed to inspiring confidence in everyone to be active and move more. Degree believes no one should be held back from breaking a sweat and enjoying the transformative benefits of movement.

Degree Inclusive is the world's first inclusive deodorant built for people with visual impairment and upper extremity impairment, co-created by an inclusive team of design experts from Wunderman Thompson and SOUR, including occupational therapists, engineers, consultants and people living with disabilities across the globe.

An innovative deodorant designed for the future, Degree Inclusive is inspiring change across the industry.

2bn+
media impressions

72k
organic impressions in one week

Awards

Cannes Lions, Innovation Grand Prix
Fast Company, Innovation by Design Award
SXSW Innovation Award winner

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 support 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 supply 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 supply chain by 2030 (Scope 3) – Progress towards 100% renewable electricity – Phase out single-use plastics in our offices	– 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 over three years through our Racial Equity Programme

Our sustainability strategy directs us to use the power of creativity to build better futures for our people, planet, clients and communities, and supports all five elements of our corporate strategy (see table on page 71).

Our sustainability strategy sets out the action we are taking to be the employer of choice for all people, knowing that when all our people feel secure, safe and confident to share their ideas, it has a direct impact on creativity and the power of collaboration.

It shows how we are tackling the greatest environmental challenges we face, committing to reach net zero carbon emissions across our supply chain by 2030.

Our clients are increasingly focused on how to ensure their own targets, from combatting climate change to tackling inequity, translate into tangible change. We are building our skills and capacity to assist them on their own sustainability journeys.

The greatest impact we have is through our work for clients, which reaches billions of people and – through its influence on consumer choice, behaviour and outlook – has the power to bring about positive change. We are proud to partner with the United Nations, especially the World Health Organization and UN Women, to use our creativity and expertise to support their work.

These commitments are not just the right thing to do; they are cutting through with our clients and people who want to work with and for companies that share their values and help them to achieve their own goals.

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.

To find out more, watch our ESG investor presentation at wpp.com/investors/investor-days/building-better-futures

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.	**Clients, see page 79** **Transparency and trust, see page 83**
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.	**Communities, see page 81**
	DIVERSE, EQUITABLE AND INCLUSIVE TEAMS Diversity and difference power creativity. We foster an inclusive culture across WPP: one that is equitable 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.	**People, see pages 72-74**
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.	**Data: privacy, security and ethics, see page 86**
SIMPLER STRUCTURE	**NET ZERO CAMPUSES** 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. By 2025, we expect 85,000 of our people will work in at least 65 net zero campuses powered by renewable electricity.	**Planet, see pages 76 and 77**
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.	**People, see pages 72-74** **Supply network, see page 85**

PEOPLE

When all our people feel secure, safe and confident to share their ideas, it has a direct impact on creativity and the power of collaboration.

To learn more about our people strategy, including how we are investing in skills and training, see pages 52 and 53

DIVERSITY, EQUITY AND INCLUSION

We put the principles of diversity, equity and inclusion at the centre of everything we do, from how we hire and grow our people, to how we ensure our approach to performance management prioritises fairness and equity. Our ambition is to create workplaces where our people feel not only that they have opportunities to thrive, but also that they are celebrated.

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 2021, we piloted the Inclusive Leadership learning experience for 1,000 mid-level managers to help equip them with the skills needed to embed inclusive ways of working across the employee experience. We will expand the programme to more than 40,000 managers in the coming year.

Progress ultimately relies on accountability. In 2021 we included diversity, equity and inclusion goals in our incentive plans for senior leaders across WPP and our agencies for the first time. We also established a Global Inclusion Council to help accelerate change throughout WPP. Its role is to recommend programmes, policies and initiatives that will systemically create more inclusive and diverse workplaces, provide input on leadership succession, remove barriers to progress and assist in setting aspirational targets for elevating under-represented talent.

For information on our Code of Business Conduct and mandatory ethics training, see page 83

ETHNICITY

We have acknowledged that we need to improve ethnicity representation at all levels of the Company, especially at senior and leadership levels, and in June 2020 we made a number of commitments to advance racial equity and report our progress annually. For our UK and United States' workforce diversity data, see our Sustainability Report 2021. While we have made some good progress towards these commitments, we recognise there is still much work to do. This will be an ongoing effort across our Company.

For information on our Racial Equity Programme, see page 81 and for workforce diversity data, see our Sustainability Report 2021

DISABILITY

We recruit, select and promote our people on the basis of their qualifications, relevant experience and merit, 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.

WPP is a proud member of The Valuable 500, a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion. 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 (for an example, see page 69).

GENDER BALANCE

We aim to reach gender parity at all levels of our business. Half (52%) of our senior managers are women (2020: 51%). The proportion of women in executive leadership roles[1] is 39% (2021: 40%). The proportion of women on the Executive Committee increased to 35%, compared to 29% in the previous year. At Board level, the proportion of women is 43% (2020: 43%). In 2021 we were named an industry leader in the Bloomberg Gender-Equality Index for the fourth consecutive year.

To continue advancing gender equity, we expanded our Stella community into India, with over 50 leaders across WPP completing more than 500 hours of mentoring to help guide and inspire 67 aspiring female leaders.

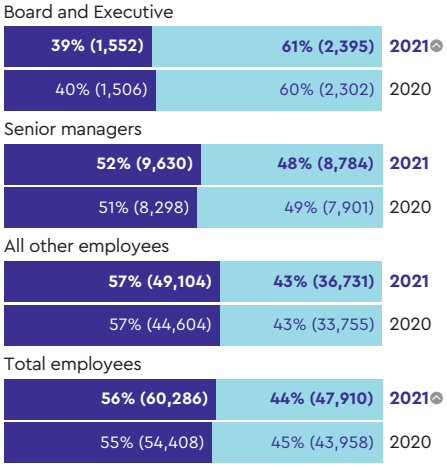
Our UK Gender Pay Gap Report 2021 shows that while there is still work to be done, we are moving in the right direction. Both our mean and median UK consolidated pay gaps narrowed between 2020 and 2021, but for as long as there are any gaps, we cannot be satisfied.

Download our UK Gender Pay Gap Report 2021 at wpp.com/gpg2021

[1] Executive leadership roles are defined by WPP as the agency board and executive leadership population as reported through WPP's financial reporting system.

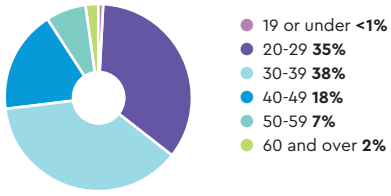
These metrics were subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC') for the year ended 31 December 2021. For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021' for assured metrics, see our Sustainability Report 2021.

GENDER DIVERSITY



Gender diversity figures exclude a small proportion where gender is unknown or undisclosed. In 2021, this accounted for 1% of total headcount.

AGE DIVERSITY



Age diversity figures exclude a small proportion where age is unknown or undisclosed. In 2021, this accounted for 1% of total headcount.

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+

WPP Unite, our Company-wide LGBTQ+ community, advises on policies that impact the LGBTQ+ talent of WPP and its agencies to ensure diverse thinking and creativity thrive within WPP's workplaces and within its work. Spearheaded in the UK and United States, in 2021 Unite expanded to Hong Kong and India, and in 2022 it will expand to other regions.

In 2021, WPP was proud to achieve the highest score of 100% in the Corporate Equality Index, which measures the attractiveness of workplaces for LGBTQ+ employees.

During the year, with the support of Unite, we developed the LGBTQ+ inclusive marketing resource hub, to equip our people with the knowledge, skills and resources to create more inclusive marketing.

We also partnered with The One Club for Creativity to host the first-of-its-kind Behind the Stonewall Riots competition for Black LGBTQ+ creatives. We invited this community to respond to a brief designed to honour the trans women and gender non-conforming individuals behind the Stonewall Riots, who paved the way for the LGBTQ+ community. In addition to offering all participants access to our NextGen Leaders content, we offered the winners cash prizes and internship and mentoring opportunities at WPP.

LISTENING TO AND ENGAGING WITH OUR PEOPLE

We use formal and informal mechanisms to assess and improve employee engagement and satisfaction. Development needs are assessed during a formal appraisal process.

As we adapted to new ways of working, we launched WPP Pulse, our first global Company-wide survey, with more than 43,000 participants across more than 100 countries. This showed what our people want most from WPP: fulfilling careers, where they grow and discover new ways of working and learning, the opportunity to contribute to inspiring work that creates impact for their clients and a sense of belonging at a company they are proud to be part of.

For information on what we heard from our people and how we are responding, see 'Unlocking our creative potential' on page 52

To ensure our Board understands the views of our employees on WPP's purpose, values and strategy, and to consult on key people issues, WPP established a UK Workforce Advisory Panel (WAP) in 2019. Sponsored by our UK Country Manager, the WAP has representatives from across our UK business who gather feedback from their agencies to feed up to the WPP Board, with Cindy Rose fulfilling the position of designated Non-Executive Director. During the year, similar People Forums were established in the United States and India to enable further engagement with the Company's global employee base. Read more on page 124.

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 2021, around 4% of our employees were either members of a trade union or covered by a collective bargaining agreement (2020: 4%). We held 268 consultations with works councils, mainly in Europe (2020: 185).

We have made around 3,300 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 Programme, which included 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.

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 2021 was 3.0 days per employee (2020: 3.3). 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 2021.

Health and safety data is collected locally and, in 2021, inconsistencies were identified in how this data is defined and collated. We are working to improve consistency and, once remediated, aim to include health and safety data in scope for independent limited assurance in future.

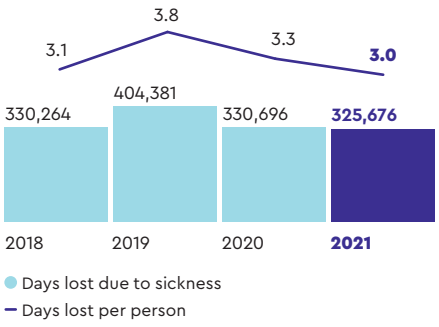
In 2021 WPP strengthened its crisis management and business resilience (CMBR) measures through the launch of a centralised CMBR unit, which coordinated the Company's response to the Covid-19 pandemic and to extreme weather and political events that have caused disruption to our operations. We also established a WPP Covid Relief Fund to give financial support to WPP employees and their families in real time in countries most affected by the pandemic.

Read more about our Covid Relief Fund in the People section of our Sustainability Report 2021

Work-related stress is one of our main – and growing – health and safety hazards. With the challenges of the pandemic and other issues around the world impacting mental wellbeing, we launched our Mental Health Allies programme, providing mental health training to 500 leaders, HR professionals and employees across the UK and United States. We will expand into more regions in 2022.

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

DAYS LOST DUE TO SICKNESS



COMMIT TO CARE

Changing perceptions of Black men.

OFFER
COMMUNICATIONS EXPERIENCE

AGENCY
MINDSHARE, NEW YORK

CLIENT
DOVE MEN+CARE (UNILEVER)

Research shows that misrepresentation of Black men in media and culture contributes to negative stereotypes that fuel racism in the US. Black men are 150% more likely to be described as criminal and 60% more likely to be described as threatening, compared to white men. Dove recognised the acute need to dismantle barriers that prevent Black men from experiencing care.

So Mindshare together with Dove Men+Care and the National Basketball Players Association created and announced a landmark partnership and content series, Commit to C.A.R.E. (Care About Racial Equity), to help create a society where Black men are cared for, respected, supported and protected.

The initiative amplifies the voices of some of the most recognisable and revered Black athletes today. Partnering with 11 NBA stars, the content series explored how racial injustice impacts them, affects their families, and fuels their passion for activism. From there, the programme moved from voices to action, including hosting voter registration drives, supporting legislation like the George Floyd Justice Policing Act, and holding a Men's Summit to debunk myths surrounding Black men, and more. To empower the next generation, the team created a series of *Tech & Talk* virtual camps, in partnership with the players' charities.

The videos, stories and calls to action were hosted on a dedicated microsite – committocarenow.com – and content was distributed through paid media, driving people to take the Commit to C.A.R.E pledge, and join the fight to end racism.



12%
increase in brand awareness

24%
increase in association of Dove Men+Care advocating for racial equity

PLANET

We support urgent action to tackle the climate crisis.

OUR CLIMATE STRATEGY

WPP is a proud signatory to the UN Global Compact's Business Ambition for 1.5°C, the purpose of which is to galvanise business support for strong climate action, and to the UNFCCC's Race to Zero campaign.

We are committed to reaching net zero emissions in our operations (Scope 1 and 2) by 2025 and our supply chain by 2030. To deliver this we have set science-based reduction targets (see page 77), approved by the Science Based Targets initiative (SBTi) in June, to reduce emissions as far and as quickly as possible. Our 2021 performance is set out in the charts, far right.

Of our 50 largest clients, 62% have set or are committed to setting science-based reduction targets through the SBTi. These clients look to us to help them find and scale solutions (for examples, see pages 78 and 80). We also know that collaboration with clients and suppliers will be critical in delivering against our own targets. We are very focused on the role our companies can now play in promoting low-impact and regenerative living.

SCOPE 1 EMISSIONS

Our 2021 Scope 1 emissions were 13,292 tCO_2e, of which a subtotal Scope 1 emissions were 10,138 tCO_2e (76% of our total Scope 1 emissions footprint) has been subject to independent limited assurance procedures by PwC. The Scope 1 emissions not subject to assurance procedures relate to locally contracted company cars for which the emissions have been estimated.

We continue to move employees into a global network of campus buildings that bring our agencies together in modern, more energy-efficient, world-class workplaces. In 2021, despite the constraints of Covid-19, we opened a further nine campuses, taking the total to 31. We aim to have at least 65 campuses, accommodating 85,000 people, by 2025.

Company cars accounted for 57% of our Scope 1 emissions in 2021. We aim to reduce emissions by shifting company cars to electric and hybrid vehicles in all markets where infrastructure makes it feasible to do so. In 2022, we will review how we measure and calculate emissions from vehicles.

REDUCING SCOPE 2 EMISSIONS

Scope 2 market-based emissions were 21,840 tCO_2e, a 28% reduction from 2020. Scope 2 location-based emissions were 55,990 tCO_2e, a 9% reduction from 2020.

WPP is a member of RE100 and has committed to sourcing 100% of its electricity from renewable sources by 2025. In 2021, we purchased 74% of our electricity from renewable sources (2020: 65%).

REDUCING SCOPE 3 EMISSIONS

Our supply chain makes up the overwhelming majority (98%) of our total emissions[1]. We aim to halve our Scope 3 emissions by 2030 (2019 baseline year).

MEDIA DECARBONISATION

With over $50 billion in advertising placed annually, WPP is the world's largest investor in media advertising. WPP is the first among its peers to account for media emissions (more than half of our supply chain emissions[1]) in our science-based reduction targets.

We believe that the relative carbon footprint of different media distribution options will increasingly influence where client investment is made. We are seeing this already and expect this to grow substantially over the next three years as the urgency and financial imperative to deliver on net zero pledges increases across all businesses. That is why through GroupM's Media Decarbonisation programme we are investing to enable investment decisions which factor in supply chain decarbonisation.

For more information, see the Planet section of our Sustainability Report 2021

PRODUCTION

The carbon emissions generated by the production of the films and other content we create on behalf of clients are responsible for 14% of our total carbon footprint[1]. Through our production agency, Hogarth, we are investing in innovative technology, global partners, and our supply-chain to pioneer a new approach to delivering carbon-optimised work for our clients (see page 5).

TECHNOLOGY

The technology we use – from data centres to the emails we send – generates 6% of our Scope 3 footprint[1]. As we increase our use of cloud infrastructure, powered by renewable electricity, we will reduce our energy consumption and our carbon emissions, as well as drive down waste.

AIR TRAVEL

Business travel accounts for around 3% of our supply chain carbon footprint[1]. To offset the resulting emissions, we have been purchasing high-quality carbon credits since 2007, which are charged to each of our agencies to create an internal carbon cost. We aim to permanently reduce air travel by around a third versus pre-pandemic levels.

1 Data from 2019 baseline.

Independent limited assurance will be sought by WPP over our percentage electricity purchased from renewable sources and Scope 2 market-based GHG emissions reporting. The assurance report will be made available on our website.

TARGETS AND COMMITMENTS

84%
absolute Scope 1 and 2 GHG emissions reduction by 2025 from a 2019 base year[1]

50%
absolute Scope 3 GHG emissions reduction by 2030 from a 2019 base year[1], including media buying – an industry first

Net zero
across own operations (Scope 1 and 2) by 2025 and across entire supply chain (Scope 3) by 2030

100%
electricity from renewable sources by 2025

In 2021, air travel emissions were 11,421 tCO_2e, a decrease of 51% versus 2020, as the Covid-19 pandemic continued to limit international travel. Some errors and inconsistencies were identified in how these emissions were calculated and reported at a local level, which is reflected in PwC's assurance opinion. We continue to work to improve the accuracy of flight data and refine methodologies for calculating flight emissions to ensure more consistency across the business.

OFFSETTING

The first step to limiting emissions must always be to reduce the total footprint of any product or service as far as possible. To ensure carbon credits purchased to offset remaining carbon emissions are of a sufficiently high quality, from 2022 WPP will introduce a new offsetting policy.

CIRCULAR ECONOMY

Moving from a 'take-make-dispose' economy to a circular economy where waste is eliminated, resources are circulated and nature is regenerated could create $4.5 trillion in annual economic output by 2030. WPP can contribute to this transition through the work we do for our clients (see example on page 78).

Within our own operations, we remain committed to phasing out plastics that cannot be reused, recycled or composted across our campuses and offices worldwide. The ongoing impact of the pandemic, which has kept the majority of our offices closed for much of the year, has slowed progress towards our commitment, which we aimed to meet by the end of 2021. We now aim to meet our commitment by the end of 2022 at the earliest.

For more information, see the Planet section of our Sustainability Report 2021

DATA QUALITY

A significant challenge for reducing carbon emissions is being able to measure them with confidence. We are working to improve the quality and coverage of our emissions data.

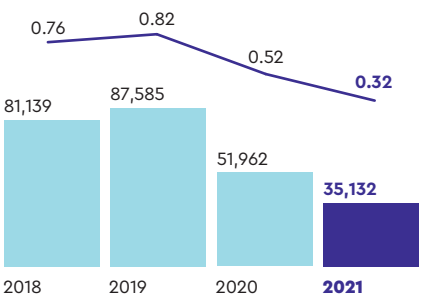
We are working to include the portion of unassured Scope 1 data, relating to locally managed company cars, in scope for limited external assurance in future years. As we refine our methodologies and improve data quality, we will apply these to prior years and restate data if a material gap is identified.

In 2021, some errors were identified in how emissions from air travel were calculated and reported across a number of territories, which is reflected in PwC's assurance opinion. We will work to develop more robust protocols and calculation methodologies. We expect our wider transformation strategy will enable us to manage more data centrally, improving consistency.

Data quality is particularly challenging for Scope 3 emissions, as they are beyond our direct control. We are reviewing how we capture and calculate Scope 3 emissions and aim to improve both data quality and coverage so that over time we are able to seek independent limited assurance over a larger proportion of Scope 3 emissions. From production to media investment, we support the development of more robust protocols to measure emissions across the industry. In 2021, as a founding member of AdGreen, we helped pilot and launch a new carbon calculator to measure the emissions associated with producing creative content.

2021 PERFORMANCE

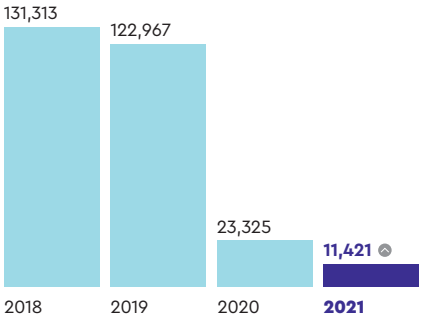
MARKET BASED SCOPE 1 AND 2 CARBON EMISSIONS PROGRESS



Our scope 1 and 2 market based emissions for 2021 were 0.32 tCO_2e/person, a 38% reduction from 2020. Our carbon intensity per £1 million revenue was 2.74 tCO_2e, a 37% reduction since 2020.

CARBON EMISSIONS FROM AIR TRAVEL

TONNES CO_2e EMISSIONS



These metrics were subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC') for the year ended 31 December 2021. For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021' for assured metrics, see our Sustainability Report 2021.

1 Target verified by Science Based Targets initiative in line with ambition to limit climate change to 1.5°C from pre-industrial levels.

LEGO GREEN INSTRUCTIONS

Let's rebuild the world.

OFFER
EXPERIENCE

AGENCY
OGILVY, WARSAW

CLIENT
LEGO

In Poland over three quarters of energy still comes from coal and – according to *The Economist* – the country has the most polluted air in Europe. However, there is limited education in schools about climate change.

The LEGO Group believes children are the builders of the future and, as part of its global 'Rebuild the World' positioning, it enlisted Ogilvy to create a local expression of this ambition, aimed at Poland's growing younger population.

'Green Instructions' show how to use the same bricks to rebuild existing LEGO® sets into greener versions, reflecting a more sustainable future. These instructions help turn cars into bicycles or scooters, planes into electric trains and coal mines into electricity-generating windmills. All with the aim of educating the next generation about a brighter future.

'Green Instructions' were distributed in all LEGO® stores in Poland (printed on recycled paper) with digital versions downloadable from www.greeninstructions.com.

During the global lockdown, the campaign moved to online video lessons, led by a well-known Polish teacher. Soon teachers from all over the country discovered them and started using them in their own classrooms.



723
schools downloaded the video lessons

100%
positive reaction from over 23,000 comments posted by parents

Awards
One Show, Green Pencil
D&AD, Graphite Pencil
Cannes Lions, Bronze

2m+
impressions in the first two weeks of launch

CLIENTS

The work we do for our clients reaches billions of people each year, presenting our greatest opportunity to create positive change.

WORK WITH IMPACT

We continue to strengthen our offer to ensure we can provide our clients with the latest technology alongside the creativity and sustainability expertise they need to deliver against their own sustainability ambitions.

To train and equip our client leads, this year we launched a Sustainability Playbook to showcase the diversity of our sustainability capability and innovative work. Our Inclusive Marketing Playbook and resource library embeds inclusive marketing principles in everything we do, and our Diversity Review Panel provides a forum to escalate and address concerns around potentially offensive or culturally insensitive work.

GroupM's Media Inclusion Initiative, launched in 2021, aims to direct investment in, and create opportunities for, diverse media companies and content creators with an initial focus on Black-owned media.

We continue to invest in virtual production to reduce emissions, partnering with Microsoft to launch Cloud Studio, an innovative cloud platform that allows creative teams from across WPP's global network to produce campaigns for clients from any location around the world.

Find out more about virtual production on page 5

To help our leaders develop the knowledge and skills to lead in the age of artificial intelligence, this year we launched an executive diploma in Artificial Intelligence in Business at the University of Oxford Saïd Business School.

ACTING ETHICALLY AND WITH INTEGRITY

The work we do for our clients is powerful – it regularly changes attitudes, opinions and the way people behave. As it is critical that these changes are for the better, we are committed to acting ethically in all aspects of our business and to maintaining the highest standards of honesty and integrity. All the advice we provide to our clients and the content we produce for them must meet rigorous standards and we will not undertake work which is intended or designed to mislead or deceive.

We work hard to maintain strong compliance in areas such as ethics, human rights, privacy and data security. All of this is covered in our Code of Business Conduct and in our mandatory annual ethics training.

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. In 2022, we will launch further training and resources specifically to help our people appropriately manage and communicate environmental claims in their work.

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.

ETHICAL DECISIONS IN OUR WORK

We believe that clients have the right to communicate their views and market their products and services, provided doing so is lawful and complies with all applicable regulations and standards.

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 mandatory How We Behave training, which all staff (including freelancers working for more than four weeks) are required to complete on joining and then annually.

Our agencies 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 88).

For more examples of our client work to address social and environmental issues, download our Sustainability Report 2021 from wpp.com/sustainabilityreport2021



ULTIMATE SAFETY TEST

Volvo Cars placing sustainability at the heart of its brands.

OFFER
COMMUNICATIONS

AGENCY
GREY, LONDON

CLIENT
VOLVO

A leader in automotive safety for decades, Volvo Cars is broadening its focus to sustainability and its commitment to climate neutrality and electric vehicles.

By 2040, with aims to become a fully climate-neutral company across its value chain and, by 2030, it plans to become a fully electric car company.

To announce the news, Grey created the 'Ultimate Safety Test' campaign, devised to reflect the company's commitment to climate neutrality and electrification.

In the new film, a spokesperson takes viewers on a tour of Volvo's safety tests over the decades. During one of these tests in the Arctic Circle, a collapsing glacier becomes a stark reminder that the biggest threat to our safety isn't on the road, it's climate change.

2.3bn
media impressions

Awards
Cannes Lions, Silver
Ad Age, Top 30 Ads of the Year

COMMUNITIES

We aim to use the power of our creativity and voice to support healthy and vibrant communities.

We can help boost the impact of charities and non-governmental organisations (NGOs) to support progress toward the UN Sustainable Development Goals 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.

GIVING CREATIVITY BACK AT SCALE

We encourage our people to use their creativity and expertise to support the local causes they are passionate about, from the arts to conservation, health and human rights. At the same time, WPP is proud to partner with the United Nations, including the World Health Organization (WHO) and UN Women, to provide our skills in creativity, communications, data and technology to help effect positive change for society.

During the pandemic, WPP 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 partnered with the WHO and WHO Foundation on a pro bono basis, tailoring public health messages through made-for-market campaigns which reached tens of millions of people across 167 countries in more than 20 languages. We continue to support the WHO Foundation with their vaccine fundraising initiative.

RACIAL EQUITY PROGRAMME

In 2021 we allocated $9.3 million in inclusion programmes, investing $5.9 million and committing a further $3.4 million, as part of WPP's commitment to invest $30m over three years to use the power of creativity to build more equitable futures for our people and communities impacted by racism.

Read more about our Racial Equity Programme and the projects we fund in the Communities section of our Sustainability Report 2021

WHAT WE GAVE IN 2021

Our pro bono work was worth £7.6 million (2020: £12.6 million), for clients including UN Women and the World Health Organization. We also made cash donations to charities of £4.8 million (2020: £4.3 million).

During the year WPP matched employee donations to a number of causes including our India Covid Relief Fund, Go Give One Campaign and Racial Equity Donation Match Programme.

Our pro bono work, combined with cash donations, resulted in a total social investment of £12.4 million (2020: £16.9 million), equivalent to 0.9% of headline profit before tax (2020: 1.6%).

WPP media agencies negotiated free media space worth £17.3 million on behalf of pro bono clients (2020: £59.3 million). Our total social contribution, taking into account cash donations, pro bono work, in kind contributions and free media space, was £41.0 million (2020: £76.2 million), a decrease versus 2020 as investments, particularly in free media space, returned to pre-pandemic levels.

VOLUNTEERING

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

Our agencies provide volunteering opportunities for our employees. For example, to mark its Foundation Day, VMLY&R ceased normal business operations for a day in September to give more than 12,000 employees around the world the opportunity to support their choice of 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.

We have conducted research to quantify this wider impact. Our most recent analysis shows that in 2021 our pro bono work created wider social benefits worth £110 million (2020: £108 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 2021 were worth an estimated £257 million (2020: £649 million).

Read our Quantifying our Impacts report, see more examples of our pro bono work and learn more about our Racial Equity Programme in our Sustainability Report 2021

SANTANDER BANK ELA

The first Women's Day celebration in the form of a credit programme.

OFFER
COMMERCE

AGENCY
VMLY&R, SÃO PAULO

CLIENT
SANTANDER BANK

Santander Bank is committed to diversity, equity and inclusion, and asked VMLY&R for a campaign in honour of Women's Day. But the agency's research showed that women didn't want a campaign at all. What they wanted was greater opportunities, more jobs, equal payment and respect in and out of the workplace.

So, instead of ads, VMLY&R took the entire $250 million budget and created a financial product: a new line of credit for microentrepreneurs – exclusively for women. VMLY&R assessed Santander's clients' data and that of millions of potential clients, focusing on the 25% of Brazilian women earning less than US$85 a month, cross-referencing global data on gender (women) and location (low-income areas). From the insights gained, the target group were sent simple text messages, reinforced by communications within Santander's branches.

The initiative also featured in a series of debates streamed live on social media, with the CEOs from some of Brazil's biggest ecommerce businesses and banks taking part. The results were impressive: all available funds were lent within a week; there was widespread media coverage; and the World Bank was so impressed, it asked to become a partner in the project for the following year.

100,000
women joined Santander Ela on the launch date

44%
of borrowers from the bank were women after the campaign (20% previously)

Awards

Cannes Lions, Bronze
Effie Brazil, Bronze







TRANSPARENCY AND TRUST

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

OUR CODE OF BUSINESS CONDUCT

Our policy framework and training set clear ethical standards for our people and agencies. We want to embed a culture of integrity and transparency where our people make the right decisions automatically and instinctively.

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, legally and with integrity.

It is underpinned by more detailed policies on topics including anti-bribery and corruption (ABC), hospitality and gifts, facilitation payments, the use of third-party advisors, human rights and sustainability. In October 2021, we refreshed the WPP ABC policy and Advisor Payment Policy and produced a Business Integrity Booklet on ABC to reflect updated processes around managing ABC risk and provide additional guidance to our people. In January 2022, we updated the WPP sustainability policy and introduced a new environmental policy to reflect our climate commitments.

Our people are required to take our online ethics training promptly upon joining and then on an annual basis thereafter. Topics include diversity, human rights, conflicts of interest and avoiding misleading work. In 2021, more than 100,000 employees, freelancers and contractors 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 Business Conduct is making sure that our people have the confidence to speak up and know how to raise concerns through various channels without fear of retaliation. Our approach to this is described under Whistleblowing on page 90.

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 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 business integrity team within our legal function 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 mandatory 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 2021, a total of 494 reports were received from whistleblowers (2020: 418), 333 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. All reports were followed up, investigated where appropriate by our business integrity team, and reported to the Audit Committee (see page 90).

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 on page 88 and Business Integrity Programme on page 89, 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 & Sard Verbinnen & Co, 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 mandatory 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's legal function 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.

BCW and Finsbury Glover Hering also maintain political action committees (PACs) which accept voluntary donations from their people to support political candidates. In 2021, these PACs made disbursements worth $129,386 (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 including climate change, for example at COP26 in Glasgow. We also advocate 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 non-executive director 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 the WPP level, our memberships include: 30% Club, the American Benefits Council, BritishAmerican Business Inc., Business Disability Forum, CBI, China Britain Business Council, Institute of Business Ethics, the Northeast Business Group on Health, Partnership for Global LGBTI Equality, 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.

SUPPLY NETWORK



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

The wide range of services we offer and our organisational structure means we have a complex and dynamic supply chain ecosystem to manage. We work with over 75,000 companies across our supply network.

Our suppliers fall into two main categories: those providing goods and services used to run our companies – such as IT, travel, telecommunications, professional services and facilities; and those used in client work – such as advertising, production and market research.

RISK ASSESSMENT

We assess supply chain risk based on country, industry and procurement category. This is then combined with a supplier-specific questionnaire covering governance, compliance, sustainability, human rights and labour standards.

SUPPLIER SELECTION

During supplier selection and before WPP enters into a commercial agreement, the procurement team ensures potential suppliers sign WPP's Business Code of Conduct – Supplier Version, confirming they will comply with our standards or demonstrate that they have the equivalent standards in place. These standards include 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) and 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.

Suppliers are also required to complete a self-assessment questionnaire which includes specific questions on modern slavery (see 'Modern Slavery', right). Any issues raised from the responses are flagged to the relevant WPP team for further investigation.

As part of the supplier onboarding process, we include a right-to-audit provision in the supplier documentation where appropriate.

SUPPLIER DIVERSITY

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

Our Supplier Diversity Programme encourages WPP and our agencies to buy from CDS. Through the Global Supplier Diversity Alliance, with memberships in Australia, the UK and the United States, we have access to global directories of CDS, so we can actively search and include them in our RFPs and client tender responses. We can also access best practice so diverse suppliers not only win contracts but also thrive in our ecosystem. In 2021, through the UK chapter, MSDUK, we sponsored the UK's first accelerator programme to help minority-owned businesses become supply-chain ready.

Learn more about the accelerator programme in the Responsible Business section of our Sustainability Report 2021

HUMAN RIGHTS

Respect for human rights is a fundamental principle for WPP. In our business activities we aim to prevent, identify and address negative impacts on human rights and we look for opportunities to promote and support human rights, including children's rights, through our business activities and in areas such as our pro bono work.

WPP companies must comply with our Human Rights Policy Statement which 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 mandatory ethics training completed on joining and then annually by all employees.

We work with clients to manage any human rights risks from marketing campaigns, for example by protecting children's rights in relation to marketing (see page 79). WPP agencies 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. Our global Supplier Agreement includes a specific clause relating to modern slavery compliance. WPP reserves the right to terminate its contract with any supplier found to breach or fail to comply with any legislation relating to modern slavery.

As part of our due diligence process, suppliers are required to complete a self-assessment questionnaire which includes specific questions on modern slavery. Any issues raised from the responses are flagged to the relevant WPP team for further investigation.

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

[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.

DATA: PRIVACY, SECURITY AND ETHICS

The rise in privacy and data regulation around the world reflects consumer demand to put the interests of the individual at the heart of considerations around data usage. WPP demonstrates, through its expertise and direct engagement, that we are a trusted partner for our clients, suppliers and associates.

Our policies and governance ensure we are well placed to respond to new regulation, including the introduction of new laws in China, the United States and the Middle East, among others. 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.

CLIENTS

Interest and engagement from our clients continues to grow 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.

We recognise our clients' focus on the increasing importance of first-party data and data access and variety rather than acquisition at volume. In April 2021 we launched Choreograph, our new data products business, which epitomises our data philosophy: that clients should own their own data to future-proof their businesses. Choreograph plays a critical role in navigating the privacy and compliance landscape, giving clients control and ownership of their first-party data.

DATA ETHICS

Data ethics continues to be a focus for WPP. In 2021, we further developed the WPP Data Ethics Statement and Artificial Intelligence (AI) Statement into full policies outlining to our people, clients and stakeholders the foundations of our ethical data processing.

In 2021, GroupM – WPP's media investment group – launched the industry's first tool to operationalise data ethics. The Data Ethics Compass is a global web app which allows advertisers to quickly and consistently evaluate the ethical risk level of data assets and decisions.

DIVERSITY, EQUITY AND INCLUSION

WPP is committed to diversity, equity and inclusion in our business, supply chains and client work. Increasingly, clients ask us to demonstrate our people are from diverse backgrounds and representative of their own customers. We are working to continually improve how we measure performance. 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. We also want to play our part in developing industry standards.

For information on diversity data, see the People section of our Sustainability Report 2021

GOVERNANCE, POLICIES AND TRAINING

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.

The WPP Risk 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 is pivotal in our approach to our own and our clients' data, as well as contributing to our overall strategy. Co-chaired by WPP's Chief Privacy Officer and Chief Information Officer, members represent the security, technology and data leadership.

The WPP Data Privacy and Security 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). The Charter was updated in 2021 to include the WPP AI and Data Ethics policies.

All new and current employees, as well as consultants, are required to complete our Safer Data training, which covers data protection and privacy. The training is refreshed annually and is updated in line with privacy regulations. 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 (2020: 1.6), where five is the maximum score possible and indicates maximum risk.

AI, MACHINE LEARNING AND DATA

The privacy, data protection and security teams work closely with the technology team facilitating both strategic and compliance alignment particularly for the development of client-focused data services.

We are developing skilled, knowledgeable teams with an understanding of the centrality of data to our business. In 2021, there were 10,000 course enrolments through the WPP AI Academy. Our Demystify AI training was awarded Data IQ best data literacy programme.

In 2021 we launched a new WPP Data and AI Ethics Hub to share our ethical guidelines and principles across WPP. The hub features a new WPP Ethics Guidelines Tool, which offers practical advice to ensure that all work conforms to WPP guidance on transparency, fairness, respect and accountability.

We encourage a culture of curiosity and sharing. In 2021, we held over 40 webinars through our Data and AI Community, and grew the community in Asia Pacific.

OUR APPROACH TO SUSTAINABILITY

EMBEDDING SUSTAINABILITY IN OUR COMPANIES

WPP sets sustainability policy, with every agency responsible for implementation.

The Board is responsible for the overall long-term success of WPP and for setting the Company's purpose, values and culture and strategic direction, including on sustainability.

The Sustainability Committee supports the Board in its oversight of corporate responsibility, sustainability and reputational matters. It reviews and monitors implementation of the Company's sustainability strategy and reviews policy statements on environmental and social matters. The Committee meets a minimum of four times a year (see page 131).

The WPP Executive Committee sets the sustainability strategy and oversees the approach across agencies in its implementation, ensuring consistent execution and embedding the Company's culture and values. The Global Sustainability Director has operational responsibility for sustainability.

We have a clear policy framework through our Code of Business Conduct, Sustainability Policy (updated in February 2022), Supplier Code of Business Conduct, Data Privacy and Security Charter, Human Rights Policy Statement and other policies included in the WPP Policy Book. Our operating companies are required to comply with sustainability policy and report performance to WPP on an annual basis.

In 2021, we launched a new sustainability strategy aligned with our purpose (page 70) and set science-based carbon-reduction targets for the Company (page 76). Our internal sustainability advisors work to ensure consistent implementation of our standards.

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 79). Information on employee engagement is on page 73. In April 2021 we launched WPP's net zero commitments at a global townhall hosted by CEO Mark Read. During the year, agencies including GroupM, Hogarth and Landor & Fitch have developed training and tools to equip our people with knowledge around the science of climate change and give them practical tools with which to respond. This remains a priority in 2022.

INVESTOR ENGAGEMENT

We believe the more we behave in line with our purpose, the better our business will perform, thereby maximising shareholder return. We regularly engage with investors on ESG topics and in June we held our first investor ESG presentation.

Our involvement with investors, rating agencies and benchmarking organisations on sustainability during 2021 included: Bloomberg Gender-Equality Index; EcoVadis; Ethibel; Vigeo Eiris; FTSE Russell; Human Rights Campaign Foundation's Corporate Equality Index; MSCI Research Inc.; Sustainalytics; and Thomson Reuters D&I Index. We are included in the FTSE4Good Index and participate in the CDP climate change benchmark, receiving a rating of A- in 2021.

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 stakeholders.

Our first formal materiality assessment in 2014 included interviews with clients, investors, NGOs and sustainable business experts, as well as with senior executives across WPP. We periodically repeat a formal materiality assessment, most recently in 2020, to reflect our new corporate strategy and changing stakeholder priorities (see Sustainability Report 2021).

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 Sustainability Report 2021.

ABOUT OUR REPORTING

Data included in this Annual Report is for the calendar year 2021 and covers all subsidiaries of the Company. The selected ESG performance metrics marked with the symbol ◠ throughout this report have been subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC') for the year ending 31 December 2021 in accordance with International Standard on Assurance Engagements 3000 (revised) and in respect of GHG emissions data, International Standard on Assurance Engagements 3410, issued by the International Auditing and Assurance Standards Board. A copy of PwC's report and our methodology is on our website wpp.com/sustainabilityreport2021.

The majority of our data is collated locally, and a common challenge is reconciling inconsistencies in calculations and data capture. This prevented us from obtaining independent limited assurance over certain metrics including waste and health and safety data. We aim to include these in scope for assurance in the future. For further information on data quality, see page 77.

NON-FINANCIAL INFORMATION STATEMENT

This section provides information required by regulation in relation to:

- environmental matters (page 76) and TCFD statement (pages 214-216);
- our people (pages 52 and 53, and 72-74);
- social matters (page 81);
- human rights (page 85); and corruption and bribery (page 90).

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

- business model (page 16);
- principal risks and how they are managed (from page 93);
- non-financial key performance indicators (page 58).

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.

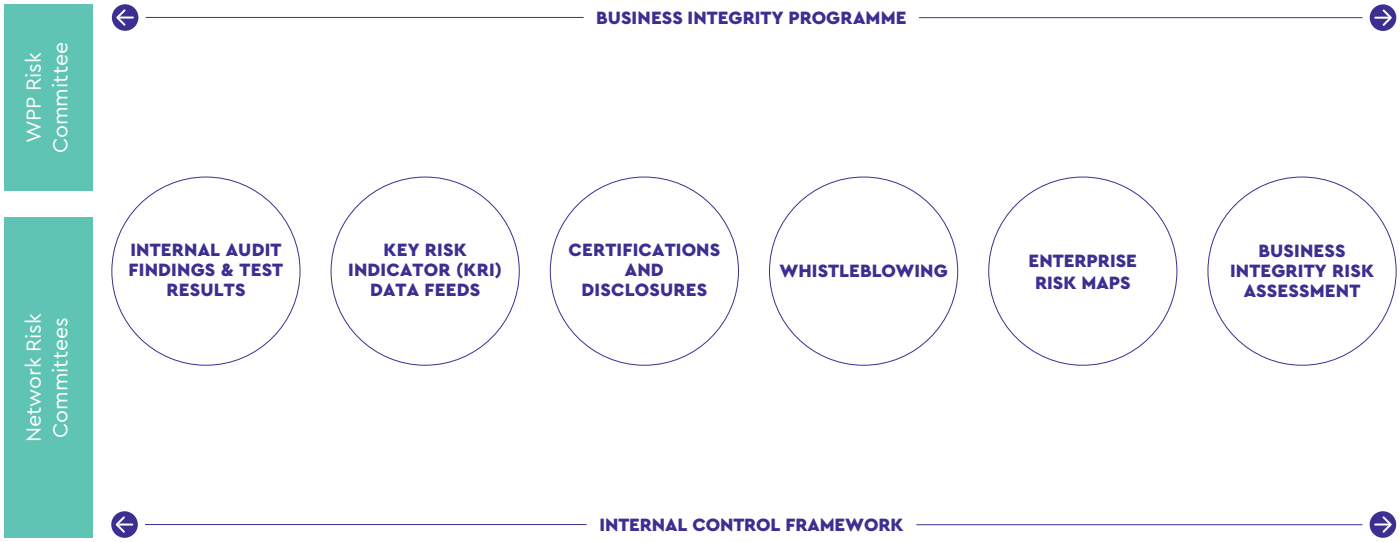
RISK GOVERNANCE FRAMEWORK

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 is proactively identifying (including through risk assessments and horizon scanning) and understanding the current, new, evolving and emerging 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. We also have 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 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



BUSINESS INTEGRITY PROGRAMME

Our business integrity programme is central 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 team, sitting within WPP's legal 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), proactive 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 controls 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 comprises five modules: How We Behave, Business Integrity, Safer Data, Sustainability and Belonging. In addition, WPP's business integrity team organises in-person and 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 team 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 team 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
Enterprise risk maps

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 and approvals needed in the limited cases where advisors may be used. In October 2021, we refreshed the WPP ABC Policy and Advisor Payment Policy and produced a Business Integrity Booklet on ABC to reflect updated processes around managing ABC risk and provide additional guidance to our people.

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 (in particular, the business integrity team) and risk and controls functions. Breaches are investigated by our business integrity team sitting within WPP's legal function and, where appropriate, external advisors.

WPP's business integrity team 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 reinforced, as noted above, by the WPP Risk Committee.

WHISTLEBLOWING

WPP's Code of Business Conduct sets out our responsibilities to our people, partners and shareholders to act ethically and legally. We want to encourage a culture of integrity and transparency where our people make the right decisions automatically and instinctively.

Part of this culture is making sure that our people have confidence and know how to speak up and raise concerns with their managers or supporting teams, through their employee forums, WPP's business integrity team or by calling our Right to Speak hotline (which is confidential and allows for anonymity) if they experience or hear about behaviour which is at odds with the principles stated in our Code.

WPP is continuously reviewing these channels to ensure that our people have options that work and with which they are comfortable. As a result, in 2021, WPP moved to a new Right to Speak supplier and refreshed all Right to Speak literature and communications focusing in particular on explaining what happens once people have reported and emphasising the importance of speaking up and WPP's zero tolerance policy on retaliation.

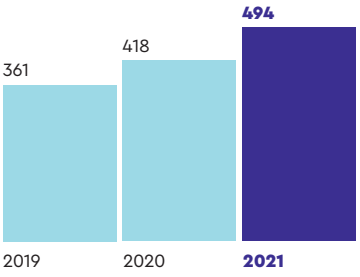
There has been a steady increase in the number of reports received from whistleblowers over the past few years. Every report received is investigated and reported into the Audit Committee by WPP's business integrity function. In 2021, a total of 494 reports were received from whistleblowers, 333 of which 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 2021

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 team 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.

TOTAL NUMBER OF REPORTS FROM WHISTLEBLOWERS



RISK IMPACT FROM WHISTLEBLOWER REPORTS

%



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.

RISK MANAGEMENT

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

1. COMPANY REVIEWS

Each network 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 to compile it into reporting and insights for the WPP Risk Committee and executive management.

2. EXECUTIVE MANAGEMENT REVIEWS

The network 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 team, has evolved our enterprise-wide risk management process through the design and build of a risk analytics platform which sits over data feeds and alongside refreshed risk appetite statements and tolerances and incorporates our internal risk management framework including around policies, controls and reporting (whether through disclosures, monitoring, audit work, investigation work or internal reporting processes). The resulting dashboard analysis allows 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 addition, the Risk and Controls Group remains focused on driving continuous improvement in WPP's internal control environment, looking at 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	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Functions that own and manage risk	Functions that oversee or specialise in risk management and business integrity	Functions that provide independent assurance, above all internal audit

VIABILITY STATEMENT

RISK ASSESSMENT

ASSESSMENT OF PROSPECTS

An understanding of the Group's business model and strategy detailed on pages 16 and 28 is central to understanding its prospects.

The Group's business model, transformation programme and diversification across marketing services businesses which operate in 112 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 2021 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 ongoing impact of the Covid-19 pandemic across all of the countries in which we operate which also accelerated changes in our sector and the economic and geopolitical impacts of the Russian invasion of Ukraine, which are constantly evolving. 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 any new variants 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 as a consequence of the Covid-19 pandemic and the economic and geopolitical impacts of the Russian invasion of Ukraine, which are constantly evolving;
- 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 the Russian invasion of Ukraine and sanctions response from governments has been considered. 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 2021, followed by growth at previously expected levels from 2023 to 2025. Therefore, this modelling does not include a faster recovery in the years following a serious decline, as has typically been witnessed in past. 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, including cost mitigations of 70% of the decline in net sales and the suspension of the share buyback programme and dividend. 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 2022.

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 63-67 and Principal Risks and Uncertainties on pages 93-99. 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 2021, 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 impact of the Russian invasion of Ukraine and sanctions response from governments has been considered. The Company modelled a range of revenue less pass-through cost declines up to 30% compared with the year ended 31 December 2021. 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 2021 and up to the date of this report including any adverse effects of the Covid-19 pandemic and the geopolitical situation following the Russian invasion of Ukraine 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 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, any existing or new variants, 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 any new variants 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 sustained 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 sustained 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 pandemic and the economic and geopolitical consequences of the invasion of Ukraine by Russia. 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 pandemic and the economic and geopolitical consequences of the invasion of Ukraine by Russia on the Group's operations, people, clients and financial condition. The 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. Client loss to competitors or as a consequence of client consolidation, insolvency or a reduction in marketing budgets due to recessionary economic conditions triggered by the pandemic, the invasion of Ukraine by Russia, or a geopolitical change or 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 more traditional services and operators in our sector is being challenged. Competitors include multinational advertising and marketing communication groups, marketing services companies, database marketing information and measurement 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 pandemic and the geopolitical and economic consequences of the invasion of Ukraine and imposition of sanctions. 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 reduction in the number of legal entities in the Group as part of an ongoing programme and the disposal of non-core minority holdings. Launch of further campus co-locations including in London, Warsaw and Milan. 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. Team focused on culture, diversity and inclusion across the Group and the WPP Global Inclusion Council 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 17% of revenue less pass-through costs in the year ended 31 December 2021. 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 co-operation 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 are identified in emergency and planned scenarios. The Compensation Committee provides 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. The Group has in the past and may in the future experience a cyber-attack which results 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. The imposition of sanctions following the Russian invasion of Ukraine has triggered an increase in cyber attacks generally.	The IT transformation programmes are underpinning 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 the geopolitical situation and an increased focus on our control environment.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
FINANCIAL RISKS		
ECONOMIC AND CREDIT RISK Economic conditions have a direct impact on our business, results of operations and financial position. Adverse economic conditions, including those caused by the pandemic, invasion of Ukraine by Russia, severe and sustained inflation in key markets where we operate, supply chain issues affecting the distribution of our clients' products and/or disruption in credit markets, pose a risk our clients may reduce, suspend or cancel spend with us or be unable to satisfy obligations. 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 and as a consequence of the invasion of Ukraine by Russia.
INTERNAL CONTROLS Our performance could be adversely impacted if we failed to ensure adequate internal control procedures are in place. We have previously identified material weaknesses in our internal control over financial reporting. If we failed to properly remediate these material weaknesses or new material weaknesses are identified, they 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 previously 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). We implemented remedial measures during 2021 and believe that we have remediated each of these material weaknesses such that our internal control over financial reporting is effective as at 31 December 2021.	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. In 2021, our new controls function continued to review and enhance controls across the Group, under the direction of our Global Director of Risk and Controls. As part of this effort, we significantly enhanced the staffing, capabilities and resources of our technical accounting function, which supported the retrospective review efforts and will continue to provide ongoing support in regards to complex accounting matters and judgment and changes in accounting standards. Management is committed to maintaining a strong internal control environment, with appropriate oversight from our Audit Committee. We have made significant enhancements to our controls through the implementation of the remediation and continue to evaluate further opportunities to improve our control environment. 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.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
INTERNAL CONTROLS CONTINUED	If the remedial measures were ultimately 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.	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 performed a comprehensive retrospective review of our controls and procedures and implemented 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.
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: – The Group has in the past and may in the future experience a system breakdown or intrusion that 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, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, and 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. Bi-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 has previously and 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, the UK and other jurisdictions that impose sanctions and regulate the supply of services to certain countries. The Russian invasion of Ukraine has caused the adoption of comprehensive sanctions by, among others, the EU, the United States and the UK, which restrict a wide range of trade and financial dealings with Russia and Russian persons.	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. Executive Committee briefed and working with WPP legal to ensure compliance with escalating sanctions as a consequence of the Russian invasion of Ukraine. We have taken a number of actions as a consequence of the invasion. We have announced the discontinuance of our operations in Russia and ensured compliance with all sanctions as they impact any clients, suppliers or financial arrangements.

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 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 client briefs perceived to be environmentally detrimental and/or misrepresenting environmental claims.	As consumer consciousness around climate change rises, our sector is seeing increased scrutiny of its 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 energy 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 seeks to ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It is part of a broader sustainability training programme being run in multiple markets with localised content in key regions. We have developed internal tools to help our people identify environmentally harmful briefs. These tools 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 also ensure our policies reduce the risk that any client brief undermines the implementation of the Paris Agreement.
Changes in regulation and reporting standards.	We could be subject to increased costs to comply with potential future changes in environmental laws and regulations and increasing carbon offset pricing to meet our net zero commitments. Carbon emission accounting for marketing and media is in its infancy and methodologies continue to evolve. This is particularly the case for emissions associated with digital media.	We are developing a net zero roadmap to deliver against our net zero commitments and aim to disclose more details of that roadmap in 2023. As part of this plan and through our work to decarbonise media and media supply chains, we are exploring opportunities to improve accounting for emissions from media. As we seek to limit emissions we need to reduce the total footprint of any product or service as far as possible. To manage the cost and quality of carbon credits purchased to offset remaining emissions, WPP developed a new offsetting policy and is further developing our offsetting strategy as part of our net zero roadmap.



CELEBRATING AN INDUSTRY LEGEND

Jeremy Bullmore has been described by Campaign magazine as "quite possibly the most admired man in advertising". He has contributed an essay to WPP's Annual Report for over 20 years. Thank you, Jeremy.

I can take no credit for one of the best decisions WPP has ever made: to invite Jeremy Bullmore to serve as a Non-Executive Director between 1988 and 2004 and, later, to join the WPP Advisory Board.

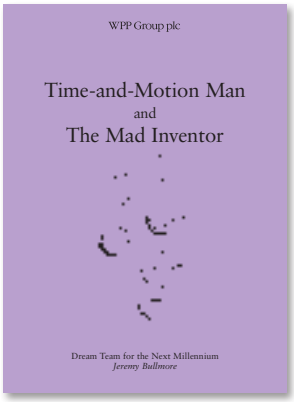
To mark Jeremy's retirement after almost 70 years with JWT and WPP I was going to write a particularly personal eulogy on the qualities that characterise every encounter with him: but the joys of Jeremy's counsel, wit and insight are widely famed. His ability to synthesise complex issues into actionable, entertaining advocacy represents our industry at its very best. And anyway, Jeremy is famously modest and has declined all our offers of public thanks.

Jeremy has displayed the value he brought to WPP in his essays for this Annual Report. Here I have selected words from the essays which resonate and delight as much in 2022 as when they were written. They serve as a reminder of what is changing and what will always be true, however our role and expertise evolve.

With wide industry support, we are launching a Best of Bullmore public online archive later this year. Visitors will be able to access both the WPP essays and a treasure trove of Jeremy's books, journalism, agony uncle columns, speeches, advertisements and more.

Mark Read
Chief Executive Officer

Read all of Jeremy's essays here: wpp.com/the-bullmore-collection



1998

TIME-AND-MOTION MAN AND THE MAD INVENTOR

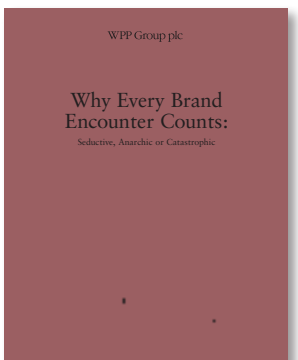
"Where once there was an industrial age, and then an information age, we're now well into the age of the imagination: an age where the price and availability of knowledge and technology may favour the small over the large; the innocent over the experienced; the bold over the cautious; the inventive (and frequently wrong) over percentage-playing consolidators. An age where something called intellectual capital can make a nonsense of conventional balance sheets.

"As business learns to compete in the new creative age, the efficient exploitation of the imagination will be as critical to success as the exploitation of coal once was."

1999

WHY EVERY BRAND ENCOUNTER COUNTS: SEDUCTIVE, ANARCHIC OR CATASTROPHIC

"If we successfully traced and identified every encounter that had contributed over time to that brain's view of that brand, the resultant three-dimensional map would be like a huge bowl of multi-coloured spaghetti: as if we believe that only conventional communications will be noted by our publics and that all other encounters will be screened out. But no manifestation of a brand is ever ignored; and all will make some contribution, positive or negative, to that brand's reputation."



2001

POSH SPICE & PERSIL – BOTH BIG BRANDS; BOTH ALIVE; AND BOTH BELONGING TO THE PUBLIC

"It was very astute of the young Posh Spice to choose not Robbie Williams nor Sir Cliff Richard nor Madonna as her benchmark of fame but the country's best-known washing powder. Because just about the only thing that successful brands have in common is a kind of fame. Indeed, it's been suggested that brands are the real celebrities. And for most human beings, fame not only holds a powerful fascination but bestows an incalculable value on anything that enjoys it. We value the famous far more highly than the little known. It is one of the peculiarities of fame – whether for people or products – that real fame appears to be spectacularly untargeted.

"Victoria Beckham is one such example. So is Madonna. Real fame implies being known to millions of people who have never bought your records and never will. Stephen Hawking is known to millions of people who will never understand a word he writes; and to 10 times as many who will never even try to.

"To the consternation of media planners and buyers in advertising agencies, the same is true for brands."





2008

"I'M SORRY – YOU'VE LOST ME": FIVE WORDS NO BRAND SHOULD EVER HAVE TO HEAR

"We'll probably look back on this time and realise that 'old' media and 'new' media had more in common than we realised and that 'digital' was a curious word to have emerged as the name for a form of mass communication that gets closer to conversation than anything before it.

"It won't be tidy. But there really shouldn't be any excuses, during recessionary times or not, for brands to lose their followers through becoming too remote."

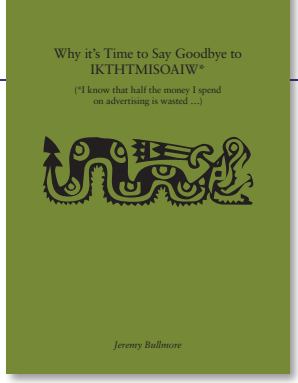
2011

PLONK AND PLACEBOS: THE CURIOUS TRUTH ABOUT STRONG BRANDS; AND WHY PEOPLE ARE RIGHT TO PREFER THEM

"A fancy label on a wine bottle won't make plonk acceptable. Bad stuff will always be bad stuff, however prettily presented. But wine that's known to have come from a French château will actually give more pleasure to most drinkers than will exactly the same wine poured from an anonymous bottle.

"Nobody's been deceived or duped; at little or no extra cost, more enjoyment has been delivered. For everyone in marketing, and particularly in marketing communications, all this clearly has huge implications; half-understood, perhaps, but strangely under-recognised.

"A brand is not just a product with lipstick on. A strong brand delivers a set of satisfactions as intertwined and interdependent as if they'd been whirled around together in a kitchen blender."



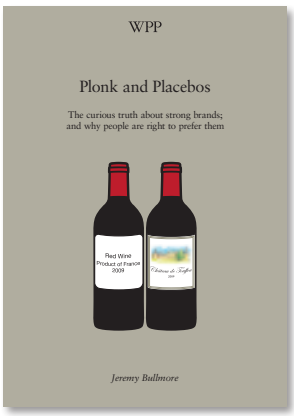
2013

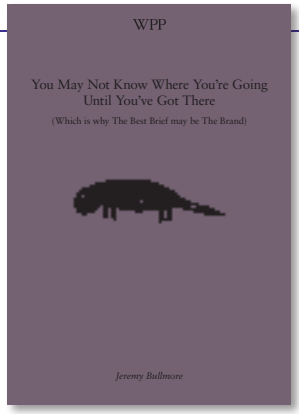
WHY IT'S TIME TO SAY GOODBYE TO IKTHTMISOAIW (AS IN: "I KNOW THAT HALF THE MONEY I SPEND ON ADVERTISING IS WASTED...")

"Since IKTHTMISOAIW was first uttered (or not, as the case may be) the value of advertising has been put to the test, over and over again, in good times and bad, and its use continues. No advertiser spends money on advertising unthinkingly: it either earns its keep or it gets the elbow. If advertisers were offered the chance to be just as successful without it, they'd snatch at it.

"It must surely also be true that the unthinking parroting of IKTHTMISOAIW over the years must, at some level of consciousness, have deterred competitive enterprises – whether brands, financial institutions or charities – from making more profitable use of this invigorating activity. And there must be many smaller companies, the ones on whom even large national economies depend, who could have been even more successful had they not been almost unconsciously discouraged from using advertising by nothing more than unfounded superstition.

"It's probably too much to hope that IKTHTMISOAIW will ever meet the oblivion it deserves; but if we all join in, we can maybe start to make its perpetuators feel as ignorant as they are."





2014

YOU MAY NOT KNOW WHERE YOU'RE GOING UNTIL YOU'VE GOT THERE (WHICH IS WHY THE BEST BRIEF MAY BE THE BRAND)

"If we start by being honest with ourselves, we should happily concede that just about everything we've ever done of real originality and merit has contained some element of apparent accident – whose use and value became explicably apparent only after its unexpected emergence."

2016

JUST BECAUSE YOU CAN DOESN'T MEAN YOU SHOULD: HOW "PERSONALISATION" CAN GET ALTOGETHER TOO PERSONAL FOR COMFORT

"We don't, on the whole, like pushy people; people who get too close at parties and who tell us that they really, really want to be best friends. And in much the same way, we won't respond well to pushy brands; brands that claim to understand us when they clearly don't. So brands shouldn't be seen to be making all the running. The skilful brand custodian imbues a brand with characteristics and character that are most likely to attract the attention of its clearly defined target audience – and then invites that audience to make that final, all-important connection themselves."

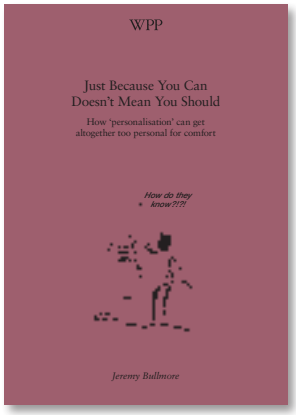


2020

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

"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.

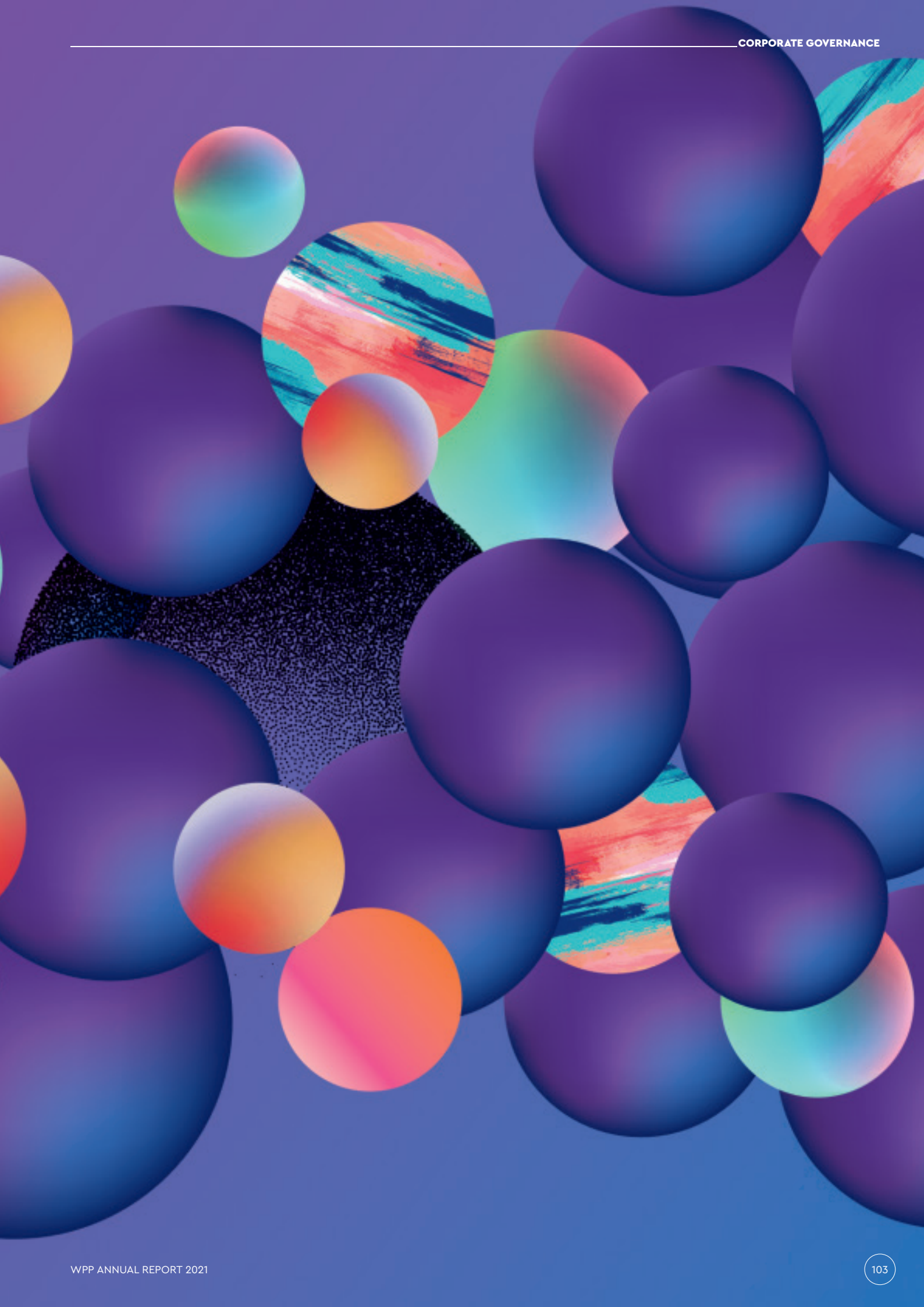
"For many brands, the year 2021 will need to be a year of repair; a year where communications are called upon to help compensate for the absence of direct experience. It will demand creative excellence of the highest order; communications that are so true to the personality of the brand that they come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



CORPORATE GOVERNANCE

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CHAIRMAN'S LETTER



"THE PROGRESS WE HAVE MADE IN THE LAST THREE YEARS HAS BEEN RECOGNISED BY MANY OF OUR LARGEST CLIENTS, WHO HAVE RENEWED AND EXPANDED THEIR RELATIONSHIPS WITH WPP AND OUR AGENCIES."

Since the end of 2021, the world has once again changed in ways we could not have anticipated.

The 2021 Annual Report by definition relates primarily to events that took place before the invasion of Ukraine. However, I want to acknowledge the enormous impact this crisis has had on our people, above all our colleagues in Ukraine who are facing appalling circumstances with extraordinary resilience.

As Mark says at the beginning of this report, the response of our people has been truly inspiring – from the spontaneous offers of support from colleagues in countries neighbouring Ukraine to the generosity of employees worldwide in donating to our UNHCR appeal. You can read more about this and the Company's wider response on page 8.

2021

Against the backdrop of the ongoing pandemic, in 2021 WPP demonstrated both its enduring strengths and its capacity to innovate.

Our financial performance over the year reflects the talent and broad expertise of our people, the durability of our client relationships, the resilience of WPP's business model and the long-term sustainability of the Company.

It also reflects the success of the strategy first announced in December 2018, which has set a clear vision and purpose for the Company, modernised its offer to clients, reinvigorated its culture, simplified its structure and returned WPP to growth.

The progress we have made in the last three years has been recognised by many of our largest clients, who have renewed and expanded their relationships with WPP and our agencies. WPP's longstanding reputation as a leader in advertising has grown to encompass all the capabilities modern marketers need to succeed, from data and technology to ecommerce and experience.

The Company has also made good progress against the strategic priorities outlined at the 'Accelerating Growth' Capital Markets Day in December 2020. We remain on track to deliver on our medium-term financial targets, and our dividend policy continues to be to grow the dividend annually and to pay out approximately 40% of headline earnings per share.

A CONNECTED COMPANY

The scale and breadth of our client and partner relationships, our presence in more than 100 countries and our understanding of consumer behaviour globally mean that WPP is in the privileged position of being directly and uniquely connected to many of the trends, issues and organisations shaping our world.

For example, during the year the Board held a strategy event in Palo Alto with members of the executive team. This provided an opportunity for the Board not only to consider the strategy and to align around the vision and prospects of the Company over the next three to five years, but also to meet key WPP technology partners based on the West Coast and to see our partner strategy in action.

Engagement at the most senior levels with the world's leading technology companies provided great insight into the evolving ecosystem in areas such as marketing technology, digital media, cloud, AI and creative production and other fields that will heavily influence the future of our industry and create opportunities for growth. WPP is the principal partner to these companies in our industry, which creates significant advantages in terms of exclusive and early access to new products and services on behalf of our clients.

WPP is also close to many of the pressing issues that we face as a society, from climate change and DE&I (diversity, equity and inclusion) to privacy and data ethics. What we do as a business and the judgements we make have real impact.

The Board and the leadership team are firmly committed to the ESG agenda. In April 2021 WPP announced an industry-leading commitment to achieve net zero carbon emissions across our value chain by 2030, supported by science-based targets, and in June we hosted our first ever ESG investor event. As the world leader in the buying of advertising space and production of advertising content, WPP has the potential to make a tangible difference and I am pleased with our progress and leadership position in this area.

While we still have work to do, the Company also made progress in DE&I. At the beginning of 2022 WPP was named in the Bloomberg Gender-Equality Index for the fourth consecutive year and was acknowledged as one of the best places to work for LGBTQ+ equality in the Corporate Equality Index.

We were pleased to be ranked in the top 10 for gender representation among senior leaders and at board level in the FTSE Women Leaders Review, and to have exceeded the Parker Review target on ethnic diversity. As at 31 December 2021, women represented 43% of the Board and three Directors were from an ethnic minority background. Our ambition for Board gender diversity remains to reach parity.

Our Sustainability Report and our Chief Executive's statement in this Annual Report outline our progress in these areas in greater detail.

BOARD COMPOSITION AND EFFECTIVENESS

There are a number of planned Non-Executive Director departures over the course of this year and next. Jacques Aigrain, our Audit Committee Chair, and Sally Susman will retire from the Board at the 2022 Annual General Meeting having completed their nine-year tenure. Nicole Seligman, our Senior Independent Director, will not stand for re-election at the 2023 AGM. On behalf of the Board, and personally, I would like to take the opportunity to acknowledge and thank Jacques and Sally for their significant and invaluable contribution to WPP, and service to the Board.

To ensure the Board has the necessary skills, experience and diversity to effectively support and review the Company's long-term strategy, we have continued to focus on succession planning and proactively reviewed our non-executive membership.

In January 2022, we announced the appointment of Simon Dingemans as a Non-Executive Director of the Company and member of the Audit Committee. We are delighted to welcome Simon to WPP. His insight from a varied and distinguished career, combining both operational and financial experience, will be invaluable to the Board.

Today, we have a strong Board and executive team, with the expertise, diversity and experience required to support the transformation and success of WPP.

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 the Committee Chairs can be found on the pages that follow.

And finally, as part of our ongoing assessment of Board effectiveness, Dr Tracy Long conducted an external Board evaluation exercise considering the performance of the Board and its Committees, the results of which are set out on page 120. I am pleased to report that the evaluation concluded that the Board and its Committees continue to operate effectively.

ENGAGING OUR STAKEHOLDERS

To remain relevant and grow sustainably, companies need to demonstrate their value to all stakeholders and be able to understand and respond to legitimate stakeholder concerns – while operating responsibly at all times.

One of the Board's fundamental duties is to appreciate the effect of the Company's activities on our different stakeholder groups and to take their interests and perspectives into account.

As we do every year, the Board received presentations from various leaders of WPP's agencies, which allows us to see and hear about their work first-hand, connects the Board to the operational level of the Company, and provides an opportunity to examine the strength of alignment across WPP.

The Board also continued to receive insights and feedback from the Company's employees through surveys and our designated workforce Non-Executive Director. Both channels are important in helping the Board to understand sentiment within the Company and highlighting areas we need to focus on to ensure we are meeting the needs of our people.

In addition, our Chief Executive Officer continued his internal communications programme which includes regular townhalls open to all employees. These sessions, which always incorporate a Q&A, attracted a total of approximately 44,000 attendees in 2021. CEO all-staff emails had more than a million unique opens during the year.

At our ESG event held in June investors and other key stakeholders heard about the Company's sustainability strategy and progress and had the chance to challenge and ask questions of the executive team. Investor engagement continued throughout the year as I, each of the Committee Chairs and the executive team met shareholders to discuss areas of strategic importance.

Finally, greater Board-level connectivity with our key clients was achieved through in-person or virtual engagements and through updates from our Global Client Leaders, including on WPP's client satisfaction scores.

MANAGING RISKS

To protect the interests of all our stakeholders, the Board identifies, monitors and analyses the risks facing the Company and the markets in which it operates on a continuous basis.

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 and broader aspects of the Company's transformation programme.

Our risk governance framework is set out on page 88 of this report.

The Board also conducted deep-dives on a range of ESG matters in the year, from the mitigation of the Company's climate impacts to consideration of key policies.

OUR PEOPLE AND CULTURE

WPP's purpose – to build better futures for our people, planet, clients and communities – sustains the Company's culture. How we bring that culture to life and fulfil our purpose starts with our people. During yet another uncertain year, they once again demonstrated their resilience, talent and creativity.

As well as meeting the challenges posed by the pandemic and exceeding the expectations of our clients, they continued to address broader societal issues through their work and participation in Company initiatives.

To continue to attract, retain and develop talented people like this, we need to be a place that offers modern, flexible working environments, listens to its employees, enables career growth, invests in learning, allows all our people to participate in our success, and fosters an inclusive culture that celebrates diversity and difference.

Our people strategy is a primary area of focus in 2022 both for the Board and the executive team. The Company's employees are ultimately those who will build those better futures for all our stakeholders and, on behalf of the Board, I thank each and every one of them.



Roberto Quarta
Chairman
31 March 2022

GOVERNANCE AT A GLANCE

HIGHLIGHTS



COMPLIANCE WITH THE CODE

During the year ended 31 December 2021, the Company was compliant with the provisions and principles of good governance contained in the 2018 UK Corporate Governance Code (the 'Code'), with the exception of provision 38 of the Code, where there are ongoing plans to align the CEO's pension with the wider workforce. For more detail see page 143. 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 is 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



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 in 2021 he was recognised as a HERoes Champion of Women in Business for the fourth consecutive year.

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. John is also an Independent Non-Executive Director of Grab Holdings Limited, a technology company listed on NASDAQ.

External appointments:
Member, The Prince's Advisory Council for Accounting for Sustainability; Member, Retail Sector Council; Independent Non-Executive Director, Grab Holdings Limited.

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.

COMMITTEE MEMBERSHIP KEY
- A Audit
- C Compensation
- N Nomination and Governance
- S Sustainability
- ● Committee Chair

NON-EXECUTIVE DIRECTOR TENURE AS AT 31 DECEMBER 2021



- 0-3 years **7**
- 3-6 years **1**
- 6-9 years **4**
- 9+ years **0**

GENDER AS AT 31 DECEMBER 2021



- Male **8**
- Female **6**

INDEPENDENT NON-EXECUTIVE DIRECTORS



ANGELA AHRENDTS DBE
NON-EXECUTIVE DIRECTOR

Appointed: 1 July 2020 (S) (N) **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)[1] (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; Non-Executive Director, Clearwater Analytics; Chairman, Singular SAU; Chairman, ACUTRONIC Holding AG.



SANDRINE DUFOUR
NON-EXECUTIVE DIRECTOR

Appointed: 3 February 2020 (A)[1] (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.

1 Sandrine will succeed Jacques as Audit Committee Chair on 1 April 2022.



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, Fintech and healthcare sectors.

Tarek is a graduate of the American University in Cairo, Faculty of Commerce and Finance.

External appointments:
Chairman and Co-Founder, GoPublic and Ponto-e.



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 Chair of the Rugby Football Union (RFU) 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, and an Honorary Fellow of Jesus College, Oxford and 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; Chair, Iternal Limited; Founder and Chair, African Gifted Foundation; Chair, the Rugby Football Union (RFU).



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 and 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 Royal Horticultural Society; Board Trustee, Leverhulme Trust.



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 to 2015, 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; Non-Executive Director, Standard Chartered plc; Non-Executive Director, Compagnie Financière Richemont SA; Visiting Fellow, Oxford University.



DR. YA-QIN ZHANG
NON-EXECUTIVE DIRECTOR

Appointed: 1 January 2021 (S) **Nationality:** American

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.



BALBIR KELLY-BISLA
COMPANY SECRETARY

Appointed: 27 April 2020

Skills and experience:
Balbir has significant governance experience across various roles in listed companies, 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



SIMON DINGEMANS
NON-EXECUTIVE DIRECTOR

Appointed: 31 January 2022 (A) **Nationality:** British

Skills and experience:
Simon has extensive business, capital markets, corporate finance and governance experience and is currently a Senior Advisor at global investment firm, The Carlyle Group.

Prior to joining Carlyle, Simon was Chief Financial Officer of GlaxoSmithKline plc and a member of the main board from 2011 to 2019. Prior to GSK, Simon worked in investment banking for 25 years at SG Warburg and then Goldman Sachs, where he was Managing Director and Partner for ten years as a leader of their European M&A business and Head of UK Investment Banking. Simon served as Non-Executive Chair of the Financial Reporting Council in 2019/2020 and previously also served as Chairman of the 100 Group. Simon has a master's degree in Geography from Oxford University.

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 108.



JOHN ROGERS
CHIEF FINANCIAL OFFICER
Biography can be found on page 108.



AJAZ AHMED
CHIEF EXECUTIVE OFFICER, AKQA GROUP
Ajaz is the CEO of AKQA Group. Recognised as a creative pioneer, AKQA has won three Grands Prix in the last two years at Cannes Lions and over 60 Agency of the Year titles.



JON COOK
GLOBAL CHIEF EXECUTIVE OFFICER, VMLY&R
Jon has led VMLY&R since its formation in 2018 as WPP's global brand and customer experience agency. He was formerly Global CEO of VML, which he joined in 1996.



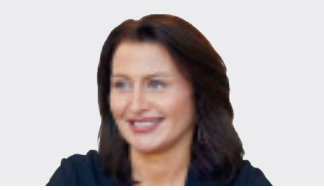
ANNAMARIA DESALVA
CHAIRMAN AND CEO, HILL+KNOWLTON STRATEGIES
AnnaMaria re-joined Hill+Knowlton as CEO in 2019, having previously served as Worldwide Director of Healthcare from 2006 to 2009. AnnaMaria led global corporate affairs for DuPont and served as Senior Advisor to DowDuPont's CEO, following senior roles at Pfizer and Bristol-Myers Squibb.



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.



JANE GERAGHTY
GLOBAL CHIEF EXECUTIVE OFFICER, LANDOR & FITCH
Jane was appointed Landor & Fitch's Global CEO in 2017, having previously been President of EMEA. She has held senior positions at Naked Communications, ITV, Ogilvy New York, McCann-Erickson and Saatchi & Saatchi.



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 Executive Committee's 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

Donna became CEO of BCW, one of the world's largest global public relations and public affairs agencies, renowned for its creative and integrated communications excellence, in 2018. Before leading BCW, Donna was Global CEO of Cohn & Wolfe for 15 years.



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.



NICK LAWSON
GLOBAL CHIEF EXECUTIVE OFFICER, MEDIACOM
Appointed: January 2022

Nick was appointed Global CEO of MediaCom in 2020, having worked at the agency for 30 years. He joined as a Planning Assistant in 1991 and has held leadership positions since 2006 as UK CEO, EMEA CEO and Worldwide COO.



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. Andy is 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 agency in 2016.



ROB REILLY
GLOBAL CHIEF CREATIVE OFFICER

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.



JENNIFER REMLING
GLOBAL CHIEF PEOPLE OFFICER

Jennifer was appointed Global Chief People Officer in October 2021, joining from GroupM where she held the same role. Jennifer has worked in senior positions across the industry, including at Essence, R/GA, AKQA, 360i and Sapient.



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.

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 aim 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 key stakeholders and after discussing the potential impact of decisions on them, 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.

OUR ENGAGEMENT DURING 2021

Page 20 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	INDIRECT BOARD ENGAGEMENT	IMPACT OF ENGAGEMENT
SHAREHOLDERS Our shareholders provide capital to invest in the business and support the valuation and liquidity of WPP shares. Shareholders benefit from the Board acting in the best interests of the Company and investing for long-term value generation.	The Chief Executive Officer and the Chief Financial Officer hosted four quarterly results presentations and took questions from investors and analysts. In 2021 we held our first investor event focused on our Environmental, Social and Governance strategy where WPP's shareholders heard from the Chief Executive Officer, Chief Financial Officer and other senior management about the progress made across the four pillars of our purpose statement, and were able to share their views directly through the interactive webinar. The Chairman, Chairs of the Board Committees and Executive Directors met regularly with institutional investors to discuss the business and to respond to any concerns. The 2021 AGM was live streamed via a webcast hosted by the Chairman and Chief Executive, where shareholders were able to watch the presentations and ask questions in advance and during the meeting.	Feedback to the Board on investor views, particularly from the Chairman, Chair of the Compensation Committee, Chief Executive Officer and Chief Financial Officer. Monthly 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.	In 2021, the Board met its goal to recommence the share buyback scheme, after a pause due to the economic impact of the pandemic, and over £1 billion in cash was returned to shareholders through dividends and share buybacks (2020: £412 million). Performance metrics have been changed based on feedback from shareholders over the years and we have evolved remuneration structures to align more directly with our strategy, sustainability targets and shareholder interests. In response to feedback, a series of webinars were introduced by the Chief Financial Officer and hosted by divisional management in 2021, designed to give investors and analysts deeper insight into individual agencies, products and services within WPP and offering the opportunity to submit questions.
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 affect 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, including through attendance at COP26 in Glasgow during November 2021. Responded to government consultations, such as the Parker Review. Approved WPP's Modern Slavery Act Statement.	Reports to the Board and its Committees on regulatory changes from the Group Chief Counsel, Global Corporate Affairs Director and Group Company Secretary. Received reports from the Chief Privacy Officer and Global Data Protection Officer on changing regulatory landscapes with regards to data protection, security and privacy as well as data ethics and artificial intelligence.	In 2021 we contributed £1.4 billion in taxes to public finances.

OUR ENGAGEMENT DURING 2021 CONTINUED

STAKEHOLDER GROUP	DIRECT BOARD ENGAGEMENT	INDIRECT BOARD ENGAGEMENT	IMPACT OF ENGAGEMENT
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. The Chief Executive Officer hosted internal 'fireside chats' with the CEOs of several clients. Board engagement with key partners, including site meetings in the US with strategic technology partners.	Received updates on WPP's client satisfaction scores. Received reports from operating companies, which included updates on how they supported and engaged with clients during the Covid-19 pandemic. Received deep-dive updates at each Board meeting from Global Client Leaders on key clients. Received updates on the supplier onboarding processes, including workforce diversity and carbon reduction metrics.	We made strong strategic progress through new mergers and acquisitions, to provide new capabilities to scale across the Company, and structural and organisational changes which simplify WPP and improve the way we go to market, serve clients and work with suppliers. For more detail see page 118.
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), in addition to the US and India People Forums and updated the Board on matters discussed. The Chief Executive Officer hosted 17 townhalls and various leadership events, which gave him the chance to speak to people directly and to hear from attendees in return. The Board engaged with senior managers at the Board Strategy Day and wider WPP management at the September 2021 Leadership Event.	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 – Health & Safety updates with a particular focus on mental health and wellbeing – return to work initiatives in addition to the ongoing impact of the Covid-19 pandemic on our people and actions being taken to support them – progress on DE&I initiatives – results of various employee engagement surveys undertaken through the year and actions taken to address employee feedback WPP's Global Inclusion Council met throughout the year 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.	With the challenges of the pandemic and other issues around the world impacting mental wellbeing, we launched our Mental Health Allies programme, providing mental health training to 500 leaders, HR professionals and employees across the UK and US. We will expand into more regions in 2022. To align management with employees and shareholders, senior executives are being held to account on ESG metrics. DE&I goals were included in incentive plans for senior executives for the first time in 2021, and carbon reduction and single-use plastic targets were also included in incentive plans for executive directors for the first time in 2021. In response to our first global people survey, with more than 43,000 participants, the Board approved a people strategy based on career growth, investment in learning, and fostering the best possible culture.

STAKEHOLDER GROUP	DIRECT BOARD ENGAGEMENT	INDIRECT BOARD ENGAGEMENT	IMPACT OF ENGAGEMENT
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 industry-leading net zero carbon reduction commitments. The Board and Sustainability Committee reviewed climate-related risks and opportunities as part of their review and approval of WPP's Task Force on Climate-related Financial Disclosures statement on page 214, in addition to including climate-related risks as an emerging risk for the first time. For more detail see page 99. In November 2021, WPP executives attended COP26 in Glasgow, participating in discussions with the United Nations and NGOs on the climate crisis.	Reports to the Sustainability Committee included updates on the development of a Company-wide sustainability strategy and industry-leading net zero carbon reduction commitments; setting science-based carbon reduction targets; progress on WPP's single-use plastics commitment, including adjusted commitment timescales; performance against sustainability KPIs including renewable energy, carbon reduction and waste management; and stakeholder engagement and feedback.	The Company developed new and industry-leading commitments to reach net zero carbon emissions across its own operations by 2025 and across its value chain by 2030, including emissions from media investment. In June 2021 this ambition was underpinned by science-based targets, verified by the Science Based Targets initiative. For more detail see page 76. Following investor interest, in November 2021 we amended and supplemented our $2.5 billion revolving credit facility, linking its margin to specific sustainability measures. The ongoing Covid-19 pandemic affected the Company's ability to meet its commitment to phase out single-use plastics across its offices and this will be a priority for the Sustainability Committee to address in 2022.
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.	The Board received updates on the 2020 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 81.	The Sustainability Committee oversaw the work on the sustainability strategy and the progress made on embedding Group-wide sustainability targets tied to the WPP purpose statement. Reports to the Sustainability Committee included updates on partnerships with the United Nations, including the World Health Organization and UNFCCC, to provide our skills in creativity, communications, data and technology to help effect positive change for society. Updates received from the business on elements of the Group's operations which impact the wider community, including the Group's tax strategy.	In partnership with the WHO Foundation, we commenced the pro bono $5 Vaccine campaign to support access to Covid-19 vaccines in low-income countries. As part of our racial equity commitments made in 2020, in 2021 we allocated $9.3 million in inclusion programmes as part of WPP's commitment to invest $30 million over three years.

Denotes information subject to limited assurance by PricewaterhouseCoopers LLP ('PwC').

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 and consider emerging risks
- Responsible for corporate governance
- Oversees the execution of the strategy and responsible for the overall financial performance of the Company

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 Company, 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 in conjunction with the Board and Director and senior management succession planning
- Oversees general governance matters, including the ongoing suitability of the governance framework

Read more on page 122

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 125

COMPENSATION COMMITTEE

- Sets, reviews and recommends the policy on remuneration of the Chairman, executives and senior management team
- Recommends and monitors the implementation of the Company's overall remuneration policy and strategy
- Reviews the remuneration and related policies across the general workforce and the alignment of incentives and rewards with culture

Read more on page 133

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 131

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 their 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 2021 are set out below.

The Board is responsible for setting the Company's purpose, values and culture, in addition to overseeing the Company's overall financial performance and execution of the strategy. 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 including on the transformation programme, 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 ongoing impact of the Covid-19 pandemic – Reviewed the Company's financial results, earnings guidance, investor materials and related announcements – Considered performance against the 2020-2021 budget and agreed on the 2021-2022 budget – Confirmation of the viability statement and going concern assessment – Monitored progress of the transformation programme
STRATEGY & PURPOSE 	– 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 three to five years, with a strong focus on technology partners, digital transformation and ecommerce – First investor day held to discuss the Company's ESG strategy – Received presentations from the agencies on their work to support WPP's strategy – M&A activities, including the buy-in of WPP AUNZ minorities and acquisition of Satalia and NN4M in UK and DTI Digital in Brazil, in addition to Kantar's acquisition of Numerator and the merger of Finsbury Glover Hering with SVC – Simplification activities, including the launch of global data company Choreograph and the opening of new WPP campuses in Milan and Prague
PEOPLE & CULTURE 	– Considered how the people strategy would enable the overall business strategy and foster the best possible culture – Prioritised return to work initiatives, the impact of the ongoing Covid-19 pandemic on our people and actions being taken to support them – 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 supported by data and insights – Received regular updates from the designated NED on the Workforce Advisory Panel and other People Forums – Regularly discussed progress against the set of commitments and actions announced to advance racial equity – Incorporated diversity and sustainability metrics into the compensation schemes for senior leaders for the first time – Industry-leading commitment made to net zero carbon emissions across entire supply chain by 2030, as well as announcing new commitments to reduce carbon emissions from our own operations to net zero by 2025
GOVERNANCE & COMPLIANCE 	– Received reports from Board Committees and the external auditor – Reviewed and approved the 2020 Annual Report, Form 20-F and Sustainability Report – Reviewed the 2021 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 2021 Notice of Annual General Meeting – Undertook and considered the output of an externally facilitated evaluation of the Board's effectiveness, the effectiveness of each committee and individual directors. For more details see page 120 – Continued focus on the Board's composition, diversity and succession plans, resulting in the appointment of a new Non-Executive Director and Board Committee membership changes – Reviewed the risk management and internal controls across the Group, including in-depth reviews of internal controls over financial reporting, with a focus on remediation of material weaknesses. For more details see page 127 – 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: 2021

	Board	Audit Committee	Compensation Committee	Nomination and Governance Committee	Sustainability Committee
Total number of scheduled meetings	6	9	5	4	4
Members	Attended	Attended	Attended	Attended	Attended
Roberto Quarta	6		5	4	
Mark Read	6				
John Rogers	6				
Angela Ahrendts	6				4
Jacques Aigrain	6	9	5		
Sandrine Dufour	6	9	5		
Tarek Farahat	6	9			
Tom Ilube	6	9	5	4	
Cindy Rose	6	9	5		
Nicole Seligman	6		5	4	
Sally Susman	6			4	4
Keith Weed	6				4
Jasmine Whitbread	6		5		4
Dr. Ya-Qin Zhang – *appointed on 1 January 2021*	6				
Number of ad hoc meetings	7	1	5	0	1

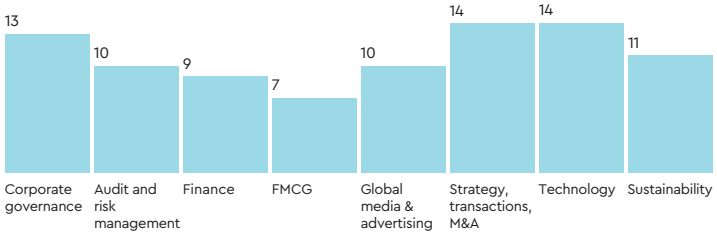
BOARD COMPOSITION

As at the date of this report, our Board comprised 12 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 108-110. Further detail on the responsibilities of the Chairman and members of the Board can be found on pages 116-117.

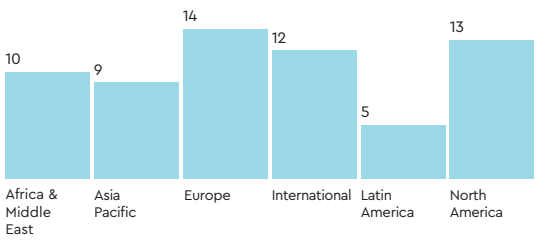
The chart opposite details those skills and experience of our Board which are identified as being particularly important to the execution of the Company's strategy.

OUR BOARD – A DIVERSE MIX OF SKILLS, EXPERIENCE AND KNOWLEDGE

SKILLS



GEOGRAPHICAL EXPERIENCE



DIVERSITY

WPP believes that diversity and difference power creativity. We foster an inclusive culture across WPP: one that is equitable and respectful of diverse thoughts and individual expression; 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 119 illustrates the range of skills across the Board, with the new appointments in 2021-2022 bringing additional expertise in technology, M&A and corporate governance.

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 FTSE Women Leaders and Parker reviews on gender and ethnic diversity. As at 31 December 2021, 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. We were pleased to be ranked in the top 10 for gender representation among senior leaders and at board level in the FTSE Women Leaders Review. As at the date of reporting, the percentage of women on our Board is 40% following the appointment of Simon Dingemans, however, our ambition for Board gender diversity remains 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. WPP was named in the 2022 Bloomberg Gender-Equality Index for the fourth consecutive year. For more information on gender diversity in executive leadership roles see page 53.

RE-ELECTION OF DIRECTORS

The Chairman, 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.

Jacques Aigrain and Sally Susman will not stand for re-election at the AGM in 2022. With the exception of Simon Dingemans, who is standing for election for the first time, all other 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. More detail is set out in the table below.

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 2020 evaluation conducted by Nicole Seligman, Senior Independent Director, are set out in the table shown overleaf.

2021 BOARD EVALUATION

In accordance with the Code requirements, it is the Board's policy to undertake an externally facilitated evaluation every three years. The 2021 evaluation was externally facilitated by Dr Long of Boardroom Review Limited who has no other connection with the Company. During the course of the review, Dr Long attended Board and Committee meetings as an observer and held one-on-one discussions with each Director, the Group Company Secretary, Group Chief Counsel and Chief Operating Officer. Discussions were based around a number of themes, including the Board's leadership and contribution, the work of the Board (with a focus on strategy, ESG, risk and control, people and wider stakeholder engagement), and the use of time and information.

TYPICAL AREAS OF FOCUS FOR INDUCTION PROGRAMMES INCLUDE

MEETINGS
Meetings with Board members and members of the Executive Committee, 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 are 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, provided by the Chief Financial Officer, the Group Chief Counsel and the Group's external auditor

CORPORATE GOVERNANCE
The Group Company Secretary provides advice on corporate governance matters, including duties and responsibilities as a director of a listed company. Training and development requirements are typically identified as part of the induction

The output of the 2021 review was that the Board is operating effectively, with strong leadership and support for the quality of the relationships among the Chairman, the Senior Independent Director, Non-Executive Directors and the Executive Directors. Good progress was also acknowledged to have been made to further enhance the skills and experience on the Board and Committees, to align with the strategy and governance requirements. The Board continues to be positively engaged with the strategic process and transformation programme.

Key areas of focus in 2022 will be:

- **Strategy and performance:** create further engagement opportunities with stakeholders to receive insights and enhance visibility of the emerging and evolving landscape. Ensure there is continued and dedicated focus on the transformation programme including performance of the component parts.
- **Succession planning:** to continue to strengthen leadership, talent, diversity and succession for key senior management positions, and consider future Board and committee composition.
- **Risk/risk appetite:** further align approach to risk appetite across the organisation to support the longer-term strategy and inform key decisions. Monitor cyber risk and resilience across the organisation.
- **Meeting agendas:** improve the use of time balance between presentation and discussion at meetings to create more time for debate.

CHAIRMAN'S PERFORMANCE REVIEW

The Senior Independent Director met with the Non-Executive Directors during the year to appraise the performance of the Chairman.

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 2021, 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 digital transformation and trends, sustainability and ESG, and key emerging risks.

KEY RECOMMENDATIONS FOR 2021	WHAT WE HAVE DONE IN 2021
SUSTAINABILITY AND ESG Build further on WPP's sustainability strategy and commitment to ESG matters, with ongoing dialogue with stakeholders	The Board approved the sustainability strategy and WPP held its first investor day on ESG issues to discuss the strategy and how WPP is helping clients grow inclusively and sustainably
STRATEGY Maintain momentum on the execution of the strategy, monitor effectiveness and keep stakeholders informed of progress	Regular updates on progress against the strategy and transformation programme were provided by the CEO and CFO, including deep dives on component parts
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	The Board continued its focus on risk management and reviewing the effectiveness of the Company's approach and systems, including providing oversight on the design and build of a new risk analytics platform and the assessment of and reporting on emerging and principal risks
ORGANISATION OF MEETINGS Consider organisation of meetings post Covid-19 to create opportunities again and time for discussion and renewed exposure to senior management and key stakeholders	Board strategy event was held in October in Palo Alto, hosting senior management, key clients and tech partners and other stakeholders, as well as informal gatherings with senior leaders throughout the year

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 regular updates on current legal and governance matters relevant to WPP, with external counsel providing briefings on the wider landscape. The Board activities schedule on page 118 sets out further detail on topics covered during the year.

The Board is asked to complete a programme of training covering How We Behave, Business Integrity, Safer Data and Sustainability which are connected to the ethical and business objectives set out in our Code of Conduct. As part of our ongoing commitment to create more open and inclusive workplaces, the Board is also asked to complete a dedicated Company-wide inclusion module – Belonging at WPP.

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.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Committee members
- Roberto Quarta (Chair)
- Nicole Seligman
- Sally Susman
- Tom Ilube CBE (appointed 1 January 2021)
- Angela Ahrendts DBE (appointed 15 March 2022)

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 and expertise, 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 119.

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 prior to announcement



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 2021 report.

During the year, the Committee focused on near to medium-term succession planning, particularly relating to the planned departures of long serving directors, Jacques Aigrain, our Audit Committee Chair and Sally Susman, at the 2022 AGM, and Nicole Seligman, our Senior Independent Director at the 2023 AGM. Each would have completed or be approaching their nine-year tenure on the Board, at the time of departure. I am delighted that Sandrine Dufour will succeed Jacques Aigrain as Audit Committee Chair, effective from 1 April 2022.

The Committee, with the assistance of Russell Reynolds, led the search process for a new NED candidate based on agreed criteria, and I am delighted that following a formal selection process, Simon Dingemans joined the Company as a Non-Executive Director on 31 January 2022 and became a member of the Audit Committee upon appointment. More detail on the Non-Executive Director appointment process is set out in the table to the left. Simon brings a wealth of financial and capital markets expertise and proven listed company experience and we are delighted to have him on the Board.

As noted in last year's report, the Board was further enhanced during the year 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, build further confidence in the leadership of the Company 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 2021 Board evaluation which was conducted by Dr Tracy Long, and I am pleased that the review concluded that the Committee and the Board are 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
31 March 2022

BOARD AND COMMITTEE CHANGES

As mentioned, two of our long-standing Non-Executive Directors, Jacques Aigrain and Sally Susman will not be standing for re-election at the AGM in 2022, and Simon Dingemans was appointed on 31 January 2022.

We made a number of changes to Board Committee membership in early 2021, as disclosed in last year's report and, in addition, Sally Susman stepped down as Co-Chair of the Sustainability Committee in June 2021, while remaining a member of that Committee. Sandrine Dufour will take over from Jacques Aigrain as Chair of the Audit Committee with effect from 1 April 2022 and Simon Dingemans became a member of the Audit Committee upon joining the Board. Angela Ahrendts was appointed to the Nomination and Governance Committee, and Dr. Ya-Qin Zhang was appointed to the Sustainability Committee, with effect from 15 March 2022.

SUCCESSION PLANNING

Board succession planning, from the perspective of addressing distinct experiential gaps, diversity and governance requirements, following the planned departures at the 2022 and 2023 AGMs, formed a key area of focus this year.

The Committee, having considered the criteria, relevant skills, experience and expertise needed on the Board, with the assistance of Russell Reynolds, who are independent of the Company and all the Directors, led the search for a new Non-Executive Director with financial expertise as well as M&A and UK governance and regulatory experience in large UK listed companies. The Committee considered a list of potential candidates 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 candidate met with the Chair and other members of the Committee and Board, following which the Committee recommended to the Board the appointment of Simon Dingemans.

Simon Dingemans will stand for election at the AGM. All other Directors, with the exception of Jacques Aigrain and Sally Susman, will stand for re-election.

The Committee has commenced a search process to identify a successor for the Senior Independent Director so that an appointment can be made in good time with a smooth transition, taking into account the significance of the role.

The Committee will continue to review and refresh the composition and size of the Board and its Committees to ensure we have the right balance of skills and attributes and fresh perspectives, to support the next stage of the Company's growth and long-term strategy. The Committee recommended that given the current size of the Board, future appointments should be made on a needs basis.

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 programme.

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. The Committee was satisfied with the contributions and time commitment of all the Non-Executive Directors during the year.

As disclosed in last year's report, effective 31 March 2021, Jasmine Whitbread was appointed a director and Chair of Travis Perkins plc, a company which John Rogers was also a Non-Executive Director of, at the time. John Rogers stepped down as a Non-Executive Director of Travis Perkins plc, effective October 2021 and therefore the cross-directorship no longer exists. The Board determined that the cross directorship did not affect its assessment of Jasmine's independence as she consistently demonstrated (and continues to demonstrate) independence of thought and challenge.

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 Committee; 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 2021 Board evaluation.

The performance of the Committee was considered as part of the 2021 Board evaluation process, which concluded that the Committee is operating effectively and continues to successfully plan for and ensure Board composition is aligned to strategy and governance requirements, and reflects greater diversity and an enhanced mix of skills and expertise. Further details on the process and output of the Board evaluation are set out on page 120.

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.

The Committee also reviewed the composition and make-up of the Board Committees as detailed above.

Templates and guidance for Board and Committee presentations were further enhanced in order to support the Board and Committees' consideration of employee and other stakeholder views when making decisions.

WORKFORCE ENGAGEMENT

In order to apply the requirements of the UK Corporate Governance Code that relate to workforce engagement, WPP established a UK Workforce Advisory Panel (WAP) in 2019 with Cindy Rose continuing to fulfil the position of designated Non-Executive Director. During the year, similar People Forums were established in the United States and India to enable further engagement with the Company's global employee base.

Cindy regularly attends the WAP meetings and where possible, the United States and India People Forums, and presents updates on issues discussed at Board meetings as well as engages and hears from our people on a broad range of topics. The views and insights from the various forums are shared directly with the Board, and the Board's feedback and how the insights have informed decision making is presented back. During 2021, Keith Weed, Chair of the Sustainability Committee, and Tom Ilube also attended WAP meetings respectively as guests to discuss topics such as sustainability and diversity and inclusion. Jasmine Whitbread, Chair of the Compensation Committee, the WPP Chief People Officer and the Global Head of Reward also attended WAP meetings as guests to engage with members on remuneration and the impact of remuneration policy and outcomes. Issues raised at the WAP meetings and People Forums included: return to office plans and future working environments post Covid-19; diversity and inclusion; talent frameworks and development; and mental health and wellbeing.

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 throughout the year. In addition, the Global Inclusion Council met throughout the year to deliver on the Company's diversity, equity and inclusion commitments. For more information on actions taken in response to employee feedback, please see page 52.

FOCUS FOR 2022

The Committee, in conjunction with the Board, will continue to review succession plans both at the Board and senior management level to develop a strong and diverse talent pipeline. As mentioned, a particular focus in 2022 will be on identifying a successor for the Senior Independent Director. The Committee will also continue to monitor external governance developments likely to impact the operation of the Board.

TERMS OF REFERENCE

The Committee's terms of reference are reviewed annually by the Committee and adopted by the Board, most recently on 8 February 2022. 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)[1]
- Sandrine Dufour[1]
- Tarek Farahat
- Cindy Rose OBE
- Tom Ilube CBE (appointed 1 January 2021)
- Simon Dingemans (appointed 31 January 2022)

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 Chair 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 Finance Director, the Group Chief Accountant, the Group Finance Controller, the Global Director Risk and Controls, the General Counsel Corporate Risk, the Director of Internal Audit, and the external auditor.

The Board has determined that Jacques Aigrain and Sandrine Dufour are audit committee financial experts as defined by the Sarbanes-Oxley Act 2002 and, together with Tarek Farahat, have recent and relevant financial experience for the purposes of the 2018 UK Corporate Governance Code. As announced on 31 January 2022, Simon Dingemans was appointed as a Director and member of the Committee effective from 31 January 2022 and is considered to have recent and relevant financial experience. The members of the Committee have been determined to be independent within the meaning of the applicable NYSE listing standards and rules 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 Company'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 Company'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 119.

1 Sandrine Dufour will succeed Jacques Aigrain as Audit Committee Chair, effective 1 April 2022.



JACQUES AIGRAIN
CHAIR OF THE AUDIT COMMITTEE

DEAR SHAREHOLDER

As Chair of the Audit Committee, I am pleased to present the Committee's 2021 report, my last as I step down from the Board at the 2022 AGM, following a nine-year tenure. I am delighted that Sandrine Dufour will succeed me as Chair of the Committee effective from 1 April 2022 as announced on 29 March 2022. 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 2021, the Committee continued to fulfil its important oversight role, monitoring the integrity of the Company's financial reporting and the effectiveness of internal control and risk management systems on which it has reported to the Board.

Key areas of focus for the Committee in 2021 included:

- continuing to provide oversight of the financial reporting process and integrity of the financial statements;
- monitoring the role and performance of the Risk and Controls Group against 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;
- monitoring the processes and progress to address the material weaknesses identified as part of the 2020 audit, relating to goodwill impairment as well as net investment hedging and complex IFRS and accounting matters;
- leading the external audit tender process and recommending to the Board, subject to shareholder approval, the appointment of PricewaterhouseCoopers LLP (PwC) as external auditor from the Company's 2024 financial year onwards;
- being appraised of the investigation into FCPA violations by the SEC, as announced on 24 September 2021;
- ongoing monitoring of the business integrity programme, including oversight of whistleblower reports;
- continuing to engage with the internal audit plan and monitoring progress;
- providing recommendations to the Board to recommence and extend the share buyback programme; and
- Providing oversight for the restatement of historic tax asset and liability adjustments. For more details see page 158.

Other reviews undertaken in 2021 by the Committee included:

- Group tax strategy, performance and drivers of the Group effective tax rate;
- reports on any actual or potential material litigation;
- Group Treasury performance and risk management;
- Group Finance team structure and reorganisation;
- the Procurement supplier onboarding processes; and
- reports on data protection and data privacy.

The Chief Financial Officer provided regular updates directly to the Board on the transformation programme, as well as deep dives on component parts.

The Committee reviewed letters received from and the Company's responses to the Financial Reporting Council's (FRC) Corporate Reporting Review team, in relation to the Company's 2020 Annual Report and Accounts. The FRC confirmed closure of its review[2] and suggested comments are reflected in the

2 Scope and limitations of the FRC review: the FRC's review was based on the 2020 Annual Report and Accounts of WPP plc and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into by the Company. As part of their review, the FRC provided no assurance that the Company's 2020 Annual Report and Accounts were correct in all material respects and did not verify the information provided but considered compliance with reporting requirements only. The FRC accepts no liability for reliance on their review by the Company or any third party, including but not limited to investors and shareholders.

2021 Annual Report. Summary review findings are expected to be published by the FRC on their website in due course.

The annual Board effectiveness evaluation assessed the performance of the Committee and I am pleased that this concluded that it operates effectively and the Board takes reassurance from the quality of the Committee's work. The Board is satisfied that the Committee members bring a wide range and depth of financial and commercial experience and, in addition to those members designated to have recent and relevant financial experience for the purposes of the 2018 UK Corporate Governance Code (the 'Code'), Tom Ilube and Cindy Rose bring extensive subject matter and process expertise including on emerging technologies and cyber security to the Committee's membership.

As announced on 31 January 2022, Simon Dingemans became a member of the Committee upon his appointment to the Board and brings recent and relevant financial experience for the purposes of the Code.

And finally, I would like to take the opportunity to thank the members of the Committee, together with management, for their support during the year and throughout my time on the Committee. I am very proud of the work the Committee has achieved in the past few years and wish Sandrine, the Board and the management team continued success as they deliver on the Company's strategic priorities. 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
31 March 2022

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 relevant 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 Company's long-term viability – see page 92 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 provides the information necessary for shareholders to assess the Company'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 2021 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, which reports functionally to the Audit Committee, 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 to discuss risk matters and the nature of internal audit findings in more depth. The Director of Internal Audit formally reports to each Committee meeting on the key findings of the function, together with the status of management's implementation of recommendations. On a quarterly basis this includes key themes from internal audit's work. Significant issues identified were discussed in detail by the Committee along with the remediation plans to resolve them.

The annual internal audit plan, which includes assurance over our transformation activities, was approved by the Committee and progress against the plan was monitored throughout the year and changes to the plan noted. The team was able to continue to operate successfully during the Covid-19 pandemic despite the inability to travel. We are satisfied that the scope, extent, and effectiveness of internal audit work are appropriate for the Group and that there is an appropriate plan in place to sustain and continually improve this.

As noted in last year's report, the Committee approved the appointment of Phil Gerrard as Director of Internal Audit in March 2021, in succession to Paul Stanley who retired later in the year.

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 2021, 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, identifies and 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 Company's viability can be found on pages 88-92 together with an assessment of the principal risks and uncertainties facing the Company on pages 93-99.

In fulfilling its responsibilities, the Committee received reports throughout 2021 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.

As reported in our Annual Report on Form 20-F for the fiscal year ended 31 December 2020, material weaknesses were identified in our internal control over financial reporting, which related to:

- Impairment assessment of intangible assets and goodwill;
- Complex accounting matters and judgements and changes in accounting standards; and
- Net investment hedging relationships.

During 2021, and as described below, the Committee finished implementing previously reported plans to remediate these material weaknesses, and management concluded that such material weaknesses were remediated as at 31 December 2021.

With respect to the material weakness relating to the control over the discount rate methodology used in impairment testing, management enhanced its risk assessment of the impairment assessment process and changed the approach to determining inputs with respect to the discount rates used in impairment assessments and established a more comprehensive review process over inputs and the overall discount rate methodology. Management 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. We also conducted a refreshed risk assessment of the goodwill impairment testing process; updated the Company's control framework to ensure each risk is mapped to a specific mitigating control; engaged valuation specialists to assist in ensuring the accuracy and integrity of the impairment testing model and determining recoverable amounts that require significant judgement; and implemented additional reviews of the selection of cash flow periods. With respect to our controls relating to the determination of the assumptions in respect of working capital cash flows included in the impairment calculation, additional validation controls and additional reviews of the net working capital assumptions were implemented.

Management also undertook a series of steps to complete a comprehensive review and remediation of the Company's controls and procedures and engaged outside advisors to assist in remediating material weaknesses around complex accounting matters and judgement and changes in accounting standards. More broadly, the comprehensive retrospective review included identifying all critical accounting judgements with respect to financial statement line items, evaluating the application of the underlying accounting standards to those judgements and verifying the completeness, accuracy and reasonableness of those final judgements. As part of this effort, management significantly enhanced the staffing, capabilities and resources of our technical accounting function, which supported the retrospective review efforts and will continue to provide ongoing support in regards to complex accounting matters and judgement and changes in accounting standards. Under the direction of our Global Director of Risk and Controls, our new controls function that was established in 2020 implemented enhanced periodic controls, including controls to identify and evaluate changes in the underlying business, 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 judgements, including those most likely to be impacted by amendments to, or clarifications of accounting standards we have adopted. Throughout 2021, our controls function continued to review and enhance controls across the Company.

With respect to our net investment hedging arrangements, management re-reviewed our hedging relationships and the associated documentation and analysed 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.

BUSINESS INTEGRITY

During the year, the Committee reviewed the adherence to, and evolution of, the business integrity programme. The Company has established and in 2021 refreshed its 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 90. The Committee received regular updates on the Company's systems and controls for ethical behaviour, which included matters reported on the Company'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 reviewed annually by the Committee and adopted by the Board, most recently on 20 January and 9 February 2022 respectively. 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.

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.

AUDIT TENDER

Deloitte LLP (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.

We advised shareholders in last year's Annual Report that the Committee had initiated a competitive tender process for the external audit contract. The tender process was overseen by an audit tender committee (ATC), chaired by Jacques Aigrain. Other members of the ATC were Sandrine Dufour, the CFO, the Group Chief Counsel, and the Group Finance Director.

Following a detailed market assessment, a number of audit firms, including some firms outside the Big Four, were approached to participate in this process. The current external auditor, Deloitte, was not invited to participate in the tender due to the prevailing rules on audit firm rotation.

This enabled the Committee to recommend to the Board the appointment of PwC as the preferred new auditor from two shortlisted bidding firms, a recommendation which the Board subsequently endorsed in September 2021. The Committee's judgement was that PwC was best placed to succeed Deloitte and deliver a high quality audit for the Company and in the best interests of its shareholders. Subject to shareholder approval, Deloitte will continue in office until 2023, at which point they will retire after completing the audit for the financial year ending 31 December 2023. The overleaf timeline further illustrates the Company's evaluation and decision making process.

From the Company's 2024 financial year onwards, PwC will be appointed in Deloitte's place, subject to shareholder approval. We wish to thank each firm that participated in the tender for the professionalism and commitment they demonstrated through the process.

A transition governance group (Governance Group) has been established, led by the Group Finance Director. Ten workstream teams, consisting of members from both WPP and PwC, have been created to ensure all aspects of the transition are proactively managed. The workstreams provide regular updates to the Governance Group, which in turn provides quarterly updates to the Committee. This supports the Committee in overseeing the transition from Deloitte to PwC to ensure that:

- Deloitte continues to discharge its auditing responsibilities effectively to the end of its time in office; and
- PwC takes the necessary steps to ensure that it is independent of the Company and fully mobilised by the time it begins audit planning activities (including shadowing Deloitte's 2023 audit) to observe Deloitte at an appropriate juncture in 2023.

The Committee looks forward to reporting to shareholders on discharging the activities associated with this transition in the Company's 2022 Annual Report.

2021 EXTERNAL AUDIT TENDER PROCESS

Pre-tender		Evaluation			Decision making	
Key steps						
Invitation to participate and interview of Lead Partners	RFP issued and data room opened	Site meetings	Written proposals evaluation	Oral presentations to ATC panel	Committee recommendations	Board decision
March – April		May – June	June	July	September	
Governance						
Committee Chair, CFO and Group Financial Director	Business and Functional Leadership	Business and Functional Leadership	ATC, Business and Functional Leadership	ATC	Committee	Board
Outputs						
Short listing and pre-selection of Lead Partners	Knowledge building by firms	Initial feedback shared with Lead Partners as input to development of their proposals	Proposal Evaluation and 'exam questions' for oral presentation	Debrief and final evaluation of each firm	Recommended two firms for appointment, with a preference expressed for one firm	Successful firm appointed with effect from 1 January 2024

EFFECTIVENESS AND INDEPENDENCE OF THE EXTERNAL AUDITOR

In 2021, 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 Company'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;
- the appointment of James Bates as the lead audit partner for Deloitte in respect of the 2021 audit; and
- the Audit Quality Review's 2020/21 Audit Quality Inspection Report on Deloitte and the actions taken by Deloitte to address the findings in that report.

AUDIT/NON-AUDIT SERVICES

£m



● Audit fees (2021: 31.9, 2020: 29.3)
● Non-audit fees (2021: 1.8, 2020: 1.2)

Deloitte attended all Committee meetings in 2021 and met the Committee 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 and appropriate scepticism where necessary to ensure balanced reporting and that the audit for the year ended 31 December 2021 was effective.

APPOINTMENT OF EXTERNAL AUDITOR AT GENERAL MEETING

The Committee has recommended to the Board, and the Board has approved that Deloitte should be reappointed as auditor. Resolutions will be put to the 2022 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 £31.9 million in fees for work relating to the audit services it provides the Company. Non-audit related work undertaken by Deloitte amounted to fees of £1.8 million this year, which amounted to 5.6% of the total audit fees paid.

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 CRITICAL JUDGEMENTS AND ESTIMATES	**ACTIONS TAKEN/CONCLUSION**
Goodwill impairments Estimates and judgements in relation to goodwill impairment testing.	The Committee assessed 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.
Remuneration Accounting for elements of remuneration where estimates and judgements are required.	The Committee reviewed the assumptions applied by management in relation to judgemental elements of remuneration, including pensions, bonus accruals and share-based payments, and agreed that these are reasonable.
Taxation The estimates and judgements made in respect of tax.	The Group Tax Director presented to the Committee in December 2021. The Committee considered management's assumptions, in particular in relation to the level of central tax provisions, and believed that the level of central tax provisions is reasonable. The Committee also considered the restatement of the previously reported corporate income tax recoverable, corporate income tax payable and tax charge and agreed that the restatement was appropriate.
OTHER AREAS	
Headline profit Judgements relating to headline profit measures.	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. The Committee reviewed management's judgements relating to restructuring and transformation costs, with particular focus on the continued rollout of the Group's new ERP system and other ongoing transformation projects, including IT transformation projects, shared service centres and campus co-locations. The Committee was satisfied that excluding these amounts from headline profit measures was reasonable and that it had been disclosed appropriately.
Going concern The going concern assessment and viability statement.	The Committee reviewed the scenarios modelled by management and assessed management's view that the likelihood of declines of over 30% of revenue less pass-through costs compared to 2021 was remote. The Committee has considered and concurs with management's going concern, viability and forecasting assumptions, as set out on page 92.
Revenue The judgements made in respect of revenue.	The Committee reviewed the judgements made in the assessment of certain large, central revenue contracts and was satisfied that they had been treated appropriately.
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 had been accounted for appropriately.
Investments The valuations of non-controlled investments.	The Committee examined management's valuations, based on input from external advisors, 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.

SUSTAINABILITY COMMITTEE REPORT

Committee members
- Keith Weed CBE (Chair)
- Sally Susman (stepped down as Co-Chair 8 June 2021)
- Angela Ahrendts DBE (appointed 1 January 2021)
- Jasmine Whitbread
- Dr. Ya-Qin Zhang (appointed 15 March 2022)

Regular attendees include the Chief Executive Officer, the Chief Financial Officer, the Senior Independent Director, the Group Chief Counsel, the Chief People Officer, the Director of Sustainability and the Global Corporate Affairs Director.

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, health and safety 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
- Reviewing and considering the Company's Modern Slavery Statement and sustainability-related policies including Environment Policy for approval by the Board

Attendance at Committee meetings during the year can be found on page 119.



KEITH WEED CBE
CHAIR OF THE SUSTAINABILITY COMMITTEE

DEAR SHAREHOLDER

As the Chair of the Committee, I am pleased to present the Committee's 2021 report.

I would like firstly to take the opportunity to thank Sally for co-chairing the Committee with me until June this year and for her very significant contribution to the success of the Committee since its formation in 2019.

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 and to ensure we are managing our risks and taking advantage of the opportunities.

The ongoing impact of the Covid-19 pandemic, social unrest, political division and climate-related disasters around the globe continue to drive a focus on environmental, social and governance (ESG) matters, with significant risks and opportunities for our business and our clients.

A large part of the focus of the Board and the organisation in 2021 has been the development and launch of a new sustainability strategy for WPP, detailed on pages 70 and 71, which sets out how WPP aims to use the power of creativity to build better futures for our people, planet, clients and communities.

CLIMATE CRISIS

Recognising the growing urgency of the climate crisis, the Committee had regular in-depth progress reviews as the Company developed new and industry-leading commitments to reach net zero carbon emissions across its own operations by 2025 and across its value chain by 2030. In June this ambition was underpinned by science-based targets, verified by the Science Based Targets initiative. In November, WPP executives attended COP26 in Glasgow, hosting a panel discussion alongside the UNFCCC to explore the role of production and consumption in accelerating the transition. The sustainability section on pages 68-87 sets out the Company's net zero commitments and performance. In 2022, the Company will develop a detailed roadmap to deliver against these commitments.

HEALTH AND SAFETY

The Committee assists the Board in its oversight of health and safety related matters and, in 2021, received an update on the Group's new Crisis Management and Business Resilience Unit, established in March, to ensure that WPP agencies and people are well prepared to recognise and respond to existing and emerging disruptive events.

In February of this year, the Committee was updated on the Company's investment in mental health and wellbeing (see page 74), which will be a continued area of focus for the Board and the Committee in 2022.

Throughout the year, the Committee alongside the Board received regular updates on the Group's response to the Covid-19 pandemic, including a WPP Covid Relief Fund to give financial support to WPP employees and their families in real time in countries most affected by the pandemic and work with the World Health Organization Foundation on their Go Give One fundraising campaign. Further details can be found on page 81.



UN CLIMATE CHANGE CONFERENCE (COP26)

Making it easier for consumers to live more sustainably and reducing the carbon emitted in production both require innovation. Spurring innovation often requires consumer preferences to shift, which is where the power of creativity is required. It is here that WPP plays a vital role through the work we do with our clients and valued partners such as the UNFCCC.

WPP is a partner to the UNFCCC and, at COP26 in Glasgow, we hosted an important discussion with the UNFCCC's Deputy Executive Secretary, Ovais Sarmad. Joining the discussion were the CFO of Alphabet and Google, Ruth Porat, and the CEO of Reckitt Benckiser, Laxman Narasimhan. The panel was moderated by Bloomberg Television's Maria Tadeo and focussed on the role responsible consumption and production can play in accelerating the transition to deliver the Paris Agreement on climate change.

TRANSPARENCY AND ENGAGEMENT

The Committee continues to support management's engagement strategy on sustainability. During the year, management hosted a series of townhalls to discuss ESG topics with employees, and held its first ESG investor presentation. I also enjoyed engaging with key investors on ESG topics and look forward to a continued dialogue in 2022.

The Committee will continue to monitor sustainability KPIs to measure delivery against the Company's strategy and targets. Progress relies on accountability so, in 2021, we included diversity, equity and inclusion goals in our incentive plans for senior executives for the first time. We also included our carbon reduction targets in incentive plans for Executive Directors from 2021.

The Committee notes that the ongoing Covid-19 pandemic has affected the Company's ability to meet its commitment to phase out single-use plastics across its offices and this will be a priority for the Committee to address in 2022.

In August, the Committee participated in the selection process to appoint a new independent assurance provider, PricewaterhouseCoopers LLP ('PwC'), to support WPP's assurance programme for certain non-financial data disclosed in this report.

Throughout this report, selected ESG metrics highlighted with the symbol ◠ were subject to external independent limited assurance procedures by PwC for the year ended 31 December 2021. For the details and results of the limited assurance see wpp.com/sustainabilityreport2021.

Selected content highlighted with the symbol ◆ in the Governance section of the TCFD statement on pages 214-216 was also subject to external independent limited assurance procedures by PwC for the year ended 31 December 2021. For the details and results of this limited assurance see wpp.com/sustainabilityreport2021.

TERMS OF REFERENCE

The Committee's terms of reference are reviewed annually by the Committee and adopted by the Board most recently on 19 January and 8 February 2022 respectively. A copy of the Committee's terms of reference is available on the Company's website at wpp.com/investors/corporate-governance

I would like to thank the members of the Committee and the management team for their commitment throughout the year and look forward to continuing our work in 2022.

Keith Weed
Chair of the Sustainability Committee
31 March 2022

COMPENSATION COMMITTEE REPORT

Committee members
- Jasmine Whitbread (Chair)
- Jacques Aigrain
- Sandrine Dufour (appointed 1 January 2021)
- Tom Ilube CBE (appointed 5 February 2021)
- Roberto Quarta
- Cindy Rose OBE (appointed 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
- Committee advisor (WTW)

The Chief Executive Officer and Chief Financial Officer are not present when matters relating to their own compensation or contracts are discussed and decided.

The Company Secretary is Secretary to the Committee and attends all meetings.

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

"OUR COMPENSATION DECISIONS DURING THE YEAR REFLECT OUR PAY-FOR-PERFORMANCE PHILOSOPHY IN WHAT HAS BEEN A YEAR OF EXCEPTIONAL PERFORMANCE."

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 2021. In the report, I include my introductory letter and At a Glance summary of compensation, an overview of the Directors' Compensation Policy (the 'Policy') approved by shareholders at the 2020 AGM and the Annual Report on Compensation setting out the implementation of the Policy in 2021. The Report also sets out the proposed implementation for 2022.

RETURN TO GROWTH

WPP has demonstrated exceptional performance in 2021, delivering growth ahead of pre-pandemic levels and our fastest organic growth for over 20 years. WPP's strategy is coming to fruition and the depth, breadth and global scale of our offer has enhanced our relationships with existing clients and built solid foundations with new clients.

Such performance is underpinned by the creative talent and hard work of our people, who continued to collaborate and innovate whilst demonstrating their resilience during another challenging year.

Our pay-for-performance philosophy applies throughout the Group and the leadership team believes our people should be rewarded for such outstanding performance. A record bonus pool will be extended to a wider group of employees than is typical, with over half of employees receiving some form of annual bonus to recognise their efforts in 2021.

WPP's performance in 2021 is testament to the exceptional executive team leading the transformation. The Committee recognises 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 continued growth and value creation.

The Committee believes that the decisions made in respect of fixed compensation, the annual Short Term Incentive Plan (STIP) and long-term Executive Performance Share Plan (EPSP) are a fair and accurate reflection of the outstanding performance of the Company and the Executive Directors during 2021.

COMPENSATION IN 2021

BASE SALARY 2021

Mark Read's salary was last reviewed on appointment in September 2018. The review due in 2020 was postponed due to the impact of Covid-19 which drove a focus on cost reduction including the postponement of salary increases for all employees. His salary was reviewed in 2021, alongside a wider workforce salary review. In doing so, the Committee took into consideration the external market in the UK as well as the global advertising and media sector; Mark's strong performance in role since his appointment; and the compensation landscape across the wider workforce.

The Committee agreed an increase of 6.7% to £1,040,000 effective from 1 June 2021 which was Mark's first increase in three years. Average annual salary increases in the UK were around 5.6% in 2021, however individual increases varied based on several factors. Mark's increase was within the range awarded to other high-performing employees.

STIP 2021

The Executive Directors participated in the 2021 STIP, which was based on a combination of financial and non-financial measures that are fully aligned to the delivery of the Company strategy and our purpose. The plan was rolled out to around 160 senior leaders across WPP. This is the first time a single STIP plan has been in place for all senior leadership which included an element of the bonus based on WPP financials as well as the performance of individual agency brands. Employees across the wider workforce are eligible to participate in alternative annual bonus plans.

The financial measures, which determined 75% of the award, were like-for-like headline operating profit growth, headline operating margin improvement and like-for-like revenue less pass-through costs growth. The financial element of the STIP delivered maximum payout following very strong performance in 2021. The Committee felt that this was an accurate reflection of performance and has made no adjustments to the outcome.

We introduced a balanced scorecard of non-financial measures which determined the remaining 25% of the award. The scorecard included measures under four categories: Client; People and Diversity, Equity and Inclusion (DE&I); Purpose and Reputation; and Strategic Priorities.

The Committee is of the view that performance against all four categories in 2021 has been outstanding. From a Client perspective, highlights of the year include significant client wins, such as Coca-Cola, Google and Unilever, resulting in WPP being ranked at the top of the global R3 new business rankings for the year. From a People and DE&I perspective, we monitor closely the diversity of senior leadership and employees of all levels across the Company. We are pleased to see progress, as well as the significant investment in initiatives to promote diversity and inclusion at WPP.

In terms of Purpose and Reputation, in April 2021, WPP announced its commitment to reach net zero carbon emissions in its operations by 2025 and across its entire supply chain by 2030, an industry first. This commitment underpins our sustainability programme, where significant achievements have been made during the year. And, finally, we continued to make good progress against our Strategic Priorities. Highlights of the year include a number of strategic acquisitions, facilitating our focus on the high-growth areas of commerce and technology.

Full details of non-financial performance are included on pages 144 and 145.

The Committee considered the Executive Directors' non-financial performance under each of the four categories. An overall assessment of 25% for both Mark Read and John Rogers was determined by the Committee, resulting in a maximum STIP for both Executive Directors.

EPSP 2017-2021

The 2017 EPSP award completed its five-year performance period on 31 December 2021. Awards vest based on performance against three metrics: relative total shareholder return (TSR), return on equity (ROE) and earnings per share (EPS). This is a legacy plan in which targets were set prior to the CEO's appointment, Covid-19 and the launch of the strategy. The Committee did not feel it was appropriate to adjust the targets during the performance period. As a result, performance over the five-year period fell below threshold levels for each of the three performance measures resulting in no vesting in respect of the 2017 EPSP awards.

COMPENSATION FRAMEWORK FOR 2022

EPSP 2022

We recognise the considerable challenges faced by WPP in ensuring that the compensation for the CEO, who is leading the transformation of our business, fairly recognises his significant contribution, is motivating and supports his retention in a highly competitive market. WPP is a global business and our executives who have proven their ability to continue to deliver the transformation needed against an exceptional external environment are in great demand. The Committee is of the view that a market-competitive package with a long-term incentive that continues to be subject to stretching, meaningful and transparent performance conditions is a key aid to retention and ensures Mark's compensation continues to be aligned with the interests of WPP and its shareholders.

We consulted with several of WPP's largest shareholders on this matter and received valuable input to our decision in respect of the CEO's 2022 EPSP award. The Committee also considered the extent to which extant incentive plans provide a retention tool, the increasing compensation compression between the Executives and other senior leaders across our business, the competitive nature of the global executive market, as well as the interests of our wider stakeholders including shareholders. A review of market data within the FTSE 50 and our sector globally supported the Committee's view that an increased EPSP award for the CEO would be appropriate. Therefore, the Committee determined that an award of 390% of base salary to the CEO, which is within the range approved by shareholders, would be granted. This is an increase from the award level of 350% which Mark has received since appointment and the targets have been set to be stretching to recognise this level of award.

EPSP PLAN RULES

The EPSP plan rules, approved in 2013, will expire in 2023. We believe it is prudent to renew the plan rules well in advance of their expiry, therefore updated EPSP plan rules are proposed for shareholder approval at the 2022 AGM. There are no material changes.

DIRECTORS' COMPENSATION POLICY REVIEW

The Directors' Compensation Policy will be reviewed during 2022 and presented for shareholder approval at the 2023 AGM. The Committee intends to consult with major shareholders prior to proposing any changes to the Policy.

CONCLUSION

I would like to thank the leadership team for its outstanding contributions to exceptional performance in what continues to be a challenging environment.

We welcomed three new members to the Committee in 2021: Sandrine Dufour, Tom Ilube and Cindy Rose. I would like to express my thanks to them for their fresh perspective, as well as to longer-serving members for their continuing high engagement and commitment.

Jasmine Whitbread
Chair of the
Compensation Committee
31 March 2022

2021 PERFORMANCE OUTCOMES

STIP PERFORMANCE

The information below summarises the 2021 STIP performance outcomes for our Executive Directors. Full details of financial and non-financial performance are included on pages 144 and 145.

	WEIGHTING	Threshold (0% payable)	Target (50% payable)	Maximum (100% payable)	OUTCOME ACHIEVED Mark Read	John Rogers
Like-for-like headline operating profit growth	25%	5.0%	10.0%	15.0% **26.8%**	25%	25%
Headline operating margin improvement	25%	0.25%	0.75%	1.25% **1.7%**	25%	25%
Like-for-like revenue less pass-through costs growth	25%	2.0%	4.0%	6.0% // **12.1%**	25%	25%
Non-financial performance	25%	See pages 144 and 145 for performance against non-financial measures for both Mark Read and John Rogers			25%	25%
Total	**100%**				**100%**	**100%**

Actual performance // Indicates a scale break

EPSP PERFORMANCE

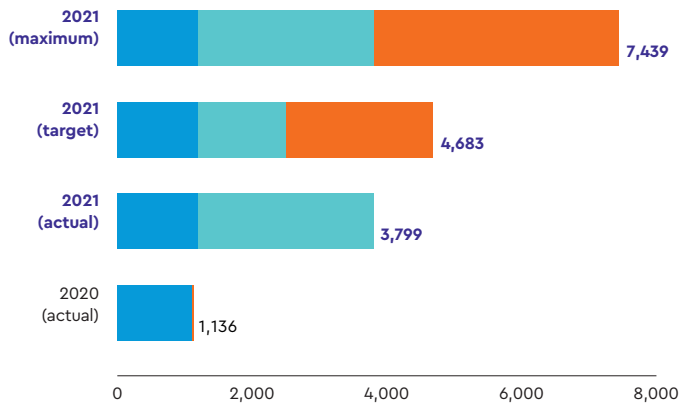
	WEIGHTING	Threshold (15% payable)	Maximum (100% payable)	OUTCOME ACHIEVED
Average ROE over five years	1/3	**14.5%** 15%	18%	0%
EPS growth over five years	1/3	**-7.1%** // 7%	14%	0%
Relative TSR (common currency) – assessed as outperformance against set % of peer group	1/3	**37%** 50%	90%	0%
Relative TSR (local currency) – assessed as outperformance against set % of peer group		**32%** 50%	90%	
Total	100%			**0%**

Actual performance // Indicates a scale break

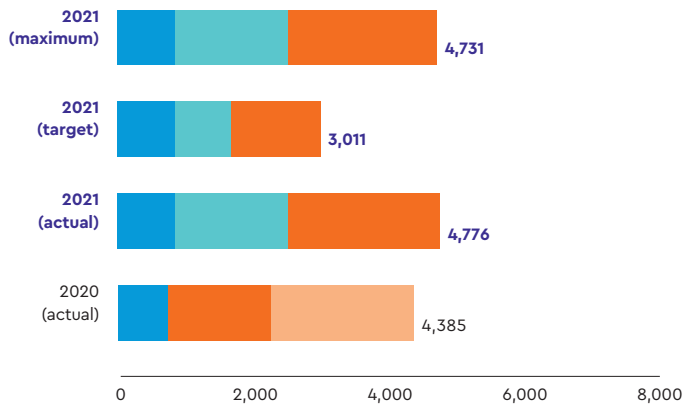
TOTAL COMPENSATION 2021

£000

Mark Read



John Rogers



- Fixed compensation, consisting of base salary, benefits and pension (as set out in the single figure on page 141)
- Short-term incentives (STIP)
- Long-term incentives (EPSP)
- Buy-out awards (see page 147 of the 2020 Compensation Committee Report)

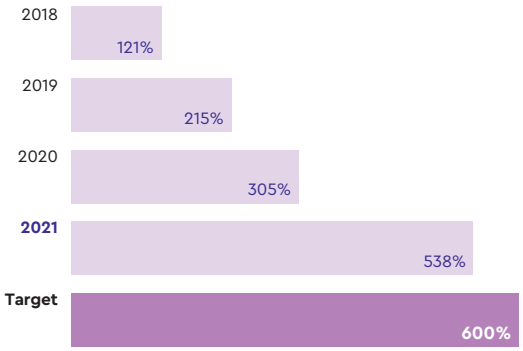
Target: 50% of maximum STIP, 60% of maximum LTIP.

SHAREHOLDING REQUIREMENTS

Mark Read is on target to reach his shareholding requirement within seven years of his appointment to an Executive Director, as required by the Policy. John Rogers achieved his shareholding requirement in 2021. Their shareholding as at 31 December 2021 is shown below as a percentage of base salary.[1]

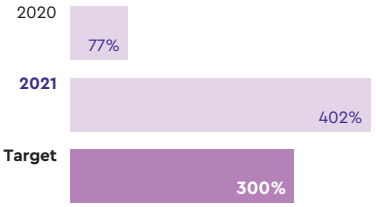
Mark Read

Appointed to the Board 3 September 2018



John Rogers

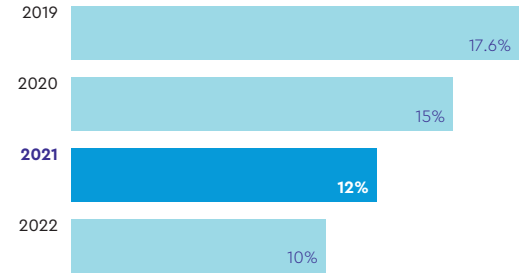
Appointed to the Board 3 February 2020



[1] The share price used for the calculation is the average share price for the last two months of the year.

PENSIONS

As set out in our 2020 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 the end of each year of the Policy period. John Rogers' pension contribution is already aligned at 10% of base salary since being set at this level on appointment.



COMPENSATION POLICY

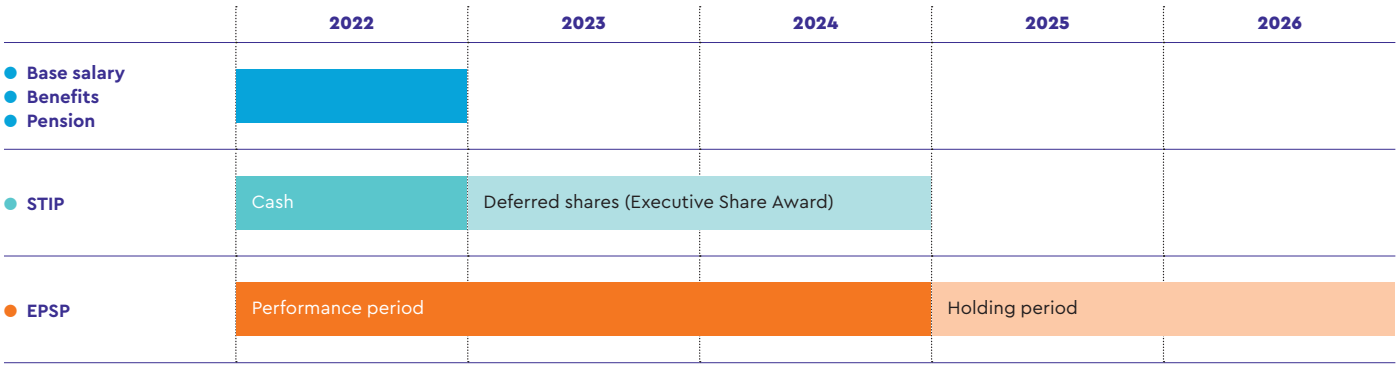
The Directors' Compensation Policy was approved by shareholders at the 2020 AGM. The table below shows a summary of the Policy and how it will be implemented for 2022. Full details of the Policy can be found at pages 120-125 of the 2019 Annual Report and Accounts.

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 broader people strategy; Purpose and Reputation – aligned to the Company's sustainability strategy and the management of governance and controls as well as industry achievements and awards; and Strategic Priorities – in relation to our Group-wide transformation.

		STRATEGIC ELEMENTS				
		Vision & offer	Creativity	Data & technology	Simpler structure	People & culture
Short-term incentive plan (STIP)	**Financial measures**					
	Like-for-like headline operating profit growth	●			●	●
	Headline operating profit margin improvement	●		●	●	●
	Like-for-like revenue less pass-through costs growth	●	●	●	●	
	Non-financial scorecard					
	Client	●	●	●	●	●
	People and DE&I	●	●			●
	Purpose and Reputation	●	●	●	●	●
	Strategic Priorities	●	●	●	●	●
Long-term incentive plan (EPSP)	Return on invested capital			●	●	
	Adjusted free cash flow	●			●	
	Relative TSR	●	●	●	●	●

TIMELINE OF COMPENSATION ELEMENTS



FIXED ELEMENTS OF COMPENSATION

COMPONENT AND TIME HORIZON	PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	IMPLEMENTATION FOR 2022
● **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: £1,040,000 John Rogers: £740,000 Salary levels may be reviewed in 2022.
● **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 – 12% of base salary reducing to 10% over the 2020-2022 Policy period. CFO – 10% of base salary.	Mark Read: 12%* John Rogers: 10% * To be reduced to 10% during 2022 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 2022
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 2022 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: 0-390% John Rogers: 0-300% (See pages 134 and 148 for further details)
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 2021. We start by setting out the details of the operation of the Compensation Committee and then present a summary of the 2021 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 2021, there were five scheduled and five unscheduled Compensation Committee meetings. A table of Board and Committee attendance can be found on page 119 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 152) 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.

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 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 2021, WTW received fees of £53,959 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.

DIRECTOR CHANGES DURING THE YEAR

There were no Executive Director changes during 2021.

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.

2021

Q1

- Determined performance outcomes for 2016-2020 EPSP
- Consideration of 2020 STIP in the context of performance during the year and the impact of Covid-19 on wider stakeholders
- Setting targets for 2021 STIP and 2021 EPSP
- Consideration of the use of malus adjustments in respect of the previous CEO
- Reviewed and approved 2020 Compensation Committee Report

Q2

- Reviewed the CEO's salary
- Reviewed and approved proposed changes to ExCo salaries and compensation structure
- Received update on industry compensation practices
- Received an update on the wider workforce salary landscape

Q3

- Received an update on the wider workforce providing an overview of the diversity demographics and compensation of employees at WPP
- Received an update on emerging trends for the use of ESG metrics in incentives

Q4

- Received update on the performance of inflight EPSP awards
- Received update on executive compensation market trends, investor views and governance
- Reviewed and approved the proposed changes to the EPSP rules

To learn more see wpp.com/about/corporate-governance

STATEMENT OF SHAREHOLDER VOTING

The results of the shareholder vote at the Company's 2021 AGM in respect of the 2020 Compensation Committee Report is set out below along with the result of the vote on the Directors' Compensation Policy at the 2020 AGM:

Voting outcome for 2020 Compensation Committee Report (At 2021 AGM)

	Votes for		Votes against		Votes cast	Votes withheld
Resolution	**Number**	**%**	**Number**	**%**	**Number**	**Number**
To approve the Compensation Committee Report	957,496,840	98.44	15,129,720	1.56	972,705,014	613,013

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

						Short-term incentive £000					
		Base salary[2] £000	Benefits £000	Pension £000	Total fixed £000	Cash	Deferred	Long-term incentive[3] £000	Total variable £000	Other[3] £000	Total annual compensation £000
Mark Read	**2021**	**1,013**	**37**	**149**	**1,199**	**1,560**	**1,040**	**0**	**2,600**	**–**	**3,799**
	2020	910	36	158	1,104	–	–	32	32	–	1,136
John Rogers[1]	**2021**	**740**	**32**	**74**	**846**	**999**	**666**	**2,265**	**3,930**	**–**	**4,776**
	2020	643	30	64	737	–	–	1,538	1,538	2,110	4,385

[1] John Rogers joined the Company on 27 January 2020. His base salary and benefits for that year reflect his time in role.

[2] Mark Read and John Rogers voluntarily reduced their base salary for a four-month period in 2020 as part of cost-reduction targets implemented during the Covid-19 pandemic.

[3] John Rogers received buy-out awards to compensate for the forfeiture of incentive awards from his previous employer. In 2021 this comprised an EPSP which vested in March 2022 based on a performance period of 1 Jan 2019 to 31 Dec 2021 with a final vesting value of £2,265,468. See page 147 for further details. In 2020 this comprised 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.

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's salary was last reviewed on appointment in September 2018. The review due in 2020 was postponed due to the impact of Covid-19 which drove a focus on cost reduction including the postponement of salary increases for all employees. When reviewing Mark's salary in 2021, the Committee took into consideration the external market in the UK as well as the global advertising and media sector; Mark's strong performance in role since his appointment; and salary increases across the wider workforce during the year.

The Committee agreed an increase of 6.7% to £1,040,000 effective from 1 June 2021 which was Mark's first increase in three years. Average annual salary increases in the UK were around 5.6% in 2021. However, individual increases varied based on several factors. Mark Read's increase was within the range of awards to other high-performing employees.

	Effective date	Annual base salary £000	Base salary received in 2021 £000
Mark Read	1 June 2021	£1,040	**£1,013**
John Rogers	27 Jan 2020	£740	**£740**

BENEFITS

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. The expenses for Mark Read and John Rogers were £2,431 (£945 and £1,641 respectively in 2020). These values include the grossed-up cost of UK income tax and national insurance paid by the Company on behalf of the Directors.

	2021 Benefits £000
Mark Read	**37**
John Rogers	**32**

PENSION

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 – 12% of base salary reducing to 10% over the Policy period CFO – 10% of base salary	Only base salary is pensionable

In line with the plan to reduce Mark Read's pension to ensure alignment with the wider workforce by the end of the policy period, his pension was reduced to 12% during 2021 and will reduce further to 10% by the end of 2022.

	Contractual pension (% of base salary)	2021 Pension £000
Mark Read	12	**149**
John Rogers	10	**74**

SHORT-TERM INCENTIVE (AUDITED)

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

2021 STIP OUTCOME

	Maximum bonus (% of salary)	2021 STIP (% of maximum)	2021 STIP (% of base salary)	2021 STIP (£000)
Mark Read	250	100	250	**2,600**
John Rogers	225	100	225	**1,665**

PERFORMANCE AGAINST 2021 FINANCIAL OBJECTIVES (75% OF AWARD)

The financial bonus targets and outcomes for the year are set out in the table below. Performance against all financial objectives is calculated on a 'like-for-like' basis other than headline operating margin which is calculated on a constant currency basis.

Measure	Weighting (as portion of financial element)	Threshold (0% payable)	Target (50% payable)	Maximum (100% payable)	Actual performance	% of award achieved
Like-for-like headline operating profit growth	1/3	5.0%	10.0%	15.0%	26.8%	25%
Headline operating margin improvement	1/3	0.25%	0.75%	1.25%	1.7%	25%
Like-for-like revenue less pass-through costs growth	1/3	2.0%	4.0%	6.0%	12.1%	25%
Total achieved						**75%**

PERFORMANCE AGAINST 2021 INDIVIDUAL STRATEGIC OBJECTIVES (25% OF AWARD)

Non-financial performance is assessed using a scorecard of measures with four categories: Client; People and DE&I; Purpose and Reputation; and Strategic Priorities. The Committee has assessed performance against these targets holistically to inform its decision on each Executive's non-financial performance.

NON-FINANCIAL PERFORMANCE APPLICABLE TO BOTH EXECUTIVE DIRECTORS

Personal measures 2021	Area	2021 performance
Purpose and Reputation – Aligned to the Company's sustainability strategy, the management of governance and controls as well as industry achievements and awards	**Sustainability**	– Established an industry-leading target to achieve net zero carbon emissions in our operations by 2025 and across our supply chain by 2030. See page 76 for details – Work continued to remove plastics which cannot be reused, recycled or composted across our campuses and offices worldwide – Amended and supplemented our $2.5 billion revolving credit facility to link the margin on the facility to specific sustainability measures
	Creative reputation	– WPP named most creative company of the year at the Cannes Lions International Festival of Creativity and WPP agencies collected a total of 190 Lions with winners representing 38 different countries – WPP topped all three categories in the global WARC Rankings 2021 for creativity, effectiveness and media excellence
	Governance and controls	– Enhanced the review and referral process for accepting new clients and work that may present an ethical risk. See page 83 for more details of our standards, policies and procedures – Rolled out the enhanced control framework for SOX developed in 2020

MARK READ – NON-FINANCIAL PERFORMANCE

Personal measures 2021	Area	2021 performance
Client – relating to new business and client satisfaction	**Client satisfaction**	– Maintained the record-high client satisfaction score based on Likelihood to Recommend of 8.1 out of 10 in 2021. See page 57 for details
	New business	– Achieved industry-leading new business performance in 2021 with $8.7 billion of net new billings, surpassing the (also industry-leading) $4.4 billion achieved in 2020 – Appointed Global Marketing Network Partner to The Coca-Cola Company and won and retained a series of other global client assignments including with Google and Unilever – WPP ranked top of the R3 global and US holding company rankings for 2021, as well as top in the creative and media new business rankings
People and DE&I – improvements in relation to diversity and delivery of our people strategy	**Inclusive culture**	– Launched and developed a number of initiatives across our agencies to foster an open and inclusive culture. See pages 52-55 for details – We continue to focus on driving greater gender balance throughout the Company with women in Executive Committee and Direct Reports at 42.9% (35.8% in 2020) as reported in the Hampton Alexander Review – Placed DE&I at the centre of our recruitment and development processes, using analytics to provide a more inclusive employee experience. Formed partnerships with several leading diversity and inclusion organisations and funded a number of local initiatives to advance racial equity. For more information see the Communities section of the Sustainability Report 2021
	Employee engagement	WPP Pulse, our first global company-wide engagement survey, was rolled out in 2021, with more than 43,000 participants across over 100 countries. See page 52 for details

Personal measures 2021	Area	2021 performance
Strategic priorities – in relation to our Group-wide transformation	**Focus on high-growth areas**	– Increased the share of revenue from the high-growth, future-facing areas of experience, commerce and technology – Made strategic investments to build capabilities in key areas acquiring a number of technology, digital innovation and data companies including Satalia, Cloud Commerce Group and Made Thought – Created a commerce-as-a-service platform to complement our broader expertise in commerce, and further innovation in our market-leading programmatic and connected TV businesses, Xaxis and Finecast – We have made significant investment in training for our leaders and employees on commerce and technology
	Continued simplification of WPP	Continued to integrate our portfolio of agencies further in 2021 and acquired the minorities in WPP AUNZ. Created the world's leading board-level communications firm through the merger of Finsbury Glover Hering and Sard Verbinnen
	Transformation programme	The transformation programme remains on track with around £245 million of gross annual savings achieved so far against a 2019 base

JOHN ROGERS – NON-FINANCIAL PERFORMANCE

Personal measures 2021	Area	2021 performance
Client – relating to new business and client satisfaction	**Profitability**	A strong focus on client profitability, including an improvement in data quality and the visibility of client profitability and actions to drive profit as well as enhancing pricing discipline and governance by implementing new policies and alternative value-based pricing models
People and DE&I – improvements in relation to diversity and delivery of our people strategy	**Diversity of the senior finance leadership**	Ensured an inclusive culture is a priority across the Company, as has been discussed elsewhere in this report. Female representation in the senior finance team has increased over the last two years, with women now representing 35% of the team
	Development	Providing career development opportunities and training has been a priority. Within the finance team, we have built an understanding of our training needs and developed a foundation for the finance team training programme including: SOX training, senior finance team development and change management training
	Campus programme	Our campus programme continues to be executed in line with the plan, with the addition of nine campuses delivered in 2021, taking the total to 31
Strategic priorities – in relation to our Group-wide transformation	**Delivery against the transformation programme**	– Good progress on the transformation programme with around £245 million of gross annual savings achieved so far against a 2019 base – Significant groundwork undertaken to modernise our approach to finance and IT and move to a more standardised approach, including network infrastructure, cloud acceleration and platform rationalisation – The shared services programme is progressing, with a significant portion of finance processes migrated from the UK to Mumbai, and new deployments in the Middle East, Asia and Latin America – Cash management: working capital improved by $500m, $750m of cash centralised in 2021 on top of $800m in 2020

SHORT-TERM INCENTIVE WEIGHTINGS AND MEASURES FOR 2022

The Committee has reviewed the performance objectives for 2022 to ensure continued alignment with Company strategy. The Group financial measures remain headline operating profit growth, headline operating profit margin improvement and revenue less pass-through costs growth. Non-financial performance continues to 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; Purpose and Reputation – aligned to the Company's sustainability strategy, the management of governance and controls as well as industry achievements and awards; 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 2017-2021 EPSP AWARDS

Vesting of the 2017 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

Performance against all three measures was below the threshold required for vesting.

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	37	0.0
Relative TSR (local currency)				32	
EPS growth	1/3	7.0	14.0	-7.1	0.0
Average ROE	1/3	15.0	18.0	14.5	0.0
Total vesting (% of maximum)					**0.0**

	Number of shares awarded	Additional shares in respect of dividend accrual	Number of shares vesting	Share price on vesting	Value of vested 2017-2021 EPSP awards £000
Mark Read	106,498	0	0	n/a	**0**

VESTING OF BUY-OUT AWARDS

John Rogers received buy-out awards on appointment to compensate for the forfeiture of incentive awards from his previous employer (full disclosure is included on page 147 of the 2020 Compensation Committee Report). The second of the EPSP awards granted to John Rogers has vested at 88.5% following performance in between threshold and maximum 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. However, this was not required as the ROIC threshold was met.

	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	86%	90%
Relative TSR local currency	50%			84%	86%
Average ROIC	Underpin	Average ROIC of 7.5%		8.8%	–
Total vesting (as a % of maximum)					**88.5%**

	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	243,934	9,091	224,972	£10.070	**2,265**

[1] The share price increased 72% between the grant and vest dates for this award. £948,482 of the total value of vested shares is attributable to share price appreciation.

2021 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 2021, the Executive Directors were granted awards under the EPSP as approved by shareholders in 2020. In previous years, awards have been made in the latter half of the year. The Committee agreed that awards will be made in March going forwards aligning to a more typical compensation calendar. The performance measures are ROIC, AFCF and relative TSR. Proposed targets were developed based on detailed medium-term financial plans and robust modelling, with reference to analyst consensus estimates.

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 2021	Basis and level of award (% of salary)	Number of shares awarded	Face value at date of grant[1] £000
Mark Read	350	369,278	3,412
John Rogers	300	240,233	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	£2,100m-£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		

[1] Awards were granted on 28 March 2021. Face value is calculated based on the five-day average share price preceding the date of award (£9.241).

EPSP MEASURES AND TARGETS FOR 2022

The table below shows the targets against which performance will be measured for the awards granted in 2022. 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	£2,300m – £3,100m	16.5%-18.5%
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 2022 to 31 December 2024		
Holding period	1 January 2025 to 31 December 2026		

As set out in the Chair's letter, in making the decision on the level of EPSP award made to the CEO, the Committee considered a number of factors, namely performance, retention and remaining market-competitive. The CEO's performance since being appointed to the role in 2018 has been outstanding. He is leading WPP through a multi-year transformation successfully in a challenging environment, creating growth for shareholders. A market-competitive package with a long-term incentive that continues to be subject to stretching, meaningful and transparent performance conditions aligns Mark's interests to those of WPP and its shareholders.

In considering a higher award, the Committee made reference to market data to validate whether an increase was appropriate through that lens too. This demonstrated that the CEO's current compensation is below median against the FTSE 50, and falls significantly below the sectoral norms and our most directly comparable competitors, a pressure seen across the business. This data reinforced the Committee's decision to make an award of 390% of base salary, which is within the range approved by shareholders within our current Policy. The targets have been set to be stretching to recognise this level of award.

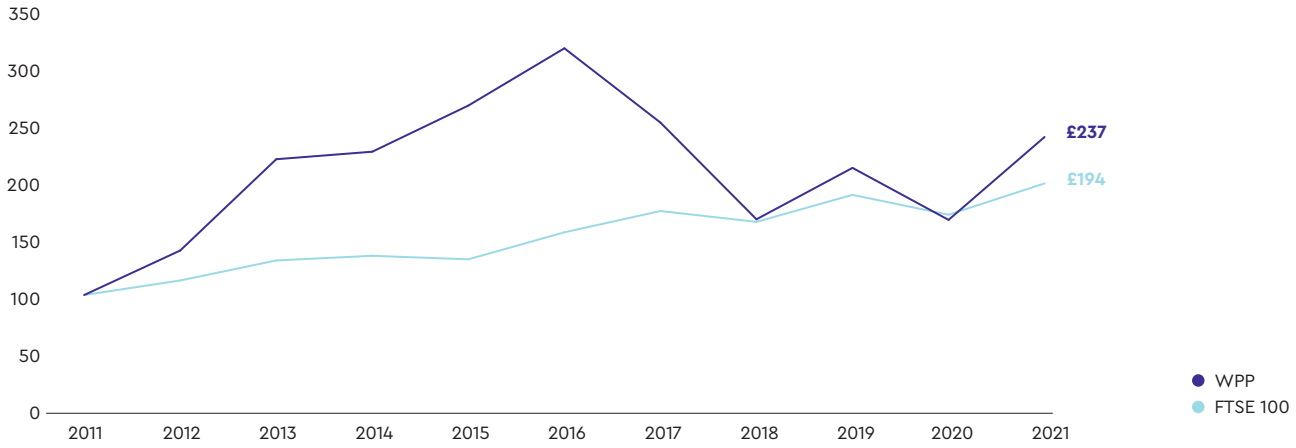
The award made to the CFO will be at the same level as prior awards at 300%.

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.

The following graph and table demonstrate the relationship between pay and performance over the last ten years for the CEO. The graph shows WPP's performance against the performance of the FTSE 100 over the ten-year period to 31 December 2021. TSR is rebased to £100 from 1 January 2011 to show the value of a hypothetical £100 holding. The FTSE 100 has been chosen as a comparator as the Company has been a constituent member throughout the period. With respect to 2018, the pay for both the current and previous CEO is included separately.

HISTORICAL TSR PERFORMANCE[1]



Source: S&P Capital IQ.

	2012	2013	2014	2015	2016	2017	2018 MSS[5]	2018 MR[6]	2019	2020	2021
CEO total compensation (£000)[2]	17,543	29,846	42,704	70,409	48,148	13,930	3,085	965	2,594	1,136	**3,799**
Year-on-year change in CEO total compensation (%)	47	70	43	65	(32)	(71)	(78)	n/a	169[6]	(56)	**234**
Short-term incentive award against maximum (%)	62	82	72	86	60	0	0	30	55	0	**100**
Long-term incentive award against maximum (%)	86	87	100	100	100	73	33	33	15	5	**0**
Change in annual TSR (%)[3]	38	56	3	18	19	(20)	(33)	(33)	27	(21)	**43**
Change in five-year TSR (%)[4]	45	241	172	135	210	96	(1)	(1)	(4)	(44)	**(29)**

[1] Growth in the value of a hypothetical £100 holding over ten years versus 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 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 applicable calculation methodology under the 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 2021. The Chair of the Sustainability Committee's fee was reviewed and increased effective June 2021 and the Senior Independent Director's fee was reviewed and increased effective October 2021. The fees are shown in the table below:

	£000
Chairman	**525**
Non-Executive Director	**85**
Senior Independent Director	**40**
Chair of Audit or Compensation Committee	**40**
Chair of Nomination and Governance Committee[1]	**15**
Chair of Sustainability Committee[2]	**40**
Member of Audit or Compensation Committee	**20**
Member of Nomination and Governance Committee	**10**
Member of Sustainability Committee	**10**

1 The Nomination and Governance Committee is chaired by Roberto Quarta as part of his role as Chairman, no additional fee is paid.
2 In prior years the Sustainability Committee has been co-chaired with each Chair receiving a fee of £15,000. The Committee now has a single Chair, who receives a fee of £40,000.

NON-EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

The single figure table below details the value of fees and taxable benefits received by the Non-Executive Directors during 2021 while they held a position on the Board. The benefits amounts include the grossed-up cost of UK tax and national insurance paid by the Company on behalf of the Directors where applicable.

	Fees £000		Benefits £000		Total £000	
	2021	2020[1]	**2021**	2020	**2021**	2020
Roberto Quarta	**525**	490	**33**	27	**558**	517
Angela Ahrendts[2,4]	**95**	41	**1**	0	**96**	41
Jacques Aigrain	**145**	135	**3**	2	**148**	137
Sandrine Dufour[2,4]	**125**	89	**0**	1	**125**	90
Tarek Farahat	**105**	98	**0**	0	**105**	98
Tom Ilube[2,4]	**133**	20	**5**	1	**138**	21
Cindy Rose[2]	**123**	98	**6**	5	**129**	103
Nicole Seligman	**147**	135	**0**	1	**147**	136
Sally Susman[3]	**107**	103	**0**	1	**107**	104
Keith Weed[3]	**114**	93	**8**	5	**122**	98
Jasmine Whitbread	**135**	118	**6**	5	**141**	123
Dr. Ya-Qin Zhang, appointed 1 January 2021	**85**	n/a	**0**	n/a	**85**	n/a

1 In 2020, the Non-Executive Directors took a voluntary 20% reduction in fees for four months between April and July 2020.
2 Sandrine Dufour and Cindy Rose were appointed to the Compensation Committee effective 1 January 2021 and 5 February 2021 respectively. Tom Ilube was appointed to the Audit Committee and the Nomination Committee effective 1 January 2021 and the Compensation Committee effective 5 February 2021. Angela Ahrendts was appointed to the Sustainability Committee effective 1 January 2021.
3 Sally Susman stepped down as co-chair of the Sustainability Committee effective 8 June 2021, while remaining a member of that Committee. Prior to this date the Sustainability Committee was co-chaired by Sally Susman and Keith Weed.
4 Angela Ahrendts, Sandrine Dufour and Tom Ilube were appointed to the Board on 1 July 2020, 3 February 2020 and 5 October 2020.

PAYMENTS TO PAST DIRECTORS

No payments were made to past directors during the year.

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 2021, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 5,803,641 shares in the Company (4,863,244 in 2020).

						Shareholding requirements	
Director		Total beneficial interests	Shares without performance conditions (unvested)[1]	Shares with performance conditions (unvested)[2,3]	Total unvested shares	% of base salary	Achieved/ On track
Mark Read	At 31 December 2021	512,292	97,523	1,672,916	1,770,439	600%	✓
	At 25 March 2022[4]	566,060	0	1,951,164	1,951,164		
John Rogers	At 31 December 2021	272,692	0	783,721	783,721	300%	✓
	At 25 March 2022[4]	391,715	0	750,373	750,373		

[1] For Mark Read, shares due pursuant to the 2019 Executive Share awards. Additional dividend shares will be due on vesting.
[2] Maximum number of shares due on vesting pursuant to the outstanding EPSP awards, full details of which can be found below. Additional dividend shares will be due on vesting.
[3] As noted in footnote 2 above, less the maximum due under the 2017 EPSP award, and for John Rogers the remaining portion of his buy-out award, both of which lapsed/vested on 15 March 2021 (full details can be found on pages 146 and 147), plus the 2022 EPSP granted on 25 March 2022.
[4] 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. Both Directors have seven years from the date they were appointed to their respective roles in which to reach the required level.

As at 31 December 2021, the Chief Executive Officer held shares to the value of 538% of his base salary. At the same date, the Chief Financial Officer held shares to the value of 402% of his base salary. This was calculated based on the average share price for the last two months of the year.

OUTSTANDING SHARE-BASED AWARDS

The table below shows outstanding shares as at 31 December 2021. ESAs (Executive Share Awards) are granted under the WPP Stock Plan 2018. This is the stock component of the annual short-term incentive plan and granted subject to the achievement of performance measures prior to grant. EPSP awards (Executive Performance Share Plan) are subject to performance measures over the period stated below. Dividend shares will accrue on these awards.

	Award type	Grant date	Performance period	Share price on grant date	No. of shares granted	Vesting date
Mark Read	ESA	14.05.20	n/a	£5.502	97,523	07.03.2022
	EPSP	04.12.17	01.01.17-31.12.21	£12.911	106,498	15.03.2022
		06.12.18	01.01.18-31.12.22	£8.604	396,617	15.03.2023
		24.09.19	01.01.19-31.12.23	£10.035	340,059	15.03.2024
		24.11.20	01.01.20-31.12.22	£7.411	460,464	15.03.2023
		28.03.21	01.01.21-31.12.23	£9.241	369,278	15.03.2024
John Rogers	EPSP	14.05.20[1]	01.01.19-31.12.21	£5.854	243,934	15.03.2022
		24.11.20	01.01.20-31.12.22	£7.411	299,554	15.03.2023
		28.03.21	01.01.21-31.12.23	£9.241	240,233	15.03.2024

[1] The EPSP award made in May 2020 was made by way of a buy-out award. The terms of the award are consistent with those applicable to the 2019 EPSP awards other than the performance period which is shortened to three-years to mirror the time horizon of the award being bought out.

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 2021	Total interests at 25 March 2022[1]
Roberto Quarta	87,500	87,500
Angela Ahrendts	12,571	12,571
Jacques Aigrain	34,000	34,000
Sandrine Dufour	15,000	15,000
Tarek Farahat	3,775	3,775
Tom Ilube	4,335	5,335
Cindy Rose	8,000	8,000
Nicole Seligman	8,750	8,750
Sally Susman	5,000	5,000
Keith Weed	8,424	8,424
Jasmine Whitbread	5,833	8,735
Dr. Ya-Qin Zhang	0	0

[1] Total beneficial interests calculated at the last practicable date for this Annual Report.

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 Compensation Committee Chair and 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 124.

The Committee also receives regular updates on compensation for the wider workforce to ensure that pay for Executives is set against this backdrop. In 2021 the Committee focused on the approach to salary reviews across the networks, as well as receiving employee demographics and compensation structures and data for consideration of pay gap reporting.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in total staff costs, headcount, dividends and share buybacks.

	2021	2020	% change
Total staff costs (continuing operations)	**£7,166.7m**	£6,556.5m	9.3
Headcount – average over year	**104,808**	104,163	0.6
Dividends and share buybacks	**£1,133.2m**	£412.2m	174.9

ANNUAL PERCENTAGE CHANGE IN COMPENSATION OF DIRECTORS AND EMPLOYEES

The table overleaf shows the annual change in each individual Director's pay for 2021 and 2020. The changes reflect the impact of the Directors' voluntary four-month 20% salary/fee reduction in 2020, implemented as part of cost reduction targets during Covid-19. Since WPP plc, the statutory entity for which this disclosure is required, does not have any employees, the table includes a voluntary disclosure of the annual average change for employees of the UK head office.

Mark Read received a base salary increase of 6.7% effective from 1 June 2021 (see page 142) his first increase in three years. The overall change in salary for 2021 reflects both this increase and the voluntary salary reduction taken in 2020.

John Rogers joined the Company on 27 January 2020 and his salary and benefits for 2020 were prorated accordingly. John did not receive a salary increase during 2021. The change in salary for 2021 reflects both the prorated 2020 values and the voluntary salary reduction in 2020.

Non-Executive Director fees were reviewed during the year and the Chair of the Sustainability Committee and the Senior Independent Director's fees were increased from June 2021 (see page 150). The individual increases in fees for 2021 shown below also reflect the prorating of fees for new appointments, changes to the membership of committees and the voluntary fee reductions taken in 2020.

In line with the regulations, the annual change in bonus for the Executive Directors is based on the bonus earned in respect of the financial year, as disclosed in the single total figure of compensation, not the bonus paid in the year. As the Executive Directors did not receive a bonus in respect of 2020 it is not possible to calculate a percentage change between 2021 and 2020. The annual change in average employee bonus is based on the bonus paid in each financial year. This reflects the timing of payments and the availability of the information to calculate the average employee values.

	Year-on-year change in pay					
	2020 – 2021			2019 – 2020		
	Base salary/Fees % change	Benefits % change	Annual bonus % change[1,2]	Base salary/Fees % change	Benefits % change	Annual bonus % change[1]
Executive Directors						
Mark Read[3]	11.3	4.0	–	(6.7)	0.0	(100)
John Rogers[4]	15.1	8.1	–	n/a	n/a	n/a
Non-Executive Directors						
Roberto Quarta	7.1	19.6	Non-Executive Directors do not receive variable compensation	(2.0)	(51.9)	Non-Executive Directors do not receive variable compensation
Angela Ahrendts[5]	131.2	n/a		n/a	n/a	
Jacques Aigrain	7.1	53.1		(6.9)	(73.3)	
Sandrine Dufour[5]	40.1	(48.4)		n/a	n/a	
Tarek Farahat	7.1	(65.0)		(6.7)	(57.2)	
Tom Ilube[5]	554.5	429.6		n/a	n/a	
Cindy Rose	25.6	21.5		24.1	113.8	
Nicole Seligman	8.7	(78.6)		(6.9)	47.2	
Sally Susman	4.4	(71.3)		5.1	135.3	
Keith Weed	22.2	40.2		447.1	820.9	
Jasmine Whitbread	14.5	21.6		218.9	1,318.1	
Dr. Ya-Qin Zhang[5], appointed 1 January 2021	n/a	n/a		n/a	n/a	
Average UK head office employees[6]	**2.5%**	**0.0%**	**(49.5)%**	1.2%	0.0%	23.6%

[1] The annual percentage change in bonus is calculated by reference to the bonus payable in respect of the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020 for Executive Directors, and by reference to cash bonus payments received during the financial year ended 31 December 2021 in comparison to the financial year ended 31 December 2020 for the UK head office employees. Non-Executive Directors do not receive variable compensation.

[2] As the Executive Directors did not receive a bonus in respect of the financial year ended 31 December 2020, it is not possible to calculate a percentage change in between 2020 and 2021.

[3] Mark Read took a voluntary 20% salary reduction for a period of four months in 2020 as part of cost reduction targets implemented during Covid-19, this together with a salary increase after 3 years is reflected in the changes shown.

[4] John Rogers joined the Company on 27 January 2020 and his salary and benefits in 2020 were prorated accordingly. There have been no changes to his contractual salary since appointment. Changes reflected above are a result of a prorated salary in 2020 and a voluntary 20% salary reduction for a period of four months in 2020 as part of cost reduction targets implemented during Covid-19.

[5] Angela Ahrendts, Sandrine Dufour, Tom Ilube and Dr. Ya-Qin Zhang were appointed to the Board on 1 July 2020, 3 February 2020, 5 October 2020 and 1 January 2021 respectively.

[6] Based on full-time equivalent comparisons. Average is calculated by reference to the median percentage change. Due to the timing of annual bonus payments, the change in average employee annual bonus of -49.5% reflects the change between the bonus paid in respect of 2020 performance (paid in 2021) and 2019 performance (paid in 2020) and is therefore not directly comparable to Executive Director bonus awards made in respect of 2021 performance (paid in 2022) and 2020 performance (where nil was paid in 2021).

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 141) 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
2021	Total compensation	Option B	**101:1**	**79:1**	**55:1**
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 (using the gender pay gap information to identify three employees as the best equivalents of the 25th, 50th and 75th percentile employees) 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 2021. 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 2021 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	50th percentile pay	75th percentile pay
2021	Salary	Option B	**£32,067**	**£44,250**	**£61,500**
	Total pay and benefits	Option B	**£37,606**	**£48,293**	**£68,583**
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. 2021 was a year of outstanding performance resulting in an increase in the CEO's total compensation largely related to incentive awards compared with the prior year, reflecting WPP's pay-for-performance philosophy. At the 25th, 50th and 75th percentile employee level, variable compensation carries a much smaller weighting. Consequently, the CEO pay ratio has increased since 2020.

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 2021 is described below.

WPP STOCK PLAN 2018 (WSP)

The WPP Leader programme made awards under the WSP to around 1,800 of our key executives in 2021. 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' Executive Share Awards are granted under the WSP. No further awards are made to Executive Directors.

All awards granted under the WSP are subject to malus and clawback conditions.

WPP SHARE OPTION PLAN 2015

During 2021, the WPP Share Option Plan 2015 was used to make awards to over 43,000 employees. By 31 December 2021, options under this plan, and its predecessor, the Worldwide Ownership Plan, had been granted to approximately 206,000 employees over 105 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 2021. The Executive Directors do not participate in this plan.

SHARE INCENTIVE DILUTION FOR 2011 TO 2021

The share incentive dilution level, measured on a ten-year rolling basis, was at 2.9% at 31 December 2021 (2020: 2.8%). 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
31 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 (IFRS) as issued by the International Accounting Standards Board (IASB) as they apply to the financial statements of the Group for the year ended 31 December 2021. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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 and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible 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.

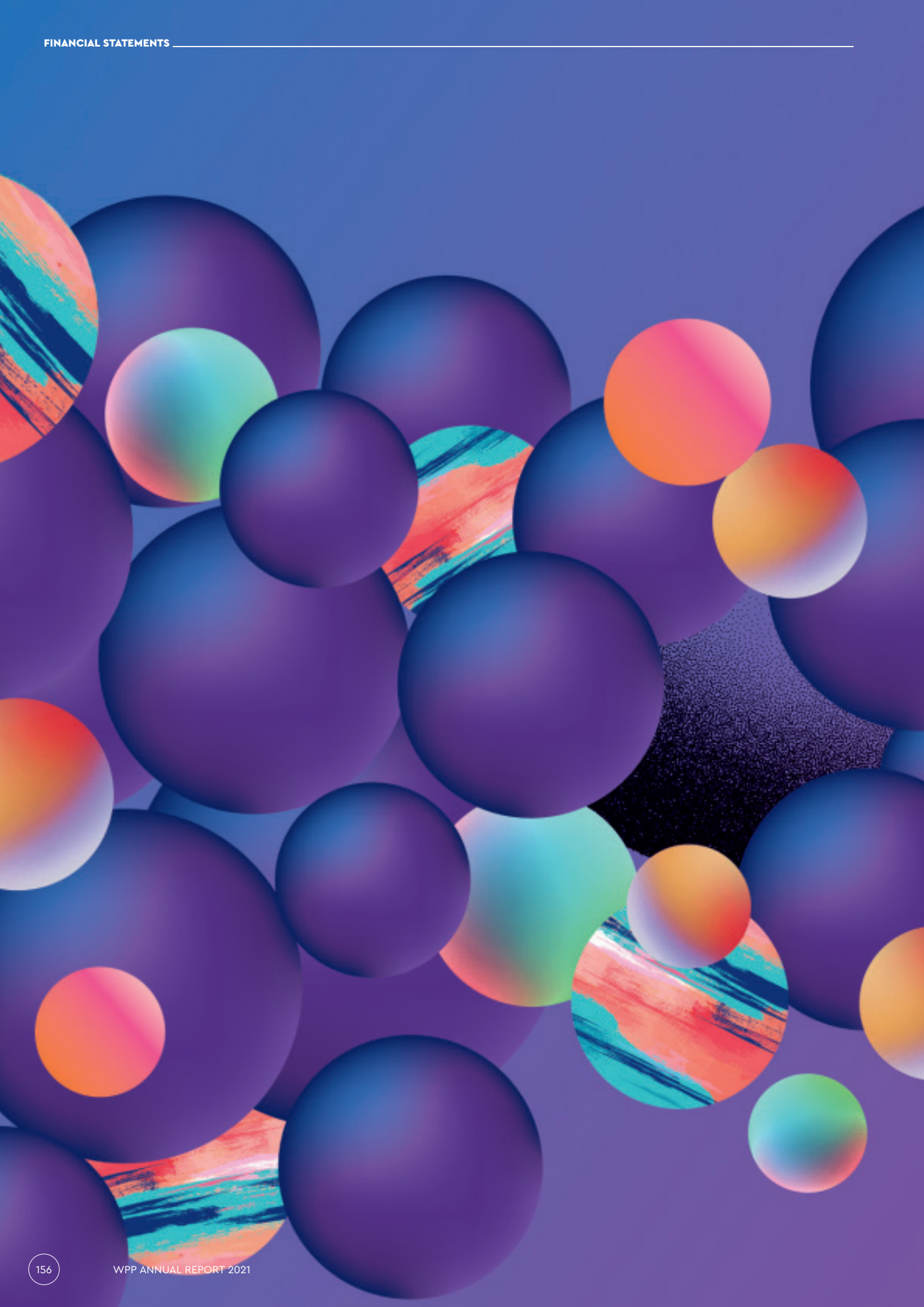
In accordance with the principles of the UK Corporate Governance Code, the Board has established arrangements to evaluate whether the information presented in the Annual Report is fair, balanced and understandable; these are described on page 126.

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
31 March 2022





FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

The consolidated financial statements of WPP plc and its subsidiaries (the Group) for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as they apply to the financial statements of the Group for the year ended 31 December 2021.

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 – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16); and
- IFRIC Agenda Decision on Accounting Treatment for Configuration and Customisation Costs in a Cloud Computing Arrangement.

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 – 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 were effective from 1 January 2021. They provide relief on certain existing requirements in IFRS Standards, relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate, as a result of Interest Rate Benchmark Reform. The Group does not consider that these amendments had 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 BEYOND 30 JUNE 2021

The amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021, was issued by the IASB in March 2021 and was effective from 1 April 2021. It provides an extension to the period under which practical relief to lessees could be applied in accounting for rent concessions occurring as a direct consequence of Covid-19, as introduced in the original amendment, Covid-19-Related Concessions (Amendment to IFRS 16). There has been no material impact to our financial statements as a result of the application of this amendment.

IMPACT OF IFRIC AGENDA DECISION ON ACCOUNTING TREATMENT FOR CONFIGURATION AND CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

In April 2021, an IFRIC agenda decision was issued in relation to the accounting treatment for configuration and customisation costs in a cloud computing arrangement. This guidance clarified that in order for an intangible asset to be capitalised in relation to customisation and configuration costs in a software-as-a-service (SaaS) arrangement, it is necessary for there to be control of the underlying software asset or for there to be a separate intangible asset which meets the definition in IAS 38 Intangible Assets.

In 2020, as part of the Group's transformation plan, the Group commenced a multi-year implementation of a cloud-based ERP and human capital management tool. The Group has completed its assessment of the financial reporting impact of this agenda decision on this implementation and has changed the accounting policy in the financial statements to align with the clarified guidance within the IFRIC agenda decision. As a result, the Group has expensed all costs associated with this implementation, which amount to £62.2 million as at 31 December 2021. This balance includes costs that were previously capitalised as at 31 December 2020 of £14.0 million.

At the date of authorisation of these financial statements, there were a number of standards or amendments to standards, which have not been applied in these financial statements, that were in issue but not yet effective. The Group does not consider that any of these standards or amendments to standards in issue but not yet effective will have a significant impact on the financial statements.

RESTATEMENT

During 2021, the Group determined that the financial statements for the prior periods contained errors relating to historic tax asset and liability adjustments that had accumulated over a number of years in the Group consolidation. As a result, previously reported corporate income tax recoverable, corporate income tax payable and tax charge were incorrect. The cumulative impact resulted in an overstatement of equity as at 31 December 2019 of £118.5 million, which has been corrected by reducing the 2020 opening retained earnings by £113.7 million and other reserves by £4.8 million. Corporate income tax recoverable has reduced by £22.8 million (2019: £22.8 million) and corporate income tax payable increased by £93.5 million (2019: £95.7 million) on the consolidated balance sheet at 31 December 2020. These changes also decreased the tax charge in the year ended 31 December 2020 by £2.2 million (2019: increase of £12.2 million). The restatement resulted in an increase in the basic and diluted earnings per share from continuing and discontinued operations of 0.2p and 0.2p, respectively, for the year ended 31 December 2020 (2019: decrease of 1.0p and 0.9p respectively).

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 and retranslation 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 loss allowances.

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. This has been applied to trade receivables, contract assets and lease receivables. 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. 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. For all other assets, the general approach has been applied and a loss allowance for 12-month expected credit losses is recognised.

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.

Further details on expected credit losses 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 items that are 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 the Group's own 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. On initial recognition, the corresponding amount is recognised against the equity reserve, which is subsequently reversed on derecognition, either through exercise or non-exercise of the option agreement. 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, including bank deposits and money market funds. The Group's 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 is broad and generally 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 other 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 such as onerous contracts and dilapidations. Also included are other provisions, primarily long-term employee benefits such as deferred compensation plans, 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.

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 2021, 2020 and 2019, 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 2021, this resulted in an increase in goodwill of £23.9 million (2020: £22.6 million, 2019: £41.0 million), an increase in other intangibles of £7.6 million (2020: £5.3 million, 2019: £7.1 million), and an increase in property, plant and equipment of £20.3 million (2020: £19.3 million, 2019: £10.7 million). A consumer price index (CPI) of 582.5 was used at 31 December 2021 (2020: 385.9, 2019: 283.4). 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.

NON-CONTROLLING INTERESTS

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The acquisition of a non-controlling interest in a subsidiary, and the sale of an interest while retaining control, is accounted for within equity, and the cash cost of such purchases is included within "financing activities" in the cash flow statement.

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 sensitivities to these estimates, are set out in note 14;
- 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;
- 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.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £m	2020[1] £m	2019[1] £m
Continuing operations				
Revenue	2	**12,801.1**	12,002.8	13,234.1
Costs of services	3	**(10,597.5)**	(9,987.9)	(10,825.1)
Gross profit		**2,203.6**	2,014.9	2,409.0
General and administrative costs	3	**(974.6)**	(4,293.0)	(1,113.1)
Operating profit/(loss)		**1,229.0**	(2,278.1)	1,295.9
Share of results of associates	4	**23.8**	(136.0)	14.7
Profit/(loss) before interest and taxation		**1,252.8**	(2,414.1)	1,310.6
Finance and investment income	6	**69.4**	82.7	99.0
Finance costs	6	**(283.6)**	(312.0)	(359.1)
Revaluation and retranslation of financial instruments	6	**(87.8)**	(147.2)	163.8
Profit/(loss) before taxation		**950.8**	(2,790.6)	1,214.3
Taxation	7	**(230.1)**	(127.1)	(287.2)
Profit/(loss) for the year from continuing operations		**720.7**	(2,917.7)	927.1
Discontinued operations				
Profit for the year from discontinued operations	12	**–**	16.4	10.8
Profit/(loss) for the year		**720.7**	(2,901.3)	937.9
Attributable to				
Equity holders of the parent:				
Continuing operations		**637.7**	(2,971.6)	847.9
Discontinued operations		**–**	6.5	(3.8)
		637.7	(2,965.1)	844.1
Non-controlling interests:				
Continuing operations		**83.0**	53.9	79.2
Discontinued operations		**–**	9.9	14.6
		83.0	63.8	93.8
		720.7	(2,901.3)	937.9
Earnings per share from continuing and discontinued operations				
Basic earnings per ordinary share	9	**53.4p**	(242.5p)	67.5p
Diluted earnings per ordinary share	9	**52.5p**	(242.5p)	67.0p
Earnings per share from continuing operations				
Basic earnings per ordinary share	9	**53.4p**	(243.0p)	67.8p
Diluted earnings per ordinary share	9	**52.5p**	(243.0p)	67.3p

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 2021

	2021 £m	2020[1] £m	2019[1] £m
Profit/(loss) for the year	**720.7**	(2,901.3)	937.9
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments on foreign currency net investments	**(105.0)**	81.3	(625.1)
Gain on net investment hedges	**45.5**	9.7	–
Loss on cash flow hedges	**(38.0)**	(5.9)	–
Share of other comprehensive income/(loss) of associate undertakings	**13.5**	(61.5)	–
Exchange adjustments recycled to the income statement on disposal of discontinued operations	**–**	(20.6)	(284.0)
	(84.0)	3.0	(909.1)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit pension plans	**14.3**	2.0	(36.6)
Deferred tax on defined benefit pension plans	**(3.0)**	7.4	6.4
Movements on equity investments held at fair value through other comprehensive income	**(35.5)**	(127.7)	(141.4)
	(24.2)	(118.3)	(171.6)
Other comprehensive loss for the year	**(108.2)**	(115.3)	(1,080.7)
Total comprehensive income/(loss) for the year	**612.5**	(3,016.6)	(142.8)
Attributable to			
Equity holders of the parent:			
Continuing operations	**539.8**	(3,063.9)	167.8
Discontinued operations	**–**	(12.6)	(386.4)
	539.8	(3,076.5)	(218.6)
Non-controlling interests:			
Continuing operations	**72.7**	50.5	61.9
Discontinued operations	**–**	9.4	13.9
	72.7	59.9	75.8
	612.5	(3,016.6)	(142.8)

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 2021

	Notes	2021 £m	2020 £m	2019 £m
Net cash inflow from operating activities	11	**2,032.8**	2,054.8	1,850.5
Investing activities				
Acquisitions	11	**(386.1)**	(178.4)	(161.3)
Disposal of investments and subsidiaries	11	**28.3**	272.3	2,141.0
Purchases of property, plant and equipment		**(263.2)**	(218.3)	(339.3)
Purchases of other intangible assets (including capitalised computer software)		**(29.9)**	(54.4)	(54.8)
Proceeds on disposal of property, plant and equipment		**8.7**	11.2	174.0
Net cash (outflow)/inflow from investing activities		**(642.2)**	(167.6)	1,759.6
Financing activities				
Repayment of lease liabilities		**(320.7)**	(300.1)	(249.8)
Share option proceeds		**4.4**	–	0.6
Cash consideration received from non-controlling interests	11	**39.5**	–	–
Cash consideration for purchase of non-controlling interests	11	**(135.0)**	(80.6)	(62.7)
Share repurchases and buybacks	11	**(818.5)**	(290.2)	(43.8)
Proceeds from issue of bonds	11	**–**	915.5	–
Repayment of borrowings	11	**(397.1)**	(282.7)	(1,713.2)
Financing and share issue costs		**(0.4)**	(7.1)	(6.4)
Equity dividends paid		**(314.7)**	(122.0)	(750.5)
Dividends paid to non-controlling interests in subsidiary undertakings		**(114.5)**	(83.3)	(96.2)
Net cash outflow from financing activities		**(2,057.0)**	(250.5)	(2,922.0)
Net (decrease)/increase in cash and cash equivalents		**(666.4)**	1,636.7	688.1
Translation of cash and cash equivalents		**(130.1)**	(99.2)	(89.7)
Cash and cash equivalents at beginning of year		**4,337.1**	2,799.6	2,201.2
Cash and cash equivalents including cash held in disposal group at end of year		**3,540.6**	4,337.1	2,799.6
Cash and cash equivalents held in disposal group presented as held for sale		–	–	(66.3)
Cash and cash equivalents at end of year	11	**3,540.6**	4,337.1	2,733.3

Note
The accompanying notes form an integral part of this consolidated cash flow statement.

CONSOLIDATED BALANCE SHEET

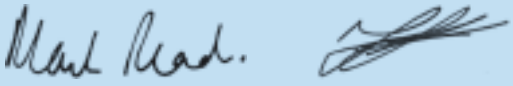
AT 31 DECEMBER 2021

	Notes	2021 £m	2020[1] £m	2019[1] £m
Non-current assets				
Intangible assets:				
Goodwill	14	**7,612.3**	7,388.8	10,110.6
Other	14	**1,359.5**	1,389.3	1,468.8
Property, plant and equipment	15	**896.4**	790.9	876.0
Right-of-use assets	13	**1,395.1**	1,504.5	1,734.5
Interests in associates and joint ventures	16	**412.9**	330.7	813.0
Other investments	16	**318.3**	387.3	498.3
Deferred tax assets	17	**341.5**	212.9	187.9
Corporate income tax recoverable		**46.6**	24.8	–
Trade and other receivables	18	**152.6**	156.2	137.6
		12,535.2	12,185.4	15,826.7
Current assets				
Corporate income tax recoverable		**90.4**	110.3	142.6
Trade and other receivables	18	**11,362.3**	10,972.3	11,822.3
Cash and short-term deposits		**3,882.9**	12,899.1	11,305.7
		15,335.6	23,981.7	23,270.6
Assets classified as held for sale		**–**	–	485.3
		15,335.6	23,981.7	23,755.9
Current liabilities				
Trade and other payables	19	**(15,252.3)**	(13,859.7)	(14,188.1)
Corporate income tax payable		**(386.2)**	(424.4)	(595.6)
Short-term lease liabilities	13	**(279.7)**	(323.8)	(302.2)
Bank overdrafts, bonds and bank loans	21	**(567.2)**	(8,619.2)	(8,798.0)
		(16,485.4)	(23,227.1)	(23,883.9)
Liabilities associated with assets classified as held for sale		**–**	–	(170.4)
		(16,485.4)	(23,227.1)	(24,054.3)
Net current (liabilities)/assets		**(1,149.8)**	754.6	(298.4)
Total assets less current liabilities		**11,385.4**	12,940.0	15,528.3
Non-current liabilities				
Bonds and bank loans	21	**(4,216.8)**	(4,975.5)	(4,047.3)
Trade and other payables	20	**(619.9)**	(313.5)	(449.6)
Corporate income tax payable		**–**	(1.3)	–
Deferred tax liabilities	17	**(312.5)**	(304.1)	(379.8)
Provision for post-employment benefits	24	**(136.6)**	(156.7)	(159.0)
Provisions for liabilities and charges	22	**(268.5)**	(306.3)	(247.8)
Long-term lease liabilities	13	**(1,762.1)**	(1,832.5)	(1,947.5)
		(7,316.4)	(7,889.9)	(7,231.0)
Net assets		**4,069.0**	5,050.1	8,297.3
Equity				
Called-up share capital	27	**122.4**	129.6	132.8
Share premium account		**574.7**	570.3	570.3
Other reserves	28	**(335.9)**	191.2	(174.7)
Own shares		**(1,112.1)**	(1,118.3)	(1,178.7)
Retained earnings		**4,367.3**	4,959.2	8,576.2
Equity shareholders' funds		**3,616.4**	4,732.0	7,925.9
Non-controlling interests		**452.6**	318.1	371.4
Total equity		**4,069.0**	5,050.1	8,297.3

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 31 March 2022.

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 2021

	Called-up share capital £m	Share premium account £m	Other reserves[1] £m	Own shares £m	Retained earnings[1,2] £m	Total equity shareholders' funds[1] £m	Non-controlling interests £m	Total[1] £m
Balance at 1 January 2020	**132.8**	**570.3**	**(169.9)**	**(1,178.7)**	**8,689.9**	**8,044.4**	**371.4**	**8,415.8**
Restatement[1]	–	–	(4.8)	–	(113.7)	(118.5)	–	(118.5)
Restated balance at 1 January 2020	**132.8**	**570.3**	**(174.7)**	**(1,178.7)**	**8,576.2**	**7,925.9**	**371.4**	**8,297.3**
Share cancellations	(3.2)	–	3.2	–	(281.2)	(281.2)	–	(281.2)
Treasury share allocations	–	–	–	0.6	(0.6)	–	–	–
(Loss)/profit for the year[1]	–	–	–	–	(2,965.1)	(2,965.1)	63.8	(2,901.3)
Exchange adjustments on foreign currency net investments	–	–	85.2	–	–	85.2	(3.9)	81.3
Gain on net investment hedges	–	–	9.7	–	–	9.7	–	9.7
Loss on cash flow hedges	–	–	(5.9)	–	–	(5.9)	–	(5.9)
Share of other comprehensive loss of associate undertakings	–	–	(61.5)	–	–	(61.5)	–	(61.5)
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)[1]	–	–	6.9	–	(3,083.4)	(3,076.5)	59.9	(3,016.6)
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/derecognition of liabilities in respect of put options	–	–	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**	**191.2**	**(1,118.3)**	**4,959.2**	**4,732.0**	**318.1**	**5,050.1**
Ordinary shares issued	–	4.4	–	–	–	4.4	–	4.4
Share cancellations	(7.2)	–	7.2	–	(729.3)	(729.3)	–	(729.3)
Treasury share allocations	–	–	–	3.7	(3.7)	–	–	–
Profit for the year	–	–	–	–	637.7	637.7	83.0	720.7
Exchange adjustments on foreign currency net investments	–	–	(94.7)	–	–	(94.7)	(10.3)	(105.0)
Gain on net investment hedges	–	–	45.5	–	–	45.5	–	45.5
Loss on cash flow hedges	–	–	(38.0)	–	–	(38.0)	–	(38.0)
Share of other comprehensive income of associate undertakings	–	–	7.3	–	6.2	13.5	–	13.5
Movements on equity investments held at fair value through other comprehensive income	–	–	–	–	(35.5)	(35.5)	–	(35.5)
Actuarial gain on defined benefit pension plans	–	–	–	–	14.3	14.3	–	14.3
Deferred tax on defined benefit pension plans	–	–	–	–	(3.0)	(3.0)	–	(3.0)
Other comprehensive loss	–	–	(79.9)	–	(18.0)	(97.9)	(10.3)	(108.2)
Total comprehensive (loss)/income	–	–	(79.9)	–	619.7	539.8	72.7	612.5
Dividends paid	–	–	–	–	(314.7)	(314.7)	(114.5)	(429.2)
Non-cash share-based incentive plans (including share options)	–	–	–	–	99.6	99.6	–	99.6
Tax adjustment on share-based payments	–	–	–	–	15.4	15.4	–	15.4
Net movement in own shares held by ESOP Trusts	–	–	–	2.5	(91.7)	(89.2)	–	(89.2)
Recognition/derecognition of liabilities in respect of put options[5]	–	–	(242.7)	–	1.1	(241.6)	–	(241.6)
Share purchases – close period commitments[6]	–	–	(211.7)	–	–	(211.7)	–	(211.7)
Share of other equity movements of associates	–	–	–	–	(8.0)	(8.0)	–	(8.0)
Acquisition of subsidiaries[4]	–	–	–	–	(180.3)	(180.3)	176.3	(4.0)
Balance at 31 December 2021	**122.4**	**574.7**	**(335.9)**	**(1,112.1)**	**4,367.3**	**3,616.4**	**452.6**	**4,069.0**

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 Accumulated losses on existing equity investments held at fair value through other comprehensive income are £309.1 million at 31 December 2021 (2020: £273.6 million).

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 constituted a liability at 31 December 2019 and was recognised as a movement in other reserves in the year ended 31 December 2019. 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.

5 During the year, the Group merged Finsbury Glover Hering and Sard Verbinnen & Co to form a leading global communications firm. As a part of this transaction, certain management acquired shares in the Company and a put option was granted which allows the equity partners to require the Group to purchase these shares. This resulted in a movement in other reserves in the year of £219.6 million.

6 During 2021, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 16 December 2021 and ending on 18 February 2022, in accordance with UK listing rules. The commitment resulting from this agreement constituted a liability at 31 December 2021 and was recognised as a movement in other reserves in the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

The Group is organised into three reportable segments – Global Integrated Agencies, Public Relations and Specialist Agencies.

IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group's Chief Executive Officer (the Chief Operating Decision Maker). Provided certain quantitative and qualitative criteria are fulfilled, IFRS 8 permits aggregation of these components into reportable segments for the purposes of disclosure in the Group's financial statements. In assessing the Group's reportable segments, the Directors have had regard to the similar economic characteristics of certain operating segments, their shared client bases, the similar nature of their products or services and their long-term margins, amongst other factors.

During 2020, the Group announced the intention to combine Grey and AKQA into AKQA Group, to bring Geometry and GTB into VMLY&R and International Healthcare into VMLY&R and Ogilvy. As a result AKQA, Geometry, GTB and International Healthcare are now reported within Global Integrated Agencies, having previously been reported within Specialist Agencies. Prior year figures have been re-presented to reflect these changes.

Reported contributions were as follows:

Continuing operations – Income statement	Revenue[1] £m	Revenue less pass-through costs[2] £m	Headline operating profit[3] £m
2021			
Global Integrated Agencies	**10,836.3**	**8,638.7**	**1,215.5**
Public Relations	**959.0**	**909.7**	**143.1**
Specialist Agencies	**1,005.8**	**848.8**	**134.9**
	12,801.1	**10,397.2**	**1,493.5**
2020[4]			
Global Integrated Agencies	10,265.5	8,194.2	1,059.9
Public Relations	892.9	854.4	141.3
Specialist Agencies	844.4	713.4	59.3
	12,002.8	9,762.0	1,260.5
2019[4]			
Global Integrated Agencies	11,269.2	9,090.4	1,358.6
Public Relations	956.5	898.0	140.6
Specialist Agencies	1,008.4	858.1	61.4
	13,234.1	10,846.5	1,560.6

Notes

1 Intersegment sales have not been separately disclosed as they are not material.
2 Revenue less pass-through costs is defined on page 223.
3 A reconciliation from reported operating profit to headline operating profit is provided on page 210.
4 Prior year figures have been re-presented to reflect the changes to segments described above.

Continuing operations – Other information	Share-based payments £m	Capital additions[1] £m	Depreciation and amortisation[2] £m	Goodwill impairment £m	Share of results of associates £m	Interests in associates and joint ventures £m
2021						
Global Integrated Agencies	**92.3**	**252.7**	**372.8**	**–**	**22.7**	**115.2**
Public Relations	**4.8**	**17.9**	**28.1**	**–**	**1.7**	**8.0**
Specialist Agencies[3]	**2.5**	**22.5**	**43.1**	**1.8**	**(0.6)**	**289.7**
	99.6	**293.1**	**444.0**	**1.8**	**23.8**	**412.9**
2020[4]						
Global Integrated Agencies	61.3	234.2	449.7	2,355.1	19.0	158.4
Public Relations	8.0	15.5	32.8	161.5	1.3	6.4
Specialist Agencies[3]	5.1	22.9	59.4	306.3	(156.3)	165.9
	74.4	272.6	541.9	2,822.9	(136.0)	330.7
2019[4]						
Global Integrated Agencies	57.2	284.5	424.6	4.8	16.8	164.6
Public Relations	4.6	17.5	31.5	–	(0.3)	5.5
Specialist Agencies[3]	4.2	27.8	52.2	42.9	(1.8)	642.9
	66.0	329.8	508.3	47.7	14.7	813.0

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 Specialist Agencies includes the Kantar associates and amounts previously reported under the Data Investment Management segment.
4 Prior year figures have been re-presented to reflect the changes to segments described above.

Contributions by geographical area were as follows:

Continuing operations	**2021 £m**	2020 £m	2019 £m
Revenue[1]			
North America[2]	**4,494.2**	4,464.9	4,854.7
United Kingdom	**1,866.9**	1,637.0	1,797.1
Western Continental Europe	**2,786.3**	2,441.6	2,628.8
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**3,653.7**	3,459.3	3,953.5
	12,801.1	12,002.8	13,234.1
Revenue less pass-through costs[3]			
North America[2]	**3,849.2**	3,743.4	4,034.3
United Kingdom	**1,414.3**	1,233.8	1,390.1
Western Continental Europe	**2,225.4**	2,019.4	2,176.4
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**2,908.3**	2,765.4	3,245.7
	10,397.2	9,762.0	10,846.5
Headline operating profit[3]			
North America[2]	**655.7**	611.9	662.0
United Kingdom	**180.9**	137.7	188.5
Western Continental Europe	**288.6**	198.7	261.5
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**368.3**	312.2	448.6
	1,493.5	1,260.5	1,560.6

Notes

1 Intersegment sales have not been separately disclosed as they are not material.
2 North America includes the United States with revenue of £4,220.8 million (2020: £4,216.1 million, 2019: £4,576.5 million), revenue less pass-through costs of £3,597.4 million (2020: £3,524.8 million, 2019: £3,806.3 million) and headline operating profit of £615.2 million (2020: £563.7 million, 2019: £620.6 million).
3 Revenue less pass-through costs and headline operating profit are defined on pages 222 and 223.

	2021 £m	2020 £m
Non-current assets[1]		
North America[2]	**5,075.4**	4,962.1
United Kingdom	**1,565.4**	1,488.7
Western Continental Europe	**2,618.8**	2,745.0
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**2,933.6**	2,767.1
	12,193.2	11,962.9

Notes

1 Non-current assets excluding financial instruments and deferred tax.
2 North America includes the United States with non-current assets of £4,730.1 million (2020: £4,609.0 million).

3. COSTS OF SERVICES AND GENERAL AND ADMINISTRATIVE COSTS

Continuing operations	2021 £m	2020 £m	2019 £m
Costs of services	**10,597.5**	9,987.9	10,825.1
General and administrative costs	**974.6**	4,293.0	1,113.1
	11,572.1	14,280.9	11,938.2

Costs of services and general and administrative costs include:

Continuing operations	2021 £m	2020 £m	2019 £m
Staff costs (note 5)	**7,166.7**	6,556.5	7,090.6
Establishment costs	**529.0**	638.5	672.9
Media pass-through costs	**1,865.3**	1,555.2	1,656.2
Other costs of services and general and administrative costs[1]	**2,011.1**	5,530.7	2,518.5
	11,572.1	14,280.9	11,938.2

Included within costs of services and general administrative costs are the following:

Continuing operations	2021 £m	2020 £m	2019 £m
Goodwill impairment (note 14)	**1.8**	2,822.9	47.7
Investment and other impairment (reversals)/ charges	**(42.4)**	296.2	7.5
Restructuring and transformation costs	**145.5**	80.7	153.5
Restructuring costs in relation to Covid-19	**29.9**	232.5	–
Litigation settlement	**21.3**	25.6	(16.8)
Gain on sale of freehold property in New York	**–**	–	(7.9)
Amortisation and impairment of acquired intangible assets	**97.8**	89.1	121.5
Amortisation of other intangible assets	**19.9**	35.2	21.2
Depreciation of property, plant and equipment	**151.2**	174.8	185.5
Depreciation of right-of-use assets	**272.9**	331.9	301.6
(Gains)/losses on sale of property, plant and equipment	**(1.3)**	0.3	3.2
Losses/(gains) on disposal of investments and subsidiaries	**10.6**	(7.8)	(40.4)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**–**	(0.6)	(0.4)
Net foreign exchange losses	**4.4**	5.9	6.1
Short-term lease expense	**18.0**	36.7	83.8
Low-value lease expense	**2.3**	2.3	2.9

Note

1 Other costs of services and general and administrative costs include £538.6 million (2020: £685.6 million, 2019: £731.4 million) of other pass-through costs.

In 2021, operating profit includes credits totalling £19.3 million (2020: £46.3 million, 2019: £26.9 million) relating to the release of excess provisions and other balances established in respect of acquisitions completed prior to 2020. 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 intangible assets of £97.8 million (2020: £89.1 million, 2019: £121.5 million) includes an impairment charge in the year of £47.9 million (2020: £21.6 million, 2019: £26.5 million) in regard to certain brand names that are no longer in use, including £43.8 million for brands with an indefinite life.

Investment and other impairment reversals of £42.4 million primarily relates to the partial reversal of a £255.6 million impairment taken in 2020 relating to Imagina, an associate in Spain.

Losses on disposal of investments and subsidiaries of £10.6 million in 2021 includes a loss of £4.9 million on the disposal of XMKT in China, which completed in September 2021. 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.

Restructuring and transformation costs of £145.5 million (2020: £80.7 million, 2019: £153.5 million) include £94.2 million in relation to the Group's IT transformation programme. This programme will allow technology to become a competitive advantage in the market as our clients, and their clients, move to an ever-increasing digital world. It includes costs of £62.2 million (including £14.0 million that was previously capitalised at 31 December 2020) in relation to the rollout of a new ERP system in order to drive efficiency and collaboration throughout the Group. The remaining £51.3 million relates 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.

Restructuring costs in relation to Covid-19 of £29.9 million (2020: £232.5 million, 2019: £nil) primarily relate to 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. We note that there are other Covid-19 related amounts, including credits, which have not been reflected on the grounds that they cannot effectively be distinguished from the day-to-day activities of the business.

In 2021, the Group received £5.3 million (2020: £77.1 million, 2019: £nil) of aid from governments around the world in relation to the Covid-19 pandemic, which is included as a credit in other staff costs.

Total impairment charges included in restructuring costs of £39.2 million (2020: £196.7 million) consist of £17.6 million (2020: £147.6 million) within restructuring costs in relation to Covid-19 and £21.6 million (2020: £49.1 million) within restructuring and transformation costs. These impairment charges include £19.3 million (2020: £117.0 million) in relation to right-of-use assets, £9.8 million (2020: £79.7 million) of related property, plant and equipment and £10.1 million (2020: £nil) of other intangibles, arising from the Group's reassessment of its property requirements as a result of effective remote working practices during the Covid-19 pandemic and continued focus on campuses. There were no impairment charges included in restructuring costs in 2019.

The goodwill impairment charge of £2,822.9 million in 2020 reflects the adverse impacts of Covid-19 on a number of businesses in the Group at that time.

Auditors' remuneration:

	2021 £m	2020 £m	2019 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**7.1**	6.4	6.5
Fees payable for the audit of the Company's subsidiaries	**24.8**	22.9	28.0
Fees payable to the auditors pursuant to legislation	**31.9**	29.3	34.5
Audit-related services[1]	**0.4**	0.4	0.4
Other services[2]	**1.4**	0.7	7.8
Tax compliance services	**–**	0.1	–
Total other fees	**1.8**	1.2	8.2
Total fees	**33.7**	30.5	42.7

Notes

1 Audit-related assurance services are in respect of the review of the interim financial information.

2 Other services include audits for earnout purposes.

4. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates includes:

Continuing operations	2021 £m	2020 £m	2019 £m
Share of profit before interest and taxation	**208.5**	142.5	99.2
Share of exceptional losses	**(62.3)**	(146.1)	(47.8)
Share of interest and non-controlling interests	**(83.9)**	(91.4)	(19.4)
Share of taxation	**(38.5)**	(41.0)	(17.3)
	23.8	(136.0)	14.7

Share of exceptional losses of £62.3 million (2020: £146.1 million, 2019: £47.8 million) primarily comprise £38.8 million (2020: £54.3 million, 2019: £5.3 million) of amortisation and impairment of acquired intangible assets as well as restructuring and one-off transaction costs of £18.8 million (2020: £89.3 million, 2019: £20.3 million) within Kantar.

5. OUR PEOPLE

Our staff numbers averaged 104,808 for the year ended 31 December 2021 against 104,163 in 2020 and 132,823 in 2019. Their geographical distribution was as follows:

	2021	2020	2019
North America	**21,764**	21,524	25,008
United Kingdom	**10,995**	10,670	14,192
Western Continental Europe	**21,514**	21,551	26,973
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**50,535**	50,418	66,650
	104,808	104,163	132,823

Their reportable segment distribution was as follows:

	2021	2020[1]	2019[1]
Global Integrated Agencies	**89,701**	88,406	90,582
Data Investment Management	**–**	1,341	26,325
Public Relations	**7,121**	6,810	6,890
Specialist Agencies	**7,986**	7,606	9,026
	104,808	104,163	132,823

Note

1 Prior year figures have been re-presented to reflect the changes to segments described in note 2.

At the end of 2021, staff numbers were 109,382 (2020: 99,830, 2019: 106,786).

Staff costs include:

Continuing operations	2021 £m	2020 £m	2019 £m
Wages and salaries	**4,797.2**	4,781.0	4,946.2
Cash-based incentive plans	**455.2**	110.7	227.6
Share-based incentive plans	**99.6**	74.4	66.0
Social security costs	**630.1**	570.9	591.7
Pension costs	**177.7**	171.7	169.7
Severance	**41.8**	68.2	42.6
Other staff costs[1]	**965.1**	779.6	1,046.8
	7,166.7	6,556.5	7,090.6

Note

1 Freelance and temporary staff costs are included in other staff costs.

Compensation for key management personnel includes:

	2021 £m	2020 £m	2019 £m
Short-term employee benefits	**28.0**	17.9	18.3
Pensions and other post-retirement benefits	**0.9**	1.0	1.0
Share-based payments	**14.6**	10.3	10.8
	43.5	29.2	30.1

Key management personnel comprises the Board and the Executive Committee. Further details of compensation for the Board are disclosed on pages 133-154.

6. FINANCE AND INVESTMENT INCOME, FINANCE COSTS AND REVALUATION AND RETRANSLATION OF FINANCIAL INSTRUMENTS

Finance and investment income includes:

Continuing operations	2021 £m	2020 £m	2019 £m
Income from equity investments	**17.9**	8.7	18.3
Interest income	**51.5**	74.0	80.7
	69.4	82.7	99.0

Finance costs include:

Continuing operations	2021 £m	2020 £m	2019 £m
Net interest expense on pension plans	**1.8**	2.9	3.5
Interest on other long-term employee benefits	**2.4**	3.1	3.9
Interest expense and similar charges[1]	**188.5**	205.0	252.0
Interest expense related to lease liabilities	**90.9**	101.0	99.7
	283.6	312.0	359.1

Revaluation and retranslation of financial instruments include:

Continuing operations	2021 £m	2020 £m	2019 £m
Movements in fair value of treasury instruments	**9.1**	15.4	0.4
Premium on the early repayment of bonds	**(13.0)**	–	(63.4)
Revaluation of investments held at fair value through profit or loss	**(7.5)**	8.0	9.1
Revaluation of put options over non-controlling interests	**(40.6)**	12.3	(24.3)
Revaluation of payments due to vendors (earnout agreements)	**(58.7)**	13.4	(3.7)
Retranslation of financial instruments	**22.9**	(196.3)	245.7
	(87.8)	(147.2)	163.8

Note

1 Interest expense and similar charges are payable on bank overdrafts, bonds and bank loans held at amortised cost.

The majority of the Group's long-term debt is represented by $1,063 million of US dollar bonds at an average interest rate of 4.26%, €3,600 million of Eurobonds at an average interest rate of 1.94% 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 nil (2020: nil).

Average borrowings under the Australian Dollar Revolving Credit Facilities amounted to A$52 million at an average rate of 1.89% (2020: A$151 million at an average rate of 2.06%).

Average borrowings under the US Commercial Paper Programme for 2021 amounted to nil (2020: $2 million at an average interest rate of 1.66% inclusive of margin).

Average borrowings under the Euro Commercial Paper Programme for 2021 amounted to nil (2020: nil).

7. TAXATION

The tax rate on reported profit/(loss) before tax was 24.2% (2020: -4.6%, 2019: 23.7%).

The tax charge comprises:

Continuing operations	2021 £m	2020[1] £m	2019[1] £m
Corporation tax			
Current year	**404.0**	307.8	435.2
Prior years	**(41.4)**	(83.2)	(63.4)
	362.6	224.6	371.8
Deferred tax			
Current year	**(131.0)**	(80.2)	(78.3)
Prior years	**(1.5)**	(17.3)	(6.3)
	(132.5)	(97.5)	(84.6)
Tax charge	**230.1**	127.1	287.2

Note

1 Figures have been restated as described in the accounting policies.

The corporation tax credit for prior years in 2021, 2020, and 2019 primarily 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 profit/(loss) before taxation in the consolidated income statement as follows:

Continuing operations	2021 £m	2020[1] £m	2019[1] £m
Profit/(loss) before taxation	**950.8**	(2,790.6)	1,214.3
Tax at the corporation tax rate of 19.0%[2]	**180.7**	(530.2)	230.7
Tax effect of share of results of associates	**(13.3)**	16.2	(2.7)
Irrecoverable withholding taxes	**52.3**	49.4	44.7
Items that are not deductible in determining taxable profit	**29.3**	67.0	53.7
Goodwill impairment	**0.6**	542.4	10.4
Effect of different tax rates in subsidiaries operating in other jurisdictions	**81.2**	92.7	77.1
Origination and reversal on unrecognised temporary differences	**(36.3)**	(29.3)	(3.4)
Tax losses not recognised or utilised in the year	**7.4**	21.1	13.2
Utilisation of tax losses not previously recognised	**(5.1)**	(1.7)	(42.7)
Recognition of temporary differences not previously recognised	**–**	–	(24.1)
Net release of prior year provisions in relation to acquired businesses	**(1.1)**	(1.7)	(19.9)
Other prior year adjustments	**(41.8)**	(98.8)	(49.8)
Impact of deferred tax rate change	**(23.8)**	–	–
Tax charge	**230.1**	127.1	287.2
Effective tax rate on profit/(loss) before tax	**24.2%**	(4.6%)	23.7%

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% (2020: 19.0%, 2019: 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, increasing tax rates as a consequence of the financial support programmes implemented by governments during the Covid-19 pandemic, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, and 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 enacted at the balance sheet date, and the Group has remeasured UK deferred tax balances accordingly and recognised a tax credit of £23.8 million in current period tax expense.

TAX RISK MANAGEMENT

We look to maintain open and transparent relationships with the tax authorities in the jurisdictions in which we operate and relevant government representatives. We maintain 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 significant 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:

Per share	2021	2020	2019	2021 £m	2020 £m	2019 £m
	Pence per share					
2020 Final dividend	**14.00p**	–	37.30p	**167.7**	–	466.4
2021 Interim dividend	**12.50p**	10.00p	22.70p	**147.0**	122.0	284.1
	26.50p	10.00p	60.00p	**314.7**	122.0	750.5

Per ADR[1]	2021	2020	2019	2021 $m	2020 $m	2019 $m
	Cents per ADR					
2020 Final dividend	**89.85¢**	–	249.00¢	**215.3**	–	622.8
2021 Interim dividend	**85.98¢**	64.18¢	144.88¢	**202.2**	156.6	362.6
	175.83¢	64.18¢	393.88¢	**417.5**	156.6	985.4

Proposed final dividend for the year ended 31 December 2021:

Per share	2021	2020	2019
	Pence per share		
Final dividend	**18.70p**	14.00p	–

Per ADR[1]	2021	2020	2019
	Cents per share		
Final dividend	**128.63¢**	89.85¢	–

Note
1 These figures have been translated for convenience purposes only, using the approximate average rate for the year of US$1.3757 (2020: US$1.2836, 2019: US$1.2765). 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	2021	2020[1]	2019[1]
Reported earnings[2] (£m)	**637.7**	(2,971.6)	847.9
Headline earnings (£m) (page 210)	**954.5**	742.5	972.0
Weighted average shares used in basic EPS calculation (m)	**1,194.1**	1,223.0	1,250.0
Reported EPS	**53.4p**	(243.0p)	67.8p
Headline EPS	**79.9p**	60.7p	77.8p

Discontinued operations	2021	2020	2019
Reported earnings[2] (£m)	**–**	6.5	(3.8)
Weighted average shares used in basic EPS calculation (m)	**–**	1,223.0	1,250.0
Reported EPS	**–**	0.5p	(0.3p)

Continuing and discontinued operations	2021	2020[1]	2019[1]
Reported earnings[2] (£m)	**637.7**	(2,965.1)	844.1
Weighted average shares used in basic EPS calculation (m)	**1,194.1**	1,223.0	1,250.0
Reported EPS	**53.4p**	(242.5p)	67.5p

Notes
1 Figures have been restated as described in the accounting policies.
2 Reported earnings is equivalent to profit/(loss) for the year attributable to equity holders of the parent.

9. EARNINGS PER SHARE CONTINUED

DILUTED EPS

The calculation of diluted reported and headline EPS is as follows:

Continuing operations	2021	2020[1]	2019[1]
Diluted reported earnings (£m)	**637.7**	(2,971.6)	847.9
Diluted headline earnings (£m)	**954.5**	742.5	972.0
Weighted average shares used in reported diluted EPS calculation (m)[2]	**1,215.3**	1,223.0	1,260.6
Weighted average shares used in headline diluted EPS calculation (m)	**1,215.3**	1,236.0	1,260.6
Diluted reported EPS	**52.5p**	(243.0p)	67.3p
Diluted headline EPS	**78.5p**	60.1p	77.1p

Discontinued operations	2021	2020	2019
Diluted reported earnings (£m)	**–**	6.5	(3.8)
Weighted average shares used in diluted EPS calculation (m)[2]	**–**	1,223.0	1,260.6
Diluted reported EPS	**–**	0.5p	(0.3p)

Continuing and discontinued operations	2021	2020[1]	2019[1]
Diluted reported earnings (£m)	**637.7**	(2,965.1)	844.1
Weighted average shares used in diluted EPS calculation (m)[2]	**1,215.3**	1,223.0	1,260.6
Diluted reported EPS	**52.5p**	(242.5p)	67.0p

Notes

1 Figures have been restated as described in the accounting policies.

2 The weighted average shares used in the basic EPS calculation for 2020 have 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 2021, options to purchase 7.2 million ordinary shares (2020: 14.2 million, 2019: 19.3 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:

	2021 m	2020 m	2019 m
Weighted average shares used in basic EPS calculation	**1,194.1**	1,223.0	1,250.0
Dilutive share options outstanding	**1.3**	–	0.3
Other potentially issuable shares	**19.9**	13.0	10.3
Weighted average shares used in diluted EPS calculation	**1,215.3**	1,236.0	1,260.6

At 31 December 2021 there were 1,224,459,550 (2020: 1,296,080,242, 2019: 1,328,167,813) ordinary shares in issue, including 70,489,953 treasury shares (2020: 70,748,100, 2019: 70,787,730).

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	2021 £m	2020 £m	2021 £m	2020 £m
Beginning of year	**699.9**	703.1	**5,032.7**	4,272.9
Ordinary shares issued	**4.4**	–	**–**	–
Share cancellations	**(7.2)**	(3.2)	**–**	–
Net (decrease)/increase in drawings on bank loans and corporate bonds	**–**	–	**(397.1)**	632.8
Amortisation of financing costs included in debt	**–**	–	**8.1**	7.5
Changes in fair value due to hedging arrangements	**–**	–	**(2.5)**	(1.4)
Other movements	**–**	–	**(0.4)**	(7.1)
Exchange adjustments	**–**	–	**(199.1)**	128.0
End of year	**697.1**	699.9	**4,441.7**	5,032.7

The table above excludes bank overdrafts which fall within cash and cash equivalents for the purposes of the consolidated cash flow statement. Other liabilities from financing activities including lease liabilities and derivatives used for hedging debts are disclosed in note 13 and note 26, respectively.

SHARES

At 31 December 2021, the Company's share base was entirely composed of ordinary equity share capital and share premium of £697.1 million (2020: £699.9 million), further details of which are disclosed in note 27.

DEBT

US$ bonds The Group has in issue $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 The Group 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, €750 million of 2.375% bonds due May 2027, €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 The Group has in issue £250 million of 3.750% bonds due May 2032 and £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 2026, signed in November 2021. The Group's borrowings under these facilities, which are drawn down predominantly in pounds sterling, averaged nil in 2021 (2020: nil).

In May 2021, the Group's subsidiary, WPP AUNZ, repaid in full its A$150 million Revolving Credit Facility due August 2021, and its A$270 million Revolving Credit Facility due 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$52 million in 2021 (2020: A$151 million).

The Group had available undrawn committed credit facilities of £1,847.5 million at 31 December 2021 (2020: £2,023.2 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.

The $2.5 billion Revolving Credit Facility, due March 2026, 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.

COMMERCIAL PAPER PROGRAMMES

The Group operates commercial paper programmes using its Revolving Credit Facility as a backstop. The average US commercial paper outstanding in 2021 was nil (2020: $2 million). The average Euro commercial paper outstanding in 2021 was nil (2020: nil) inclusive of the effect of currency swaps. There was no US or Euro commercial paper outstanding at 31 December 2021.

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:

	2021 £m	2020 £m
Within one year	**(326.8)**	(182.2)
Between one and two years	**(745.4)**	(725.6)
Between two and three years	**(646.5)**	(795.7)
Between three and four years	**(492.8)**	(649.1)
Between four and five years	**(698.0)**	(528.2)
Over five years	**(2,546.3)**	(3,387.1)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	**(5,455.8)**	(6,267.9)
Short-term overdrafts – within one year	**(342.3)**	(8,562.0)
Future anticipated cash flows	**(5,798.1)**	(14,829.9)
Effect of discounting/financing rates	**1,014.1**	1,235.2
Debt financing	**(4,784.0)**	(13,594.7)
Cash and short-term deposits	**3,882.9**	12,899.1
Adjusted net debt	**(901.1)**	(695.6)

Analysis of fixed and floating rate debt by currency including the effect of cross-currency swaps:

2021	£m	Fixed rate[1]	Floating basis	Period (months)[1]
Currency				
$ – fixed	1,231.8	4.18	n/a	72
£ – fixed	1,094.1	2.97	n/a	155
€ – fixed	1,976.0	2.04	n/a	69
– floating	210.2	n/a	EURIBOR	3
Other	(70.4)	n/a	n/a	n/a
	4,441.7			

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			

Note

1 Weighted average.

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	
2021	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	185.8	173.7	581.1	582.5
Between one and two years	551.4	521.1	30.0	30.4
Between two and three years	11.6	6.0	–	–
Between three and four years	449.8	445.6	–	–
Between four and five years	–	–	–	–
Over five years	–	–	–	–
	1,198.6	**1,146.4**	**611.1**	**612.9**

	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

11. ANALYSIS OF CASH FLOWS

The following tables analyse the items included within the main cash flow headings on page 166.

Net cash from operating activities:

	2021 £m	2020[1] £m	2019[1] £m
Profit/(loss) for the year	**720.7**	(2,901.3)	937.9
Taxation	**230.1**	129.3	366.0
Revaluation and retranslation of financial instruments	**87.8**	147.2	(154.4)
Finance costs	**283.6**	312.3	376.4
Finance and investment income	**(69.4)**	(82.8)	(102.6)
Share of results of associates	**(23.8)**	136.0	(21.2)
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 profit/(loss) of continuing and discontinued operations	**1,229.0**	(2,267.4)	1,580.2
Adjustments for			
Non-cash share-based incentive plans (including share options)	**99.6**	74.4	71.4
Depreciation of property, plant and equipment	**151.2**	174.8	203.2
Depreciation of right-of-use assets	**272.9**	331.9	317.9
Impairment charges included within restructuring costs	**39.2**	196.7	–
Goodwill impairment	**1.8**	2,822.9	47.7
Amortisation and impairment of acquired intangible assets	**97.8**	89.1	135.6
Amortisation of other intangible assets	**19.9**	35.2	29.6
Investment and other impairment (reversals)/charges	**(42.4)**	296.2	7.5
Losses/(gains) on disposal of investments and subsidiaries	**10.6**	(7.8)	(45.1)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**–**	(0.6)	(0.4)
Gain on sale of freehold property in New York	**–**	–	(7.9)
(Gains)/losses on sale of property, plant and equipment	**(1.3)**	0.3	3.2
Operating cash flow before movements in working capital and provisions	**1,878.3**	1,745.7	2,342.9
(Increase)/decrease in trade receivables and accrued income	**(458.9)**	585.2	159.0
Increase in trade payables and deferred income	**777.8**	195.0	394.7
(Increase)/decrease in other receivables	**(120.0)**	123.3	(263.8)
Increase/(decrease) in other payables – short-term	**547.0**	(36.6)	(16.4)
(Decrease)/increase in other payables – long-term	**(11.0)**	(44.3)	53.7
(Decrease)/increase in provisions	**(32.9)**	15.6	23.1
Cash generated by operations	**2,580.3**	2,583.9	2,693.2
Corporation and overseas tax paid	**(391.1)**	(371.5)	(536.0)
Payment on early settlement of bonds	**(13.0)**	–	(63.4)
Interest and similar charges paid	**(173.7)**	(173.9)	(270.6)
Interest paid on lease liabilities	**(88.4)**	(98.5)	(105.1)
Interest received	**47.5**	73.6	80.8
Investment income	**17.8**	8.7	18.3
Dividends from associates	**53.4**	32.5	33.3
Net cash inflow from operating activities	**2,032.8**	2,054.8	1,850.5

Note

1 Figures have been restated as described in the accounting policies.

11. ANALYSIS OF CASH FLOWS CONTINUED

Acquisitions and disposals:

	2021 £m	2020 £m	2019 £m
Initial cash consideration	(227.6)	(32.8)	(3.9)
Cash and cash equivalents acquired	(2.3)	–	–
Earnout payments	(57.0)	(115.2)	(130.2)
Purchase of other investments (including associates)	(99.2)	(30.4)	(27.2)
Acquisitions	(386.1)	(178.4)	(161.3)
Proceeds on disposal of investments and subsidiaries[1]	51.9	320.0	2,468.5
Cash and cash equivalents disposed	(23.6)	(47.7)	(327.5)
Disposals of investments and subsidiaries	28.3	272.3	2,141.0
Cash consideration received from non-controlling interests	39.5	–	–
Cash consideration for purchase of non-controlling interests	(135.0)	(80.6)	(62.7)
Cash consideration for non-controlling interests	(95.5)	(80.6)	(62.7)
Net acquisition payments and disposal proceeds	(453.3)	13.3	1,917.0

Note

1 Proceeds on disposal of investments and subsidiaries includes return of capital from investments in associates.

Share repurchases and buybacks:

	2021 £m	2020 £m	2019 £m
Purchase of own shares by ESOP Trusts	(89.2)	(5.1)	–
Shares purchased into treasury	(729.3)	(285.1)	(43.8)
Net cash outflow	(818.5)	(290.2)	(43.8)

Proceeds from issue of bonds:

	2021 £m	2020 £m	2019 £m
Proceeds from issue of €750 million bonds	–	665.5	–
Proceeds from issue of £250 million bonds	–	250.0	–
Net cash inflow	–	915.5	–

Repayment of borrowings:

	2021 £m	2020 £m	2019 £m
Decrease in drawings on bank loans	(36.3)	(59.6)	(70.6)
Repayment of $500 million bonds	(360.8)	–	–
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)
Partial repayment of $450 million bonds	–	–	(176.2)
Repayment of £200 million bonds	–	–	(199.5)
Net cash outflow	(397.1)	(282.7)	(1,713.2)

Cash and cash equivalents:

	2021 £m	2020 £m	2019 £m
Cash at bank and in hand	2,776.6	10,075.0	10,442.1
Short-term bank deposits	1,106.3	2,824.1	863.6
Overdrafts[1]	(342.3)	(8,562.0)	(8,572.4)
	3,540.6	4,337.1	2,733.3

Note

1 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
Revenue	107.4	2,387.5
Costs of services	(92.3)	(1,951.5)
Gross profit	15.1	436.0
General and administrative costs	(4.4)	(151.7)
Operating profit	10.7	284.3
Share of results of associates	–	6.5
Profit before interest and taxation	10.7	290.8
Finance and investment income	0.1	3.6
Finance costs	(0.3)	(17.3)
Revaluation and retranslation of financial instruments	–	(9.4)
Profit before taxation	10.5	267.7
Attributable tax expense	(2.2)	(78.8)
Profit after taxation	8.3	188.9
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
Attributable to		
Equity holders of the parent	6.5	(3.8)
Non-controlling interests[2]	9.9	14.6
	16.4	10.8

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) to the Group's net operating cash flows, paid £0.9 million (2019: £53.2 million) in respect of investing activities and paid £0.7 million (2019: £27.2 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 2021 and 2020 were as follows:

Right-of-use assets	Land and buildings[1] £m	Plant and machinery £m	Total £m
1 January 2020	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 within 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
Additions	264.6	17.2	281.8
Transfers to net investment in subleases	(26.9)	–	(26.9)
Disposals	(53.6)	(1.3)	(54.9)
Depreciation of right-of-use assets	(254.7)	(18.2)	(272.9)
Impairment charges included within restructuring costs	(18.9)	(0.4)	(19.3)
Other reversals	6.8	–	6.8
Exchange adjustments	(22.1)	(1.9)	(24.0)
31 December 2021	**1,357.0**	**38.1**	**1,395.1**

Note

1 For the years ended 31 December 2021 and 2020, the Company has £38.5 million and £67.9 million of right-of-use assets that are classified as investment property, respectively.

Lease liabilities	Land and buildings £m	Plant and machinery £m	Total £m
1 January 2020	2,223.4	26.3	2,249.7
Additions	226.9	37.1	264.0
Interest expense related to lease liabilities	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
Additions	277.0	16.1	293.1
Interest expense related to lease liabilities	89.7	1.2	90.9
Disposals	(64.2)	(1.9)	(66.1)
Repayment of lease liabilities (including interest)	(390.6)	(18.5)	(409.1)
Exchange adjustments	(21.2)	(2.1)	(23.3)
31 December 2021	**2,002.5**	**39.3**	**2,041.8**

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

Continuing operations	2021 £m	2020 £m
Depreciation of right-of-use assets:		
Land and buildings	**(254.7)**	(312.1)
Plant and machinery	**(18.2)**	(19.8)
Impairment charges	**(12.5)**	(125.1)
Short-term lease expense	**(18.0)**	(36.7)
Low-value lease expense	**(2.3)**	(2.3)
Variable lease expense	**(56.2)**	(65.4)
Sublease income	**17.3**	25.3
Charge to operating profit	**(344.6)**	(536.1)
Interest expense related to lease liabilities	**(90.9)**	(101.0)
Charge to profit before taxation for leases	**(435.5)**	(637.1)

Variable lease payments primarily include real estate taxes and insurance costs.

13. LEASES CONTINUED

The maturity of lease liabilities at 31 December 2021 and 2020 were as follows:

	2021 £m	2020 £m
Within one year	**369.7**	412.3
Between one and two years	**321.9**	357.7
Between two and three years	**273.7**	309.0
Between three and four years	**229.1**	255.3
Between four and five years	**199.1**	209.9
Over five years	**1,227.1**	1,238.9
	2,620.6	2,783.1
Effect of discounting	**(578.8)**	(626.8)
Lease liability at end of year	**2,041.8**	2,156.3
Short-term lease liability	**279.7**	323.8
Long-term lease liability	**1,762.1**	1,832.5

The total committed future cash flows for leases not yet commenced at 31 December 2021 is £534.9 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 2021 and 2020 were as follows:

	£m
Cost	
1 January 2020	10,888.6
Additions[1]	37.3
Disposals	(24.6)
Exchange adjustments	(94.0)
31 December 2020	10,807.3
Additions[1]	335.8
Disposals	(5.4)
Exchange adjustments	(146.7)
31 December 2021	**10,991.0**
Accumulated impairment losses and write-downs	
1 January 2020	778.0
Impairment losses for the year	2,822.9
Exchange adjustments	(182.4)
31 December 2020	3,418.5
Impairment losses for the year	1.8
Exchange adjustments	(41.6)
31 December 2021	**3,378.7**
Net book value	
31 December 2021	**7,612.3**
31 December 2020	7,388.8
1 January 2020	10,110.6

Note

1 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.

OTHER INTANGIBLE ASSETS

The movements in 2021 and 2020 were as follows:

	Brands with an indefinite useful life £m	Acquired intangibles £m	Other £m	Total £m
Cost				
1 January 2020	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
Additions	–	–	29.9	29.9
Disposals	–	(7.3)	(44.6)	(51.9)
New acquisitions	–	97.7	–	97.7
Other movements[1]	–	–	3.9	3.9
Exchange adjustments	(4.6)	(15.7)	(1.4)	(21.7)
31 December 2021	**1,067.3**	**1,644.4**	**288.1**	**2,999.8**
Amortisation and impairment				
1 January 2020	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
Charge for the year	43.8	53.5	19.9	117.2
Impairment charges included within restructuring costs	–	–	10.1	10.1
Disposals	–	(3.5)	(24.5)	(28.0)
Other movements	–	–	(1.5)	(1.5)
Exchange adjustments	0.2	(8.2)	(2.1)	(10.1)
31 December 2021	**56.8**	**1,371.0**	**212.5**	**1,640.3**
Net book value				
31 December 2021	**1,010.5**	**273.4**	**75.6**	**1,359.5**
31 December 2020	1,059.1	240.5	89.7	1,389.3
1 January 2020	1,078.2	323.6	67.0	1,468.8

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	
	2021 £m	2020 £m	2021 £m	2020 £m
GroupM	**2,982.5**	2,953.7	**–**	–
Wunderman Thompson	**997.3**	949.4	**405.1**	403.9
VMLY&R	**675.6**	411.9	**189.8**	193.4
Ogilvy	**784.4**	782.0	**205.0**	206.5
Burson Cohn & Wolfe	**585.7**	591.1	**128.4**	128.8
AKQA Group	**570.2**	585.2	**–**	–
Finsbury Glover Hering + Sard Verbinnen & Co	**393.2**	220.7	**–**	–
Other	**623.4**	894.8	**82.2**	126.5
	7,612.3	7,388.8	**1,010.5**	1,059.1

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 useful 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 2021 include brand names of £137.4 million (2020: £172.8 million), customer-related intangibles of £110.4 million (2020: £67.1 million), and other assets (including proprietary tools) of £25.6 million (2020: £0.6 million).

The total amortisation and impairment of acquired intangible assets of £97.8 million (2020: £89.1 million) includes an impairment charge in the year of £47.9 million (2020: £21.6 million) in regards to certain brand names that are no longer in use, including £43.8 million for brands with an indefinite useful life. £45.1 million of the impairment charge relates to the Global Integrated Agencies segment, and £2.8 million relates to the Specialist Agencies segment. In addition, the total amortisation and impairment of acquired intangible assets includes £0.5 million (2020: £0.6 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. A goodwill impairment charge of £1.8 million relating to Specialist Agencies was recognised during the year due to a number of under-performing businesses in the Group. In certain markets, the impact of local economic conditions and trading circumstances on these businesses was sufficiently severe to indicate impairment to the carrying value of goodwill.

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.

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 2021 and/or 2022, nil growth rate thereafter (2020: nil) and a conservative pre-tax discount rate of 13.5% (2020: 13.5%). The pre-tax discount rate of 13.5% was above the rate calculated for the global networks of 12.5% (2020: 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% (2020: 2.0%). If the recoverable amount using the more specific assumptions did not exceed the carrying value of a CGU, an impairment charge was recorded.

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 2021, 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% (2020: 2.0%). 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.

The pre-tax discount rate applied to the cash flow projections for the CGUs that operate globally was 12.5%. 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 11.3% to 18.4%.

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's 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. Changes in our business activities or structure may also result in additional changes to the level of testing in future periods. Further, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired.

As part of the overall effort to simplify operations and provide clients with integrated offerings, certain operations have been realigned between the various networks. These realignments have been reflected in the CGUs being tested. This includes the combination of AKQA and Grey, bringing Geometry and GTB into VMLY&R, and moving International Healthcare into VMLY&R and Ogilvy.

Historically our impairment losses have resulted from a specific event, condition or circumstance in one or more of our companies, such as the impact of Covid-19 or the loss of a significant client. As a result, changes in the assumptions used in our impairment model have generally not had a significant effect on the impairment charges recognised. Given the significant recoveries achieved by CGUs in 2021, a reasonably possible change in assumptions would not lead to a significant impairment. The carrying value of goodwill and other intangible assets will continue to be reviewed at least annually for impairment and adjusted down to the recoverable amount if required.

IMPAIRMENTS IN 2020

In 2020, £2,822.9 million of impairment charges were incurred. The impairments related to historical acquisitions whose carrying values were reassessed in light of the impact of Covid-19. The impairments were 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. By operating sector, £2,355.1 million of the impairment charge related to Global Integrated Agencies, £161.5 million related to Public Relations and £306.3 million related to Specialist Agencies. This reflects the changes to segments described in Note 2 – Segment Information.

As noted above, 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 also 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.

14. INTANGIBLE ASSETS CONTINUED

In developing the cash flows for the 2020 impairment tests, 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 pre-tax discount rate applied to the cash flow projections for the CGUs that operate globally was 12.5%. 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.

As part of the overall effort to simplify operations and become more client-centric, certain operations were realigned between the various networks. These realignments were 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. These realignments did not have a significant impact on the impairment figures recognised. The CGUs with significant impairments of goodwill as at 31 December 2020 are set out in the below table with the recoverable amount determined as of the December 2020 test.

	Operating Sector	Recoverable amount 2020 £m	Goodwill impairment charge 2020 £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	Global Integrated Agencies[1]	164.4	305.8
Landor & Fitch	Specialist Agencies	177.6	185.4
Other		1,409.5	462.5
		5,574.2	2,822.9

Note

1 Prior year figures have been re-presented to reflect the changes to segments described in Note 2 – Segment Information.

15. PROPERTY, PLANT AND EQUIPMENT

The movements in 2021 and 2020 were as follows:

	Land £m	Freehold buildings £m	Leasehold buildings £m	Fixtures, fittings and equipment £m	Computer equipment £m	Total £m
Cost						
1 January 2020	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
Additions	14.3	8.9	134.5	31.5	74.0	263.2
New acquisitions	–	–	1.5	1.3	1.2	4.0
Disposals	(0.1)	(0.6)	(108.3)	(60.0)	(56.4)	(225.4)
Exchange adjustments	(5.3)	13.5	(5.2)	(12.6)	(8.7)	(18.3)
31 December 2021	**43.2**	**61.4**	**1,075.0**	**149.5**	**391.8**	**1,720.9**
Depreciation and impairment						
1 January 2020	–	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 within 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
Charge for the year	–	1.0	66.5	27.6	56.1	151.2
Impairment charges included within restructuring costs	–	–	7.1	1.8	0.9	9.8
Disposals	–	–	(108.2)	(55.9)	(55.1)	(219.2)
Exchange adjustments	–	(0.6)	(6.2)	(8.5)	(8.5)	(23.8)
31 December 2021	**–**	**2.7**	**469.6**	**71.9**	**280.3**	**824.5**
Net book value						
31 December 2021	**43.2**	**58.7**	**605.4**	**77.6**	**111.5**	**896.4**
31 December 2020	34.3	37.3	542.1	82.4	94.8	790.9
1 January 2020	34.3	22.0	605.5	101.2	113.0	876.0

At 31 December 2021, capital commitments contracted, but not provided for in respect of property, plant and equipment, were £107.3 million (2020: £132.5 million).

16. INTERESTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The movements in 2021 and 2020 were as follows:

	Interests in associates and joint ventures £m	Other investments £m
1 January 2020	813.0	498.3
Additions	15.2	15.9
Share of results of associate undertakings	(136.0)	–
Share of other comprehensive loss of associate undertakings	(61.5)	–
Dividends	(32.5)	–
Other movements	(5.2)	–
Exchange adjustments	21.8	–
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
Additions	93.6	5.9
Share of results of associate undertakings	23.8	–
Share of other comprehensive income of associate undertakings	13.5	–
Dividends	(53.4)	–
Other movements	(0.2)	–
Exchange adjustments	(22.5)	–
Disposals	(4.8)	(31.9)
Reclassification from subsidiaries	4.2	–
Revaluation of other investments through profit or loss	–	(7.5)
Revaluation of other investments through other comprehensive income	–	(35.5)
Amortisation of other intangible assets	(0.5)	–
Reversal of write-downs	28.5	–
31 December 2021	**412.9**	**318.3**

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 2021 included:

	Country of incorporation	% owned
Advantage Smollan Ltd	UK	25.1
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
Imagina Spain	Spain	22.5
Nanjing Yindu Ogilvy Advertising Co. Ltd	China	49.0
Smollan Holdings (Pty) Ltd	South Africa	24.8
Summer (BC) JVCo S.a.r.l[1]	Luxembourg	40.0

Note

[1] Representing the Group's interest in Kantar in the Rest of World chain.

The market value of the Group's shares in its principal listed associate undertakings at 31 December 2021 was as follows: GIIR Inc: £21.7 million, and High Co SA: £32.2 million (2020: GIIR Inc: £19.0 million, and High Co SA: £32.8 million). The carrying value (including goodwill and other intangibles) of these equity interests in the Group's consolidated balance sheet at 31 December 2021 was as follows: GIIR Inc: £40.0 million, and High Co SA: £37.7 million (2020: GIIR Inc: £41.2 million, and High Co SA: £38.9 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	**2021 £m**	2020 £m	2019 £m
Share of results of associate undertakings (note 4)	**23.8**	(136.0)	14.7
Share of other comprehensive income/(loss) of associate undertakings	**13.5**	(61.5)	–
Share of total comprehensive income/(loss) of associate undertakings	**37.3**	(197.5)	14.7

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. As at 31 December 2021, the cumulative share of unrecognised losses relating to Imagina is £23.0 million.

At 31 December 2021, capital commitments contracted, but not provided for, in respect of interests in associates and other investments were £5.4 million (2020: £7.5 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 2021 £m	Offset 2021 £m	**As reported 2021 £m**	Gross 2020 £m	Offset 2020 £m	As reported 2020 £m
Deferred tax assets	565.0	(223.5)	**341.5**	477.5	(264.6)	212.9
Deferred tax liabilities	(536.0)	223.5	**(312.5)**	(568.7)	264.6	(304.1)
	29.0	–	**29.0**	(91.2)	–	(91.2)

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2021 and 2020:

	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 2020	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
Acquisition of subsidiaries	–	–	–	–	–	–	–	0.9	0.9
Credit/(charge) to income	58.2	0.3	1.2	(15.9)	19.7	9.9	9.1	(1.6)	80.9
Charge to other comprehensive income	–	–	(3.0)	–	–	–	–	–	(3.0)
Credit to equity	–	–	–	–	–	11.9	–	–	11.9
Exchange differences and other movements	0.8	(3.6)	(2.7)	3.0	0.5	0.3	(4.4)	2.9	(3.2)
31 December 2021	**108.5**	**106.2**	**53.4**	**68.0**	**110.5**	**43.5**	**61.1**	**13.8**	**565.0**

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 2021 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 2021 and 2020:

	Brands and other intangibles £m	Associate earnings £m	Goodwill £m	Financial instruments £m	Other temporary differences £m	Total £m
1 January 2020	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
Acquisition of subsidiaries	22.5	–	–	–	–	22.5
(Credit)/charge to income	(19.5)	(21.4)	8.2	(35.5)	16.6	(51.6)
Exchange differences and other movements	(4.7)	0.2	1.9	(0.3)	(0.7)	(3.6)
31 December 2021	**325.1**	**36.8**	**133.2**	–	**40.9**	**536.0**

At the balance sheet date, the Group has gross tax losses and other temporary differences of £6,961.4 million (2020: £6,895.2 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £2,259.2 million (2020: £2,041.3 million) of such tax losses and other temporary differences. No deferred tax asset has been recognised in respect of the remaining £4,702.2 million (2020: £4,853.9 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 £63.8 million (2020: £65.4 million) that will expire within one to ten years, and £4,457.3 million (2020: £4,594.9 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 £1,385.3 million (2020: £1,655.3 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:

	2021 £m	2020 £m
Amounts falling due within one year		
Trade receivables (net of loss allowance)	**6,600.5**	6,572.2
Work in progress	**254.0**	264.1
VAT and sales taxes recoverable	**350.3**	236.6
Prepayments	**215.3**	248.1
Accrued income	**3,435.7**	3,150.1
Fair value of derivatives	**2.5**	0.2
Other debtors	**504.0**	501.0
	11,362.3	10,972.3

The ageing of trade receivables and other financial assets by due date is as follows:

			Days past due				
2021	Carrying amount at 31 December 2021 £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
Gross trade receivables	6,671.0	5,755.6	589.8	194.4	64.0	10.6	56.6
Loss allowance	(70.5)	(2.3)	(0.2)	(1.9)	(7.5)	(4.9)	(53.7)
	6,600.5	5,753.3	589.6	192.5	56.5	5.7	2.9
Other financial assets	496.3	422.1	15.2	2.7	3.0	2.7	50.6
	7,096.8	**6,175.4**	**604.8**	**195.2**	**59.5**	**8.4**	**53.5**

			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
Gross trade receivables	6,684.7	5,696.8	661.2	169.2	55.6	32.7	69.2
Loss allowance	(112.5)	(4.4)	(1.2)	(1.9)	(15.2)	(25.2)	(64.6)
	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**

Other financial assets are included in other debtors.

Past due amounts are not impaired where collection is considered likely.

	2021 £m	2020 £m
Amounts falling due after more than one year		
Prepayments	**3.0**	2.8
Fair value of derivatives	**0.5**	9.6
Other debtors	**149.1**	143.8
	152.6	156.2

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.

	2021 £m	2020 £m
Loss allowance		
At beginning of year	**112.5**	111.7
New acquisitions	**3.7**	3.5
Charged to the income statement	**17.2**	50.6
Released to the income statement	**(27.9)**	(9.8)
Exchange adjustments	**(1.7)**	(2.8)
Utilisations and other movements	**(33.3)**	(40.7)
At end of year	**70.5**	112.5

The loss allowance is equivalent to 1.1% (2020: 1.7%) of gross trade accounts receivables.

Impairment losses on work in progress, accrued income and other debtors were immaterial for the years presented.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

18. TRADE AND OTHER RECEIVABLES CONTINUED

EXPECTED CREDIT LOSSES

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9 Financial Instruments. This has been applied to trade receivables, contract assets and lease receivables. 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. 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. For all other assets, the general approach has been applied and a loss allowance for 12-month expected credit losses is recognised.

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 over one year where sufficient evidence of recoverability is not evident.

As a result of the ongoing Covid-19 pandemic, the Group also performed a detailed review of trade receivables, work in progress and accrued income aged less than one year, 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 continued 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:

	2021 £m	2020 £m
Trade payables	**10,596.9**	10,206.5
Deferred income	**1,334.0**	1,153.7
Payments due to vendors (earnout agreements)	**85.6**	57.8
Liabilities in respect of put option agreements with vendors	**58.4**	9.3
Fair value of derivatives	**6.4**	1.8
Share repurchases – close period commitments[1]	**211.7**	–
Other creditors and accruals	**2,959.3**	2,430.6
	15,252.3	13,859.7

Note

1 During 2021, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 16 December 2021 and ending on 18 February 2022, in accordance with UK listing rules. The commitment resulting from this agreement constitutes a liability at 31 December 2021, 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:

	2021 £m	2020 £m
Payments due to vendors (earnout agreements)	**111.1**	56.5
Liabilities in respect of put option agreements with vendors	**333.1**	101.4
Fair value of derivatives	**47.2**	11.2
Other creditors and accruals	**128.5**	144.4
	619.9	313.5

The Group considers that the carrying amount of trade and other payables approximates their fair value.

The following table sets out payments due to vendors, comprising contingent consideration and the Directors' best estimates of future earnout-related obligations:

	2021 £m	2020 £m
Within one year	**85.6**	57.8
Between one and two years	**24.0**	17.2
Between two and three years	**35.7**	6.0
Between three and four years	**51.4**	30.5
Between four and five years	**–**	2.8
Over five years	**–**	–
	196.7	114.3

The following table is an analysis of future anticipated cash flows in relation to liabilities in respect of put option agreements with vendors at 31 December:

	2021 £m	2020 £m
Within one year	**58.4**	9.3
Between one and two years	**15.1**	51.0
Between two and three years	**14.4**	10.0
Between three and four years	**99.0**	26.2
Between four and five years	**76.6**	9.0
Over five years	**128.0**	5.2
	391.5	110.7

21. BANK OVERDRAFTS, BONDS AND BANK LOANS

Amounts falling due within one year:

	2021 £m	2020 £m
Bank overdrafts	**342.3**	8,562.0
Corporate bonds and bank loans	**224.9**	57.2
	567.2	8,619.2

The Group considers that the carrying amount of bank overdrafts approximates their fair value.

Amounts falling due after more than one year:

	2021 £m	2020 £m
Corporate bonds and bank loans	**4,216.8**	4,975.5

The Group estimates that the fair value of corporate bonds is £4,790.3 million at 31 December 2021 (2020: £5,509.1 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 £14.7 million (2020: £57.2 million) approximates their fair value.

The corporate bonds, bank loans and overdrafts included within liabilities fall due for repayment as follows:

	2021 £m	2020 £m
Within one year	**567.2**	8,619.2
Between one and two years	**629.2**	590.9
Between two and three years	**550.4**	669.4
Between three and four years	**418.8**	540.2
Between four and five years	**623.6**	445.6
Over five years	**1,994.8**	2,729.4
	4,784.0	13,594.7

22. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in 2021 and 2020 were as follows:

	Property £m	Other £m	Total £m
1 January 2020	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
Charged to the income statement	25.2	35.8	61.0
Acquisitions[1]	–	7.3	7.3
Utilised	(7.0)	(69.9)	(76.9)
Released to the income statement	(18.3)	(25.0)	(43.3)
Other movements	(5.2)	18.9	13.7
Exchange adjustments	(0.8)	1.2	0.4
31 December 2021	**70.6**	**197.9**	**268.5**

Note

1 Acquisitions include £7.3 million (2020: £0.4 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.

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.

The utilisation of "Other" provisions during the year is primarily driven by litigation settlements.

23. SHARE-BASED PAYMENTS

Charges for share-based incentive plans were as follows:

Continuing operations	2021 £m	2020 £m	2019 £m
Share-based payments	**99.6**	74.4	66.0

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

As of 31 December 2021, there was £203.4 million (2020: £134.9 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 and 2021 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 2014 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.

23. SHARE-BASED PAYMENTS CONTINUED

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

The WPP Leader programme makes conditional stock awards to around 1,800 of our key executives. Awards vest three years after grant, provided the participant is still employed within the Group.

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 2021 number m	Granted number m	Forfeited number m	Vested number m	**Non-vested 31 December 2021 number m**
Executive Performance Share Plan (EPSP)	13.0	6.1	(2.2)	(0.2)	**16.7**
Performance Share Awards (PSA)	4.3	0.4	(0.2)	(1.4)	**3.1**
Leaders, Partners and High Potential Group	11.0	3.6	(1.1)	(3.1)	**10.4**
Weighted average fair value (pence per share)					
Executive Performance Share Plan (EPSP)	943p	951p	1,289p	833p	**900p**
Performance Share Awards (PSA)	675p	666p	534p	859p	**604p**
Leaders, Partners and High Potential Group	831p	990p	853p	709p	**922p**

The total fair value of shares vested for all the Group's restricted stock plans during the year ended 31 December 2021 was £64.1 million (2020: £71.6 million, 2019: £90.8 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	**2021 £m**	2020 £m	2019 £m
Defined contribution plans	**162.8**	157.8	154.9
Defined benefit plans charge to operating profit	**14.9**	13.9	14.8
Pension costs (note 5)	**177.7**	171.7	169.7
Net interest expense on pension plans (note 6)	**1.8**	2.9	3.5
	179.5	174.6	173.2

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 2021.

The majority of plans provide final salary benefits, with plan benefits typically based either on mandatory plans under local legislation, 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 2021 amounted to £16.7 million (2020: £20.3 million, 2019: £37.1 million). Employer contributions and benefit payments in 2022 are expected to be approximately £15 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:

	2021 % pa	2020 % pa	2019 % pa	2018 % pa
UK				
Discount rate[1]	**1.8**	1.3	2.0	2.8
Rate of increase in pensions in payment	**4.5**	4.4	4.4	4.3
Inflation	**3.2**	2.8	2.6	2.8
North America				
Discount rate[1]	**2.6**	2.0	3.0	4.1
Rate of increase in salaries[2]	**n/a**	3.0	3.0	3.0
Western Continental Europe				
Discount rate[1]	**1.2**	0.9	1.2	2.0
Rate of increase in salaries	**2.3**	2.2	2.2	2.3
Rate of increase in pensions in payment	**1.8**	1.8	1.8	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]	**5.3**	4.2	4.6	5.0
Rate of increase in salaries	**5.6**	5.2	6.1	5.8
Inflation	**3.7**	3.7	3.7	3.6

Notes

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.

2 The salary assumptions are no longer applicable to the US as all plans were frozen. Active participants will not accrue additional benefits for future services under these plans.

24. PROVISION FOR POST-EMPLOYMENT BENEFITS CONTINUED

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 2021, 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	**22.3**	**21.8**	**23.5**	**20.9**	**13.3**
Current pensioners (at age 65) – female	**24.0**	**23.3**	**25.0**	**23.9**	**16.4**
Future pensioners (current age 45) – male	**24.1**	**23.2**	**25.5**	**23.1**	**13.3**
Future pensioners (current age 45) – female	**25.8**	**24.6**	**27.1**	**25.9**	**16.4**

Note

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

The life expectancies after age 65 at 31 December 2020 were 22.1 years and 23.6 years for male and female current pensioners (at age 65) respectively, and 23.7 years and 25.2 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)	**11.2**	**9.3**	**13.6**	**12.4**	**6.3**
Expected benefit payments over the next ten years (£m)					
Benefits expected to be paid within 12 months	**47.4**	**22.8**	**13.5**	**5.6**	**5.5**
Benefits expected to be paid in 2023	**42.6**	**20.8**	**12.2**	**5.5**	**4.1**
Benefits expected to be paid in 2024	**41.7**	**20.2**	**12.6**	**5.4**	**3.5**
Benefits expected to be paid in 2025	**42.0**	**18.9**	**13.3**	**5.7**	**4.1**
Benefits expected to be paid in 2026	**43.9**	**19.9**	**13.3**	**5.8**	**4.9**
Benefits expected to be paid in the next five years	**215.1**	**85.8**	**71.4**	**31.8**	**26.1**

Note

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

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	2021 £m	2020 £m
Discount rate		
Increase by 25 basis points:		
UK	**(7.6)**	(8.8)
North America	**(6.4)**	(7.6)
Western Continental Europe	**(3.4)**	(4.0)
Other[1]	**(0.6)**	(0.6)
Decrease by 25 basis points:		
UK	**8.0**	9.1
North America	**6.6**	7.8
Western Continental Europe	**3.6**	4.3
Other[1]	**0.6**	0.6
Rate of increase in salaries		
Increase by 25 basis points:		
Western Continental Europe	**0.8**	0.9
Other[1]	**0.5**	0.6
Decrease by 25 basis points:		
Western Continental Europe	**(0.8)**	(0.9)
Other[1]	**(0.5)**	(0.5)
Rate of increase in pensions in payment		
Increase by 25 basis points:		
UK	**0.9**	1.1
Western Continental Europe	**1.7**	2.1
Decrease by 25 basis points:		
UK	**(0.9)**	(0.7)
Western Continental Europe	**(1.7)**	(2.0)
Life expectancy		
Increase in longevity by one additional year:		
UK	**13.3**	14.0
North America	**5.3**	5.9
Western Continental Europe	**4.2**	4.8

Note

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

24. PROVISION FOR POST-EMPLOYMENT BENEFITS CONTINUED

(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:

	2021 £m	%	2020 £m	%	2019 £m	%
Equities	**31.8**	**5.8**	41.6	6.7	55.5	9.1
Bonds	**259.7**	**47.0**	284.2	46.1	272.5	44.8
Insured annuities	**222.5**	**40.3**	252.8	41.0	239.1	39.3
Property	**1.0**	**0.2**	0.7	0.1	0.7	0.1
Cash	**15.3**	**2.8**	14.7	2.4	17.7	2.9
Other	**21.8**	**3.9**	22.6	3.7	23.0	3.8
Total fair value of assets	**552.1**	**100.0**	616.6	100.0	608.5	100.0
Present value of liabilities	**(688.5)**		(772.7)		(767.5)	
Deficit in the plans	**(136.4)**		(156.1)		(159.0)	
Irrecoverable surplus	**(0.2)**		(0.6)		–	
Net liability[1]	**(136.6)**		(156.7)		(159.0)	
Plans in surplus	**30.1**		27.2		20.6	
Plans in deficit	**(166.7)**		(183.9)		(179.6)	

Notes

1 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. The value of insured annuities is equal to the value of the pension benefits covered by the annuities.

Surplus/(deficit) in plans by region	2021 £m	2020 £m	2019 £m
UK	**0.4**	0.7	0.3
North America	**(28.1)**	(37.9)	(45.2)
Western Continental Europe	**(74.0)**	(85.9)	(79.4)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(34.7)**	(33.0)	(34.7)
Deficit in the plans	**(136.4)**	(156.1)	(159.0)

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.

	2021 Surplus/ (deficit) £m	2021 Present value of liabilities £m	2020 Surplus/ (deficit) £m	2020 Present value of liabilities £m	2019 Surplus/ (deficit) £m	2019 Present value of liabilities £m
Funded plans by region						
UK	**0.4**	**(231.9)**	0.7	(262.7)	0.3	(247.6)
North America	**20.1**	**(237.9)**	17.4	(271.8)	12.8	(286.2)
Western Continental Europe	**(45.1)**	**(87.6)**	(38.6)	(84.3)	(33.3)	(77.6)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(6.4)**	**(25.7)**	(5.8)	(24.1)	(3.6)	(20.9)
Deficit/liabilities in the funded plans	**(31.0)**	**(583.1)**	(26.3)	(642.9)	(23.8)	(632.3)
Unfunded plans by region						
North America	**(48.2)**	**(48.2)**	(55.3)	(55.3)	(58.0)	(58.0)
Western Continental Europe	**(28.9)**	**(28.9)**	(47.3)	(47.3)	(46.1)	(46.1)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(28.3)**	**(28.3)**	(27.2)	(27.2)	(31.1)	(31.1)
Deficit/liabilities in the unfunded plans	**(105.4)**	**(105.4)**	(129.8)	(129.8)	(135.2)	(135.2)
Deficit/liabilities in the plans	**(136.4)**	**(688.5)**	(156.1)	(772.7)	(159.0)	(767.5)

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	2021 £m	2020 £m	2019 £m
Service cost[1]	**12.6**	12.0	12.9
Administrative expenses	**2.3**	1.9	1.9
Charge to operating profit	**14.9**	13.9	14.8
Net interest expense on pension plans	**1.8**	2.9	3.5
Charge to profit before taxation for defined benefit plans	**16.7**	16.8	18.3

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 other comprehensive income (OCI):

	2021 £m	2020 £m	2019 £m
Return on plan assets (excluding interest income)	**(29.3)**	57.2	16.7
Changes in demographic assumptions underlying the present value of the plan liabilities	**(3.6)**	3.8	5.9
Changes in financial assumptions underlying the present value of the plan liabilities	**31.1**	(54.0)	(64.3)
Experience gain/(loss) arising on the plan liabilities	**15.7**	(4.4)	5.1
Change in irrecoverable surplus	**0.4**	(0.6)	–
Actuarial gain/(loss) recognised in OCI	**14.3**	2.0	(36.6)

(D) MOVEMENT IN PLAN LIABILITIES

The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

	2021 £m	2020 £m	2019 £m
Plan liabilities at beginning of year	**772.7**	767.5	1,024.0
Service cost[1]	**12.6**	12.0	14.9
Interest cost	**12.0**	17.0	26.2
Actuarial (gain)/loss:			
Effect of changes in demographic assumptions	**3.6**	(3.8)	(5.9)
Effect of changes in financial assumptions	**(31.1)**	54.0	64.3
Effect of experience adjustments	**(15.7)**	4.4	(5.1)
Benefits paid[2]	**(59.5)**	(59.6)	(140.8)
Gain due to exchange rate movements	**(6.1)**	(4.2)	(22.7)
Settlement payments[3]	**(0.3)**	(17.0)	(47.4)
Transfer to disposal group classified as held for sale	**–**	–	(148.0)
Other[4]	**0.3**	2.4	8.0
Plan liabilities at end of year	**688.5**	772.7	767.5

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, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million 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:

	2021 £m	2020 £m	2019 £m
Fair value of plan assets at beginning of year	**616.6**	608.5	840.6
Interest income on plan assets	**10.2**	14.1	22.4
Return on plan assets (excluding interest income)	**(29.3)**	57.2	16.7
Employer contributions	**16.7**	20.3	37.1
Benefits paid[1]	**(59.5)**	(59.6)	(140.8)
Loss due to exchange rate movements	**(0.6)**	(6.8)	(15.7)
Settlement payments[2]	**(0.3)**	(17.0)	(47.4)
Administrative expenses	**(1.8)**	(1.9)	(2.1)
Transfer to disposal group classified as held for sale	**–**	–	(111.1)
Other[3]	**0.1**	1.8	8.8
Fair value of plan assets at end of year	**552.1**	616.6	608.5
Actual return on plan assets	**(19.1)**	71.3	39.1

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, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million 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 2021 were primarily made up of $1,667 million, £1,094 million and €2,600 million (2020: $2,167 million, £1,094 million and €2,600 million). The Group's average gross debt during the course of 2021 was $1,934 million, £1,094 million and €2,600 million (2020: $2,311 million, £999 million and €2,409 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 4.18% for an average period of 72 months; 100% of the sterling debt is at a fixed rate of 2.97% for an average period of 155 months; 90.4% of the euro debt is at fixed rates averaging 2.04% for an average period of 69 months; and 9.6% of the euro debt is at floating rates averaging 0% for an average of 3 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 impact of the Russian invasion of Ukraine and sanctions response from governments has been considered. The Company modelled a range of revenue less pass-through costs compared with the year ended 31 December 2021 and a number of mitigating cost actions that are available to the Company. Considering the Group's bank covenant and liquidity headroom and cost mitigation actions which could be implemented, 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 with a decline in revenue less pass-through costs up to 30% in 2022. The likelihood of such a decline is considered remote as compared to Company expectations and external benchmarks, including previously witnessed declines in times of economic stress or external forces such as the pandemic. The modelling in this extreme scenario includes cost mitigations of 70% of the decline in net sales and the suspension of the share buyback programme and dividend. Further measures that were not included in the modelling, should the Company face such an extreme scenario, include the reduction of capital expenditure and acquisitions. Therefore, 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 give rise to a significant going concern risk.

25. RISK MANAGEMENT POLICIES CONTINUED

At 31 December 2021, the Group has access to £6.3 billion of committed facilities with maturity dates spread over the years 2022 to 2046 as illustrated below:

		2022 £m	2023 £m	2024 £m	2025 £m	2026+ £m
£ bonds £400m (2.875% 2046)	**400.0**					400.0
US bond $220m (5.625% 2043)	**162.5**					162.5
US bond $93m (5.125% 2042)	**68.6**					68.6
£ bonds £250m (3.70% 2032)	**250.0**					250.0
Eurobonds €600m (1.625% 2030)	**504.5**					504.5
Eurobonds €750m (2.375% 2027)	**630.6**					630.6
Eurobonds €750m (2.25% 2026)	**630.6**					630.6
Bank revolver ($2,500m 2026)	**1,847.5**					1,847.5
Eurobonds €500m (1.375% 2025)	**420.4**				420.4	
US bond $750m (3.75% 2024)	**554.2**			554.2		
Eurobonds €750m (3.0% 2023)	**630.6**		630.6			
Eurobonds €250m (3m EURIBOR + 0.45% 2022)	**210.2**	210.2				
Total committed facilities available	**6,309.7**	**210.2**	**630.6**	**554.2**	**420.4**	**4,494.3**
Drawn down facilities at 31 December 2021	**4,462.2**	210.2	630.6	554.2	420.4	2,646.8
Undrawn committed credit facilities	**1,847.5**					
Drawn down facilities at 31 December 2021	**4,462.2**					
Net cash at 31 December 2021	**(3,540.6)**					
Other adjustments	**(20.5)**					
Adjusted net debt at 31 December 2021	**901.1**					

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 adjusted 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 loss allowances, 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 5% of total trade receivables as at 31 December 2021 or 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 being recognised in the income statement, which would arise on the retranslation of foreign currency denominated borrowings and derivatives. A 10% strengthening of sterling would have an equal and opposite effect.

	2021 £m	2020 £m
US dollar	**0.7**	159.1
Euro	**17.4**	167.2

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 2021 would increase profit before tax by approximately £33.3 million (2020: £40.9 million). A one percentage point 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 designates foreign currency denominated debt as hedging instruments against the currency risk associated with the translation of its foreign operations.

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. Contracts due in March 2025 have receipts of €500.0 million and payments of £444.1 million.

At 31 December 2021, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £46.7 million (2020: £1.6 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £0.5 million (2020: £9.6 million) assets included in trade and other receivables and £47.2 million (2020: £11.2 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 £45.5 million (2020: £9.7 million) for net investment hedges and a debit of £38.0 million (2020: £5.9 million) for cash flow hedges.

Changes in the fair value relating to the ineffective portion of the currency derivatives that are designated hedges amounted to £2.5 million (2020: £nil) which is included within revaluation and retranslation of financial instruments in the income statement. At the balance sheet date, the total nominal amount of outstanding forward foreign exchange contracts not designated as hedges was £764.8 million (2020: £304.6 million). The Group estimates the fair value of these contracts to be a net liability of £3.9 million (2020: £1.6 million).

As at 31 December 2021, the Group had designated its $93 million bond, $750 million bond, $220 million bond, and $604 million leg of its cross currency swap, as the hedging instruments in a net investment hedge relationship. Possible sources of ineffectiveness include any impairments to the Group's net investment in US dollars. The hedges are documented and are assessed for effectiveness on an ongoing basis.

These arrangements are designed to address significant exchange exposure and are renewed on a revolving basis as required.

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
2021					
Other investments	–	228.3	90.0	–	318.3
Cash and short-term deposits	–	–	–	3,882.9	3,882.9
Bank overdrafts, bonds and bank loans	–	–	–	(567.2)	(567.2)
Bonds and bank loans	–	–	–	(4,216.8)	(4,216.8)
Trade and other receivables: amounts falling due within one year	–	–	–	7,012.3	7,012.3
Trade and other receivables: amounts falling due after more than one year	–	–	–	84.5	84.5
Trade and other payables: amounts falling due within one year	–	–	–	(10,674.8)	(10,674.8)
Trade and other payables: amounts falling due after more than one year	–	–	–	(1.5)	(1.5)
Derivative assets	0.5	2.5	–	–	3.0
Derivative liabilities	(47.2)	(6.4)	–	–	(53.6)
Payments due to vendors (earnout agreements)	–	(196.7)	–	–	(196.7)
Liabilities in respect of put options	–	(391.5)	–	–	(391.5)
	(46.7)	**(363.8)**	**90.0**	**(4,480.6)**	**(4,801.1)**

	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)	–	(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)**

26. FINANCIAL INSTRUMENTS CONTINUED

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).

2021	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives in designated hedge relationships			
Derivative assets	–	0.5	–
Derivative liabilities	–	(47.2)	–
Held at fair value through profit or loss			
Other investments	0.4	–	227.9
Derivative assets	–	2.5	–
Derivative liabilities	–	(6.4)	–
Payments due to vendors (earnout agreements)	–	–	(196.7)
Liabilities in respect of put options	–	–	(391.5)
Held at fair value through other comprehensive income			
Other investments	27.9	–	62.1

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)	–	–	(114.3)
Liabilities in respect of put options	–	–	(110.7)
Held at fair value through other comprehensive income			
Other investments	20.6	–	103.4

There have been no transfers between these levels in the years presented.

Reconciliation of level 3 fair value measurements:

	Payments due to vendors (earnout agreements)	Liabilities in respect of put options £m	Other investments £m
1 January 2020	(243.7)	(204.5)	456.1
Gains recognised in the income statement	13.4	12.3	7.9
Losses recognised in other comprehensive income	–	–	(106.1)
Exchange adjustments	5.3	2.3	–
Additions	(4.5)	(4.2)	15.9
Disposals	–	–	(7.0)
Reclassification from other investments to interests in associates	–	–	(0.2)
Cancellations	–	30.5	–
Settlements	115.2	52.9	–
31 December 2020	(114.3)	(110.7)	366.6
Losses recognised in the income statement	(58.7)	(40.6)	(7.7)
Losses recognised in other comprehensive income	–	–	(42.8)
Exchange adjustments	1.0	1.3	–
Additions	(81.7)	(247.7)[1]	5.9
Disposals	–	–	(32.0)
Cancellations	–	0.8	–
Settlements	57.0	5.4	–
31 December 2021	**(196.7)**	**(391.5)**	**290.0**

Note

[1] During the year, the Group merged Finsbury Glover Hering and Sard Verbinnen & Co to form a leading global strategic communications firm. As a part of this transaction, certain management acquired shares in the Company and a put option was granted which allows the equity partners to require the Group to purchase these shares. This resulted in additions to liabilities in respect of put options in the year of £219.6 million.

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 and subsequently measured at fair value in accordance with IFRS 9. 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.

As of 31 December 2021, 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 £124 million (2020: £nil to £41 million) and £nil to £595 million (2020: £nil to £808 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.

At 31 December 2021, the weighted average growth rate in estimating future financial performance was 16.7% (2020: 14.8%), which reflects the prevalence of recent acquisitions in the faster growing markets and new media sectors. The weighted average of the risk-adjusted discount rate applied to these obligations at 31 December 2021 was 6.5% (2020: 4.0%).

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 £6.0 million (2020: £1.5 million) and £6.6 million (2020: £1.4 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 £8.6 million (2020: £2.0 million) and £8.9 million (2020: £2.0 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 and a corresponding credit or charge to equity of £3.8 million. The sensitivity to changes in unobservable inputs is specific to each individual investment.

There are no individually material investments designated as fair value through other comprehensive income.

27. AUTHORISED AND ISSUED SHARE CAPITAL

	Equity ordinary shares	Nominal value £m
Authorised		
1 January 2020	1,750,000,000	175.0
31 December 2020	1,750,000,000	175.0
31 December 2021	**1,750,000,000**	**175.0**
Issued and fully paid		
1 January 2020	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**
Exercise of share options	534,800	–
Share cancellations	(72,155,492)	(7.2)
At 31 December 2021	**1,224,459,550**	**122.4**

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 133-154.

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 2021 was 5,803,641 (2020: 4,863,244) and £65.0 million (2020: £38.9 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2021 was 70,489,953 (2020: 70,748,100) and £789.1 million (2020: £566.0 million) respectively.

SHARE OPTIONS

WPP EXECUTIVE SHARE OPTION SCHEME (WPP)

As at 31 December 2021, 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 2021, unexercised options over ordinary shares of 1,090,954 and unexercised options over ADRs of 191,669 have been granted under the WPP Worldwide Share Ownership Programme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
69,004	8.458	2015-2022
792,200	13.145	2017-2024
3,625	13.145	2018-2024
225,500	13.505	2016-2023
625	13.505	2017-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
23,024	67.490	2015-2022
91,660	102.670	2017-2024
76,985	110.760	2016-2023

WPP SHARE OPTION PLAN 2015 (WSOP)

As at 31 December 2021, unexercised options over ordinary shares of 12,396,275 and unexercised options over ADRs of 1,442,375 have been granted under the WPP Share Option Plan as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
11,250	7.344	2023-2027
2,525,625	7.344	2023-2030
8,750	8.372	2021-2025
1,256,150	8.372	2021-2028
10,375	9.600	2022-2026
1,947,050	9.600	2022-2029
3,258,125	11.065	2023-2030
9,250	13.085	2020-2024
1,329,975	13.085	2020-2027
34,250	15.150	2018-2022
917,975	15.150	2018-2025
4,500	15.150	2019-2025
7,500	17.055	2019-2023
1,075,500	17.055	2019-2026

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
279,970	48.950	2023-2030
167,410	53.140	2021-2028
228,630	62.590	2022-2029
378,030	73.780	2023-2030
154,820	88.260	2020-2027
130,170	105.490	2020-2026
103,345	115.940	2018-2025

27. AUTHORISED AND ISSUED SHARE CAPITAL CONTINUED

The aggregate status of the WPP Share Option Plans during 2021 was as follows:

	1 January 2021	Granted	Exercised	Forfeited	Outstanding 31 December 2021	Exercisable 31 December 2021
Movements on options granted (represented in ordinary shares)						
WPP	6,741	–	–	–	6,741	6,741
WWOP	2,499,674	–	(54,050)	(396,325)	2,049,299	184,124
WSOP	17,940,725	5,155,800	(480,750)	(3,007,625)	19,608,150	14,287,525
	20,447,140	5,155,800	(534,800)	(3,403,950)	21,664,190	14,478,390

	1 January 2021	Granted	Exercised	Forfeited	Outstanding 31 December 2021	Exercisable 31 December 2021
Weighted average exercise price for options over						
Ordinary shares (£)						
WPP	9.355	–	–	–	9.355	9.355
WWOP	12.631	–	7.304	11.803	12.923	8.458
WSOP	10.596	11.065	8.372	10.116	10.854	9.322
ADRs ($)						
WWOP	98.509	–	49.313	89.225	101.693	67.490
WSOP	70.363	73.780	53.248	66.257	72.228	61.479

OPTIONS OVER ORDINARY SHARES

Outstanding	Range of exercise prices £	Weighted average exercise price £	Weighted average contractual life Months
	7.344-17.055	11.021	86

OPTIONS OVER ADRs

Outstanding	Range of exercise prices $	Weighted average exercise price $	Weighted average contractual life Months
	48.950-115.940	75.684	83

As at 31 December 2021 there was £10.2 million (2020: £7.2 million) of total unrecognised compensation costs related to share options. The cost is expected to be recognised over a weighted average period of 21 months (2020: 20 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:

	2021	2020	2019
Fair value of UK options (shares)	**220.0p**	128.0p	117.0p
Fair value of US options (ADRs)	**$14.89**	$8.95	$8.49
Weighted average assumptions			
UK risk-free interest rate	**0.63%**	-0.02%	0.57%
US risk-free interest rate	**1.16%**	0.31%	1.61%
Expected life (months)	**48**	48	48
Expected volatility	**34%**	34%	24%
Dividend yield	**3.4%**	4.2%	3.8%

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 2021 was £9.64 (2020: £6.96, 2019: £9.39) and the average ADR price for the same period was $66.44 (2020: $44.56, 2019: $59.93).

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.

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 £m	Hedging reserve[1] £m	Translation reserve[1] £m	Total other reserves £m
Balance at 1 January 2020	3.2	(478.1)	–	305.0	(169.9)
Restatement[2]	–	–	–	(4.8)	(4.8)
Restated balance at 1 January 2020	3.2	(478.1)	–	300.2	(174.7)
Exchange adjustments on foreign currency net investments	–	–	–	85.2	85.2
Gain on net investment hedges	–	–	–	9.7	9.7
Loss on cash flow hedges	–	–	(5.9)	–	(5.9)
Share of other comprehensive loss of associate undertakings	–	–	–	(61.5)	(61.5)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	–	(20.6)	(20.6)
Share cancellations	3.2	–	–	–	3.2
Recognition/derecognition of liabilities in respect of put options	–	103.5	–	–	103.5
Share purchases – close period commitments	–	252.3	–	–	252.3
Balance at 31 December 2020	6.4	(122.3)	(5.9)	313.0	191.2
Exchange adjustments on foreign currency net investments	–	–	–	(94.7)	(94.7)
Gain on net investment hedges	–	–	–	45.5	45.5
Loss on cash flow hedges	–	–	(38.0)	–	(38.0)
Share of other comprehensive income of associate undertakings	–	–	–	7.3	7.3
Share cancellations	7.2	–	–	–	7.2
Recognition/derecognition of liabilities in respect of put options	–	(242.7)	–	–	(242.7)
Share purchases – close period commitments	–	(211.7)	–	–	(211.7)
Balance at 31 December 2021	**13.6**	**(576.7)**	**(43.9)**	**271.1**	**(335.9)**

Notes

1 Prior year figures have been re-presented to separately disclose the hedging reserve included previously within the translation reserve.

2 Other reserves and retained earnings have been restated for the impact of a tax restatement, as described in the accounting policies.

The equity reserve primarily relates to the recognition of liabilities in respect of put options agreements entered into by the Group as part of a business combination that allows non-controlling shareholders to sell their shares to the Group in the future. During 2021, the Company entered into an agreement with a third party to conduct share buybacks on its behalf in the close period commencing on 16 December 2021 and ending on 18 February 2022, in accordance with UK listing rules. The commitment resulting from this agreement constituted a liability at 31 December 2021 and was also recognised as a movement in the equity reserve in the year ended 31 December 2021.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedges.

The translation reserve contains the accumulated gains/(losses) on currency translation of foreign operations arising on consolidation and fair value gains/(losses) on net investment hedges.

The translation reserve comprises:

	2021 £m	2020 £m
Balance relating to continuing net investment hedges	**(2.3)**	9.7
Balance relating to discontinued net investment hedges	**(85.0)**	(142.5)
Balance related to retranslation of foreign currency net investments	**358.4**	445.8
	271.1	313.0

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.

The Group acquired a number of subsidiaries in the year. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group. The fair value adjustments for certain acquisitions have been determined provisionally at the balance sheet date.

	Book value at acquisition £m	Fair value adjustments £m	Fair value to Group £m
Intangible assets	–	97.7	97.7
Right-of-use assets	36.6	(3.4)	33.2
Property, plant and equipment	4.0	–	4.0
Cash and cash equivalents	(2.3)	–	(2.3)
Trade receivables due within one year	40.0	–	40.0
Other current assets	5.9	0.9	6.8
Total assets	84.2	95.2	179.4
Current liabilities	(28.5)	(0.3)	(28.8)
Trade and other payables due after one year	(2.3)	(5.8)	(8.1)
Deferred tax liabilities	–	(22.5)	(22.5)
Long-term lease liabilities	(34.2)	–	(34.2)
Total liabilities	(65.0)	(28.6)	(93.6)
Net assets	19.2	66.6	85.8
Non-controlling interests			(3.0)
Goodwill			331.9
Consideration			414.7
Consideration satisfied by:			
Cash			225.9
Equity instruments of subsidiary company			110.8
Payments due to vendors			78.0

Equity instruments of the subsidiary company relate to shares issued by FGH SVC Holdco Inc. and represent 16.5% ownership of this subsidiary company. WPP retains a 57.9% stake in FGH SVC Holdco Inc. following this transaction.

Increases in non-controlling interests in the period arising from the acquisition of subsidiaries are due to changes in ownership of existing subsidiaries and both increases in the non-controlling interests that arise on acquisition of a new subsidiary, as noted in the table above, along with the impact of share issuances in subsidiaries that contain non-controlling interests as a part of the overall acquisition arrangement, but occurring immediately prior to the acquisition of a new subsidiary.

Goodwill arising from acquisitions represents the value of synergies with our existing portfolio of businesses and skilled staff to deliver services to our clients. Goodwill that is expected to be deductible for tax purposes is £83.9 million.

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. There continues to be no subsidiaries with non-controlling interests that are individually material to the Group.

The contribution to revenue and operating profit of acquisitions completed in the year was not material. There were no material acquisitions completed between 31 December 2021 and the date the financial statements have been authorised for issue.

30. RELATED PARTY TRANSACTIONS

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.

In the year ended 31 December 2021, revenue of £117.2 million (2020: £90.6 million) was reported in relation to Compas, an associate in the USA. All other transactions in the years presented were immaterial.

The Group invested a further £92.9 million in Kantar in 2021 to fund its 40% share of the Numerator acquisition.

The following amounts were outstanding at 31 December:

	2021 £m	2020 £m
Amounts owed by related parties		
Kantar	**30.3**	39.0
Other	**45.7**	27.9
	76.0	66.9
Amounts owed to related parties		
Kantar	**(6.2)**	(5.6)
Other	**(51.4)**	(36.0)
	(57.6)	(41.6)

31. EVENTS AFTER THE REPORTING PERIOD

On 4 March 2022, due to the Russian invasion of Ukraine, the Board of WPP announced its intention to discontinue operations in Russia. In 2021, Russia represented 0.8% of the Group's revenue.

COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £m	2020 £m
Turnover		**–**	–
Operating income		**1.8**	0.8
Operating profit		**1.8**	0.8
Interest receivable and similar income		**8.1**	0.3
Interest payable and similar charges	33	**(91.9)**	(128.1)
Loss on ordinary activities before taxation		**(82.0)**	(127.0)
Taxation on loss on ordinary activities	34	**–**	–
Loss for the year		**(82.0)**	(127.0)

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.

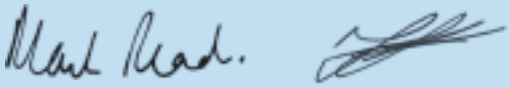
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £m	2020 £m
Fixed assets			
Investments	35	**13,403.1**	13,303.6
		13,403.1	13,303.6
Current assets			
Debtors due within one year	36	**1,992.5**	1,997.6
Cash at bank and in hand		**–**	0.3
		1,992.5	1,997.9
Current liabilities			
Creditors: amounts falling due within one year	37	**(10,845.8)**	(9,063.7)
Net current liabilities		**(8,853.3)**	(7,065.8)
Total assets less current liabilities		**4,549.8**	6,237.8
Creditors: amounts falling due after more than one year	38	**(25.4)**	(479.7)
Net assets		**4,524.4**	5,758.1
Capital and reserves			
Called-up share capital		**122.4**	129.6
Share premium account		**574.7**	570.3
Other reserves	39	**(221.7)**	(10.0)
Capital redemption reserve		**13.6**	6.4
Own shares		**(1,041.6)**	(1,045.3)
Profit and loss account		**5,077.0**	6,107.1
Equity shareholders' funds		**4,524.4**	5,758.1

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 31 March 2022.



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 2021

	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 2020	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
Ordinary shares issued	–	4.4	–	–	–	–	4.4
Share cancellations	(7.2)	–	–	7.2	–	(729.3)	(729.3)
Treasury share allocations	–	–	–	–	3.7	(3.7)	–
Loss for the year	–	–	–	–	–	(82.0)	(82.0)
Dividends paid	–	–	–	–	–	(314.7)	(314.7)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	99.6	99.6
Share purchases – close period commitments	–	–	(211.7)	–	–	–	(211.7)
Balance at 31 December 2021	**122.4**	**574.7**	**(221.7)**	**13.6**	**(1,041.6)**	**5,077.0**	**4,524.4**

Notes

The accompanying notes form an integral part of this statement of changes in equity.

1 Other reserves are analysed in note 39.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

32. 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 92.

(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 2021, 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 £99.6 million in 2021 (2020: £74.4 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. The general approach has been applied and a loss allowance for 12-month expected credit losses is recognised. 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.

33. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £m	2020 £m
Bank and other interest payable	**1.4**	12.0
Interest payable to subsidiary undertakings	**90.5**	116.1
	91.9	128.1

34. 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% (2020: 19%). The differences are explained below:

	2021 £m	2020 £m
Loss on ordinary activities before tax	**(82.0)**	(127.0)
Tax at the rate of 19% (2020: 19%) thereon	**15.6**	24.1
Factors affecting tax charge for the year		
Group relief not paid for	**(15.6)**	(23.0)
Items that are not deductible	**–**	(1.1)
Tax charge for the year	**–**	–

35. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:

	Subsidiary undertakings £m
Cost	
1 January 2020	13,231.5
Additions	74.4
31 December 2020	13,305.9
Additions	99.6
31 December 2021	**13,405.5**
Accumulated impairment losses and write-downs	
1 January 2020	**–**
Impairment losses for the year	(2.3)
31 December 2020	**(2.3)**
Impairment losses for the year	(0.1)
31 December 2021	**(2.4)**
Net book value	
31 December 2021	**13,403.1**
31 December 2020	13,303.6
1 January 2020	13,231.5

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.

36. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in debtors falling due within one year:

	2021 £m	2020 £m
Amounts owed by subsidiary undertakings	**1,992.3**	1,997.3
Other debtors	**0.2**	0.3
	1,992.5	1,997.6

The amounts owed by subsidiary undertakings are repayable on demand.

There was no loss allowance on debtors in the year ended 31 December 2021 (2020: £nil).

37. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in creditors falling due within one year:

	2021 £m	2020 £m
Bank overdrafts	**–**	716.4
Amounts due to subsidiary undertakings	**10,633.0**	8,344.9
Share purchases – close period commitments	**211.7**	–
Other creditors and accruals	**1.1**	2.4
	10,845.8	9,063.7

During the year, the Group converted the majority of its cash pool arrangements to zero-balancing cash pools, whereby the cash and overdrafts within these cash pools are physically swept to the header accounts on a daily basis. At 31 December 2021, there are no gross cash or overdraft balances reported by the Company as these now form amounts owed by/to subsidiary undertakings.

38. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in creditors falling due after more than one year:

	2021 £m	2020 £m
Amounts due to subsidiary undertakings	**25.4**	479.7

Total borrowings are repayable as follows:

	2021 £m	2020 £m
Within one year	**10,845.8**	9,063.7
Between one and five years	**25.4**	331.4
Over five years	**–**	148.3
	10,871.2	9,543.4

39. EQUITY SHAREHOLDERS' FUNDS

Other reserves at 31 December 2021 comprise a translation reserve of £10.0 million (2020: £10.0 million) and an equity reserve of £211.7 million (2020: £nil).

At 31 December 2021 the Company's distributable reserves amounted to £4,388.4 million (2020: £5,622.1 million) which, under the Companies (Jersey) Law 1991, is total reserves including share capital and capital redemption reserve. 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 2021 and of the group's profit and of the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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 properly prepared in accordance with 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 related notes 1 to 31 of the consolidated financial statements;
- the parent company profit and loss account, balance sheet and statement of changes in equity; and
- the related notes 32 to 39 of the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, 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 we have not provided any non-audit services prohibited by the FRC's Ethical Standard 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 matter	The key audit matter we identified in the current year was valuation of goodwill. Within this report, the key audit matter is identified as follows: Decreased level of risk
Materiality	We considered a number of metrics when determining group materiality, including: pre-tax profit; revenue; and headline EBITDA. Our selected materiality represents 5.8% of pre-tax profit from continuing operations (2020: 9.5% of pre-tax profit adjusted to exclude impairment of goodwill and investments in associates, and retranslation of financial instruments), 0.4% of revenue (2020: 0.4%) and 2.7% of Headline EBITDA (2020: 2.8%).
Scoping	Those entities subject to audit represented 70% of the group's consolidated revenue (2020: 73% of revenue from continuing operations) 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 in section 5 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 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. In 2020, 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 ("POC") had been identified as a key audit matter. In the current period, we have concluded that revenue recognition does not represent a key audit matter, as a result of the decentralisation of POC revenue across the group, the change in the business environment, and a resulting decrease in the significance of estimates around the cut-off assertion.

5.1. VALUATION OF GOODWILL

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
VALUATION OF GOODWILL **(Refer to the Accounting Policies and Note 14 (Intangible assets) to the financial statements, and the Audit Committee Report)**		
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 £7,612 million as at 31 December 2021 (31 December 2020: £7,389 million). We identified goodwill valuation as a key audit matter because of the significant judgements made by management to estimate the recoverable amount of goodwill and the increased auditor judgement and level of audit effort required to obtain evidence to test these significant judgements, including the use of specialists. This included consideration of the short-term cash flow forecasts of the group's various businesses and the sensitivity of certain other inputs to the value in use calculations for certain groups of cash generating units. 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. 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 focus on those estimates that are either complex, including the discount rate calculations, or subjective in nature, including the short-term forecasts and long-term growth rates.	Our audit procedures focused on challenging and evaluating 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 short-term cash flow forecasts, discount rates and 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 to external economic data, including peers, market data and wider economic forecasts. – We evaluated management's ability to accurately forecast future revenues and growth rates by comparing actual results to management's historical forecasts. – With the assistance of our valuation specialists, 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 independent market data and an independently derived weighted average rate for each country, based on their GDP 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.

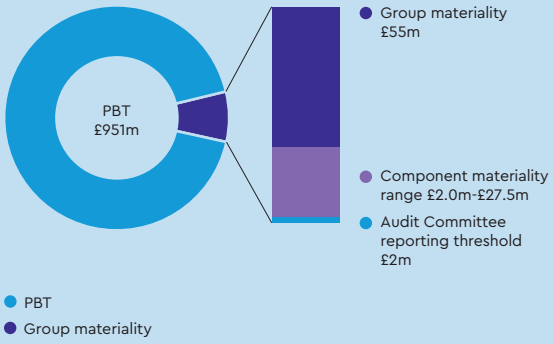
6. OUR APPLICATION OF MATERIALITY

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	£55 million (2020: £50 million)	£27.5 million (2020: £25 million)
Basis for determining materiality	We have considered a number of metrics when determining group materiality, including: pre-tax profit; revenue; and headline EBITDA. Our selected materiality figure represents 5.8% of pre-tax profit, 0.4% of revenue and 2.7% of Headline EBITDA. In 2020, we determined materiality to be £50 million, as 9.5% of pre-tax profit excluding impairment of goodwill and investments in associates, and retranslation of financial instruments, 0.4% of revenue and 2.8% of Headline EBITDA.	The basis for materiality is shareholder's equity. The materiality used is less than 1% of shareholders' equity (2020: less than 1% of shareholders' equity).
Rationale for the benchmark applied	We have determined that the critical benchmark for the Group was pre-tax profit because we consider this measure to be the primary focus of users of the financial statements. We also considered revenue and headline EBITDA as relevant metrics to the users of the financial statements. In 2020, pre-tax profit excluded impairment of goodwill and investments in associates, and retranslation of financial instruments as a result of the significant impairment charges recognised that were specific to 2020.	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	60% (2020: 65%) of group materiality	60% (2020: 65%) 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 impact of previously identified material weaknesses, 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, including the restatements required during 2020 for the 2018 and 2019 financial statements.	The parent company performance materiality has been set at 60% 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 (2020: £2.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

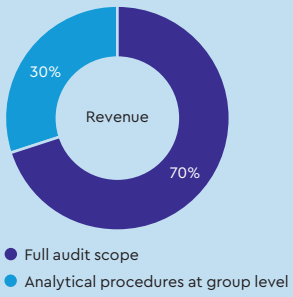
7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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 70% of the group's consolidated revenue (2020: 73% revenue from continuing operations) 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, in 2020 management identified material weaknesses in internal control over financial reporting with respect to three areas of financial reporting and have concluded that these weaknesses were remediated during 2021. We did not rely on controls in our substantive testing of the related areas.

7.3. OUR CONSIDERATION OF CLIMATE-RELATED RISKS

The group identified climate-related risks such as the increased frequency of extreme weather and climate-related natural disasters, increased reputational risk associated with working on environmentally detrimental client briefs, and/or misrepresenting environmental claims and changes in regulation and reporting standards which could result in climate-related litigation and claims. The risks are disclosed within the *Task force on climate-related financial disclosures ("TCFD") statemen*t on pages 214-216 of the Annual Report.

We obtained an understanding of management's process for considering the impact of climate-related risks at both a head-office and operating company level. We evaluated these risks to assess whether they were complete and consistent with our understanding of the entity and our wider risk assessment procedures.

Our procedures to address the identified risks included considering their impact on the financial statements overall, including the application of individual accounting standards. We further reconciled the disclosures made to underlying supporting evidence. We assessed the TCFD recommended disclosures within the Annual Report and considered whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. 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. The group audit team directs, supervises and evaluates the audit work performed by component audit teams by:

- speaking regularly with teams about the status of their work;
- reviewing reporting and underlying workpapers where determined to be necessary; and
- attending key meetings including close meetings.

In order to drive consistency and comparability over the audit work performed by our component auditors, the group engagement team directly leads the risk assessment process in all areas of the audit. This process involves workshops with our local audit teams to enhance and confirm the group teams understanding of local processes and risks. After consideration of how the nature and extent of those operating unit level risks contribute to risk of material misstatement at a group level the group engagement team, in consultation with the local team, confirms the specific audit procedures that component auditors are instructed to perform.

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 component, 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 statement of directors' responsibilities, 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: www.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 fraud, impairment, 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. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including adjustments made in the financial reporting process outside of local operational reporting.

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, 1991 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 did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

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, including those made outside of local operational reporting; 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 92;
- 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 92;
- 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 93-99;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 127; and
- the section describing the work of the audit committee set out on pages 125-130.

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 proper 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 20 years, covering the years ending 31 December 2002 to 31 December 2021.

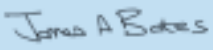
15.2. CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE

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 those matters we have expressly agreed to report to them on in our engagement letter 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



James Bates, FCA
For and on behalf of Deloitte LLP
Recognized Auditor
London, United Kingdom
31 March 2022

RECONCILIATION TO NON-GAAP MEASURES OF PERFORMANCE

The Group presents alternative performance measures, including headline operating profit, headline profit before interest and tax, headline EBITDA, headline profit before tax, headline earnings, headline EPS, revenue less pass-through costs and adjusted net debt. 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.

In the calculation of headline profit, judgement is required by management in determining which revenues and costs are considered to be significant, non-recurring or volatile items that are to be excluded.

The exclusion of certain adjusting items may result in headline earnings being materially higher or lower than reported earnings, for example when significant impairments or restructuring charges are excluded but the related benefits are included headline earnings will be higher. Headline measures should not be considered in isolation as they provide additional information to aid the understanding of the Group's financial performance.

Reconciliation of revenue to revenue less pass-through costs:

Continuing operations	2021 £m	2020 £m	2019 £m
Revenue	**12,801.1**	12,002.8	13,234.1
Media pass-through costs	**(1,865.3)**	(1,555.2)	(1,656.2)
Other pass-through costs	**(538.6)**	(685.6)	(731.4)
Revenue less pass-through costs	**10,397.2**	9,762.0	10,846.5

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 profit/(loss) to headline operating profit:

Continuing operations	2021 £m	2020 £m	2019 £m
Operating profit/(loss)	**1,229.0**	(2,278.1)	1,295.9
Amortisation and impairment of acquired intangible assets	**97.8**	89.1	121.5
Goodwill impairment	**1.8**	2,822.9	47.7
Losses/(gains) on disposal of investments and subsidiaries	**10.6**	(7.8)	(40.4)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**–**	(0.6)	(0.4)
Investment and other impairment (reversals)/ charges	**(42.4)**	296.2	7.5
Litigation settlement	**21.3**	25.6	(16.8)
Gain on sale of freehold property in New York	**–**	–	(7.9)
Restructuring and transformation costs	**145.5**	80.7	153.5
Restructuring costs in relation to Covid-19	**29.9**	232.5	–
Headline operating profit	**1,493.5**	1,260.5	1,560.6
Finance and investment income	**69.4**	82.7	99.0
Finance costs (excluding interest expense related to lease liabilities)	**(192.7)**	(211.0)	(259.4)
	(123.3)	(128.3)	(160.4)
Interest cover[1] on headline operating profit	**12.1 times**	9.8 times	9.7 times

Note

[1] 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 %	2021 £m	Margin %	2020 £m	Margin %	2019 £m
Revenue less pass-through costs		**10,397.2**		9,762.0		10,846.5
Headline operating profit	**14.4**	**1,493.5**	12.9	1,260.5	14.4	1,560.6
Share of results of associates (excluding exceptional gains/losses)		**86.1**		10.1		62.5
Headline PBIT	**15.2**	**1,579.6**	13.0	1,270.6	15.0	1,623.1

Calculation of headline EBITDA:

Continuing operations	2021 £m	2020 £m	2019 £m
Headline PBIT (as above)	**1,579.6**	1,270.6	1,623.1
Depreciation of property, plant and equipment	**151.2**	174.8	185.5
Amortisation of other intangible assets	**19.9**	35.2	21.2
Headline EBITDA (including depreciation of right-of-use assets)	**1,750.7**	1,480.6	1,829.8
Depreciation of right-of-use assets	**272.9**	331.9	301.6
Headline EBITDA	**2,023.6**	1,812.5	2,131.4

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 profit/(loss) before taxation to headline PBT and headline earnings:

Continuing operations	2021 £m	2020[1] £m	2019[1] £m
Profit/(loss) before taxation	**950.8**	(2,790.6)	1,214.3
Amortisation and impairment of acquired intangible assets	**97.8**	89.1	121.5
Goodwill impairment	**1.8**	2,822.9	47.7
Losses/(gains) on disposal of investments and subsidiaries	**10.6**	(7.8)	(40.4)
Gains on remeasurement of equity interests arising from a change in scope of ownership	**–**	(0.6)	(0.4)
Investment and other impairment (reversals)/ charges	**(42.4)**	296.2	7.5
Restructuring and transformation costs	**145.5**	80.7	153.5
Restructuring costs in relation to Covid-19	**29.9**	232.5	–
Share of exceptional losses of associates	**62.3**	146.1	47.8
Litigation settlement	**21.3**	25.6	(16.8)
Gain on sale of freehold property in New York	**–**	–	(7.9)
Revaluation and retranslation of financial instruments	**87.8**	147.2	(163.8)
Headline PBT	**1,365.4**	1,041.3	1,363.0
Headline tax charge	**(327.9)**	(239.9)	(311.8)
Headline non-controlling interests	**(83.0)**	(58.9)	(79.2)
Headline earnings	**954.5**	742.5	972.0

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	2021 £m	2020[1] £m	2019[1] £m
Headline PBT	**1,365.4**	1,041.3	1,363.0
Tax charge	**230.1**	127.1	287.2
Tax credit/(charge) relating to gains on disposal of investments and subsidiaries	**31.5**	(2.7)	(6.9)
Tax credit relating to gain on sale of freehold property in New York	**–**	–	0.5
Tax (charge)/credit relating to litigation settlement	**(5.4)**	5.4	(4.2)
Deferred tax impact of the amortisation of acquired intangible assets and other goodwill items	**5.6**	36.0	13.3
Tax credit relating to restructuring and transformation costs	**38.4**	14.3	29.2
Tax credit relating to restructuring and transformation costs in relation to Covid-19	**7.3**	51.2	–
Deferred tax relating to gains on disposal of investments and subsidiaries	**20.4**	8.6	(7.3)
Headline tax charge	**327.9**	239.9	311.8
Headline tax rate	**24.0%**	23.0%	22.9%

Note

[1] Figures have been restated as described in the accounting policies.

The Group has reassessed the measure of headline tax rate, as some associate businesses are classified as US tax partnerships with their related tax forming part of the headline tax charge, and now considers the most appropriate metric is to use the headline tax charge as a percentage of headline PBT (that includes the share of headline results of associates). The headline tax rate on headline PBT including the share of headline results of associates was 24.0% (2020: 23.0%, 2019: 22.9%).

Given the Group's geographic mix of profits and the changing international tax environment, the headline tax rate is expected to increase over the next few years.

Calculation of headline non-controlling interests:

Continuing operations	2021 £m	2020 £m	2019 £m
Non-controlling interests	**83.0**	53.9	79.2
Non-controlling interests relating to restructuring costs in relation to Covid-19	**–**	5.0	–
Headline non-controlling interests	**83.0**	58.9	79.2

Reconciliation of free cash flow:

	2021 £m	2020 £m	2019 £m
Cash generated by continuing and discontinued operations (note 11)	**2,580.3**	2,583.9	2,693.2
Plus			
Interest received	**47.5**	73.6	80.8
Investment income	**17.8**	8.7	18.3
Dividends from associates	**53.4**	32.5	33.3
Share option proceeds	**4.4**	–	0.6
Less			
Earnout payments	**(57.0)**	(115.2)	(130.2)
Interest and similar charges paid	**(173.7)**	(173.9)	(270.6)
Purchases of property, plant and equipment	**(263.2)**	(218.3)	(339.3)
Purchase of other intangible assets (including capitalised computer software)	**(29.9)**	(54.4)	(54.8)
Repayment of lease liabilities	**(320.7)**	(300.1)	(249.8)
Interest paid on lease liabilities	**(88.4)**	(98.5)	(105.1)
Corporation and overseas tax paid	**(391.1)**	(371.5)	(536.0)
Dividends paid to non-controlling interests in subsidiary undertakings	**(114.5)**	(83.3)	(96.2)
Free cash flow	**1,264.9**	1,283.5	1,044.2

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).

ADJUSTED NET DEBT AND AVERAGE ADJUSTED NET DEBT

Management believes that adjusted net debt and average adjusted net debt are appropriate and meaningful measures of the debt levels within the Group. This is because of the seasonal swings in our working capital generally, and those resulting from our media buying activities on behalf of our clients in particular.

Adjusted net debt at a period end consists of cash and short-term deposits, bank overdraft, bonds and bank loans due within one year and bonds and bank loans due after one year.

Reconciliation of adjusted net debt:

	2021 £m	2020 £m	2019 £m
Cash and short-term deposits	**3,882.9**	12,899.1	11,305.7
Bank overdraft, bonds and bank loans due within one year	**(567.2)**	(8,619.2)	(8,798.0)
Bonds and bank loans due after one year	**(4,216.8)**	(4,975.5)	(4,047.3)
Adjusted net debt	**(901.1)**	(695.6)	(1,539.6)

Average adjusted net debt is calculated as the average daily net borrowings of the Group. Adjusted net debt excludes lease liabilities.

FUTURE RESTRUCTURING AND TRANSFORMATION COSTS

Further restructuring and transformation costs are expected from 2022 to 2025, with approximately £350 million in relation to the continued rollout of the Group's new ERP system in order to drive efficiency and collaboration throughout the Group. Costs of between £200 million and £250 million are also expected in relation to other IT transformation projects, shared service centres and co-locations.

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.

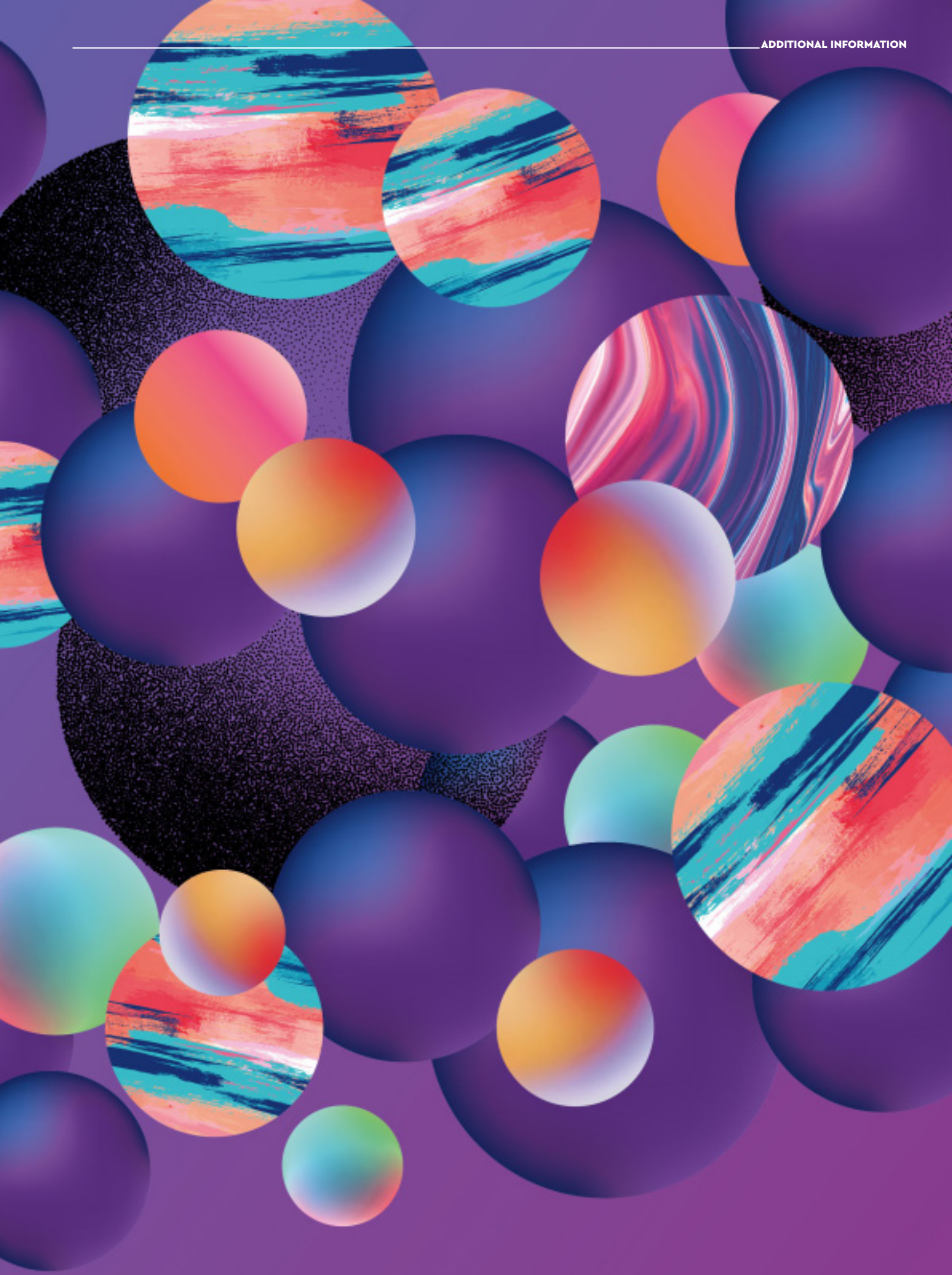
Further details of the constant currency and pro forma methods are given in the Glossary on pages 222 and 223.

Reconciliation of reported revenue less pass-through costs to like-for-like revenue less pass-through costs:

Continuing operations	Revenue less pass-through costs £m	
2019	10,846.5	
Impact of exchange rate changes	(130.0)	-1.2%
Impact of acquisition	(65.1)	-0.6%
Like-for-like growth	(889.4)	-8.2%
2020	9,762.0	-10.0%
Impact of exchange rate changes	(487.4)	-5.0%
Impact of acquisition	(58.6)	-0.6%
Like-for-like growth	1,181.2	12.1%
2021	**10,397.2**	**6.5%**

ADDITIONAL INFORMATION

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

WPP was an early adopter of the Task Force on Climate-related Financial Disclosures. WPP's fourth disclosure, set out below, is structured around the four TCFD themes of governance, strategy, risk management, and metrics and targets. We aim to develop our disclosures in line with TCFD's 11 recommended disclosures. Some of these recommendations, published in October 2021, will take more time for us to fully consider. These relate to: detailed time horizon, financial impacts, and scenario analysis of climate related risks and opportunities. We will be working to implement the rest of the 2021 TCFD Annex[1] recommendations over the course of 2022 and intend to apply these more fully in our next TCFD Report.

WPP's overall approach to risk management and a summary of our principal risks can be found on pages 93-99 of this Annual Report. The climate-related risks set out below are included under 'emergent' risks in our summary of principal risks and for consistency with our wider risk disclosures we have not identified climate-related risk as short, medium or long-term. Opportunities identified below are already being realised. There is no material impact from climate change on our current year financial reporting.

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. The WPP Executive Committee sets the sustainability strategy and oversees the approach across agencies in its implementation. The Sustainability Director has operational responsibility for sustainability.

- The Board is responsible for the overall long-term success of WPP and for setting the Company's strategic direction, including on climate change. The Sustainability Committee of the Board is attended by both the CEO and CFO, as well as experienced Non-Executive Directors (see 'Our Board' from page 108) with extensive sustainability expertise, and supports the Board in its oversight of the Company's net zero strategy. The Sustainability Committee met four times in 2021 and selected a sustainability-related topic to be presented to the Board after each Committee meeting. The Committee's remit includes reviewing and monitoring implementation of the Company's sustainability strategy and evaluating performance against targets and commitments.

- In 2021, climate strategy was discussed at all Sustainability Committee meetings as the Committee monitored the development and launch of WPP's science-based carbon reduction targets and net zero strategy. During the year, the Committee supported management in its engagement strategy on sustainability. This included consultation with investors and clients while developing the Company's new commitments. WPP also held its first ESG investor presentation in which we communicated the Company's strengthened carbon reduction commitments and integrated ESG strategy, and how we believe living up to our purpose will unlock greater sustainable returns for our shareholders.

As the Company's 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.

Further information on sustainability governance is provided on page 87 of this Annual Report.

CLIMATE CHANGE AND OUR STRATEGY

Climate action is central to WPP's purpose and strategy. WPP is a proud signatory to the UN Global Compact's Business Ambition for 1.5°C, the purpose of which is to galvanise business support for strong climate action, and to the UNFCCC's Race to Zero campaign.

In April 2021 we committed to reach net zero emissions in our operations (Scope 1 and 2) by 2025 and our value chain (Scope 3) by 2030. This includes emissions from media buying (more than half of our total footprint) – and an industry first. To deliver this we have set science-based reduction targets (see 'metrics and targets' on page 216), to reduce emissions as far and as quickly as possible from a 2019 baseline.

Of our 50 largest clients, 62% have set or committed to set targets in line with an ambition to limit climate change to 1.5°C through the Science Based Targets initiative (SBTi). These clients look to us to help them find and scale solutions (for an example, see page 80). We also know that collaboration with clients and suppliers will be critical in delivering against our own targets. We are very focused on the role our companies can now play in promoting low-impact and regenerative living.

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.

Our overall risk management process is outlined on pages 88-99 and climate change risk is included as an emerging risk within the principal risks and uncertainties disclosure on page 99.

WPP has implemented Risk Committees at Group level and in our operating companies with the aim of ensuring accountability at both levels to identify, monitor and proactively manage risk and compliance issues 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 and commitments made on topics such as climate risk are understood and adhered to across all geographies and markets.

In 2021, the business continuity implications of physical climate change and the risk of not meeting WPP's sustainability commitments were 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.

[1] Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).

KEY

- The selected paragraphs in the governance section of this TCFD statement highlighted with the symbol ◆ were subject to independent limited assurance procedures by PricewaterhouseCoopers LLP ('PwC'). A copy of PwC's report and our methodology is available on our website wpp.com/sustainabilityreport2021.

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. 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.
TRANSITION RISKS AND OPPORTUNITIES		
Changes in regulation and reporting standards ●	WPP could be subject to increased costs to comply with potential future changes in environmental laws and regulations and increasing carbon offset pricing to meet its net zero commitments. Carbon emission accounting for marketing and media is in its infancy and methodologies continue to evolve. This is particularly the case for emissions associated with digital media.	WPP is developing a net zero roadmap to deliver against its net zero commitments and aims to disclose more details of that roadmap in 2023. As part of this plan and through our work to decarbonise media and media supply chains, we are exploring opportunities to improve accounting for emissions from media. As we seek to limit emissions we need to reduce the total footprint of any product or service as far as possible. To manage the cost and quality of carbon credits purchased to offset remaining emissions, WPP developed a new offsetting policy and is further developing our offsetting strategy as part of our net zero roadmap.
Increased demand for sustainable products and services ○	Our clients look to us to provide the insight, expertise and creative solutions they need to transition their business models away from fossil fuels. For example, 62% of our top 50 clients have committed to setting science-based carbon reduction targets. There is an opportunity for WPP to grow revenues from products and services which support clients as they seek to decarbonise their businesses. This may include developing low or net zero marketing, media and ecommerce services, developing sustainability-focused brand strategies, and promoting sustainable consumption 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 70) 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 2021 we continued to invest in our virtual advertising production capability, which reduces the emissions and environmental impact of production shoots (see page 5). 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. In 2021, we continued to train our people to deliver net zero products and services through programmes such as AdGreen and to innovate on behalf of our clients through initiatives like Change the Brief, now open-sourced across our industry through the Change the Brief Alliance.

KEY

● Risk

○ Opportunity

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 limit increased costs associated with carbon taxation. This relates both to our buildings, and to energy-intense activities such as data storage. Our industry is increasingly reliant on data, digital content and centralised cloud computing. 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 . This creates an opportunity for companies 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. By 2025, 85,000 of our people will be based in net zero campuses using electricity from 100% renewable sources. As part of our net zero strategy we are working to identify the potential cost savings of embedding best practice solutions in our buildings. 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, 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.	All the advice we provide to our clients and the content we produce for them must 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 and in our How We Behave online training, which all employees (including freelancers working for more than four weeks) are required to complete annually. 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.
Increased reputational risk associated with working on client briefs perceived to be environmentally detrimental ●	WPP serves some clients whose business models are under increased scrutiny, for example energy companies or associated industry groups who are at different stages of the decarbonisation process. 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.	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. Our sustainability strategy outlines our commitment to supporting our clients on their sustainability journeys (see page 70).

[1] WPP, Data 2030: what does the future of data look like?

METRICS AND TARGETS

We have been reporting on our performance on carbon emissions reduction since 2006.

In 2020 we worked with the consultancy Carbon Intelligence to map our carbon emissions (Scope 1, 2 and 3) using 2019 data. We use Greenhouse Gas Protocol standards to calculate our emissions, which categorise a company's emissions into three scopes. Scope 3 is then divided into 15 sub-categories, 11 of which are relevant for WPP. For a full explanation of our approach to calculating our carbon footprint, see 'Understanding our emissions' in the 'Planet' chapter of our Sustainability Report 2021.

Our carbon emissions statement is included on page 217 of this report. Additional information relating to our carbon reduction targets, workstreams and performance data is set out on pages 76 and 77 and in the Planet chapter of our Sustainability Report 2021.

In June 2021, WPP's emissions reduction targets were verified by the Science Based Targets initiative (SBTi) aligned to 1.5°C requirements. From a 2019 baseline, WPP aims to reduce Scope 1 and 2 emissions by 84% by 2025, and halve Scope 3 emissions by 2030. We are also committed to source 100% of our electricity from renewable sources by 2025.

To meet our targets, we are focusing our efforts on reducing emissions hotspots, including working towards net zero campuses by 2025, reducing emissions from production and media, and reducing emissions by using smarter technology. More information can be found in the 'Planet' section of our Sustainability Report 2021. In 2022 we will also focus on climate-related training for our people, and on continuing to improve the quality of our carbon emissions data.

A common challenge for reducing carbon emissions is being able to measure them with confidence. We are working to improve the quality and coverage of our emissions data.

During the year WPP appointed PriceWaterhouseCoopers LLP ('PwC') to support the expansion of WPP's assurance programme for the carbon data disclosed in this report. Throughout this report, selected carbon metrics highlighted with the symbol ◠ were subject to independent limited assurance by PwC. For the details and results of the limited assurance see wpp.com/sustainabilityreport2021. For the first time, PwC have also assured the governance section of this TCFD statement (wpp.com/sustainabilityreport2021).

Beyond our science-based targets, 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 2021: **wpp.com/sustainabilityreport2021**.

OTHER STATUTORY INFORMATION

EMISSIONS AND ENERGY

CO_2e EMISSIONS BREAKDOWN (TONNES/ENERGY (MWh))

		2021						2020	2019
Emissions source		UK		Non-UK		Total		Total	Total
Continuing operations		Energy MwH	Tonnes of CO_2e	Energy MWh	Tonnes of CO_2e	Energy MWh	Tonnes of CO_2e	Tonnes of CO_2e	Tonnes of CO_2e
Scope 1	Natural Gas	9,768	1,996	15,045	3,075	24,813	5,071	4,069	6,299
	Diesel and Heating Oil	0	0	2,325	638	2,325	638	692	541
	Company cars (Centrally Contracted)	N/A	20	N/A	4,409	N/A	4,429	17,041	18,175
	Sub-total Scope 1	9,768	**2,016**	17,370	**8,122**	27,138	**10,138** ◠		
	Company cars (Local Contracts)	N/A	N/A	N/A	3,154	N/A	3,154		
	Total Scope 1	**9,768**	**2,016**	**17,370**	**11,276**	**27,138**	**13,292**	**21,802**	**25,015**
Scope 2	Standard electricity (location-based)	0	0	34,317	20,602	34,317	20,602	28,984	56,421
	Green and renewable electricity (location-based)	12,833	2,725	86,800	31,425	99,633	34,150	31,671	27,324
	Heat and steam	0	0	7,251	1,238	7,251	1,238	1,177	1,820
	Total Scope 2 (location-based)	**12,833**	**2,725**	**128,368**	**53,265**	**141,201**	**55,990** ◠	**61,832**	**85,565**
	Standard electricity (market-based)	0	0	34,317	20,602	34,317	20,602	28,983	60,750
	Green and renewable electricity (market-based)	12,833	0	86,800	0	99,633	0	0	0
	Heat and steam	0	0	7,251	1,238	7,251	1,238	1,177	1,820
	Total Scope 2 (market-based)	**12,833**	**0**	**128,368**	**21,840**	**141,201**	**21,840** ◘	**30,160**	**62,570**
Total Scope 1 and 2	Total Scope 1 and 2 (location-based)	**22,601**	**4,741**	**145,738**	**64,541**	**168,339**	**69,282**	**83,634**	**110,580**
	Total Scope 1 and 2 (market-based)	**22,601**	**2,016**	**145,738**	**33,116**	**168,339**	**35,132**	**51,962**	**87,585**
Scope 3	Business air travel	N/A	535	N/A	10,886	N/A	11,421 ◠	23,325	122,967
	Business air travel travel emissions	N/A	**535**	N/A	**10,886**	N/A	**11,421**	**23,325**	**122,967**

WPP'S CARBON INTENSITY (TONNES OF CO_2e)

Intensity metric									
Total Scope 1 and 2	Tonnes per full-time employee (market-based)	N/A	**0.19**	N/A	**0.34**	N/A	**0.32**	0.52	0.82
	Tonnes per £m revenue (market-based)	N/A	N/A	N/A	N/A	N/A	**2.74**	4.33	6.62
Scope 3	Tonnes per full-time employee	N/A	**0.05**	N/A	**0.11**	N/A	**0.10**	0.23	1.15

Notes

1 We align our organizational boundary for reporting to the accounting definition of a subsidiary, where WPP have control of the entity, either through majority ownership of the equity share capital or through other facts and circumstances that lead to the conclusion that WPP have power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of returns WPP is entitled to.
For entities meeting this organizational boundary definition, we collect utility data for all buildings that WPP occupy, regardless of the control that we have over those buildings. This operational boundary includes shared leased premises and therefore best represents our actual consumption and the impact that our business has on the environment.

2 This year, in line with UK Streamlined Energy and Carbon Reporting (SECR) requirements, we have calculated our energy use and emissions for UK markets and is stated in a separate column.

3 Energy Efficiency Initiatives: 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. By 2025, we expect 85,000 of our people will work in net zero campuses powered by renewable electricity. When we lease, purchase, fit out or renovate a building larger than 50,000 square feet, we require it to be certified to an internationally recognised standard such as the US LEED Standard or the UK BREEAM standard. We aim for all our new workspaces to achieve the highest accreditation considering the individual workspace. We recognise that achieving these certifications is only one step to reducing the footprint of our buildings and supporting our people's wellbeing. In 2021 we launched a programme to better assess and understand our building portfolio. This will help us identify opportunities to reduce energy use, optimise resource use, support our employees' wellbeing needs and create opportunities for circular business models in our materials use.

4 In 2021, subtotal Scope 1 emissions, which include centrally, but not locally, contracted cars were subject to independent limited assurance for the first time. Locally-managed car emissions were estimated and were not subject to assurance due to inconsistencies in capturing emissions data. In 2022, we will review and strengthen how we measure and calculate emissions from vehicles.

5 Additional information on our Energy, Air Travel and Waste methodologies is included in our 'WPP Sustainability Reporting Criteria 2021'.

◠ Indicates the selected metrics have been subject to independent limited assurance procedures by PricewaterhouseCoopers for the year ending 31 December 2021. For PwC's 2021 Limited Assurance report and the 'WPP Sustainability Reporting Criteria 2021', see our 2021 Sustainability Report at www.wpp.com/sustainability

◘ Independent limited assurance will be sought by WPP over our percentage electricity purchased from renewable sources and Scope 2 market-based GHG emissions reporting. The assurance report will be made available on our website.

SHAREHOLDER INFORMATION

SHARE CAPITAL AND CONTROL

Details of our issued share capital and the number of shares held in Treasury as at 31 December 2021 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 9 June 2021, shareholders passed resolutions authorising the Company, in accordance with its Articles, to allot shares up to a maximum nominal amount of £40,419,624 of which £6,062,943 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 193-194.

AUTHORITY FOR PURCHASE OF OWN SHARES

At the AGM on 9 June 2021, shareholders passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 121,258,871 of its own shares in the market. In the year under review, 72,155,492 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 2021 and 25 March 2022. Information provided to the Company under the DTRs is publicly available via the regulatory information services and on the Company's website.

	At 31 December 2021	At 25 March 2022
BlackRock Inc	6.99%	7.49%
Wellington Management Group LLP	–	5.04%

SHAREHOLDERS AS AT 31 DECEMBER 2021

Holding of shares	Number of holders	% Owners	Shareholdings	% Outstanding
Up to 1,000	5,493	52	1,400,104	0.1
1,001 to 5,000	1,549	15	3,741,756	0.3
5,001 to 100,000	2,303	22	70,906,423	5.8
100,001 to 1,000,000	1,001	9	317,822,874	26.0
Over 1,000,000	239	2	830,588,393	67.8

Shareholders by geography	%
UK	29.3
United States	37.9
Rest of World	32.8
Total	**100**

Shareholders by type	%
Institutional investors	95.2
Our people	0.7
Other individuals	4.1
Total	**100**

SHARE PRICE

The closing price of the shares at 31 December was as follows:

	At 25 March 2022	2021	2020	2019	2018	2017
Ordinary 10p shares	1,039.5p	1,119.5p	800.0p	1,066.5p	846.6p	1,341.0p

Share price information is also available online at **wpp.com/investors/share-price**

SHARE BUYBACK 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 Company's employee share plans.

On 11 March 2021 the Company announced the recommencement of the share buyback programme, with a plan to purchase up to £300 million by 18 June 2021. On 5 August 2021 the Company announced a further share buyback programme of up to £250 million which would take place during the period commencing 5 August 2021 and ending no later than 22 October 2021. On 28 October 2021 the Company announced a share buyback programme of up to £200 million beginning 28 October 2021, and on 8 December 2021 announced an extension of up to £50 million to this programme. The Company announced a share buyback programme of up to £250 million on 16 December 2021, which would take place during the period commencing 16 December 2021 and ending no later than 18 February 2022. As a result of these programmes, the Company bought back £729,319,536 million of shares in 2021. On 4 March 2022 the Company announced a share buyback programme of up to £200 million beginning on 4 March 2022. On 24 March 2022 the Company announced a share buyback programme of up to £300 million, which would take place during the period commencing 24 March 2022 and ending no later than 24 June 2022.

DIVIDENDS

Subject to shareholder approval at the 2022 AGM, the final dividend for 2021 will become due and payable on 8 July 2022 to all holders of ordinary shares on the Register of Members at the close of business on 10 June 2022.

The table below sets out the dividend per share ordinary shareholders have received for the last five years.

	2021	2020	2019	2018	2017
Interim dividend per ordinary share	**12.50p**	10.00p	22.70p	22.70p	22.70p
Final dividend per ordinary share	**18.70p**	14.00p	–	37.30p	37.30p
Total	**31.20p**	24.00p	22.70p	60.00p	60.00p

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 220).

Dividends per ADR in respect of each financial year are set out below.

	2021	2020	2019	2018	2017
In £ sterling					
Interim	**62.50p**	50.00p	113.50p	113.50p	113.50p
Final	**93.50p**	70.00p	–	186.50p	186.50p
Total	**156.00p**	120.00p	113.50p	300.00p	300.00p
In US dollars[1]					
Interim	**85.98¢**	64.18¢	144.88¢	151.53¢	146.27¢
Final	**128.63¢**	89.85¢	–	249.00¢	240.34¢
Total	**214.61¢**	154.03¢	144.88¢	400.53¢	386.61¢

[1] These figures have been translated for convenience purposes only, using the approximate average rate for the year of US$1.3757 (2020: US$1.2836, 2019: US$1.2765, 2018: US$1.3351, 2017: US$1.2887). 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 133-154
5	Details of Directors' waiver of emoluments	Directors' compensation report page 133-154
6	Director waiver of future emoluments	Directors' compensation report page 133-154

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**

SHAREHOLDER INFORMATION

2022 FINANCIAL CALENDAR

Ordinary dividend timetable	Final	Interim
Ordinary ex-dividend date	9 June 2022	13 October 2022
Dividend record date	10 June 2022	14 October 2022
Dividend payment date	8 July 2022	1 November 2022
Other key dates:		
2021 preliminary results	24 February 2022	
First quarter trading update	27 April 2022	
Annual General Meeting	24 May 2022	
2022 interim results	August 2022	
Third quarter trading update	October 2022	

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/je 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**

PAYMENT OF DIVIDENDS

From July 2022 we will only pay cash dividends in to your nominated bank account. To update your payment details please go to **www.investorcentre.co.uk/je** or contact Computershare at the details below.

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)370 707 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. Dividends received by UK resident individuals on or before 5 April 2022, and which are over the £2,000 Dividend Allowance, are taxed at a rate of 7.5% for individuals in the basic rate band, at 32.5% for higher rate tax payers and at 38.1% for individuals with income of £150,000 or more. For dividends received after 5 April 2022 these rates increase by 1.25% to 8.75% for individuals in the basic rate band, to 33.75% for higher rate tax payers and to 39.35% 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.

FIVE-YEAR SUMMARY

	Continuing operations				
	2021 £m	2020[1] £m	2019[1] £m	2018 £m	2017 £m
Income statement					
Billings[2]	**50,656.8**	46,917.8	53,059.0	53,219.7	52,915.4
Revenue	**12,801.1**	12,002.8	13,234.1	13,046.7	13,146.4
Revenue less pass-through costs[2]	**10,397.2**	9,762.0	10,846.5	10,875.7	11,143.9
Operating profit/(loss)	**1,229.0**	(2,278.1)	1,295.9	1,245.3	1,577.9
Headline EBITDA[3]	**2,023.6**	1,812.5	2,131.4	1,932.5	2,099.6
Headline operating profit[3]	**1,493.5**	1,260.5	1,560.6	1,651.2	1,793.1
Profit/(loss) before taxation	**950.8**	(2,790.6)	1,214.3	1,019.3	1,894.0
Headline PBT[3]	**1,365.4**	1,041.3	1,363.0	1,543.0	1,717.6
Profit/(loss) for the year	**720.7**	(2,917.7)	927.1	763.3	1,811.0
Headline operating profit margin[3]	**14.4%**	12.9%	14.4%	15.2%	16.1%
Balance sheet					
Non-current assets	**12,535.2**	12,185.4	15,826.7	17,854.1	18,427.7
Net current (liabilities)/assets	**(1,149.8)**	754.6	(298.4)	(649.5)	(356.1)
Net assets	**4,069.0**	5,050.1	8,297.3	9,784.3	9,960.5
Adjusted net debt	**(901.1)**	(695.6)	(1,539.6)	(4,016.7)	(4,483.1)
Average adjusted net debt	**(1,565.1)**	(2,331.0)	(4,282.0)	(4,965.6)	(5,142.7)

	2021	2020[1]	2019[1]	2018	2017
Our people					
Revenue per employee (£000)	**122.1**	116.7	124.3	123.0	123.5
Revenue less pass-through costs[2] per employee (£000)	**99.2**	94.9	101.8	102.5	104.7
Staff cost per employee (£000)	**68.4**	63.8	66.6	65.5	66.4
Average headcount	**104,808**	102,822	106,498	106,090	106,414
Share information					
Headline[4] – basic earnings per share from continuing operations	**79.9p**	60.7p	77.8p	92.4p	104.2p
– diluted earnings per share from continuing operations	**78.5p**	60.1p	77.1p	91.4p	103.0p
Reported – basic earnings per share from continuing operations	**53.4p**	(243.0p)	67.8p	56.0p	136.9p
– diluted earnings per share from continuing operations	**52.5p**	(243.0p)	67.3p	55.4p	135.3p
Dividends per share[5]	**31.20p**	24.00p	22.70p	60.00p	60.00p
Share price – high	**1,129.5p**	1,071.0p	1,077.5p	1,471.0p	1,921.0p
– low	**765.8p**	483.7p	800.4p	805.0p	1,253.0p
Market capitalisation at year-end (£m)	**12,918.7**	9,802.7	13,410.0	10,682.6	17,029.8

Notes

1 Figures have been restated as described in the accounting policies.
2 Billings and revenue less pass-through costs are defined on pages 222 and 223.
3 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 210 and 211.
4 Headline earnings per share is set out in note 9 of the financial statements.
5 Dividends per share represents the dividends declared in respect of each year.

The information on this page is unaudited.

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 adjusted net debt and adjusted net debt	Average adjusted net debt is calculated as the average daily net borrowings of the Group. Adjusted 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 adjusted 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
Brand awareness	The number of people or percentage of a group that are aware of a brand
Brand consideration	Those who would consider purchasing a brand are measured as a subset of those aware of a brand
Called-up share capital	Ordinary shares, issued and fully paid
Click-through rate (CTR)	The ratio of the number of users exposed to a specific link on a website page or in an email and those who click the link and view the advertised product or service
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 2021 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
Direct-to-consumer	Marketing from company to consumer without distributor or retailer involvement
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
Full-Time Equivalent (FTE) employee	A permanent person or employee of WPP Group or any of its majority owned Operating Companies, as captured locally by each reporting unit and entered into the centralised Finance system. FTE employees do not include contractors
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
General Data Protection Regulation (GDPR)	A European Union law governing digital data collection, use and storage
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 and retranslation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment and other impairment (reversals)/charges, 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 impairment (reversals)/charges, 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

Term used in Annual Report	United States' equivalent or brief description
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 and retranslation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment and other impairment (reversals)/charges, 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
Headline PBT	Profit before taxation, gains/losses on disposal of investments and subsidiaries, investment and other impairment (reversals)/charges, 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 impairment (reversals)/charges, 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 Promoter Score (NPS)	A metric used to assess overall customer satisfaction and how likely customers are to recommend a company to a peer or colleague
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 and disposals, the reclassification of certain business to associates in 2021 and the restatement of agency arrangements under IFRS 15 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
Programmatic advertising	Automated buying and selling ad inventory, using software to make data-driven decisions
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

WHERE TO FIND US

COMPANY CENTRES

WPP NEW YORK
3 World Trade Center
175 Greenwich Street
New York NY 10007
Tel +1 (212) 632 2200

WPP LONDON
Sea Containers
18 Upper Ground
London SE1 9GL
Tel +44 (0)20 7282 4600

WPP ASIA PACIFIC
50 Scotts Road
Singapore 228242
Tel +65 6508 5219

COMPANY INFORMATION
If you would like further general information about WPP, its companies or any of the programmes or initiatives mentioned in this Annual Report, please visit our website, wpp.com, or email: enquiries@wpp.com

CONTACT POINTS

INVESTOR RELATIONS
John Rogers
Chief Financial Officer
Tel +44 (0)20 7282 4600
john.rogers@wpp.com

Peregrine Riviere
Group Investor Relations Director
Tel +44 (0)20 7282 4600
peregrine.riviere@wpp.com

INVESTOR INFORMATION
Investor relations material and our financial statements are available online at **wpp.com/investors**

CORPORATE COMMUNICATIONS AND MEDIA RELATIONS
Chris Wade
Chief Communications Officer
Tel +44 (0)20 7282 4600
chris.wade@wpp.com

EMEA
Niken Wresniwiro
Tel +44 (0)20 7282 4600
niken.wresniwiro@wpp.com

NORTH AMERICA
Martina Suess
Tel +1 (212) 632 2522
martina.suess@wpp.com

ASIA PACIFIC
Jonathan Sanchez
Tel +65 9011 4679
jonathan.sanchez@wpp.com

SUSTAINABILITY
David Henderson
Global Corporate Affairs Director
Tel +44 (0)20 7282 4600
david.henderson@wpp.com

FORWARD-LOOKING STATEMENTS
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 economic and geopolitical impact of the Russian invasion of Ukraine; 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 93-99, 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 of 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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