
WPP
ANNUAL REPORT
& ACCOUNTS 2019

WPP IS A CREATIVE TRANSFORMATION COMPANY. WE USE THE POWER OF CREATIVITY TO BUILD BETTER FUTURES FOR OUR PEOPLE, CLIENTS AND COMMUNITIES.

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

To learn more see wpp.com

COVID-19

The coronavirus pandemic has touched all our lives. At WPP our first priority is the wellbeing of our people and doing what we can to limit the impact of the virus on society. Our second is continuity of service for our clients. We have thrown ourselves into achieving both objectives.

To ensure the safety of employees and to help reduce transmission, we moved to a global policy of managed remote working in mid-March, and at the time of writing approximately 95% of our people worldwide are working from home. Across the world, our agencies are providing NGOs, governments and clients with communications and other services – often on a pro bono basis – to help fight Covid-19.

The companies in the strongest financial position will be best placed to protect their people, serve their clients and benefit their shareholders during and beyond this period of deep uncertainty. At the end of March we announced a number of measures designed to minimise the impact of any downturn on our employees and ensure the Company is well prepared to weather the storm.

First, we suspended our share buyback scheme and our 2019 final dividend so that our balance sheet and cash position are as healthy as possible. Second, the WPP Board and Executive Committee took a voluntary 20% cut in their fees or salary for an initial period of three months. And third, we began a comprehensive programme of cost reduction and cash conservation measures.

We have also modelled a range of revenue declines resulting from the pandemic and, in the most extreme scenarios tested, considered further actions that could be taken to mitigate the impact on cash flow and ensure additional liquidity.

Most of the content of this Annual Report was produced before the outbreak became the global pandemic it is today, at a very different time for our business and for the world as a whole. We debated whether we should radically change the report in light of this, but decided against it. First, because we want it to stand as an accurate record of 2019, and second because we believe our strategy remains the correct one.

The changes we have made in WPP over the last year or so have made the Company more resilient and more future-facing. We have fewer, stronger agency brands, and a much simpler structure that is easier for clients to navigate and easier for us to manage. We have significantly reduced our debt through the sale of a majority stake in Kantar, meaning we are in a much stronger financial position than we were when I became CEO. And we are committed to our vision of WPP as a creative transformation company that brings together human brilliance and technological expertise to deliver results for our clients. The events of recent weeks and months call for us to accelerate rather than slow the pace of our own transformation.

When we come through the current situation, the world will have been changed in ways that we cannot fully anticipate yet. But the demand from our clients for the creativity and ingenuity possessed by the people who work at WPP and across our industry will be greater than ever. I am in no doubt about that.

What we do plays a vital role in driving and sustaining the wider economic activity that societies need to function. Every country will need to stimulate that activity when they move into the recovery phase.

So, while I am concerned about the wellbeing of our people, I am confident in the future of WPP.

I would like to take this opportunity to express my deep gratitude for the extraordinary effort, resilience and kindness of WPP employees all over the world, whose support for one another and commitment to their clients has been truly inspirational. I am very proud of all of them.

Mark Read
29 April 2020

CHIEF EXECUTIVE'S STATEMENT

In 2019 we made good progress in implementing our new strategy for WPP.

"I AM MORE CONFIDENT THAN EVER OF THE ENDURING DEMAND FOR OUR SERVICES."

We presented the strategy in December 2018. Our vision was to become a creative transformation company, one that combined outstanding human talent and imagination with expertise in technology and data, and behaved not as a financial conglomerate or group of separate businesses, but as a unified whole.

We defined a new purpose – to use the power of creativity to build better futures for our people, clients and communities.

And we set new financial targets to allow us to invest in the long-term health of our business and deliver sustainable growth for our shareholders.

Our clients are our lifeblood, and we placed them at the centre of every part of our strategy:

- a new vision and contemporary offer to meet the needs of modern marketing;
- increased investment in creativity, the spark that makes for truly great work;
- harnessing our strengths in data and technology, including our unique partnerships with the world's leading technology firms, for the benefit of clients;
- a simpler structure that makes it easier for our clients to understand and access our talent and resources; and
- investment in our culture, to ensure WPP and our agencies are the natural home for the industry's brightest talent.

We describe our progress in each of these areas from page 18 but, in summary, we were encouraged by the positive momentum within the business in 2019.

"WE WANT OUR PEOPLE TO FEEL PROUD TO BE PART OF WPP."

A FOUNDATIONAL YEAR

2019 was the foundational year for our new strategy – one in which we stabilised and began to rejuvenate the Company. We said we would begin the journey to return WPP to growth, simplify our business and reduce our debt and, thanks to the hard work of our people all around the world, we met each of these goals.

That said, WPP began to under-perform its peers in the first quarter of 2017. From the outset we said it would take time to return the Company to sustainable growth, and progress towards that goal would not be linear. 2019 was the first of a three-year turnaround plan and, of course, the coronavirus pandemic has subsequently had its own major impact.

Organic growth[1] in 2019 was -1.6% (-1.2% including Kantar), in line with the guidance we provided in December 2018. The second half was stronger than the first, with performance improving globally and in the United States, our largest market.

Headline operating margin was 14.4%, down 1.2 margin points like-for-like (down 0.9 margin points including Kantar) as a result of challenges in our specialist agencies and investment for future growth.

Reported profit before tax fell by 21.9%, reflecting an exceptional gain in 2018 that was not repeated in 2019 and a charge on the revaluation of financial instruments (versus a credit in 2018). Net working capital improved by £350 million.

Year-end net debt fell from £4.017 billion in 2018 to £1.540 billion.

It is clear that the impact of Covid-19 on our business in the current financial year will be significant but it is not possible at this stage to quantify the depth or duration of that impact. As a result, at the end of March we took the decision to withdraw our guidance for the 2020 financial year.

PLATFORM FOR GROWTH

We have made a number of major structural changes within WPP to set us up for future success.

The mergers announced in the second half of 2018 that created our two newest agencies – VMLY&R and Wunderman Thompson – were finalised during 2019. We now have fewer, stronger agency brands that are better positioned to grow.

We announced the sale of 60% of Kantar to Bain Capital in July 2019 and completed the majority of the transaction in December, earlier than expected. The disposal achieved our objective of strengthening our balance sheet by reducing debt to the lower end of the target range.

The new partnership with Bain Capital means that we will benefit from the future growth of Kantar, and our clients will continue to benefit from its services.

It was a successful year for new business, reflecting clients' positive reaction to our new approach. Just as importantly, we retained and grew business with existing clients, who place a high value on the longevity of our relationships and how deeply we understand their businesses.

I am more confident than ever of the enduring demand for our services – especially as we expand our offer in high-growth areas. Clients continue to seek out our ideas, our creativity and our ability to combine our skills in every discipline – from advertising, media and public relations to technology, experience and commerce. Few companies are better placed to help clients navigate a dynamic and complex marketing landscape.

[1] Organic growth defined as like-for-like revenue less pass-through costs growth. A definition of revenue less pass-through costs can be found on page 205.

AWARDS IN 2019

effie awards

Most effective holding company for the eighth consecutive year

WARC

Number one holding company in WARC Effective 100 ranking

CANNES LIONS

189

Total awards

D&AD

87

Total awards

THE ONE SHOW

82

Total awards

CLIO AWARDS

89

Total awards

Our people, teams and agencies produce work of exceptional quality – work that wins awards not only for its artistry but, most importantly, for its effectiveness in delivering results for clients. You will find examples throughout this report.

We welcomed new leaders to many of our agency networks, and we enhanced central WPP teams such as people, technology and marketing to provide greater support to our operating companies. We also formed WPP's first Executive Committee, consisting of the leaders of our largest agencies and central corporate functions.

A NEW CULTURE

One of WPP's most important roles is to be a supportive platform for our agency brands and the brilliant work that they do for our clients. We want our people to feel proud to be part of WPP, as well as the agencies who employ them directly.

Every WPP workplace should be open, inclusive and collaborative: somewhere to do your best work, and to make a difference. Having defined our purpose of building better futures, we have begun to pursue that aim with real determination and clarity.

We are investing in WPP Campuses around the world – state-of-the-art buildings that are great places for our people to work and learn, that bring together our different agencies under one roof, foster cooperation between them and champion creativity.

We are working hard to become an ever-more inclusive and diverse organisation, and making progress. The proportion of women on our Board has increased from 33% in 2018 to 40% today, and we are aiming for parity soon.

Although we have work to do to meet our commitment to achieve parity at the most senior executive level, women now make up 50% of our senior managers, compared to 49% in 2018. We were included in the Bloomberg Gender-Equality Index for the second year running, and the 2019 Hampton-Alexander Review of FTSE Women Leaders placed WPP at 12th in the FTSE 100.

We signed up to the Valuable500, a global initiative designed to put disability on the boardroom agenda, and 12 WPP leaders were named in the HERoes and Yahoo! Finance list of role models for women and champions of gender diversity.

We are placing ever-greater emphasis on the impact of what we do beyond the purely commercial – from our pro bono work for NGOs, charities and international bodies and our social contribution to the phasing out of single-use plastic within our offices. During the year our carbon emissions per employee fell by 21%, and our use of renewable energy rose to 35%, with all of the electricity we used in the United States purchased from renewable sources.

We have established our first Sustainability Committee at Board level to continue to drive improvements in our environmental and wider sustainability performance. To attract and retain the most talented people, we need to be an organisation that is a leader in every sense.

Our Company has been built by truly great people, and in 2019 we said goodbye to two of the greatest. We pay tribute to Lester Wunderman and Harold Burson on pages 50 and 51. Both Harold and Lester brought inspiration, originality and pioneering spirit to the organisations they founded and to WPP as a whole.

I would like to thank all the amazing people within our Company who carry that spirit forward, and the many thousands of WPP alumni around the world who have played their own important part in our success.

Mark Read.

Mark Read
Chief Executive Officer
29 April 2020

FIGHTING CORONAVIRUS WITH CREATIVITY

AGENCY
MULTIPLE WPP COMPANIES

CLIENT
WORLD HEALTH ORGANIZATION

Communication is a critical part of the World Health Organization's strategy in the fight against Covid-19, as it works with governments, partners and stakeholders to encourage people to stay at home and adopt safe behaviours.

WPP is supporting the WHO on a pro bono basis by producing global and regional public awareness campaigns to help limit the spread of the coronavirus and its impact on society.

The partnership leverages the scale of our global resources, expertise and talent to assist the WHO in directly reaching the public with its life-saving communications. It involves a number of different WPP agencies, including Grey, GroupM, Hogarth, Hill+Knowlton, Inca, Motion Content Group, Ogilvy, Wavemaker and WPP Scangroup.

At the time of writing, global media partners including Al-Jazeera, Amazon, CNBC, CNN, Disney, Fox/National Geographic, Sky, Teads and Verizon (sourced by GroupM and Wavemaker) have donated more than $20 million in media to support this effort.

The work shown here is a film from Grey New York called Five Heroic Acts, which stresses the importance of social distancing.

More examples of what WPP and our companies are doing to help – working with clients, governments and NGOs – can be found on our website, wpp.com.

AT A GLANCE

OUR GLOBAL BRANDS

AKQA
BCW
Finsbury
Geometry
Grey

GroupM
- Essence
- MediaCom
- Mindshare
- Wavemaker
- Xaxis

GTB
Hill+Knowlton Strategies
Hogarth
Landor

Ogilvy
Superunion
VMLY&R
Wunderman Thompson

KEY FACTS AND FIGURES

106,000+
people

112
countries

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

Clients include

348
of the Fortune Global 500

All 30
of the Dow Jones 30

70
of the NASDAQ 100

69
of the FTSE 100

£53.1bn
Billings*
(2018: £53.2bn)

£13.2bn
Revenue*
(2018: £13.0bn)

£10.8bn
Revenue less pass-through costs*
(2018: £10.9bn)

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

0.60tCO_2e
Carbon emissions per person from building energy use (scope 1 and 2)*
(2018: 0.76tCO_2e)

35%
Electricity purchased from renewable sources*
(2018: 32%)

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

40%
Women on our Board
(2018: 33%)

50%
Women in senior management*
(2018: 49%)

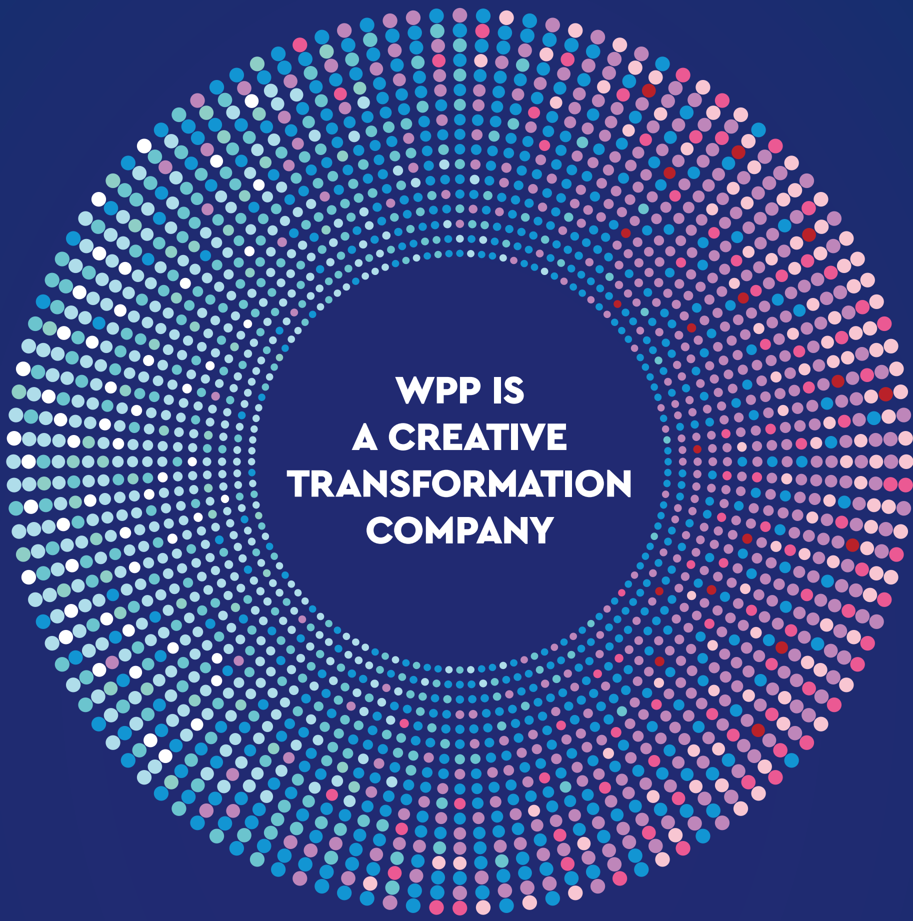
12th
in the FTSE 100 Rankings for Women on Boards, Hampton-Alexander Review 2019

10th
in The Responsibility100 Index, which measures the commitment to social, environmental and ethical objectives of FTSE 100 companies

1.60%
Social investment as a percentage of reported profit before tax*
(2018: 1.35%)

* Continuing operations, with 2018 figures restated.

OUR BUSINESS MODEL



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

WPP is a creative transformation company with a service offering that allows us to meet the present and future needs of our clients. Our business model is client-centric and we leverage resource and skills across our internal structures to provide the best possible service. WPP works with 348 of the Fortune Global 500, all 30 of the Dow Jones 30 and 70 of the NASDAQ 100.

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

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

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

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

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

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

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

INVESTMENT CASE

In an industry undergoing significant change, WPP has distinctive assets and a clearly differentiated strategy for growth.

1

THE WORLD'S NUMBER ONE MARKETING SERVICES BUSINESS

- Long-term track record of organic growth and successful M&A
- Business model and services constantly evolving to reflect changes in the market
- Extended offer to clients targeting high-growth areas of experience, commerce and technology

Global client list including 348 of the Fortune 500 and 69 of the FTSE 100

2

MARKET-LEADING SHARE IN MEDIA

- Media buying at scale, providing value and high-quality inventory to clients
- Ability to deliver integrated campaigns globally across traditional and digital platforms
- Significant source of data and insights to maximise campaign impact

17%

of global media-buying market share (40% in the UK, 13% in the United States)

Source: COMvergence

Market forecast to grow 3-4% annually to 2024

Source: GroupM, This Year, Next Year: December 2019 (pre Covid-19 impact)

3

UNRIVALLED GEOGRAPHICAL REACH

- Present in over 100 markets around the world
- Attractive combination of well-established, highly profitable markets such as the United States and UK, and faster-growing economies including India and Brazil
- Good balance of global and local clients

35%

of revenue less pass-through costs from the United States (2019)

13%

of revenue less pass-through costs from the UK (2019)

10%

like-for-like growth in revenue less pass-through costs in India (2019)

9%

like-for-like growth in revenue less pass-through costs in Brazil (2019)

4

CLOSE ALIGNMENT TO THE WORLD'S MAJOR GROWTH BUSINESSES

- Technology increasingly driving growth in advertising spend and underpinning services to clients
- Strategic partnerships with Adobe, Alibaba, Facebook, Google, IBM, Microsoft, Salesforce and Tencent
- Technology client base growing strongly
- Significant West Coast presence

10%
like-for-like revenue growth from technology companies in our top 200 clients (2019)

Top three
partner for Adobe and Salesforce worldwide

Number one
buyer of media on Google and Facebook

5

NEW STRATEGY DRIVING STRUCTURAL AND CULTURAL CHANGE

- Through mergers formed Wunderman Thompson and VMLY&R to create fewer, stronger agency brands and simplified the Company with the disposal of non-core businesses – easier to manage and a better proposition for clients
- Creating multi-agency Campuses worldwide to enhance collaboration and provide a better working environment
- Investing in central WPP teams such as people, technology and marketing & growth to provide greater support to operating companies

75,000
of our people in WPP Campuses by 2023

>50
disposals and more than 80 non-core business closures in past two years

6

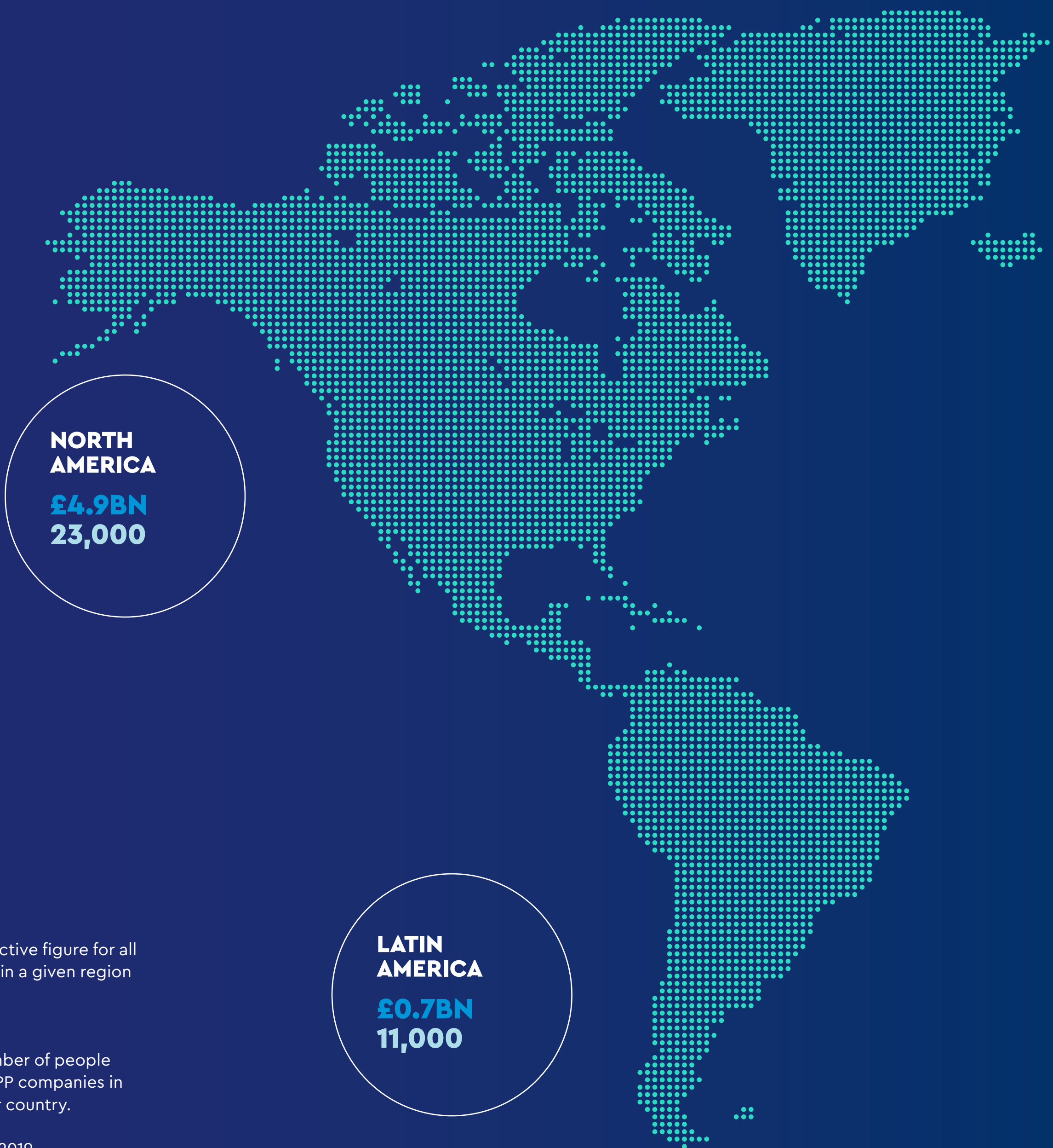
WELL-CAPITALISED AND CASH-GENERATIVE

- Disposal programme has simplified WPP and reduced debt to lower end of target range
- Continued strong cash generation to fund investment

>£3.2bn
raised from disposals in past two years

WHERE WE ARE

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



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

As at 31 December 2019.


WESTERN CONTINENTAL EUROPE
£2.6BN
21,000
CENTRAL & EASTERN EUROPE
£0.3BN
5,000
UNITED KINGDOM
£1.8BN
11,000
ASIA PACIFIC
£2.6BN
29,000
AFRICA & MIDDLE EAST
£0.4BN
6,000

THE MARKET

Marketing and technology are colliding.

Agencies need strengths in data and technology – as well as creativity

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

76%

of Chief Marketing Officers say their decisions are now being driven by data

Source: Gartner, Annual CMO Spend Survey 2019-2020

Clients need a trusted partner to navigate technological disruption

Every industry, from automotive and packaged goods to drinks and financial services, is facing structural change driven by technology. Organisations are looking to agencies to help them navigate this disruption.

TRANSACTIONS

59% Digital

41% In-store

Source: Bond Internet Trends 2019

Marketing technologies bring opportunities and new competition

The alignment of CMOs and CIOs to build and operate marketing technologies brings new opportunities for our business as well as competition from consultants. Agencies are now promoting their consulting and technology capabilities more effectively alongside their creative offerings.

14%

of Chief Marketing Officers now cite IT as a "top supporter" within their organisations – the most highly cited department

Source: Gartner, Annual CMO Spend Survey 2019-2020

Competition for top talent and attention

While their direct competitive threat to the marketing services industry has been overstated, technology firms are vying with agencies for talent and the attention of clients.

"OUR PEOPLE WILL DRIVE OUR STRATEGY."

Mark Read
Chief Executive Officer

Trust and transparency are paramount

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

64%

of internet users are concerned about how their personal data is being used by companies

Source: Global Web Index

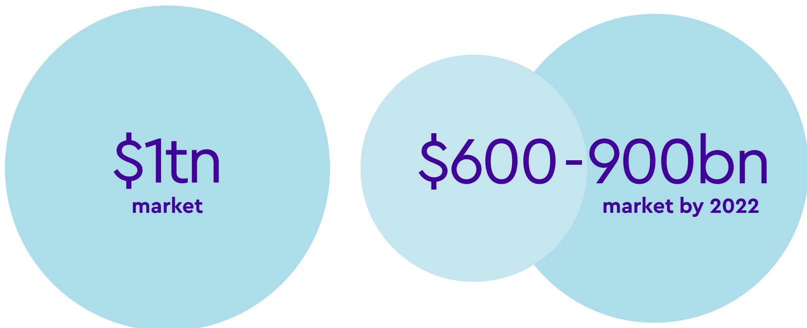
This collision creates significant opportunities for companies like WPP.

WPP is already one of the most forward-looking and tech-enabled companies in our industry. We have many of the world's leading creative, data and technology agencies, four of which were named as industry leaders in the influential Gartner Magic Quadrant study. We are the largest partner to the world's leading media and technology companies. We invest almost $7 billion a year with Google on behalf of our clients, and almost $3 billion with Facebook.

Our marketing technology operation consists of 7,000 experts worldwide, and we have strong, growing relationships with our clients' Chief Information Officers, as well as the Chief Marketing Officers. As we increasingly put technology at the heart of what we do, we are well positioned to capture the opportunities of the changing market, and to help our clients navigate the technology-driven disruption they are facing.

Market trends are driving our industry towards high-growth areas. These are reflected in our future-facing offer of communications, experience, commerce and technology (see page 19), each of which is critical to success for modern marketing.

ESTIMATED GLOBAL MARKET



COMMUNICATIONS

2-3%
growth

EXPERIENCE | COMMERCE | TECHNOLOGY

5-15%
growth

Source: GroupM forecast (pre Covid-19 impact)

OUR STRATEGY

Radical evolution: a strategy for growth

We are one year into our three-year plan to drive sustainable top-line growth.

When we launched our new strategy in December 2018 we described it as one of radical evolution. Radical because we needed to take decisive action to stabilise the Company and reposition it for growth; an evolution because ours is a talent business, and we need to transform at a deliberate pace – taking our people and clients with us on the journey.

In 2019, we laid the groundwork by making major structural changes to the Company. We implemented the mergers announced in the second half of 2018, creating fewer, stronger agency brands. We have completed more than 50 disposals in the past two years – the most significant being the sale of 60% of Kantar to Bain Capital.

Our strategy focuses on growth. The savings from restructuring our business will allow us to increase investment in the areas that will drive top-line growth in the future: creativity, technology and talent.

VISION & OFFER

Read more from page 18

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

CREATIVITY

Read more from page 24

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

DATA & TECHNOLOGY

Read more from page 30

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

SIMPLER STRUCTURE

Read more from page 36

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

PEOPLE & CULTURE

Read more from page 44

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

Our approach to sustainability aligns with our strategy.
See page 61

VISION & OFFER

We are a creative transformation company.

"THE NEW WPP IS PURPOSEFUL, DRIVEN AND VISIBLE ON THE WORLD STAGE."

Mark Read
Chief Executive Officer

How we are delivering on our strategy

CREATIVITY POWERED BY TECHNOLOGY

WPP's vision is to be a creative transformation company, using the power of creativity to build better futures for our people, clients and communities. 2019 was the year this inspiring vision and our modern new offer was rolled out to our clients and the industry.

Our simpler, more progressive offer covers four areas: communications, experience, commerce and technology. Each of these is critical to the success of modern marketing and will expand WPP's own business in high-growth areas. The last year has seen many of our largest existing clients – including Ford, Google and Coca-Cola – and new clients asking us for new services in these future-facing areas and responding positively to our proposition of creativity powered by technology.

BUILDING OUR BRAND

A strong and visible WPP brand will complement and support our strong agency brands within the Company. For the first time, WPP hosted spaces at the Cannes Lions Festival of Creativity and the Consumer Electronics Show (CES), creating new platforms for our people, agencies and partners to showcase original thinking and extraordinary work.

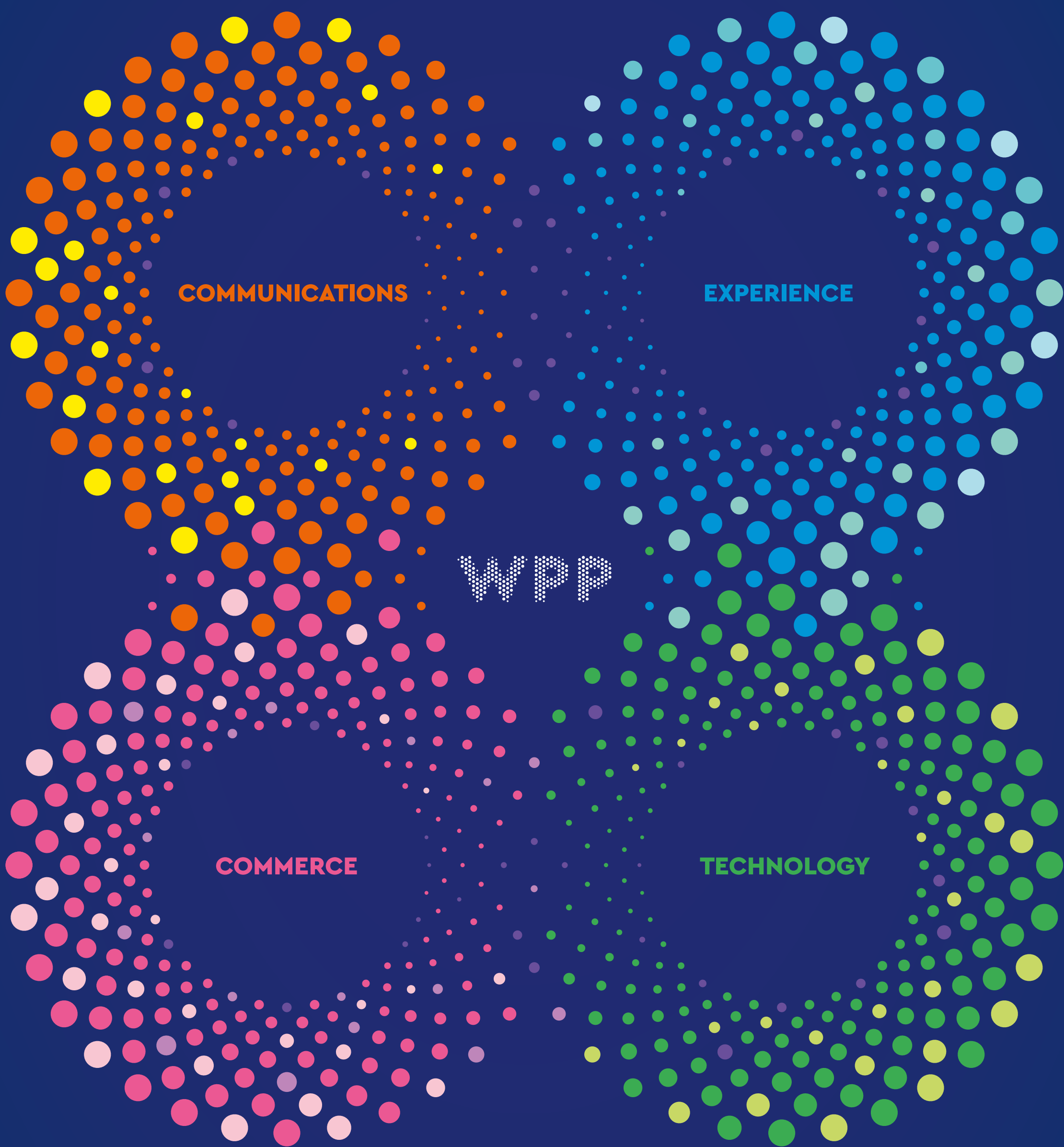
As a founding partner of the Institute for Real Growth, we are offering leading marketers unique insights, plus exclusive learning and development programmes to drive the future growth of their business.

We also launched a new home for our thought leadership online. WPP iQ showcases the best thinking and industry intelligence from across the Company and its agencies.

Progress in 2019
- Won significant client assignments based on new offer
- Increased investment in faster-growth areas of offer: experience, commerce and technology
- Strong presence at events celebrating creativity, innovation and technology
- Launched WPP iQ, a new online space for the best industry intelligence from across the Company

Focus for 2020
- Accelerate the delivery of our new offer
- Deliver an always-on marketing and growth model to respond in real-time to our clients
- Create a connected CMO community

OUR OFFER TO CLIENTS



- We create powerful ideas based on deep insights to connect brands' messaging with audiences in meaningful ways and channels at meaningful moments
- We build seamless experiences to make brands part of people's lives – creating more memorable engagement and driving better business results
- We make it easy for our clients to sell within the complex ecosystem of where and how their customers want to buy
- We leverage our global technology partnerships and unique scaled platforms and capabilities to build technology and data solutions fit for our clients' needs

AN OPEN, CONFIDENT AND FORWARD-LOOKING COMPANY

WPP presented its new, revitalised brand at the 2019 Cannes Lions Festival of Creativity through its first-ever physical presence at the event.

The WPP Beach provided a platform to showcase the creativity of WPP's agencies and the extraordinary work they do for clients – as well as present an open, confident and forward-looking company to the industry.

It was the place to hear from leading thinkers and business executives, with wide-ranging talks from Unilever CEO Alan Jope, Facebook's Sheryl Sandberg, Snap founder Evan Spiegel, Reddit CEO Steve Huffman, Microsoft's Corporate VP of Brand, Advertising & Research, Kathleen Hall and 21st Century Fox's Lachlan Murdoch. A packed-out Palais des Festivals also saw WPP share a stage with its client Wendy's for a discussion on how VMLY&R transformed the brand into a social media phenomenon.

WPP demonstrated its industry leadership on important issues by launching new initiatives at the festival, including committing to phasing out single-use plastics in its offices and Campuses worldwide and an industry-wide programme to address the problem of harmful content online.

The WPP Beach had as its centrepiece what *Campaign* magazine called a "stunning installation" based on the WPP logo.

51%

WPP's share of voice in Cannes vs its competitors on social media

By impressions on Twitter and LinkedIn, during 2019 Cannes Lions Festival of Creativity, 17-21 June

"A STRONG WPP BRAND CAN DELIVER VALUE ACROSS THE WHOLE COMPANY."

Laurent Ezekiel
Chief Marketing & Growth Officer

AUTHENTIC BEAUTY

AGENCY
MINDSHARE

CLIENT
DOVE (UNILEVER)

70% of women do not feel represented in the images they see every day. Dove, long champions of real beauty, wanted advertising to depict real women. Women that would be recognisable. Dove took action to create the world's first publicly accessible photo library, created by women and non-binary individuals, designed to shatter beauty stereotypes.

Mindshare formed a ground-breaking partnership with publishing house Hearst in the United States, integrating images from Project #ShowUs into authentic, relatable content for *Cosmopolitan*, *Elle*, *Marie Claire*, *Harper's Bazaar* and more.

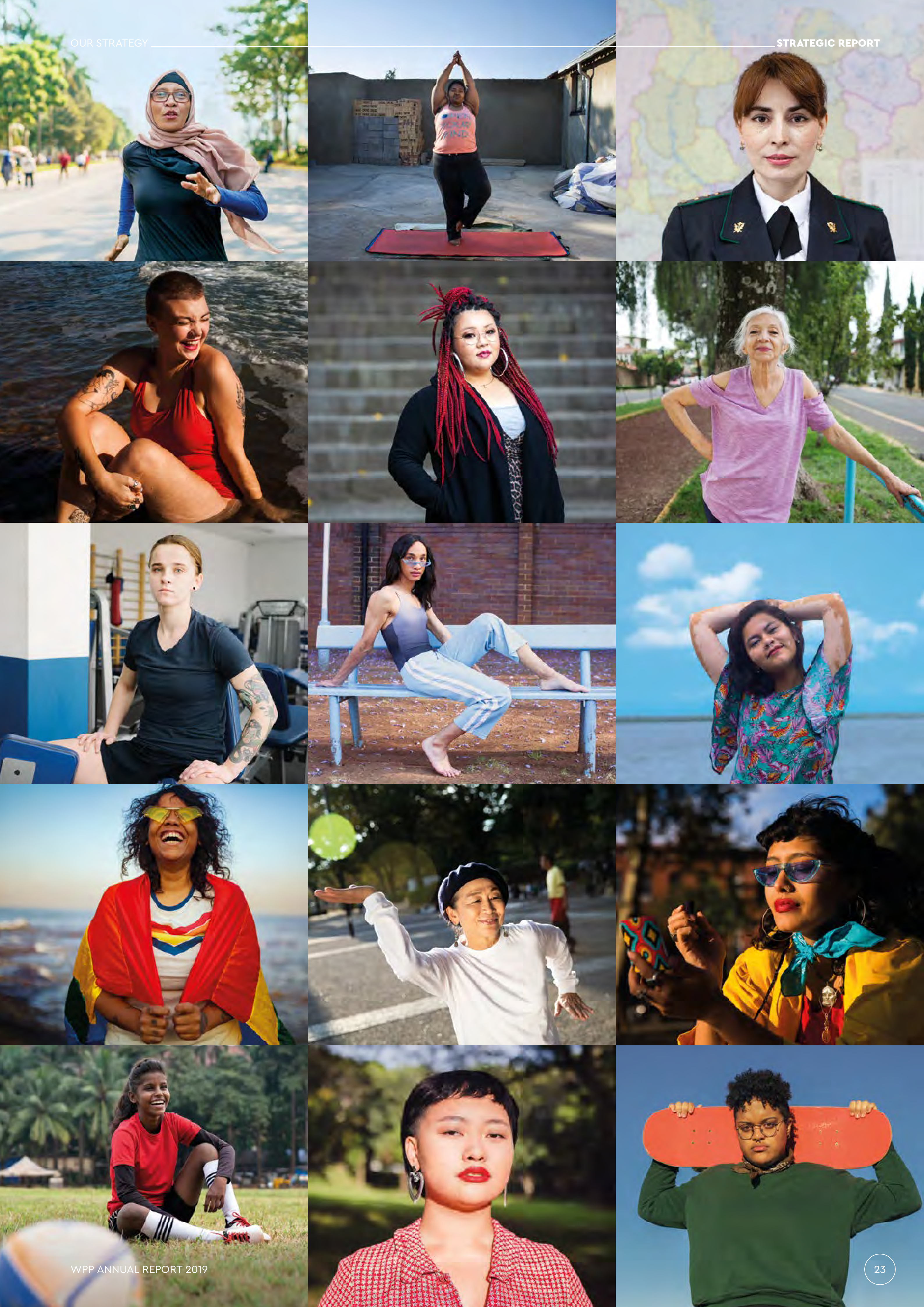
The mission to better represent women in media came to life as magazines replaced photoshoots with Project #ShowUs images, highlighting stories of the women in the collection and showing the importance of self-expression.

There have been over 40,000 social media mentions of the campaign which has reached more than 20 million women across the United States. A survey showed nine in ten agreed that Dove inspires women to feel more confident about the way they look – and just as many agreed Dove shows that diversity and representation is possible in media.

Project #ShowUs continues to empower women, changing how – and where – women see themselves in the world.

20m+
women reached across the United States

40,000+
social media posts in response to the campaign



CREATIVITY

Our most important competitive advantage is being able to respond to our clients' needs with creativity and imagination.

How we are delivering on our strategy

REINVENTING CREATIVITY
The creativity of our people – the power of their ideas to deliver results for clients – is what makes WPP special and what differentiates us from other professional services firms. WPP has great creative strengths, but we must continue to invest in talent and reinvent creativity on an ever-broader canvas. We also need to apply technology more effectively to enhance our creative capabilities at scale.

Last year we announced a renewed commitment to and investment in creativity and creative leadership. In the first year, this has enabled us to attract new world-class talent, with significant hires across key markets.

Progress in 2019
- Recruitment of high-profile creative leaders, including six key hires in the United States
- Strong performance at Cannes, including five Grand Prix, one Titanium Lion, 17 Gold, 59 Silver and 107 Bronze
- Continued demonstration of creative firepower with four spots at Super Bowl 2020

Focus for 2020
- Use the power of creativity to support clients, NGOs and governments during the Covid-19 crisis
- Recruit leading creative talent, particularly in the United States
- Develop learning programmes that keep our creative leaders innovating in a rapidly changing landscape
- Enable creative talent to move more seamlessly across the Company

INFINITE IN MOOD AND EXPRESSION

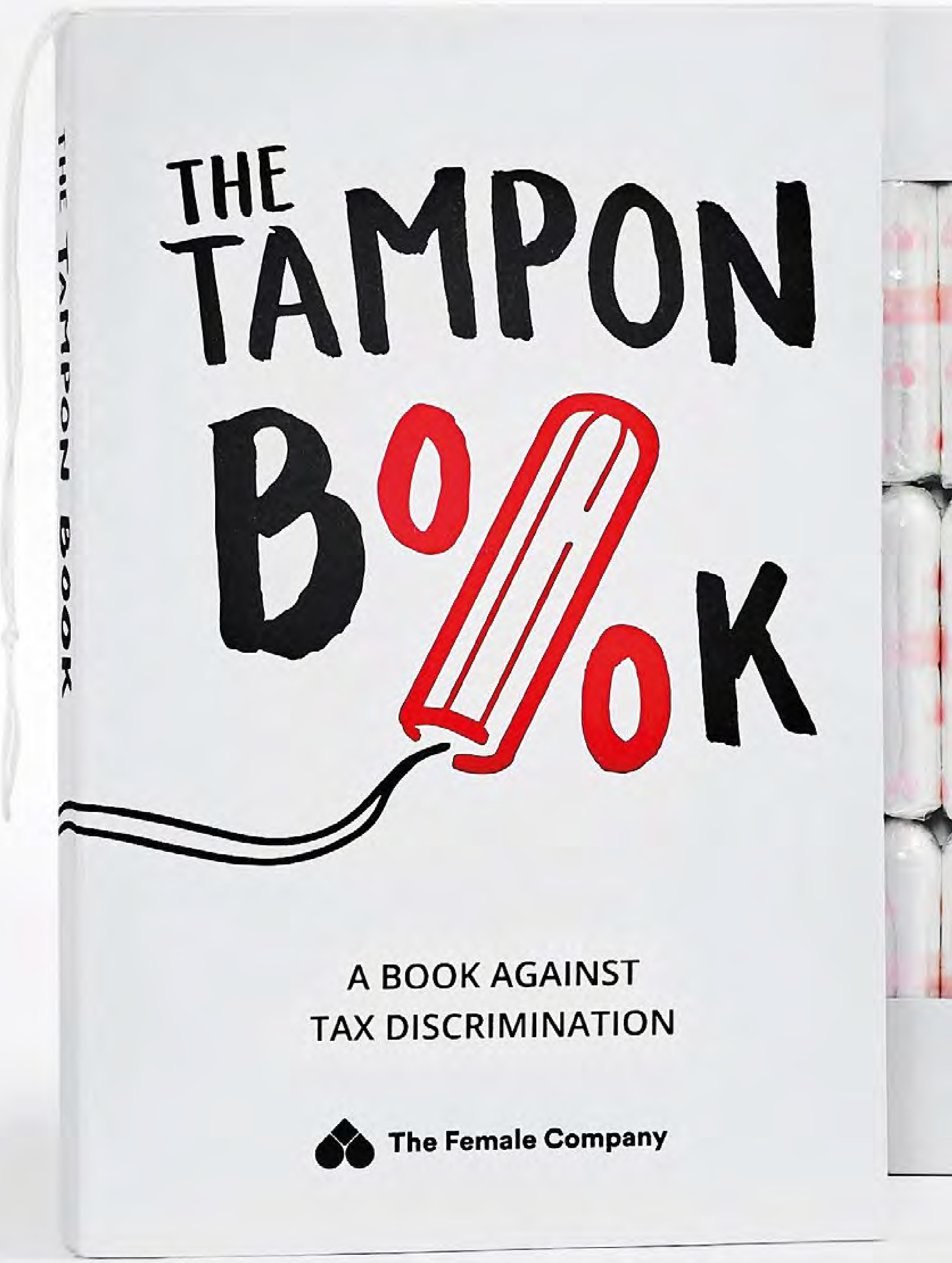
AGENCY
SUPERUNION LONDON

CLIENT
BBC TWO

BBC Two is a runway for the boldest and most risk-taking programming, with stories that surprise you at every turn. This brand, created in collaboration with BBC Creative and over a dozen renowned digital artists from around the world, puts diverse, contrasting emotions at the heart of the viewer's experience through dynamic animations. Infinite in mood and expression, and every bit as unpredictable as the cutting-edge content either side of it.

Winner

Cannes Lions, D&AD, New York Festivals and Art Directors Club New York


THE TAMPON BOOK
THE TAMPON BOOK
A BOOK AGAINST
TAX DISCRIMINATION
The Female Company

CREATIVE ACTIVISM

AGENCY
SCHOLZ & FRIENDS

CLIENT
THE FEMALE COMPANY

In Germany, tampons and other female sanitary products attract the top value added tax rate of 19% while many luxury goods – like truffles and oil paintings – are taxed with the reduced rate of 7%. The so-called tampon tax has already been abolished in some countries.

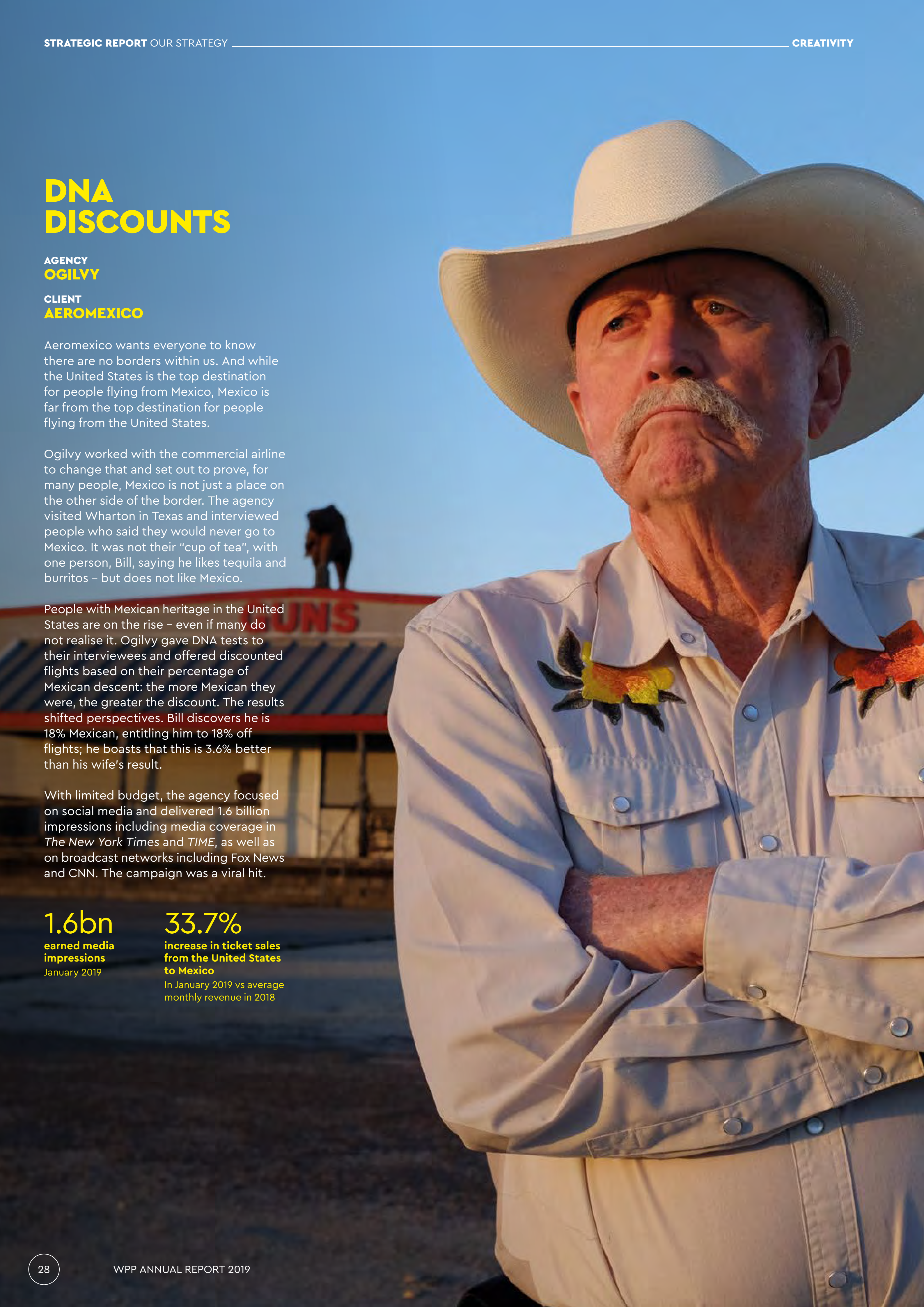
The Female Company, an online shop that sells organic female sanitary products, decided to take on the discriminatory tax. To gain attention for the tampon tax with media, influencers and politicians, Scholz & Friends outsmarted the tax law with the law itself.

The agency packaged tampons in books which are also taxed with the reduced rate of 7%. But *The Tampon Book* is much more than smart packaging that hacked the German tax system. *The Tampon Book* contains 45 pages with bold illustrations and empowering stories about menstruation, taboos and feminism and successfully promoted a petition that urged the German Parliament to discuss the abolition of the tampon tax.

It was subsequently announced that the reduced VAT rate will be charged for female sanitary products, and this became law in January 2020.

Winner
Cannes Grand Prix and four Lions

10,000
copies of the book sold April-October 2019



DNA DISCOUNTS

AGENCY
OGILVY

CLIENT
AEROMEXICO

Aeromexico wants everyone to know there are no borders within us. And while the United States is the top destination for people flying from Mexico, Mexico is far from the top destination for people flying from the United States.

Ogilvy worked with the commercial airline to change that and set out to prove, for many people, Mexico is not just a place on the other side of the border. The agency visited Wharton in Texas and interviewed people who said they would never go to Mexico. It was not their "cup of tea", with one person, Bill, saying he likes tequila and burritos – but does not like Mexico.

People with Mexican heritage in the United States are on the rise – even if many do not realise it. Ogilvy gave DNA tests to their interviewees and offered discounted flights based on their percentage of Mexican descent: the more Mexican they were, the greater the discount. The results shifted perspectives. Bill discovers he is 18% Mexican, entitling him to 18% off flights; he boasts that this is 3.6% better than his wife's result.

With limited budget, the agency focused on social media and delivered 1.6 billion impressions including media coverage in *The New York Times* and *TIME*, as well as on broadcast networks including Fox News and CNN. The campaign was a viral hit.

1.6bn
earned media impressions
January 2019

33.7%
increase in ticket sales from the United States to Mexico
In January 2019 vs average monthly revenue in 2018

DATA & TECHNOLOGY

We are using technology to harness our collective intelligence, ingenuity and scale for the benefit of our clients.

How we are delivering on our strategy

DRIVING INNOVATION

Our technology strategy came to life in 2019. We established the central WPP technology team to manage our technology partnerships, product and data portfolio, and technology skills acceleration; we created a WPP Technology Council to increase collaboration and knowledge transfer between our agency technology leaders; and we delivered technology innovation in areas as diverse as creative AI, campaign optimisation and market simulation for clients around the world.

Progress in 2019

- Established the WPP technology team and cross-agency Technology Council
- Developed 360° partner programmes with all our key technology partners (Adobe, Amazon, Facebook, Google, IBM, Microsoft and Salesforce)
- Rationalised our internal product development strategy

Focus for 2020

- Launch and drive adoption of WPP OPEN, a business platform to share the best technology and data innovations from across the Company
- Accelerate our AI and creative technology skills development
- Increase our joint go-to-market activity with partners

"TECHNOLOGY HELPS US SOLVE THE COMPLEXITY OF MODERN MARKETING."

Stephan Pretorius
Chief Technology Officer

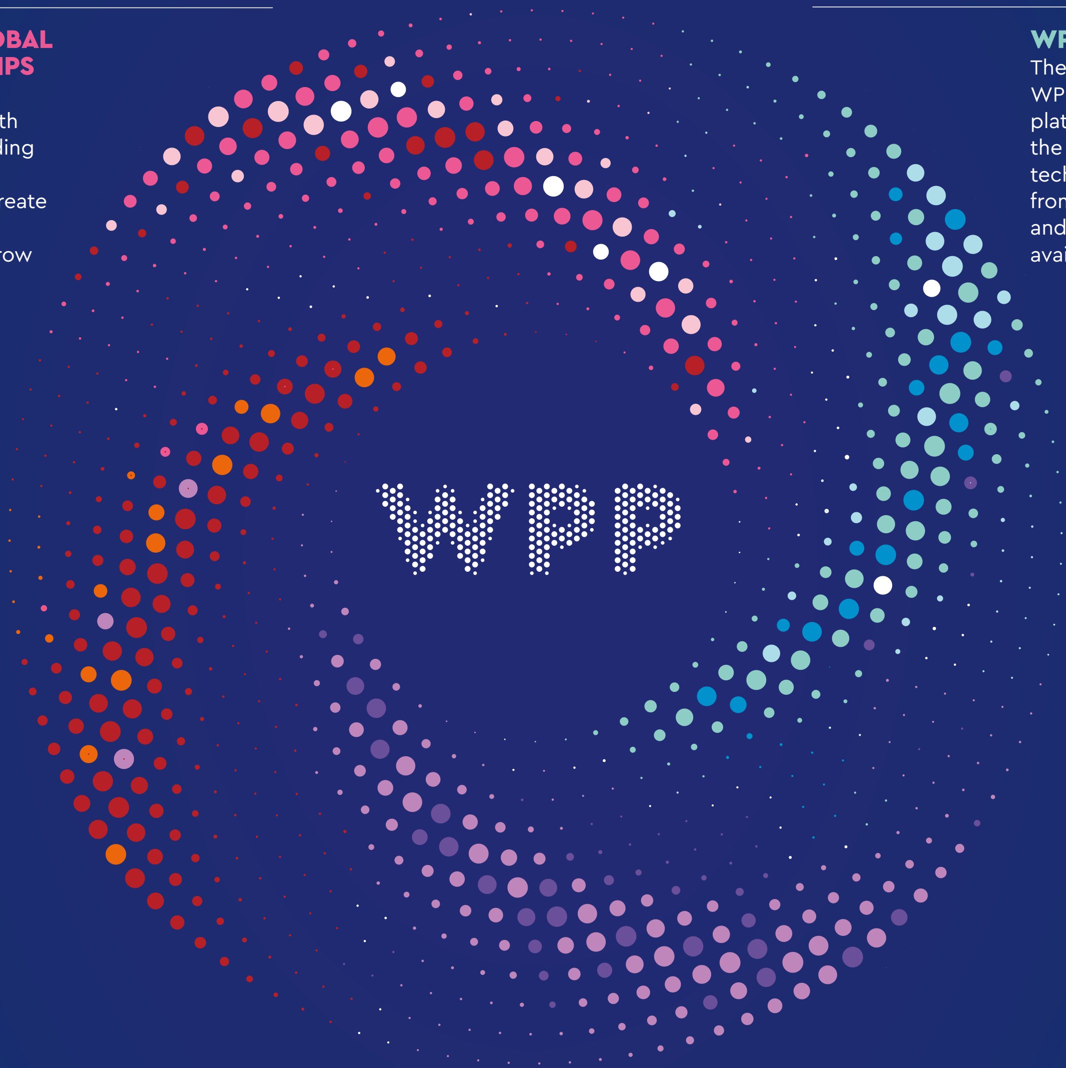
OUR UNIQUE APPROACH

SCALED GLOBAL PARTNERSHIPS

Leveraging our partnerships with the world's leading technology companies to create differentiated offerings and grow our capability

WPP OPEN

The development of WPP OPEN, a business platform to make the best data and technology solutions from across WPP and our partners available to all



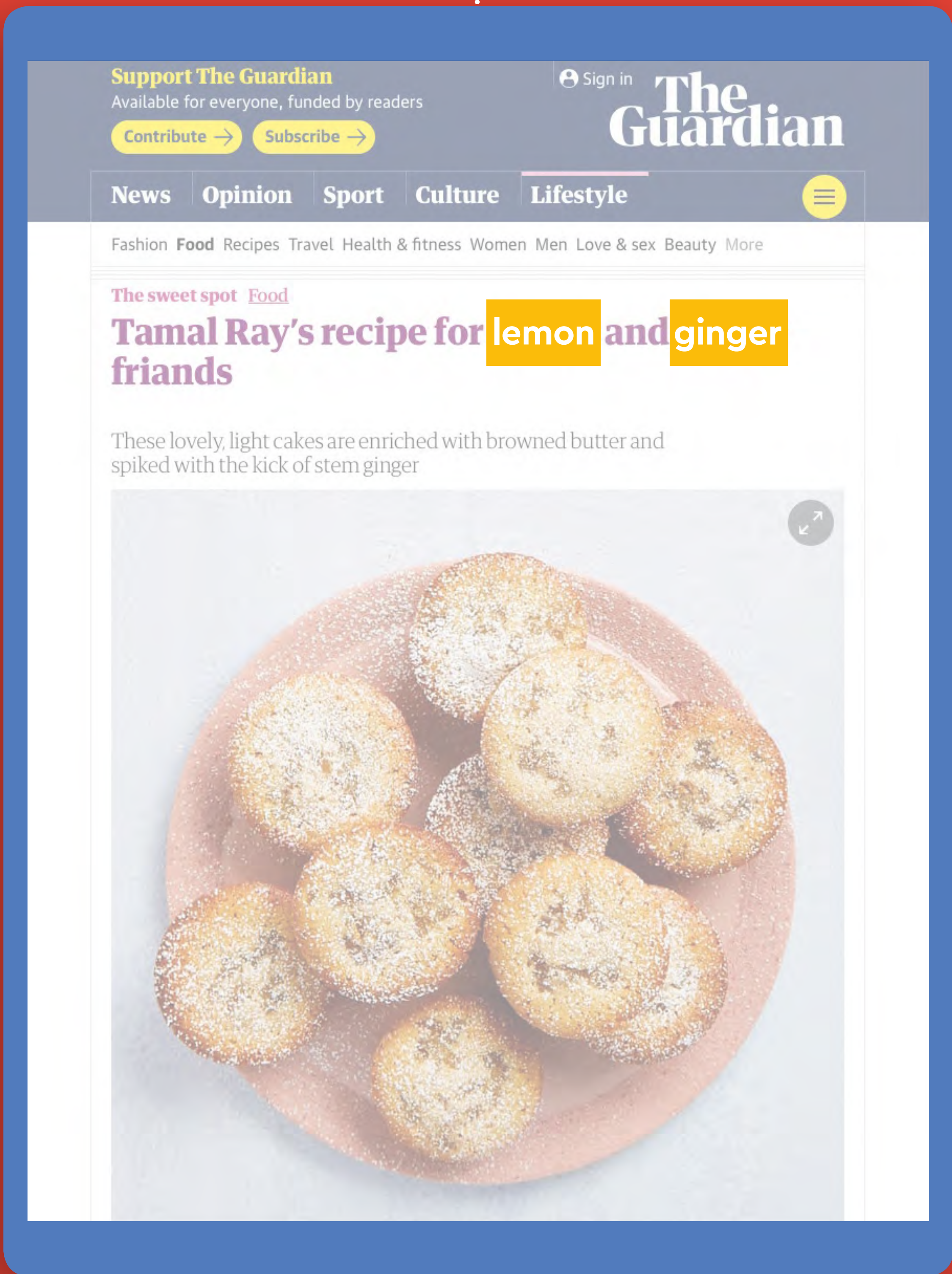
DISTRIBUTED INNOVATION

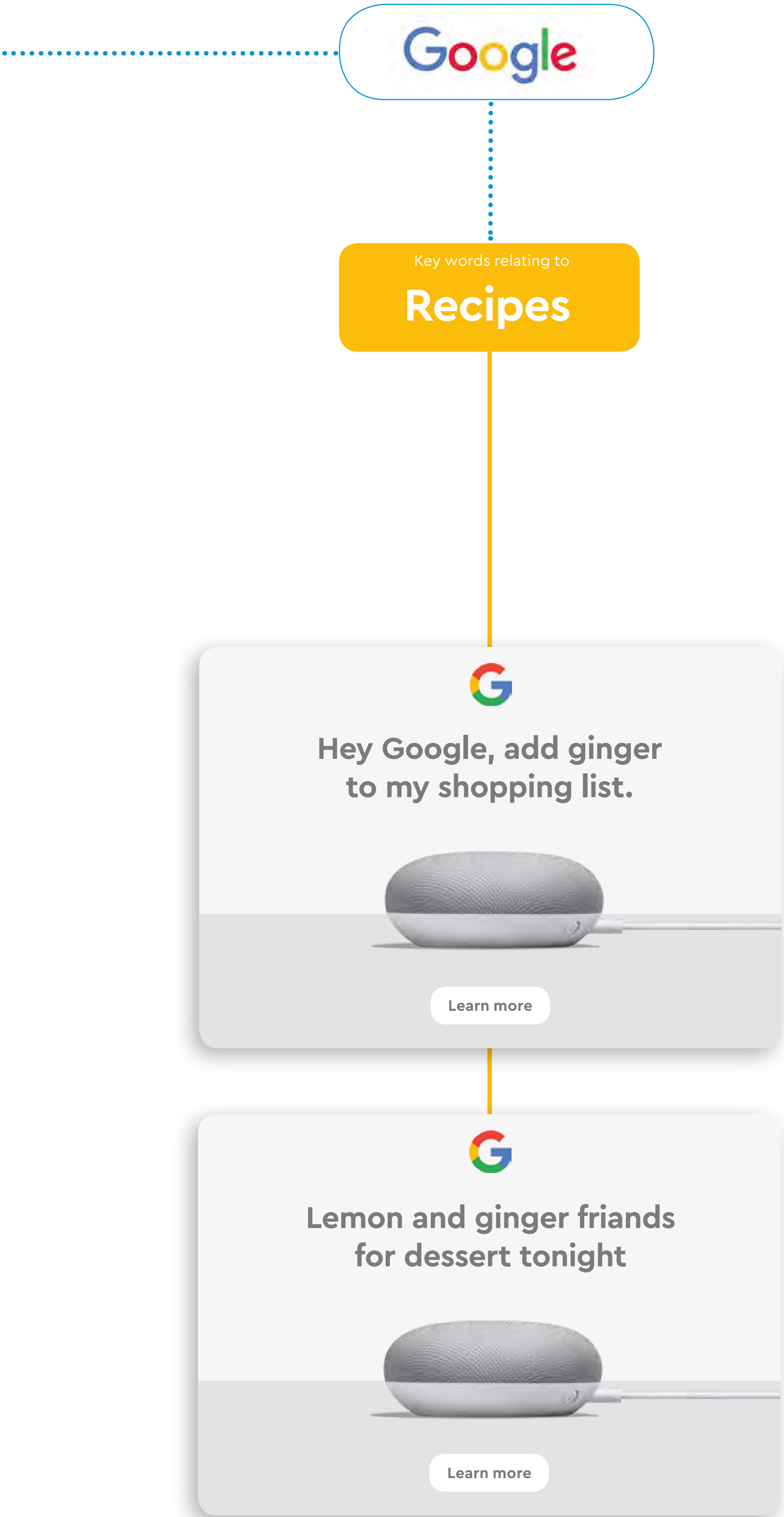
Stimulating innovation to occur in a structured way in all our agencies

DEEP SPECIALISATION

Continuing to enhance our specialised technical capabilities in advertising and marketing technology

The Guardian





HUMAN CREATIVITY MEETS ARTIFICIAL INTELLIGENCE

AGENCY
ESSENCE

CLIENT
GOOGLE

How do you create personalised online ads that do not use personal data?

Through combining smart copywriting with AI language and image recognition, Essence and Google are pioneering a future where ads can be relevant, meaningful and helpful for consumers – free of any privacy concerns.

Essence invented a new way to target specific web pages with specific ads at scale using Google Marketing Platform. Codenamed "Project Pegasus", this approach uses machine learning to analyse page content and context, using publisher data instead of user data. An automated process powers the production of thousands of creative options, each customised to be relevant to every article on a publisher's website in a brand-safe way.

The agency's first Pegasus-powered campaign was for Google Home. It served thousands of dynamic ads that demonstrated how Google's smart speakers can be used in environments directly related to the content on the page.

In 2019, campaigns using Pegasus to promote Google products demonstrated the effectiveness of this approach, driving a 5.2% increase in purchase consideration and a 5.1% increase in category understanding where generic ads drove no uplift.

5.2%
increase in purchase consideration

5.1%
increase in category understanding

A GAME CHANGER

AGENCY
VMLY&R

CLIENT
WENDY'S

Fortnite is a global-gaming phenomenon with an estimated 250 million players and one of the largest audiences on streaming site Twitch. The potential for brands is significant, but most are left tweeting about it from the sidelines or paying significant sums for in-game sponsorships – that is until VMLY&R developed a game-changing campaign for Wendy's.

When Fortnite introduced a new game mode called Food Fight, pitting Team Burger against Team Pizza, VMLY&R picked up a controller and found an organic way into the game. The agency created a digital avatar that looked suspiciously like Wendy's namesake.

Subverting the game's objective of killing other players, this red-hooded character set out to destroy Team Burger's freezers – again and again – and through this action took Wendy's message of "fresh, never frozen beef" into the game and spread it far and wide.

By recording and streaming footage of a Wendy's-based character destroying freezers, the fast-food chain successfully penetrated not just the gaming community, but also live-streaming platforms, social media and mainstream media outlets. The success of the campaign led to it being awarded the Social & Influencer Grand Prix at the Cannes Lions Festival of Creativity.

1.5m
minutes watched

119%
increase in mentions of Wendy's across all platforms
(Facebook, Instagram, Twitter, YouTube)

Winner
Cannes Grand Prix and eight Lions

SIMPLER STRUCTURE
CLIENTS

The new WPP is built around the needs of clients.

"CLIENT-CENTRICITY KEEPS US FOCUSED AND FRESH."

Lindsay Pattison
Chief Client Officer

How we are delivering on our strategy

ACCESS TO THE BEST OF WPP
Client-centricity runs through every aspect of our strategy. It means simplifying our structure, building solutions tailored to clients, and making available our best talent and cutting-edge capabilities – all in service of client growth and satisfaction.

Many of our clients have Global Client Leaders assigned to ensure easy and expert access to the breadth and depth of WPP. They play a critical role in setting our clients up for success in the modern marketing world, delivering our expanded offer of communications, experience, commerce and technology (see page 19).

Progress in 2019
- Appointed 17 Global Client Leaders to head up our most important client relationships
- Won 18 new major global accounts
- Expanded almost half of our existing top-50 client relationships

Focus for 2020
- Support clients and help them chart a course through the Covid-19 pandemic
- Establish a best-in-class customer feedback satisfaction system
- Continue to strengthen central resources for high-impact engagements, including more resource in the United States

COMPANIES

Our streamlined company structure delivers what our clients need.

How we are delivering on our strategy

A SIMPLIFIED PORTFOLIO
The mergers to create VMLY&R and Wunderman Thompson combined brilliant creativity, expertise in data and sophisticated technology skills. These are the capabilities that our clients demand – and we can deliver them through single, joined-up companies that work on a global scale.

The sale of 60% of Kantar to Bain Capital in 2019 further simplified our business. Our partnership with Bain Capital means we will participate in the growth of Kantar and allows our clients to continue to benefit from its services. This transaction largely completed our disposal programme set out in last year's Annual Report.

Progress in 2019
- Sale of 60% share in Kantar
- 22 disposals of non-core businesses
- 100 local office mergers and 80 business unit closures

Focus for 2020
- Deliver cost-reduction and cash-conservation measures to address the impact of Covid-19
- Develop single approaches to technology, finance and people functions across the Company

"WPP TODAY IS SIMPLER, EASIER TO MANAGE AND EASIER FOR OUR CLIENTS TO NAVIGATE."

Andrew Scott
Chief Operating Officer

A SEAMLESS EXPERIENCE

AGENCIES
GTB, VMLY&R, BURROWS, OGILVY AND COGNIFIDE

CLIENT
FORD

The Mustang Mach-E was the first significant ecommerce release for Ford and this global launch came with a deadline that depended on collaboration across our agencies.

Ford needed a seamless experience – to turn the anticipation of Mach-E into reality – for a vehicle that would not physically exist at the time of launch.

What started as an exploration to simply extend the existing online experience soon became a holistic global approach. Through a series of design sprints, involving the client, we demonstrated that ecommerce had to be considered as part of the full customer experience. The output was a strategy with three recommendations: ecommerce integrated into the entire online journey; tools to support and guide customers to the right vehicle; and the ability to purchase whenever is right for them, on their personal ecommerce journey.

With a hard launch deadline approaching, co-location with Ford IT was critical to delivery.

GTB, VMLY&R, Ogilvy and Cognifide in Europe and North America created a Global Design Delivery Process, with Burrows leading visualisation. This meant designs were delivered to Ford's developers by a combined international agency team.

We were collectively responsible for bringing the Mach-E to launch – selling the aesthetic and innovation before the vehicle itself had even been built.

COUNTRIES

Our country strategy is designed to leverage our collective strengths in important markets.

How we are delivering on our strategy

WORLD-CLASS WORKING ENVIRONMENTS
Our Campus programme is central to our country-level integration strategy. WPP Campuses provide our people with outstanding environments that allow them to do their best work; they foster an open, inclusive and collaborative culture; they help to simplify our structure; they cement our leadership position in key country markets; and they provide our clients with a tangible expression of WPP's integrated, agile, tech-enabled offer.

In 2019, we opened five new Campuses: in Helsinki, Bucharest, Amsterdam, Madrid and Mumbai, bringing our total to 16 WPP Campuses across four continents. Before the end of 2020, we will open a further three Campuses and we aim to have 75,000 people in 60 Campus locations worldwide by 2023.

Progress in 2019
- Established our WPP Campus strategic vision
- Opened new Campuses in Helsinki, Bucharest, Madrid, Amsterdam and Mumbai

Focus for 2020
- Ensure safe workspaces when people return to offices after Covid-19 lockdowns
- Activate a collaborative WPP Campus culture that facilitates extraordinary work
- Open new Campuses in Gurugram, Hong Kong and Chicago

"WPP CAMPUSES INSPIRE OUR PEOPLE TO COME TOGETHER TO DO THEIR BEST, MOST CREATIVE WORK."

Ranjana Singh
Indonesia and Vietnam
Country Manager

CLIENTS, COUNTRIES AND COMPANIES

Proportion of total WPP revenue less pass-through costs

INTEGRATED, COLLABORATIVE AND CREATIVE

CAMPUS
AMSTERDAM

At the beginning of 2019, WPP had 1,500 people in Amsterdam operating across 11 different locations in the city. Today, our people and their agencies are housed in a single modern workplace – Amsteldok.

Refurbished by WPP's architectural and design consultancy BDG, the previously derelict building has been transformed into a vibrant 19,000m^2 working environment that will act as both an innovative office and community space.

The office building was Europe's largest when it was completed in 1973 by renowned architect Huig Aart Maaskant. Located on the river Amstel, the striking, box-stacked structure is a new centre of creativity in the heart of Amsterdam, complete with renovated roof terraces, a business lounge and an event space.

Each WPP Campus is designed to provide world-class spaces that bring together our people and agencies in one location, encouraging greater collaboration and giving clients easier access to all of WPP's talent and expertise.

Winner
FX International Design Awards 2019

BREEAM
Very Good certification standard

"A FABULOUS GIFT FOR THE CITY."

Femke Halsema
Mayor of Amsterdam

PEOPLE & CULTURE

Openness, optimism and a commitment to extraordinary work.

"WE ARE TAKING ACTION TO REALISE THE FULL POTENTIAL OF OUR PEOPLE BY CREATING OPEN AND INCLUSIVE WORKPLACES THAT CAN DRIVE BUSINESS SUCCESS."

Jacqui Canney
Chief People Officer

How we are delivering on our strategy

ATTRACTING AND RETAINING THE BEST TALENT

We believe greater inclusion, diversity and gender balance leads to more rewarding and successful workplaces. Our core values of open, optimistic and extraordinary are being woven into the fabric of our organisation, enabling WPP to continue to attract and retain the best talent.

We are actively engaging with our people to break down barriers and nurture environments where everyone can connect, collaborate, learn and grow. In 2019, we implemented changes to make it easier for talent to progress across WPP and its agencies – so we are one true company not a collection of separate businesses.

Progress in 2019

- Programme to promote new values across the Company
- Reinvigorated creative recruiting and hiring experience
- Enhanced our employee experience with more defined and supported career paths
- Developed more inclusive policies and benefits for employees

Focus for 2020

- Prioritise employee wellbeing and safety during and beyond the coronavirus pandemic
- Increase productivity and delivery of services to clients
- Drive inclusivity and diversity through early career programmes
- Develop a talent pipeline of next generation leaders
- Enhance data-driven talent decisions based on transparent and consistent delivery of services

OUR VALUES

OPEN

We are inclusive and collaborative

We encourage the free exchange of ideas

We respect and celebrate diverse views

We are open-minded: to new ideas, new partnerships, new ways of working

OPTIMISTIC

We believe in the power of creativity, technology and talent to create better futures for our people, clients and communities

We approach all that we do with confidence: to try the new and to seek the unexpected

EXTRAORDINARY

We are stronger together: through collaboration we achieve the amazing

We are creative leaders and pioneers of our industry

We deliver extraordinary every day

UNPACK THE PROBLEM

WPP has committed to phasing out single-use plastics in its 3,000-plus agency offices and Campuses worldwide. While there is much we can do as a business, our people recognise the wider role we can play in helping our clients to transition to a world where plastic is reused and recycled. As a creative company, we also understand the power our work has to influence consumers to change their behaviour.

The Company held its first "Unpack the Problem" hackathon, an event that brought together people from across WPP's agencies to dedicate two days to exploring the role of creativity and technology in tackling plastic pollution. In partnership with A Plastic Planet and with data from Pinterest, our people used their collective brainpower to develop new solutions to pitch to a panel of judges.

The creative solutions were ambitious, scalable and had a measurable impact. Ideas included tools designed to help ecommerce sites make it easier for their consumers to make sustainable purchase decisions, and an agency with a mission to support clients with their plastic pollution commitments.

The winning team, who designed a new "green" ecommerce search filter, now has an opportunity to transform their idea into an actionable solution to help reduce the impact of plastic on our planet.

35
people from 17 agencies producing five creative solutions

"I'M NOT ENTIRELY SURE WHAT IT IS BUT I DO KNOW I WANT IT."

A FOOLHARDY ATTEMPT TO DE-MYSTIFY THAT PRECIOUS PROPERTY WE CALL CREATIVITY

BY JEREMY BULLMORE

Let's begin by eliminating. When we talk about creativity in marketing communications, we're not talking about paintings, plays or poetry. Creativity in marketing uses exactly the same tools as the fine arts do – words, images, sound – but unlike the fine arts, all creativity in marketing exists for an agreed purpose. It is expected to have an effect on its audience: on their knowledge, on their feelings, on their behaviour. It is expected not only to pay for itself but to return more than its cost to its sponsor.

That's the only class of creativity that concerns us here. But how do we recognise it? For years we've ducked the question by sub-contracting the identification of creativity to the judges of creative awards ceremonies: if it gets an award for creativity, it's obviously creative. But that's not really good enough. Creativity in our world existed long before creative awards came into being. We ought to know exactly what it is that we value so highly, why we're right to do so and how to encourage more of it.

Many years ago, according to advertising folklore, an agency copywriter, walking on Madison Avenue, encountered a beggar. The man held a sign which read, "I am blind." The upturned cap at his feet was almost empty.

The copywriter gently reached for the card, took out his pen, added three words, returned the card to the beggar and resumed his walk. Two hours later, he returned.

The beggar hadn't moved but his upturned cap was no longer almost empty. It contained a handsome pile of nickels and dimes and even a few dollar bills. The card, as amended by the copywriter, now read, "It's Spring – and I am blind."

WILLING COLLABORATION

The process of thought that the copywriter went through would have been familiar to any good advertising agency. What's the objective? To increase the beggar's takings from passers-by. What's the strategy? To remind passers-by of the deprivations that the blind suffer. So far, so simple. The copywriter could have written: "I am blind – so I can't see what you can see." That would have met the brief all right – but it wouldn't have pulled in the dollars.

Instead, he did what talented communicators, through intuition and training, instinctively do. Based on his understanding of human nature, he sought for an idea that would act as a spur, as a stimulus, that would conjure an immediate, rich and intense response in the minds of those passers-by.

Unlike the clumsy alternative, "It's Spring" is incomplete: its full significance is imagined and supplied by the onlooker. And all the evidence suggests that, in any form of communication, the more you can entice your subjects into willing collaboration, the more successful that communication will be.

Through its sheer efficiency, this kind of creativity makes marketing money go further. It may not always look "creative" and may seldom win creative awards, but it's worth a lot more than a piece of silverware. And it's particularly valuable when seeking an immediate response – or "brand activation" to use the jargon. "It's Spring" activated a lot of people to take immediate action.

BRAND-BUILDING

Brand-building calls for a different form of creativity; though the term needs a bit of sceptical interrogation (see later).

It's well-established that successful brands offer their users more than pure function. Successful brands have personalities, images, reputations: people can be fond of brands; can unselfconsciously describe them as "friendly" or "bossy" or "generous". These characteristics are created in people's minds as a result of a multitude of brand associations that are absorbed at a very low level of consciousness. Satisfaction with function is clearly paramount. Other associations may be advertisements, packaging, sponsorship, in-store display, influencers or news items. Whether your parents used that brand – or didn't – can have an effect on how you feel about that brand.

The art of creating a strong and distinctive brand is first to determine what precise set of characteristics you believe, realistically, will make that brand most attractive to which defined set of people; and then to create the associations – the clues, the stimuli – that will trigger those target responses in the minds of those people.

This process demands a high degree of both discipline and creativity. Brand positioning must make competitive sense; so you need to know not just how people currently feel about your own brand but how they feel about all other brands in the same sector. The interpretation of the necessary research, if it is to illuminate a path to the future rather than simply deliver a snapshot of the present, demands imagination (one outstanding agency planner has said that she not only reads research findings, she tries to smell them).

When the ideal brand responses have been identified and conditionally agreed, already an imaginative act, it's time for invention (it's seldom quite so linear; often the right strategy emerges gradually as the process of invention goes through phases of trial and error). The search is not so much for explicit propositions or messages; the most effective factors that affect brand reputation tend to be implicit. Again, the audience is being invited to participate; to absorb subconsciously the significance of the idea, or the story, or the music, or the choice of celebrity. Even the choice of media can, of itself, contribute to a brand's personality.

This is how brands are built, become salient, acquire a kind of fame, make their presence felt. And, as a result, earn loyalty, command a fair price, resist competition and reliably deliver profit in the years ahead. But as any publicist will tell you, for fame to be sustained, the subject must be kept in the public eye or that fame will fade. For the majority of brands, already enjoying an earned position, the role for creativity is primarily one of brand maintenance. A company would never question the need for a maintenance budget to protect its tangible assets. The case for a maintenance budget for its brands is equally compelling – and one that only creativity can deliver.

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

REMEMBERING TWO INDUSTRY GREATS

Lester Wunderman, Chairman Emeritus and founder of Wunderman, the original and largest direct marketing agency, died on 9 January 2019 in New York. He was 98.

A trailblazer in the advertising industry, Mr Wunderman launched a new kind of advertising agency in 1958 – one that focused on delivering sales for its clients. That agency concept caught on and led to the creation of today's trillion-dollar direct marketing industry. The visionary marketing techniques he conceived and perfected over his long and brilliant career transformed the advertising industry and continue to shape the interactive marketplace.

A New Yorker throughout his life, Mr Wunderman was born in 1920 in the Bronx. After an apprenticeship served at several agencies, he joined Maxwell Sackheim & Company in 1947, where he became executive vice president. In 1958, he founded Wunderman, Ricotta & Kline, subsequently known as Wunderman.

In an address at Massachusetts Institute of Technology in 1967 he identified, defined and set the foundation for today's direct marketing industry, earning the title of "The Father of Direct Marketing".

In the same year, he served at the behest of President Lyndon Johnson to champion usage and acceptance of the fledgling U.S. Postal Service's Zip Code.

Mr Wunderman received many awards from the industry, including Hall of Fame designations from the Direct Marketing Association and the American Advertising Federation. He received the Golden Apple from the Direct Marketing Club of New York and Marketing EDGE's Lifetime Achievement Award, while *TIME* heralded Mr Wunderman as one of the "Great Pitchmen over the Years".

While he left the helm of Wunderman in 1998, he reported to work every day at the agency's offices, where he often met with clients, executives and interns alike. He was revered and respected throughout WPP.

Mr Wunderman is fondly remembered by Sue, whom he married in 1975, his son Marc and daughter Karen, and three stepchildren, Patrick, James and Thomas.

Harold Burson, the 20th century's most influential PR figure and founder of Burson-Marsteller, died on 10 January 2020 at the age of 98.

A leading figure in the transformation of public relations into a global business, Mr Burson was a counsellor to and confidant of chief executive officers and government leaders across the world. In 1999, a survey by *PRWeek* named Mr Burson as "the century's most influential PR figure".

Born in 1921 in Memphis, Tennessee, he enrolled at the University of Mississippi aged 15, covering his tuition as a stringer for the *Memphis Commercial Appeal*. He enlisted in the United States Army in 1943, and in 1945 was assigned to the news staff of the American Forces Network to report on the Nuremburg Trial. He was the only reporter to obtain an interview during the trial with Associate Justice Robert H. Jackson, the chief American prosecutor. Mr Burson is believed to have been the last living reporter who covered the historic event.

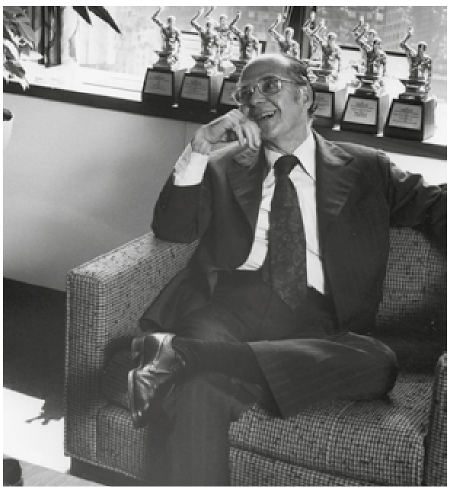
Following his discharge from the army in 1946, he opened his first public relations firm in New York in "a tiny nook in a client's office".

In 1952 Mr Burson met William A. Marsteller, with whom his name was linked by a hyphen for 65 years. The affiliation with Mr Marsteller developed into a new company, Burson-Marsteller, which opened in 1953 and offered "integrated communications services" to business-to-business clients. By 1983, Burson-Marsteller was the world's largest public relations firm.

He received numerous industry accolades, and sits in the Hall of Fame of the Public Relations Society of America, the Arthur W. Page Society, *PRWeek*, *PR News* and the Institute of Public Relations. He also shares a place in the Humes High School Hall of Fame in Memphis with Elvis Presley.

After he stepped down as Chief Executive Officer of Burson-Marsteller in 1988, Mr Burson continued to be an engaged and inspirational presence within the firm that carries his name, and across WPP as a whole.

Mr Burson was married to Bette for one month short of 63 years and is survived by his two sons, Scott and Mark, as well as five grandchildren.



FINANCIAL REVIEW

REVIEW OF RESULTS

The financial results for 2019 are based on the Group's continuing operations and the results of Kantar are presented separately as discontinued operations. The 2017 and 2018 reported numbers have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Reported billings were £53.059 billion, down 0.3%, down 1.4% in constant currency and down 1.0% like-for-like.

Reported revenue was up 1.4% at £13.234 billion. Revenue on a constant currency basis was up 0.2% compared with last year, the difference to the reportable number reflecting the weakness of the pound sterling against most currencies, particularly in the first half of the year. On a like-for-like basis, which excludes the impact of currency and acquisitions, revenue was flat.

Reported revenue less pass-through costs was down 0.3%, down 1.5% in constant currency and down 1.6% like-for-like, within the guidance range of -1.5% to -2.0% re-confirmed in October 2019. In the second half, like-for-like revenue was up 0.9%, a significant improvement from the first half of down 0.9%, with North America, the United Kingdom and Western Continental Europe improving, partly offset by Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe which were slower. On the same basis, revenue less pass-through costs in the second half was down 0.7%, a significant improvement over the first half which was down 2.5%, with North America, Western Continental Europe and Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe stronger.

OPERATING PROFITABILITY

Reported profit before tax fell by 21.9% to £982 million from £1.258 billion, the difference between the headline and reported figures reflecting principally the £153 million of restructuring and transformation costs and £48 million of goodwill impairment charges. In constant currencies, reported profit before tax fell by 22.3%.

Reported profit after tax fell by 29.4% to £707 million from £1.002 billion. In constant currencies, profits after tax fell 30.3%.

Headline EBITDA was down 5.3% to £1.830 billion, from £1.933 billion the previous year and down 5.6% in constant currency. The Group's revenue is more weighted to the second half of the year across all regions and sectors, and, particularly, in the faster growing markets of Asia Pacific and Latin America. As a result, profitability and margin continue to be skewed to the second half of the year, with the Group earning approximately 40% of its profits in the first half and 60% in the second half. Headline operating profit for 2019 was down 5.5% to £1.561 billion, from £1.651 billion and down 5.6% in constant currencies.

Headline operating margin[1] was down 0.8 margin points to 14.4%, down 0.6 margin points in constant currency and down 1.2 margin points like-for-like. The difference between the constant currency and like-for-like margin reflects the impact of IFRS 16 Leases. The Group's operating margin of 14.4% is after charging £43 million of severance costs, compared with £30 million in 2018 and £294 million of incentive payments, which were 15.8% of operating profit before incentives, a similar level to the £311 million or 15.9% in 2018.

The Group's headline operating margin, excluding all incentives[2] and income from associates, was 17.1%, down 0.9 margin points, compared with 18.0% last year. The Group's staff costs to revenue less pass-through costs ratio, including severance and incentives, increased by 1.5 margin points to 65.4% compared to 63.9% in 2018.

On a like-for-like basis, the average number of people in the Group, excluding associates, in 2019 was 106,508 compared to 106,555 in 2018. On the same basis, the total number of people, excluding associates, at 31 December 2019 was 106,786 compared to 105,900 at 31 December 2018, an increase of 0.8%.

Notes

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

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

KEY PERFORMANCE INDICATORS (2019)

-1.6%
Like-for-like revenue less pass-through costs growth
(2018: -0.2%)

14.4%
Headline operating margin
(2018: 15.2%)

89.3%
Free cash flow conversion[1]
(2018: 80.2%)

This Strategic report should be read in conjunction with pages 94-137 and pages 198-203. The Group's key performance indicators are discussed in further detail in this report.

This Strategic report includes figures and ratios that are not readily available from the financial statements. Management believes that these non-GAAP measures, including constant currency and like-for-like growth, and headline profit measures, are both useful and necessary to better understand the Group's results. Where required, details of how these have been arrived at are shown in note 32 to the financial statements and are defined in the glossary on pages 204 and 205.

Note

1 Free cash flow conversion is the ratio of free cash flow to headline earnings. Free cash flow is after earnouts and changes in working capital and before new acquisition spend, disposals and shareholder distributions. Free cash flow conversion represents total continuing and discontinued operations.

EXCEPTIONAL GAINS AND RESTRUCTURING AND TRANSFORMATION COSTS

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

In 2019, the Group recorded £121 million of restructuring and transformation costs in relation to this plan, in addition to the £212 million in 2018. Of this £333 million total, £220 million relates to actions with a cash cost, with £158 million paid to date – the balance to be paid in 2020 and beyond. Total restructuring and transformation costs in 2019 of £153 million comprise the £121 million above and £32 million of other costs, primarily relating to the continuing global IT transformation programme.

These exceptional costs of £153 million and £48 million of associate company exceptional losses have been partly offset by exceptional gains of £58 million, primarily relating to the gain on the sale of the Group's investment in Chime.

This gives a net exceptional loss of £143 million and compares with a net exceptional loss in 2018 of £70 million.

DISCONTINUED OPERATIONS

As Kantar classifies as held for sale under IFRS 5, the profit for the year is presented as discontinued operations on the income statement. The decrease in profit for the year from £138 million in 2018 to £11 million in 2019 primarily reflects the goodwill impairment on classification as held for sale of £95 million and the tax expense on the disposal of £157 million, partially offset by the gain on sale of £74 million.

INTEREST AND TAXES

Net finance costs (excluding the revaluation of financial instruments and interest expense on lease liabilities) were £160 million, compared with £180 million in 2018, a decrease of £20 million.

The headline tax rate was 22.0% (2018: 20.7%) and on reported profit before tax was 28.0% (2018: 20.4%). The difference in the reported tax rate in 2019 was principally due to the revaluation of financial instruments not being tax deductible. Given the Group's geographic mix of profits and the changing international tax environment, the tax rate is expected to increase slightly over the next few years.

EARNINGS

Headline profit before tax was down 11.7% to £1.363 billion from £1.543 billion, and down 11.6% in constant currencies.

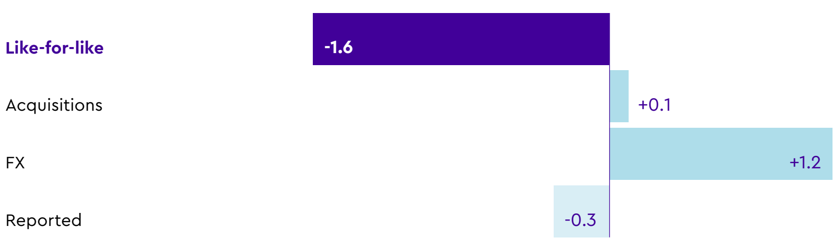
Profits attributable to shareholders fell 33.0% to £628 million from £937 million, again reflecting principally the £153 million of restructuring and transformation costs and £48 million of goodwill impairment. In constant currencies, profits attributable to shareholders fell by 33.8%.

Headline diluted earnings per share, for continuing and discontinued operations, fell by 14.2% to 92.7p from 108.0p. In constant currencies, earnings per share on the same basis fell by 14.9%. Reported diluted earnings per share, on the same basis, fell by 41.3% to 49.5p from 84.3p and decreased 42.3% in constant currencies.

REGIONAL REVIEW

North America constant currency revenue less pass-through costs was down 4.7% in the year and down 5.7% like-for-like, with a significant improvement in the second half. Revenue less pass-through costs was down 4.0% in the second half on a like-for-like basis compared to down 7.3% on the first half as the negative effect of some of the 2018 client assignment losses started to ease.

REVENUE LESS PASS-THROUGH COSTS GROWTH V 2018
%



United Kingdom constant currency revenue less pass-through costs was down 0.3% in the year and up 0.3% on a like-for-like basis, with the Group's global integrated agencies and particularly GroupM performing less well in the second half of the year, partly offset by a significant improvement in the Group's specialist public relations businesses.

Western Continental Europe constant currency revenue less pass-through costs grew 1.0% in the year with like-for-like up 0.7%, the second strongest performing region. Germany was significantly stronger in the second half of the year, partly offset by a softening in France, Italy and the Netherlands.

In **Asia Pacific, Latin America, Africa & the Middle East and Central & Eastern Europe**, on a constant currency basis, revenue less pass-through costs growth in the region was 0.4% for the year with like-for-like growth 1.4%, the strongest performing region. Like-for-like growth improved in the second half to 1.8%, compared to 1.1% in the first half, with Africa & the Middle East improving significantly, partly offset by a slight softening in Asia Pacific and Latin America.

REVENUE ANALYSIS

£ million	2019	Δ reported	Δ constant[1]	Δ LFL[2]	2018[3]
N. America	4,855	0.1%	-4.1%	-5.0%	4,852
United Kingdom	1,797	0.6%	0.6%	1.8%	1,785
W. Cont. Europe	2,629	1.5%	2.9%	1.5%	2,590
AP, LA, AME, CEE[4]	3,953	3.5%	3.6%	4.7%	3,820
Total Group	**13,234**	**1.4%**	**0.2%**	**0.0%**	**13,047**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2019	Δ reported	Δ constant	Δ LFL	2018
N. America	4,034	-0.6%	-4.7%	-5.7%	4,060
United Kingdom	1,390	-0.3%	-0.3%	0.3%	1,394
W. Cont. Europe	2,177	-0.3%	1.0%	0.7%	2,183
AP, LA, AME, CEE	3,246	0.2%	0.4%	1.4%	3,239
Total Group	**10,847**	**-0.3%**	**-1.5%**	**-1.6%**	**10,876**

HEADLINE OPERATING PROFIT ANALYSIS

£ million	2019	% margin*	2018	% margin*
N. America	662	16.4%	711	17.5%
United Kingdom	188	13.6%	180	12.9%
W. Cont. Europe	262	12.0%	289	13.3%
AP, LA, AME, CEE	449	13.8%	471	14.6%
Total Group	**1,561**	**14.4%**	**1,651**	**15.2%**

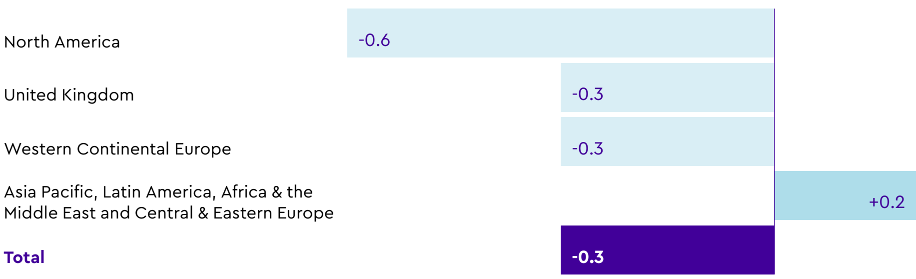
* Headline operating profit as a percentage of revenue less pass-through costs.

Notes

1 Percentage change at constant currency exchange rates.
2 Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.
3 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the Group's accounting policies.
4 Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe.

REVENUE LESS PASS-THROUGH COSTS GROWTH BY REGION V 2018

%



BUSINESS SECTOR REVIEW

Like-for-like revenue less pass-through costs in the Group's global integrated agencies was down 0.7% in the year, making it the strongest performing sector. There was a significant improvement in the second half of the year, with like-for-like growth of 0.3% compared to down 1.8% in the first half. Grey, Ogilvy, Wunderman Thompson and VMLY&R improved in the second half, partly offset by lower growth in GroupM.

Like-for-like revenue less pass-through costs in the Group's public relations businesses was down 1.0% in the year, with a significant improvement in the second half, down 0.4% on a like-for-like basis compared to down 1.5% in the first half. The Group's specialist public relations businesses Finsbury, Glover Park, Hering Schuppener, Buchanan and Clarion performed particularly strongly in the second half of the year.

In the Group's specialist agencies, like-for-like revenue less pass-through costs was down 5.6% in the year, as the Group's specialist brand consulting, advertising and direct, interactive and ecommerce businesses came under pressure, particularly in North America, Western Continental Europe and Asia Pacific. The Group's specialist agencies include the specialist global Ford agency, GTB, and performance reflects the loss of the omnichannel work in the second half of 2018.

REVENUE ANALYSIS

£ million	2019	Δ reported	Δ constant[1]	Δ LFL[2]	2018[3]
Global Integrated Agencies	10,205	2.8%	1.5%	1.4%	9,931
Public Relations	957	2.7%	0.5%	-0.7%	932
Specialist Agencies	2,072	-5.1%	-6.2%	-5.9%	2,184
Total Group	**13,234**	**1.4%**	**0.2%**	**0.0%**	**13,047**

REVENUE LESS PASS-THROUGH COSTS ANALYSIS

£ million	2019	Δ reported	Δ constant	Δ LFL	2018
Global Integrated Agencies	8,108	0.5%	-0.7%	-0.7%	8,071
Public Relations	898	2.1%	-0.1%	-1.0%	880
Specialist Agencies	1,841	-4.4%	-5.6%	-5.6%	1,925
Total Group	**10,847**	**-0.3%**	**-1.5%**	**-1.6%**	**10,876**

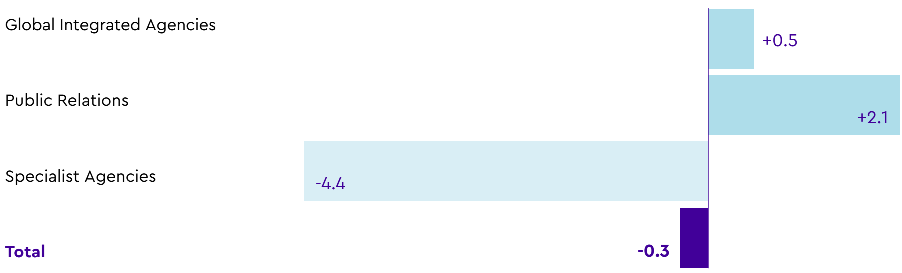
HEADLINE OPERATING PROFIT ANALYSIS

£ million	2019	% margin*	2018	% margin*
Global Integrated Agencies	1,220	15.0%	1,228	15.2%
Public Relations	141	15.7%	139	15.8%
Specialist Agencies	200	10.9%	284	14.7%
Total Group	**1,561**	**14.4%**	**1,651**	**15.2%**

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

Notes
1 Percentage change at constant currency exchange rates.
2 Like-for-like growth at constant currency exchange rates and excluding the effects of acquisitions and disposals.
3 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the Group's accounting policies.

REVENUE LESS PASS-THROUGH COSTS BY BUSINESS V 2018
%



CASH FLOW HIGHLIGHTS

In 2019, operating profit was £1.580 billion, depreciation, amortisation and goodwill impairment £734 million, non-cash share-based incentive charges £71 million, working capital and provisions inflow £350 million, net interest paid £190 million, tax paid £536 million, lease liabilities (including interest) paid £355 million, capital expenditure £394 million, earnout payments £130 million and other net cash outflows £86 million. Free cash flow was, therefore, an inflow of £1.044 billion.

This free cash inflow was enhanced by £2.221 billion in net cash acquisition payments and disposal proceeds (of which £1.971 billion was the Kantar disposal net of cash disposed and costs, and £250 million of net income from other disposal proceeds net of acquisition payments) and absorbed by £44 million in share buybacks and £750 million in dividends. This resulted in a net cash inflow of £2.471 billion.

Free cash flow conversion[1] in 2019 was 89% (2018: 80%).

Note

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

BALANCE SHEET HIGHLIGHTS

Average net debt in 2019 was £4.282 billion, compared to £5.025 billion in 2018, at 2019 exchange rates. On 31 December 2019 net debt was £1.540 billion, against £4.017 billion on 31 December 2018, a decrease of £2.477 billion (a decrease of £2.313 billion at 2019 exchange rates). The reduced period end debt figure reflects the benefit of £1.971 billion proceeds in relation to the disposal of 60% of the Group's interest in Phase 1 of the Kantar business.

RETURN OF FUNDS TO SHAREHOLDERS

Funds returned to shareholders in 2019 totalled £794 million, including dividends and share buybacks. In 2019, 4.6 million shares, or 0.4% of the issued share capital, were purchased at a cost of £44 million. All of these shares were purchased in the fourth quarter.

OUTLOOK

FINANCIAL GUIDANCE

We have made good progress with our three-year strategy during 2019, creating a simpler business, making significant investments for future growth and strengthening our balance sheet. Our financial performance in the second half of the year showed an encouraging improvement over the first half.

It is clear that the impact of Covid-19 on the business will be significant, but it is not possible at this stage to quantify the depth or duration of the impact. As a result, we have withdrawn our previously issued guidance for the 2020 financial year.

Revenue from continuing operations in the first quarter of 2020 was £2.847 billion, down 4.9% compared with the same period last year on a reported basis and down 4.6% on a constant currency basis. Like-for-like revenue was down 3.8% compared with last year. Revenue less pass-through costs was £2.366 billion, down 4.3% on a reported basis, down 4.0% in constant currency and down 3.3% like-for-like. In March, like-for-like revenue less pass-through costs was down 7.9% as the impact of Covid-19 began to be felt more widely across our business.

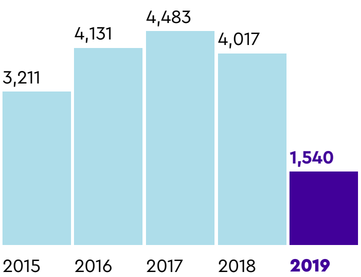
BALANCE SHEET, LIQUIDITY AND HEADROOM

WPP has a strong balance sheet and good liquidity. Over the last two years, we have raised approximately £3.2 billion from our disposals programme, selling 50 businesses and investments.

As at 31 December 2019 we had cash of £3.0 billion and total liquidity, including undrawn credit facilities, of £4.8 billion. Net debt was £1.5 billion, down from £4.0 billion a year earlier. Our year-end net debt/headline EBITDA ratio was 0.8x, compared to 2.1x the previous year.

NET DEBT

£ million



Our covenants, which relate to our $2.5 billion revolving credit facility, are <3.5x net debt/EBITDA and >5x EBITDA/net interest. Our bond portfolio at the 2019 year-end had an average maturity of 8.2 years, with only a May 2020 €250 million Eurobond due in the next two years.

Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders.

The Board has therefore decided to suspend the £950 million share buyback, funded by proceeds from the Kantar transaction. Since December 2019, we have completed £330 million of the programme.

In addition, the Board has suspended the 2019 final dividend of 37.3 pence per share, which was due to be proposed at the 2020 AGM. These two actions together will preserve approximately £1.1 billion of cash. The Board will continue to review the status of the 2019 dividend.

COST REDUCTION MEASURES

Most of our costs are variable in nature. We have commenced a review of our costs to protect profitability, where possible, from a decline in revenue. At the same time, we want to protect our people as much as possible, as well as our ability to serve clients and grow when markets recover. The immediate actions we have taken include: freezing new hires; reviewing freelance expenditure; stopping discretionary costs, including travel and hotels and the costs of award shows; and postponing planned salary increases for 2020.

In addition, members of the WPP Executive Committee, as well as the Board, have committed to taking a 20% reduction in their salaries or fees for an initial period of three months.

We anticipate these measures will generate total in-year savings for 2020 of £700-800 million. In addition, we are making a detailed assessment of further actions to reduce cost subject to the impact of the virus on our business over the coming weeks and months.

CASH CONSERVATION MEASURES

We have also reviewed our capital expenditure budgets for 2020 and looked at opportunities to improve working capital. We have identified savings in excess of £100 million in property and IT capital expenditure against an initial 2020 budget of around £400 million. On working capital, we have a standing weekly management process to review cash outflows and receipts to monitor our position. We are continuing to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments. On media, we are working with clients and vendors to maintain the settlement flow. Should we see any deterioration in payment from our media clients we will take appropriate action to manage our cash position.

For more information on our strategy see pages 16-47

SUSTAINABILITY

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

WHY SUSTAINABILITY MATTERS

As the last decade drew to a close, the World Meteorological Organization confirmed it was the warmest on record. Australia experienced its hottest, driest year, leading to devastating bush fires, while the Indonesian capital Jakarta saw deadly floods caused by the heaviest rainfall since records began.

Climate activism continues to grow as people demand change. More and more companies across sectors see both the opportunities and the imperative to act. Consumers and investors increasingly expect businesses to act with purpose and offer inclusive and sustainable products.

There is increasing evidence that sustainable business drives profit and long-term value – sustainable investment assets were valued at $30 trillion in 2018, up a third from 2016[1], while companies with long-term strategies are outperforming their peers financially[2].

Meanwhile, the United Nations' Decade of Action to 2030 will see accelerated efforts to end poverty, inequality and environmental harm, and deliver the Sustainable Development Goals. More than ever, sustainable business models are needed that will enable society to survive and thrive in the new decade and beyond.

Our clients must navigate complex social, environmental and economic pressures against a backdrop of skills shortages, demographic shifts, political uncertainty, and a consumer base increasingly impatient for change.

"OUR INDUSTRY HAS A RESPONSIBILITY TO USE OUR POWERS FOR GOOD – TO INFLUENCE NORMS AND CHANGE BEHAVIOUR. WE CAN'T WAIT FOR OTHERS TO ACT: IT'S UP TO US TO LEAD THE WAY."

Andrea Harris
Group Chief Counsel
and Head of Sustainability

[1] Global Sustainable Investment Alliance 2018 Global Sustainable Investment Review.
[2] Harvard Business Review.

SHUT DOWN TO OPEN UP

AGENCIES
VMLY&R AND WAVEMAKER

CLIENT
GAZETA.PL

When liberal news portal Gazeta.pl wanted to start a national debate in Poland about everyday sexism and gender inequalities, they turned to VMLY&R and Wavemaker for help. The agencies suggested they team up with MasterCard and BNP Paribas to buy *Twój Weekend (Your Weekend)*, one of Poland's longest-running and most-read adult magazines. And then close it down. Before they shut it down, the team reimagined its last issue, The Women's Issue, filling regular sections and columns with content on gender portrayal, sexism, equal rights and more. The project was supported by an advertising campaign, including outdoor, media, cinema, radio, press, social media and online.

4.5m
organic reach

25m
media impressions

Winner
Cannes Titanium Lion, Grand Prix, and three bronze Lions

We continue to support our clients as evidence mounts of the need for sustainable innovation and growth.

OUR RESPONSE
Our clients look to us for the insight, expertise and creativity to balance these interconnected pressures and communicate their purpose effectively and authentically. Our own sustainability strategy helps us to meet changing client expectations with strong and credible propositions, while reducing risks and creating a resilient business for the long term.

SUSTAINABILITY AND OUR STRATEGY
Our sustainability strategy supports all five elements of our corporate strategy, which we launched in late 2018. The table opposite sets out the most material ways in which sustainability supports our strategy.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)
We support the UN SDGs 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 page 11 of our full Sustainability Report 2019, available as a PDF download.

STRATEGIC ELEMENT	SUSTAINABILITY STRATEGY	
VISION & OFFER	**A STRONGER OFFER FOR OUR CLIENTS** A growing number of clients are grappling with sustainability challenges and looking to articulate the purpose of their brands. They look for partners who share their sustainability values and aspirations. Our commitment to responsible and sustainable business practices helps us to broaden and deepen these partnerships, and to meet the growing expectations and sustainability requirements in client procurement processes.	**A stronger offer for our clients, see page 64** **Transparency and trust, see pages 76 and 77**
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.	**Social investment, see page 66**
	INCLUSIVE AND DIVERSE TEAMS Creativity thrives on diversity of background and thought. This makes having an inclusive and diverse workplace essential to our long-term business success. We want all of our people to feel valued and able to fulfil their potential, regardless of gender, ethnicity, age or disability.	**Attracting and retaining talent, see pages 68-70**
DATA & TECHNOLOGY	**PRIVACY AND DATA ETHICS** Data – including consumer data – can play an essential role in our work for clients. Data security and privacy are increasingly high-profile topics for regulators, consumers and our clients. We have a responsibility to look after this data carefully, to collect data only when needed and with consent where required, and to store and transfer data securely.	**Privacy and data ethics, see page 78**
SIMPLER STRUCTURE	**GREENER OFFICE SPACE** Our work to simplify our structure and consolidate our office space is driving a positive impact on our energy use and carbon footprint. We are reducing the overall number of offices we occupy and moving to Campus locations that: use green building standards; reduce our impact; help us to use space more efficiently; and encourage collaboration between our companies.	**Environment, see page 72**
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.	**Attracting and retaining talent, see pages 68-70** **Supply chain, see page 74**

A NOTE ON OUR SUSTAINABILITY DATA

During 2019 we agreed the sale of 60% of Kantar to Bain Capital. To ensure comparability to 2019 figures, which exclude Kantar, prior year figures have been restated. 2018 figures, and 2017's where provided, have been restated in sections highlighted with the symbol K.

For our full review of our sustainability activities and outcomes, download our Sustainability Report 2019.

wpp.com/sustainability


Sprite
5.993.714 OF US LIKE
Sprite

STRENGTH IN NUMBERS

AGENCY
SANTO BUENOS AIRES

CLIENT
SPRITE

Sprite wanted to show Gen Z that there should not be any topics they feel too uncomfortable to talk about. So Santo launched You Are Not Alone, a series of forums on Reddit where young people can express their feelings on issues that make them feel isolated. To get the conversation started, Santo asked influencers to share their own experiences to show people they are not alone.

80%
increase in positive sentiment

300%
increase in free media

20x
more consumer engagement than previously

November 2019

PUTTING SUSTAINABILITY AT THE HEART OF OUR OFFER FOR CLIENTS

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

Our clients must balance a complex set of social and environmental challenges with changing consumer expectations and constant technological developments. While challenging, today's landscape also offers major opportunities to create new markets for more inclusive and sustainable products and services.

WORK WITH IMPACT

In response, our clients increasingly aspire to generate a lasting positive impact through their brands and look to us to help them express and enhance that impact through brand purpose and strategy, communications and marketing. The breadth and depth of our expertise means we can offer clients the latest technology alongside the creativity and sustainability expertise needed to inspire consumers and help shift behaviour to more sustainable norms.

This work is of growing importance to WPP. We are already engaging with corporate, government and NGO clients on issues ranging from plastic waste to human rights during the development of brand strategies or campaigns.

For example, in November, Mindshare's 7,000 people spent the agency's 22nd anniversary connecting with the scale and urgency of the climate crisis and how through their work they could be part of the solution with #ChangeTheBrief, an invitation for the advertising industry to use its skills to tackle the issue. #ChangeTheBrief is about creating work which answers the "Now" brief, but also the "Future" brief, to encourage the attitudes, lifestyles and behaviours which are consistent with a transition to a carbon-free world. As part of Mindshare Day, the network took live briefs from Unilever to generate #ChangeTheBrief ideas.

Recognising our clients' growing focus on sustainable products and practices, we continue to strengthen our offer to ensure we can provide our clients with the best support and the expertise they need to do well by doing good.

COMPLIANCE WITH MARKETING STANDARDS

Marketing is powerful – it can change attitudes and behaviour. It is critical that we apply high ethical standards to our work to ensure those changes are for the better. We work hard to maintain high standards and strong compliance in areas such as ethics, human rights, privacy and data security.

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 companies 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 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 elevate the decision to the most senior person in the relevant office and then to the most senior WPP executive in the country concerned, who will decide if further referral to a global WPP executive is required. This referral process is covered in our How We Behave online training, which will contain a new sustainability module from 2020 onwards.

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

In 2019, WPP established Risk Committees with the aims of ensuring accountability at both the enterprise and network level and to review, monitor and advise on risk and compliance throughout all of our businesses and markets. Duties include providing reports and insights on current risk exposures, identifying new risk types and tracking and pro-actively addressing any breaches of risk limits.

1 in 5
of our top 50 clients have made commitments to carbon neutrality

80%
of our top 50 client leads have discussed sustainability with their clients

For more examples of our client and pro bono work to address social and environmental issues, download our Sustainability Report 2019.

wpp.com/sustainability

LEADING THE CHARGE

AGENCY
FAMOUSGREY

CLIENT
VOLVO

Volvo asked FamousGrey to help them answer this question: what is the use of driving electric if you do not charge your car with green energy? To help meet this challenge, the agency created Volts by Volvo, a new energy contract for homes which provides 100% green electricity, so that drivers are not only using electric cars, but also charging them with green energy. And with the energy generated from both wind and solar and provided by green energy expert Eneco, the result is clear: no impact, zero emissions.

7.5m
Belgians reached (population 11 million)

71%
said they would re-evaluate their electricity contract in a post-campaign survey

1 in 4
drivers of electric cars engaged with the Volts by Volvo platform

April 2019-January 2020

SOCIAL INVESTMENT

Charities and non-governmental organisations (NGOs) do vital work, often with limited resources. We can help boost their impact by providing communications and creative services 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 and often award-winning campaigns that raise the profile of our companies.

WHAT WE GAVE IN 2019 K

Our pro bono work was worth £10.6 million in 2019 (2018: £11.3 million), for clients including UN Women and WildAid.

We also made cash donations to charities of £5.2 million (2018: £5.7 million). This resulted in a total social investment of £15.8 million (2018: £17.0 million), equivalent to 1.60% of reported pre-tax profits (2018: 1.35%).

WPP media agencies negotiated free media space worth £18.9 million on behalf of pro bono clients (2018: £23.8 million), making our total social contribution for the year £34.7 million (2018: £40.8 million).

VOLUNTEERING K

In addition to providing donations and pro bono services, we encourage our people to volunteer their time. Half of our companies have formal volunteering policies in place (2018: 41%), and 61% (2018: 54%) organised volunteering activities for their people during 2019. For example, VMLY&R celebrated its first anniversary in September by closing all 82 offices so its 6,500 people could volunteer to support their local communities, a celebration that will be repeated each year.

SOCIAL IMPACT

Our support helps charities and NGOs to continue and 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 2019 our pro bono work created wider social benefits worth £92 million (2018: £91 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 2019 were worth an estimated £291 million (2018: £331 million).

COMMON GROUND INITIATIVE

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

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

The greatest contribution we can make towards the SDGs is through our client and pro bono work.

£92m

wider social benefits created by pro bono work in 2019

£291m

wider social benefits from pro bono work, charitable donations and free media space in 2019

Read our Quantifying our impacts report and see more examples of our pro bono work in our Sustainability Report 2019.

wpp.com/sustainability

CODE OF CONSCIENCE

AGENCY
AKQA

CLIENT
NGOs WORLDWIDE

A third of the world's protected nature reserves are under threat, with illegal deforestation a leading cause. Alongside a group of global NGOs, AKQA launched Code of Conscience: open source software that restricts the use of heavy-duty vehicles in protected areas. The code is available for free and, for the first time, gives heavy-duty vehicle manufacturers the opportunity to be part of the solution to illegal deforestation. An invitation comprising the Code of Conscience chip embedded in a wooden sculpture of an endangered animal has been sent to the CEOs of the world's top-ten construction equipment manufacturers, with a vision for all new machines to leave the factory with Code of Conscience pre-installed.

10
manufacturers sent the code

2
countries considering making the code law

100+
coverage in over 100 countries, sparking positive change

ATTRACTING AND RETAINING TALENT

The insights, creativity, and expertise of our people are what bring our clients to our door. Our success depends on hiring and retaining the brightest, most forward-thinking people with the best and most original ideas.

SKILLS, TRAINING AND DEVELOPMENT K

By investing in training and development, we strengthen our creative, technical and leadership skills. Providing our people with opportunities for training and for professional and personal development also helps keep them engaged in their work and with the Company.

In 2019, we spent £38.7 million on training (2018: £36.6 million) and 66% of our people took part in an average 11 hours of formal training per person. In addition, almost 60,000 people accessed online courses through LinkedIn Learning (previously Lynda.com), which provides access to thousands of courses via desktop or mobile devices.

We follow up with training participants to assess the effectiveness of a course and whether it has helped improve performance at work.

Development needs are assessed during a formal appraisal process. In 2019, 86% (2018: 87%) of our people had a formal appraisal, including 360-degree appraisals for 65% (2018: 66%) of executive leaders and 64% (2018: 66%) of senior managers.

Our people can find new roles within our companies in the UK, China and Singapore using our online job board, Springboard. In 2019, 24% (2018: 23%) of vacancies were filled by people already working within the Company.

ENGAGEMENT AND FEEDBACK K

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

Employee surveys help us assess and act on engagement and satisfaction levels. In 2020, we will launch our first Company-wide employee survey. We conducted the first inclusion survey in the UK this year and are currently analysing the results.

The vast majority (95%) of our companies carry out exit interviews with leavers, which often provide helpful feedback on our culture and practices.

To ensure our Board understands the views of our employees on WPP's purpose, values and strategy, in 2019 we established our first People Forum in the UK. Sponsored by our UK Country Manager, the Forum has representatives from across our UK business who gather feedback from their agencies to feed up to the WPP Board. The Board also consults the Forum on key people issues. In 2020, we will roll out an India People Forum representing employees from Mumbai, Delhi and Bangalore.

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 2019, around 5% of our employees were either members of a trade union or covered by a collective bargaining agreement (2018: 6%). We held 1,507 consultations with works councils, mainly in Europe (2018: 476).

We have made around 3,500 redundancies as part of our transformation programme, as we merge and restructure some agencies and as a result of changes in our client base. We aim to support affected people through our employee assistance programmes.

INCLUSION AND DIVERSITY

Different backgrounds and perspectives are what drive creativity. A diverse and inclusive workplace is essential to our daily work and our long-term success. We work hard to make all our people feel valued and fulfilled at work, regardless of gender, ethnicity, age or disability.

WPP does not tolerate harassment, sexual harassment, discrimination or offensive behaviour of any kind. We select and promote our people based on their qualifications and merit, without discrimination or concern for factors such as race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age, or disability. Our Code of Business Conduct sets out this commitment, applies to all our people and is available on our website, in our Policy Book and on our intranet. Our online ethics training, How We Behave, covers diversity and unconscious bias.

GENDER BALANCE

Our overall workforce has an equal gender balance and 50% of our senior managers are women (2018: 49%). During the year the proportion of women in executive leadership roles increased slightly to 37% (2018: 36%). At Board level, the proportion of women is 40%, compared with 33% in 2018 and a FTSE 100 average of 32.4%. We aim to reach parity.

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

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.

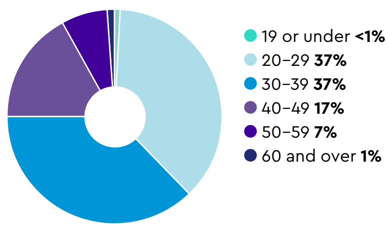
Our WPP Stella network expanded to France and the United States in 2019, in addition to being active in India, Italy, Mexico, South Africa, Taiwan and the UK. It aims to tackle barriers that may prevent women progressing to the most senior roles. It runs events, networking opportunities, coaching and training and maintains a speaker database to raise the internal and external profile of our senior women.

GENDER DIVERSITY

	Female	Male	Year
Board and Executive			
	37% (1,513)	**63% (2,577)**	**2019**
	36% (1,452)	64% (2,614)	2018
Senior Managers			
	50% (8,689)	**50% (8,578)**	**2019**
	49% (8,474)	51% (8,792)	2018
All other employees			
	57% (47,625)	**43% (36,118)**	**2019**
	56% (47,131)	44% (36,630)	2018
Total employees			
	55% (57,827)	**45% (47,273)**	**2019**
	54% (57,057)	46% (48,036)	2018

● Female ● Male

AGE DIVERSITY



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.

As an inclusive business we have signed up to the Valuable500, a global initiative that is putting disability on the boardroom agenda and celebrating inclusion among 500 influential businesses. As part of our commitment, we launched our new Inclusive Experience Practice, which helps brands to reach and be relevant to the widest market possible by making their communications, products and services inclusive and accessible.

FLEXIBLE WORKING AND PARENTAL LEAVE (K)

Flexible working can make work accessible to a broader pool of talent, including parents and people with caring responsibilities, helping to create a more diverse and engaged workforce. We estimate 24% of our workforce had flexible working arrangements in place in 2019, such as part-time working, flexible hours and home working, as well as career breaks and sabbaticals (2018: 25%). More than half (55%) of our companies offer parental leave benefits that exceed local legal requirements (2018: 48%).

HEALTH, SAFETY AND WELLBEING (K)

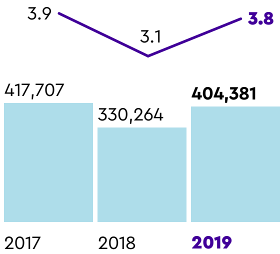
Supporting our people's physical and mental health and wellbeing is good for our people and good for business. The main health and safety hazards in our business are work-related stress and ergonomic injuries. 71% of our companies employ someone responsible for health and safety management (2018: 78%). There were no work-related fatalities in 2019.

The range of programmes on offer in our businesses include fitness facilities and subsidised gym memberships; health and nutrition services, including health insurance and medical assessments; counselling and employee assistance services; and ergonomic risk assessments and specialist equipment.

MENTAL HEALTH

Work-related stress is one of our main – and growing – health and safety hazards. Though having good policies and procedures in place for managing mental-health issues is important, we also need a working culture where people feel able to discuss concerns and seek support. In countries where very long working hours are the norm, our companies need to take additional measures. These can include overtime restrictions and monthly management reviews of overtime worked.

DAYS LOST DUE TO SICKNESS (K)



Days lost due to sickness
Days lost per person

To learn more about our programmes, including information about our training programmes and our development programmes that support our senior and mid-level women, download our Sustainability Report 2019.

wpp.com/sustainability

INTO THE SPOTLIGHT

AGENCY
WUNDERMAN THOMPSON

CLIENT
LUX (UNILEVER)

Despite changing attitudes towards women and work in Saudi Arabia, only 16% of the workforce is female. The Unilever brand Lux turned to Wunderman Thompson to highlight women when people searched online for male-dominated jobs.

The agency launched #IntoTheSpotlight on International Women's Day and used paid search results on Google to profile leading women in the relevant fields. Linking to content on Mira, a joint venture between Unilever and Vice, this meant when someone searched for "photographers" it took the user to videos and information about leading fashion photographer Huda Beydoun.

15-20%
increase in inquiries for the featured professionals

870,000
people reached across Saudi Arabia on International Women's Day 2019

ENVIRONMENT

We support urgent action to tackle the climate crisis and aim for net zero carbon emissions in our Campuses by 2025.

OUR CLIMATE STRATEGY (K)

We recognise the major threat that climate change and environmental degradation pose to global social and economic development. We support urgent action to tackle the climate crisis through the Paris Agreement.

Our environmental management programmes are reducing our carbon emissions and broader environmental impact, while helping us to identify and mitigate climate-related risk. These programmes reduce costs and business risks, while meeting our clients' and colleagues' expectations.

In 2019, 25% of our floorspace was certified to advanced sustainability standards such as LEED and BREEAM, meeting our 2020 target a year early.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We support the Taskforce on Climate-related Financial Disclosures (TCFD) and are developing our disclosures in line with its recommendations. The TCFD seeks to encourage businesses to disclose climate-related risks and opportunities and is structured around four themes: governance, strategy, risk management, and metrics and targets.

For our second TCFD disclosure, see pages 196 and 197.
For our carbon emissions statement, see page 199.

CIRCULAR ECONOMY

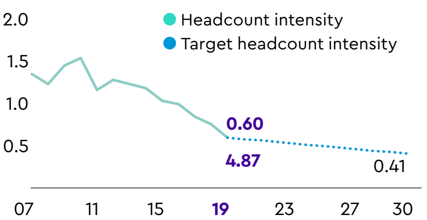
In 2019, WPP committed to take the "plastic" out of "Wire and Plastic Products" (the original name of the Company) by:

- phasing out plastics that cannot be reused, recycled or composted across all of our 3,000+ agency offices and Campuses worldwide by the end of 2020;
- signing up to the New Plastics Economy Global Commitment led by UN Environment and the Ellen MacArthur Foundation which aims to unite businesses, governments and other stakeholders behind a common vision for a plastics system that works; and
- pledging to work with clients and partners to drive consumer change at scale.

Phasing out single-use plastics across our offices is an ambitious goal but our greatest impact is through our client work. We have worked with more than 60 clients to help them reduce their own single-use plastics use, on briefs ranging from product and packaging design and innovation to consumer engagement and behaviour change.

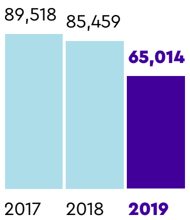
PERFORMANCE SUMMARY

SCOPE 1 AND 2 (MARKET BASED) (K)
TONNES CO_2e EMISSIONS PER PERSON



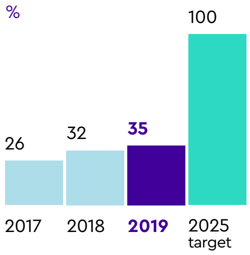
Our scope 1 and 2 market-based emissions for 2019 were 0.60tCO_2e/head, a 21% reduction from 2018. Our carbon intensity per £1 million revenue was 4.87 tCO_2e/head, a 22% reduction since 2018.

CARBON OFFSETS PURCHASED
tCO_2e



Since 2007 we have purchased and permanently retired 1.55 million carbon credits to offset our carbon emissions from air travel. We offset 100% of our air travel emissions in 2019.

ELECTRICITY FROM RENEWABLE SOURCES (K)
%



We increased the percentage of electricity purchased from renewable sources to 35% (2018: 32%), making substantial progress towards our 50% target.

TARGETS AND COMMITMENTS

0.41
tonnes of CO_2e per employee by 2030, a 50% reduction from 2017

Net zero
carbon emissions in our Campuses by 2025

100%
renewable electricity by 2025 in line with RE100

100%
of emissions from air travel offset through the purchase of high-quality carbon credits since 2011

CHALLENGING MEATY NORMS

AGENCY
DAVID

CLIENT
BURGER KING

In the United States, animal farming is responsible for half of the carbon emissions released into the atmosphere, even if it is only responsible for 3% of the calories in our diet (LCA Impossible Foods 2019). When Burger King wanted to reduce the environmental impact of the Whopper, they turned to DAVID to help get meat-eaters to try something new. The Impossible Whopper looks, smells and tastes just like a Whopper should, but the plant-based patty delivers that same great Whopper taste with an 89% drop in carbon emissions. It is almost impossible to believe that helping the planet could taste so good.

13bn
impressions

10yrs
best-selling product launch in 10 years

$140m
in earned media

89%
reduction in GHG emissions achieved by each Impossible Whopper compared to meat-based equivalents

April 2019

EVERYDAY CLIMATE ACTION

AGENCY
H+K STRATEGIES

CLIENT
DOCONOMY

When Swedish fintech Doconomy wanted to find an innovative solution to addressing the climate crisis, they turned to H+K Strategies. Alongside RBK Communication, H+K helped them create DO Black: a credit card with a carbon emission limit, which stops you from overspending not based on available funds but on the impact caused by your consumption. It blocks transactions exceeding the CO_2 limit, disables the credit card and notifies the cardholder, giving people a real feel for their carbon footprint.

$100m
in earned media

80+
banks and credit card companies discussing collaboration

10,000+
registered users in Sweden

Winner
Cannes Grand Prix and a silver Lion

April 2019-January 2020

To learn more about our approach to environmental management, our full performance and our approach to carbon emissions accounting, download our Sustainability Report 2019.

wpp.com/sustainability

SUPPLY CHAIN

We expect the companies we work with to meet high ethical, human rights, workplace and environmental standards. However, with over 130,000 companies in our supply chain, some risks will remain. We endeavour to mitigate these risks.

Our Group procurement team is led by our new Chief Procurement Officer and manages centrally negotiated contracts with preferred suppliers. A significant proportion of additional procurement is delivered through contracts negotiated by budget holders within our operating companies.

In 2019, we commissioned an independent consultancy to assess the maturity of our supply chain management policies and processes. Following this evaluation, our Chief Procurement Officer is leading a complex programme of activities designed to evaluate and implement a modernised procurement ecosystem and infrastructure. Working with Group Procurement, the sustainability team is conducting an exploratory project on how to embed new controls and processes to develop a more mature responsible sourcing programme.

SOURCING STANDARDS

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

SUPPLIER SELECTION

We evaluate potential new suppliers on factors such as assurance of supply, quality, service, cost, innovation and sustainability. To continue to strengthen our due diligence, in 2019 we completed the roll-out of two additional supplier pre-selection questionnaires across 12 of our largest markets. Any "flags" raised in this process are immediately sent to the global sustainability team for investigation before any further onboarding takes place.

SUPPLIER DIVERSITY

We work with many small and diverse suppliers and this can be a source of new ideas and creativity. In the United States, around 1.6% of spend (2018: 2.1%) is with certified diverse suppliers including women- and minority-owned businesses.

HUMAN RIGHTS

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

We look for opportunities to promote human rights, in areas such as our pro bono work.

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

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

Our most direct impact on human rights is as a major employer. We recognise the rights of our people, including those relating to freedom of association and collective bargaining, and we do not tolerate harassment or any form of forced, compulsory or child labour. Human rights are included in the ethics training completed by all employees, which we updated during the year as part of a wider commitment.

See attracting and retaining talent, from page 68

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

MODERN SLAVERY

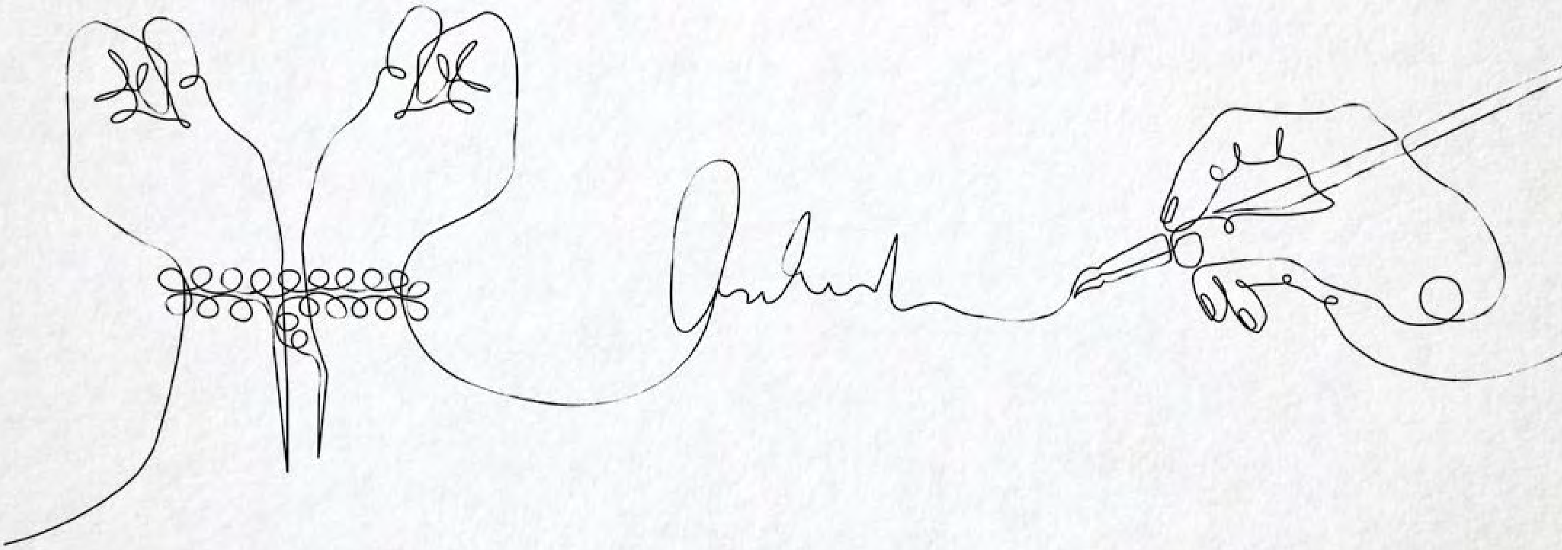
We do not tolerate any form of modern slavery in our business or supply chain.

WPP recognises the prevalence of modern slavery across all countries. We aim to implement appropriate measures to mitigate the risk of it occurring, either in our own operations or those of our partners. To this end, we are working with a transnational crime consultant to help us re-evaluate our approach to managing modern slavery risks within our supply chain.

In 2019, we updated our Global Supplier Agreement to include a specific clause relating to modern slavery.

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



THE POWER OF PEN ON PAPER

AGENCY
GREY

CLIENT
AMNESTY INTERNATIONAL

Amnesty International wanted to show Indonesians that a single signature can make a big impact. So Grey created Signature, a poster series chronicling the role petitions can play in ending human rights violations such as child marriage and gender-based violence, and calling for Indonesians to take action by putting pen to paper.

25%
increase in signature pledges to Amnesty International Indonesia

October-December 2019

TRANSPARENCY AND TRUST

We can reduce risks to our business and clients by establishing clear policies and procedures in areas such as data security, ethical conduct, supply chain management, and human rights, and by being transparent about our progress.

OUR CODE OF CONDUCT

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

The WPP Code of Business Conduct summarises our principles and the key policies that apply to everyone at WPP. It is underpinned by more detailed policies on anti-bribery and corruption, hospitality and gifts, facilitation payments, the use of third-party advisors, human rights and sustainability. In 2019, we implemented a new Disability Policy.

We require our people to take our online ethics training, How We Behave, on joining and then on a regular basis, including after each update (at least every two to three years). Topics include diversity, human rights, conflicts of interest and avoiding misleading work. More than 57,000 employees completed the training in 2019. In 2020, How We Behave will be refreshed and new modules will be introduced on sustainability and business integrity.

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.

57,000+

people completed ethics training in 2019

MANAGEMENT AND COMPLIANCE

Our Group Chief Counsel and Head of Sustainability oversees our approach to ethics and compliance. Senior managers in all our companies and our business and supplier partners are asked to sign a copy of the WPP Code of Business Conduct each year to confirm they will comply with its principles. Our newly established Board-level Sustainability Committee and Executive Committee sustainability working group provide additional oversight and guidance on any ethical issues that may arise.

Our people can report concerns or suspected cases of misconduct confidentially through our independently managed Right to Speak facility, which is overseen by our legal and business integrity team departments and is available via phone or email in local languages. We publicise the facility in induction packs, on our intranet, in the WPP Policy Book and via our ethics training. In 2019, we received 361 reports (2018: 200) via Right to Speak, all of which were followed up, investigated where appropriate by our legal, business integrity and internal audit teams, and reported to the Audit Committee.

ASSOCIATES, AFFILIATES AND ACQUISITIONS

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

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

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

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

PUBLIC POLICY

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.

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

The majority of work undertaken by our public affairs companies takes place in the United States and the EU, although many clients are multinational businesses operating in many countries.

OUR STANDARDS

Our Code of Business Conduct and our 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 companies 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 companies 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" which purport to be independent campaign groups but are in fact controlled by another organisation for the purpose of misleading.

Our Group Chief Counsel and Head of Sustainability 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 companies must comply with our Political Activities and Engagement Policy. Third parties are required to complete the WPP ethics training or equivalent within their own organisation.

POLITICAL CONTRIBUTIONS

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

POLITICAL ACTION COMMITTEES

In countries where it is consistent with applicable law, individuals working at WPP companies may make personal voluntary political contributions directly to candidates for office. Several of our businesses, including Burson Cohn & Wolfe/Prime Policy and Glover Park Group, also maintain political action committees (PACs) which accept voluntary donations from their people to support political candidates. In 2019, these PACs made disbursements worth $128,295 (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 companies.

We advocate on sustainability issues, through partnerships such as the Common Ground initiative in support of the UN Sustainable Development Goals. In 2019, Demet İkiler, WPP Country Manager for Turkey and EMEA CEO of GroupM, joined the local board of the UN Global Compact with responsibility for diversity and inclusion. Karen Blackett OBE, WPP UK Country Manager, serves as the UK Government's Race at Work Champion, supporting the Race at Work Charter.

Our companies 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 companies 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. Memberships are listed in our Sustainability Report 2019.

PRIVACY AND DATA ETHICS

More than ever, data underpins, drives and contributes to the work that we do for our clients. We use the term "data" in its broadest sense, to include client data, consumer data, and all information and data related to the operating of our businesses.

We require all our people to operate in line with our Data Code of Conduct. This contains the underlying principles that: WPP, its companies and its people are committed to the responsible collection, management, use and protection of data; and we recognise our obligations to all stakeholders, including shareholders, clients, our own people, suppliers and consumers.

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

In 2020, the focus will continue to increase on data ethics, artificial intelligence and machine learning, and privacy by design, particularly as the availability and possible applications of data increase across all areas of our business.

POLICIES AND GOVERNANCE

Since the launch of the WPP Data Privacy and Security Charter in 2018, we have issued incremental updates to reflect regulatory changes and best practices, as well as changes to our business. For example, the Charter now includes an Artificial Intelligence Statement to guide our people on its use.

The Charter helps us communicate our approach to data to our people and clients, setting out core principles for responsible data management through our Data Code of Conduct, our IT security, privacy and social media policies, and our security standards (which are based on ISO 27001).

Our Group Chief Privacy Officer leads our work on privacy, supported by our Data Protection Officer. Together, they provide practical guidance and support to our agencies on data ethics, ensure that privacy risks are well understood across the business, help us prepare for relevant new regulation, and promote best practices.

Our networks and companies have appointed privacy leads to oversee the implementation of our policies at a local level. They report progress via our Group Chief Counsel and Group Chief Privacy Officer.

AUDIT AND DUE DILIGENCE

Our company-wide audit programme includes controls reflecting the technical and organisational measures in place to protect data, as well as specific data privacy controls. Our internal audit team runs a rolling programme of audits across our companies to review privacy risks and practices using these controls.

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

TRAINING AND ENGAGEMENT

We continue to enhance our Safer Data platform, which is a well-used resource across the Group. The platform provides information, guidance and resources to help our people understand privacy risks and to apply our policies in their work.

The platform also includes our regulatory toolkits for GDPR, CCPA and LGPD, model data protection contract clauses, privacy impact assessment tools, policy templates and other topic- or jurisdiction-specific guidance and resources.

We will relaunch our mandatory global Privacy and Data Security Awareness online training in 2020. There will be updates to both the style and content of the training, making it more engaging and relevant and ensuring our people are well-trained in our data responsibilities as a company and in their individual roles. Our team also continues to run face-to-face training to reflect specific topics or regulations; for example, we have trained over 1,000 of our employees on the new California Consumer Privacy Act.

We work with clients to share insights and privacy best practices, demonstrating how we apply these across the Group and in the work we undertake for them. Our people have access to a range of resources to support them in these conversations, and our Data Privacy and Security Charter is written in a way that can be shared with clients.

As regulations continue to evolve, we partner with clients, industry organisations and peer companies on privacy and data protection issues, particularly with advertising bodies in the regions in which we operate such as the Internet Advertising Bureau (IAB) in Europe and the United States, and the UK Advertising Association.

DATA HEALTH CHECKER

We use our Data Health Checker to review privacy risks and data security practices in our businesses. This provides 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 that the majority of our companies continue to have measures in place that meet or exceed their level of privacy risk (the average risk score is 2.14, where 5 is the maximum risk score). Of those companies surveyed, 80% have a dedicated privacy lead.

OUR APPROACH TO SUSTAINABILITY

EMBEDDING SUSTAINABILITY IN OUR COMPANIES

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

Our internal sustainability advisors are working to ensure consistent implementation of our standards. In 2019, we ran training for our top 200 global leaders on sustainability as a lever for innovation and growth. We also piloted an online resource hub to share best practice across our companies and encourage collaboration.

STAKEHOLDER ENGAGEMENT

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

Most stakeholder engagement takes place in the course of doing business. We also carry out more formal research as part of our materiality process. We work with clients on sustainability issues (see page 64). Information on employee engagement is on page 68.

INVESTOR ENGAGEMENT

Our involvement with investors, rating agencies and benchmarking organisations on sustainability during 2019 included: Bloomberg Gender-Equality Index; CDP; Ecovadis; Ethibel; Euronext Vigeo Europe; FTSE Russell; Human Rights Campaign Foundation's 2018 Corporate Equality Index; ISS Data Verification; MSCI Research Inc; Sustainalytics; Thomson Reuters D&I index; Trucost; and Workforce Disclosure Initiative (WDI).

We are included in the FTSE4Good Index and participate in the CDP Climate benchmark, receiving a rating of B in 2019 (2018: A-. For an explanation of this change, see Sustainability Report, page 39).

OUR MATERIALITY PROCESS

Our first formal materiality assessment in 2014 included interviews with clients, investors, NGOs, and sustainable business experts, as well as senior executives in our Company functions and our operating companies. We carried out further reviews in 2016 and 2017. In 2019, we updated our materiality assessment in light of our new corporate strategy (see Sustainability Report, pages 57 and 58).

ABOUT OUR REPORTING

Data included in this review is for the calendar year 2019 and covers all subsidiaries of the Company. Some key environmental and people data is verified by Bureau Veritas, an independent assurance provider (see Sustainability Report page 59).

NON-FINANCIAL INFORMATION STATEMENT

This section provides information required by regulation in relation to:
- environmental matters (page 72 and TCFD Statement, pages 196 and 197);
- our people (pages 68-70);
- social matters (page 66);
- human rights (page 74); and
- corruption and bribery (page 76).

In addition, other related information can be found as follows:
- business model (page 9);
- principal risks and how they are managed (pages 80-91); and
- non-financial key performance indicators (page 8).

To find further details, data, our materiality analysis and case studies, download our full Sustainability Report 2019.

wpp.com/sustainability

ASSESSING AND MANAGING OUR RISKS

The success of our strategic objectives, as discussed in this report, depends to a significant extent on the steps we are able to take to respond to the impact of the Covid-19 pandemic on the Group and how we recognise and address the other current and emerging risks and uncertainties we face as a business. The extent of the impact of Covid-19 will depend on future developments which are highly uncertain and cannot be predicted.

The Board, assisted by the Audit Committee, has oversight and responsibility for our internal control system which is structured through our three lines of defence model and delivered through our risk governance framework, business integrity programme, culture based upon the principles set out in our Code of Conduct and our approach to risk management.

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 impact of the Covid-19 pandemic, along with other principal risks that are currently impacting or could impact our business.

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

RISK GOVERNANCE FRAMEWORK AND BUSINESS INTEGRITY PROGRAMME

A key element of our risk governance framework is our Risk Committees. Each network has a global Risk Committee chaired by the CEO and with key senior managers participating to ensure that leadership has a full understanding of the risks across businesses and the remediation steps required from time to time in certain markets. We also have a WPP Risk Committee which has oversight over all network Risk Committees and itself reports into the Audit Committee.

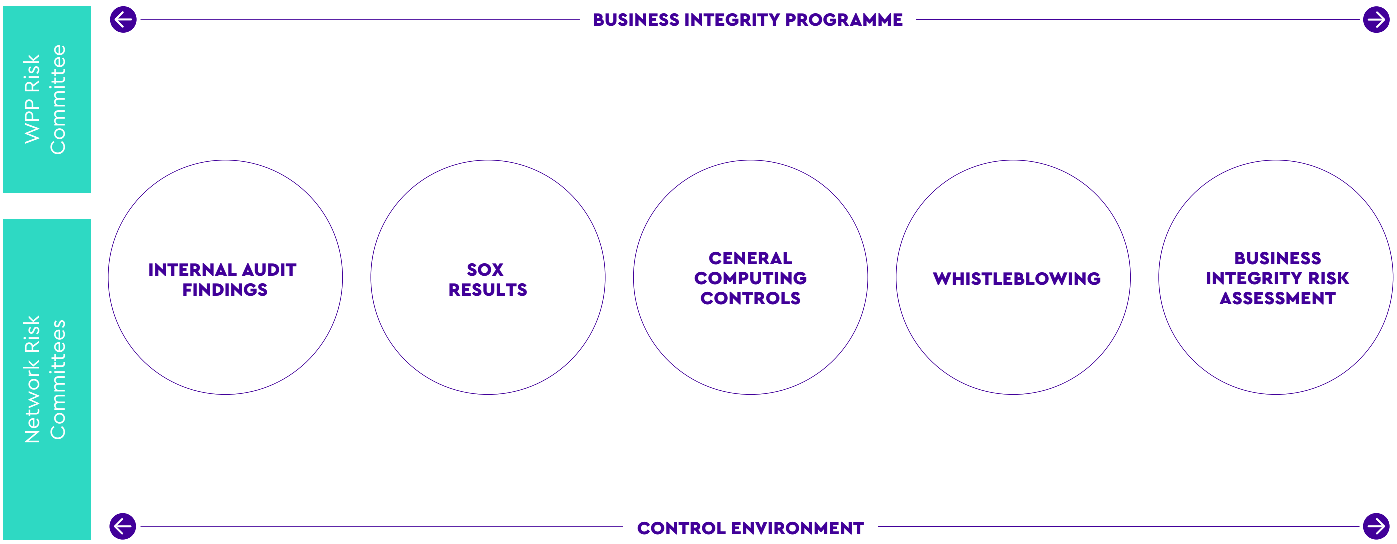
The agenda of the Risk Committees is to review, monitor and advise on: compliance with laws, regulations, internal procedures, and industry standards, including anti-bribery and corruption matters; the implementation of our compliance framework (including setting clear standards and reporting lines for 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 topped by our business integrity programme and tailed by our control environment.

In order to carry out their duties comprehensively, each Risk Committee has secure access to a central pool of data from their network that is crucial to the ability to recognise and monitor a full risk and compliance picture; this includes internal audit reports, SOX results, general computing controls results, whistleblowing data and the results of our annual assessment of business integrity risk.

WPP'S RISK GOVERNANCE FRAMEWORK

Our business integrity programme is integral to ensuring that the policies, procedures and control environment set by the Board is understood and worked within across all geographies and markets. It is produced by mapping resources, systems and processes against WPP's risk appetite (which the business integrity function helps the Board and WPP Risk Committee to set), governance

WPP'S RISK GOVERNANCE FRAMEWORK



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, bolstering messages and examples from leadership (including the Risk Committees) with communications, training sessions, workshops and practical guidance 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; and
- in terms of processes, conducting an annual assessment of business integrity risk, monitoring dynamic data feeds (including our financials, internal audit findings and SOX results), 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 and FRC guidance on risk management and internal control.

In order to help our people make the right decisions, we provide a number of tools. The baseline reference of our policies and procedures is set out in our Policy Book, internal control bulletins and accounting guidelines. To communicate these effectively, we require all employees to complete an online training course upon joining and at regular intervals which includes How We Behave, Anti-Bribery & Corruption and Privacy & Data Security Awareness modules. In addition, we top up the online resource with in-person training sessions, workshops and daily support on the ground from our regional compliance directors and managers. The business integrity function also houses an e-library of practical guides and compliance FAQs.

The core of our Policy Book is our Code of Business Conduct, which is regularly reviewed by the Board and sets out the principal obligations of all of our people. As a company 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 sign it each year.

Our Anti-Bribery & Corruption Policy prohibits any form of bribery across the Group and is supported by the Advisor Payment Policy which restricts the use of advisors and details the due diligence that must be undertaken in the limited cases where advisors may be used. Our gifts and entertainment policy sets limits on values that may be given or received, supported in each company by a gift register.

Our Code of Conduct for suppliers replicates 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 and business integrity functions. Breaches are investigated by our legal and business integrity teams and, where appropriate, external advisors.

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

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
Know your client and due diligence
Certifications
Remediation – and root causes
Disciplinary measures and incentives

RIGHT TO SPEAK

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

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

WPP is continuously raising awareness of these channels to our people and other stakeholders and as a result there has been a steady increase in the number of reports received over the past few years. In 2019, a total of 361 reports were received via 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 RIGHT TO SPEAK REPORTS 2019

All Right to Speak reports are received by the Group Chief Counsel and General Counsel, Corporate Risk. Each report is logged, investigated and tracked through to a conclusion including any remediation or follow-up actions that might be required.

Reports are also analysed for risk impact and root causes. Learnings generated from this analysis are converted into recommendations including for training sessions, workshops and practical resources by WPP's business integrity function and then implemented together with the support and input of the Risk Committees.

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 for 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.

FINANCIAL REPORTING

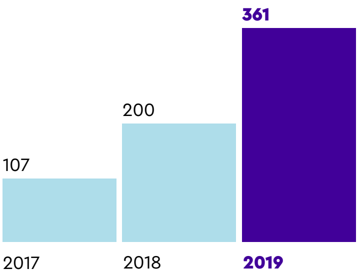
Each company annually updates a three-year strategic plan, which incorporates financial objectives. These are reviewed by executive management and are agreed with the Chief Executive of the relevant company.

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

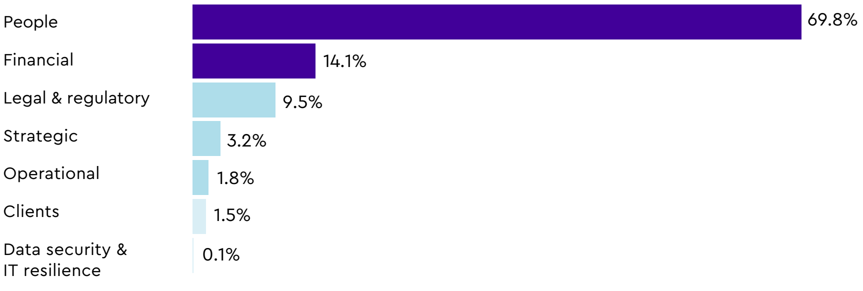
At each year-end, all companies supply their full-year financial results. This information is consolidated to allow the Group to present the necessary disclosures for International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards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

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

TOTAL NUMBER OF RIGHT TO SPEAK REPORTS



RISK IMPACT FROM RIGHT TO SPEAK REPORTS
%



RISK MANAGEMENT

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

1. COMPANY REVIEWS

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

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

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

2. EXECUTIVE MANAGEMENT REVIEWS

The company reviews are formally communicated to executive management in monthly reports and quarterly review meetings and, in turn, to the Board. At each Board meeting, the management team presents a business review of each of the operations, including an assessment of the risks in each business, and details of any change in the risk profile since the last Board meeting.

The business review includes the possibility of winning or losing major business; succession and the addition or loss of a key employee; regulatory changes; sustainability, including risks relating to marketing ethics, privacy, diversity and employment; political instability; and changes in accounting or corporate governance practice. To add to this, the Board has tasked the WPP Risk Committee with the evolution of our enterprise risk management process and the implementation of new technology for monitoring and tracking risks across all businesses and markets. This new platform is due to be rolled out through 2020 alongside refreshed risk appetite statements, drivers and tolerances which were reviewed by the Audit Committee during 2019. The resulting risk dashboard and map will feed into the regular risk discussions of the Audit Committee and the regular risk discussions of the Board.

In 2020 the Company also established a Risk and Controls Group to drive continuous improvement in the Group's control environment. The new function will focus on internal financial controls, risk appetite controls and controls in change 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 SOX.

LINES OF DEFENCE

FIRST LINE OF DEFENCE
Functions that own and manage risk

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

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

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

OVERARCHING GOALS

- Driving continuous improvement in the Company's control environment through strengthening ownership and accountability for internal controls by CEOs and CFOs at all levels of the organisation
- Driving culture change throughout the Company and improving understanding of internal controls
- Providing training and development as to "what good looks like" in relation to controls and demonstrating the value of good controls throughout the Company

VIABILITY STATEMENT

RISK ASSESSMENT

ASSESSMENT OF PROSPECTS

An understanding of the Group's business model and strategy detailed on pages 9 and 16 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 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 and the potential impact of competition for talent and competition from consulting firms, technological disruption, climate change and regulation. The Board has also considered the impact of the Covid-19 pandemic which is adversely affecting and is expected to continue to adversely affect our business and our clients' and suppliers' businesses across all of the countries in which we operate. 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 taking account of:

- *Covid-19*
  - the uncertainty of the consequences and duration of the Covid-19 pandemic and mitigation strategies being mandated by governments in impacted countries; the adverse financial impact already being experienced by the Group, disruption to clients' economic activity and client financial pressures and the impact on our people caused by Covid-19;
  - the ongoing reviews, reduction in pitch activity as a consequence of Covid-19 short-term notice periods or assignment nature of many of the client engagements; the volatility of global economic conditions and impact of a global recession as a consequence of the Covid-19 pandemic; and
  - the Company's ability to cover interest payments on the Group's debt, to issue bonds and refinance bonds as they fall due given the potential impact of Covid-19.
- *Other ongoing matters*
  - 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 extends one year beyond our three-year transformation programme and strategic plan and aligns with our three-year budget process and reflects the Board's best estimate of the future 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 potential impact of Brexit has been considered and it is not deemed to have a significant impact on this assessment. In the scenario modelling of the principal risks, we have stress tested our forecast cash flows to reflect a range of possible adverse effects of the Covid-19 pandemic on our business, clients and people and the potential impact of one or more of the Group's other 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 as a consequence of the Covid-19 pandemic from April 2020 onwards compared to 2019; and considered the Group's bank covenants and liquidity headroom including the suspension of share buybacks and the final dividend in 2019 and cost mitigation actions being implemented.

The Company modelled a range of revenue less pass-through cost declines from 15% to over 35%. In the most extreme scenarios tested, the Directors have considered the further actions that could be taken to mitigate negative cash flow impact and ensure additional liquidity. The Directors have assumed that the Company will be able to refinance existing bonds and that trading conditions will stabilise in 2021 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 they have 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 2020.

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 52-57 and Principal risks and uncertainties on pages 85-91. 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 from April 2020 onwards compared to 2019, considering the Group's bank covenant and liquidity headroom taking into account the suspension of share buybacks and the final dividend of 2019 and cost mitigation actions which are and which could be implemented, show that the Company and the Group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due. The Company modelled a range of revenue less pass-through cost declines from 15% to over 35%. 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 2019 and up to the date of this report including the adverse effects of the Covid-19 pandemic and which are described in the table on the following pages.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
COVID-19 PANDEMIC		
The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial condition and prospects. (Increased risk)	While we expect the impacts of Covid-19 to have an adverse effect on our business, financial condition and results of operations, we are unable to predict the extent or nature or duration of these impacts at this time.	A strong balance sheet, supported further by action to maintain liquidity including the suspension of share buybacks and the 2019 final dividend. Cost reduction and cash conservation measures including freezing of new hires, 20% salary and fee sacrifice for CEO, Board, Executive Committee members and employees earning above certain thresholds, savings on property and IT capex. Constant monitoring of working capital position. Close to 95% of our people are remote working and maintaining services to our clients and using creativity to support clients to adjust their communications, and support governments and NGOs in mitigating the impact of Covid-19.
STRATEGIC RISKS		
The failure to successfully complete the three-year strategic plan to return the business to growth by the end of 2021 and simplify our structure. (Increased risk)	A failure or delay in implementing the transformation plan and/or returning the business to growth may have a material adverse effect on our market share and our business, revenues, results of operations, financial condition or prospects. The Covid-19 pandemic is impacting the implementation of the transformation plan, and we cannot predict the extent or duration of the impact.	Board oversight of the implementation of the strategic plan and regular briefings on the Group's response to the Covid-19 pandemic. The Executive Committee formed in 2019 regularly reviews progress against the strategic plan and actions required to deliver against the plan and convenes regularly to discuss the Group's response to and implementation of the measures highlighted above to mitigate the impact of the Covid-19 pandemic on the Group's operations, people, clients and financial condition. The impact of the pandemic and focus on managing cost and changes in ways of working will accelerate 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
- New risk in 2019

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 and is being adversely impacted by the Covid-19 pandemic. Client loss to competitors or as a consequence of client consolidation, insolvency or a reduction in marketing budgets due to recessionary economic conditions or a shift in client spending would have a material adverse effect on our market share, business, revenues, results of operations, financial condition and prospects.	The competitive landscape in our industry is constantly evolving and the role of traditional agencies is being challenged. Competitors include multinational advertising and marketing communication groups, marketing services companies, database marketing information and measurement, social media and professional services and consultants and consulting internet companies. Client contracts can generally be terminated on 90 days' notice or are on an assignment basis and clients put their business up for competitive review from time to time. The ability to attract new clients and to retain or increase the amount of work from existing clients may be impacted if we fail to react quickly enough to changes in the market and to evolve our structure, and by loss of reputation, and may be limited by clients' policies on conflicts of interest. There are a range of different impacts on our clients globally as a consequence of the Covid-19 pandemic. In the short-term media spend has largely remained committed or diverted to alternative channels but there is an increasing volume of cancellations. Project and retained work have continued in most sectors but activity has begun to decline. New business pitches continue where the process was already underway, but there is increased uncertainty in the future pipeline. In the past, clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short term than their other operating expenses. The risk of client loss or reduction in marketing budgets has increased significantly.	Three-year transformation plan commenced in December 2018. Emphasis on providing faster, more agile and more effectively integrated solutions for our clients. Simplifying our organisational structure such as the disposal of 60% of our interest in Kantar and the disposal of non-core minority holdings. Launch of further Campus co-locations including in Mumbai, Amsterdam and Madrid. Embedding data and technology more deeply into our offer to clients. Board focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. Creation of a team focused on culture, diversity and inclusion across the Group. 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. During the Covid-19 pandemic, a weekly update 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 10 largest clients accounted for 15% of revenues in the year ended 31 December 2019. 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.

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 and management talent, or are unable to retain and incentivise key talent as a consequence of the cost saving actions implemented to maintain liquidity during the Covid-19 pandemic and reduction in economic activity.	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. To maintain our liquidity position through the current crisis, cost reduction measures have already been taken which impact our people include freezing new hires, postponing salary increases for 2020 and reducing salaries or fees for the Board, Executive Committee, CEO and senior employees. Further additional measures including reduced working hours or severances will also be required which may lead to challenges in retaining and attracting key talent during this period of disruption and at the beginning of a recovery.	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 identified in emergency and planned scenarios. Compensation Committee oversight for the Group's incentive plans and compensation. Our first priority during the Covid-19 pandemic is the safety and welfare of our people and seeking to protect them as much as possible as well as the ability to serve clients and win new business as markets recover.
CYBER AND INFORMATION SECURITY We are undertaking a series of IT transformation programmes to support the Group's strategic plan and a failure or delay in implementing the IT programmes may have a material adverse effect on its business, revenues, results of operations, financial conditions or prospects. The Group is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business. During the transformation, we are still reliant on legacy systems which could restrict our ability to change rapidly. A cyber-attack could result in disruption to one or more of our businesses or the security of data being compromised.	We may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs and client loss if we fail to adequately protect data. A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects and have an impact on long-term reputation and lead to client loss. Nearly 95% of the Group's people are working remotely as a consequence of the Covid-19 pandemic which has the potential to increase the risk of compromised data security and cyber-attacks.	The IT transformation programmes will underpin our three-year strategic plan and enhance our data security. There is a rolling programme to retire servers across the Group and move to cloud solutions. We monitor and log our network and systems and keep raising our people's security awareness through our WPP Safer Data training and mock phishing attacks. Heightened focus on monitoring our network and systems and raising awareness of the potential for phishing and other cyber-attacks during the period of remote working and an increased focus on our control environment.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
FINANCIAL RISKS		
CREDIT RISK We are subject to credit risk through the default of a client or other counterparty.	We are generally paid in arrears for our services. Invoices are typically payable within 30 to 60 days. We commit to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow. A significant number of our clients and suppliers are adversely financially impacted by the Covid-19 pandemic and economic inactivity across markets in periods of lockdown. Clients may seek to renegotiate payment terms, ask for discounts or fail to honour their payment obligations which would have an adverse impact 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 of services in line with contractual commitments and with vendors to maintain the settlement flow on media. Our treasury position and compliance with lending covenants is a recurring agenda item for the Audit Committee and Board. Increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.
INTERNAL CONTROLS Our performance could be adversely impacted if we failed to ensure adequate internal control procedures are in place.	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.	Transparency and contract compliance are embedded through the networks and reinforced by audits at a WPP and network level. Regular monitoring of key performance indicators for trading are undertaken to identify trends and issues. An authorisation matrix on inventory trading is agreed with the Company and the Audit Committee. A new controls function has been established in 2020 to review and enhance controls across the Group. We have issued renewed guidance to our businesses of the need to focus on controls through the period of remote working as a consequence of the Covid-19 pandemic.

KEY

- Increased risk
- No change from last year
- Reduced risk
- New risk in 2019

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
COMPLIANCE RISKS		
DATA PRIVACY We are subject to strict data protection and privacy legislation in the jurisdictions in which we operate and rely extensively on information technology systems. We store, transmit and rely on critical and sensitive data such as strategic plans, personally identifiable information and trade secrets. Security of this type of data is exposed to escalating external threats that are increasing in sophistication, as well as internal data breaches. Existing and new data protection laws, GDPR and the CPPA and legislation in the markets in which we operate concerning user privacy, use of personal information, consent and online tracking may restrict some of our activities and increase costs. Privacy regulators have continued to underline the obligation on businesses to ensure continued compliance with data privacy legislation during the Covid-19 pandemic.	We may be subject to investigative or enforcement action or legal claims or incur fines, damages, or costs and client loss if we fail to adequately protect data or observe privacy legislation in every instance. A system breakdown or intrusion could have a material adverse effect on our business, revenues, results of operations, financial condition or prospects. Governments and public health officials have mandated precautions to mitigate the spread of Covid-19 including lock-downs and remote working. Nearly 95% of our people are working remotely which has the potential to increase the risk of compromised data security.	We develop principles on privacy and data protection and compliance with local laws. We implemented extensive training ahead of GDPR implementation in 2018 and the roll out of a GDPR toolkit to assist our people to prepare for implementation and will do the same as new legislation is adopted in other markets. A Chief Privacy Officer and Data Protection Officer have been appointed at the Company and Data Protection Officers are in place at a number of our companies. Our people must take Privacy & Data Security Awareness training and understand the WPP Data Code of Conduct and WPP policies on data privacy and security. The Data Health Checker survey is performed annually to understand the scale and breadth of data we collect so the level of risk associated with this can be assessed. We have issued renewed guidance to our businesses of the need to focus on controls and privacy legislation through the period of remote working as a consequence of the Covid-19 pandemic.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
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 being implemented by governments during the Covid-19 crisis, changes arising from the application of existing rules, or challenges by tax or competition authorities, for example, the European Commission's State Aid decision into the Group Financing Exemption in the UK CFC rules, may expose us to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge.	We actively monitor any proposed regulatory or statutory changes and consult with government agencies and regulatory bodies where possible on such proposed changes. Annual briefings to the Audit Committee of significant changes in tax laws and their application and regular briefings to executive management. We engage advisors and legal counsel to obtain opinions on tax legislation and principles.
REGULATORY We are subject to strict anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which we operate.	We operate in a number of markets where the corruption risk has been identified as high by groups such as Transparency International. Failure to comply or to create a culture opposed to corruption or failing to instil business practices that prevent corruption could expose us to civil and criminal sanctions.	Online and in-country ethics, anti-bribery, 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. Formation of our internal business integrity function to ensure compliance with our codes and policies and remediation of any breaches of policy. Renewed 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. The establishment during 2019 of Risk Committees 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 US, the EU and other jurisdictions that impose sanctions and regulate the supply of services to certain countries.	Failure to comply with these laws could expose us to civil and criminal penalties including fines and the imposition of economic sanctions against us and reputational damage and withdrawal of banking facilities which could materially impact our results.	Online training to raise awareness and seek compliance and updates to our companies on any new sanctions. Regular briefings to the Audit Committee and constant monitoring by the WPP legal team with assistance from external advisors of the sanctions regimes.

PRINCIPAL RISK	POTENTIAL IMPACT	HOW IT IS MANAGED AND REFLECTED IN OUR STRATEGIC PRIORITIES
EMERGING RISKS		
Increased frequency of extreme weather and climate-related natural disasters.	This includes storms, flooding, wildfires and water and heat stress which can damage our buildings, jeopardise the safety of our people and significantly disrupt our operations. At present 9% of our headcount are 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 further explore the exposure of our assets to the physical impacts of climate change using the IPCC's RCPs utilising a 2c scenario analysis.
Increased reputational risk associated with working on environmentally detrimental client briefs.	As consumer consciousness around climate change rises, our sector is seeing increased scrutiny for our role in contributing to 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. This creates both a reputational and related financial risk for WPP if we are not rigorous in our content standards as we grow our sustainability-related services.	Our climate crisis training will ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It will be part of a broader sustainability training programme which we will run in multiple markets with localised content in key regions. We are also developing internal tools to help our people identify environmentally harmful briefs. These tools will embed climate-related issues within existing content-review procedures across the organisation.

KEY

- Increased risk
- No change from last year
- Reduced risk
- New risk in 2019

CORPORATE GOVERNANCE

CHAIRMAN'S LETTER

REMEMBERING GORDON STEVENS
Gordon Stevens, Chairman of WPP 1992-96, died on 10 September 2019, aged 93.

Mr Stevens, as a young director of a Unilever subsidiary, commissioned, in 1955, the first-ever television commercial aired in the UK. Many years later, having been Director of Marketing for the Unilever Group, he was Chairman of Unilever United States in which role he gave his crucial support to WPP's acquisition of J. Walter Thompson.

After retiring from Unilever, Mr Stevens was offered the chairmanship of WPP when it was facing a major restructuring after a significant fall in its share price. Mr Stevens accepted the challenge, against the recommendation of many of his friends and former colleagues, and helped to persuade the institutional shareholders to back the Company. By the time of his retirement, aged 70, WPP's share price had increased over five-fold.

He was a man of exceptional experience: deceptively shrewd and boundlessly good-natured. We remember Mr Stevens with respect, gratitude, and much affection.

The terrible human cost and economic impact of the coronavirus pandemic means we are looking at everything through a new lens.

As our Chief Executive's opening statement in this report makes clear, our people have responded magnificently to the crisis, displaying great resilience, dedication and concern for their colleagues. On behalf of the Board, I would like to thank them all.

WPP and its agencies have done what they can to help fight the spread of the disease and support national and international institutions, including working on a pro bono basis with the World Health Organization to deliver campaigns around the world.

We have also taken a number of steps to secure the position of the Company, and minimise the financial effects of the pandemic on our people, including suspending the share buyback programme and final dividend, reducing costs and introducing a voluntary salary sacrifice scheme for the Board, Executive Committee and other senior leaders.

The Board and executive team is working hard to serve the interests of all our stakeholders, and constantly reviewing the actions necessary to ensure the continued strength of the Company.

This 2019 Annual Report by definition deals primarily with events that took place before the coronavirus outbreak.

As we look back at 2019, the consistent theme was the Company's delivery against its stated goals and the progress of the three-year transformation plan.

In the first year of the new strategy, WPP met the financial guidance it set at the Investor Day in December 2018, achieved its restructuring targets and – with a more streamlined portfolio and refreshed offer to clients – made sure it was in the right shape for the future.

The Company's renewed focus on creativity, technology and talent was rewarded with a steady stream of new business wins, followed by Intel at the start of this year, as clients responded positively to WPP's new offer and approach.

Notable events included the successful completion of the Kantar transaction – ahead of schedule – which reduced WPP's leverage to the lower end of the target range. Net debt at the year-end was £1.540 billion, down £2.313 billion from the beginning of the year in constant currency as a result of disposals and strong cash generation.

In these uncertain times, we find considerable reassurance in the strength of our balance sheet following the Kantar sale, and the underlying strength of our business following the restructuring of the last 18 months or so.

Since my appointment as Chairman, we have proactively reviewed the Board's non-executive membership to ensure that it has the expertise, diversity and experience required to support the transformation and success of WPP.

In the last year we have made several new appointments and at our 2020 Annual General Meeting we will say farewell to a number of long-serving directors.

Sol Trujillo has served on the Board for nine years and will not be standing for re-election. His international experience gained over three decades as chief executive of global companies has been of great value to WPP, as have his contributions as a member of the Audit Committee.

Sir John Hood has brought his knowledge and experience of international business and higher education to the Board since 2014. As Chair of the Compensation Committee Sir John has overseen a comprehensive re-evaluation of the Directors' Compensation Policy alongside extensive consultation with shareholders. He will also stand down at the AGM.

Since Daniela Riccardi, CEO of international luxury goods company Baccarat, joined the Board in 2013, WPP has benefited from her wealth of expertise in global FMCG, retail and fashion businesses. She has been a valued member of the Nomination and Governance Committee and one of our Non-Executive Directors responsible for engagement with our people. She, too, will not stand for re-election.

We thank Sol, Sir John and Daniela for their service and contribution to WPP.

We also say goodbye to two other longstanding colleagues.

Paul Richardson's retirement from WPP was announced towards the end of 2018. He kindly agreed to stay on until the publication of this Annual Report, and to facilitate the handover to his successor as Chief Financial Officer, John Rogers.

Paul has made a very significant contribution to WPP's success over nearly three decades with the Company, and he leaves with our best wishes and thanks.

Our Company Secretary, Marie Capes, who has been with WPP since its earliest days, decided in 2019 that she would step down from her current roles in 2020. The hallmark of her 34 years with WPP has been her complete dedication to the Company, and both the Board and the executive team would like to express their gratitude for everything she has done.

Marie hands over to new Company Secretary Balbir Kelly-Bisla, who joined us in April from William Hill plc where she held the same role.

We welcomed John Rogers to the Board in February. He was previously Chief Executive Officer of Sainsbury's Argos, where he led the digital transformation of one of the UK's leading technology-driven businesses. Before that he was Chief Financial Officer of J Sainsbury plc from 2010 to 2016, responsible for business strategy, new business development, Sainsbury's Online, operational efficiency and Sainsbury's Bank, in addition to core finance functions.

Our new Non-Executive Directors bring valuable new skills to the Board, in addition to those we need to replace as other directors conclude their terms.

The most recent appointee, Sandrine Dufour, provides important sectoral insight and expertise from her background in telecommunications, entertainment and media. Sandrine, who joined the Board in February 2020, will become Executive Vice President and Chief Financial Officer of UCB, the global biopharmaceutical company, on 1 July 2020. Until then she is Chief Financial Officer of Proximus, the Belgian telecommunications company. Prior to that she held various senior roles at Vivendi. Sandrine has joined our Audit Committee.

During 2019, we were joined by Cindy Rose OBE, CEO of Microsoft UK where she has responsibility for all of the company's product, service and support offerings. Cindy is one of the technology industry's leading figures, with extensive experience of consumer businesses and technology-driven transformation. Cindy has held leadership roles at Vodafone, Virgin Media and The Walt Disney Company. She is also a member of our Audit Committee.

Jasmine Whitbread began her career in international marketing in the technology sector before taking leadership roles at Oxfam and Save the Children, where she revitalised one of the UK's most established charities before taking on the role of International CEO. She is currently Chief Executive of London First and a Non-Executive Director of Standard Chartered plc. Jasmine joined our Compensation and Sustainability Committees.

Keith Weed, one of the world's most influential and respected marketers, brings deep understanding of our business and how it is being changed by technology. His most recent executive role was Chief Marketing and Communications Officer of Unilever, which included leading the company's ground-breaking sustainability programme. Keith is co-Chair of our new Sustainability Committee with Sally Susman.

The establishment of our first committee dedicated to sustainability at Board level underlines the fact that it has never been more important to our business – or to our clients, shareholders and stakeholders as a whole.

The new committee will consider the impact of WPP's own operations and our agencies' work for clients, and assess the Company's progress against the new targets set out in the 2019 Sustainability Report. WPP starts from a strong foundation, as a recognised leader in its sector. Our CEO outlines our performance over the last year in the introduction to this Annual Report.

WPP's new leadership team has placed a strong emphasis on the importance of purpose and a positive and values-led culture. Part of that is a commitment to ensure inclusive and diverse teams throughout the business, and the Board needs to set the standard in that regard.

I am pleased to report that the proportion of female directors has risen from 33% at the time of my last letter to 40% as I write this. Our ambition is that the figure will reach parity in the short term.

This is an important sign of our priorities as a company and our direction of travel, even as there remains work to do to create a more equal organisation at every level.

Any business that wants to be an employer of choice for outstanding people needs to display leadership and progress in these areas, and outstanding people are the reason clients continue to seek out and value our services.

As ever, the Board is very grateful for their commitment and their talent. What they do will be in high demand as societies and economies recover from the present crisis.

Roberto Quarta
Chairman
29 April 2020

OUR BOARD

CHANGES TO THE BOARD DURING THE YEAR:

Ruigang Li – retired from the Board on 12 June 2019

Cindy Rose OBE – appointed to the Board on 1 April 2019

Jasmine Whitbread – appointed to the Board on 1 September 2019

Keith Weed – appointed to the Board on 1 November 2019

COMMITTEE MEMBERSHIP KEY

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

For full biographical details of our Board members, please see **wpp.com/about/our-leadership**

ROBERTO QUARTA

CHAIRMAN

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

Nationality: Italian and American

Roberto has extensive and diverse experience in corporate governance and global commerce.

He is Partner and Chairman of Clayton, Dubilier & Rice Europe, a private equity firm, which allows him to bring valuable perspective to WPP, particularly when evaluating acquisitions and new business opportunities.

Roberto has an in-depth understanding of differing global governance requirements having served on the boards of a number of UK and international companies, including as Chairman of BBA Group plc, IMI plc and Rexel SA and as Non-Executive Director of BAE Systems plc, Equant NV and Foster Wheeler AG.

Other current appointments:
Chairman, Smith & Nephew plc.

MARK READ

CHIEF EXECUTIVE OFFICER

Appointed: 3 September 2018

Nationality: British

Mark has held multiple leadership positions at WPP, having first joined the Company in 1989. As Head of Strategy and then CEO of WPP Digital he was responsible for WPP's first moves into technology.

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.

In 2015, he became Global CEO of Wunderman, which he transformed into one of the world's leading creative, data and technology agencies.

Mark is regularly named among the world's top digital influencers. He is the Chairman of the Natural History Museum Digital Council and was recognised as a HERoes Champion of Women in Business in 2018 and 2019.

Other current appointments:
None.

PAUL RICHARDSON

GROUP FINANCE DIRECTOR

Appointed: 1996

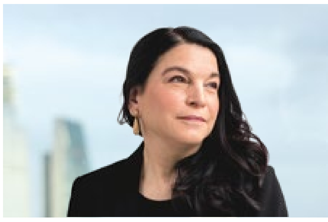
Nationality: British and American

Paul became Group Finance Director of WPP in 1996 after four years as Director of Treasury.

Paul is responsible for the Company's worldwide functions in finance, information technology, procurement, property, treasury, taxation, internal audit and sustainability. Paul is a chartered accountant and fellow of the Association of Corporate Treasurers.

Paul will retire from the Board on 1 May 2020.

Other current appointments:
None.



NICOLE SELIGMAN

SENIOR INDEPENDENT DIRECTOR, NON-EXECUTIVE DIRECTOR

Appointed: 1 January 2014 C N

Nationality: American

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.

Other current appointments:
Non-Executive Director, ViacomCBS Inc. Non-Executive Director, Far Point Acquisition Corporation. Non-Executive Director, MeiraGTx Holdings plc.

JACQUES AIGRAIN

NON-EXECUTIVE DIRECTOR

Appointed: 13 May 2013 A C

Nationality: Swiss and French

Jacques brings business, corporate finance and governance expertise to his role on the Board of WPP.

Currently a Senior Advisor at Warburg Pincus LLP, from 2001 to 2009 he was a member of the Executive Committee of Swiss Re AG. Prior to Swiss Re, he spent 20 years with JPMorgan Chase.

Jacques was previously Chairman of LCH Clearnet Group Ltd, a Director of the Qatar Financial Center Authorities and a Supervisory Board Member of Lufthansa AG and Swiss International Airlines AG.

Other current appointments:
Chairman, LyondellBasell NV.
Non-Executive Director, London Stock Exchange Group plc.
Chairman, Singular SAU.

TAREK FARAHAT

NON-EXECUTIVE DIRECTOR

Appointed: 11 October 2016 A

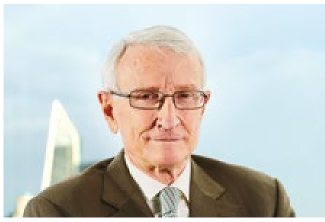
Nationality: Brazilian and Egyptian

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 in Europe, the Middle East and Latin America, leading multi-billion-dollar businesses for the company. His last position at Procter & Gamble was 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 Pilgrims Pride Corporation and Alpargatas. Tarek is currently a strategic advisor, consultant and partner for companies in the consumer goods and healthcare sectors.

Other current appointments:
None.



SIR JOHN HOOD

NON-EXECUTIVE DIRECTOR

Appointed: 1 January 2014 C

Nationality: New Zealander

Sir John brings deep knowledge and experience of international business to the Board, and provides analytical rigour arising from his leadership roles in higher education and research.

He has held advisory roles for the New Zealand and British governments and has served as a Non-Executive Director of British and New Zealand-based enterprises.

He was formerly Vice Chancellor of the University of Oxford and the University of Auckland.

Other current appointments:
President and CEO, Robertson Foundation. Non-Executive Director, Aurora Energy Research. Non-Executive Director, The Blackstone Group Inc.

DANIELA RICCARDI
NON-EXECUTIVE DIRECTOR
Appointed: 12 September 2013 N
Nationality: Italian

A senior FMCG, retail and fashion products executive, Daniela is a recognised leader in business development and branding. She is currently CEO of Baccarat, the international luxury goods company, and was previously CEO of Diesel Group.

Daniela has substantial global business experience, having spent 25 years at Procter & Gamble in senior management roles around the world – including Vice President of Procter & Gamble Colombia, Mexico and Venezuela, Vice President and General Manager of Procter & Gamble Eastern Europe & Russia and President of Procter & Gamble Greater China.

Other current appointments:
CEO, Baccarat. Non-Executive Director, Kering. Non-Executive Director, Comité Colbert.

CINDY ROSE OBE
NON-EXECUTIVE DIRECTOR
Appointed: 1 April 2019 A
Nationality: British and American

A high-profile leader in the technology and media sectors, Cindy has a deep understanding of the role of technology in business transformation.

As Microsoft UK CEO since 2016, she is responsible for Microsoft's product, service and support offerings across the UK. Prior to Microsoft, she was Managing Director of the UK Consumer division at Vodafone where she led the expansion of its retail store estate from 350 to over 500 stores.

Before Vodafone, Cindy was Executive Director of Digital Entertainment at Virgin Media. She also spent 15 years at The Walt Disney Company, ultimately as SVP & Managing Director of Disney Interactive Media Group.

Other current appointments:
None.

SALLY SUSMAN
NON-EXECUTIVE DIRECTOR
Appointed: 13 May 2013 N S
Nationality: American

Sally brings expertise in communications, public affairs, governance and strategy to the Board. She is Executive Vice President, Chief Corporate Affairs Officer for Pfizer, the world's largest biopharmaceutical company. She also heads Pfizer's corporate responsibility group and plays a key role in shaping policy initiatives.

Before joining Pfizer in 2007, Sally was EVP of Global Communications at Estée Lauder, where she directed global corporate affairs strategy and served as a member of the Executive Committee.

Sally previously held several senior corporate affairs posts at American Express, in both London and the United States.

Other current appointments:
Co-Chair, International Rescue Committee.

SOLOMON D. (SOL) TRUJILLO
NON-EXECUTIVE DIRECTOR
Appointed: 12 October 2010 A
Nationality: American

An international business executive with three decades of leading high-cap global companies in the United States, Europe and Asia Pacific, Sol has wide board and corporate governance experience in the technology, media and digital sectors.

Sol has managed operations in over 25 countries from Europe and North America to China, Australasia, Africa and the Middle East.

He is a Senior Advisor to Bain & Company and Chairman of Trujillo Group LLC, which manages investments and examines emerging trends in the broader digital space.

Other current appointments:
Director, Western Union. Chairman, Silk Road Telecommunications.

KEITH WEED
NON-EXECUTIVE DIRECTOR
Appointed: 1 November 2019 S
Nationality: British

Keith has a deep understanding of WPP's business, the ways in which technology is transforming marketing and the sectors in which WPP operates.

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. From 2010 to 2019, Keith was Chief Marketing and Communications Officer at Unilever, a role that included creating and leading Unilever's ground-breaking sustainability programme.

Other current appointments:
Board member, Business in the Community. Board member, Grange Park Opera. President, the UK Advertising Association.

JASMINE WHITBREAD
NON-EXECUTIVE DIRECTOR
Appointed: 1 September 2019 S C
Nationality: British and Swiss

Jasmine's experience spans marketing, technology, finance, media, telecommunications and not-for-profit organisations. Jasmine brings this breadth of perspective and knowledge of many of WPP's client sectors to the Board.

Jasmine is currently Chief Executive of London First. Between 2005 and 2015, Jasmine worked for Save the Children, from 2010, as International Chief Executive Officer. In this role, Jasmine led the merger of 14 separate organisations into one management line of 15,000 people across seven regions and 60 countries. Jasmine began her career in international marketing in the technology sector. Jasmine has previously served as a Non-Executive Director of BT Group plc.

Other current appointments:
Non-Executive Director, Standard Chartered plc.

DIRECTOR APPOINTMENTS SINCE YEAR-END

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

Sandrine brings deep financial expertise gained in global companies and strong strategic capability to the Board. Sandrine 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 Proximus. Prior to Proximus, Sandrine held a number of leadership roles at Vivendi, in France and in the United States, across its entertainment and telecommunications business, covering areas including finance and strategy, M&A, innovation and transformation. Sandrine has held non-executive director roles, most recently at Solocal Group. Sandrine will become CFO of UCB on 1 July 2020.

Other current appointments:
None.

JOHN ROGERS
CHIEF FINANCIAL OFFICER DESIGNATE
Appointed: 3 February 2020
Nationality: British

John became Chief Financial Officer Designate of WPP in February 2020, joining from J Sainsbury plc where he was Chief Executive Officer of Argos, leading its integration into the Sainsbury's business and its digital transformation into one of the UK's leading online retailers.

He was previously the Chief Financial Officer of J Sainsbury plc, responsible for its 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 recently sat on the Retail Sector Council, which acts as a point of liaison between the UK Government and retail sector.

Other current appointments:
Non-Executive Director, Travis Perkins plc.

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 96.

JOHN ROGERS
CHIEF FINANCIAL OFFICER DESIGNATE

Biography can be found on page 97.

AJAZ AHMED
CHIEF EXECUTIVE OFFICER, AKQA

Ajaz is the founder and CEO of AKQA, which became part of WPP in 2012. Recognised as a creative pioneer, AKQA has won over 50 Agency of the Year awards.

STEPHEN ALLAN
WORLDWIDE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MEDIACOM

Stephen became Worldwide CEO and Chairman of MediaCom in 2008. Under his leadership the agency has grown into one of the world's top media networks.

JACQUI CANNEY
CHIEF PEOPLE OFFICER

Jacqui joined WPP in 2019 from Walmart, where she served as Chief People Officer, having previously worked at Accenture. She is responsible for all elements of WPP's people strategy.

JON COOK
GLOBAL CHIEF EXECUTIVE OFFICER, VMLY&R

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

MEL EDWARDS
GLOBAL CHIEF EXECUTIVE OFFICER, WUNDERMAN THOMPSON

Mel was appointed as CEO of the newly formed Wunderman Thompson in 2018, having previously been the Global CEO of Wunderman. She joined Wunderman as UK CEO in 2012.

NICK EMERY
GLOBAL CHIEF EXECUTIVE OFFICER, MINDSHARE

Nick co-founded Mindshare in 1997. The agency is the current Cannes Lions Media Network of the Year and number one agency network in the WARC Media 100.

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 & International and Client Leader for GSK.

RICHARD GLASSON
GLOBAL CHIEF EXECUTIVE OFFICER, HOGARTH

Richard became CEO of Hogarth Worldwide in 2016, having joined the marketing implementation agency in 2011. His prior role was CEO of Gyro International, the B2B marketing specialist.

ANDREA HARRIS
GROUP CHIEF COUNSEL AND HEAD OF SUSTAINABILITY

Andrea was appointed as Group Chief Counsel in 2005 having joined WPP in 1996. In 2017 she also became the Company's Head of Sustainability.

MICHAEL HOUSTON
GLOBAL CHIEF EXECUTIVE OFFICER, GREY

Grey is among the industry's most-awarded creative agencies. Michael became CEO of Grey Group in 2017, after roles including Global President and CEO of Grey North America.

DONNA IMPERATO
GLOBAL CHIEF EXECUTIVE OFFICER, BCW (BURSON COHN & WOLFE)
Appointed CEO of the newly formed Burson Cohn & Wolfe in 2018, Donna was previously CEO of Cohn & Wolfe. BCW is one of the world's largest full-service communications agencies.

TOBY JENNER
GLOBAL CHIEF EXECUTIVE OFFICER, WAVEMAKER
Toby was named CEO of global media network Wavemaker in 2019. He was previously Worldwide Chief Operating Officer of MediaCom, where he spent 11 years in a range of senior roles.

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.

LINDSAY PATTISON
CHIEF CLIENT OFFICER
Lindsay became Chief Client Officer of WPP in 2018. Prior roles include Chief Transformation Officer of WPP and Global CEO of Maxus, which she joined as UK CEO in 2009.

STEPHAN PRETORIUS
CHIEF TECHNOLOGY OFFICER
Stephan was appointed as WPP's first CTO in 2018. Before that he was UK Group CEO and Global CTO of Wunderman, having joined the company in 2016.

ANDREW SCOTT
CHIEF OPERATING OFFICER
Andrew joined WPP in 1999 as Director of Corporate Development. He held a number of other senior roles including Chief Operating Officer for Europe before being appointed COO in 2018.

JOHN SEIFERT
WORLDWIDE CHIEF EXECUTIVE OFFICER, OGILVY
John is a 40-year veteran of Ogilvy, one of the world's most celebrated agencies. He was appointed Worldwide CEO in 2016 after leading the agency's North American operations.

CORPORATE GOVERNANCE REPORT

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.

OUR GOVERNANCE STRUCTURE

BOARD

Report from page 94

AUDIT COMMITTEE

Report from page 109

NOMINATION & GOVERNANCE COMMITTEE

Report on page 108

COMPENSATION COMMITTEE

Report from page 114

SUSTAINABILITY COMMITTEE

Report on page 107

DISCLOSURE COMMITTEE

EXECUTIVE COMMITTEE

BOARD ATTENDANCE TABLE: 2019

	Board				Nomination and Governance Committee		
	(Scheduled meetings)	(Unscheduled meetings)[1]	Audit Committee	Compensation Committee	(Scheduled meetings)	(Unscheduled meetings)	Sustainability Committee[2]
Roberto Quarta	6/6	4/4		7/7	5/5	1/1	
Mark Read	6/6	4/4					
Paul Richardson	6/6	4/4					
Jacques Aigrain	6/6	4/4	9/9	7/7			
Tarek Farahat	6/6	3/4	9/9				
Sir John Hood	6/6	4/4		7/7			
Daniela Riccardi	6/6	3/4			5/5	0/1	
Cindy Rose OBE – *appointed on 1 April 2019*	4/4	3/4	4/5				
Nicole Seligman	6/6	4/4		7/7	5/5	1/1	
Sally Susman	6/6	3/4			4/5	1/1	1/1
Solomon D. (Sol) Trujillo	6/6	4/4	8/9				
Keith Weed – *appointed on 1 November 2019*	1/1						1/1
Jasmine Whitbread – *appointed on 1 September 2019*	2/2	1/1		2/2			1/1
Former Directors who served for part of the year							
Ruigang Li – *retired on 12 June 2019*	0/3	0/1			0/3		

1 Additional unscheduled meetings of the Board took place in relation to the sale of 60% of Kantar.
2 The Sustainability Committee was established on 12 December 2019.

COMPOSITION AND DIVERSITY

ENSURING A BALANCED BOARD

The composition of the Board and its Committees is under regular review and the range of skills and capabilities at Board level is assessed for relevance to the execution of our transformation and strategy. Cultural and gender diversity, expertise in important markets such as China, and experience in technology, ecommerce and finance are key requirements for future Non-Executive Directors.

DIVERSITY

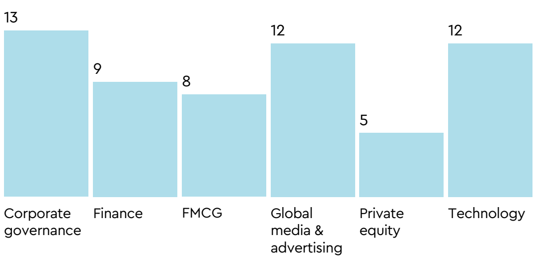
The Board's policy on diversity commits WPP to increasing diversity across the Company and supports the development and promotion of all talented individuals. As at the date of this report, women comprised 40% of the WPP Board and 50% of Non-Executive Directors including the Senior Independent Director.

INDEPENDENCE AND RE-ELECTION TO THE BOARD

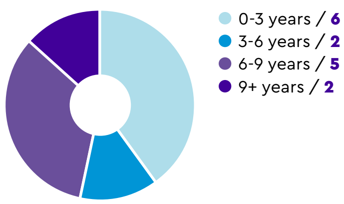
The independence, effectiveness and commitment of each of the Non-Executive Directors have been reviewed by the Nomination and Governance Committee and as part of the Board evaluation detailed on page 103. We were satisfied with the contributions and time commitment of all the Non-Executive Directors during the year. The Committee was confident that each of the Non-Executive Directors remains independent and will be in a position to discharge their duties and responsibilities in the coming year. With the exception of Sol Trujillo, Sir John Hood, Daniela Riccardi and Paul Richardson who are retiring from the Board and Sandrine Dufour, John Rogers, Keith Weed and Jasmine Whitbread whose appointments are being ratified for the first time, all the Directors will stand for re-election at the 2020 AGM with the support of the Board.

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

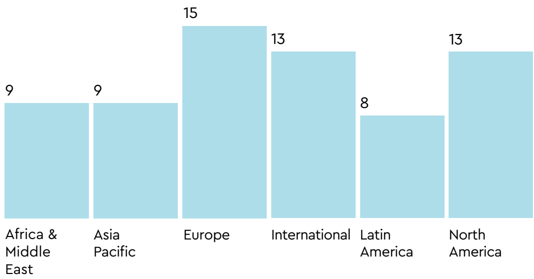
SKILLS



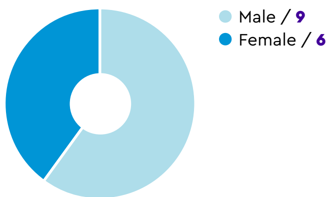
TENURE



GEOGRAPHICAL EXPERIENCE



GENDER



* Information as at the date of this report

SUCCESSION PLANNING

As noted in last year's Annual Report, during late 2018, Paul Richardson, Group Finance Director, informed the Board that he planned to retire. A subcommittee of the Nomination and Governance Committee oversaw the search for his successor, with the assistance of Spencer Stuart Associates.

John Rogers, formerly CEO of Sainsbury's Argos, was appointed to replace Paul Richardson as a consequence of the search process. John joined the Board as CFO Designate on 3 February 2020 and will take over from Paul Richardson as Chief Financial Officer at the beginning of May 2020.

A key focus of the Nomination and Governance Committee has been on Board refreshment. The outcome of this process resulted in the Committee recommending the appointment of four new Non-Executive Directors to the Board. The Board agreed with the Committee's recommendations and Cindy Rose, Keith Weed, Jasmine Whitbread and Sandrine Dufour were appointed to the Board.

For further details on the succession planning subcommittee and Non-Executive Director succession planning, see our Nomination and Governance Committee report on page 108.

PROCESS OF APPOINTING THE NEW CHIEF FINANCIAL OFFICER

SETTING ROLE REQUIREMENTS	IDENTIFYING CANDIDATES	PROCESS	RECRUITMENT
With input from the Board, shareholders, clients and senior management, a subcommittee of the Nomination and Governance Committee prepared a detailed specification for the role of Chief Financial Officer, identifying the skills, knowledge, experience and attributes required.	Spencer Stuart Associates assisted with the search for candidates and prepared a shortlist of internal and external candidates most suited to the role specification.	The subcommittee reviewed the shortlist and identified a number of candidates for interview. Interviews were conducted by members of the executive team and the subcommittee, focused on each candidate's skills and experience for the role.	It was concluded after an extensive search process that John Rogers was the strongest candidate and had the skills and experience to support the implementation of the transformation plan. The Board agreed with the subcommittee's recommendation.

PROCESS FOR REFRESHING THE NON-EXECUTIVE DIRECTORS ON THE BOARD

SETTING ROLE REQUIREMENTS	IDENTIFYING CANDIDATES	PROCESS	RECRUITMENT
The Nomination and Governance Committee prepared detailed specifications for the skills, knowledge, experience and attributes required for new Non-Executive Directors to join the Board.	Russell Reynolds undertook an extensive search process to identify potential candidates in the external market.	The Nomination and Governance Committee met frequently and extensively discussed the merits of the candidates and interviewed those with the most potential.	The Committee identified a number of candidates through 2019 who would bring new skills to the Board, refresh the Committees and provide succession plans for the Chairs of Committee and candidates for the new Sustainability Committee.

INDUCTION AND TRAINING

INDUCTION FOR NEW NON-EXECUTIVE DIRECTORS

The new Non-Executive Directors received tailored induction programmes relevant to their roles on the Board and Committees they joined. These induction programmes included meetings with senior management and members of the Executive Committee, access to historical minutes and Board materials, visits to some of our businesses and meetings with external advisors including the Auditors and Company brokers.

PROFESSIONAL DEVELOPMENT AND DIRECTOR TRAINING

In 2019, in addition to the regular presentations from the management teams of our businesses on developments in our sector and use of technology, the Board received bespoke training sessions on the corporate governance rules in the UK and the United States, with a specific focus on independence and managing conflicts of interest.

BOARD INDUCTION

On completion of the induction programme, all new Directors should have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the operations and the work of the Committees they are joining.

BOARD PERFORMANCE EVALUATION

2018 BOARD EVALUATION PROCESS

During 2018 the Board performance evaluation was externally facilitated by Dr Long of Boardroom Review Limited, who has no other connection with the Company or individual directors. Dr Long identified three key recommendations for 2019. Progress against each recommendation has been assessed as part of our internal Board effectiveness review.

KEY RECOMMENDATIONS FOR 2019	PROGRESS DURING 2019
BOARD COMPOSITION The Board's contribution is dependent on its ability to add strategic relevance, diversity of perspective and governance expertise. The Board should constantly evolve its skills mix.	**BOARD COMPOSITION** Four new Non-Executive Directors have been appointed to the Board and John Rogers has joined the Board as CFO Designate.
SUPPORTING THE TRANSFORMATION Continuous level of domain knowledge and visibility of the changing landscape.	**SUPPORTING THE TRANSFORMATION** The changes made to the Board and Committee composition in 2019 have enhanced domain knowledge.
CONTINUED FOCUS ON THE RISK FRAMEWORK The transformation will demand continued focus on risk, enterprise resilience and the global compliance framework from the Board and its Committees.	**CONTINUED FOCUS ON THE RISK FRAMEWORK** The focus and enhancements being made to the risk framework are set out on pages 80-83.

2019 BOARD EVALUATION PROCESS

The Board performance evaluation in 2019 was internally facilitated by Nicole Seligman, Senior Independent Director. The 2019 review comprised a questionnaire completed by each director which drew on the recommendations of Dr Long in 2018 and the issues dealt with by the Board and Committees throughout the year. The questionnaire was reviewed with Dr Long.

Nicole Seligman then conducted individual discussions with each Board member and discussed the performance of the Chairman and the Chairs of the respective Committees. The outcome of the questionnaire and the discussions were shared with the Chairman and the findings were also discussed by the full Board in March 2020.

The key areas of focus and recommendations for 2020 are as set out opposite.

EVALUATION OF THE CHAIRMAN

The performance evaluation found that following the CFO succession process, the Chairman continues to transition the Board through a period of change and transformation and has developed a supportive relationship with the new CEO. There are constructive relationships between the Chairman, the Senior Independent Director and the Committee Chairs and in collaboration with the CEO, the Chairman is redeveloping the Board's way of working.

KEY AREAS OF FOCUS

OUTCOMES

The Board has effective leadership in place, with strong support for and relationships between the Chairman, CEO, the Senior Independent Director and Committee Chairs. The Board has been going through a process of refreshment, focusing on succession for the CFO, and membership of the Committees including the formation of the new Sustainability Committee, and is very much engaged with the strategic process and transformation plan. There is continued focus on business integrity, culture, sustainability, cyber security, data privacy and the risk and control framework.

KEY RECOMMENDATIONS FOR 2020

TRANSFORMATION AND SIMPLIFICATION
Continued focus on domain knowledge for the Board and new members, understanding the evolving landscape and process of transformation.

FOCUS ON THE RISK FRAMEWORK
Continued focus on risk and risk appetite, enterprise resilience, business integrity and culture and the controls framework from the Board and its Committees.

BOARD MODUS OPERANDI
Ensuring the Board continues to evolve how it functions and its skills mix and how it engages with stakeholders.

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 considers 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.

Decisions of the Board are taken after receiving reports from management on issues concerning our stakeholders and after discussing the impact of that decision on our employees, clients, partners, investors, governments and regulators where relevant, reflecting what are referred to as Section 172 duties. These duties derive from UK legislation, which WPP is not subject to being incorporated in Jersey. Nonetheless, as described in this section, WPP's Board has had regard to the matters described in Section 172.

A CHANGING STAKEHOLDER ENVIRONMENT

As our industry continues to change, so too has the way in which we interact with our stakeholders. The line that separates client, stakeholder, partner and competitor has become increasingly blurred, as they are all interconnected. Google is a client, supplier and partner, for example.

ENGAGEMENT IN ACTION

KANTAR SALE

The Chairman, CEO, CFO and COO, as well as members of the investor relations team, regularly discussed the rationale for the Kantar transaction with investors, as well as the potential allocation of proceeds between debt reduction and a return to shareholders. In addition, investors were invited to outline their own preference between a special dividend and some form of share buyback.

Consultations and meetings also took place in relation to the transaction with the largest clients of the Group and with suppliers impacted by the disposal and with works councils representing employees of Kantar in a number of jurisdictions.

99.99%

shareholder vote approving sale of 60% of Kantar business at a General Meeting held on 24 October 2019

TOP CONSIDERATIONS

1. **What is the financial impact of the Kantar transaction?**
Financial leverage is reduced to the low end of WPP's target range of 1.5-1.75x average net debt/EBITDA for 2020, a year ahead of the target date. The £950m share buyback programme announced in December 2019 and suspended in March 2020, as a consequence of Covid-19, would partially mitigate the impact of the transaction on headline earnings per share.

2. **Why are you reducing your exposure to data when some of your competitors are increasing theirs?**
Kantar is a different type of data business to the assets that our peers have been acquiring, so the value of the comparison is limited. Our focus is on combining multiple relevant data sources (for example, our clients' customer data, and data from third-party platforms such as Google and Facebook) to help clients run effective campaigns. We don't need to own data to do this, and ownership of some data is becoming increasingly regulated and complex.

3. **Why have you retained a 40% stake?**
The 40% stake allows us to share in any future upside in valuation in Kantar, and was also an attractive structure for Bain Capital, who value the ongoing partnership. It also provides continuity for our clients.

4. **Will you still get access to Kantar's data?**
Yes. There is significant overlap between Kantar's customer base and the rest of WPP, and our agencies will continue to use Kantar where appropriate to inform their work for clients.

5. **How did you decide on the split of proceeds between debt reduction and returning funds to shareholders?**
We were keen to strike a balance between reducing debt to a level which would insulate us from any downturn in the economic cycle, while also giving us flexibility to invest if opportunities arise, and limiting the impact of the transaction on headline earnings per share. We consulted widely with shareholders, the significant majority of whom have been very supportive of the split.

OUR ENGAGEMENT DURING 2019

The following table summarises our key stakeholders, as well as the engagement that has been undertaken across the business during the year:

STAKEHOLDER GROUP	HOW WE ENGAGED IN 2019
SHAREHOLDERS Engagement with our shareholders is an ongoing process. In 2019 as we implemented the first year of our new strategy and the disposal of 60% of Kantar, we have engaged with major shareholders and analysts at meetings with our Chairman, Committee Chairs, CEO, COO and our investor relations team, at our investor day, AGM, EGM and through webcasts and ongoing email exchanges.	The presentations remain on our website, together with updates on our progress. We have held meetings with major shareholders in relation to the use of the proceeds of sale of Kantar and in relation to the Compensation Policy to be considered by shareholders at the 2020 AGM. We have attended meetings with shareholders in major cities in the UK, US and Europe and attended all the major conferences in our sector. Our 2019 AGM and EGM were both well attended, and all proposed resolutions passed. Each shareholder meeting gave our shareholders the opportunity to pose questions directly to the Board. We provided live webcasts of our AGM, EGM and investor day which allowed for engagement by all shareholders, regardless of location. Our investor relations team responded to daily questions from shareholders and analysts and we have listed some of these on page 104.
CLIENTS AND PARTNERS Our clients are in many cases also our partners providing services to our Company and may also be our competitors. We are constantly engaging through our Client Team Leaders, our respective CEOs, participation in collaborative training, our unconference event Stream, joint sustainability and pro bono initiatives and on shared policy initiatives such as the Business Against Slavery forum.	During the year this included client presentations at our Board meetings and client participation in events, such as our WPP investor day and strategy conference. Our people participated in multiple events with Adobe, Microsoft, Amazon and Google during the year focused on new products and workflow innovation. The issues we engaged with our clients and partners on in 2019 included the disposal of 60% of Kantar, our new strategy and the changes taking place in our market and understanding the changes taking place in our clients' and suppliers' markets, our preparations for and impact of the CPPA and our SAFER DATA training, the issues raised by Brexit for our Company and people and the due diligence undertaken on our supply chain, diversity and inclusion, transparency in our media businesses, brand safety and sustainability initiatives including the single-use plastics initiative.
GOVERNMENT/NGOs/REGULATORS We engage with governments, regulators and NGOs to inform the policy frameworks that affect our Company, clients, investments and competitive environment and support our strategic goals.	We are a founding member of the Business Against Slavery Forum in conjunction with the Modern Slavery Unit at the UK Home Office and participated in the forum throughout the year. We work directly with the UN through our Common Ground initiative, partnering with UN Women to tackle gender inequality, and with the UN Framework Convention on Climate Change (UNFCCC) to encourage people from around the world to take action on climate change. During the year WPP signed up to the New Plastics Economy Global Commitment led by UN Environment and the Ellen MacArthur Foundation (EMF), and is supporting EMF to drive greater awareness of the circular economy. For more information on our work with NGOs, see page 66. For examples of our pro bono work, see pages 6, 67 and 75. We responded to numerous government consultations including, in the UK, the CMA Market Study into Online Platforms.
INDEXES/TRADING ASSOCIATIONS We have representatives on our industry bodies in the markets in which we operate who engaged on issues that affect our people, clients and competitors. We contributed during the year to indexes that provide meaningful data on governance and policy issues.	We are members of the IPA in the UK and the 4A's in the US and engaged on topics such as transparency in media trading and brand safety. We participated in the Business Disability Forum, Business in the Community and the CBI. We also participated in the Corporate Equality Index and the Corporate Political Engagement Index.

OUR ENGAGEMENT DURING 2019 CONTINUED

STAKEHOLDER GROUP	HOW WE ENGAGED IN 2019	
PEOPLE We depend on the talent, creative abilities and technical skills of our people. To attract and retain the best and most forward-thinking talent, we are focused on embedding our new culture, improving diversity and inclusion and investing in skills and creativity.	We use formal and informal mechanisms to assess and improve employee engagement and satisfaction. People forums are one example, which were piloted in 2019 in the UK. The views and ideas raised through these forums are shared with our Non-Executive Directors responsible for workforce engagement. See below for more details.	Employee surveys help us assess and act on engagement and satisfaction levels. In 2020, we will launch our first Company-wide employee survey. The vast majority (95%) of our companies carry out exit interviews with leavers, which often provide helpful feedback on our culture and practices. Across our operating companies, sustainability enthusiasts are creating Green Teams to embed sustainability initiatives in their companies and driving change in their office.

TOP THREE PRIORITIES IDENTIFIED BY EMPLOYEES

1

Creating cultures where all talent can thrive

2

Flexible working

3

Sustainability

PEOPLE FORUMS

To ensure our Board understands the views of our employees on WPP's purpose, values and strategy, in 2019 we established our first People Forum in the UK. Sponsored by our UK Country Manager, the Forum has representatives from across our UK business who gather feedback from their agencies to feed up to the WPP Board. The Board also consults the Forum on key people issues.

The UK People Forum met three times during the year. In its first meeting, the Forum identified the top priorities for employees, which included "creating cultures where all talent can thrive" (top priority) and "sustainability" (third priority). As a direct result of feedback through this Forum, we are piloting a new Sustainability Knowledge Hub to share best practice and foster collaboration on sustainability issues across our agencies. We also launched the single-use plastics initiative (see page 72) and developed resources in collaboration with the Forum.

In 2020, we will roll out an India People Forum representing employees from Mumbai, Delhi and Bangalore.

Sally Susman stepped down from her role as one of the Non-Executive Directors responsible for engaging with the Forum in December 2019 when she became co-Chair of the Sustainability Committee and Cindy Rose has been elected to this role.

SUSTAINABILITY COMMITTEE REPORT

Our newest Committee held its first meeting on 12 December 2019

Committee members:
- Sally Susman (co-Chair)
- Keith Weed (co-Chair)
- Jasmine Whitbread

Key responsibilities
- Understanding the sustainability challenges and opportunities for the Group
- Engaging with stakeholders
- Assessing the Group's current strategy footprint, identifying materiality and reviewing sustainability targets and commitments

PACKAGING REINVENTED

Costa Rica produces 560 tons of plastic waste a day. Geometry asked eco-activists to share photos of products with unnecessary layers of plastic on social media and challenged young product designers to create sustainable alternatives that save time, money, and our planet, publishing solutions online for companies to access and implement.

DEAR SHAREHOLDER

The world is changing around us more quickly than ever before with significant risks and opportunities for our business and for those of our clients. While changes in technology have been rapid and highly impactful and attracted considerable Board focus, there have also been rapid changes in the area of ESG and sustainability.

The WPP Sustainability Committee has been formed to give increased focus in this area for the Board and the Group, to strive to meet the expectations of our stakeholders (from our clients, investors and people to NGOs, consumers and society at large), as well as to ensure we are managing our risks and taking advantage of the opportunities.

We held our first meeting in December 2019 at which we adopted the terms of reference and agreed the scope of work for the Committee for 2020. The Sustainability Committee will first gain an understanding of the breadth of sustainability work already in progress across the business and will then identify what is material in forming WPP's sustainability strategy and review the KPIs to help measure effectiveness of delivery. That workstream has already begun with an in-depth review of the workstreams in January 2020. The sustainability section on pages 58-79 sets out the new carbon and renewable targets the Group has set this year, which are net zero carbon emissions in our Campuses by 2025 and 100% renewable electricity by 2025, as well as the target, set in 2017, of 0.41 tonnes CO_2e per employee by 2030.

At our meeting in December we also reviewed the single-use plastics policy launched by the Group in 2019, to phase out plastics that cannot be renewed, recycled or composted across all the Group's 3000+ offices and Campuses by the end of 2020. In addition to the policy, the Committee also reviewed the seven-step action plan produced by the Company, a playbook to embed the policy and audit plan to be adopted by the Group companies to support the policy.

The Committee members all bring a great depth of knowledge and experience in the area of ESG and sustainability and we are very much looking forward to our new role for the Company.

Sally Susman **Keith Weed**
Co-Chairs of the Sustainability Committee
29 April 2020

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Committee members:
- Roberto Quarta (Chairman)
- Ruigang Li (retired 12 June 2019)
- Daniela Riccardi
- Nicole Seligman
- Sally Susman

Highlights
- Chief Financial Officer appointment
- Appointment of four Non-Executive Directors including a successor to become Chair of the Compensation Committee
- Focus on Board composition and succession to support the transformation plan
- First reports received from and engagement with the UK People Forum

Key responsibilities
- Evaluates Board composition and ensures Board diversity and a balance of skills
- Reviews executive succession plans to maintain continuity of skilled resource
- Oversees matters relating to corporate governance

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

DEAR SHAREHOLDER

The focus of the work of the Committee in 2019 has been the recruitment and appointment of the Chief Financial Officer, the appointment of four new Non-Executive Directors, including a successor as Chair of the Compensation Committee.

BOARD AND COMMITTEE CHANGES

2019 was the first full year of transformation for the Company and as part of our ongoing succession planning for the Board, a number of changes have taken place during 2019.

Three of our long-standing Non-Executive Directors, Sol Trujillo, Sir John Hood and Daniela Riccardi, will not stand for re-election at the AGM in 2020. Jasmine Whitbread will succeed Sir John Hood as Chair of the Compensation Committee following the AGM.

We established a separate Sustainability Committee in December 2019. Sally Susman and Keith Weed were elected as co-Chairs and Jasmine Whitbread was elected as a member of this new Committee, all bringing a great depth of experience in sustainability.

COMMITTEE EFFECTIVENESS

The Board performance evaluation this year concluded that the Committee is operating effectively and has continued to manage a significant level of change in the Board to ensure an enhanced mix of skills for the Board and its Committees.

DIRECTOR APPOINTMENT PROCESS

The Committee adopts a formal and transparent process when recruiting Directors with due regard to the skills, knowledge and level of experience required including geographic experience and diversity.

EXECUTIVE DIRECTOR

The Committee established a succession planning subcommittee comprising me as Chairman, Nicole Seligman, Jacques Aigrain and Sally Susman to assist with the recruitment of the new Chief Financial Officer. Spencer Stuart Associates assisted the Company in the recruitment process and is independent of the Company.

NON-EXECUTIVE DIRECTORS

Russell Reynolds, who are also independent of the Company, assisted the Committee during the search process for new Non-Executive Directors, to find those candidates who have the skills and experience to align the Board's composition with the Company's strategic objectives and transformation plan whilst increasing our diversity.

SUCCESSION PLANNING

In addition to succession planning for Board roles, the Committee received presentations from the Chief Executive Officer and Chief People Officer on succession planning for senior management to support the transformation plan. The Committee monitors a schedule on the length of tenure, skills, experience and diversity of the Board.

PEOPLE FORUMS

The Committee received the minutes of the three UK People Forum Meetings during the year and Daniela Riccardi attended one of the meetings to discuss issues raised and engage with the members of the UK People Forum on diversity and inclusion and the implementation of the transformation programme across the Group.

Sally Susman stepped down from her role as one of the Non-Executive Directors responsible for workforce engagement in December 2019 when she became co-Chair of the Sustainability Committee and Cindy Rose has been elected to this role.

ACTION PLAN

For 2020 the Committee plans to continue to look to enhance the cultural diversity and skills balance on the Board and review succession plans for key roles across the business, as well as employee engagement through the establishment of additional People Forums in different markets across the Group.

GOVERNANCE

The Committee oversees the governance agenda on behalf of the Board and received updates on corporate governance developments and the sustainability strategy during the year and has considered the impact of those developments and strategy on the Company.

Roberto Quarta
Chairman of the Nomination and Governance Committee
29 April 2020

AUDIT COMMITTEE REPORT

Committee Members in 2019
- Jacques Aigrain (Chairman)
- Tarek Farahat
- Cindy Rose OBE (appointed 1 April 2019)
- Solomon D. (Sol) Trujillo

Highlights in 2019
- Monitored the financial information provided to shareholders on the disposal of 60% of Kantar and reviewed the related significant financial reporting judgements
- Monitored the development of the Group's risk management framework including the formation of the Company's business integrity function and the roll out of enterprise and network level Risk Committees
- Carried out an in-depth review of the Group's internal financial control system, with a focus on monitoring remediation and compliance with Section 404 of SOX
- Considered the change in the Group's reported operating segments and monitored compliance with IFRS 8 Operating Segments
- Reviewed the implementation of IFRS 16 Leases from 1 January 2019

Key responsibilities
- Monitors the integrity of financial information provided to shareholders, including the review of significant financial reporting judgements
- Reviews the integrity, adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management systems, including the risk management framework and related compliance activities
- Monitors and reviews the effectiveness of the Group's internal audit function
- Reviews the effectiveness of the external audit process and reviews and monitors the independence and objectivity of the external auditors

DEAR SHAREHOLDER

I am pleased to present the Audit Committee report which reviews the Committee's work and focus over the past year.

MEETINGS

The Committee held nine meetings during 2019, which were attended by Deloitte LLP (the Company's external auditors, "Deloitte"), the Company's Chairman, the Senior Independent Director, the Group Finance Director, the Chief Executive Officer, the Chief Operating Officer, the Director of Internal Audit, the Group Chief Counsel, the Group Chief Accountant and the Company Secretary. Individual attendance by the Committee members during 2019 is set out in the table on page 100.

The Committee held separate private meetings with Deloitte, the Director of Internal Audit, the Group Chief Counsel, the Chief Executive Officer and the Group Finance Director. The Committee Chairman held pre-meetings with Deloitte and regular meetings with the Company's Directors of Internal Audit, Tax and Treasury and the Group Chief Counsel. The Committee Chairman has an ongoing dialogue with the Group Finance Director, the Group Chief Accountant, the Director of Internal Audit and the Director of Tax and reports to the Board, as a separate agenda item, on the activities of the Committee at the following Board meeting.

COMMITTEE RESPONSIBILITIES AND HOW THEY WERE DISCHARGED IN 2019

The Committee's responsibilities are set out in its terms of reference. The Committee's key responsibilities are as follows:

- monitoring the integrity of the Group's financial statements and formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements and disclosures;
- monitoring and reviewing the Group's internal financial, operational and compliance controls and internal control system. Overseeing the Group's compliance with Section 404 of SOX;
- reviewing and monitoring the activities and effectiveness of the Group's internal audit function. Reviewing and approving the WPP Internal Audit charter;
- reviewing and monitoring the Company's risk management framework. Assisting the Board in carrying out a robust assessment of emerging and principal risks. Overseeing the Group's risk exposure and risk strategy;
- reviewing the effectiveness of the external audit process, reviewing and monitoring the independence and objectivity of Deloitte. Reviewing and approving Deloitte's terms of engagement and remuneration;
- monitoring applicable accounting and legal reporting requirements, including all relevant regulations of the FCA, the SEC, the NYSE and the Jersey Financial Services Commission and the UK Corporate Governance Code;
- reviewing the Company's systems and controls for ethical behaviour, the matters reported on the Group's Right to Speak helpline and the investigations and actions undertaken by the Group in response;
- reviewing the Group Treasury policy, focusing on debtors, working capital and cash management;
- reviewing reports on any material litigation or regulatory reviews involving Group companies;
- reviewing the Group's acquisitions strategy, earn-out payment liabilities and integration processes; and
- reviewing the Group's tax position and UK tax strategy.

FAIR, BALANCED AND UNDERSTANDABLE

A subcommittee of the Board including members of the Committee examined whether the Annual Report taken as a whole was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The subcommittee received an early final draft of the Annual Report for review and comment and verification notes and confirmation from the Disclosure Committee relating to the composition of the Annual Report. The Board subsequently considered the Annual Report as a whole and discussed the Annual Report's tone, balance and language for compliance with these standards. The Board's statement on the Annual Report is on page 200.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS

Key accounting judgements made by management were reported to and examined by the Committee and discussed with management and Deloitte. The Committee considered the following significant financial reporting judgements in relation to the financial statements:

AREA OF FOCUS	ACTIONS TAKEN/CONCLUSION
Kantar: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations The judgements made in relation to the accounting and reporting implications of the Kantar disposal.	The Committee considered management's ongoing assessment of the conditions that must be satisfied in order to conclude a disposal group is "held for sale". The Committee monitored progress of the transaction during 2019 and management's continued application of the guidance. The Committee was satisfied with management's conclusion as to when the Kantar group classified as "held for sale". The Committee reviewed management's judgements in relation to the key accounting and disclosure impacts of the transaction.
Kantar: disposal accounting The calculations of the loss on disposal of the Kantar group.	The Committee reviewed the judgements made by management in accounting for the disposal of the Kantar group. The Committee considered and discussed the related accounting disclosures with management and Deloitte and concluded that these were appropriate.
IFRS 8 Operating Segments The review of the Group's reported operating segments and compliance with IFRS 8.	The Committee considered management's proposed changes to the Group's reported operating segments and challenged management's approach and assessment of the criteria under IFRS 8 Operating Segments. The Committee received further comprehensive reports from management and from Deloitte. The Committee was satisfied with management's final recommendations and the outcome of the review.
IFRS 16 Leases The review of the Group's implementation of IFRS 16.	The Committee received reports from management concerning the adoption of IFRS 16 from 1 January 2019 and the impact on the financial statements. The Committee reviewed the judgements made by management in the application of IFRS 16 and was satisfied that these were appropriate.
Goodwill impairments Judgements in relation to goodwill impairment testing.	The Committee challenged the appropriateness of the assumptions used by management in the goodwill impairment assessment model, with a particular focus on the discount rate and growth assumptions. A material weakness has been identified which management are remediating with oversight from the Committee. Management are changing the approach to determining inputs with respect to the discount rates used in impairment assessments and establishing a review process over inputs and the overall discount rate methodology. The identified material weakness has not resulted in a material misstatement in the year ended 31 December 2019 or in any prior years.
Investments The valuations of non-controlled investments and unlisted associates.	The Committee examined management's valuations, based on forecasts, recent third-party investment, external transactions and/or other available information such as industry valuation multiples. The Committee considered Deloitte's sample testing of the valuations and agreed that the valuations were appropriate based on the information available to the Group.
Earnout liabilities The accuracy of forecasting potential future earnout payments due under acquisition agreements.	The Committee considered management's forecasts and reviewed the testing undertaken by Deloitte. The Committee was satisfied that liabilities for potential future earnout payments have been accounted for appropriately.
Working capital provisions The valuation of year-end provisions in respect of working capital.	The Committee received regular briefings on management's approach in assessing the level of exposure across the Group. The Committee considered Deloitte's audit procedures in this area. The Committee concluded that management's approach was appropriate.
Remuneration Accounting for the judgemental elements of remuneration.	The Committee reviewed the assumptions applied by management in relation to judgemental elements of remuneration, including pensions, bonus accrual, severances and share based payments and agreed that these are reasonable.
Taxation The judgements made in respect of tax.	The Group Tax Director presented to the Committee in December 2019. The Committee considered management's assumptions, in particular in relation to the level of central tax provisions, and believes that the level of central tax provisions is reasonable.
Going concern The going concern assessment and viability statement.	The Committee reviewed the range of scenarios modelled by management given the inherent uncertainty caused by Covid-19 and the cost mitigation actions available to management including the suspension of the share buybacks and 2019 final dividend. The Committee assessed management's view that the likelihood of declines of over 35% of revenue less pass-through costs from April 2020 was remote. The Committee has considered and concurs with management's going concern, viability and forecasting assumptions, as set out on page 84.
Restructuring and transformation costs Recognition of restructuring and transformation costs.	The Committee reviewed management's key accounting judgements and procedures relating to restructuring and transformation costs and the testing carried out by Deloitte. The Committee was satisfied with the quantum of costs recognised in 2019 and the presentation of such costs in the financial statements.

EXTERNAL AUDIT

Deloitte has been the Group's auditors since 2002. The lead audit partner rotates every five years. The latest rotation took effect during 2019 when Robert Topley replaced Richard Muschamp as the Group's lead audit partner, in respect of accounting periods commencing from 1 January 2019. The Committee oversaw the completion of the lead audit partner transition process during 2019. In 2019, the effectiveness of the external audit process was evaluated through the Committee's ongoing review of the external audit planning process and discussions with key members of the Group's finance team. The Committee considered the Audit Quality Review's 2018/19 Audit Quality Inspection Report on Deloitte and the actions taken by Deloitte to address the findings in that report. The 2019 evaluations concluded that there continued to be a good quality audit process and constructive challenge where necessary to ensure balanced reporting. The Committee held private meetings with Deloitte and the Committee Chairman met privately with Deloitte before each meeting. The Committee continues to be satisfied with the performance of Deloitte and confirms that Deloitte continues to be objective and independent. The Committee recommends the reappointment of Deloitte at the 2020 AGM.

The Committee considered the Group's position on its audit services contract in the context of the regulations concerning the audit market. Although there is no immediate intention to tender the audit contract, the Company will re-tender at the latest by the 2022 year-end in compliance with the transitional arrangements for competitive tender that require mandatory rotation after the 2023 fiscal year-end.

The Company confirms that it has complied with the Competition and Markets Authority final order on mandatory tendering and Audit Committee responsibilities.

INTERNAL AUDIT

The annual internal audit plan, including the list of units for internal audit review, is approved by the Committee at the beginning of the financial year. Progress against the plan is monitored throughout the year and any significant changes to the plan require Committee approval. Significant issues identified within internal audit reports are considered in detail by the Committee along with the remediation plans to resolve those issues. The Committee regularly considers the level of internal audit resource to ensure it is appropriate to provide the right level of assurance over the principal risks and controls throughout the Group. The Committee Chairman holds regular update meetings with the Director of Internal Audit, to ensure the internal audit function has adequate standing, is free from management restrictions and has direct access to the Committee if required.

INTERNAL FINANCIAL CONTROL

The Committee carried out an in-depth review of the Group's internal financial control system, with a focus on monitoring, remediation and compliance with Section 404 of SOX. A material weakness has been identified and management are changing the approach to determining inputs with respect to the discount rates used in impairment assessments and establishing a review process over inputs and the overall discount rate methodology. The identified material weakness has not resulted in a material misstatement in the year ended 31 December 2019 or in any prior years.

NON-AUDIT FEES

The Committee has a policy regarding non-audit services that may be provided by Deloitte, which was most recently updated in April 2020. The policy prohibits certain categories of work in line with relevant guidance on independence, such as the FRC Ethical Standard and rules issued by the SEC. The prohibited categories of work include advice on remuneration and on tax services being provided by Deloitte and a general default to an alternative provider elsewhere subject to adherence to regulations. Other categories of work may be provided by Deloitte if appropriate and if pre-approved by the Committee, either as individual assignments or as aggregate amounts for specified categories of services. All fees are summarised periodically for the Committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2019 is shown in note 3 to the financial statements on page 154.

COMMITTEE COMPOSITION AND EVALUATION

The Committee and its members were formally assessed by the Nomination and Governance Committee as part of the review of Committee composition in 2019 and as part of the Board evaluation process described on page 103 for their technical suitability to be members and also for the Committee's overall effectiveness. The Board has designated the Committee Chairman as the Committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and together with Tarek Farahat as having recent and relevant financial experience for the purposes of the UK Corporate Governance Code and competence in accounting or audit for the purposes of DTR 7.1. The members of the Committee are considered by the Board to be independent and (when considered as a whole) have competence relevant to the sectors in which the Company operates, and have financial experience as set out on pages 96 and 97.

Sandrine Dufour has been appointed as an additional member of the Committee with effect from 3 February 2020. Sandrine is currently Chief Financial Officer of Proximus and will become CFO of UCB on 1 July 2020. Sandrine has recent and relevant financial experience for the purposes of the UK Corporate Governance Code and competence in accounting or audit for the purposes of DTR 7.1.

TERMS OF REFERENCE

The Committee's terms of reference are adopted by the Board and reviewed annually by the Committee, most recently on 19 March 2020. A copy of the Committee's terms of reference is available on the Company's website at wpp.com/investors/corporate-governance.

Jacques Aigrain
Chairman of the Audit Committee
29 April 2020

COMPLIANCE WITH THE CODE

This statement of compliance summarises how the Company has implemented the principles and provisions of the 2018 UK Corporate Governance Code (the Code). The Code is available at www.frc.org.uk.

The Board considers that WPP complied in all material respects with the principles and provisions of the Code during 2019 except that we recognise that we have not complied fully with Provision 41 to engage with the workforce on alignment of executive pay with the wider Company pay policy nor Provision 38 in aligning Executive Director pension payments with the wider workforce. Both of these provisions will be addressed in 2020. The information provided below and on the next page sets out how the Company has applied the principles of the Code. In addition, we have included information in relation to those provisions in the Code that contain an explicit disclosure requirement.

1. BOARD LEADERSHIP AND COMPANY PURPOSE

A. BOARD'S ROLE

The Board is responsible to shareholders for the Company's financial and operational performance and risk management, and the culture embedded across the Group, and is collectively responsible for promoting the long-term success of the Company. There is a formal schedule of matters reserved to the Board which is published on the Company's website. The key focus of the Board's activities in 2019 have been oversight of the implementation of the three year transformation plan with considerable time devoted to the disposal of 60% of Kantar, board succession for both Non-Executive Directors and the new Chief Financial Officer, risk and controls as described on page 80 and the progress of embedding the right culture across the Group as described on pages 44 and 45 and in the Chief Executive's statement on page 3.

B. PURPOSE AND CULTURE

The Company's new purpose, values and standards were a fundamental part of the Group's transformation strategy announced in December 2018 and the Board is committed to championing and embedding these across the Group. The Board receives regular reports from the Chief People Officer on progress on delivering our new culture characterised by the values of openness, optimism and a commitment to extraordinary work, which is described is on page 45. In addition, the Audit Committee receives reports from the Head of Business Integrity on the Right to Speak reports received and how many of those relate to culture or behavioural issues and the cultural issues identified in the risk assessment conducted in 2019 across the Group and the actions to be taken to address the risks identified.

C. RESOURCES AND CONTROLS

The Board is responsible to shareholders for the Company's financial and operational performance and risk management. Matters delegated to the Chief Executive and Chief Financial Officer include managing the Group's business in line with the transformation plan and risk governance framework. The WPP Risk Committee established in 2019 together with the Risk Committees set up across the businesses also in 2019 assist the Board in the oversight and mitigation of risks to which the Group is or may be exposed. Further information about the Group's risk management can be found on page 80 including the details of the new business integrity function and the controls function.

D. STAKEHOLDER ENGAGEMENT

The relationship with shareholders, potential shareholders and investment analysts is given high priority by the Company as detailed on pages 104 and 105.

The Company has a well-developed and continuous programme to address the needs of shareholders, investment institutions and analysts for a regular flow of information about the Company, its strategy, performance and competitive position. Given the wide geographic distribution of the Company's current and potential shareholders, this programme includes regular visits to investors, particularly by the Chief Executive Officer, the Chief Financial Officer and the Group Investor Relations Director, in the UK, Continental Europe and the major financial centres in North America and also in Asia Pacific and Latin America. The Company's Chairman meets with investors and regularly consults with investors' governance representatives and advisory bodies. The Company provides a preliminary announcement, an interim management statement at the end of the first and third quarters that includes a trading update, an interim report at half year and a trading update and presentation at the AGM.

E. WORKFORCE ENGAGEMENT

To ensure the Board engages with the people working within the Group across 112 jurisdictions and multiple businesses and understands their views on WPP's purpose, values and strategy, the Board has adopted a number of engagement methods. The first People Forum was established in the UK in 2019 with the support of our UK Country Manager and further forums will be established in other countries starting with India in 2020. The Board has designated two of the Non-Executive Directors to be responsible for engaging with our people and ensure their voice is heard in the Board and for attending meetings of the forums. The Board receives regular reports from these Non-Executive Directors and further details can be found on page 106. The Chief Executive held the first Global Town Hall in 2019 and in 2020 WPP will launch the first Group-wide survey.

2. DIVISION OF RESPONSIBILITIES

F. THE ROLE OF THE CHAIRMAN

The Board is chaired by Roberto Quarta, who chairs the Nomination and Governance Committee and is a member of the Compensation Committee. The Chairman attended all meetings of the Audit Committee during 2019 at the invitation of its Chairman. The Chairman provides the leadership of the Board and is the main point of contact between the Board and the CEO. The Chairman represents the Board in discussions with shareholders and investor bodies, ensures that systems are in place to provide Directors with timely and accurate information, represents the Company in external meetings, and is also responsible for the Board governance principles. The Chairman has led the ongoing emphasis on management development and CEO and senior management succession planning.

G. COMPOSITION OF THE BOARD

As at the date of this report, the Board is composed of 15 Directors. Three current members are Executive Directors and 12, including the Chairman, are Non-Executive Directors. As discussed on page 101 each of the Non-Executive Directors is considered to be independent by the Nomination and Governance Committee.

Responsibility for the development and implementation of Company policy and strategy and for day-to-day management issues is delegated by the Board to the Chief Executive Officer and Chief Financial Officer. The list of matters reserved to the Board can be downloaded from wpp.com/investors/corporate-governance.

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 US standards, which is nine years. Three long-serving Non-Executive Directors Solomon Trujillo, Sir John Hood and Daniela Riccardi will not stand for re-election at the 2020 AGM.

H. ROLE OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors provide constructive challenge and assistance to the Chief Executive Officer in developing the Company's strategy.

The Senior Independent Director is Nicole Seligman who is available to shareholders and acts as a sounding board for the Chairman and as an intermediary for the other Directors with the Chairman, when necessary. The Senior Independent Director's role includes responsibility for the Chairman's appraisal and succession and this year the Board evaluation process. Nicole Seligman was appointed to the Board in January 2014 and is a member of the Compensation Committee and the Nomination and Governance Committee. As the Senior Independent Director, Ms Seligman customarily attends the Audit Committee meetings at the invitation of the Chairman of that Committee.

Letters of appointment for Non-Executive Directors do not set out a fixed time commitment for Board attendance and duties but give an indication of the likely time required. It is anticipated that the time required by Directors will fluctuate depending on the demands of the business and other events.

Details of 2019 Board attendance at Board and Committee meetings are set out on page 100.

3. COMPOSITION, SUCCESSION AND EVALUATION

J. APPOINTMENTS TO THE BOARD

The Nomination and Governance Committee leads the process for appointments to the Board and makes recommendations to the Board. The Nomination and Governance Committee is chaired by the Chairman of the Board and comprises only Non-Executive Directors. The terms of reference of the Nomination and Governance Committee are available on the Company's website at wpp.com/investors/corporate-governance. During 2019, three Non-Executive Directors were appointed to the Board, Cindy Rose OBE on 1 April 2019, Jasmine Whitbread on 1 September 2019 and Keith Weed on 1 November 2019. In addition, Sandrine Dufour was appointed to the Board as a Non-Executive Director and John Rogers was appointed as Chief Financial Officer Designate and elected to the Board on 3 February 2020. For more details on the appointment process refer to the Nomination and Governance Committee report on page 108. Three Non-Executive Directors will be retiring at the AGM in 2020 and Paul Richardson will retire from the Company on 1 May 2020, following which the Board will be composed of 11 Directors. The independence of each Non-Executive Director is assessed annually by the Board. The Board has confirmed that all of the Non-Executive Directors standing for election and re-election at the 2020 AGM continue to demonstrate the characteristics of independence.

K. SKILLS, EXPERIENCE AND KNOWLEDGE OF THE BOARD AND ITS COMMITTEES

The Non-Executive and Executive Directors have a diverse range of skills, experience and backgrounds. As detailed in their biographies on pages 96 and 97, the Directors work across the globe in media and advertising, investment banking and investment management, pharmaceuticals, logistics and bioenergy, FMCG, international management consulting, private equity and angel investing, business education, manufacturing, consumer products and retail management, internet start-ups, government and non-profit organisations. The Board is committed to ensuring that all appointments to the Board are made on merit and after a thorough recruitment process as detailed on page 108 and with due regard for diversity and inclusion.

L. BOARD EVALUATION

Nicole Seligman, the Senior Independent Director, has conducted an internal evaluation of the effectiveness of the Board in 2019, building on the work of Dr Tracy Long of Boardroom Review Limited, an external facilitator with no connection to WPP, who was engaged to lead the Board effectiveness evaluation in 2018. More information on the evaluation is on page 103.

4. AUDIT, RISK AND INTERNAL CONTROL

M. INTERNAL AND EXTERNAL AUDIT

The Audit Committee monitors the independence and effectiveness of the internal audit function and external auditors and receives regular reports from each at the Audit Committee meetings and reports back to the Board at each Board meeting. Refer to the Audit Committee report on pages 109-111 for details of the work of the Audit Committee during 2019. Details of the Company's internal audit function are included on page 83.

N. FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

The Board is responsible for the presentation of a fair, balanced and understandable assessment of the Company's position and prospects, within the Annual Report as well as in all publicly available financial information. We have an appropriate system in place to meet this responsibility. See page 109 for further information.

O. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for aligning the risk appetite of the Group with the long-term strategic objectives, taking into account the principal and emerging risks faced by the Group. See pages 80-83 for further details of our risk management framework.

5. REMUNERATION

P. REMUNERATION POLICIES AND PRACTICES

The Company's compensation policy is designed to attract the best talent and ensure people are rewarded fairly and competitively. The policy sets out a reward structure that looks at the short, medium and long term and is designed to promote sustainable performance aligned with shareholder interests. Shareholders approved the Directors' Compensation Policy at the 2017 AGM and this is available on the Company's website.

Q. PROCEDURE FOR DEVELOPING REMUNERATION POLICY

The Compensation Committee is responsible for setting and managing the compensation of all Executive Directors. Controls and procedures are in place to manage compensation of all other employees in the Group. Refer to the Compensation Committee report on pages 114-137 for details of the work of the Compensation Committee during 2019.

R. EXERCISING INDEPENDENT JUDGEMENT

The Compensation Committee is composed of five Non-Executive Directors who meet both with and without management present and who seek where appropriate, independent advice from Towers Watson and external lawyers, to ensure independent judgement. The Compensation Committee determines remuneration outcomes by assessing executive performance against performance criteria which are set out in the Compensation Committee report on pages 114-137.

COMPENSATION COMMITTEE REPORT

LETTER FROM THE CHAIRMAN OF THE COMPENSATION COMMITTEE

"THE COMMITTEE'S KEY FOCUS IS TO ENSURE OUR COMPENSATION STRUCTURE ALIGNS THE INTERESTS OF EXECUTIVES TO THOSE OF OUR SHAREHOLDERS AND IS IMPLEMENTED FAIRLY AND RESPONSIBLY."

Sir John Hood
Chairman of the Compensation Committee

Committee Members in 2019
- Sir John Hood (Chairman)
- Jacques Aigrain
- Roberto Quarta
- Nicole Seligman
- Jasmine Whitbread (appointed 1 September 2019)

Highlights
- Reviewing the Directors' Compensation Policy
- Proposing changes to ensure alignment with strategy and changes to the UK Corporate Governance Code
- Consultation with our shareholders

Key responsibilities
- Aligning compensation to business strategy and shareholder interests
- Setting measures and targets for the incentive plans
- Ensuring that our practice aligns with corporate governance standards

To learn more see wpp.com/about/corporate-governance

DEAR SHAREHOLDER,

I am pleased to present the Directors' Compensation report for the financial year ended 31 December 2019. In my introductory letter I describe the key items considered by the Committee during the year, including the review of our Compensation Policy, annual short- and long-term incentive outcomes, and Executive Director appointment and departure terms.

The Company issued on 31 March 2020 an update on the impact of Covid-19 on the Company and the measures taken to protect our employees, clients and the financial position of the business. Included within the announcement was a plan to cut costs and this included a decision for the Board, as well as members of the WPP Executive Committee, to take a 20% reduction in their salaries or fees for an initial period of three months. These have been implemented effective 1 April 2020.

In line with the three-year life cycle, a new Directors' Compensation Policy is being put forward to a binding shareholder vote at our 2020 AGM. On the following pages, I have set out our new Compensation Policy and our Annual report on compensation for 2019, which explains how we implemented the Policy previously approved by shareholders, as well as how we intend to implement the new Compensation Policy if approved at the AGM. The Annual report on compensation will be subject to an advisory shareholder vote.

CHANGES TO THE DIRECTORS' COMPENSATION POLICY

During 2019 the Committee spent a considerable amount of time debating the changes that were needed to the Directors' Compensation Policy. Our focus was on ensuring that it was aligned with the new WPP strategy and provided the right tools to enable the Company to attract and retain the quality of talent required in this complex organisation. We were also committed to ensuring our new Compensation Policy adheres to the principles of good governance as set out in the UK Corporate Governance Code. The changes to the policy, on which we have consulted with our shareholders, are set out in summary and detail later in the report. There are some important changes to which I would like to draw your attention.

For many years, WPP has utilised a long-term incentive plan based on a five-year performance and vesting period. In recent years it has become clear that a five-year performance period was poorly aligned to the business cycle and speed of change within our industry. It has lost some of its effectiveness as an incentive to motivate management and was unattractive to new hires. We are therefore proposing to adopt the more commonly used UK approach of a performance share plan with a three-year performance period followed by a two-year holding period for the vested shares. While making this change, we have also taken the opportunity to review the performance measures to ensure they align to the WPP strategy. For 2020, we will assess performance using three measures: total shareholder return (TSR), return on invested capital (ROIC) and cumulative free cash flow (CFCF).

The effects of the Covid-19 virus on our business are not yet clear but it will have a material adverse impact on our financial results. We are therefore taking the unusual step of not, at this stage, setting out the financial targets for the ROIC and CFCF measures which would be set using 2020 financial forecasts. However, shareholders will be consulted on the targets before any awards are granted later in the year when the situation is clearer.

The other key changes we are proposing respond to the enhancements in the Corporate Governance Code and the developments in the UK market with the inclusion of a stronger set of malus and clawback conditions providing the Committee with much broader powers, the formal inclusion of post-employment shareholding requirements and the alignment of the executive directors' pension provision with that of the wider UK workforce.

PAY FOR PERFORMANCE 2019

WPP operates an annual short-term incentive plan that is strongly aligned to performance, measured against targets set at the start of the year, for revenue, margin and profit. In 2019, the first complete year under the leadership of Mark Read who, with his management team, started implementing the transformation strategy that he set out to shareholders in late 2018, the executives produced a strong performance in challenging market conditions.

The individual strategic objectives of the executives, which covered a range of business priorities including the sale of a majority share of Kantar, further strengthening of financial controls and efficiencies, and people, culture and diversity, were successfully delivered and these are reflected in the STIP outcomes set out in detail in the report.

The 2015 Executive Performance Share Plan (EPSP) award completed its five-year performance period at the end of the financial year. Over the performance period, our TSR and earnings per share (EPS) performance were below the targets that we had set resulting in a zero-vesting result for those performance elements. The return on equity (ROE) target was met resulting in a modest vesting level and small payout to the executives.

BOARD CHANGES

As previously announced, Paul Richardson will step down from the Board and his position as Group Finance Director with effect from 1 May 2020. The Committee has agreed that Paul will be treated in accordance with the Policy and will be paid his salary, pension and benefits up to his leaving date. In addition, he will be paid for his outstanding holiday entitlement. He will be ineligible for any STIP in 2020 and also for the 2019 deferred share bonus award. His outstanding share awards will be prorated, and to the extent performance targets are achieved, will vest on the scheduled vesting dates. Paul will be required to hold shares equal to 300% of his salary for one year post-retirement and 150% of his salary for the second year.

Paul will be succeeded by John Rogers, who joined the Company in January 2020 and was appointed to the Board as Chief Financial Officer Designate on 3 February 2020. John was appointed on a competitive salary package in line with our Policy, that we disclosed on the announcement of his appointment.

This is my last letter and report to shareholders of WPP as I will be stepping down at the AGM. During my tenure, with the support of my fellow Committee members, I believe we have addressed the many challenges that have been presented to us and are now in a position where we have a policy and set of plans that meet the highest levels of UK corporate governance. I am handing over the chair to Jasmine Whitbread who has been a member of our Committee during the last year and brings considerable relevant experience to the role.

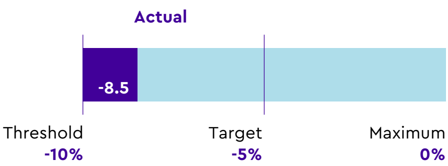
I would like to take the opportunity to acknowledge and thank my fellow Committee members, management and advisors for their support during my period as Committee Chairman.

Sir John Hood
Chairman of the
Compensation Committee
29 April 2020

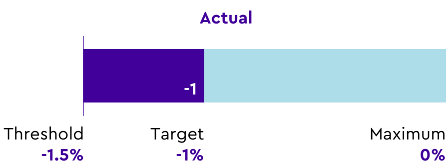
COMPENSATION AT A GLANCE

GROUP FINANCIAL PERFORMANCE MEASURES 2019

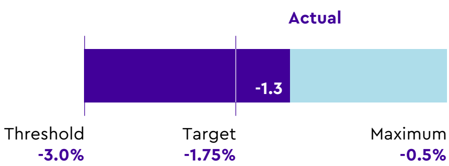
LIKE-FOR-LIKE HEADLINE PBT GROWTH
%



HEADLINE OPERATING MARGIN IMPROVEMENT
%



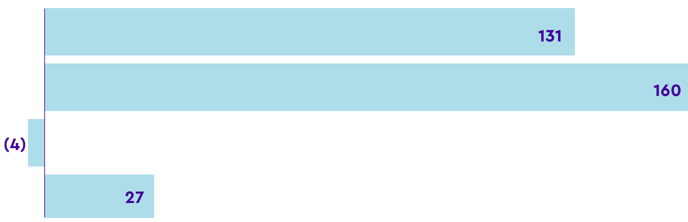
LIKE-FOR-LIKE GROWTH IN REVENUE LESS PASS-THROUGH COSTS
%



LONG-TERM PERFORMANCE

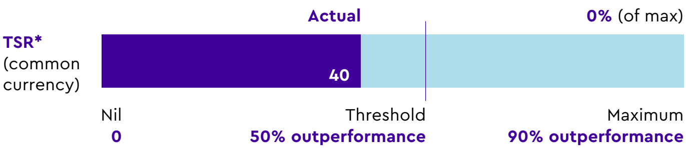
WPP Total Shareholder Return (TSR)
%

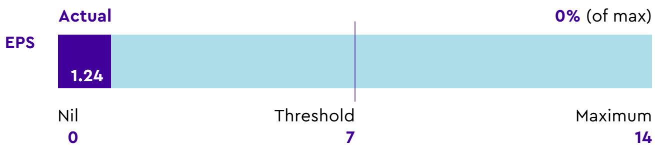
	FTSE 100	S&P 500	WPP
20Y	135	319	131
10Y	115	363	160
5Y	35	116	(4)
1Y	14	22	27

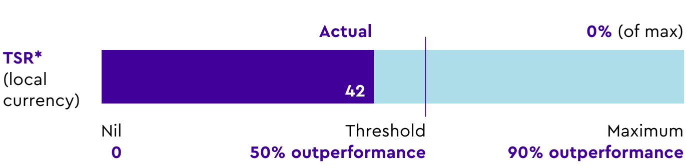


Source: DataStream. TSR calculated up until 31 December 2019.

LONG-TERM (EPSP) PERFORMANCE MEASURES
%



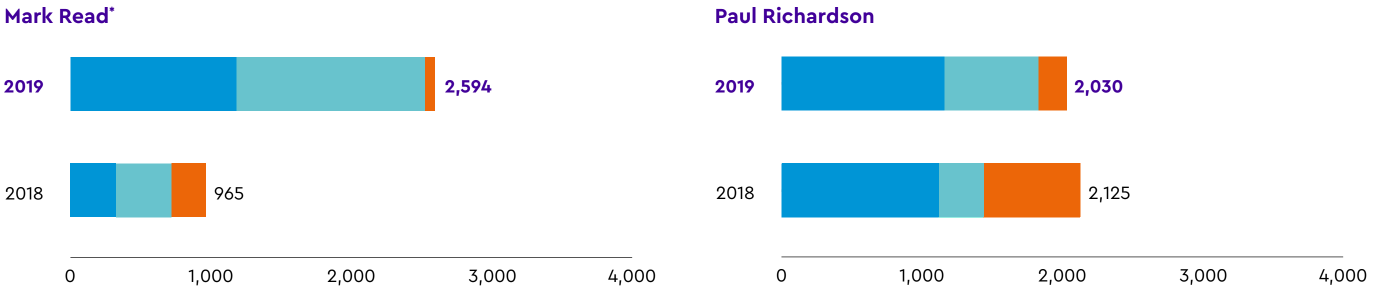




* Outperformance of peer group

TOTAL COMPENSATION 2019

£000



- Fixed, consisting of base salary, benefits and pension
- Short-term incentives (STIP)
- Long-term incentives Executive Performance Share Plan (EPSP)

* Mark Read was appointed as CEO on 3 September 2018 and his total compensation for 2018 reflects his time in role.

HOW WE WILL IMPLEMENT OUR PROPOSED COMPENSATION POLICY IN 2020

	Policy	2020	2021	2022	2023	2024	Implementation for 2020
Base salary	Typically 24-month review period, with flexibility for annual review if appropriate						Mark Read: £975,000* John Rogers: £740,000* * Salaries will be reduced by 20% for an initial period of three months from 1 April as a result of the impact of Covid-19.
Benefits	A fixed benefits allowance will be provided as an alternative to the provision of itemised benefits, to be used at the executive's discretion						Mark Read: £35,000 John Rogers: £30,000
Pension	Pension is provided by way of a contribution to a defined contribution arrangement, or a cash allowance, determined as a percentage of base salary						Mark Read*: 17.6% John Rogers: 10% * To be reduced during the policy period as part of plans to align executive pensions with the wider workforce.
Short-term incentives	– 75%-100% financial – 0%-25% individual strategic objectives – One-year performance period – 60% cash, at least 40% deferred into WPP shares (two years)	Cash	Deferred shares				Mark Read: 0-250% John Rogers: 0-225% 75% financial and 25% non-financial targets
Long-term incentives	– TSR, ROIC and Cumulative Free Cash Flow – Three-year performance period – Two-year holding period	Performance period			Holding period		Mark Read: 0-350% John Rogers: 0-300%

DIRECTORS' COMPENSATION POLICY

This section of the report sets out the Directors' Compensation Policy which shareholders will be asked to approve at the 2020 AGM. Until this time, the Policy approved by shareholders on 7 June 2017 will continue to apply.

SUMMARY OF PROPOSED CHANGES TO THE DIRECTORS' COMPENSATION POLICY

ELEMENT OF COMPENSATION	PROPOSED CHANGES
Base salary	The new policy allows for flexibility to review base salaries on an annual basis rather than biennially if the Committee deems this appropriate. The Compensation Committee will also have the discretion to realign base salary over a phased period for new Board appointments whose starting salary is below the competitive market level. The inclusion of a £100,000 Director fee has been removed. This was a legacy arrangement applicable to Paul Richardson only.
Benefits	The annual fixed benefits allowance has been reduced from £200,000 for the CEO and £85,000 for the CFO to a maximum of £50,000 for all executives.
Pension	Following the provisions in the new UK Corporate Governance Code to align executive pensions with those of the wider workforce, we have reduced the pension provision available to new Executive Directors to 10%. This level has been applied to the newly appointed Chief Financial Officer. Over the course of the next policy period, the CEO's contribution will be phased down to this level. During 2020, as far as practicable, the average maximum pension contribution available to employees across the UK will be increased to 10% from the current average rate of 5% to ensure alignment.
Short-term incentive plan	The overall quantum of the short-term incentive plan has been reduced from a maximum of 400% of base salary for the CEO and 250% of base salary for other directors to a maximum of 250% of base salary for all executives. The target incentive is 50% of maximum for all directors. A significant proportion of the STIP will continue to be deferred into shares for a period of two years. Performance measures and targets are reviewed annually to ensure they align with current business priorities.
Long-term incentive plan – Executive Performance Share Plan (EPSP)	Structure: The performance period for the EPSP has been reduced from five years, to three years combined with a two-year holding period. The change in performance period is designed to enhance alignment to Company business strategy and improve the effectiveness of the plan to attract, retain and motivate executives. The overall five-year holding period maintains the long-term alignment with shareholders that is a critical feature of the policy. Current Five-year performance period Proposed Three-year performance period → Two-year holding period Performance measures: The current EPSP financial measures of EPS and ROE will be replaced with cumulative free cash flow (CFCF) and return on invested capital (ROIC). These measures have been chosen on the basis that they are closely aligned with the WPP strategy to ensure long-term efficiency, profitability and cash generation. In addition, the TSR peer group will be reviewed to reflect the current key competitors of the Company. Current TSR | EPS | ROE Proposed TSR | Cumulative Free Cash Flow | Return on Invested Capital Quantum: The new policy proposes a reduction in maximum from 975% of base salary to 400% of base salary. The maximum level will be used in exceptional circumstances only. The threshold vesting level will increase from 15% to 20%.

OVERVIEW OF OTHER CHANGES TO POLICY

POLICY AREA	PROPOSED CHANGES
● Post-employment shareholding requirements	Post-employment shareholding requirements will be formally introduced requiring Executive Directors to hold 100% of their shareholding requirement for the first year following departure, reducing to 50% for the second year. The post-employment requirement was set taking into account the level of the shareholding requirement for the CEO and CFO at 600% and 300% respectively which is considerably higher than typical UK market norms.
● ● Malus and clawback	A standalone malus and clawback policy has been implemented which applies to all the incentive plans. The policy includes a broad list of events in which malus and clawback may be applied and a defined decision-making process. The Compensation Committee have far-reaching powers to ensure they can use judgement in a broad range of circumstances.
Appointments to the Board	The aggregate maximum level of ongoing variable compensation that can be awarded to a newly appointed Executive Director has been reduced from 8 times to 6.5 times base salary. This aligns with changes to limits on short- and long-term incentive levels.

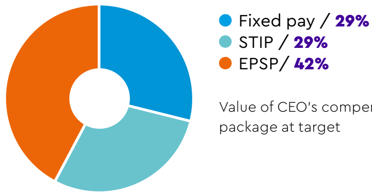
GUIDING PRINCIPLES

Our Directors' Compensation Policy is designed in the context of the UK Corporate Governance Code to attract and retain best-in-class talent and incentivise Directors to deliver growth, creativity and outstanding performance, thereby producing long-term value for shareholders.

The WPP Directors' Compensation Policy is determined by the following guiding principles:

PERFORMANCE-DRIVEN REWARD

Our compensation structure has a high proportion of performance-based variable compensation.



Value of CEO's compensation package at target

COMPETITIVENESS

Director compensation is designed to attract and retain best-in-class talent.

LONG-TERM ALIGNMENT WITH SHAREHOLDER INTERESTS

Director pay packages have a large portion paid in the form of shares linked to strategically aligned performance measures. Directors have significant share ownership requirements both during and post-employment.

ALIGNMENT TO WPP STRATEGY AND VALUES

Our incentive plans are structured in a way that drives performance in line with strategy and promotes long-term alignment with shareholders.

ALIGNING INCENTIVE PLANS WITH STRATEGY

Performance measures are selected to align to the immediate and long-term business strategic priorities appropriate at the time.

Short-term incentive plan	Headline operating profit	Strategy for growth, simplification, collaboration
	Operating profit margin improvement	Simplification of operating structure
	Organic growth	Strategy for growth, creativity, value-enhancing customer proposition
Long-term incentive plan (EPSP)	Relative TSR	Improving competitive position against peers
	ROIC	Long-term efficiency, profitability, debt management
	Cumulative free cash flow	Long-term cash generation

CONSIDERATIONS TAKEN INTO ACCOUNT WHEN SETTING OUR DIRECTORS' COMPENSATION POLICY

EMPLOYMENT CONDITIONS AT WPP

We have set the WPP Directors' Compensation Policy in the context of the policies and practices that apply to the wider workforce.

SHAREHOLDER VIEWS

The Committee has consulted with key shareholders throughout the development of the updated Directors' Compensation Policy. The feedback received during these conversations was valuable and was among the factors that informed the decisions made by the Committee. WPP has worked diligently to listen to all views and create a policy that is both acceptable to shareholders as well as attractive to and likely to retain Executive Directors. WPP continues to engage openly with shareholders and institutional investors to discuss matters relating to compensation.

PROPOSED NEW POLICY

FIXED ELEMENTS OF COMPENSATION

COMPONENT, PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY
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.
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.

COMPONENT, PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY
Pensions 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 – 20% of base salary less Employer's NIC (17.6% net) reducing to 10% over the 2020 to 2022 Policy period. CFO – 10% of base salary.

VARIABLE ELEMENTS OF COMPENSATION

COMPONENT, PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE
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 the 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.
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 share owners. 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 2020 the measures will be relative TSR, ROIC and cumulative free cash flow. Threshold performance will produce an award of 20% of the award granted and increase on a sliding scale to 100% for maximum performance achievement. Full details of the awards are in the Annual report on compensation.
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 share ownership guidelines 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 guideline level.	If an Executive Director fails to achieve the required levels of share ownership, 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 ownership guidelines. If the Executive Director fails to maintain their shareholding requirement post-employment, this may result in a reduction of outstanding awards.

NOTES TO THE POLICY TABLE

Plan rules

Copies of the various plan rules are available for inspection at the Company's registered office and head office.

The Directors' Compensation Policy table for Executive Directors provides a summary of the key provisions relating to their ongoing operation.

The Committee has the authority to ensure that any awards being granted, vested or lapsed are treated in accordance with the plan rules which are more extensive than the summary set out in the table.

Selection of performance measures

Performance measures are selected by the Committee based on their alignment with strategic priorities and the key metrics used across the business.

STIP

STIP measures are reviewed annually by the Committee taking into account business performance and priorities. The performance targets for the STIP are set to incentivise year-on-year growth and to reward strong, sustainable performance. Strategic targets are based upon the annual business priorities. The Committee is of the view that the 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. The Committee will disclose those targets at the end of the relevant performance period in that year's Annual Report, if those targets are no longer commercially sensitive.

EPSP

The EPSP performance measures are selected to complement the annual STIP measures and capture the longer-term performance of the Company.

Cumulative free cash flow is a measure that is important for both management and our shareholders, capturing growth in revenue and profitability. Return on invested capital is similarly important and provides a positive counterbalance and risk management mechanism through the focus on both growth and capital efficiencies. With the inclusion of relative TSR, the plan also takes account of shareholder views of how WPP has performed relative to the companies in the peer group.

Operational targets under the EPSP are set taking into account a combination of factors, but primarily internal forecasts, analysts expectations and historical performance relative to budgets.

Relative TSR targets are set to ensure they are stretching and require out-performance of half of our peer group before any reward is triggered.

Cascade to WPP Group pay policy

As well as setting the policy for the Executive Directors, the Committee is also responsible for managing the compensation of the Executive Committee and the Company Secretary.

Compensation packages for these individuals are normally reviewed every 18-24 months. As is the case for Executive Directors, the WPP Group pay policy ensures a clear and direct link between the performance of the Group or relevant operating company and compensation. Substantial use of performance-driven compensation not only ensures the continued alignment of the interests of shareholders and senior individuals within the Group, but also enables the Group to attract, retain and motivate the talented people upon whom our success depends.

Stock Plan 2018

The WPP plc Stock Plan 2018 is used to satisfy awards under the short-term incentive plans (including ESAs) as well as to grant awards to management under the WPP Leaders, Partners and High Potential programme. In this programme, awards are made to participants that vest three years after grant, provided the participant is still employed within the Group.

Executive Directors, and other senior management employees, receive part of their annual bonus entitlement as a deferred share award (ESA) under the Stock Plan 2018. Executive Directors are ineligible to participate in any other aspect of the management share award programme, other than in relation to awards granted prior to appointment or in relation to awards granted to buy-out previous awards on appointment.

Share Option Plan 2015

The WPP plc Share Option Plan 2015 is an all-employee plan that makes annual grants of stock options to employees with two years of service who work in wholly-owned subsidiaries. This plan replaced the legacy Worldwide Ownership Plan.

The WPP plc Share Option Plan 2015 has the capability to make grants of executive share options.

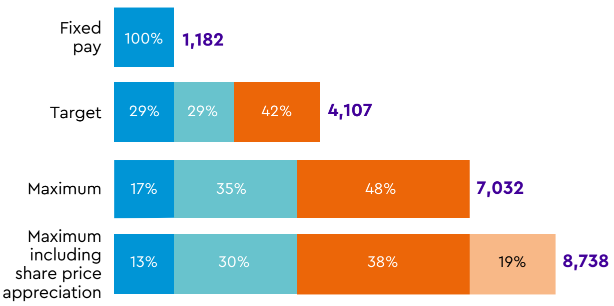
ILLUSTRATIONS OF TOTAL COMPENSATION

The charts below provide an illustration of the potential future total remuneration of the Executive Directors. Four scenarios of potential outcomes are provided based on the assumptions set out in the notes below the charts. The charts are reflective of the pay policy that is being presented for approval at the 2020 AGM.

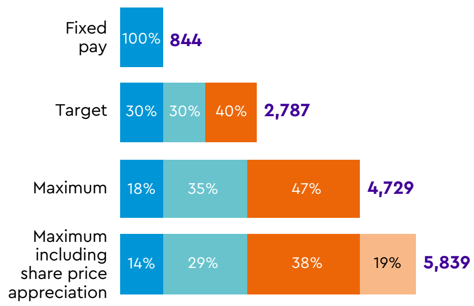
COMPENSATION SCENARIOS

£000

Mark Read (CEO)



John Rogers (CFO DESIGNATE)



- Fixed, consisting of base salary, benefits and pension
- Short-term incentives (STIP)
- Long-term incentives (EPSP)
- 50% share price appreciation

NOTES TO THE COMPENSATION SCENARIO CHARTS

The scenarios in the charts on the previous page have been calculated based on the following assumptions:

Fixed pay	Consists of base salary, benefits and pension Base salary reflects current levels Pension reflects current levels
Target	Assumes target STIP of 50% of maximum Assumes EPSP vesting of 50% of maximum
Maximum excluding any share price growth	Assumes maximum STIP and maximum EPSP
Maximum including 50% share price growth	Assumes maximum STIP, maximum EPSP and 50% share price appreciation on the EPSP element of the package

APPOINTMENTS TO THE BOARD

This section sets out details with respect to the appointment of a new Executive Director to the Board of WPP, whether it is an external or internal appointment.

FIXED COMPENSATION

Base salary will be set considering a range of factors, including the profile and prior experience of the candidate, internal relativities, cost and external market data. If base salary is set at a lower initial level, contingent on individual performance, the Committee retains the discretion to realign the base salary over a phased period of one to three years following appointment, which may result in an exceptional rate of annualised increase in excess of that set out in the policy table.

Other elements of fixed pay will be set in accordance with the policy table. A new appointment may require the Committee to rely on the authorised discretion (as set out on page 120) to make payments related to relocation, for example, in order to facilitate the appointment.

ONGOING VARIABLE COMPENSATION

The Committee will seek to pay only that level of reward necessary to recruit the exceptional talent needed to lead such a complex global group. The actual level of incentive offered will be dependent on the role and existing package of the candidate. The aggregate maximum face value for annual short- and long-term variable compensation will be 6.5 times base salary.

The Committee retains the discretion to make awards on recruitment, within the policy limits, to provide an immediate alignment of interest with the interests of shareholders.

BUY-OUT AWARDS

The Committee may consider buying-out compensation entitlements that the individual has had to forfeit by accepting the appointment. The structure and value of the awards will be informed by the structure and value of those entitlements being forfeited, and the performance targets, time horizon and method of payment will be set in an appropriate manner at the discretion of the Committee.

The intention of the Committee is that any award will take the form of WPP shares and will be subject to performance as far as possible.

An announcement of the director's appointment, detailing the incumbent's compensation will be made on a timely basis through a regulatory information service and posted on the Company's website.

SERVICE CONTRACTS

The following terms will apply for any new executive role appointed to the Board in the future:

- executives will normally be appointed on a notice period of up to 12 months, although the Committee retains the discretion to appoint an external candidate on a notice period of up to 24 months reducing on a rolling basis to 12 months (such that after 12 months' service the notice period would have reverted to the standard 12 months).
- at the Committee's discretion, any payment in lieu of notice will be restricted to base salary, benefits and pension. On termination, entitlements will lapse when classified as a bad leaver (defined within the incentive plans).

Otherwise base salary, benefits and pension allowance are payable as per the notice period and the Committee will have the power to make phased payments that would be reduced or stopped if alternative employment is taken up.

TERMS SPECIFIC TO INTERNAL APPOINTMENTS

The Committee can honour any pre-existing commitments if an internal candidate is appointed to the Board.

SERVICE CONTRACTS

The Company's policy on Executive Directors' service contracts is that they should be on a rolling basis without a specific end date.

The effective dates and notice periods under the current Executive Directors' service contracts are shown in this table:

Name	Effective from	Notice period
Mark Read	3 September 2018	12 months
John Rogers	27 January 2020	12 months

The Executive Directors' service contracts are available for inspection at the Company's registered office and head office

LOSS OF OFFICE PROVISIONS

FIXED COMPENSATION ELEMENTS

As noted above, the service contracts of executives provide for notice to be given on termination.

The fixed compensation elements of the contract will continue to be paid in respect of any notice period. There are no provisions relating to payment in lieu of notice. If an Executive Director is placed on garden leave, the Committee retains the discretion to settle benefits in the form of cash. The Executive Directors are entitled to compensation for any accrued and unused holiday although, to the extent it is possible and in shareholder interests, the Committee will encourage Executive Directors to use their leave entitlements prior to the end of their notice period. Except in respect of any remaining notice period, no aspect of any Executive Director's fixed compensation is payable on termination of employment.

SHORT- AND LONG-TERM COMPENSATION ELEMENTS

If the Executive Director is dismissed for cause, there is not an entitlement to a STIP award, and any unvested share-based awards will lapse. Otherwise, the table below summarises the relevant provisions from the Directors' service contracts (cash bonus) and the plan rules (ESA and EPSP), which apply in other leaver scenarios. As noted on page 122, the Committee has the authority to ensure that any awards that vest or lapse are treated in accordance with the plan rules, which are more extensive than the summary set out in the table below.

Cash bonus	The Executive Directors are entitled to receive their bonus for any particular year provided they are employed on the last date of the performance period.
ESA	Provided the Executive Director is a Good Leaver, unvested awards will be reduced on a time pro-rata basis and paid on the vesting date.
EPSP	– The award will lapse if the Executive Director leaves during the first year of a performance period. – Provided the Executive Director is a Good Leaver, awards will vest subject to performance at the end of the performance period and time pro-rating. Awards will be paid on the normal date. – In exceptional circumstances, the Compensation Committee may determine that an award will vest on a different basis. – Generally, in the event of death, the performance conditions are to be assessed as at the date of death. However, the Committee retains the discretion to deal with an award due to a deceased executive on any other basis that it considers appropriate. – Awards will vest immediately on a change-of-control subject to performance and time pro-rating will be applied unless it is agreed by the Committee and the relevant Executive Director that the outstanding awards are exchanged for equivalent new awards.

OTHER COMMITTEE DISCRETIONS NOT SET OUT ABOVE

Leaver status: the Committee has the discretion to determine an executive's leaver classification considering the guidance set out within the relevant plan rules.

Settlement agreements: the Committee is authorised to reach settlement agreements with departing executives, informed by the default position set out above.

EXTERNAL APPOINTMENTS

Executive Directors are permitted to serve as non-executives on the boards of other organisations. If the Company is a shareholder in that organisation, non-executive fees for those roles are waived. However, if the Company is not a shareholder in that organisation, any non-executive fees can be retained by the office holder.

DIRECTORS' COMPENSATION POLICY TABLE – CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The following table sets out details of the ongoing compensation elements for WPP's Chairman and Non-Executive Directors. No element of pay is performance-linked.

Base fees To reflect the skills and experience and time required to undertake the role.	Fees are reviewed at least every two years and consider the skills, experience and time required to undertake the role, as well as fee levels in similarly-sized UK companies. The Chairman and Non-Executive Directors receive a "base fee" in connection with their appointment to the Board.	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and shareholder-approved limit in the Articles of Association.
Additional fees To reflect the additional time required in any additional duties for the Company.	Non-Executive Directors are eligible to receive additional fees in respect of serving as: – Senior Independent Director – Chairman of a Board Committee – Member of a Board Committee – Consultancy fees in respect of other work that falls outside the remit of their role for the Company.	An overall cap on all non-executive fees, excluding consultancy fees, will apply consistent with the prevailing and shareholder-approved limit in the Articles of Association. Consultancy fees will be set on a discretionary basis, taking account of the nature of the role and time required.
Benefits and allowances To enable the Chairman and Non-Executive Directors to undertake their roles.	The Company will reimburse the Chairman and Non-Executive Directors for all reasonable and properly documented expenses incurred in performing their duties of office. The Company may provide additional allowance to facilitate the operation of the Board such as a travel allowance for attendance at international meetings. In the event that the reimbursement of these expenses gives rise to a personal tax liability for the Chairman or Non-Executive Director, the Company retains the discretion to meet this cost (including, where appropriate, costs in relation to tax advice and filing). While not currently offered, the Company retains the discretion to pay additional benefits to the Chairman including, but not limited to, use of car, office space and secretarial support.	Benefits and allowances for the Chairman will be set at a level that the Committee feels is required for the performance of the role.

OTHER CHAIRMAN AND NON-EXECUTIVE DIRECTOR POLICIES

LETTERS OF APPOINTMENT FOR THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Letters of appointment have a one- to two-month notice period and there are no payments due on loss of office.

APPOINTMENTS TO THE BOARD

Letters of appointment will be consistent with the current terms as set out in this Annual Report. The Chairman and Non-Executive Directors are not eligible to receive any variable pay. Fees for any new Non-Executive Directors will be consistent with the operating policy at their time of appointment. In respect of the appointment of a new Chairman, the Committee has the discretion to set fees considering a range of factors including the profile and prior experience of the candidate and external market data.

PAYMENTS IN EXCEPTIONAL CIRCUMSTANCES

In unforeseen and exceptional circumstances, the Committee retains the discretion to make emergency payments which might not otherwise be covered by this policy. The Committee will not use this power to exceed the recruitment policy limit, nor will awards be made in excess of the limits set out in the Directors' Compensation Policy table. An example of such an exceptional circumstance could be the untimely death of a director, requiring another director to take on an interim role until a permanent replacement is found.

ANNUAL REPORT ON COMPENSATION

This section of the report sets out details of how the Directors' Compensation Policy was implemented in 2019. We start by setting out the details of the operation of the Compensation Committee and then present a summary of the 2019 Director compensation together with a summary of pay across the Group.

Payments have been made in accordance with the previously approved Directors' Compensation Policy, approved by shareholders at the 2017 AGM. The information included in this section has been audited where stated.

We are presenting an updated Directors' Compensation Policy for approval by shareholders at the 2020 AGM.

GOVERNANCE IN RELATION TO COMPENSATION

During 2019, the Compensation Committee met seven times on a formal basis, with additional informal meetings held as needed to deal with ad hoc matters. A table of Board and Committee attendance can be found on page 100.

The Committee members have no personal financial interest (other than as a shareholder as disclosed on page 135) 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 Group's businesses. The terms of reference for the Compensation Committee are available on the Company's website, and will be on display at the AGM, as set out in the Notice of AGM.

ADVISORS TO THE COMPENSATION COMMITTEE

The Compensation Committee regularly consults with Group executives. The Committee invites certain individuals to attend meetings, including the Chief Executive Officer (who is not present when matters relating to his own compensation or contracts are discussed and decided), the Company Secretary, the Chief People Officer and the Worldwide Compensation & Benefits 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 Company's external advisors.

EXTERNAL ADVISORS

The Committee retains Willis Towers Watson (WTW) to act as independent advisors. They provide advice to the Compensation Committee and work with management on matters related to our compensation policy and practices. They are a member of the Remuneration Consultants Group and have signed the code of conduct relating to the provision of advice in the UK. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent. WTW provides limited other services at a Group level and some of our operating companies engage them as advisors at a local level. In 2019, WTW received fees of £218,746 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.

CHANGES IN EXECUTIVE DIRECTORS

Paul Richardson will retire from the Company with effect from 1 May 2020. He will be succeeded by John Rogers, who joined the Company on 27 January 2020 as Chief Financial Officer Designate.

STATEMENT OF SHAREHOLDER VOTING

The result of the shareholder vote at the Company's 2019 AGM in respect of the 2018 Compensation Committee Report is set out below along with the result of the vote on the Directors' Compensation Policy at the 2017 AGM:

Voting outcome for 2018 Compensation Committee Report (At 2019 AGM)

	VOTES FOR		VOTES AGAINST		VOTES CAST	VOTES WITHHELD
Resolution	Number	%	Number	%	Number	Number
To approve the Compensation Committee Report	908,298,510	93.65%	61,541,791	6.35%	969,840,301	159,807

Voting outcome for 2017 Compensation Policy (At 2017 AGM, when the current policy was approved)

	VOTES FOR		VOTES AGAINST		VOTES CAST	VOTES WITHHELD
Resolution	Number	%	Number	%	Number	Number
To approve the Compensation Policy	869,083,431	91.71	78,532,980	8.29	947,616,411	17,339,998

To learn more see wpp.com/about/corporate-governance

EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

Single total figure of remuneration

		Base salary £000	Benefits £000	Pension £000	Short-term incentive £000 Cash	Short-term incentive £000 Deferred	Long-term incentive[4] £000	Total annual remuneration £000
Mark Read[1]	2019	975	35	171	805	537	71	2,594
	2018	325	12	57	146	98	327	965
Paul Richardson[2,3]	2019	840	67	252	670	–	201	2,030
	2018	808	64	243	192	128	690	2,125

1 Mark Read was appointed as CEO on 3 September 2018 and his 2018 salary and benefits reflect his time in role.
2 Paul Richardson's base salary figure is denominated in US dollars other than his fee for his directorship of WPP plc which amounts to £100,000 which, per above, has been converted at an exchange rate of $1.2765 to £1. There has been no change in base salary over 2019 and the differences between the 2019 and 2018 values is due to a change in exchange rates.
3 Paul Richardson was not awarded the ESA portion of his bonus as, in accordance with the plan rules, it would lapse due to his retirement date.
4 None of the value of vested awards above is attributable to share price appreciation.

FIXED ELEMENTS OF REMUNERATION (AUDITED)

BASE SALARY

As part of his contractual salary, Paul Richardson received a fee of £100,000 for his directorship of WPP plc. Paul Richardson's base salary has not changed since 2013.

	Effective date	Contractual salary 000	Base salary received in 2019 000
Mark Read	3 September 2018	£975	£975
Paul Richardson[1]	1 July 2013	$945 and £100	$1,073

1 The director's fee for Paul Richardson has been converted into US dollars at a rate of $1.2765 to £1.

BENEFITS

This allowance excludes the disclosable value of expenses related directly to attendance at Board meetings that would be chargeable to UK income tax. The expenses for Mark Read were £2,442 (£1,666 in 2018) and for Paul Richardson were £7,626 (£7,625 in 2018).

	2019 Benefits 000
Mark Read	£35
Paul Richardson	$85

PENSION

Mark Read was awarded an allowance of 20% less employer's national insurance contribution of 13.8% resulting in a net pension contribution of 17.6%.

	Contractual pension (% of base salary)	2019 Pension £000
Mark Read	20	171
Paul Richardson	30	252

SHORT-TERM INCENTIVE (AUDITED)

2019 SHORT-TERM INCENTIVE PLAN OUTCOME (PERCENTAGES EXPRESSED RELATIVE TO BASE SALARY)

In respect of the 2019 short-term incentive awards, 40% of the total award achieved by Mark Read will be delivered in the form of shares as an Executive Share Award (ESA) with a two-year deferral period. Paul Richardson, who retires on 1 May 2020, is not eligible to receive the ESA portion of his STIP. The STIP shown in the table for Paul Richardson represents only the cash element, 60% of the total. Cash bonuses and ESAs are subject to both malus and clawback provisions.

	Annual short-term incentive received %	Attributed to financial objectives %	Attributed to personal objectives %	Total 2019 short-term incentives £000
Mark Read	138	78	60	1,341
Paul Richardson	133	96	37	670

PERFORMANCE AGAINST 2019 FINANCIAL OBJECTIVES (70% OF THE AWARD)

Performance against all financial objectives is calculated on a pro forma ("like-for-like") basis other than headline operating margin which is calculated on a constant currency basis. The key financial short-term incentive plan objectives for both of the Executive Directors provide a robust basis for assessing financial achievement.

						Vesting[2]			
						Mark Read		Paul Richardson	
	Weight	Threshold	Target	Stretch	Actual[1]	As a % of stretch	As a % of target	As a % of stretch	As a % of target
Like for like headline PBT growth	1/3	-10.00%	-5.00%	0.00%	-8.50%	15%	30%	20%	30%
Headline operating margin	1/3	-1.50%	-1.00%	0.00%	-1.00%	50%	100%	66%	100%
Like for like growth in revenue less pass-through costs	1/3	-3.00%	-1.75%	-0.50%	-1.30%	68%	136%	78%	119%

1 Performance measures are based on adjusted results for the Group for the year ended 31 December 2019, including Kantar for the period it was owned by the Group.
2 The different vesting percentages are due to the CEO bonus equating to 50% at target and CFO 66% at target.

PERFORMANCE AGAINST 2019 INDIVIDUAL STRATEGIC OBJECTIVES (30% OF THE AWARD)

Executive Director	Personal measures 2019 (30%)	Clarification of measures	Maximum potential (% of base salary)	Award received (% of maximum)
Mark Read	Business simplification, leadership team renewal, people, diversity	– Take opportunities to simplify the business with additional consolidation, disposals and restructuring where appropriate – Push forward with the refreshment and strengthening of business leadership. Further develop the culture and diversity of the workforce	75	80
	Core asset disposals	Sale of Kantar in accordance with guidance given to the Board. Optimise the financial terms of the deal and seek shareholder support for the terms agreed. Bring proposals for the distribution of proceeds to the Board and implement as approved		
Paul Richardson	Working capital management	Year-on-year improvement in overall Company leverage ratio as set out to investors driven by disposals, debt and NWC management	75	50
	Controls and compliance improvement	Controls and compliance improvements including the cascade down the organisation		
	Transition to the new CFO	Transitioning to the new finance structure including streamlining the team in preparation for the new CFO		

Mark Read made substantial progress in 2019 in implementing the strategy he set out to shareholders in late 2018. The highlight was the disposal of the majority share in Kantar as well as the disposal of several other businesses that were not core to the Group. During the year numerous management changes were made to strengthen the leadership of the organisation, our client teams and creative capability. The Committee felt that Mark had produced a very strong performance in all areas.

Paul Richardson was judged to have achieved reasonable progress against his personal goals with good performance in improving the net working capital position and strengthening our accounting compliance processes. Paul has worked to ensure a smooth transition of responsibilities to the new Chief Financial Officer.

SHORT-TERM INCENTIVE WEIGHTINGS AND MEASURES FOR 2020

The Committee has reviewed the performance objectives for 2020 to ensure continued alignment with Company strategy. In 2020, because of the uncertainty surrounding the impact on the business of Covid-19, while the focus will remain on revenue growth and profitability, additional measures will be adopted to measure the effectiveness of management in minimising any adverse impact on the Group. Further detail will be provided in next year's Annual Report. The Committee is of the view that the 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 2015-2019 EPSP AWARDS

Vesting of the 2015 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, GfK, Havas, Interpublic, Ipsos, Nielsen, Omnicom and Publicis), weighted by their respective market capitalisation;
- Compound annual growth in headline EPS; and
- Average return on equity.

Over the five-year performance period:
- WPP's TSR outperformed 40% of the weighted peer group on a common currency basis and 42% on a local currency basis. This resulted in zero vesting for that element.
- The compound annual growth rate in headline EPS was 1.24%. This achievement fell below the threshold performance level and resulted in zero vesting for this element.
- The Group delivered return on equity of 15.9%, resulting in vesting at 44.4% for that element.

In aggregate, WPP's performance against the three measures resulted in an overall achievement of 14.8% of the maximum award.

<table>
<tr><th>Performance Measure</th><th>Weighting</th><th>Threshold %</th><th>Maximum %</th><th>Actual %</th><th>% of maximum achieved</th></tr>
<tr><td>Relative TSR (common currency)</td><td rowspan="2">1/3</td><td rowspan="2">50% of weighted peer group outperformed</td><td rowspan="2">90% of weighted peer group outperformed</td><td>40</td><td>0</td></tr>
<tr><td>Relative TSR (local currency)</td><td>42</td><td>0</td></tr>
<tr><td>EPS growth</td><td>1/3</td><td>7.0</td><td>14.0</td><td>1.24</td><td>0</td></tr>
<tr><td>Average ROE</td><td>1/3</td><td>10.0</td><td>14.0</td><td>15.9</td><td>44.4</td></tr>
<tr><td>Total vesting (% of maximum)</td><td></td><td></td><td></td><td></td><td>14.8</td></tr>
</table>

	Number of shares awarded	Additional shares in respect of dividend accrual	Number of shares vesting	Share price on vesting	Value of vested 2015-2019 EPSP awards 000
Mark Read	65,910	2,097	11,845	£6.0000	£71
Paul Richardson[1]	37,970	1,217	6,832	$37.48095	$256

1 Paul Richardson's EPSP awards were granted in the form of ADRs.

LONG-TERM INCENTIVES (AUDITED) CONTINUED

2019 EPSP AWARDS GRANTED

In 2019, the Executive Directors were granted awards under the EPSP. Prior to grant, the Committee undertook extensive discussions in relation to the performance conditions to be used for future awards. The primary concern was that the current financial performance measures (EPS and ROE) and their associated performance goals, which were prescribed in the Compensation Policy, no longer aligned to current and forecast financial performance of the Company. The Committee felt that the performance measures would need to be amended in order for the EPSP to remain an effective method of incentivising and retaining management. Following consultation with key shareholders representing over a third of our issued share capital, it was decided that the awards would be made utilising relative TSR as the only performance condition. However, the Committee felt it essential that the awards have a ROIC underpin in order to ensure alignment to the underlying financial performance of the Company. The underpin condition requires that vesting of the awards is conditional on the average annual ROIC, over the five-year performance period, being at least 7.5%.

This change in performance measure is for the 2019 award only. The new Directors' Compensation Policy includes a revised EPSP with a different structure and new performance measures that align to the current WPP strategy. If the policy is approved at the 2020 AGM, future EPSP awards will be made according to this policy.

The table below summarises the awards granted and the performance conditions against which participants will be measured.

Awards granted in 2019	Basis and level of award (% of salary)	Award over	Number of interests awarded	Face value at date of grant[1] 000
Mark Read	350	Ordinary shares	340,059	£3,412
Paul Richardson	300	ADRs	51,593	$3,232

Performance Measure	Total Shareholder Return (TSR)	
Weight	100%	
Nature	Relative to peers	
Performance zone (threshold to maximum)	50% to 90% of peer group outperformed	
Payout	Below threshold: 0% of award vests Threshold: 15% of award vests Maximum or above: 100% of award vests Straight-line vesting between threshold and maximum	Vesting is subject to an underpin defined as: average annual ROIC of 7.5% over the performance period. The Committee have discretion to determine whether the vesting level is a fair reflection of underlying performance.

[1] Face value is calculated based on the five-day average share price preceding the date of award (£10.035 for ordinary shares and $62.653 for ADRS).

As in previous years, WPP's TSR performance is compared to companies representing our most relevant, listed global competitors, weighted by market capitalisation. For 2019 EPSP awards, the comparator group comprised Dentsu, Interpublic, Ipsos, Nielsen, Omnicom and Publicis. TSR performance is calculated on a market capitalisation-weighted basis in both common and local currency (weighted equally). Using a dual basis ensures that the interests of both local and international investors are reflected in the performance measures.

EPSP MEASURES AND TARGETS FOR 2020

The Committee has proposed a new Directors' Compensation Policy, including a restructured EPSP more closely aligned to WPP strategy. The effects of Covid-19 on our business are not yet clear but it will have a material adverse impact on our financial results. We are therefore taking the unusual step of not, at this stage, setting out the financial targets for the ROIC and Free Cash Flow measures that would be set using 2020 financial forecasts. However, assuming the policy is approved, the Compensation Committee will consult with shareholders on the proposed targets before any awards are granted later in the year, when the situation is clearer.

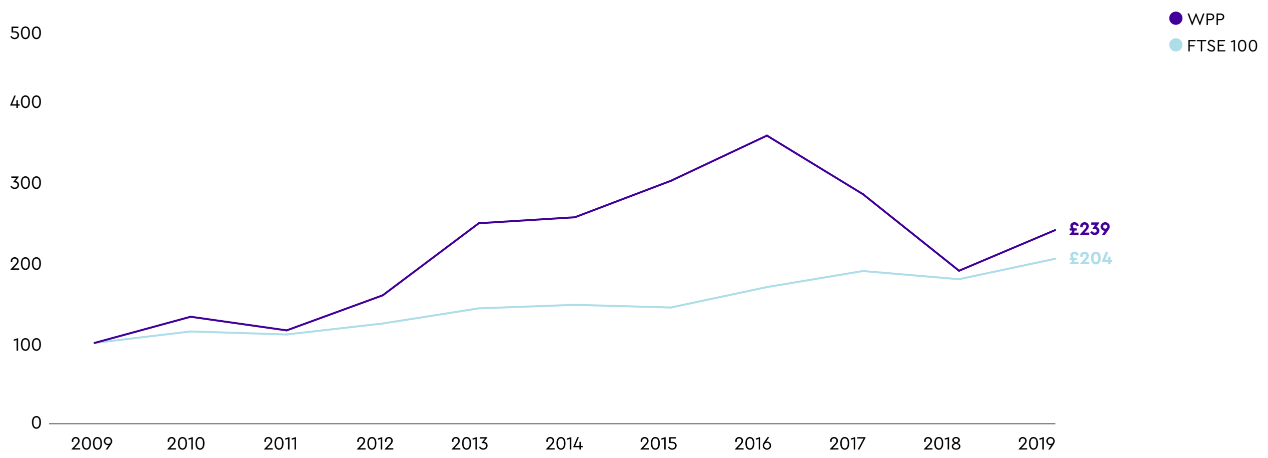
ALIGNING PAY AND PERFORMANCE

As set out in the Directors' Compensation Policy, the Committee's objective is to align variable compensation with the key strategic priorities of WPP, maximising the dynamic between pay and performance.

This dynamic is contingent upon the Committee setting challenging targets each year. The following graph and table demonstrate the relationship between pay and performance over the last 10 years for the CEO. With respect to 2018, the pay for both the current and previous CEO are included, as separate sets of data.

HISTORICAL TSR PERFORMANCE[1]

Value of hypothetical £100 holding



Source: DataStream Return Index

	2010	2011	2012	2013	2014	2015	2016	2017	2018 MSS[5]	2018 MR[5]	2019
CEO total compensation (£000)[2]	11,597	11,941	17,543	29,846	42,704	70,409	48,148	13,930	3,085	965	2,594
Year-on-year change in CEO total compensation (%)	61	3	47	70	43	65	(32)	(71)	(78)	n/a	169[6]
Short-term incentive award against maximum (%)	95	77	62	82	72	86	60	0	0	30	55
Long-term incentive award against maximum (%)	83	46	86	87	100	100	100	73	33	33	15
Change in annual TSR (%)[3]	32	(13)	38	56	3	18	19	(20)	(33)	(33)	27
Change in five-year TSR (%)[4]	37	13	45	241	172	135	210	96	(1)	(1)	(4)

1 Growth in the value of a hypothetical £100 holding of WPP ordinary shares over 10 years against an equivalent holding in the FTSE 100 (the broad market equity index of which WPP is a constituent) based on one-month average of trading day values. Source: DataStream.
2 Calculated using the single figure methodology.
3 TSR calculated using a one-month trading day average, consistent with the data shown in the graph.
4 TSR calculated using a six-month averaging period, consistent with the calculation methodology under EPSP.
5 Sir Martin Sorrell (MSS) left the company on 14 April 2018; Mark Read (MR) was appointed as CEO from 3 September 2018.
6 Mark Read was appointed to the role of CEO in September 2018. The year-on-year change has been calculated based on the total compensation for this four-month period.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in total staff costs, headcount, dividends and share buybacks.

	2019	2018	% change
Total staff costs (continuing operations)	£7,090.6m	£6,950.6m	2.0
Headcount – average over year	132,823	133,903	(0.8)
Dividends and share buybacks	£794.3m	£954.5m	(16.8)

RELATIVE CHANGE IN PAY FOR THE CHIEF EXECUTIVE OFFICER

The following required table summarises the change in the CEO's base salary, taxable benefits and annual bonus, compared to that of full-time employees within the Group. The current CEO was appointed in September 2018. In order to provide a meaningful comparison, his salary and benefits for 2018 have been adjusted such that they reflect the amounts which would have been paid if he had been in role for the full year. He received no salary increase or increase to his benefits allowance.

	Base salary %	UK taxable benefits %	Annual bonus %
Chief Executive Officer	0	0	450[3]
All Employees[1,2]	0.8	5.9	(2.4)

1 The All Employees numbers for the change in base salary, taxable benefits and annual bonus have been calculated based on the annual average amount received.
2 Considering the worldwide structure and size of the Group and given the need to calculate benefits on the basis that an individual is resident in the UK for tax purposes, collating data on all employees was not practicable. As a result, the population for taxable benefits consists of UK employees only.
3 Mark Read was appointed to the role of CEO in September 2018. The 2018 annual bonus used to calculate the change in annual bonus for the CEO pertains to this four-month period only.

CEO PAY RATIO

The ratios shown in the table below compare the total remuneration of the CEO (as shown in the single figure table on page 127) to the remuneration 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
2019	Total remuneration	Option B	1:79	1:55	1:34

Given the complexity of WPP and the number of payrolls used across the UK Group, Option B was the most appropriate methodology to use to determine the CEO pay ratio. We believe this approach provides accurate information and representation of the ratios. The latest data collected as part of gender pay reporting was used, with a snapshot date of 5 April 2019. The ratio has been computed taking into account the pay and benefits of over 14,000 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 remuneration. The 25th, 50th and 75th percentile employees were determined based on this adjusted data. Total remuneration for 2019 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 remuneration policies for our UK workforce taken as a whole and our objective of delivering market competitive pay for each role.

The salary and total pay and benefits for the 25th, 50th and 75th percentile employees are shown in the table below:

Year		Methodology used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
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 remuneration changes with increased seniority and accountability within the Group and is therefore consistent with pay, reward and progression policies. The CEO's pay is significantly weighted towards performance-related pay with a focus on aligning with long-term performance and the interests of shareholders. The ratio will therefore fluctuate depending on the financial performance of the Group and share price movements.

NON-EXECUTIVE DIRECTORS' FEES

The fees due to Non-Executive Directors were reviewed and increased in 2018. The Chairman's fee was reviewed and increased effective July 2019. The fees are shown in the table below:

	£000
Chairman	525
Non-Executive Director	85
Senior Independent Director	30
Chairmanship of Audit or Compensation Committee	40
Chairmanship of Nomination and Governance Committee	15
Chairmanship of Sustainability Committee[1]	15
Member of Audit or Compensation Committee	20
Member of Nomination and Governance Committee	10
Member of Sustainability Committee	10

1 The Sustainability Committee is currently co-chaired. Each Chair receives a £15,000 fee.

NON-EXECUTIVE DIRECTORS' TOTAL COMPENSATION RECEIVED (AUDITED)

The single figure table below details fee payments received by the Non-Executive Directors while they held a position on the Board. During both 2018 and 2019, the Company met the cost (including national insurance and income tax, where relevant) of expenses incurred by the Non-Executive Directors in performing their duties of office, in accordance with the policy set out above.

In 2019, the disclosable value of the expenses that would be chargeable to UK income tax totalled £80,304 (including £35,820 of national insurance and income tax, where relevant).

	Fees £000	
	2019	2018
Roberto Quarta	500	475
Jacques Aigrain	145	138
Tarek Farahat	105	98
Sir John Hood	125	118
Ruigang Li[1]	44	88
Daniela Riccardi	95	88
Cindy Rose[2]	79	n/a
Nicole Seligman	145	130
Sally Susman	98	88
Sol Trujillo	105	98
Keith Weed[3]	17	n/a
Jasmine Whitbread[4]	37	n/a

1 Ruigang Li retired from the Board on 12 June 2019.
2 Cindy Rose was appointed to the Board on 1 April 2019.
3 Keith Weed was appointed to the Board on 1 November 2019.
4 Jasmine Whitbread was appointed to the Board on the 1 September 2019.

PAST DIRECTORS

Since his retirement from the Board, Timothy Shriver has been appointed as a consultant advising the Company on certain client relationships. He received a payment of £155,267 in 2019 for his consultancy services.

Sir Martin Sorrell left the Company in April 2018. His outstanding share awards granted under the Executive Performance Share Plan (EPSP) have been prorated to reflect his service period and will vest to the extent that performance conditions are achieved. The table below sets out details of the 2015 award that vested on 12 March 2020 based on performance achieved (see page 129 for detail).

	Plan	Number of shares awarded	Additional share in respect of dividend accrual	Number of shares vesting	Share price on vesting	Value of vested 2015-2019 EPSP awards 000
Sir Martin Sorrell	2015 EPSP	738,267	15,270	86,243	£6.0000	£517

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 2019, the Company's ESOPs (which are entirely independent of the Company and have waived their rights to receive dividends) held in total 9,219,837 shares in the Company (14,820,994 in 2018).

Director		Total beneficial interests	Shares without performance conditions (unvested)[1,2]	Shares with performance conditions (unvested)[3,4]	Total unvested shares
Mark Read	At 31 December 2019	196,789	193,388	967,728	1,161,116
	At 29 April 2020	251,643	155,071	901,818	1,056,889
Paul Richardson	At 31 December 2019	1,068,240	14,235	1,133,300	1,147,535
	At 29 April 2020	1,080,145	14,235	943,450	957,685

[1] For Mark Read shares due pursuant to the 2017 Performance Share and 2018 Executive Share awards, 2017 Leaders awards and 2018 Retention awards and for Paul Richardson, the 2018 Executive Share award. Full details of these awards can be found on pages 135 and 136. Additional dividend shares will be due on vesting.
[2] As noted in footnote 1 above, less 2017 Performance Share award, which vested on 10 March 2020 (full details can be found on page 135).
[3] Maximum number of shares due on vesting pursuant to the outstanding EPSP awards, full details of which can be found on page 136. Additional dividend shares will be due on vesting.
[4] As noted in footnote 3 above, less the maximum due under the 2015 EPSP award, which vested on 12 March 2020 (full details can be found on page 129).

SHARE OWNERSHIP REQUIREMENTS

As detailed in the Directors' Compensation Policy, the Executive Directors are required to achieve a minimum level of share ownership of WPP shares. The CEO and Group Finance Director are required to hold shares to the value of 600% and 300% of base salary respectively.

As at 31 December 2019, the Chief Executive Officer held shares to the value of 215% of his base salary. He has seven years from the date appointed to the CEO role in which to reach required level. At the same date Paul Richardson significantly exceeded his requirement and held shares to the value of 1,356% of his base salary. He will be required to maintain his share ownership requirement of 300% of base salary in the year following his retirement and 150% of base salary for the second year.

NON-EXECUTIVE DIRECTORS' INTERESTS (AUDITED)

Non-Executive Directors' interests in the Company's ordinary share capital are shown in the following table. Except as disclosed in this table, no Non-Executive Director had any interest in any contract of significance with the Group during the year.

Non-Executive Director	Total interests at 31 December 2019	Total interests at 29 April 2020
Roberto Quarta	87,500	87,500
Jacques Aigrain	34,000	34,000
Tarek Farahat	3,775	3,775
Sir John Hood	3,000	3,000
Ruigang Li[1]	4,000	n/a
Daniela Riccardi	4,100	4,100
Cindy Rose[2]	8,000	8,000
Nicole Seligman	8,750	8,750
Sally Susman	5,000	5,000
Sol Trujillo	10,000	10,000
Keith Weed[3]	2,161	2,161
Jasmine Whitbread[4]	–	3,330

1 Ruigang Li retired from the Board on 12 June 2019. The information disclosed reflects his total interest at this date.
2 Cindy Rose was appointed to the Board on 1 April 2019.
3 Keith Weed was appointed to the Board on 1 November 2019.
4 Jasmine Whitbread was appointed to the Board on the 1 September 2019.

OUTSTANDING SHARE-BASED AWARDS

EXECUTIVE SHARE AWARDS (ESAs) HELD BY EXECUTIVE DIRECTORS

All Executive Share Awards (ESA) or Performance Share Awards (PSA) granted under the Restricted Stock Plan and its successor, the WPP Stock Plan 2018, are made on the basis of satisfaction of previous performance conditions and are subject to continuous employment until the vesting date. Mark Read received ESA and PSA awards prior to his appointment as Executive Director. Unless otherwise noted, awards are made in the form of WPP ordinary shares.

		Grant date	Share/ADR price on grant date	No. of shares/ ADRs granted[2]	Face value on grant date 000[3]	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ADR price on vesting	Value on vesting 000
Mark Read	2016 PSA	06.06.17	£17.2050	25,573	£440	2,553	28,126	10.03.19	£8.5458	£240
	2017 PSA	12.06.18	£12.3800	38,317	£474	–	–	10.03.20	–	–
	2018 ESA	30.05.19	£9.4840	62,834	£596	–	–	06.03.21	–	–
Paul Richardson[1]	2016 ESA	06.06.17	$110.7600	9,280	$1,028	933	10,213	06.03.19	$57.3447	$586
	2018 ESA	30.05.19	$60.06	2,847	$171	–	–	06.03.21	–	–

1 Paul Richardson's ESAs were granted in respect of ADRs.
2 Dividend shares will be due on these awards.
3 Face value has been calculated using the average closing share price for the trading day preceding the date of grant (as set out in the table).

OUTSTANDING SHARE-BASED AWARDS CONTINUED

Mark Read received awards prior to his appointment as CEO under the management incentive plans. In addition, he received awards on his appointment as joint-COO in April 2018. While the Board decided on the appointment of the next CEO, a special one-off award was made recognising the importance and scale of the additional responsibilities that were being undertaken. Each award is subject to continuous employment and malus and clawback and was made under the Restricted Stock Plan and the WPP Stock Plan 2018.

		Grant date	Share/ADR price on grant date	No. of shares/ ADRs granted[2]	Face value on grant date 000[3]	Additional shares granted in lieu of dividends	Total shares vesting	Vesting date	Shares/ADR price on vesting	Value on vesting 000
Mark Read	Leaders 2016	28.11.16	£17.0550	8,795	£150	1,477	10,272	15.11.19	£9.8378	£101
	Leaders 2017	04.12.17	£13.0850	11,463	£150	–	–	15.11.20	–	–
	Special award[1]	12.06.18	£12.3800	40,387	£500	2,300	42,687	01.05.19	£9.6800	£413
	Special award[1]	12.06.18	£12.3800	80,774	£1,000	–	–	01.05.20 and 01.05.21	–	–

1 The first tranche of the one-off special award vested on 1 May 2019. The remaining two tranches will vest in equal parts on 1 May 2020 and 1 May 2021.
2 Dividend shares will be due on these awards.
3 Face value has been calculated using the average closing share price for the trading day preceding the date of grant (as set out in the table).

LONG-TERM INCENTIVE PLANS – EXECUTIVE PERFORMANCE SHARE PLAN

The following table summarises all of the awards outstanding under the Executive Performance Share Plan.

					During 2019			
	Grant date	Performance period	Shares/ADR price on grant date	Maximum number of nil cost options over shares/ ADRs awarded[2]	Options vested/(lapsed)	Additional dividend shares	Options exercised	Maximum number of nil cost options over shares/ADRs at 31 December 2019
Mark Read	09.06.15	01.01.15-31.12.19	£15.1720	65,910	–	–	–	65,910
	28.11.16	01.01.16-31.12.20	£17.0520	58,644	–	–	–	58,644
	04.12.17	01.01.17-31.12.21	£12.9110	106,498	–	–	–	106,498
	06.12.18	01.01.18-31.12.22	£8.6040	396,617	–	–	–	396,617
	24.09.19	01.01.19-31.12.23	£10.0350	340,059	–	–	–	340,059
Paul Richardson[1]	09.06.15	01.01.15-31.12.19	$115.8800	37,970	–	–	–	37,970
	28.11.16	01.01.16-31.12.20	$105.9309	41,536	–	–	–	41,536
	04.12.17	01.01.17-31.12.21	$86.9138	36,933	–	–	–	36,933
	06.12.18	01.01.18-31.12.22	$55.2631	58,628	–	–	–	58,628
	24.09.19	01.01.19-31.12.23	$62.6530	51,593	–	–	–	51,593

1 Paul Richardson's EPSP awards were granted in respect of ADRs.
2 Dividend shares will be due on these awards.

Full details of the 2019 EPSP award, including performance measures and targets, can be found on page 130.

IMPLEMENTATION OF REWARD POLICY FOR MANAGEMENT OUTSIDE THE BOARD

As part of its review of the Directors' Compensation Policy during 2019, the Committee took into consideration the compensation arrangements of the wider workforce to ensure that the new policy was aligned and reflective of the terms offered to other employees. The Committee places significant value on the views of employees and has established appropriate mechanisms to capture them.

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 2019 is described below.

WPP STOCK PLAN 2018 (WSP)

The WPP Leaders, Partners and High Potential programme made awards under the WSP to about 1,400 of our key executives in 2019. Awards vest three years after grant, provided the participant is still employed within the Group. In addition, senior executives have part of their annual bonus paid in the form of executive or performance share awards that vest two years after grant.

The Executive Directors do not participate in any aspect of the WSP except for the deferred share bonus award. All awards granted under the WSP are subject to malus and clawback conditions.

WPP SHARE OPTION PLAN 2015

During 2019, the WPP Share Option Plan 2015 was used to make awards to over 38,000 employees. By 31 December 2019, options under this plan, and its predecessor, the Worldwide Ownership Plan, had been granted to approximately 187,000 employees over 95 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 2019. The Executive Directors do not participate in this plan.

SHARE INCENTIVE DILUTION FOR 2009 TO 2019

The share incentive dilution level, measured on a 10-year rolling basis, was at 3.3% at 31 December 2019 (2018: 3.4%). 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.

Sir John Hood
Chairman of the Compensation Committee
on behalf of the Board of Directors of WPP plc
29 April 2020

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The consolidated financial statements of WPP plc and its subsidiaries (the Group) for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2019.

The Group's financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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:
- IFRS 16 Leases; and
- IFRIC 23 Uncertainty over Income Tax Treatments.

IMPACT OF THE ADOPTION OF IFRS 16 LEASES

IFRS 16 is effective from 1 January 2019. The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. Lessees are required to recognise a right-of-use asset and related lease liability for their operating leases and show depreciation of leased assets and interest on lease liabilities separately in the income statement. IFRS 16 requires the Group to recognise substantially all of its operating leases on the balance sheet.

The Group adopted IFRS 16 effective 1 January 2019 on a modified retrospective basis and applied the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to retained earnings. Accordingly, prior year financial information has not been restated and will continue to be reported under IAS 17 Leases. The right-of-use asset and lease liability have initially been measured at the present value of the remaining lease payments, with the right-of-use asset being subject to certain adjustments. For certain leases the right-of-use asset was measured as if the standard had been applied from the lease commencement date and for others the right-of-use asset was set equal to the lease liability.

When applying IFRS 16, the Group has applied the following practical expedients on transition date:
- Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application;
- Reliance on previous assessments on whether leases are onerous instead of performing an impairment review;
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- The use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The right-of-use asset and lease liability recorded on the consolidated balance sheet as of 1 January 2019 were £1,895.1 million and £2,326.2 million, respectively. There was a reduction in other creditors of £233.5 million and property provisions of £68.7 million with regard to amounts related to property leases, including deferred rent and tenant improvement allowances, which are now recognised in the right-of-use asset. These movements resulted in a decrease to retained earnings of £128.9 million and the recognition of a deferred tax asset of £27.8 million on this movement.

For the year ended 31 December 2019, depreciation of the right-of-use asset and recognition of interest on the lease liability in the consolidated income statement replaced amounts recognised as rent expense under IAS 17. The implementation of IFRS 16 on 1 January 2019 resulted in an increase to reported and headline operating profit (as defined in note 32) of £61.0 million and a subsequent increase to operating profit margin of 0.6 margin points along with increased interest and a decrease to all earnings per share measures of 1.8p.

The following table reconciles the opening balance for the lease liabilities as at 1 January 2019 based upon the operating lease obligations as at 31 December 2018:

£m	
Operating lease commitments at 31 December 2018	3,628.2
Short-term and low-value leases not included in lease liabilities	(73.8)
Extension options reasonably certain to be exercised	115.1
Signed leases not yet commenced	(598.1)
Gross lease liabilities at 1 January 2019	3,071.4
Effect of discounting	(745.2)
Lease liabilities at 1 January 2019	2,326.2

The weighted average discount rate was 5.4% at 1 January 2019.

IMPACT OF THE ADOPTION OF IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS

IFRIC 23 clarifies the accounting for uncertainties in income tax and is effective from 1 January 2019. There has been no impact to our financial statements as a result of the adoption of IFRIC 23.

At the date of authorisation of these financial statements, the following amendments to standards, which have not been applied in these financial statements, were in issue but not yet effective:
- Impact of Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

IMPACT OF INTEREST RATE BENCHMARK REFORM

The amendments issued by the IASB, Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7), are mandatory and are effective from 1 January 2020. They provide relief on specific aspects of pre-replacement issues that impact hedge accounting, whereby entities applying hedge accounting requirements will be able to assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based are not altered as a result of Interest Rate Benchmark Reform. The Group does not consider that these amendments will have a significant impact on the financial statements as they provide relief for the possible effects of the uncertainty arising from interest rate benchmark reform.

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 of financial instruments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost less accumulated depreciation and any provision for impairment with the exception of freehold land which is not depreciated. The Group assesses the carrying value of its property, plant and equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows:
- Freehold buildings – 50 years.
- Leasehold land and buildings – over the term of the lease or life of the asset, if shorter.
- Fixtures, fittings and equipment – 3-10 years.
- Computer equipment – 3-5 years.

INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. In certain circumstances, significant influence may be represented by factors other than ownership and voting rights, such as representation on the Board of Directors.

The Group's share of the profits less losses of associate undertakings net of tax, interest and non-controlling interests is included in the consolidated income statement and the Group's share of net assets is shown within interests in associates in the consolidated balance sheet. The Group's share of the profits less losses and net assets is based on current information produced by the undertakings, adjusted to conform with the accounting policies of the Group.

The Group assesses the carrying value of its associate undertakings to determine if any impairment has occurred. Where this indicates that an investment may be impaired, the Group applies the requirements of IAS 36 in assessing the carrying amount of the investment. This process includes comparing its recoverable amount with its carrying value. The recoverable amount is defined as the higher of fair value less costs to sell and value in use.

The Group accounts for joint venture investments under the equity method which is consistent with the Group's treatment of associates.

OTHER INVESTMENTS

Certain equity investments are designated as either fair value through other comprehensive income or fair value through profit or loss. Movements in fair value through profit or loss are recorded in the consolidated income statement within revaluation of financial instruments.

The Group generally elects to classify equity investments as fair value through other comprehensive income where the Group forms a strategic partnership with the investee.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, where certain conditions are met, an asset or disposal group that is for sale should be recognised as "held for sale". An entity should classify a disposal group as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. Such assets are measured at the lower of carrying amount and fair value less costs to sell, and are not depreciated or amortised, excluding certain assets that are carried at fair value under IFRS 5. Furthermore, when an associate is classified as held for sale, equity accounting ceases.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The profit or loss from a discontinued operation is shown as a single amount on the face of the income statement and the comparatives and related notes restated accordingly. This represents total post-tax profit of the disposal group for the whole of the financial year including any post-tax gain or loss on the measurement of fair value less costs to sell, as well as the post-tax loss on sale of the disposal group. Assets and liabilities classified as held for sale are shown as a separate line on the balance sheet.

ACCRUED AND DEFERRED INCOME

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers or amounts are billed with an unconditional right to receive consideration prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities and are typically related to prepayments for third-party expenses that are incurred shortly after billing.

TRADE RECEIVABLES AND WORK IN PROGRESS

Trade receivables are stated net of provisions for bad and doubtful debts.

Work in progress includes outlays incurred on behalf of clients, including production costs, and other third-party costs that have not yet been billed and are considered receivables under IFRS 15 Revenue from Contracts with Customers.

EXPECTED CREDIT LOSSES

The Group has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore the Group does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss.

Under IFRS 9 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. 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 assessment of expected credit losses includes provisions for specific clients and receivables where the contractual cash flow is deemed at risk. Additional provisions are made based on the assessment of recoverability of aged receivables, where the following criteria are met:

- 100% of the asset aged over one year;
- 50% of the asset aged between 180 days and one year; and
- sufficient evidence of recoverability is not evident.

Estimated future cash flows represent expectations as at 31 December 2019 and do not consider the impact of the emergence and spread of the Covid-19 virus.

Further details on provisions for bad and doubtful debts are provided in note 18.

FOREIGN CURRENCY AND INTEREST RATE HEDGING

The Group's policy on interest rate and foreign exchange rate management sets out the instruments and methods available to hedge interest and currency risk exposures and the control procedures in place to ensure effectiveness.

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship, the entity 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 27 contains details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is recognised in other comprehensive income and deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the consolidated income statement.

LIABILITIES IN RESPECT OF OPTION AGREEMENTS

Option agreements that allow the Group's equity partners to require the Group to purchase a non-controlling interest are treated as derivatives over equity instruments and are recorded in the consolidated balance sheet initially at the present value of the redemption amount in accordance with IAS 32 Financial Instruments: Presentation and subsequently measured at fair value in accordance with IFRS 9 Financial Instruments. The movement in the fair value is recognised as income or expense within revaluation 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.

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 and data collection 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 standalone selling prices.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand-ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

The amount of revenue recognised depends on whether we act as an agent or as a principal. Certain arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases we are acting as an agent as we do not control the relevant good or service before it is transferred to the client. When we act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers (such as production costs and media suppliers) are excluded from revenue and recorded as work in progress until billed.

The Group acts as principal when we control the specified good or service prior to transfer. When the Group acts as a principal (such as when supplying in-house production services, events and branding), the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

Further details on revenue recognition are detailed by sector below:

GLOBAL INTEGRATED AGENCIES

Revenue is typically derived from integrated product offerings including media placements and creative services. Revenue may consist of various arrangements involving commissions, fees, incentive-based revenue or a combination of the three, as agreed upon with each client. Revenue for commissions on purchased media is typically recognised at the point in time the media is run.

The Group receives volume rebates from certain suppliers for transactions entered into on behalf of clients that, based on the terms of the relevant contracts and local law, are either remitted to clients or retained by the Group. If amounts are passed on to clients they are recorded as liabilities until settled or, if retained by the Group, are recorded as revenue when earned.

Variable incentive-based revenue typically comprises both quantitative and qualitative elements. Incentive compensation is estimated using the most likely amount and is included in revenue up to the amount that is highly probable not to result in a significant reversal of cumulative revenue recognised. The Group recognises incentive revenue as the related performance obligation is satisfied.

PUBLIC RELATIONS AND SPECIALIST AGENCIES

Revenue for these services is typically derived from retainer fees and fees for services to be performed subject to specific agreement. Most revenue under these arrangements is earned over time, in accordance with the terms of the contractual arrangement.

DISCONTINUED OPERATIONS (DATA INVESTMENT MANAGEMENT)

Revenue for market research services is typically recognised over time based on input measures. For certain performance obligations, output measures such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract are used to measure progress.

While most of the studies provided in connection with the Group's market research contracts are undertaken in response to an individual client's or group of clients' specifications, in certain instances a study may be developed as an off-the-shelf product offering sold to a broad client base. For these transactions, revenue is recognised when the product is delivered. When the terms of the transaction provide for licensing the right to access a product on a subscription basis, revenue is recognised over the subscription period, typically on a straight-line basis.

TAXATION

Corporate taxes are payable on taxable profits at current rates. The tax expense represents the sum of the tax currently payable and deferred tax.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable, liabilities are classified as current. Any interest and penalties accrued are included in corporate income taxes both in the consolidated income statement and balance sheet. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

The tax laws that apply to the Group's subsidiaries may be amended by the relevant tax authorities. Such potential amendments are regularly monitored and adjustments are made to the Group's tax liabilities and deferred tax assets and liabilities where necessary.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences unless specifically excepted by IAS 12 Income Taxes. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, which can require the use of accounting estimation and the exercise of judgement. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on enacted or substantively enacted legislation.

RETIREMENT BENEFIT COSTS

The Group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits.

For defined contribution plans, contributions are charged to the consolidated income statement as payable in respect of the accounting period.

For defined benefit plans the amounts charged to operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the consolidated income statement when the related plan amendment occurs. Net interest expense is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

Where defined benefit plans are funded, the assets of the plan are held separately from those of the Group, in separate independently managed funds. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Recognition of a surplus in a defined benefit plan is limited based on the economic gain the Company is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions comprise liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount. These include provisions for other property-related liabilities. Also included are other provisions, such as certain long-term employee benefits and legal claims, where the likelihood of settlement is considered probable.

LEASES

The Group has adopted IFRS 16 Leases from 1 January 2019. 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 lease term 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. Right-of-use assets are reviewed for indicators of impairment.

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 on a straight-line basis over the lease term.

In 2018 and 2017 leases were accounted for per IAS 17 Leases. The following policies were applicable:

FINANCE LEASES

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the consolidated income statement on the same basis as owned assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the consolidated income statement as it is incurred.

OPERATING LEASES

Operating lease rentals are charged to the consolidated income statement on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the consolidated income statement as they arise.

The income statements of foreign subsidiary undertakings are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates.

Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

HYPERINFLATION IN ARGENTINA

During 2019 and 2018, Argentina was designated as a hyperinflationary economy and the financial statements of the Group's subsidiaries in Argentina have been adjusted for the effects of inflation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

IAS 29 requires that the income statement is adjusted for inflation in the period and translated at the year-end foreign exchange rate and that non-monetary assets and liabilities on the balance sheet are restated to reflect the change in purchasing power caused by inflation from the date of initial recognition. In 2019, this resulted in an increase in goodwill of £41.0 million (2018: £105.8 million) and an increase in other intangibles of £7.1 million (2018: £19.5 million). 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 28.

The fair value determined at the grant date is recognised in the consolidated income statement as an expense on a straight-line basis over the relevant vesting period, based on the Group's estimate of the number of shares that will ultimately vest and adjusted for the effect of non-market-based vesting conditions.

CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY IN APPLYING ACCOUNTING POLICIES

Management is required to make key decisions and judgements whilst acknowledging there is estimation uncertainty in the process of applying the Group's accounting policies. These estimates and judgements are reviewed on an ongoing basis. Where judgement has been applied or estimation uncertainty exists, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in these financial statements.

The most significant areas of estimation uncertainty include:

- Goodwill: the discounted cash flow methodology employed by the Group when testing for goodwill impairment requires estimates regarding revenue growth, operating margins, discount rates and working capital requirements. Further details of the methodology, discount rates, long-term growth rates and estimates used in relation to the goodwill impairment are set out in note 14.
- Payments due to vendors (earnout agreements) and liabilities in respect of put options: estimates are required regarding growth rates in deriving future financial performance and discount rates to be applied when measuring the liabilities for earnouts and put options. Further details on growth rates and discount rates and the sensitivity to these estimates are set out in note 27.
- Provision for post-employment benefits: estimates are required in the accounting for defined benefit pension plans, including establishing discount rates, rates of increase in salaries and pensions in payment, inflation and mortality assumptions. These estimates are made by management based on the advice of qualified advisors. Details of the assumptions used and the sensitivity of the benefit obligation to these assumptions are set out in note 24.
- Deferred consideration on the Kantar disposal: as per the terms of the Kantar disposal, deferred consideration consisted of amounts expected to be received in future periods on satisfaction of certain conditions and the deferral of consideration against services to be provided to Kantar in the future, as detailed in note 12. Estimates are required in determining amounts to be received and the value of services to be provided, taking into account uncertainty in the ultimate timing and resolution of each of these. The sensitivity to these estimates is specific to each individual circumstance and no individual estimate is expected to result in a material change to the amount recognised.
- Taxation: Estimates are required in determining whether a provision is required and, the amount of taxes that will be due, particularly given the many countries in which the Group operates. Where the final tax outcome is different from the amounts recorded then such differences may expose the Group to additional tax liabilities or impact the carrying value of deferred tax assets, which would affect the future tax charge. Further details on the tax charge, corporate income tax payable and deferred tax balances are set out in the income statement, balance sheet and notes 7 and 17.

The most significant areas of judgements include:

- Revenue recognition: judgement is required regarding the timing of recognition, particularly in relation to media volume income with regards to whether it is required to be passed back to the client and in assessing progress on performance obligations where revenue is recognised over time. Further details are set out in the accounting policy.
- Non-current assets held for sale and discontinued operations: judgement is required in determining the timing of classification of the Group's Kantar business as held for sale, particularly with the timing of the held for sale classification. Further details are set out in note 12.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The Directors are responsible for keeping proper accounting records that 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.

Mark Read
Chief Executive Officer
29 April 2020

Paul Richardson
Group Finance Director

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £m	2018[1] £m	2017[1] £m
Continuing operations				
Billings[2]		**53,059.0**	53,219.7	52,915.4
Revenue	2	**13,234.1**	13,046.7	13,146.4
Costs of services	3	**(10,825.1)**	(10,559.1)	(10,481.6)
Gross profit		**2,409.0**	2,487.6	2,664.8
General and administrative costs	3	**(1,113.1)**	(1,249.7)	(1,086.9)
Operating profit		**1,295.9**	1,237.9	1,577.9
Share of results of associates	4	**14.7**	30.5	98.0
Profit before interest and taxation		**1,310.6**	1,268.4	1,675.9
Finance and investment income	6	**99.0**	98.9	89.0
Finance costs	6	**(359.1)**	(279.1)	(261.9)
Revaluation of financial instruments	6	**(68.4)**	169.4	243.9
Profit before taxation		**982.1**	1,257.6	1,746.9
Taxation	7	**(275.0)**	(256.0)	(83.0)
Profit for the year from continuing operations		**707.1**	1,001.6	1,663.9
Discontinued operations				
Profit for the year from discontinued operations	12	**10.8**	137.8	248.4
Profit for the year		**717.9**	1,139.4	1,912.3
Attributable to				
Equity holders of the parent:				
Continuing operations		**627.9**	936.5	1,579.5
Discontinued operations		**(3.8)**	126.4	237.1
		624.1	1,062.9	1,816.6
Non-controlling interests:				
Continuing operations		**79.2**	65.1	84.4
Discontinued operations		**14.6**	11.4	11.3
		93.8	76.5	95.7
		717.9	1,139.4	1,912.3

Earnings per share from continuing and discontinued operations				
Basic earnings per ordinary share	9	**49.9p**	85.2p	144.0p
Diluted earnings per ordinary share	9	**49.5p**	84.3p	142.4p
Earnings per share from continuing operations				
Basic earnings per ordinary share	9	**50.2p**	75.1p	125.2p
Diluted earnings per ordinary share	9	**49.8p**	74.3p	123.8p

Continuing operations				
Revenue less pass-through costs	2, 32	**10,846.5**	10,875.7	11,143.9
Headline operating profit	2, 32	**1,560.6**	1,651.2	1,793.1
Headline operating profit margin	2, 32	**14.4%**	15.2%	16.1%
Headline PBT	32	**1,363.0**	1,543.0	1,717.6

Notes

The accompanying notes form an integral part of this consolidated income statement.

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Billings is defined on page 204.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £m	2018 £m	2017 £m
Profit for the year	**717.9**	1,139.4	1,912.3
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments on foreign currency net investments	**(379.4)**	78.9	(465.2)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	**(284.0)**	–	–
Gain on revaluation of available for sale investments	**–**	–	32.1
	(663.4)	78.9	(433.1)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit pension plans	**(36.6)**	8.9	17.0
Deferred tax on defined benefit pension plans	**6.4**	(0.7)	(24.6)
Movements on equity investments held at fair value through other comprehensive income	**(141.4)**	(247.9)	–
	(171.6)	(239.7)	(7.6)
Other comprehensive loss for the year	**(835.0)**	(160.8)	(440.7)
Total comprehensive (loss)/income for the year	**(117.1)**	978.6	1,471.6

Attributable to			
Equity holders of the parent:			
Continuing operations	**193.5**	730.9	1,252.9
Discontinued operations	**(386.4)**	162.2	142.7
	(192.9)	893.1	1,395.6
Non-controlling interests:			
Continuing operations	**61.9**	73.8	65.2
Discontinued operations	**13.9**	11.7	10.8
	75.8	85.5	76.0
	(117.1)	978.6	1,471.6

Note
The accompanying notes form an integral part of this consolidated statement of comprehensive income.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £m	2018 £m	2017 £m
Net cash inflow from operating activities	11	**1,850.5**	1,693.8	1,408.1
Investing activities				
Acquisitions	11	**(161.3)**	(283.7)	(477.5)
Disposal of investments and subsidiaries	11	**2,141.0**	833.9	296.0
Purchases of property, plant and equipment		**(339.3)**	(314.8)	(288.9)
Purchases of other intangible assets (including capitalised computer software)		**(54.8)**	(60.4)	(37.3)
Proceeds on disposal of property, plant and equipment		**174.0**	9.5	8.0
Net cash inflow/(outflow) from investing activities		**1,759.6**	184.5	(499.7)
Financing activities				
Repayment of lease liabilities		**(249.8)**	–	–
Share option proceeds		**0.6**	1.2	6.4
Cash consideration for non-controlling interests	11	**(62.7)**	(109.9)	(47.3)
Share repurchases and buybacks	11	**(43.8)**	(207.1)	(504.2)
Net (decrease)/increase in borrowings	11	**(1,713.2)**	(440.6)	599.6
Financing and share issue costs		**(6.4)**	(3.8)	(0.8)
Equity dividends paid		**(750.5)**	(747.4)	(751.5)
Dividends paid to non-controlling interests in subsidiary undertakings		**(96.2)**	(106.2)	(87.8)
Net cash outflow from financing activities		**(2,922.0)**	(1,613.8)	(785.6)
Net increase in cash and cash equivalents		**688.1**	264.5	122.8
Translation of cash and cash equivalents		**(89.7)**	(61.5)	(27.2)
Cash and cash equivalents at beginning of year		**2,201.2**	1,998.2	1,902.6
Cash and cash equivalents including cash held in disposal group at end of year		**2,799.6**	2,201.2	1,998.2
Cash and cash equivalents held in disposal group presented as held for sale		**(66.3)**	–	–
Cash and cash equivalents at end of year	11	**2,733.3**	2,201.2	1,998.2

Reconciliation of net cash flow to movement in net debt				
Net increase in cash and cash equivalents		**688.1**	264.5	122.8
Cash outflow/(inflow) from decrease/(increase) in debt financing		**1,719.6**	444.4	(598.8)
Other movements		**(32.5)**	(1.4)	(1.9)
Translation differences		**168.2**	(241.1)	125.3
Movement of net debt in the year		**2,543.4**	466.4	(352.6)
Net debt at beginning of year		**(4,016.7)**	(4,483.1)	(4,130.5)
Net debt including net debt in disposal group at end of year		**(1,473.3)**	(4,016.7)	(4,483.1)
Net debt in disposal group		**(66.3)**	–	–
Net debt at end of year	10	**(1,539.6)**	(4,016.7)	(4,483.1)

Note
The accompanying notes form an integral part of this consolidated cash flow statement.

CONSOLIDATED BALANCE SHEET

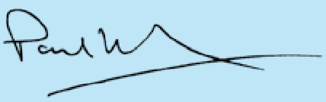
AT 31 DECEMBER 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Intangible assets:			
Goodwill	14	**10,170.7**	13,202.8
Other	14	**1,468.8**	1,842.0
Property, plant and equipment	15	**876.0**	1,083.0
Right-of-use assets	13	**1,734.5**	–
Interests in associates and joint ventures	16	**813.0**	796.8
Other investments	16	**498.3**	666.7
Deferred tax assets	17	**187.9**	153.0
Trade and other receivables	18	**137.6**	180.0
		15,886.8	17,924.3
Current assets			
Corporate income tax recoverable		**165.4**	198.7
Trade and other receivables	18	**11,822.3**	13,101.5
Cash and short-term deposits		**2,969.0**	2,643.2
		14,956.7	15,943.4
Assets classified as held for sale	12	**485.3**	–
		15,442.0	15,943.4
Current liabilities			
Trade and other payables	19	**(14,186.8)**	(15,038.4)
Corporate income tax payable		**(499.9)**	(545.9)
Short-term lease liabilities	13	**(302.2)**	–
Bank overdrafts, bonds and bank loans	21	**(461.3)**	(1,025.1)
		(15,450.2)	(16,609.4)
Liabilities associated with assets classified as held for sale	12	**(170.4)**	–
		(15,620.6)	(16,609.4)
Net current liabilities		**(178.6)**	(666.0)
Total assets less current liabilities		**15,708.2**	17,258.3
Non-current liabilities			
Bonds and bank loans	21	**(4,047.3)**	(5,634.8)
Trade and other payables	20	**(483.3)**	(841.4)
Deferred tax liabilities	17	**(379.8)**	(479.5)
Provision for post-employment benefits	24	**(159.0)**	(184.3)
Provisions for liabilities and charges	22	**(247.8)**	(311.7)
Long-term lease liabilities	13	**(1,947.5)**	–
		(7,264.7)	(7,451.7)
Net assets		**8,443.5**	9,806.6
Equity			
Called-up share capital	28	**132.8**	133.3
Share premium account		**570.3**	569.7
Other reserves	29	**(501.2)**	393.5
Own shares		**(1,178.7)**	(1,255.7)
Retained earnings		**9,048.9**	9,541.4
Equity shareholders' funds		**8,072.1**	9,382.2
Non-controlling interests		**371.4**	424.4
Total equity		**8,443.5**	9,806.6

Note
The accompanying notes form an integral part of this consolidated balance sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2020.

Signed on behalf of the Board:



Mark Read
Chief Executive Officer

Paul Richardson
Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called-up share capital £m	Share premium account £m	Other reserves[1] £m	Own shares £m	Retained earnings £m	Total equity shareholders' funds £m	Non-controlling interests £m	Total £m
Balance at 1 January 2018	**133.3**	**568.5**	**354.3**	**(1,171.1)**	**9,602.3**	**9,487.3**	**468.8**	**9,956.1**
Ordinary shares issued	–	1.2	–	–	–	1.2	–	1.2
Treasury share additions	–	–	–	(104.3)	–	(104.3)	–	(104.3)
Treasury share allocations	–	–	–	1.5	(1.5)	–	–	–
Profit for the year	–	–	–	–	1,062.9	1,062.9	76.5	1,139.4
Exchange adjustments on foreign currency net investments	–	–	69.9	–	–	69.9	9.0	78.9
Movements on equity investments held at fair value through other comprehensive income	–	–	–	–	(247.9)	(247.9)	–	(247.9)
Actuarial gain on defined benefit pension plans	–	–	–	–	8.9	8.9	–	8.9
Deferred tax on defined benefit pension plans	–	–	–	–	(0.7)	(0.7)	–	(0.7)
Other comprehensive income/(loss)	–	–	69.9	–	(239.7)	(169.8)	9.0	(160.8)
Total comprehensive income	–	–	69.9	–	823.2	893.1	85.5	978.6
Dividends paid	–	–	–	–	(747.4)	(747.4)	(106.2)	(853.6)
Non-cash share-based incentive plans (including share options)	–	–	–	–	84.8	84.8	–	84.8
Tax adjustment on share-based payments	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Net movement in own shares held by ESOP Trusts	–	–	–	18.2	(121.0)	(102.8)	–	(102.8)
Recognition/remeasurement of financial instruments	–	–	(30.7)	–	10.3	(20.4)	–	(20.4)
Acquisition of subsidiaries[2]	–	–	–	–	(108.1)	(108.1)	(23.7)	(131.8)
Balance at 31 December 2018	**133.3**	**569.7**	**393.5**	**(1,255.7)**	**9,541.4**	**9,382.2**	**424.4**	**9,806.6**
Accounting policy change (IFRS 16)[3]	–	–	–	–	(128.9)	(128.9)	–	(128.9)
Deferred tax on accounting policy change (IFRS 16)[3]	–	–	–	–	27.8	27.8	–	27.8
Revised balance at 1 January 2019	**133.3**	**569.7**	**393.5**	**(1,255.7)**	**9,440.3**	**9,281.1**	**424.4**	**9,705.5**
Ordinary shares issued	–	0.6	–	–	–	0.6	–	0.6
Share cancellations	(0.5)	–	0.5	–	(47.7)	(47.7)	–	(47.7)
Treasury share allocations	–	–	–	1.0	(1.0)	–	–	–
Profit for the year	–	–	–	–	624.1	624.1	93.8	717.9
Exchange adjustments on foreign currency net investments	–	–	(361.4)	–	–	(361.4)	(18.0)	(379.4)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	(284.0)	–	–	(284.0)	–	(284.0)
Movements on equity investments held at fair value through other comprehensive income	–	–	–	–	(141.4)	(141.4)	–	(141.4)
Actuarial loss on defined benefit pension plans	–	–	–	–	(36.6)	(36.6)	–	(36.6)
Deferred tax on defined benefit pension plans	–	–	–	–	6.4	6.4	–	6.4
Other comprehensive loss	–	–	(645.4)	–	(171.6)	(817.0)	(18.0)	(835.0)
Total comprehensive (loss)/income	–	–	(645.4)	–	452.5	(192.9)	75.8	(117.1)
Dividends paid	–	–	–	–	(750.5)	(750.5)	(96.2)	(846.7)
Non-cash share-based incentive plans (including share options)	–	–	–	–	71.4	71.4	–	71.4
Tax adjustment on share-based payments	–	–	–	–	3.1	3.1	–	3.1
Net movement in own shares held by ESOP Trusts	–	–	–	76.0	(76.0)	–	–	–
Recognition/remeasurement of financial instruments	–	–	2.5	–	13.1	15.6	–	15.6
Share purchases – close period commitments[4]	–	–	(252.3)	–	–	(252.3)	–	(252.3)
Acquisition of subsidiaries[2]	–	–	–	–	(56.3)	(56.3)	(32.6)	(88.9)
Balance at 31 December 2019	**132.8**	**570.3**	**(501.2)**	**(1,178.7)**	**9,048.9**	**8,072.1**	**371.4**	**8,443.5**

Notes

The accompanying notes form an integral part of this consolidated statement of changes in equity.

1 Other reserves are analysed in note 29.

2 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.

3 The impact of the adoption of IFRS 16 Leases from 1 January 2019 is described in the accounting policies.

4 During 2019, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 2 January 2020 and ending on 27 February 2020, in accordance with UK listing rules. The commitment resulting from this agreement constitutes a liability at 31 December 2019, which is included in Trade and other payables: amounts falling due within one year and has been recognised as a movement in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

WPP plc is a company incorporated in Jersey. The address of the registered office is Queensway House, Hilgrove 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.

Recent restructuring actions, including the mergers of VMLY&R and Wunderman Thompson, the One Ogilvy strategy and the reorganisation of our specialist healthcare agencies, mean that certain units have been reclassified between the previously reported sectors. In order to take account of these changes, the internal reporting of the Group used by the Chief Executive Officer (the Chief Operating Decision Maker) to review performance and allocate resources has also changed. The Group has therefore reassessed its segment information under IFRS 8 Operating Segments. In assessing the Group's reportable segments, the Directors have considered the similar economic characteristics of certain operating segments, their shared client base and the similar nature of their products or services, amongst other factors. As a result, the Group is now organised into three reportable segments – Global Integrated Agencies; Public Relations; and Specialist Agencies. The Data Investment Management segment is now excluded from the segment analysis as it is classified as discontinued operations. Comparatives have been restated.

Reportable segments

Reported contributions were as follows:

Continuing operations – Income statement	Revenue[1] £m	Revenue less pass-through costs[2] £m	Headline operating profit[3] £m	Headline operating profit margin[4]
2019				
Global Integrated Agencies[5]	**10,205.2**	**8,108.1**	**1,219.5**	**15.0%**
Public Relations[6]	**956.5**	**898.0**	**140.6**	**15.7%**
Specialist Agencies[7]	**2,072.4**	**1,840.4**	**200.5**	**10.9%**
	13,234.1	**10,846.5**	**1,560.6**	**14.4%**
2018[8]				
Global Integrated Agencies[5]	9,930.7	8,070.8	1,228.2	15.2%
Public Relations[6]	931.7	879.9	139.2	15.8%
Specialist Agencies[7]	2,184.3	1,925.0	283.8	14.7%
	13,046.7	10,875.7	1,651.2	15.2%
2017[8]				
Global Integrated Agencies[5]	10,028.6	8,315.3	1,321.3	15.9%
Public Relations[6]	915.0	864.3	123.5	14.3%
Specialist Agencies[7]	2,202.8	1,964.3	348.3	17.7%
	13,146.4	11,143.9	1,793.1	16.1%

Notes

1 Intersegment sales have not been separately disclosed as they are not material.
2 Revenue less pass-through costs is defined in note 32.
3 A reconciliation from reported operating profit to headline operating profit is provided in note 32.
4 Headline operating profit margin is defined in note 32.
5 Global Integrated Agencies includes all of Grey, GroupM, Hogarth, Ogilvy, VMLY&R and Wunderman Thompson.
6 Public Relations represents the Group's specialists in this area and remains as previously reported but excludes Ogilvy PR which now sits within Global Integrated Agencies as part of Ogilvy.
7 Specialist Agencies represent the Group's other agencies that specialise in certain areas, whether by region or range of services.
8 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies. As a result Data Investment Management is now excluded from the segment analysis.

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
2019						
Global Integrated Agencies	**54.3**	**265.6**	**392.8**	**4.8**	**17.0**	**164.2**
Public Relations	**4.6**	**17.5**	**31.5**	**–**	**(0.3)**	**5.5**
Specialist Agencies[3]	**7.1**	**46.7**	**84.0**	**42.9**	**(2.0)**	**643.3**
	66.0	**329.8**	**508.3**	**47.7**	**14.7**	**813.0**
2018[4]						
Global Integrated Agencies	59.5	255.6	159.1	148.0	25.4	175.1
Public Relations	7.1	12.5	10.8	–	1.3	6.2
Specialist Agencies[3]	11.7	45.9	39.4	35.9	3.8	615.5
	78.3	314.0	209.3	183.9	30.5	796.8
2017[4]						
Global Integrated Agencies	77.8	214.3	157.1	–	16.2	179.9
Public Relations	7.2	9.5	9.8	7.5	0.9	5.6
Specialist Agencies[3]	13.3	47.2	42.2	19.6	80.9	879.7
	98.3	271.0	209.1	27.1	98.0	1,065.2

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 associate and amounts previously reported under the Data Investment Management segment.

4 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

Contributions by geographical area were as follows:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Revenue[2]			
North America[3]	**4,854.7**	4,851.7	5,083.5
United Kingdom	**1,797.1**	1,785.6	1,737.4
Western Continental Europe	**2,628.8**	2,589.6	2,455.7
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**3,953.5**	3,819.8	3,869.8
	13,234.1	13,046.7	13,146.4
Revenue less pass-through costs[4]			
North America[3]	**4,034.3**	4,059.7	4,335.2
United Kingdom	**1,390.1**	1,393.8	1,390.0
Western Continental Europe	**2,176.4**	2,182.9	2,063.7
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**3,245.7**	3,239.3	3,355.0
	10,846.5	10,875.7	11,143.9
Headline operating profit[4]			
North America[3]	**662.0**	710.6	816.3
United Kingdom	**188.5**	179.6	218.1
Western Continental Europe	**261.5**	289.4	249.8
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**448.6**	471.6	508.9
	1,560.6	1,651.2	1,793.1

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Intersegment sales have not been separately disclosed as they are not material.

3 North America includes the United States with revenue of £4,576.5 million (2018: £4,576.1 million, 2017: £4,782.0 million), revenue less pass-through costs of £3,806.3 million (2018: £3,836.0 million, 2017: £4,089.9 million) and headline operating profit of £620.6 million (2018: £674.4 million, 2017: £773.5 million).

4 Revenue less pass-through costs, headline operating profit and headline operating profit margin are defined in note 32.

Continuing operations	2019 Margin	2018[1] Margin	2017[1] Margin
Headline operating profit margin[2]			
North America	**16.4%**	17.5%	18.8%
United Kingdom	**13.6%**	12.9%	15.7%
Western Continental Europe	**12.0%**	13.3%	12.1%
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**13.8%**	14.6%	15.2%

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Headline operating profit margin is defined in note 32.

Continuing operations	2019 £m	2018 £m
Non-current assets[1]		
North America[2]	**6,833.1**	7,269.7
United Kingdom	**1,754.6**	2,079.2
Western Continental Europe	**3,429.8**	4,385.6
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**3,681.4**	4,028.4
	15,698.9	17,762.9

Notes

1 Non-current assets excluding financial instruments and deferred tax.

2 North America includes the United States with non-current assets of £6,373.9 million (2018: £6,791.9 million).

3. COSTS OF SERVICES AND GENERAL AND ADMINISTRATIVE COSTS

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Costs of services	**10,825.1**	10,559.1	10,481.6
General and administrative costs	**1,113.1**	1,249.7	1,086.9
	11,938.2	11,808.8	11,568.5

Costs of services and general and administrative costs include:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Staff costs (note 5)	**7,090.6**	6,950.6	7,065.1
Establishment costs	**672.9**	756.6	769.5
Media pass-through costs	**1,656.2**	1,458.0	1,429.4
Other costs of services and general and administrative costs[2]	**2,518.5**	2,643.6	2,304.5
	11,938.2	11,808.8	11,568.5

Other costs of services and general and administrative costs include:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Goodwill impairment (note 14)	**47.7**	183.9	27.1
Investment write-downs	**7.5**	2.0	91.7
Restructuring and transformation costs	**153.5**	265.5	56.8
Litigation settlement	**(16.8)**	–	–
Gain on sale of freehold property in New York	**(7.9)**	–	–
Amortisation and impairment of acquired intangible assets	**121.5**	201.8	138.0
Amortisation of other intangible assets	**21.2**	20.7	20.1
Depreciation of property, plant and equipment	**185.5**	188.6	189.0
Depreciation of right-of-use assets	**301.6**	–	–
Losses on sale of property, plant and equipment	**3.2**	0.6	1.2
Gains on disposal of investments and subsidiaries	**(40.4)**	(237.9)	(98.7)
(Gains)/losses on remeasurement of equity interests arising from a change in scope of ownership	**(0.4)**	(2.0)	0.3
Net foreign exchange losses/(gains)	**6.1**	(13.0)	8.0
Short-term lease expense	**83.8**	–	–
Low-value lease expense	**2.9**	–	–

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Other costs of services and general and administrative costs include £731.4 million (2018: £713.0 million, 2017: £573.1 million) of other pass-through costs.

In 2019, operating profit includes credits totalling £26.9 million (2018: £25.6 million, 2017: £40.9 million) relating to the release of excess provisions and other balances established in respect of acquisitions completed prior to 2018. Further details of the Group's approach to acquisition reserves, as required by IFRS 3 Business Combinations, are given in note 30.

Amortisation and impairment of acquired intangibles in 2019 includes an impairment charge in the year of £26.5 million (2018: £89.1 million, 2017: £6.0 million) in regard to certain brand names that are no longer in use and customer relationships where the underlying clients have been lost.

In 2019, the goodwill impairment charge of £47.7 million (2018: £183.9 million, 2017: £27.1 million) relates to a number of under-performing businesses in the Group. In certain markets, the impact of current local economic conditions and trading circumstances on these businesses is sufficiently severe to indicate impairment to the carrying value of goodwill. In 2018, the goodwill impairment charge primarily relates to a charge of £148.0 million on VMLY&R.

Investment write-downs of £91.7 million in 2017 include £53.1 million in relation to comScore Inc., which had not released any financial statements in relation to its 2015, 2016 or 2017 results due to an internal investigation by their Audit Committee. In 2017, the market value of comScore Inc. fell below the Group's carrying value. Other investment write-downs relate to certain non-core minority investments in the United States where forecast financial performance and/or liquidity issues indicate a permanent decline in the recoverability of the Group's investment.

Gains on disposal of investments and subsidiaries of £40.4 million in 2019 include a gain of £28.6 million on the disposal of the Group's interest in Chime. Gains on disposal of investments and subsidiaries of £237.9 million in 2018 include a gain of £185.3 million on the disposal of the Group's interest in Globant S.A. Gains in 2017 of £98.7 million include £92.3 million on the sale of the Group's interest in Asatsu-DK Inc following its acquisition by Bain Capital.

In 2019, restructuring and transformation costs of £153.5 million comprise £116.3 million of restructuring costs and £37.2 million transformation costs with respect to strategic initiatives including co-locations in major cities, IT transformation and shared services. Restructuring and transformation costs of £121.1 million are in relation to the continuing restructuring plan, first outlined at the Investor Day in December 2018. As part of that plan, restructuring actions have been taken to right-size under-performing businesses, address high cost severance markets and simplify operational structures. Further restructuring and transformation costs will be incurred in 2020 and 2021. The remaining £32.4 million primarily comprises transformation costs in relation to the continuing global IT transformation programme.

In 2018, restructuring and transformation costs of £265.5 million comprise £179.7 million of restructuring costs and £85.8 million transformation costs with respect to strategic initiatives including co-locations in major cities, IT transformation and shared services. In the fourth quarter of 2018, £212.3 million of restructuring and transformation costs were incurred in relation to the strategic review of the Group's operations. The remaining £53.2 million primarily relates to restructuring costs recorded in the first half of 2018 and transformation costs in relation to the IT transformation programme.

In 2017, restructuring and transformation costs of £56.8 million predominantly comprise £33.7 million of severance costs arising from a structural assessment of certain of the Group's operations, primarily in the mature markets; and £12.8 million of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure including costs relating to the cyber attack in June 2017.

In 2019, the Group received £16.8 million in settlement of a class action lawsuit against Comscore Inc. for providing materially false and misleading information regarding their company and its financial performance.

In March 2019, the Group entered into a sale and leaseback agreement for its office space at 3 Columbus Circle in New York. The Group sold the freehold for proceeds of £159.0 million and simultaneously entered into a 15-year lease. The net gain recognised from the sale and leaseback is £7.9 million.

Auditors' remuneration:

	2019 £m	2018 £m	2017 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**1.5**	1.4	1.4
The audit of the Company's subsidiaries pursuant to legislation	**28.0**	25.2[1]	20.7
Other services pursuant to legislation	**5.0**	4.2	4.0
Fees payable to the auditors pursuant to legislation	**34.5**	30.8	26.1
Tax advisory services	**–**	–	0.1
Tax compliance services	**–**	0.1	0.1
Other services[2]	**8.2**	4.7	4.6
Total non-audit fees	**8.2**	4.8	4.8
Total fees	**42.7**	35.6	30.9

Note

1 Includes a true-up of £3.5 million.

2 Other services include audits for earnout purposes.

4. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates include:

Continuing operations	2019[1] £m	2018[2] £m	2017[2] £m
Share of profit before interest and taxation	**99.2**	110.8	129.7
Share of exceptional (losses)/gains	**(47.8)**	(41.5)	0.6
Share of interest and non-controlling interests	**(19.4)**	(15.1)	(12.6)
Share of taxation	**(17.3)**	(23.7)	(19.7)
	14.7	30.5	98.0

Notes

1 From 5 December 2019 approximately 90% of the Kantar business is treated as a 40% associate following the completion of the transaction outlined in note 12.

2 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

5. OUR PEOPLE

Our staff numbers, including the Kantar disposal group, averaged 132,823 for the year ended 31 December 2019 against 133,903 in 2018 and 134,428 in 2017. Their geographical distribution was as follows:

	2019	2018	2017
North America	**25,008**	25,990	27,399
United Kingdom	**14,192**	14,331	14,197
Western Continental Europe	**26,973**	26,825	25,700
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**66,650**	66,757	67,132
	132,823	133,903	134,428

Their reportable segment distribution was as follows:

	2019	2018	2017
Global Integrated Agencies	**82,295**	83,015	81,537
Data Investment Management	**26,325**	27,813	28,014
Public Relations	**6,890**	6,891	6,899
Specialist Agencies	**17,313**	16,184	17,978
	132,823	133,903	134,428

At the end of 2019, staff numbers were 106,786 (2018: 134,281, 2017: 134,413).

Staff costs include:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Wages and salaries	**4,946.2**	4,828.0	4,937.5
Cash-based incentive plans	**227.6**	233.0	196.5
Share-based incentive plans	**66.0**	78.3	98.3
Social security costs	**591.7**	579.0	580.8
Pension costs	**169.7**	160.9	161.3
Severance	**42.6**	30.0	36.8
Other staff costs[2]	**1,046.8**	1,041.4	1,053.9
	7,090.6	6,950.6	7,065.1
Staff cost to revenue less pass-through costs[3] ratio	**65.4%**	63.9%	63.4%

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Freelance and temporary staff costs are included in other staff costs.

3 Revenue less pass-through costs is defined in note 32.

Included above are charges of £2.0 million, excluding revision to prior year awards, (2018: £2.0 million, 2017: £12.3 million) for share-based incentive plans in respect of key management personnel (who comprise the Directors of the Group). Further details of compensation for key management personnel are disclosed on pages 114-137.

6. FINANCE AND INVESTMENT INCOME, FINANCE COSTS AND REVALUATION OF FINANCIAL INSTRUMENTS

Finance and investment income includes:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Income from equity investments	**18.3**	15.2	16.7
Interest income	**80.7**	83.7	72.3
	99.0	98.9	89.0

Finance costs include:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Net interest expense on pension plans	**3.5**	3.6	5.4
Interest on other long-term employee benefits	**3.9**	3.5	3.3
Interest expense and similar charges[2]	**252.0**	272.0	253.2
Interest expense related to lease liabilities	**99.7**	–	–
	359.1	279.1	261.9

Revaluation of financial instruments include:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Movements in fair value of treasury instruments	**0.4**	(11.0)	0.4
Premium on the early repayment of bonds	**(63.4)**	–	–
Revaluation of investments held at fair value through profit or loss	**9.1**	67.8	–
Revaluation of put options over non-controlling interests	**(13.5)**	34.4	51.4
Revaluation of payments due to vendors (earnout agreements)	**(1.0)**	78.2	192.1
	(68.4)	169.4	243.9

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 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 $1,563 million of US dollar bonds at an average interest rate of 4.06%, €3,100 million of Eurobonds at an average interest rate of 1.82% and £400 million of Sterling bonds at an average interest rate of 2.88%.

Average borrowings under the US Dollar Revolving Credit Facilities (note 10) amounted to the equivalent of $72 million at an average interest rate of 1.11% (2018: $125 million at an average interest rate of 0.96%).

Average borrowings under the Australian Dollar Revolving Credit Facilities, amounted to A$310 million at an average rate of 2.95% (2018: A$439 million at an average rate of 3.27%).

Average borrowings under the US Commercial Paper Programme for 2019 amounted to $41 million at an average interest rate of 2.46% inclusive of margin (2018: $540 million at an average interest rate of 2.28% inclusive of margin).

Average borrowings under the Euro Commercial Paper Programme for 2019 amounted to £255 million at an average interest rate of 1.16% inclusive of currency swaps (2018: £nil).

7. TAXATION

The tax rate on reported PBT was 28.0% (2018: 20.4%, 2017: 4.8%). The headline tax rate was 22.0% (2018: 20.7%, 2017: 18.5%).

The tax charge comprises:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Corporation tax			
Current year	**423.0**	404.2	383.0
Prior years	**(63.4)**	(108.1)	(97.2)
	359.6	296.1	285.8
Deferred tax			
Current year	**(78.3)**	(41.5)	(207.4)
Prior years	**(6.3)**	1.4	4.6
	(84.6)	(40.1)	(202.8)
Tax charge	**275.0**	256.0	83.0

The corporation tax credit for prior years in 2019, 2018 and 2017, mainly comprises the release of a number of provisions following the resolution of tax matters in various countries.

The tax charge for the year can be reconciled to profit before taxation in the consolidated income statement as follows:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Profit before taxation	**982.1**	1,257.6	1,746.9
Tax at the corporation tax rate of 19.0%[2]	**186.6**	238.9	336.3
Tax effect of share of results of associates	**(2.7)**	(5.8)	(18.8)
Irrecoverable withholding taxes	**44.7**	48.9	31.6
Items that are not deductible/(taxable) in determining taxable profit	**96.0**	22.0	(10.7)
Effect of different tax rates in subsidiaries operating in other jurisdictions	**77.1**	71.2	95.2
US Transition Tax related to unremitted foreign earnings	**–**	(4.6)	20.1
Effect of change in US tax rate on deferred tax balances	**–**	–	(211.6)
Origination and reversal on unrecognised temporary differences	**(3.4)**	5.1	(18.9)
Tax losses not recognised or utilised in the year	**13.2**	19.9	32.5
Utilisation of tax losses not previously recognised	**(42.7)**	(25.5)	(10.4)
Recognition of temporary differences not previously recognised	**(24.1)**	(7.4)	(69.7)
Net release of prior year provisions in relation to acquired businesses	**(19.9)**	(20.4)	(15.0)
Other prior year adjustments	**(49.8)**	(86.3)	(77.6)
Tax charge	**275.0**	256.0	83.0
Effective tax rate on profit before tax	**28.0%**	20.4%	4.8%

Notes

[1] Prior year figures have been re-presented in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, 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% (2018: 19.0%, 2017: 19.25%).

The headline tax charge excludes the impact of items that are excluded from headline PBT and excludes the deferred tax impact of the amortisation of acquired intangible assets and other goodwill items as these will only reverse in the event of future disposals of those assets, in which case any accounting gain or loss would be excluded from headline profits.

The calculation of the headline tax rate is as follows:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Headline PBT[2]	**1,363.0**	1,543.0	1,717.6
Tax charge	**275.0**	256.0	83.0
Tax (charge)/credit relating to gains on disposal of investments and subsidiaries	**(6.9)**	(0.8)	2.1
Tax credit relating to gain on sale of freehold property in New York	**0.5**	–	–
Tax charge relating to litigation settlement	**(4.2)**	–	–
Deferred tax impact of the amortisation of acquired intangible assets and other goodwill items	**13.3**	12.9	31.8
Tax credit relating to restructuring and transformation costs	**29.2**	41.1	10.0
Tax impact of US tax reform	**–**	11.6	191.5
Deferred tax relating to gains on disposal of investments and subsidiaries	**(7.3)**	(0.7)	0.2
Headline tax charge	**299.6**	320.1	318.6
Headline tax rate	**22.0%**	20.7%	18.5%

Notes

[1] Prior year figures have been re-presented in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

[2] Headline PBT is defined in note 32.

FACTORS AFFECTING THE TAX CHARGE IN FUTURE YEARS

Given the Group's geographic mix of profits and the changing international tax environment, the headline tax rate is expected to increase slightly over the next few years.

The tax charge may also be affected by the impact of acquisitions, disposals and other corporate restructurings, the resolution of open tax issues, and the ability to use brought forward tax losses. Changes in local or international tax rules, for example, as a consequence of the financial support programmes being implemented by governments during the Covid-19 crisis, changes arising from the application of existing rules, or challenges by tax or competition authorities, for example, the European Commission's State Aid decision into the Group Financing Exemption in the UK CFC rules, may expose us to significant additional tax liabilities or impact the carrying value of our deferred tax assets, which would affect the future tax charge.

The Group does not currently expect any material additional charges, or credits, to arise in respect of these matters, beyond the amounts already provided. Liabilities relating to these open and judgemental matters are based upon estimates of whether additional taxes will be due 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 then such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

TAX RISK MANAGEMENT

We maintain constructive engagement with the tax authorities and relevant government representatives, as well as active engagement with a wide range of international companies and business organisations with similar issues. We engage advisors and legal counsel to obtain opinions on tax legislation and principles. We have a Tax Risk Management Strategy in place which sets out the controls established and our assessment procedures for decision-making and how we monitor tax risk. We monitor proposed changes in taxation legislation and ensure these are taken into account when we consider our future business plans. Our Directors are informed by management of any tax law changes, the nature and status of any significant ongoing tax audits, and other developments that could materially affect the Group's tax position.

8. ORDINARY DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2019	2018	2017	2019	2018	2017
Per share	Pence per share			£m	£m	£m
2018 Final dividend	**37.30p**	37.30p	37.05p	**466.4**	464.6	467.2
2019 Interim dividend	**22.70p**	22.70p	22.70p	**284.1**	282.8	284.3
	60.00p	60.00p	59.75p	**750.5**	747.4	751.5

	2019	2018	2017	2019	2018	2017
Per ADR[1]	Cents per ADR			$m	$m	$m
2018 Final dividend	**249.00¢**	240.34¢	250.96¢	**622.8**	598.7	632.9
2019 Interim dividend	**144.88¢**	151.53¢	146.27¢	**362.6**	377.6	366.4
	393.88¢	391.87¢	397.23¢	**985.4**	976.3	999.3

Note

1 These figures have been translated for convenience purposes only, using the approximate average rate for the year of 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.

Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders. Therefore, the Board is suspending the 2019 final dividend of 37.3 pence per share, which was due to be proposed at the 2020 AGM.

The payment of dividends will not have any tax consequences for the Group.

9. EARNINGS PER SHARE

BASIC EPS

The calculation of basic reported and headline EPS is as follows:

Continuing operations	2019	2018	2017
Reported earnings[1] (£m)	**627.9**	936.5	1,579.5
Headline earnings (£m) (note 32)	**984.2**	1,153.1	1,314.6
Weighted average shares used in basic EPS calculation (m)	**1,250.0**	1,247.8	1,261.1
Reported EPS	**50.2p**	75.1p	125.2p
Headline EPS	**78.7p**	92.4p	104.2p

Discontinued operations	2019	2018	2017
Reported earnings[1] (£m)	**(3.8)**	126.4	237.1
Headline earnings (£m) (note 12)	**184.5**	209.6	221.9
Weighted average shares used in basic EPS calculation (m)	**1,250.0**	1,247.8	1,261.1
Reported EPS	**(0.3p)**	10.1p	18.8p
Headline EPS	**14.8p**	16.8p	17.6p

Continued and discontinued operations	2019	2018	2017
Reported earnings[1] (£m)	**624.1**	1,062.9	1,816.6
Headline earnings (£m)	**1,168.7**	1,362.7	1,536.5
Weighted average shares used in basic EPS calculation (m)	**1,250.0**	1,247.8	1,261.1
Reported EPS	**49.9p**	85.2p	144.0p
Headline EPS	**93.5p**	109.2p	121.8p

Note

1 Reported earnings is equivalent to profit for the year attributable to equity holders of the parent.

DILUTED EPS

The calculation of diluted reported and headline EPS is as follows:

Continuing operations	2019	2018	2017
Diluted reported earnings (£m)	**627.9**	936.5	1,579.5
Diluted headline earnings (£m)	**984.2**	1,153.1	1,314.6
Weighted average shares used in diluted EPS calculation (m)	**1,260.6**	1,261.2	1,275.8
Diluted reported EPS	**49.8p**	74.3p	123.8p
Diluted headline EPS	**78.1p**	91.4p	103.0p

Discontinued operations	2019	2018	2017
Diluted reported earnings (£m)	**(3.8)**	126.4	237.1
Diluted headline earnings (£m)	**184.5**	209.6	221.9
Weighted average shares used in diluted EPS calculation (m)	**1,260.6**	1,261.2	1,275.8
Diluted reported EPS	**(0.3p)**	10.0p	18.6p
Diluted headline EPS	**14.6p**	16.6p	17.4p

Continued and discontinued operations	2019	2018	2017
Diluted reported earnings (£m)	**624.1**	1,062.9	1,816.6
Diluted headline earnings (£m)	**1,168.7**	1,362.7	1,536.5
Weighted average shares used in diluted EPS calculation (m)	**1,260.6**	1,261.2	1,275.8
Diluted reported EPS	**49.5p**	84.3p	142.4p
Diluted headline EPS	**92.7p**	108.0p	120.4p

Diluted EPS has been calculated based on the diluted reported and diluted headline earnings amounts above. At 31 December 2019, options to purchase 19.3 million ordinary shares (2018: 16.9 million, 2017: 8.2 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:

	2019 m	2018 m	2017 m
Average shares used in basic EPS calculation	**1,250.0**	1,247.8	1,261.1
Dilutive share options outstanding	**0.3**	1.6	1.8
Other potentially issuable shares	**10.3**	11.8	12.9
Shares used in diluted EPS calculation	**1,260.6**	1,261.2	1,275.8

At 31 December 2019 there were 1,328,167,813 (2018: 1,332,678,227, 2017: 1,332,511,552) ordinary shares in issue, including 70,787,730 treasury shares (2018: 70,854,553, 2017: 62,578,938).

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	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Beginning of year	**703.0**	701.8	**6,217.9**	6,481.3
Ordinary shares issued	**0.6**	1.2	**–**	–
Share cancellations	**(0.5)**	–	**–**	–
Net decrease in drawings on bank loans and corporate bonds	**–**	–	**(1,713.2)**	(440.6)
Amortisation of financing costs included in debt	**–**	–	**10.3**	7.7
Changes in fair value due to hedging arrangements	**–**	–	**14.3**	(9.9)
Other movements	**–**	–	**1.5**	(0.2)
Exchange adjustments	**–**	–	**(257.9)**	179.6
End of year	**703.1**	703.0	**4,272.9**	6,217.9

Note

The table above excludes bank overdrafts which fall within cash and cash equivalents for the purposes of the consolidated cash flow statement.

SHARES

At 31 December 2019, the Company's share base was entirely composed of ordinary equity share capital and share premium of £703.1 million (2018: £703.0 million), further details of which are disclosed in note 28.

DEBT

US$ bonds The Group has in issue $500 million of 3.625% bonds due September 2022, $750 million of 3.75% bonds due September 2024, $93 million of 5.125% bonds due September 2042 and $220 million of 5.625% bonds due November 2043.

Eurobonds The Group has in issue €750 million of 3.00% bonds due November 2023, €500 million of 1.375% bonds due March 2025, €750 million of 2.25% bonds due September 2026, €600 million of 1.625% bonds due March 2030, €250 million of Floating Rate Notes carrying a coupon of 3m EURIBOR + 0.32% due May 2020 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 £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 2024, signed in March 2019. The Group's borrowing under these facilities, which are drawn down predominantly in pounds sterling, averaged the equivalent of $72 million in 2019. In June 2018, the Group's subsidiary, WPP AUNZ entered into a A$150 million Revolving Credit Facility due June 2019 and a A$370 million Revolving Credit Facility due June 2021. In May 2019, the A$150 million Revolving Credit Facility was extended to June 2020. In December 2019, the A$370 million Revolving Credit Facility was reduced to A$270 million due June 2021. 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$310 million in 2019. The Group had available undrawn committed credit facilities of £2,005.6 million at 31 December 2019 (2018: £2,074.7 million).

Borrowings under the $2.5 billion Revolving Credit Facility are governed by certain financial covenants based on the results and financial position of the Group. Borrowings under the A$150 million Revolving Credit Facility and the A$270 million Revolving Credit Facility are governed by certain financial covenants based on the results and financial position of WPP AUNZ.

The $2.5 billion Revolving Credit Facility, due March 2024, 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. On 14 February 2020, the lending banks approved an extension of the term of the Revolving Credit Facility to March 2025.

COMMERCIAL PAPER PROGRAMMES

The Group operates commercial paper programmes using its Revolving Credit Facility as a backstop. The average US commercial paper outstanding in 2019 was $41 million (2018: $540 million). The average Euro commercial paper outstanding in 2019 was £255 million (2018: £nil) inclusive of the effect of currency swaps. There was no US or Euro Commercial Paper outstanding at 31 December 2019.

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:

	2019 £m	2018 £m
Within one year	**(324.8)**	(748.4)
Between one and two years	**(204.0)**	(596.8)
Between two and three years	**(692.1)**	(937.1)
Between three and four years	**(726.3)**	(742.5)
Between four and five years	**(634.2)**	(786.8)
Over five years	**(2,761.9)**	(4,199.7)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	**(5,343.3)**	(8,011.3)
Short-term overdrafts – within one year	**(235.7)**	(442.0)
Future anticipated cash flows	**(5,579.0)**	(8,453.3)
Effect of discounting/financing rates	**1,070.4**	1,793.4
Debt financing	**(4,508.6)**	(6,659.9)
Cash and short-term deposits	**2,969.0**	2,643.2
Net debt	**(1,539.6)**	(4,016.7)

Analysis of fixed and floating rate debt by currency including the effect of interest rate and cross-currency swaps:

2019		£m	Fixed rate[1]	Floating basis	Period (months)[1]
Currency					
$	– fixed	1,178.2	4.06	n/a	95
£	– fixed	844.1	2.73	n/a	188
€	– fixed	1,777.7	2.34	n/a	82
	– floating	423.3	n/a	EURIBOR	16
Other		49.6	n/a	n/a	n/a
		4,272.9			

2018		£m	Fixed rate[1]	Floating basis	Period (months)[1]
Currency					
$	– fixed	1,154.8	4.58	n/a	181
	– floating	1,029.6	n/a	LIBOR	n/a
£	– fixed	1,044.1	3.43	n/a	232
€	– fixed	2,425.9	1.99	n/a	75
	– floating	449.2	n/a	EURIBOR	n/a
Other		114.3	n/a	n/a	n/a
		6,217.9			

Note

1 Weighted average. These rates do not include the effect of gains on interest rate swap terminations that are written to income over the life of the original instrument.

The following table is an analysis of future undiscounted anticipated cash flows in relation to the Group's financial derivatives, which include interest rate swaps, forward contracts and other foreign exchange swaps assuming interest rates and foreign exchange rates as at 31 December:

	Financial liabilities		Financial assets	
2019	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	113.6	107.8	44.0	45.0
Between one and two years	17.5	10.9	–	–
Between two and three years	11.8	6.2	–	–
Between three and four years	11.6	6.1	–	–
Between four and five years	11.6	6.1	–	–
Over five years	449.8	456.3	–	–
	615.9	**593.4**	**44.0**	**45.0**

	Financial liabilities		Financial assets	
2018	Payable £m	Receivable £m	Payable £m	Receivable £m
Within one year	229.3	221.9	124.6	120.6
Between one and two years	50.0	45.3	11.8	6.5
Between two and three years	688.4	685.3	11.5	6.4
Between three and four years	408.5	406.6	11.6	6.5
Between four and five years	–	–	11.6	6.6
Over five years	–	–	461.4	498.2
	1,376.2	1,359.1	632.5	644.8

11. ANALYSIS OF CASH FLOWS

The following tables analyse the items included within the main cash flow headings on page 149.

Net cash from operating activities:

	2019 £m	2018 £m	2017 £m
Profit for the year	**717.9**	1,139.4	1,912.3
Taxation	**353.8**	323.9	197.0
Revaluation of financial instruments	**77.8**	(172.9)	(262.2)
Finance costs	**376.4**	289.3	269.8
Finance and investment income	**(102.6)**	(104.8)	(95.2)
Share of results of associates	**(21.2)**	(43.5)	(113.5)
Goodwill impairment on classification as held for sale	**94.5**	–	–
Gain on sale of discontinued operations	**(73.8)**	–	–
Attributable tax expense on sale of discontinued operations	**157.4**	–	–
Operating profit of continuing and discontinued operations	**1,580.2**	1,431.4	1,908.2
Adjustments for			
Non-cash share-based incentive plans (including share options)	**71.4**	84.8	105.0
Depreciation of property, plant and equipment	**203.2**	225.1	230.7
Depreciation of right-of-use assets	**317.9**	–	–
Impairment of goodwill	**47.7**	183.9	27.1
Amortisation and impairment of acquired intangible assets	**135.6**	280.0	195.1
Amortisation of other intangible assets	**29.6**	38.7	36.3
Investment write-downs	**7.5**	2.0	95.9
Gains on disposal of investments and subsidiaries	**(45.1)**	(235.5)	(129.0)
(Gains)/losses on remeasurement of equity interests arising from a change in scope of ownership	**(0.4)**	(2.0)	0.3
Gain on sale of freehold property in New York	**(7.9)**	–	–
Losses on sale of property, plant and equipment	**3.2**	0.6	1.1
Operating cash flow before movements in working capital and provisions	**2,342.9**	2,009.0	2,470.7
Decrease/(increase) in trade receivables and accrued income	**159.0**	(298.9)	(90.4)
Increase/(decrease) in trade payables and deferred income	**394.7**	500.9	(170.8)
Increase in other receivables	**(263.8)**	(52.9)	(110.6)
Decrease in other payables – short-term	**(16.4)**	(31.8)	(122.8)
Increase in other payables – long-term	**53.7**	0.4	20.1
Increase/(decrease) in provisions	**23.1**	48.0	(57.3)
Cash generated by operations	**2,693.2**	2,174.7	1,938.9
Corporation and overseas tax paid	**(536.0)**	(383.6)	(424.7)
Payment on early settlement of bonds	**(63.4)**	–	–
Interest and similar charges paid	**(270.6)**	(252.8)	(246.6)
Interest paid on lease liabilities	**(105.1)**	–	–
Interest received	**80.8**	90.4	76.9
Investment income	**18.3**	15.4	16.8
Dividends from associates	**33.3**	49.7	46.8
Net cash inflow from operating activities	**1,850.5**	1,693.8	1,408.1

Acquisitions and disposals:

	2019 £m	2018 £m	2017 £m
Initial cash consideration	**(3.9)**	(126.7)	(214.8)
Cash and cash equivalents acquired	**–**	11.3	28.9
Earnout payments	**(130.2)**	(120.2)	(199.1)
Purchase of other investments (including associates)	**(27.2)**	(48.1)	(92.5)
Acquisitions	**(161.3)**	(283.7)	(477.5)
Proceeds on disposal of investments and subsidiaries[1]	**2,468.5**	849.0	296.0
Cash and cash equivalents disposed	**(327.5)**	(15.1)	–
Disposals of investments and subsidiaries	**2,141.0**	833.9	296.0
Cash consideration for non-controlling interests	**(62.7)**	(109.9)	(47.3)
Net acquisition payments and disposal proceeds	**1,917.0**	440.3	(228.8)

Note

1 Proceeds on disposal of investments and subsidiaries includes return of capital from investments in associates.

Share repurchases and buybacks:

	2019 £m	2018 £m	2017 £m
Purchase of own shares by ESOP Trusts	**–**	(102.8)	(214.6)
Shares purchased into treasury	**(43.8)**	(104.3)	(289.6)
Net cash outflow	**(43.8)**	(207.1)	(504.2)

Net (decrease)/increase in borrowings:

	2019 £m	2018 £m	2017 £m
(Decrease)/increase in drawings on bank loans	**(70.6)**	(819.3)	785.6
Repayment of €600 million bonds	**(512.7)**	–	–
Repayment of $812 million bonds	**(618.8)**	–	–
Partial repayment of $272 million bonds	**(135.4)**	(20.8)	–
Partial repayment of $450 million bonds	**(176.2)**	(37.3)	–
Repayment of £200 million bonds	**(199.5)**	–	–
Proceeds from issue of €250 million bonds	**–**	218.8	214.0
Proceeds from issue of €500 million bonds	**–**	438.0	–
Repayment of €252 million bonds	**–**	(220.0)	–
Repayment of £400 million bonds	**–**	–	(400.0)
Net cash (outflow)/inflow	**(1,713.2)**	(440.6)	599.6

Cash and cash equivalents:

	2019 £m	2018 £m	2017 £m
Cash at bank and in hand	**2,105.4**	2,010.8	2,049.6
Short-term bank deposits	**863.6**	632.4	341.8
Overdrafts[1]	**(235.7)**	(442.0)	(393.2)
	2,733.3	2,201.2	1,998.2

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. The remaining stages of the transaction are expected to complete in 2020 with further consideration expected to be approximately £200 million after tax and disposal costs.

As outlined in the accounting policies, the criterion of a highly probable sale 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 (both the portion that has been disposed of by year end and the portion that is expected to be disposed of in 2020) is classified as a discontinued operation under IFRS 5 as it forms a separate major line of business and there was a single co-ordinated plan to dispose of it. Kantar represents materially all of the Data Investment Management segment of the Group.

As at 31 December 2019 the remaining portion of the company not yet sold is disclosed as held for sale.

12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS CONTINUED

Results of the discontinued operations, which have been included in profit for the year, were as follows:

	2019 £m	2018 £m	2017 £m
Revenue	**2,387.5**	2,555.7	2,657.8
Costs of services	**(1,951.5)**	(2,104.4)	(2,147.4)
Gross profit	**436.0**	451.3	510.4
General and administrative costs	**(151.7)**	(257.8)	(180.1)
Operating profit	**284.3**	193.5	330.3
Share of results of associates	**6.5**	13.0	15.5
Profit before interest and taxation	**290.8**	206.5	345.8
Finance income	**3.6**	5.4	6.2
Finance costs	**(17.3)**	(9.7)	(7.9)
Revaluation of financial instruments	**(9.4)**	3.5	18.3
Profit before taxation	**267.7**	205.7	362.4
Attributable tax expense	**(78.8)**	(67.9)	(114.0)
Profit after taxation	**188.9**	137.8	248.4
Goodwill impairment on classification as held for sale[1]	**(94.5)**	–	–
Gain on sale of discontinued operations	**73.8**	–	–
Attributable tax expense on sale of discontinued operations	**(157.4)**	–	–
Net gain attributable to discontinued operations	**10.8**	137.8	248.4
Attributable to			
Equity holders of the parent	**(3.8)**	126.4	237.1
Non-controlling interests	**14.6**	11.4	11.3
	10.8	137.8	248.4

Note

1 Goodwill impairment of £94.5 million arose from the assessment of fair value less costs to sell under IFRS 5.

For the year ended 31 December 2019, the Kantar group contributed £322.9 million (2018: £292.5 million, 2017: £378.4 million) to the Group's net operating cash flows, paid £53.2 million (2018: £59.5 million, 2017: £67.8 million) in respect of investing activities and paid £27.2 million (2018: £7.9 million, 2017: £9.1 million) in respect of financing activities.

Reconciliation of revenue to revenue less pass-through costs:

	2019 £m	2018 £m	2017 £m
Revenue	**2,387.5**	2,555.7	2,657.8
Data collection pass-through costs	**(580.9)**	(604.8)	(632.1)
Revenue less pass-through costs	**1,806.6**	1,950.9	2,025.7

Reconciliation of operating profit to headline operating profit:

	2019 £m	2018 £m	2017 £m
Operating profit	**284.3**	193.5	330.3
Amortisation and impairment of acquired intangible assets[1]	**14.1**	78.2	57.1
(Gains)/losses on disposal of investments and subsidiaries	**(4.7)**	2.4	(30.3)
Investment write downs	**–**	–	4.2
Restructuring and transformation costs	**14.0**	36.8	–
Headline operating profit	**307.7**	310.9	361.3

Note

1 Under IFRS 5, non-current assets are not amortised whilst classified as held for sale. This means that there is no amortisation recognised for the Kantar group from 9 July 2019.

Headline operating profit margin before and after share of results of associates:

£m	Margin	2019	Margin	2018	Margin	2017
Revenue less pass-through costs		**1,806.6**		1,950.9		2,025.7
Headline operating profit	**17.0%**	**307.7**	15.9%	310.9	17.8%	361.3
Share of results of associates (excluding exceptional gains/losses)[1]		**6.2**		13.2		15.3
Headline PBIT	**17.4%**	**313.9**	16.6%	324.1	18.6%	376.6

Note

1 Under IFRS 5, when an associate is classified as held for sale, equity accounting will cease. This means that there is no share of results of associates recognised for the Kantar group from 9 July 2019.

Calculation of headline EBITDA:

	2019 £m	2018 £m	2017 £m
Headline PBIT (as above)	**313.9**	324.1	376.6
Depreciation of property, plant and equipment[1]	**17.7**	36.5	41.7
Amortisation of other intangible assets[1]	**8.4**	18.0	16.2
Headline EBITDA (including depreciation of right-of-use assets)	**340.0**	378.6	434.5
Depreciation of right-of-use assets[1]	**16.3**	–	–
Headline EBITDA	**356.3**	378.6	434.5

Note

1 Under IFRS 5, non-current assets are not depreciated or amortised whilst classified as held for sale. This means that there is no depreciation or amortisation recognised for the Kantar group from 9 July 2019.

Reconciliation of profit before taxation to headline PBT and headline earnings:

	2019 £m	2018 £m	2017 £m
Profit before taxation	**267.7**	205.7	362.4
Amortisation and impairment of acquired intangible assets[1]	**14.1**	78.2	57.1
(Gains)/losses on disposal of investments and subsidiaries	**(4.7)**	2.4	(30.3)
Investment write downs	**–**	–	4.2
Restructuring and transformation costs	**14.0**	36.8	–
Share of exceptional (gains)/losses of associates[1]	**(0.3)**	0.2	(0.2)
Revaluation of financial instruments	**9.4**	(3.5)	(18.3)
Headline PBT	**300.2**	319.8	374.9
Headline tax charge[2]	**(101.1)**	(98.8)	(141.7)
Headline non-controlling interests	**(14.6)**	(11.4)	(11.3)
Headline earnings	**184.5**	209.6	221.9

Notes

1 Under IFRS 5, non-current assets are not amortised whilst classified as held for sale. In addition, when an associate is classified as held for sale, equity accounting will cease. This means that there is no amortisation or share of results of associates recognised for the Kantar group from 9 July 2019.

2 Headline tax consists of the attributable tax expense of £78.8 million (2018: £67.9 million, 2017: £114.0 million) excluding £22.1 million (2018: £17.2 million, 2017: £13.2 million) tax credit in relation to the amortisation of acquired intangible assets, £1.9 million (2018: £11.0 million, 2017: £nil) tax credit relating to restructuring and transformation costs, £1.7 million (2018: £nil, 2017: £nil) deferred tax charge relating to interests in associates and joint ventures and in prior years, a tax credit in relation to the impact of the US tax reform (2018: £2.7 million, 2017: £14.5 million).

Further details of these alternative measures of performance can be found in note 32.

The gain on sale of discontinued operations disposed by 31 December 2019 is calculated as follows:

	2019 £m
Intangible assets (including goodwill)	2,410.0
Property, plant and equipment	115.7
Right-of-use assets	103.5
Interests in associates and joint ventures	92.3
Other investments	11.5
Deferred tax assets	44.1
Corporate income tax recoverable	49.8
Trade and other receivables	748.8
Cash and cash equivalents	324.9
Trade and other payables	(839.8)
Corporate income tax payable	(48.2)
Lease liabilities	(106.3)
Deferred tax liabilities	(98.6)
Provisions for post-employment benefits	(26.7)
Provisions for liabilities and charges	(22.4)
Net assets	**2,758.6**
Non-controlling interests	(19.1)
Net assets excluding non-controlling interests	**2,739.5**
Consideration received in cash and cash equivalents	2,352.1
Re-investment in equity stake[1]	231.7
Transaction costs	(56.1)
Deferred consideration[2]	1.6
Total consideration received	**2,529.3**
Loss on sale before exchange adjustments	**(210.2)**
Exchange adjustments recycled to the income statement	284.0
Gain on sale of discontinued operation	**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 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 4 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.

The major classes of assets and liabilities comprising the operations classified as held for sale at 31 December 2019 are as follows:

	2019 £m
Non-current assets	
Intangible assets:	
Goodwill	155.4
Other	5.9
Property, plant and equipment	12.8
Right-of-use assets	25.7
Interests in associates and joint ventures	4.6
Other investments	0.6
Deferred tax assets	5.9
Trade and other receivables	2.6
	213.5
Current assets	
Corporate income tax recoverable	15.9
Trade and other receivables	189.4
Cash and short-term deposits	66.5
	271.8
Total assets classified as held for sale	**485.3**
Current liabilities	
Trade and other payables	(130.4)
Corporate income tax payable	(3.8)
Bank overdrafts	(0.2)
Short-term lease liabilities	(3.9)
	(138.3)
Non-current liabilities	
Trade and other payables	(1.3)
Deferred tax liabilities	(1.2)
Provisions for post-employment benefits	(8.5)
Provisions for liabilities and charges	(0.6)
Long-term lease liabilities	(20.5)
	(32.1)
Total liabilities associated with assets classified as held for sale	**(170.4)**
Net assets of disposal group	**314.9**

On 27 February 2020, the second stage of the Kantar transaction completed, consisting of approximately 4% of the Kantar Group, with cash consideration received of £136.7 million. The remaining stages of the transaction are expected to complete in 2020.

13. LEASES

The movements in the year ended 31 December 2019 were as follows:

Right-of-use assets	Land and buildings £m	Plant and machinery £m	Total £m
1 January 2019	1,862.5	32.6	1,895.1
Additions	348.1	16.5	364.6
Transfers to net investment in subleases[1]	(37.6)	–	(37.6)
Disposals	(31.0)	(0.6)	(31.6)
Depreciation of right-of-use assets	(301.5)	(16.4)	(317.9)
Transfer to disposal group classified as held for sale	(134.4)	(3.7)	(138.1)
31 December 2019	**1,706.1**	**28.4**	**1,734.5**

Note

1 The sublease of certain office space is classified as a finance lease and relates primarily to Kantar business units that were sold. The Company de-recognised the right-of-use asset (to the extent that it is subject to the sublease) and recognised the net investment in subleases, which is included within trade and other receivables. No other disclosures are deemed necessary as it is not material.

Lease liabilities	Land and buildings £m	Plant and machinery £m	Total £m
1 January 2019	2,294.4	31.8	2,326.2
Additions	325.9	12.3	338.2
Interest expense related to lease liabilities	101.5	1.2	102.7
Disposals	(27.5)	(0.2)	(27.7)
Repayment of lease liabilities (including interest)	(326.2)	(14.9)	(341.1)
Transfer to disposal group classified as held for sale	(144.7)	(3.9)	(148.6)
31 December 2019	**2,223.4**	**26.3**	**2,249.7**

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

Continuing operations	2019 £m
Depreciation of right-of-use assets:	
Land and buildings	**(286.5)**
Plant and machinery	**(15.1)**
Short-term lease expense	**(83.8)**
Low-value lease expense	**(2.9)**
Variable lease expense	**(74.2)**
Sublease income	**17.5**
Charge to operating profit	**(445.0)**
Interest expense related to lease liabilities	**(99.7)**
Charge to profit before taxation for leases	**(544.7)**

Variable lease payments primarily include real estate taxes and insurance costs.

The maturity of lease liabilities at 31 December 2019 were as follows:

	2019 £m
Period ending 31 December	
2020	**385.9**
2021	**384.0**
2022	**335.4**
2023	**283.0**
2024	**220.5**
Later years	**1,393.7**
	3,002.5
Effect of discounting	**(752.8)**
Lease liability at 31 December 2019	**2,249.7**
Short-term lease liability	**302.2**
Long-term lease liability	**1,947.5**

The total committed future cash flows for leases not yet commenced at 31 December 2019 is £558.0 million.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Refer to note 26 for management of liquidity risk.

14. INTANGIBLE ASSETS

GOODWILL

The movements in 2019 and 2018 were as follows:

	£m
Cost	
1 January 2018	13,675.3
Additions[1]	154.4
Revision of earnout estimates	(68.3)
Exchange adjustments	368.1
31 December 2018	14,129.5
Additions[1]	8.5
Revision of earnout estimates	(14.3)
Disposals	(18.6)
Transfer to disposal group classified as held for sale	(2,729.1)
Exchange adjustments	(419.9)
31 December 2019	**10,956.1**
Accumulated impairment losses and write-downs	
1 January 2018	722.4
Impairment losses for the year	183.9
Exchange adjustments	20.4
31 December 2018	926.7
Impairment on classification as held for sale[2]	70.9
Impairment losses for the year	47.7
Transfer to disposal group classified as held for sale	(230.6)
Exchange adjustments	(29.3)
31 December 2019	**785.4**
Net book value	
31 December 2019	**10,170.7**
31 December 2018	13,202.8
1 January 2017	12,952.9

Notes

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.

2 Goodwill impairment of £70.9 million arose from the assessment of fair value less costs to sell of the Kantar group on classification as held for sale under IFRS 5.

OTHER INTANGIBLE ASSETS

The movements in 2019 and 2018 were as follows:

	Brands with an indefinite useful life £m	Acquired intangibles £m	Other £m	Total £m
Cost				
1 January 2018	1,081.3	2,547.8	411.5	4,040.6
Additions	–	–	60.4	60.4
Disposals	–	(0.9)	(37.3)	(38.2)
New acquisitions	–	40.3	–	40.3
Other movements[1]	–	2.9	(7.4)	(4.5)
Exchange adjustments	51.5	19.9	10.1	81.5
31 December 2018	1,132.8	2,610.0	437.3	4,180.1
Additions	–	–	43.2	43.2
Disposals	–	(3.4)	(41.0)	(44.4)
New acquisitions	–	3.5	–	3.5
Other movements		–	(1.4)	(1.4)
Exchange adjustments	(41.4)	(28.2)	(9.9)	(79.5)
Transfer to disposal group classified as held for sale	–	(979.0)	(115.9)	(1,094.9)
31 December 2019	**1,091.4**	**1,602.9**	**312.3**	**3,006.6**
Amortisation and impairment				
1 January 2018	–	1,718.7	303.5	2,022.2
Charge for the year	–	275.8	38.7	314.5
Disposals	–	(0.7)	(27.3)	(28.0)
Other movements	–	–	(1.9)	(1.9)
Exchange adjustments	–	21.4	9.9	31.3
31 December 2018	–	2,015.2	322.9	2,338.1
Charge for the year	13.2	116.8	29.6	159.6
Disposals	–	(1.6)	(37.7)	(39.3)
Other movements	–	–	2.6	2.6
Exchange adjustments	–	(15.2)	(9.1)	(24.3)
Transfer to disposal group classified as held for sale	–	(835.9)	(63.0)	(898.9)
31 December 2019	**13.2**	**1,279.3**	**245.3**	**1,537.8**
Net book value				
31 December 2019	**1,078.2**	**323.6**	**67.0**	**1,468.8**
31 December 2018	1,132.8	594.8	114.4	1,842.0
1 January 2018	1,081.3	829.1	108.0	2,018.4

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 with significant goodwill and brands with an indefinite useful life as at 31 December are:

	Goodwill		Brands with an indefinite useful life	
	2019 £m	2018 £m	**2019 £m**	2018 £m
GroupM	**2,936.0**	2,942.9	**–**	–
Kantar	**–**	2,522.9	**–**	–
Wunderman Thompson	**2,138.9**	2,118.8	**409.7**	424.8
VMLY&R	**901.0**	930.4	**199.1**	206.6
Ogilvy	**762.9**	618.7	**211.1**	219.1
Burson Cohn & Wolfe	**741.4**	714.0	**130.2**	135.4
Other	**2,690.5**	3,355.1	**128.1**	146.9
Total goodwill	**10,170.7**	13,202.8	**1,078.2**	1,132.8

Other goodwill represents goodwill on a large number of cash-generating units, none of which is individually significant in comparison to the total carrying value of goodwill.

Separately identifiable brands with an indefinite life are carried at historical cost in accordance with the Group's accounting policy for intangible assets. The carrying values of the other brands with an indefinite useful life are not individually significant in comparison with the total carrying value of brands with an indefinite useful life.

Acquired intangible assets at net book value at 31 December 2019 include brand names of £218.6 million (2018: £361.2 million), customer-related intangibles of £100.6 million (2018: £220.6 million), and other assets (including proprietary tools) of £4.4 million (2018: £13.0 million).

The total amortisation and impairment of acquired intangible assets of £121.5 million (2018: £201.8 million) includes an impairment charge of £26.5 million (2018: £89.1 million) comprising £21.4 million in regard to certain brand names that are no longer in use, including £13.2 million for brands with an indefinite life and £5.1 million in regard to customer relationships where the underlying clients have been lost. £13.2 million of the impairment charge relates to the Public Relations segment, £13.0 million of the impairment charge relates to the Global Integrated Agencies segment, and £0.3 million relates to the Specialist Agencies segment. In addition, the total amortisation and impairment of acquired intangible assets includes £5.6 million (2018: £3.7 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.

14. INTANGIBLE ASSETS CONTINUED

The impairment review is undertaken annually on 30 September. The goodwill impairment charge of £47.7 million (2018: £183.9 million) relates 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. In 2018, the goodwill impairment charge primarily relates to a charge of £148.0 million on VMLY&R with the remaining £35.9 million relating to a number of under-performing businesses in the Group.

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 a significant number of cash-generating units, the impairment test was performed in two steps. In the first step, the recoverable amount was calculated for each cash generating unit using a conservative pre-tax discount rate of 8.5% (2018: 9.0%), and assumed a long-term growth rate of 3.0% (2018: 3.0%). The pre-tax discount rate of 8.5% was above the range of rates calculated for each of the global networks and for smaller cash-generating units that operate primarily in a particular region where we calculated a discount rate to be higher than 8.5%, that higher discount rate was used in the impairment test. Management have made the judgement that the long-term growth rate does not exceed the long-term average growth rate for the industry.

The recoverable amount was then compared to the carrying amount. Cash-generating units where the recoverable amount exceeded the carrying amount by a considerable margin were not considered to be impaired. Those cash-generating units where the recoverable amount did not exceed the carrying amount or where the recoverable amount exceeded the carrying amount by less than 25% were then further reviewed in the second step.

In the second step, the cash-generating units were retested for impairment using more specific assumptions. This included using a cash-generating unit 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 3.0% (2018: 3.0%). If the recoverable amount using the more specific assumptions did not exceed the carrying value of a cash-generating unit, an impairment charge was recorded.

Pre-tax discount rates were calculated for the geographic regions in which the cash-generating units operate based on market assessments of the weighted average cost of capital. These assessments considered the time-value of money and risks specific to the asset for which the future cash flow estimates had not been adjusted, giving a range of pre-tax discount rates from 4.1% to 13.6% (2018: 6.2% to 16.3%).

Discount rates for each of the cash generating units that operate globally were based on a weighting of the regional rates by its geographic distribution of cash flows, ranging from 6.3% to 7.4% (2018: 8.0% to 8.7%). The cash-generating units were initially tested for impairment in the first step using a conservative discount rate of 8.5% (2018: 9.0%).

Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue 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 growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit'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 cash-generating unit 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. The recoverable amount of goodwill represents valuations as at 31 December 2019 and does not consider the impact of the emergence and spread of the Covid-19 virus. Given the adverse impact of the Covid-19 pandemic on the global economy and the likely revenue declines that are expected as a result, there is an increased likelihood of impairments to goodwill and other indefinite lived intangible assets in future reporting periods. At the current time, given the level of uncertainty, such impact has not been quantified and any resulting impairment loss could have a material impact on the Group's financial condition and results of operations.

Historically our impairment losses have resulted from a specific event, condition or circumstance in one of our companies, such as the loss of a significant client. As a result, changes in the assumptions used in our impairment model have not had a significant effect on the impairment charges recognised and 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.

15. PROPERTY, PLANT AND EQUIPMENT

The movements in 2019 and 2018 were as follows:

	Land £m	Freehold buildings £m	Leasehold buildings £m	Fixtures, fittings and equipment £m	Computer equipment £m	Total £m
Cost						
1 January 2018	37.1	118.8	1,081.8	377.2	703.0	2,317.9
Additions	–	17.7	161.4	49.9	85.8	314.8
New acquisitions	–	0.1	0.9	1.2	0.9	3.1
Disposals	–	–	(83.5)	(62.9)	(109.3)	(255.7)
Exchange adjustments	–	(1.1)	41.8	9.9	10.0	60.6
31 December 2018	37.1	135.5	1,202.4	375.3	690.4	2,440.7
Additions	–	33.7	158.5	35.0	67.7	294.9
New acquisitions	–	–	–	0.1	–	0.1
Disposals	–	(109.0)	(167.3)	(68.3)	(76.3)	(420.9)
Transfer to disposal group classified as held for sale	(2.8)	(17.1)	(98.1)	(115.2)	(231.5)	(464.7)
Exchange adjustments	–	(16.9)	(46.7)	(14.5)	(26.4)	(104.5)
31 December 2019	**34.3**	**26.2**	**1,048.8**	**212.4**	**423.9**	**1,745.6**
Depreciation						
1 January 2018	–	28.5	526.1	236.9	546.9	1,338.4
Charge for the year	–	3.1	91.5	44.4	86.1	225.1
Disposals	–	–	(74.6)	(58.0)	(107.9)	(240.5)
Exchange adjustments	–	(4.5)	24.3	6.4	8.5	34.7
31 December 2018	–	27.1	567.3	229.7	533.6	1,357.7
Charge for the year	–	1.5	79.9	36.3	67.8	185.5
Disposals	–	(7.2)	(129.9)	(59.9)	(74.5)	(271.5)
Transfer to disposal group classified as held for sale	–	(15.6)	(56.1)	(81.7)	(192.6)	(346.0)
Exchange adjustments	–	(1.6)	(17.9)	(13.2)	(23.4)	(56.1)
31 December 2019	–	**4.2**	**443.3**	**111.2**	**310.9**	**869.6**
Net book value						
31 December 2019	**34.3**	**22.0**	**605.5**	**101.2**	**113.0**	**876.0**
31 December 2018	37.1	108.4	635.1	145.6	156.8	1,083.0
1 January 2018	37.1	90.3	555.7	140.3	156.1	979.5

At 31 December 2019, capital commitments contracted, but not provided for in respect of property, plant and equipment, were £165.0 million (2018: £28.4 million). The increase is due to a number of significant property developments in North America, UK and Western Continental Europe.

16. INTERESTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

The movements in 2019 and 2018 were as follows:

	Interests in associates and joint ventures £m	Other investments £m
1 January 2018	1,065.2	1,153.5
Additions	16.7	35.0
Share of results of associate undertakings	43.5	–
Dividends	(49.7)	–
Other movements	1.2	–
Reclassification from other investments to associates	0.3	(0.3)
Exchange adjustments	12.9	–
Disposals	(304.0)	(341.7)
Reclassification to subsidiaries	16.9	–
Revaluation of other investments through profit or loss	–	68.1
Revaluation of other investments through other comprehensive income	–	(247.9)
Amortisation of other intangible assets	(4.2)	–
Write-downs	(2.0)	–
31 December 2018	796.8	666.7
Additions	236.6	18.3
Share of results of associate undertakings	21.2	–
Dividends	(33.3)	–
Other movements	1.2	–
Exchange adjustments	(35.5)	–
Disposals	(51.5)	(42.3)
Reclassification to subsidiaries	(0.3)	–
Revaluation of other investments through profit or loss	–	9.1
Revaluation of other investments through other comprehensive income	–	(141.4)
Amortisation of other intangible assets	(5.6)	–
Transfer to disposal group classified as held for sale	(109.1)	(12.1)
Write-downs	(7.5)	–
31 December 2019	**813.0**	**498.3**

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 publicly available 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 fair value of other investments represents valuations as at 31 December 2019 and does not consider the impact of the emergence and spread of the Covid-19 virus.

The Group's principal associates and joint ventures at 31 December 2019 included:

	% owned	Country of incorporation
Barrows Design and Manufacturing (Pty) Limited	35.0	South Africa
Dat Viet VAC Media Corporation	30.0	Vietnam
GIIR Inc.	30.0	Korea
Haworth Marketing & Media Company	49.0	USA
High Co SA	34.1	France
Joye Media SL[1]	22.5	Spain
Nanjing Yindu Ogilvy Advertising Co. Ltd	49.0	China
Smollan Holdings (Pty) Ltd	24.8	South Africa
Summer (BC) JVCo S.à r.l.[2]	40.0	Luxembourg
Summer (BC) US JVCo SCSp[2]	40.0	Luxembourg

Notes
1 Representing the Group's interest in Imagina.
2 Representing the Group's interest in Kantar split between the United States and rest of world.

The market value of the Group's shares in its principal listed associate undertakings at 31 December 2019 was as follows: GIIR Inc: £21.2 million, and High Co SA: £39.4 million (2018: GIIR Inc: £26.3 million and High Co SA: £30.3 million). The carrying value (including goodwill and other intangibles) of these equity interests in the Group's consolidated balance sheet at 31 December 2019 was as follows: GIIR Inc: £37.7 million and High Co SA: £35.4 million (2018: GIIR Inc: £46.8 million and High Co SA: £37.1 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.

SUMMARISED FINANCIAL INFORMATION

The following tables present a summary of the aggregate financial performance and net asset position of the Group's associate undertakings and joint ventures. These have been estimated and converted, where appropriate, to an IFRS presentation based on information provided by the relevant companies at 31 December 2019.

	2019 £m	2018 £m	2017 £m
Income statement			
Revenue	**3,619.1**	3,685.8	3,800.8
Operating profit	**365.6**	378.4	440.4
Profit before taxation	**(385.9)**	194.7	381.9
Profit for the year	**(429.6)**	118.1	312.5
Balance sheet			
Assets	**8,855.1**	2,940.9	3,192.9
Liabilities	**(6,765.7)**	(1,570.6)	(1,633.7)
Net assets	**2,089.4**	1,370.3	1,559.2

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.

At 31 December 2019, capital commitments contracted, but not provided for, in respect of interests in associates and other investments were £21.8 million (2018: £31.4 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, then 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 2019 £m	Offset 2019 £m	**As reported 2019 £m**	Gross 2018 £m	Offset 2018 £m	As reported 2018 £m
Deferred tax assets	430.9	(243.0)	**187.9**	412.0	(259.0)	153.0
Deferred tax liabilities	(622.8)	243.0	**(379.8)**	(738.5)	259.0	(479.5)
	(191.9)	–	**(191.9)**	(326.5)	–	(326.5)

The following are the major gross deferred tax assets recognised by the Group and movements thereon in 2019 and 2018:

	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 2018	53.5	84.9	75.6	68.4	72.7	33.0	5.8	17.9	411.8
Acquisition of subsidiaries	–	–	–	–	–	–	–	2.0	2.0
Credit/(charge) to income	4.7	13.0	(11.2)	(20.6)	(8.9)	(15.3)	10.7	11.0	(16.6)
Charge to other comprehensive income	–	–	(0.2)	–	–	–	–	–	(0.2)
Charge to equity	–	–	–	–	–	(1.6)	–	–	(1.6)
Exchange differences	3.4	3.5	4.3	0.1	3.3	0.7	0.8	0.5	16.6
31 December 2018	61.6	101.4	68.5	47.9	67.1	16.8	17.3	31.4	412.0
(Charge)/credit to income	(1.7)	10.2	6.7	19.4	24.2	2.9	12.5	(16.6)	57.6
Charge to other comprehensive income	–	–	(3.2)	–	–	–	–	–	(3.2)
Credit to equity	–	–	–	27.8	–	3.1	–	–	30.9
Transfer to disposal group classified as held for sale	(4.2)	(19.2)	(12.3)	(13.6)	(3.0)	(0.7)	(3.4)	0.1	(56.3)
Exchange differences	(2.2)	(5.0)	(2.2)	3.2	(2.0)	(0.6)	(0.6)	(0.7)	(10.1)
31 December 2019	**53.5**	**87.4**	**57.5**	**84.7**	**86.3**	**21.5**	**25.8**	**14.2**	**430.9**

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 2019 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 2019 and 2018:

	Brands and other intangibles £m	Associate earnings £m	Goodwill £m	Property, plant and equipment £m	Financial instruments £m	Other temporary differences £m	Total £m
1 January 2018	489.2	21.6	140.4	21.2	36.2	56.6	765.2
Acquisition of subsidiaries	10.7	–	–	–	–	–	10.7
(Credit)/charge to income	(68.8)	(3.9)	31.8	(0.3)	(0.9)	(20.7)	(62.8)
Charge to other comprehensive income	–	–	–	–	–	0.5	0.5
Exchange differences	7.5	(0.1)	10.1	1.3	4.6	1.5	24.9
31 December 2018	438.6	17.6	182.3	22.2	39.9	37.9	738.5
Acquisition of subsidiaries	0.8	–	–	–	–	–	0.8
(Credit)/charge to income	(31.2)	68.6	10.3	(22.2)	(0.7)	(6.7)	18.1
Credit to other comprehensive income	–	–	–	–	–	(9.6)	(9.6)
Transfer to disposal group classified as held for sale	(46.6)	(7.9)	(51.7)	–	–	0.6	(105.6)
Exchange differences	(9.3)	(1.8)	(5.5)	–	(2.3)	(0.5)	(19.4)
31 December 2019	**352.3**	**76.5**	**135.4**	**–**	**36.9**	**21.7**	**622.8**

At the balance sheet date, the Group has gross tax losses and other temporary differences of £6,475.6 million (2018: £6,638.6 million) available for offset against future profits. Deferred tax assets have been recognised in respect of the tax benefit of £1,856.6 million (2018: £1,763.4 million) of such tax losses and other temporary differences. No deferred tax asset has been recognised in respect of the remaining £4,619.0 million (2018: £4,875.2 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 £60.7 million (2018: £46.4 million) that will expire within 1-10 years, and £4,437.6 million (2018: £4,572.6 million) of losses that may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax liabilities have not been recognised was £2,165.3 million (2018: £1,768.5 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:

	2019 £m	2018 £m
Amounts falling due within one year		
Trade receivables (net of bad debt provision)	**7,007.6**	8,062.2
Work in progress	**349.5**	366.5
VAT and sales taxes recoverable	**212.7**	264.2
Prepayments	**287.1**	287.3
Accrued income	**3,292.7**	3,541.2
Fair value of derivatives	**1.4**	1.3
Other debtors	**671.3**	578.8
	11,822.3	13,101.5

The ageing of trade receivables and other financial assets by due date is as follows:

			Days past due				
2019	Carrying amount at 31 December 2019 £m	Not past due £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	7,007.6	5,553.3	934.9	341.0	92.1	22.4	63.9
Other financial assets	582.5	357.6	129.9	48.3	16.2	5.2	25.3
	7,590.1	**5,910.9**	**1,064.8**	**389.3**	**108.3**	**27.6**	**89.2**

			Days past due				
2018	Carrying amount at 31 December 2018 £m	Not past due £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m
Trade receivables	8,062.2	5,873.7	1,370.7	549.1	128.3	75.6	64.8
Other financial assets	551.7	424.9	61.3	14.2	8.6	7.7	35.0
	8,613.9	6,298.6	1,432.0	563.3	136.9	83.3	99.8

Other financial assets are included in other debtors.

Past due amounts are not impaired where collection is considered likely.

	2019 £m	2018 £m
Amounts falling due after more than one year		
Prepayments	**2.2**	3.0
Accrued income	**–**	16.5
Fair value of derivatives	**–**	8.4
Other debtors	**135.4**	152.1
	137.6	180.0

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.

	2019 £m	2018 £m
Bad debt provisions		
At beginning of year	**116.6**	91.3
New acquisitions	**5.0**	1.5
Charged to the income statement	**45.4**	66.7
Released to the income statement	**(19.0)**	(11.6)
Exchange adjustments	**(4.1)**	2.1
Transfer to disposal group classified as held for sale	**(8.9)**	–
Utilisations and other movements	**(23.3)**	(33.4)
At end of year	**111.7**	116.6

The allowance for bad and doubtful debts is equivalent to 1.6% (2018: 1.4%) of gross trade accounts receivables.

Impairment losses on work in progress and accrued income were immaterial for the years presented.

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

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:

	2019 £m	2018 £m
Trade payables	**10,112.1**	10,524.3
Deferred income	**1,024.6**	1,253.6
Payments due to vendors (earnout agreements)	**142.4**	148.2
Liabilities in respect of put option agreements with vendors	**75.4**	36.8
Fair value of derivatives	**1.5**	2.6
Share repurchases – close period commitments[1]	**252.3**	–
Other creditors and accruals	**2,578.5**	3,072.9
	14,186.8	15,038.4

Note

[1] During 2019, the Company entered into an arrangement with a third party to conduct share buybacks on its behalf in the close period commencing on 2 January 2020 and ending on 27 February 2020, in accordance with UK listing rules. The commitment resulting from this agreement constitutes a liability at 31 December 2019, which is included in Trade and other payables: amounts falling due within one year and has been recognised as a movement in equity.

The Group considers that the carrying amount of trade and other payables approximates their fair value.

20. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in trade and other payables falling due after more than one year:

	2019 £m	2018 £m
Payments due to vendors (earnout agreements)	**111.4**	266.5
Liabilities in respect of put option agreements with vendors	**151.4**	205.2
Fair value of derivatives	**21.2**	14.2
Other creditors and accruals	**199.3**	355.5
	483.3	841.4

The Group considers that the carrying amount of trade and other payables approximates their fair value.

The following tables set out payments due to vendors, comprising contingent consideration and the Directors' best estimates of future earnout-related obligations:

	2019 £m	2018 £m
Within one year	**142.4**	148.2
Between one and two years	**36.9**	140.2
Between two and three years	**37.5**	38.5
Between three and four years	**14.8**	50.3
Between four and five years	**9.7**	20.4
Over five years	**12.5**	17.1
	253.8	414.7

	2019 £m	2018 £m
At beginning of year	**414.7**	630.7
Earnouts paid	**(130.0)**	(120.2)
New acquisitions	**9.6**	48.6
Revision of estimates taken to goodwill (note 14)	**(14.3)**	(68.3)
Revaluation of payments due to vendors	**1.1**	(82.6)
Transfer to disposal group classified as held for sale	**(11.5)**	–
Exchange adjustments	**(15.8)**	6.5
At end of year	**253.8**	414.7

As of 31 December 2019, 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 £14 million (2018: £nil to £179 million) and £nil to £1,110 million (2018: £nil to £1,960 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, disposal related to the Kantar sale and exchange adjustments, partially offset by earnout arrangements related to new acquisitions.

21. BANK OVERDRAFTS, BONDS AND BANK LOANS

Amounts falling due within one year:

	2019 £m	2018 £m
Bank overdrafts	**235.7**	442.0
Corporate bonds and bank loans	**225.6**	583.1
	461.3	1,025.1

The Group considers that the carrying amount of bank overdrafts approximates their fair value.

Amounts falling due after more than one year:

	2019 £m	2018 £m
Corporate bonds and bank loans	**4,047.3**	5,634.8

The Group estimates that the fair value of corporate bonds is £4,439.8 million at 31 December 2019 (2018: £5,965.7 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 £110.4 million (2018: £186.8 million) approximates their fair value.

The corporate bonds, bank loans and overdrafts included within liabilities fall due for repayment as follows:

	2019 £m	2018 £m
Within one year	**461.3**	1,025.1
Between one and two years	**96.4**	423.8
Between two and three years	**590.4**	761.0
Between three and four years	**632.1**	609.8
Between four and five years	**554.3**	670.1
Over five years	**2,174.1**	3,170.1
	4,508.6	6,659.9

22. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in 2019 and 2018 were as follows:

	Property £m	Other £m	Total £m
1 January 2018	52.6	176.4	229.0
Charged to the income statement[1]	72.1	13.9	86.0
Acquisitions[2]	0.5	8.3	8.8
Utilised	(5.7)	(20.1)	(25.8)
Released to the income statement	(5.7)	(4.6)	(10.3)
Other movements	2.0	10.9	12.9
Exchange adjustments	2.9	8.2	11.1
31 December 2018	118.7	193.0	311.7
Charged to the income statement	39.5	7.6	47.1
Acquisitions[2]	–	0.7	0.7
Utilised	(1.2)	(12.2)	(13.4)
Released to the income statement	(10.3)	(6.9)	(17.2)
Other movements[3]	(58.4)	9.2	(49.2)
Transfer to disposal group classified as held for sale	(6.2)	(18.4)	(24.6)
Exchange adjustments	(0.6)	(6.7)	(7.3)
31 December 2019	**81.5**	**166.3**	**247.8**

Notes

1 Amounts charged to the income statement in 2018 include £50.6 million in regard to transformation costs with respect to the strategic initiative of co-locations in major cities.

2 Acquisitions include £0.7 million (2018: £8.4 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.

3 Other movements include transfers of property provisions related to property leases which are now recognised in right-of-use assets, increases of certain property-related liabilities and certain long-term employee benefits.

The Company and various of its subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the ordinary course of business. The Directors do not anticipate that the outcome of these proceedings and claims will have a material adverse effect on the Group's financial position or on the results of its operations.

23. SHARE-BASED PAYMENTS

Charges for share-based incentive plans were as follows:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Share-based payments	**66.0**	78.3	98.3

Note

[1] Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

Share-based payments comprise charges for stock options and restricted stock awards to employees of the Group.

As of 31 December 2019, there was £140.7 million (2018: £146.0 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 28.

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 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 five-year performance period. Vesting is conditional on continued employment throughout the vesting period.

The 2019 EPSP awards are subject to a relative TSR performance condition, with a Return on Invested Capital (ROIC) underpin. TSR performance will be compared to companies representing the most relevant, listed global competitors, with performance below median resulting in zero vesting. Performance between median and upper decile provides for a vesting opportunity of between 15% and 100%. The awards will vest subject to a ROIC underpin of an average of 7.5% over the performance period. The Compensation Committee has an overriding discretion to determine the extent to which the award will vest.

For EPSP awards granted between 2013 and 2018 there are three performance criteria, each constituting one-third of the vesting value, and each measured over this five-year 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%, with a sliding scale in between. Threshold again gives rise to a 20% vest, 100% for maximum, with a sliding scale in between.

PERFORMANCE SHARE AWARDS (PSA)

Conditional stock awards made under the PSA are dependent upon annual performance targets, typically based on one or more of: operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and vest two years after grant date provided the individual concerned is continually employed by the Group throughout this time.

LEADERS, PARTNERS AND HIGH POTENTIAL GROUP

This scheme makes annual conditional stock awards to approximately 1,500 key executives of the Group. Vesting is conditional on continued employment over the three-year vesting period.

VALUATION METHODOLOGY

For all of these schemes, the valuation methodology is based upon fair value on grant date, which is determined by the market price on that date or the application of a Black-Scholes model, depending upon the characteristics of the scheme concerned. The assumptions underlying the Black-Scholes model are detailed in note 28, 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 accrual 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 2019 number m	Granted number m	Lapsed number m	Vested number m	Non-vested 31 December 2019 number m
Executive Performance Share Plan (EPSP)	6.7	4.2	(1.3)	(0.8)	**8.8**
Performance Share Awards (PSA)	2.3	1.7	(0.4)	(1.0)	**2.6**
Leaders, Partners and High Potential Group	9.1	4.1	(1.9)	(2.0)	**9.3**
Weighted average fair value (pence per share)					
Executive Performance Share Plan (EPSP)	1,363p	989p	1,334p	1,265p	**1,198p**
Performance Share Awards (PSA)	1,437p	926p	1,210p	1,572p	**1,081p**
Leaders, Partners and High Potential Group	1,154p	909p	1,076p	1,551p	**974p**

The total fair value of shares vested for all the Group's restricted stock plans during the year ended 31 December 2019 was £90.8 million (2018: £107.2 million, 2017: £114.8 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	2019 £m	2018[1] £m	2017[1] £m
Defined contribution plans	**154.9**	146.7	149.5
Defined benefit plans charge to operating profit	**14.8**	14.2	11.8
Pension costs (note 5)	**169.7**	160.9	161.3
Net interest expense on pension plans (note 6)	**3.5**	3.6	5.4
	173.2	164.5	166.7

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

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 2019. Valuations are as at 31 December 2019 and do not consider the impact of the emergence and spread of the Covid-19 virus.

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 2019 amounted to £37.1 million (2018: £44.9 million, 2017: £68.2 million). Employer contributions and benefit payments in 2020 are expected to be approximately £25 million.

(A) ASSUMPTIONS

There are a number of areas in pension accounting that involve estimates made by management based on advice of qualified advisors. These include establishing the discount rates, rates of increase in salaries and pensions in payment, inflation, and mortality assumptions. The main weighted average assumptions used for the actuarial valuations at 31 December are shown in the following table:

	2019 % pa	2018 % pa	2017 % pa	2016 % pa
UK				
Discount rate[1]	**2.0**	2.8	2.4	2.5
Rate of increase in salaries[2]	**n/a**	n/a	n/a	3.5
Rate of increase in pensions in payment	**4.4**	4.3	4.1	4.1
Inflation	**2.6**	2.8	2.7	2.8
North America				
Discount rate[1]	**3.0**	4.1	3.5	3.8
Rate of increase in salaries	**3.0**	3.0	3.1	3.1
Inflation	**n/a**	n/a	4.0	4.0
Western Continental Europe				
Discount rate[1]	**1.2**	2.0	1.9	1.7
Rate of increase in salaries	**2.2**	2.3	1.9	2.0
Rate of increase in pensions in payment	**1.8**	1.2	1.2	1.3
Inflation	**1.7**	1.7	1.7	1.7
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe				
Discount rate[1]	**4.6**	5.0	4.2	4.2
Rate of increase in salaries	**6.1**	5.8	5.5	5.9
Inflation	**3.7**	3.6	4.0	4.0

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 UK as the plans were either frozen or bought out since 2017. Active participants will not accrue additional benefits for future services under these plans.

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 2019, 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	22.2	21.9	23.1	20.8	14.0
Current pensioners (at age 65) – female	23.7	23.3	24.1	23.9	17.4
Future pensioners (current age 45) – male	23.8	23.4	24.7	23.2	14.0
Future pensioners (current age 45) – female	25.4	24.9	25.9	26.0	17.4

Note

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

The life expectancies after age 65 at 31 December 2018 were 22.2 years and 23.9 years for male and female current pensioners (at age 65) respectively, and 24.0 years and 25.7 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 10 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**	**9.1**	**13.8**	**12.7**	**8.5**
Expected benefit payments over the next 10 years (£m)					
Benefits expected to be paid within 12 months	51.4	25.1	15.8	5.8	4.7
Benefits expected to be paid in 2021	45.4	24.5	12.6	5.5	2.8
Benefits expected to be paid in 2022	46.9	26.0	12.7	5.8	2.4
Benefits expected to be paid in 2023	44.4	22.3	12.9	5.7	3.5
Benefits expected to be paid in 2024	42.3	20.9	13.0	5.6	2.8
Benefits expected to be paid in the next five years	216.1	94.7	67.1	32.6	21.7

Note

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

24. PROVISION FOR POST-EMPLOYMENT BENEFITS CONTINUED

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

The sensitivity analyses are based on a change in one assumption while holding all other assumptions constant so that interdependencies between the assumptions are excluded. The methodology applied is consistent with that used to determine the recognised defined benefit obligation. The sensitivity analysis for inflation is not shown as it is an underlying assumption to build the pension and salary increase assumptions. Changing the inflation assumption on its own without changing the salary or pension assumptions will not result in a significant change in pension liabilities.

Sensitivity analysis of significant actuarial assumptions	Increase/(decrease) in benefit obligation 2019 £m	2018 £m
Discount rate		
Increase by 25 basis points:		
UK	**(8.2)**	(9.8)
North America	**(7.5)**	(8.8)
Western Continental Europe	**(3.8)**	(8.7)
Other[1]	**(0.7)**	(0.7)
Decrease by 25 basis points:		
UK	**8.5**	10.3
North America	**7.7**	9.1
Western Continental Europe	**3.9**	9.3
Other[1]	**0.7**	0.7
Rate of increase in salaries		
Increase by 25 basis points:		
Western Continental Europe	**0.8**	1.3
Other[1]	**0.6**	0.7
Decrease by 25 basis points:		
Western Continental Europe	**(0.8)**	(1.2)
Other[1]	**(0.6)**	(0.6)
Rate of increase in pensions in payment		
Increase by 25 basis points:		
UK	**0.7**	1.3
Western Continental Europe	**1.9**	5.3
Decrease by 25 basis points:		
UK	**(0.6)**	(0.8)
Western Continental Europe	**(1.9)**	(5.0)
Life expectancy		
Increase in longevity by one additional year:		
UK	**11.7**	13.6
North America	**5.9**	5.7
Western Continental Europe	**4.3**	6.9

Note

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

(B) ASSETS AND LIABILITIES

At 31 December, the fair value of the assets in the pension plans, and the assessed present value of the liabilities in the pension plans are shown in the following table:

	2019 £m	%	2018 £m	%	2017 £m	%
Equities	**55.5**	**9.1**	76.5	9.1	124.6	13.4
Bonds	**272.5**	**44.8**	544.9	64.8	520.0	55.9
Insured annuities[1]	**239.1**	**39.3**	90.9	10.8	178.5	19.2
Property	**0.7**	**0.1**	0.9	0.1	1.3	0.1
Cash	**17.7**	**2.9**	31.1	3.7	9.9	1.1
Other	**23.0**	**3.8**	96.3	11.5	95.7	10.3
Total fair value of assets	**608.5**	**100.0**	840.6	100.0	930.0	100.0
Present value of liabilities	**(767.5)**		(1,024.0)		(1,135.4)	
Deficit in the plans	**(159.0)**		(183.4)		(205.4)	
Irrecoverable surplus	**–**		(0.9)		(0.9)	
Net liability[2]	**(159.0)**		(184.3)		(206.3)	
Plans in surplus	**20.6**		42.8		43.9	
Plans in deficit	**(179.6)**		(227.1)		(250.2)	

Notes

1 The increase in 2019 from 2018 in the amount of assets held in insured annuities is attributable to the completion of buy-in transactions during 2019 for certain UK plans. The invested assets for these plans, as at 31 December 2018 consisted of a mixture of equities, bonds, cash and other assets, were transferred to an insurance company and, in accordance with IAS 19, all assets for these plans are now classified as insured annuities.

2 The related deferred tax asset is discussed in note 17.

All plan assets have quoted prices in active markets with the exception of insured annuities and other assets.

Surplus/(deficit) in plans by region	2019 £m	2018 £m	2017 £m
UK	**0.3**	33.7	31.5
North America	**(45.2)**	(68.7)	(89.2)
Western Continental Europe	**(79.4)**	(104.6)	(107.7)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(34.7)**	(43.8)	(40.0)
Deficit in the plans	**(159.0)**	(183.4)	(205.4)

Some of the Group's defined benefit plans are unfunded (or largely unfunded) by common custom and practice in certain jurisdictions. In the case of these unfunded plans, the benefit payments are made as and when they fall due. Pre-funding of these plans would not be typical business practice.

The following table shows the split of the deficit at 31 December between funded and unfunded pension plans.

	2019 Surplus/ (deficit) £m	2019 Present value of liabilities £m	2018 Surplus/ (deficit) £m	2018 Present value of liabilities £m	2017 Surplus/ (deficit) £m	2017 Present value of liabilities £m
Funded plans by region						
UK	**0.3**	**(247.6)**	33.7	(290.5)	31.5	(387.5)
North America	**12.8**	**(286.2)**	(4.6)	(375.3)	(21.4)	(385.4)
Western Continental Europe	**(33.3)**	**(77.6)**	(35.8)	(168.4)	(37.9)	(173.3)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(3.6)**	**(20.9)**	(6.6)	(19.7)	(4.2)	(15.8)
Deficit/liabilities in the funded plans	**(23.8)**	**(632.3)**	(13.3)	(853.9)	(32.0)	(962.0)
Unfunded plans by region						
North America	**(58.0)**	**(58.0)**	(64.1)	(64.1)	(67.8)	(67.8)
Western Continental Europe	**(46.1)**	**(46.1)**	(68.8)	(68.8)	(69.8)	(69.8)
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	**(31.1)**	**(31.1)**	(37.2)	(37.2)	(35.8)	(35.8)
Deficit/liabilities in the unfunded plans	**(135.2)**	**(135.2)**	(170.1)	(170.1)	(173.4)	(173.4)
Deficit/liabilities in the plans	**(159.0)**	**(767.5)**	(183.4)	(1,024.0)	(205.4)	(1,135.4)

In accordance with IAS 19, plans that are wholly or partially funded are considered funded plans.

(C) PENSION EXPENSE

The following table shows the breakdown of the pension expense between amounts charged to operating profit and amounts charged to finance costs:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Service cost[2]	12.9	12.0	9.4
Administrative expenses	1.9	2.2	2.4
Charge to operating profit	14.8	14.2	11.8
Net interest expense on pension plans	3.5	3.6	5.4
Charge to profit before taxation for defined benefit plans	18.3	17.8	17.2

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Includes current service cost, past service costs related to plan amendments and (gain)/loss on settlements and curtailments

The following table shows the breakdown of amounts recognised in the consolidated statement of comprehensive income (OCI):

	2019 £m	2018 £m	2017 £m
Return on plan assets (excluding interest income)	16.7	(43.9)	13.4
Changes in demographic assumptions underlying the present value of the plan liabilities	5.9	3.8	12.7
Changes in financial assumptions underlying the present value of the plan liabilities	(64.3)	45.2	(17.0)
Experience gain arising on the plan liabilities	5.1	3.8	7.9
Actuarial (loss)/gain recognised in OCI	(36.6)	8.9	17.0

(D) MOVEMENT IN PLAN LIABILITIES

The following table shows an analysis of the movement in the pension plan liabilities for each accounting period:

	2019 £m	2018 £m	2017 £m
Plan liabilities at beginning of year	1,024.0	1,135.4	1,209.8
Service cost[1]	14.9	15.5	13.0
Interest cost	26.2	30.7	32.9
Actuarial (gain)/loss:			
Effect of changes in demographic assumptions	(5.9)	(3.8)	(12.7)
Effect of changes in financial assumptions	64.3	(45.2)	17.0
Effect of experience adjustments	(5.1)	(3.8)	(7.9)
Benefits paid[2]	(140.8)	(75.6)	(79.7)
(Gain)/loss due to exchange rate movements	(22.7)	30.0	(36.4)
Settlement payments[3]	(47.4)	(70.4)	(1.2)
Transfer to disposal group classified as held for sale	(148.0)	–	–
Other[4]	8.0	11.2	0.6
Plan liabilities at end of year	767.5	1,024.0	1,135.4

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 US defined benefit plan that allowed certain participants to receive immediate lump sum pay-outs, which totalled £69.7 million.

3 In 2019 and 2018, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million and £70.4 million, respectively, in settlement payments.

4 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

(E) MOVEMENT IN PLAN ASSETS

The following table shows an analysis of the movement in the pension plan assets for each accounting period:

	2019 £m	2018 £m	2017 £m
Fair value of plan assets at beginning of year	840.6	930.0	934.2
Interest income on plan assets	22.4	26.3	26.6
Return on plan assets (excluding interest income)	16.7	(43.9)	13.4
Employer contributions	37.1	44.9	68.2
Benefits paid[1]	(140.8)	(75.6)	(79.7)
(Loss)/gain due to exchange rate movements	(15.7)	23.0	(28.7)
Settlement payments[2]	(47.4)	(70.4)	(1.2)
Administrative expenses	(2.1)	(3.4)	(3.1)
Transfer to disposal group classified as held for sale	(111.1)	–	–
Other[3]	8.8	9.7	0.3
Fair value of plan assets at end of year	608.5	840.6	930.0
Actual return on plan assets	39.1	(17.6)	40.0

Notes

1 In 2019, there was an amendment to a US defined benefit plan that allowed certain participants to receive immediate lump sum pay-outs, which totalled £69.7 million.

2 In 2019 and 2018, the Group completed the transfer of the defined benefit obligations for certain UK plans to an insurer resulting in £47.1 million and £70.4 million, respectively, in settlement payments.

3 Other includes acquisitions, disposals, plan participants' contributions and reclassifications. The reclassifications represent certain of the Group's defined benefit plans which are included in this note for the first time in the periods presented.

25. EVENTS AFTER THE REPORTING PERIOD

In the period since 31 December 2019, the emergence and spread of Covid-19 has impacted the Group and its clients. The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial condition and prospects.

The Group has approximately £2.0 billion of undrawn credit facilities at 31 December 2019 and has supported this by further action to maintain liquidity, including the suspension of share buybacks and the 2019 final dividend. On working capital, we are constantly reviewing cash outflows and receipts to monitor our position. We are continuing to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments. Cost reduction and cash conservation measures have also been taken, including the freezing of new hires, 20% salary and fee sacrifice for the CEO, Board members, Executive committee members and employees earning above certain thresholds. Additionally, savings have been identified on property and IT capital expenditure.

Close to 95% of our people are remote working and maintaining services to our clients and using creativity to support clients to adjust their communications, and support governments and NGOs in mitigating the impact of Covid-19.

26. 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 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 2019 were primarily made up of $1,563 million, £844 million and €2,600 million (2018: $2,784 million, £1,044 million and €3,200 million). The Group's average gross debt during the course of 2019 was $2,509 million, £947 million and €3,128 million (2018: $3,377 million, £1,039 million and €3,202 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.

26. RISK MANAGEMENT POLICIES CONTINUED

INTEREST RATE RISK

The Group is exposed to interest rate risk on both interest-bearing assets and interest-bearing liabilities. The Group has a policy of actively managing its interest rate risk exposure while recognising that fixing rates on all its debt eliminates the possibility of benefiting from rate reductions and similarly, having all its debt at floating rates unduly exposes the Group to increases in rates.

Including the effect of interest rate and cross-currency swaps, 100% of the year-end US dollar debt is at fixed rates averaging 4.06% for an average period of 95 months; 100% of the sterling debt is at a fixed rate of 2.73% for an average period of 188 months; 80.8% of the euro debt is at fixed rates averaging 2.34% for an average period of 82 months and 19.2% of the euro debt is at floating rates averaging 0.06% for an average of 16 months.

GOING CONCERN AND LIQUIDITY RISK

In considering going concern and liquidity risk, the Directors have reviewed the Group's future cash requirements and earnings projections. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance. The Company's forecasts and projections, taking account of (i) reasonably possible declines in revenue less pass-through costs; (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic from April 2020 onwards compared to 2019; and considering the Group's bank covenant and liquidity headroom taking into account the suspension of share buybacks and the final dividend in 2019 and cost mitigation actions which are and which could be implemented, show that the Company and the Group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due. The Company modelled a range of revenue less pass-through costs declines from 15% to over 35%. The Directors have concluded that the Group should 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. The potential impact of Brexit has been considered and is not deemed to have a significant effect on this assessment.

At 31 December 2019, the Group has access to £6.3 billion of committed facilities with maturity dates spread over the years 2020 to 2046 as illustrated below:

		2020 £m	2021 £m	2022 £m	2023 £m	2024+ £m
£ bonds £400m (2.875% 2046)	**400.0**					400.0
US bond $220m (5.625% 2043)	**165.8**					165.8
US bond $93m (5.125% 2042)	**70.0**					70.0
Eurobonds €600m (1.625% 2030)	**507.9**					507.9
Eurobonds €750m (2.25% 2026)	**634.9**					634.9
Eurobonds €500m (1.375% 2025)	**423.3**					423.3
US bond $750m (3.75% 2024)	**565.5**					565.5
Bank revolver ($2,500m 2024)	**1,884.9**					1,884.9
Eurobonds €750m (3.0% 2023)	**634.9**				634.9	
US bond $500m (3.625% 2022)	**377.0**			377.0		
Eurobonds €250m (3m EURIBOR + 0.45% 2022)	**211.6**			211.6		
Bank revolver (A$150m '20, A$270m 2021)	**222.4**	79.4	143.0			
Eurobonds €250m (3m EURIBOR + 0.32% 2020)	**211.6**	211.6				
Total committed facilities available	**6,309.8**	**291.0**	**143.0**	**588.6**	**634.9**	**4,652.3**
Drawn down facilities at 31 December 2019	**4,304.2**	216.9	96.4	588.6	634.9	2,767.4
Undrawn committed credit facilities	**2,005.6**					
Drawn down facilities at 31 December 2019	**4,304.2**					
Net cash at 31 December 2019	**(2,733.3)**					
Other adjustments	**(31.3)**					
Net debt at 31 December 2019	**1,539.6**					

Given the strong cash generation of the business, its debt maturity profile and available facilities, the Directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

TREASURY ACTIVITIES

Treasury activity is managed centrally from London, New York and Hong Kong, and is principally concerned with the monitoring of working capital, managing external and internal funding requirements and the monitoring and management of financial market risks, in particular interest rate and foreign exchange exposures.

The treasury operation is not a profit centre and its activities are carried out in accordance with policies approved by the Board of Directors and subject to regular review and audit.

The Group manages liquidity risk by ensuring continuity and flexibility of funding even in difficult market conditions. Undrawn committed borrowing facilities are maintained in excess of peak net-borrowing levels and debt maturities are closely monitored. Targets for average net debt are set on an annual basis and, to assist in meeting this, working capital targets are set for all the Group's major operations.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 10, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in notes 28 and 29.

Given the significant uncertainty over the coming months generated by the emergence and spread of Covid-19, the Group continues to monitor its capital structure. Our bond portfolio at the 31 December 2019 had an average maturity of 8.2 years, with only a May 2020 €250 million Eurobond due in the next two years.

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 27.

The Group's credit risk is primarily attributable to its trade receivables. The majority of the Group's trade receivables are due from large national or multinational companies where the risk of default is considered low. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on expected losses, prior experience and their assessment of the current economic environment. A relatively small number of clients make up a significant percentage of the Group's debtors, but no single client represents more than 5% of total trade receivables as at 31 December 2019.

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.

Following the emergence and spread of Covid-19 in 2020, the Group continues to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments. The Group constantly reviewing cash outflows and receipts to monitor our position.

SENSITIVITY ANALYSIS

The following sensitivity analysis addresses the effect of currency and interest rate risks on the Group's financial instruments. The analysis assumes that all hedges are highly effective.

CURRENCY RISK

A 10% weakening of sterling against the Group's major currencies would result in the following losses, which would be posted directly to equity. These losses would arise on the retranslation of foreign currency denominated borrowings and derivatives designated as effective net investment hedges of overseas net assets. These losses would be partially offset in equity by a corresponding gain arising on the retranslation of the related hedged foreign currency net assets. A 10% strengthening of sterling would have an equal and opposite effect. There are no other material foreign exchange exposures which would create gains or losses to the functional reporting currencies of individual entities in the Group.

	2019 £m	2018 £m
US dollar	**125.2**	192.2
Euro	**162.5**	232.5

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 2019 would increase profit before tax by approximately £22.6 million (2018: £7.2 million). A one percentage decrease in market interest rates would have an equal and opposite effect. This has been calculated by applying the interest rate change to the Group's variable rate cash and borrowings.

27. 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 its 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 March 2025 have receipts of €500.0 million and payments of £444.1 million.

At 31 December 2019, the fair value of the Group's currency derivatives is estimated to be a net liability of approximately £21.2 million (2018: net asset of £8.4 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £nil (2018: £8.4 million) assets included in trade and other receivables and £21.2 million (2018: £nil) 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 £29.2 million (2018: charge of £17.9 million) for cash flow hedges.

Changes in the fair value relating to the ineffective portion of the currency derivatives amounted to a loss of £nil (2018: £11.1 million) which is included in the revaluation of financial instruments for the year.

At the balance sheet date, the total nominal amount of outstanding forward foreign exchange contracts not designated as hedges was £151.7 million (2018: £296.1 million). The Group estimates the fair value of these contracts to be a net liability of £0.1 million (2018: £1.3 million).

These arrangements are designed to address significant exchange exposure and are renewed on a revolving basis as required.

INTEREST RATE SWAPS

The Group uses interest rate swaps as hedging instruments in fair value hedges to manage its exposure to interest rate movements on its borrowing. During 2019 the Group terminated contracts that had a nominal value of $812 million which had fixed rate receipts of 4.75% and floating interest payments averaging LIBOR plus 2.34% until November 2021. The Group also terminated contracts in 2019 that had a nominal value of $500 million which had fixed rate receipts of 3.63% and floating interest payments averaging LIBOR plus 1.52% until September 2022.

The fair value of interest rate swaps entered into at 31 December 2019 is estimated to be a net liability of £nil (2018: £14.2 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising £nil (2018: £14.2 million) liabilities included in trade and other payables.

Changes in the fair value relating to the ineffective portion of interest rate swaps amounted to a gain of £1.0 million (2018: £0.9 million) which is included in the revaluation of financial instruments for the year. This gain resulted from a £13.3 million loss on hedging instruments and a £14.3 million gain on hedged items.

27. FINANCIAL INSTRUMENTS CONTINUED

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	Amortised cost £m	Carrying value £m
2019					
Other investments	–	255.7	242.6	–	498.3
Cash and short-term deposits	–	–	–	2,969.0	2,969.0
Bank overdrafts, bonds and bank loans	–	–	–	(461.3)	(461.3)
Bonds and bank loans	–	–	–	(4,047.3)	(4,047.3)
Trade and other receivables: amounts falling due within one year	–	–	–	7,530.8	7,530.8
Trade and other receivables: amounts falling due after more than one year	–	–	–	59.3	59.3
Trade and other payables: amounts falling due within one year	–	–	–	(10,191.6)	(10,191.6)
Trade and other payables: amounts falling due after more than one year	–	–	–	(2.6)	(2.6)
Derivative assets	–	1.4	–	–	1.4
Derivative liabilities	(21.2)	(1.5)	–	–	(22.7)
Payments due to vendors (earnout agreements) (note 20)	–	(253.8)	–	–	(253.8)
Liabilities in respect of put options	–	(226.8)	–	–	(226.8)
	(21.2)	**(225.0)**	**242.6**	**(4,143.7)**	**(4,147.3)**

	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
2018					
Other investments	–	319.6	347.1	–	666.7
Cash and short-term deposits	–	–	–	2,643.2	2,643.2
Bank overdrafts, bonds and bank loans	–	–	–	(1,025.1)	(1,025.1)
Bonds and bank loans	–	–	–	(5,634.8)	(5,634.8)
Trade and other receivables: amounts falling due within one year	–	–	–	8,545.6	8,545.6
Trade and other receivables: amounts falling due after more than one year	–	–	–	68.3	68.3
Trade and other payables: amounts falling due within one year	–	–	–	(10,637.3)	(10,637.3)
Trade and other payables: amounts falling due after more than one year	–	–	–	(8.4)	(8.4)
Derivative assets	8.4	1.3	–	–	9.7
Derivative liabilities	(14.2)	(2.6)	–	–	(16.8)
Payments due to vendors (earnout agreements) (note 20)	–	(414.7)	–	–	(414.7)
Liabilities in respect of put options	–	(242.0)	–	–	(242.0)
	(5.8)	(338.4)	347.1	(6,048.5)	(6,045.6)

The Group is party to certain cash pooling arrangements with its banks and has offset cash and short-term deposits and bank overdrafts where a legally enforceable right to set off exists. At 31 December 2019, £6,832.8 million (2018: £6,214.2 million) had been offset.

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).

2019	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives in designated hedge relationships			
Derivative assets	–	–	–
Derivative liabilities	–	(21.2)	–
Held at fair value through profit or loss			
Other investments	–	–	255.7
Derivative assets	–	1.4	–
Derivative liabilities	–	(1.5)	–
Payments due to vendors (earnout agreements) (note 20)	–	–	(253.8)
Liabilities in respect of put options	–	–	(226.8)
Held at fair value through other comprehensive income			
Other investments	42.2	–	200.4

2018	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives in designated hedge relationships			
Derivative assets	–	8.4	–
Derivative liabilities	–	(14.2)	–
Held at fair value through profit or loss			
Other investments	0.4	–	319.2
Derivative assets	–	1.3	–
Derivative liabilities	–	(2.6)	–
Payments due to vendors (earnout agreements) (note 20)	–	–	(414.7)
Liabilities in respect of put options	–	–	(242.0)
Held at fair value through other comprehensive income			
Other investments	128.1	–	219.0

There have been no transfers between these levels in the years presented.

Reconciliation of level 3 fair value measurements[1]:

	Liabilities in respect of put options £m	Other investments £m
1 January 2018	(258.1)	820.3
Gains recognised in the income statement	34.5	61.1
Losses recognised in other comprehensive income	–	(140.6)
Exchange adjustments	1.1	–
Additions	(43.5)	35.0
Disposals	–	(237.3)
Cancellations	2.2	–
Reclassifications from other investments to interests in associates	–	(0.3)
Settlements	21.8	–
31 December 2018	(242.0)	538.2
(Losses)/gains recognised in the income statement	(19.4)	9.1
Losses recognised in other comprehensive income	–	(55.4)
Exchange adjustments	11.7	–
Additions	(38.6)	18.2
Disposals	–	(53.4)
Cancellations	9.7	–
Transfer to disposal group classified as held for sale	31.0	(0.6)
Settlements	20.8	–
31 December 2019	**(226.8)**	**456.1**

Note

1 The reconciliation of payments due to vendors (earnout agreements) is presented in note 20.

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 publicly available information from outside sources. There have been no movements between level 3 and other levels.

PAYMENTS DUE TO VENDORS AND LIABILITIES IN RESPECT OF PUT OPTIONS

Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32. After recognition, the liability is remeasured in accordance with IFRS 9 and is subject to the estimation of future performance of the business acquired. Changes in the estimation result in re-measurement of the liability through the income statement. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with Directors' estimates. The Directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition. At 31 December 2019, the weighted average growth rate in estimating future financial performance was 19.5% (2018: 22.7%), which reflects the prevalence of recent acquisitions in the faster-growing markets and new media sectors. The risk adjusted discount rate applied to these obligations at 31 December 2019 was 1.4% (2018: 2.9%).

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 £4.6 million (2018: £6.8 million) and £7.7 million (2018: £10.4 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 £5.6 million (2018: £7.1 million) and £5.7 million (2018: £7.2 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 are 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 publicly available 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 one times revenue would result in an increase or decrease in the value of investments of £53.6 million, which would result in a credit or charge to the income statement of £3.3 million and equity of £50.3 million. The sensitivity to changes in unobservable inputs is specific to each individual investment.

28. AUTHORISED AND ISSUED SHARE CAPITAL

	Equity ordinary shares	Nominal value £m
Authorised		
1 January 2018	1,750,000,000	175.0
31 December 2018	1,750,000,000	175.0
31 December 2019	**1,750,000,000**	**175.0**
Issued and fully paid		
At 1 January 2018	1,332,511,552	133.3
Exercise of share options	166,675	–
At 31 December 2018	1,332,678,227	133.3
Exercise of share options	75,625	–
Share cancellations	(4,586,039)	(0.5)
At 31 December 2019	**1,328,167,813**	**132.8**

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 WPP plc 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 114-137.

28. AUTHORISED AND ISSUED SHARE CAPITAL CONTINUED

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 2019 was 9,219,837 (2018: 14,820,994), and £98.3 million (2018: £125.5 million) respectively. The number and market value of ordinary shares held in treasury at 31 December 2019 was 70,787,730 (2018: 70,854,553) and £755.0 million (2018: £599.9 million) respectively.

SHARE OPTIONS

WPP EXECUTIVE SHARE OPTION SCHEME (WPP)

As at 31 December 2019, 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 2019, unexercised options over ordinary shares of 2,757,654 and unexercised options over ADRs of 388,854 have been granted under the WPP Worldwide Share Ownership Programme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
82,650	6.268	2014-2021
36,500	6.268	2015-2021
53,150	7.113	2013-2020
25,750	7.113	2014-2020
194,079	8.458	2015-2022
43,000	13.145	2017-2021
1,739,050	13.145	2017-2024
4,375	13.145	2018-2024
564,975	13.505	2016-2023
14,125	13.505	2017-2023

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
24,550	49.230	2014-2021
16,530	56.560	2013-2020
39,184	67.490	2015-2022
166,655	102.670	2017-2024
141,935	110.760	2016-2023

WPP SHARE OPTION PLAN 2015 (WSOP)

As at 31 December 2019, unexercised options over ordinary shares of 13,413,425 and unexercised options over ADRs of 1,396,745 have been granted under the WPP Worldwide Share Ownership Programme as follows:

Number of ordinary shares under option	Exercise price per share (£)	Exercise dates
18,250	8.372	2021-2025
3,406,900	8.372	2021-2028
15,500	9.600	2022-2026
2,863,975	9.600	2022-2029
19,250	13.085	2020-2024
2,785,100	13.085	2020-2027
55,500	15.150	2018-2022
1,952,200	15.150	2018-2025
5,375	15.150	2019-2025
12,375	17.055	2019-2023
2,279,000	17.055	2019-2026

Number of ADRs under option	Exercise price per ADR ($)	Exercise dates
347,660	53.140	2021-2028
347,105	62.590	2022-2029
276,790	88.260	2020-2027
236,265	105.490	2020-2026
188,925	115.940	2018-2025

The aggregate status of the WPP Share Option Plans during 2019 was as follows:

	1 January 2019	Granted	Exercised	Lapsed	Outstanding 31 December 2019	Exercisable 31 December 2019
Movements on options granted (represented in ordinary shares)						
WPP	6,741	–	–	–	6,741	6,741
WWOP	5,520,774	–	(71,475)	(747,375)	4,701,924	4,701,924
WSOP	18,691,100	4,615,000	(4,150)	(2,904,800)	20,397,150	5,249,075
	24,218,615	4,615,000	(75,625)	(3,652,175)	25,105,815	9,957,740

	1 January 2019	Granted	Exercised	Lapsed	Outstanding 31 December 2019	Exercisable 31 December 2019
Weighted-average exercise price for options over						
Ordinary shares (£)						
WPP	9.355	–	–	–	9.355	9.355
WWOP	12.290	–	6.888	12.027	12.421	12.421
WSOP	12.753	9.600	8.372	12.405	12.121	16.164
ADRs ($)						
WWOP	95.453	–	47.388	91.622	96.744	96.744
WSOP	84.893	62.590	53.140	82.290	79.798	115.940

OPTIONS OVER ORDINARY SHARES

Outstanding	Range of exercise prices £	Weighted average exercise price £	Weighted average contractual life Months
	6.268-17.055	12.171	90

OPTIONS OVER ADRs

Outstanding	Range of exercise prices $	Weighted average exercise price $	Weighted average contractual life Months
	49.230-115.940	83.488	89

As at 31 December 2019 there was £7.3 million (2018: £8.5 million) of total unrecognised compensation costs related to share options. That cost is expected to be recognised over a weighted average period of 19 months (2018: 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:

	2019	2018	2017
Fair value of UK options (shares)	**117.0p**	107.0p	112.0p
Fair value of US options (ADRs)	**$8.49**	$8.09	$9.40
Weighted average assumptions			
UK Risk-free interest rate	**0.57%**	0.78%	0.57%
US Risk-free interest rate	**1.61%**	2.74%	2.05%
Expected life (months)	**48**	48	48
Expected volatility	**24%**	24%	17%
Dividend yield	**3.8%**	3.5%	2.9%

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 2019 was £9.39 (2018: £11.56, 2017: £15.86) and the average ADR price for the same period was $59.93 (2018: $77.31, 2017: $101.86).

Expected volatility is sourced from external market data and represents the historic volatility in the Group's share price over a period equivalent to the expected option life.

Expected life is based on a review of historic 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, then the stock option will vest automatically.

The Group grants stock options with a life of 10 years, including the vesting period.

29. OTHER RESERVES

Other reserves comprise the following:

	Capital redemption reserve £m	Equity reserve £m	Revaluation reserve £m	Translation reserve £m	Total other reserves £m
1 January 2018	2.7	(257.2)	303.4	712.8	761.7
Exchange adjustments on foreign currency net investments	–	–	–	69.9	69.9
Accounting policy change (IFRS 9)[1]	–	–	(303.4)	(104.0)	(407.4)
Recognition and remeasurement of financial instruments	–	(30.7)	–	–	(30.7)
31 December 2018	2.7	(287.9)	–	678.7	393.5
Exchange adjustments on foreign currency net investments	–	–	–	(361.4)	(361.4)
Exchange adjustments recycled to the income statement on disposal of discontinued operations	–	–	–	(284.0)	(284.0)
Share cancellations	0.5	–	–	–	0.5
Recognition and remeasurement of financial instruments	–	2.5	–	–	2.5
Share purchases – close period commitments	–	(252.3)	–	–	(252.3)
31 December 2019	**3.2**	**(537.7)**	**–**	**33.3**	**(501.2)**

Note

1 Due to the adoption of IFRS 9, cumulative gains and losses on revaluation of available for sale investments have been transferred to retained earnings.

30. ACQUISITIONS

The Group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 requires the acquiree's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date. In assessing fair value at acquisition date, management make their best estimate of the likely outcome where the fair value of an asset or liability may be contingent on a future event. In certain instances, the underlying transaction giving rise to an estimate may not be resolved until some years after the acquisition date. IFRS 3 requires the release to profit of any acquisition reserves which subsequently become excess in the same way as any excess costs over those provided at acquisition date are charged to profit. At each period end management assess provisions and other balances established in respect of acquisitions for their continued probability of occurrence and amend the relevant value accordingly through the consolidated income statement or as an adjustment to goodwill as appropriate under IFRS 3.

Goodwill arising from acquisitions represents the value of synergies with our existing portfolio of businesses and skilled staff to deliver services to our clients.

Non-controlling interests in acquired companies are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The contribution to revenue and operating profit of acquisitions completed in the year was not material. There were no material acquisitions completed in the year ended 31 December 2019 or between 31 December 2019 and the date the financial statements have been authorised for issue.

31. RELATED PARTY TRANSACTIONS

From time to time the Group enters into transactions with its associate undertakings. These transactions were not material for either year presented.

The Group has continuing transactions with Kantar, including sales, purchases, the provision of IT services, subleases and property related items. None of these were material in the period since 5 December 2019 when Kantar became a related party as an associate.

The following amounts were outstanding at 31 December 2019:

	2019 £m
Amounts owed by related parties	
Kantar	**87.5**
Other	**87.5**
	175.0
Amounts owed to related parties	
Kantar	**(36.5)**
Other	**(49.6)**
	(86.1)

32. RECONCILIATION TO NON-GAAP MEASURES OF PERFORMANCE

Management includes non-GAAP measures as they consider these measures to be both useful and necessary. They are used by management for internal performance analyses; the presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community.

Reconciliation of revenue to revenue less pass-through costs:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Revenue	**13,234.1**	13,046.7	13,146.4
Media pass-through costs	**(1,656.2)**	(1,458.0)	(1,429.4)
Other pass-through costs	**(731.4)**	(713.0)	(573.1)
Revenue less pass-through costs	**10,846.5**	10,875.7	11,143.9

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

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 to headline operating profit:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Operating profit	**1,295.9**	1,237.9	1,577.9
Amortisation and impairment of acquired intangible assets	**121.5**	201.8	138.0
Goodwill impairment	**47.7**	183.9	27.1
Gains on disposal of investments and subsidiaries	**(40.4)**	(237.9)	(98.7)
(Gains)/losses on remeasurement of equity interests arising from a change in scope of ownership	**(0.4)**	(2.0)	0.3
Investment write-downs	**7.5**	2.0	91.7
Litigation settlement	**(16.8)**	–	–
Gain on sale of freehold property in New York	**(7.9)**	–	–
Restructuring and transformation costs	**153.5**	265.5	56.8
Headline operating profit	**1,560.6**	1,651.2	1,793.1
Finance and investment income	**99.0**	98.9	89.0
Finance costs (excluding interest expense related to lease liabilities)	**(259.4)**	(279.1)	(261.9)
	(160.4)	(180.2)	(172.9)
Interest cover[2] on headline operating profit	**9.7 times**	9.2 times	10.4 times

Notes

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

2 Interest expense related to lease liabilities is excluded from interest cover as lease liabilities are excluded from the Group's key leverage metrics.

Headline operating profit is one of the metrics that management uses to assess the performance of the business.

Headline operating profit margin before and after share of results of associates:

Continuing operations	Margin %	2019 £m	Margin[1] %	2018[1] £m	Margin[1] %	2017[1] £m
Revenue less pass-through costs		**10,846.5**		10,875.7		11,143.9
Headline operating profit	**14.4**	**1,560.6**	15.2	1,651.2	16.1	1,793.1
Share of results of associates (excluding exceptional gains/losses)		**62.5**		72.0		97.4
Headline PBIT	**15.0**	**1,623.1**	15.8	1,723.2	17.0	1,890.5

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

Calculation of headline EBITDA:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Headline PBIT (as above)	**1,623.1**	1,723.2	1,890.5
Depreciation of property, plant and equipment	**185.5**	188.6	189.0
Amortisation of other intangible assets	**21.2**	20.7	20.1
Headline EBITDA (including depreciation of right-of-use assets)	**1,829.8**	1,932.5	2,099.6
Depreciation of right-of-use assets	**301.6**	–	–
Headline EBITDA	**2,131.4**	1,932.5	2,099.6

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

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.

Calculation of headline non-controlling interests:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Non-controlling interests	**79.2**	65.1	84.4
Non-controlling interests relating to restructuring and transformation costs	**–**	4.7	–
Headline non-controlling interests	**79.2**	69.8	84.4

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

Reconciliation of profit before taxation to headline PBT and headline earnings:

Continuing operations	2019 £m	2018[1] £m	2017[1] £m
Profit before taxation	**982.1**	1,257.6	1,746.9
Amortisation and impairment of acquired intangible assets	**121.5**	201.8	138.0
Goodwill impairment	**47.7**	183.9	27.1
Gains on disposal of investments and subsidiaries	**(40.4)**	(237.9)	(98.7)
(Gains)/losses on remeasurement of equity interests arising from a change in scope of ownership	**(0.4)**	(2.0)	0.3
Investment write-downs	**7.5**	2.0	91.7
Restructuring and transformation costs	**153.5**	265.5	56.8
Share of exceptional losses/(gains) of associates	**47.8**	41.5	(0.6)
Litigation settlement	**(16.8)**	–	–
Gain on sale of freehold property in New York	**(7.9)**	–	–
Revaluation of financial instruments	**68.4**	(169.4)	(243.9)
Headline PBT	**1,363.0**	1,543.0	1,717.6
Headline tax charge (note 7)	**(299.6)**	(320.1)	(318.6)
Headline non-controlling interests	**(79.2)**	(69.8)	(84.4)
Headline earnings	**984.2**	1,153.1	1,314.6

Note

1 Prior year figures have been re-presented in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as described in the accounting policies.

Headline PBT and headline earnings are metrics that management use to assess the performance of the business.

Reconciliation of free cash flow:

	2019 £m	2018[1] £m	2017[1] £m
Cash generated by continuing and discontinued operations (note 11)	**2,693.2**	2,174.7	1,938.9
Plus			
Interest received	**80.8**	90.4	76.9
Investment income	**18.3**	15.4	16.8
Dividends from associates	**33.3**	49.7	46.8
Share option proceeds	**0.6**	1.2	6.4
Less			
Earnout payments	**(130.2)**	(120.2)	(199.1)
Interest and similar charges paid	**(270.6)**	(252.8)	(246.6)
Purchases of property, plant and equipment	**(339.3)**	(314.8)	(288.9)
Purchase of other intangible assets (including capitalised computer software)	**(54.8)**	(60.4)	(37.3)
Repayment of lease liabilities	**(249.8)**	–	–
Interest paid on lease liabilities	**(105.1)**	–	–
Corporation and overseas tax paid	**(536.0)**	(383.6)	(424.7)
Dividends paid to non-controlling interests in subsidiary undertakings	**(96.2)**	(106.2)	(87.8)
Free cash flow	**1,044.2**	1,093.4	801.4

Note

1 Prior year free cash flow has been re-presented to exclude proceeds on disposal of property, plant and equipment.

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).

PERFORMANCE MEASURES INCLUDING KANTAR

Like-for-like revenue less pass-through costs and headline operating margin including Kantar reflect the full year performance as if Kantar was owned by the Group throughout the entirety of 2019 adjusted to remove the effects of held for sale accounting.

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 204 and 205.

COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £m	2018 £m
Turnover		**–**	–
Operating income		**0.5**	10.8
Operating profit		**0.5**	10.8
Income from shares in Group undertakings		**–**	35.9
Interest receivable and similar income		**0.1**	–
Interest payable and similar charges	34	**(138.9)**	(127.1)
Loss on ordinary activities before taxation		**(138.3)**	(80.4)
Taxation on loss on ordinary activities	35	**–**	–
Loss for the year		**(138.3)**	(80.4)

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.

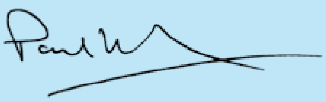
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £m	2018 £m
Fixed assets			
Investments	36	**13,231.5**	13,160.1
		13,231.5	13,160.1
Current assets			
Debtors due within one year	37	**1,647.9**	1,676.2
Cash at bank and in hand		**216.8**	–
		1,864.7	1,676.2
Current liabilities			
Creditors: amounts falling due within one year	38	**(8,446.3)**	(6,368.1)
Net current liabilities		**(6,581.6)**	(4,691.9)
Total assets less current liabilities		**6,649.9**	8,468.2
Creditors: amounts falling due after more than one year	39	**(688.3)**	(1,389.8)
Net assets		**5,961.6**	7,078.4
Capital and reserves			
Called-up share capital		**132.8**	133.3
Share premium account		**570.3**	569.7
Other reserves	40	**(262.3)**	(10.0)
Capital redemption reserve		**3.2**	2.7
Own shares		**(1,045.9)**	(1,046.9)
Profit and loss account		**6,563.5**	7,429.6
Equity shareholders' funds		**5,961.6**	7,078.4

Note
The accompanying notes form an integral part of this balance sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2020.



Mark Read
Chief Executive Officer

Paul Richardson
Group Finance Director

Registered Company Number: 111714

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	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 2018	133.3	568.5	(10.0)	2.7	(944.1)	8,174.1	7,924.5
Ordinary shares issued	–	1.2	–	–	–	–	1.2
Treasury share additions	–	–	–	–	(104.3)	–	(104.3)
Treasury share allocations	–	–	–	–	1.5	(1.5)	–
Loss for the year	–	–	–	–	–	(80.4)	(80.4)
Dividends paid	–	–	–	–	–	(747.4)	(747.4)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	84.8	84.8
Balance at 31 December 2018	133.3	569.7	(10.0)	2.7	(1,046.9)	7,429.6	7,078.4
Ordinary shares issued	–	0.6	–	–	–	–	0.6
Share cancellations	(0.5)	–	–	0.5	–	(47.7)	(47.7)
Treasury share allocations	–	–	–	–	1.0	(1.0)	–
Loss for the year	–	–	–	–	–	(138.3)	(138.3)
Dividends paid	–	–	–	–	–	(750.5)	(750.5)
Non-cash share-based incentive plans (including share options)	–	–	–	–	–	71.4	71.4
Share purchases – close period commitments	–	–	(252.3)	–	–	–	(252.3)
Balance at 31 December 2019	**132.8**	**570.3**	**(262.3)**	**3.2**	**(1,045.9)**	**6,563.5**	**5,961.6**

Notes
The accompanying notes form an integral part of this statement of changes in equity.
[1] Other reserves are analysed in note 40.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

33. 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. 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 Directors' report on page 84.

(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 2019, 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 payment) 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 the parent (WPP plc), the Company has recognised an addition to fixed asset investments of the aggregate amount of these contributions of £71.4 million in 2019 (2018: £84.8 million), with a credit to equity for the same amount.

(F) EXPECTED CREDIT LOSSES

Amounts owed by subsidiaries are recorded at amortised cost and are reduced by expected credit losses. Under IFRS 9 Financial Instruments, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

34. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £m	2018 £m
Bank and other interest payable	**26.9**	37.8
Interest payable to subsidiary undertakings	**112.0**	89.3
	138.9	127.1

35. 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% (2018: 19%). The differences are explained below:

	2019 £m	2018 £m
Loss on ordinary activities before tax	**(138.3)**	(80.4)
Tax at the rate of 19% (2018: 19%) thereon	**26.3**	15.3
Factors affecting tax charge for the year		
Group relief not paid for	**(26.3)**	(22.1)
Items that are not deductible/(taxable)	**–**	6.8
Tax charge for the year	**–**	–

36. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:

	Subsidiary undertakings £m
1 January 2019	**13,160.1**
Additions	71.4
31 December 2019	**13,231.5**

Fixed asset investments primarily represent 100% of the issued share capital of WPP Jubilee Limited, a company incorporated in Great Britain. Fixed asset investments were purchased in a share-for-share exchange. At 31 December 2019 cost and net book value were the same.

37. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in debtors falling due within one year:

	2019 £m	2018 £m
Amounts owed by subsidiary undertakings	**1,646.8**	1,675.6
Other debtors	**1.1**	0.6
	1,647.9	1,676.2

There were no expected credit losses on debtors in the year ended 31 December 2019 (2018: nil).

38. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following are included in creditors falling due within one year:

	2019 £m	2018 £m
Bank overdrafts	**1,222.5**	1,174.1
Amounts due to subsidiary undertakings	**6,964.3**	5,190.3
Share purchases – close period commitments	**252.3**	–
Other creditors and accruals	**7.2**	3.7
	8,446.3	6,368.1

39. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following are included in creditors falling due after more than one year:

	2019 £m	2018 £m
Amounts due to subsidiary undertakings	**688.3**	1,389.8

Total borrowings are repayable as follows:

	2019 £m	2018 £m
Within one year	**8,446.3**	6,368.1
Between one and five years	**535.4**	1,010.9
Over five years	**152.9**	378.9
	9,134.6	7,757.9

40. EQUITY SHAREHOLDERS' FUNDS

Other reserves at 31 December 2019 comprise a translation reserve of £10.0 million (2018: £10.0 million) and an equity reserve of £252.3 million (2018: £nil).

At 31 December 2019 the Company's distributable reserves amounted to £5,825.6 million (2018: £6,942.4 million). Further details of the Company's share capital are shown in note 28.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WPP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2019 and of the Group's profit and 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 adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Jersey Law 1991.

We have audited the financial statements which comprise:
- the accounting policies;
- the consolidated income statement, excluding the US dollar information;
- the consolidated statement of comprehensive income;
- the consolidated cash flow statement;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the Parent Company profit and loss account, balance sheet and statement of changes in equity; and
- the related notes 1 to 40.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. 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).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: – Goodwill – Taxation – Assets held for sale and discontinued operations – Going concern. Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used for the Group financial statements was £55 million (2018: £80 million) which was determined on the basis of pre-tax profit from continuing operations (2018: pre-tax profit). The reduction in materiality compared to the prior year reflects the presentation of the Kantar businesses in discontinued operations.
Scoping	Those entities subject to audit represented 75% of the Group's consolidated revenue from continuing operations (2018: 76% of the Group's consolidated revenue) and 92% of the Group's consolidated operating profit from continuing operations (2018: 81% of the Group's consolidated operating profit); achieved through a combination of direct testing and specified audit procedures, including substantive analytical review procedures, performed by the Group auditor and/or component auditors across the world.
Significant changes in our approach	We have revised our assessment of key audit matters as compared to the prior year as discussed below.

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

GOING CONCERN

We have reviewed the directors' statement in the Strategic Report and note 26 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties to the Group's and Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of external economic factors including the potential impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the Group's system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.
We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

PRINCIPAL RISKS AND VIABILITY STATEMENT

Based solely on reading the Strategic Report and considering whether the principal risks and viability statement were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 84-91 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 84 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 84 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the group to continue over the time horizon considered appropriate by the directors.
We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

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 audit 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.

For the prior year audit we identified the recognition of revenue related to the Kantar network as a key audit matter due to the impact of Kantar's revenues in the prior year on the pricing of the Kantar disposal transaction. As the sale was agreed in the first half of the current year, we determined that Kantar revenue recognition is no longer a key audit matter. Furthermore, we determined that there is no longer a key audit matter related to the cut-off of restructuring and transformation costs due to the amount of restructuring costs expected to be incurred in the current year being significantly reduced compared to the prior year.

Key audit matter	How the scope of our audit responded to the key audit matter	Key observations

GOODWILL

(Refer to the Accounting Policies and Notes 3 and 14 to the financial statements, and the Audit Committee Report)

The net book value of goodwill was £10,171 million as at 31 December 2019 (2018: £13,203 million). The Group's assessment of goodwill for impairment involves the comparison of the recoverable amount of goodwill to its carrying value as at the 30 September measurement date. An impairment charge of £48 million was recorded in the current year (2018: £184 million) related to a number of under-performing businesses. The Group used the value in use approach which uses a discounted cash flow to estimate the recoverable amount of each group of cash generating units, using assumptions related to discount rates, short-term forecasts and long-term growth rates. The impact of COVID-19 was treated as a non-adjusting subsequent event and was not reflected within the goodwill impairment testing.
 	
We identified goodwill valuation and allocation as a key audit matter because of the significant judgements made by management to estimate the recoverable amount of goodwill. Estimates of future performance and market conditions used to arrive at the net present value of future cash flows at 30 September, which is used within the goodwill impairment analysis, are subjective in nature. Through our risk assessment procedures, we identified those inputs to the goodwill impairment analysis that were the most sensitive which enabled us to design our audit procedures to address the higher risk areas in our work, focusing on those estimates that are either complex, including the discount rate calculations, or subjective in nature, including the short-term forecast and long-term growth rates.
	Our audit procedures focused on challenging the inputs to the discounted cash flow model used 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 the discount rate, short-term forecasts and long-term growth rates used to determine the recoverable amount for each group of cash generating units.
	– We agreed the underlying cash flow projections to Board-approved forecasts and we tested 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 tested the appropriateness of the discount 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.
	  – Developing a range of independent estimates and comparing those to the discount rates selected by management.
	– We compared the long-term growth rates to independent market data.
	– We analysed the actual results between the date of the impairment test and the balance sheet date to determine if any additional indicators of impairment existed.
	– We evaluated the Group's disclosures on goodwill against the requirements of IFRS.
		Based on our procedures, we determined management's assumptions used in the valuation of goodwill to be reasonable.
		
		As set out in the Audit Committee Report on page 110, a control weakness was identified with respect to management's review and selection of the appropriate discount rates for use in the impairment calculations.

TAXATION

(Refer to the Accounting Policies and Note 7 to the financial statements, and the Audit Committee Report)

The Group is subject to corporate taxes in a number of different jurisdictions with complex tax laws and regulations. Tax reserves are required to be recorded in relation to uncertain tax positions, which are based on management's identification of relevant jurisdictions, interpretation of tax law and understanding of the approach of the local tax authorities. In many cases, there is a range of potential outcomes which must be considered.
 	
We identified the valuation and allocation of reserves for taxes as a key audit matter because of the multiple jurisdictions in which the Group files its tax returns and the complexity of relevant tax laws and regulations. This required a high degree of auditor judgement and an increased extent of effort, including involvement of our tax specialists when performing audit procedures to challenge the appropriateness of management's estimates of tax reserves.
	Our audit procedures related to the valuation and allocation of taxation reserves included the following, among others:
	– We tested the effectiveness of controls over management's valuation of the reserves and over the monitoring of exposures related to tax audits.
	– We evaluated management's assessment of the impact of developments during the period in international tax rules on the Group.
	– We evaluated management's calculations of uncertain tax provisions arising from the risk of tax authority challenge of historical arrangements and tested the assumptions made in those calculations.
	– With the assistance of our tax specialists, we tested the estimates made by management in determining the reserves by:
	  – Evaluating the assumptions used in the Group's analysis of uncertain tax positions based on knowledge of the Group and relevant tax regimes.
	  – Reading the Group's correspondence with tax authorities in significant locations to determine whether any other tax exposure exists and whether the amounts provided for appear reasonable and the appropriate recognition criteria has been met.
	  – Reading the tax opinions provided by external legal counsel.
	  – Evaluating historical settlement amounts to determine whether management has been adequately provided in the past.
	– We also assessed the disclosure in the financial statements in relation to the requirements of IFRS.
		We determined the tax reserves to be appropriate based on our audit procedures.

Key audit matter	How the scope of our audit responded to the key audit matter	Key observations
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS **(Refer to the Accounting Policies and Note 12 to the financial statements, and the Audit Committee Report)**		
Following the Group's announcement of the proposed sale of the Kantar business to Bain Capital in July 2019, Kantar was classified as held for sale and reported as a discontinued operation under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. On 5 December 2019 the first stage of the transaction completed, which involved the sale of approximately 90% of the Kantar group. The gain recognised on the sale of the discontinued operations was £74 million. Particular complexities associated with the Kantar disposal were: – The agreement to provide certain post disposal services as part of the transition agreement within the overall disposal agreement required significant judgement in determining the appropriate accounting treatment. – The overall gain on disposal involved a number of judgements, particularly related to contingent consideration. Due to the complexity and inherent judgement associated with the Group's accounting treatment for consideration as defined within the transition service agreements and the determination of contingent consideration per the disposal agreement, we have identified the Kantar disposal as a key audit matter.	Our audit procedures related to the Kantar disposal were as follows, among others: – We tested the effectiveness of controls established to identify, authorise and approve, account for and disclose the disposal transaction in the financial statements. – We performed procedures to test the calculation of the gain recognised at the disposal date. – We assessed the appropriateness of the Group's treatment of variable elements of consideration. – We utilised technical accounting specialists to assess the transition service agreements in order to determine the appropriate accounting and subjected the estimates determined by management to our audit procedures. – We analysed the terms of the disposal agreement. – We read the minutes of the Board of Directors which evidenced authorization and approval of the transaction. – We performed procedures to test the effectiveness of internal controls specific to IFRS 5.	We determined the accounting for assets held for sale and discontinued operations to be appropriate based on our audit procedures.
GOING CONCERN **(Refer to the Accounting Policies and Note 26 to the financial statements, and the Audit Committee Report)**		

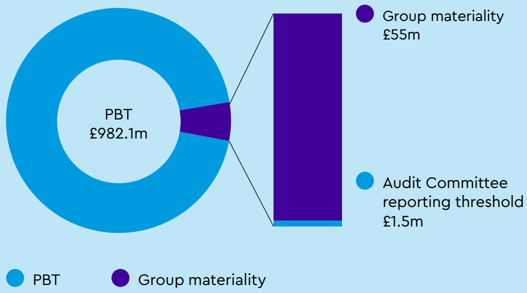
The Board of Directors has concluded that there are no material uncertainties that give rise to significant doubt over the Group's ability to continue as a going concern for at least twelve months from the date of the approval of the financial statements.
 	
Given the inherent uncertainty associated with COVID-19, it is currently difficult to determine a reasonable worst case scenario. Accordingly, management modelled a range of scenarios. These included a scenario which assumed a year-on-year decline of over 35% in revenue less pass through costs as defined in Note 2 Segment Information. The directors determined that the likelihood of the Group breaching its banking covenants as at 31 December 2020 and not having access to sufficient liquidity for at least twelve months from the date of signing the financial statements is remote considering the decline in revenue less pass through costs required and the mitigating actions available to management, including the suspension of share buy-backs and the final dividend.
 	
As a result of the uncertainty as to the impact of COVID-19 on the Group, we identified a key audit matter related to going concern due to the significant judgement required to conclude that there is not a material uncertainty related to going concern, in particular the judgement that the likelihood of the Group experiencing a decline in revenue less pass through costs that would result in a breach of its banking covenants at 31 December 2020 is remote.
	We performed the following audit procedures which consider the impact of the uncertainty of the COVID-19 pandemic, among others:
	– We tested the effectiveness of controls over management's going concern models, including the review of the inputs and assumptions used in those models, and the review of going concern disclosures.
	– We utilised our internal transaction specialists to assess the appropriateness of forecast assumptions by:
	  – Reading analyst reports, industry data and other external information to determine if it provided corroborative or contradictory evidence in relation to management's assumptions.
	  – Comparing forecasted sales to recent historical financial information.
	  – Enquiring of management regarding the mitigating actions to reduce costs and manage cash flows and assessing whether the mitigating actions were within the Company's control.
	– We tested the underlying data generated to prepare the forecast scenarios and determined whether there was adequate support for the assumptions underlying the forecast.
	– We read the terms of the revolving credit facility to obtain an understanding of the debt covenants.
	– We evaluated the Group's disclosures on going concern against the requirements of IAS 1 and ISA 570.
		Based on our procedures, we determined that the Board of Directors' conclusion that there are no material uncertainties that give rise to significant doubt over the Group and the Parent Company's ability to continue as a going concern to be appropriate.

OUR APPLICATION OF 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 (2018: £80 million)	£22 million (2018: £32 million)
Basis for determining materiality	5.6% of pre-tax profit from continuing operations (2018: 5.5% of pre-tax profit)	The basis for materiality is shareholder's equity. In our determination we use 40% of Group materiality as the maximum threshold. The materiality used is less than 1% of shareholder's equity (2018: less than 1% of shareholder's equity).
Rationale for the benchmark applied	We have determined that the critical benchmark for the Group was pre-tax profit from continuing operations because we consider this measure to be the primary focus of users of the financial statements. The reduction in materiality compared to the prior year reflects the presentation of the Kantar businesses in discontinued operations.	Due to the nature of the Company as a parent entity holding company, we consider shareholder's equity to be the most appropriate basis for materiality. Materiality is capped at 40% of Group materiality (2018: 40% of Group materiality).



We set performance materiality at £33 million (2018: £52 million) which is lower than Group materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2019 audit (2018: 65%). In determining performance materiality, we considered factors including:

- our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls financial processes and systems; and
- our past experience of the audit, which has indicated a low value of corrected and uncorrected misstatements identified in prior periods.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.5 million (2018: £1.5 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.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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 75% of the Group's consolidated revenue from continuing operations (2018: 76% of the Group's consolidated revenue) and 92% of the Group's consolidated operating profit from continuing operations (2018: 81% of the Group's consolidated operating profit); 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 at the components is executed at levels of materiality appropriate for such components, many of which are local statutory materiality levels which in all instances are capped at 40% of Group materiality.

Due to the disruption caused by COVID-19, there were certain components within China which were removed from the scope of our audit procedures. 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.

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 over financial reporting in all areas of the audit.

HOW WE WORK CLOSELY WITH COMPONENT AUDITORS

The Group audit team exercises its oversight of component auditors using a carefully designed programme, which considers a variety of factors including the size of entity and number of significant risks. This programme is put in place to ensure that appropriate guidance is provided to the component auditors through a combination of:

- upfront planning meetings with all component teams;
- site visits;
- central review of documentation; and
- risk assessment discussions and detailed workpaper reviews.

These are designed so that the Senior Statutory Auditor or a senior member of the Group audit team visits all key locations across the Group on a regular basis. In addition we assess the competence of each of our component auditors.

In years when we do not visit a key location we:

- include the component audit partner in our team planning meeting;
- discuss their risk assessment; and
- review documentation of the findings from their work and discuss with them as needed.

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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- Fair, balanced and understandable – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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, our procedures included 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 on 12 December 2019;
- enquiring of management, the Group's general counsel, internal audit and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's 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 related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in management override of controls; and
- obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included Securities and Exchange Commission rules, Securities Law in the UK and US, the UK Listing Rules, European Union Law, Companies (Jersey) Law and tax legislation in the Group's various jurisdictions. In addition, compliance with the Group's regulatory solvency requirements, the US Foreign Corrupt Practices Act and the UK Bribery Act were fundamental to the Group's ability to continue as a going concern.

AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified goodwill as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

Our procedures to respond to risks identified included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and internal and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 UK Companies Act 2006 as if that Act had applied to the Company.

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 of 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the Parent Company, or returns proper 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.

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.

OTHER MATTERS

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 18 years, covering the years ending 31 December 2002 to 31 December 2019.

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).

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/or those matters we have expressly agreed to report to them 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.

Robert Topley, FCA
For and on behalf of Deloitte LLP
Recognized auditor
London, United Kingdom
29 April 2020

ADDITIONAL INFORMATION

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

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

WPP's overall approach to risk management and a summary of our principal risks can be found on pages 80-91 of our Annual Report. Our CDP response provides further disclosures on our approach to climate change and is available at https://www.cdp.net/en.

GOVERNANCE

Our CEO has overall responsibility for climate-related risks and opportunities. At Board level, we established a Sustainability Committee in 2019. The Committee includes three Non-Executive Directors and is attended as requested by our Chief Executive, Group Chief Counsel and Head of Sustainability, Global Sustainability Director and other executives. The Committee meets at least four times a year and its remit includes reviewing our sustainability strategy and evaluating our performance against targets and commitments. As our clients integrate climate adaptation and mitigation into their business strategies, the Committee will review the growth of services which maximise their success. It will also review climate adaptation and transition plans, including steps to ensure that our Campuses and offices are resilient to extreme weather and that we are meeting growing regulatory requirements that face both WPP and its clients.

In 2019, we also established an Executive Committee working group on sustainability to guide our strategy and oversee our approach across agencies. This group includes WPP's Chief Financial Officer, Chief Marketing and Growth Officer, Group Chief Counsel and Head of Sustainability, and two agency CEOs. The wider Executive Committee includes the leaders of WPP's largest agencies and Group Functional leaders. To support the broadening of their remit, senior leaders will receive climate crisis training. This will outline the risks and opportunities that climate change poses to WPP and its largest clients, while enabling our leaders to take progressive measures to mitigate climate risk in their operations and maximise commercial opportunities.

IDENTIFYING CLIMATE RISK AND OPPORTUNITY

Sustainability risks are integrated into our overall risk management processes. Performance and updated risk implications are reviewed by the Audit Committee on a regular basis. Assessment of risk is informed by feedback from investors, clients and our people. Our overall risk management process is outlined on pages 80-91. Following a review of risk management in 2018, Risk Committees were established in our operating companies in 2019 with the aim of ensuring accountability at the network level to monitor risk and compliance. In 2020, the Risk Committees will conduct a review of network-level climate risk and opportunity.

The Sustainability Committee reviews WPP's climate-related risks and opportunities on an annual basis. This analysis of risk 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 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. In 2020, we will conduct a qualitative scenario analysis against a pathway limiting warming to 2° Celsius to inform future assessment.

CLIMATE CHANGE AND OUR STRATEGY

The nature of the risks and opportunities that we face depends not just on the physical aspects of climate change, but on the trajectory our clients take in adapting their business models, regulations in the markets we operate in, and our ability to understand and shape a culture of climate action. Our response to our principal climate risks and opportunities involves a range of WPP Group functions and responses by our companies.

KEY

● Risk

○ Opportunity

PRINCIPAL 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 9% of our headcount are 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 further explore the exposure of our assets to the physical impacts of climate change using the IPCC's RCPs utilising a 2° Celsius scenario analysis. Further details on our Campus strategy are outlined on page 40.
TRANSITION RISKS AND OPPORTUNITIES		
Increased demand for sustainable products and services from consumers and clients ○	One in five of our top 50 clients has made a carbon neutral commitment. Consumers increasingly seek sustainable brands. Climate strikes, other mass movements and devastating climate-related natural disasters are fuelling demands for immediate and ambitious action from businesses and governments.	WPP's agencies continue to develop products and services which enable our clients to adopt leadership positions on climate change and exceed the expectations of consumers. To ensure our leaders are confident in communicating on climate change we will be running climate crisis training in 2020. Sustainability will also be integrated into our global How We Behave training in 2020 and will be delivered to all new employees. Further details of our climate-related client work can be found in our Sustainability Report.
Increased reputational risk associated with working on environmentally detrimental client briefs ●	As consumer consciousness around climate change rises, our sector is seeing increased scrutiny of our role in driving unsustainable consumption. Our clients seek expert partners who can give recommendations that take into account stakeholder concerns around climate change. Additionally, WPP serves some clients whose business models are under increased scrutiny. This creates both a reputational and related financial risk for WPP if we are not rigorous in our content standards as we grow our sustainability-related services.	Our climate crisis training will ensure that our people recognise the importance of our sector's role in addressing the climate crisis. It will be part of a broader sustainability training programme which we will run in multiple markets with localised content in key regions. We are also developing internal tools to help our people identify environmentally harmful briefs. These tools will embed climate-related issues within existing content-review procedures across the organisation
Achieving resource efficiencies through cutting our carbon footprint and improving energy efficiency ○	We continue in our long-standing commitment to tackling our own carbon footprint. This has created a significant resource and cost efficiency opportunity for WPP as we achieve greater energy efficiency across our offices.	Through our Campus strategy, all buildings with a floor space exceeding 50,000 square feet will be certified to advanced sustainability standards including LEED and BREEAM. We estimate that this reduces energy consumption by 21% per location. By the end of 2020 over 25% of our floorspace should be certified.

MONITORING OUR PROGRESS

We have been reporting on a range of climate change indicators since 2006 and have an ambitious Scope 1 and 2 carbon reduction target, in line with climate science. We have set a new goal to be carbon neutral across our Campuses by 2025. A summary is provided on page 72 with further information in our Sustainability Report. We have also set a new target to source 100% of our electricity from renewable sources by 2025, and to improve energy efficiency. We met our 2020 target to certify 25% of our floorspace to advanced sustainability standards by the end of 2020 a year early, in 2019. Our most material climate-related opportunities relate to our client work. Examples of work relating to climate change are included in our downloadable Sustainability Report 2019: wpp.com/sustainability.

OTHER STATUTORY INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

MFS	3.96%
Harris Associates LP	5.88%
BlackRock Inc	7.60%

The disclosed interests refer to the respective combined holdings of the entity and to interests associated with it.

The Company has not been notified of any other holdings of ordinary share capital of 3% or more.

PROFITS AND DIVIDENDS

The profit before tax of continuing operations for the year was £982.1 million (2018: £1,257.6 million). Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders. Therefore, the Board is suspending the 2019 final dividend of 37.30p per share, which was due to be proposed at the 2020 AGM. The interim ordinary dividend of 22.70p per share was paid on 4 November 2019.

In 2018, the Directors declared a final dividend of 37.30p per share which, together with the interim ordinary dividend of 22.70p makes a total of 60.00p for the year.

CHANGE OF CONTROL

All of our bonds contain provisions which are triggered on a change of control of the Company. The holders of such bonds have the right to repayment at par except for holders of our US$ bonds. The holders of our US$ bonds have the right to redeem the bonds at 101% of par, if the Company is non-investment grade at the time of the change of control or becomes non-investment grade within 120 days of the announcement of the change of control.

In addition, the Group has a Revolving Credit Facility in the amount of $2,500 million due March 2024, the terms of which require the consent of the majority of the lenders if a proposed merger or consolidation of the Company would alter its legal personality or identity. On 14 February 2020, the lending banks approved an extension of the term of the Revolving Credit Facility to 15 March 2025.

In general terms, awards granted under WPP's incentive plans will usually vest on a change of control, albeit on a prorated basis. Where awards are subject to performance conditions, those conditions will still need to be met, also on a prorated basis. Certain incentive plans allow the Compensation Committee to require outstanding awards to be exchanged for equivalent awards in the acquiring company.

ARTICLES OF ASSOCIATION

There are no restrictions on amending the Articles of Association of the Company other than the requirement to pass a special resolution of the shareholders.

SHARE CAPITAL

The Company's authorised share capital consists solely of 1,750,000,000 ordinary 10 pence shares. The Company operates an American Depositary Receipt programme. 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 12 June 2019, shareholders passed resolutions authorising the Company, in accordance with its Articles of Association, to allot shares up to a maximum nominal amount of £42,020,728 of which £6,309,418 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 28 of the financial statements on pages 177-179.

AUTHORITY FOR PURCHASE OF OWN SHARES

At the AGM on 12 June 2019, shareholders passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 126,188,373 of its own shares in the market. In the year under review, 4,586,039 ordinary shares were purchased.

LISTING RULES – COMPLIANCE WITH LR 9.8.4R

Section	Applicable sub-paragraph within LR 9.8.4R	Location
2	Publication of unaudited financial information	Immediately below
4	Details of long-term incentive schemes	Directors' Remuneration report, pages 129 and 130

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.

PUBLICATION OF UNAUDITED FINANCIAL INFORMATION

In the Circular to Shareholders for the Proposed Transaction in respect of the Kantar Business dated 7 October 2019, the Company reiterated the following guidance that it had previously provided in respect of the financial targets for the Company for the year ending 31 December 2019:

(a) "Like-for-like revenue less pass-through costs down 1.5% to 2.0%"; and

(b) "Headline operating margin to revenue less pass-through costs down around 1.0 margin point on a constant currency basis (excluding the impact of IFRS 16 Leases)", (together, the "Profit Forecast").

The above statements represented a profit forecast under the Listing Rules. The Profit Forecast was compiled based on the existing WPP Group at that time, and as such included both the year to date performance and projected performance of Kantar for the year ending 31 December 2019. On this basis, like-for-like revenue less pass-through costs were down 1.2% and headline operating margin to revenue less pass-through costs was down 0.9 margin points for the year-ended 31 December 2019. This results in the implied profit being within 10% of the profit forecast.

EMISSIONS

CO_2e EMISSIONS BREAKDOWN (TONNES OF CO_2e)

Emissions source		2019	2018	2017 (target base year)	2016	2015
Continuing operations						
Scope 1	Stationary fuel combustion	**6,841**	7,309	5,997	6,109	5,649
	Total scope 1	**6,841**	7,309	5,997	6,109	5,649
Scope 2	Scope 2 emissions from standard electricity (location based)	**51,434**	66,848	96,265	103,071	97,705
	Scope 2 emissions from green and renewable electricity (location based)	**27,324**	26,370	11,604	14,425	21,723
	Scope 2 emissions from heat and steam (location based)	**1,820**	1,925	1,596	1,499	n/a
	Total scope 2 (location-based)	**80,578**	95,143	109,465	118,995	119,428
	Scope 2 emissions from standard electricity (market based)	**55,763**	71,905	82,996	94,331	97,705
	Scope 2 emissions from green and renewable electricity (market based)	**0**	0	0	0	0
	Scope 2 emissions from heat and steam (market based)	**1,820**	1,925	1,596	1,499	n/a
	Total scope 2 (market-based)	**57,583**	73,830	84,592	95,830	97,705
Total scope 1 and 2	Total scope 1 and 2 CO_2e emissions (location-based)	**87,419**	102,452	115,462	125,104	125,077
	Total scope 1 and 2 CO_2e emissions (market-based)	**64,424**	81,139	90,589	101,939	103,354
Scope 3	Business air travel	**65,014**	69,425	74,151	75,157	79,328
	Total scope 3	**65,014**	69,425	74,151	75,157	79,328
Discontinued operations						
Total scope 1 and 2	Total scope 1 and 2 CO_2e emissions (location-based)	**19,154**	20,633	25,096	29,594	36,856
	Total scope 1 and 2 CO_2e emissions (market-based)	**17,769**	18,724	19,384	22,818	27,999
Scope 3	Business air travel	**14,635**	16,034	15,367	17,288	19,557
	Total scope 3	**14,635**	16,034	15,367	17,288	19,557
Overall total (Continuing and discontinued operations)						
Total scope 1 and 2	Total scope 1 and 2 CO_2e emissions (location-based)	**106,573**	123,065	140,558	154,698	161,933
	Total scope 1 and 2 CO_2e emissions (market-based)	**82,193**	99,863	109,973	124,757	131,353
Scope 3	Business air travel	**79,649**	85,459	89,518	92,445	98,885
	Total scope 3	**79,649**	85,459	89,518	92,445	98,885

WPP'S CARBON INTENSITY FROM CONTINUING OPERATIONS (TONNES OF CO_2e)

Intensity metric		2019	2018	2017 (target base year)	2016[1]	2015[1]
Total scope 1 and 2	Tonnes per full-time employee (market based)	**0.60**	0.76	0.85	0.94	1.05
	Tonnes per £million revenue (market based)	**4.87**	6.22	6.89	8.38	10.74
Scope 3	Tonnes per full time employee	**0.61**	0.65	0.70	0.70	0.79

Note
[1] Continuing and discontinued operations.

NOTES TO CARBON EMISSIONS STATEMENT 2019

Our carbon emissions statement has been prepared in accordance with the Greenhouse Gas Protocol and aligns with the scope 2 market-based emissions methodology guidance.

Our reporting incorporates carbon dioxide equivalent emissions from building energy use and business air travel. Emissions data is included for all operations for which WPP and its subsidiaries have operational control. Associate Companies are excluded. Due to the sale of the Kantar business our carbon emissions statement separates our results into totals from continuing and discontinued operations. Under discontinued operations we have accounted for full emissions until November 2019 and 10% until end of the year which is in line with our share in the outgoing business. Our continuing operations include all remaining WPP agencies. In line with the guidance on disposals in the Greenhouse Gas Protocol Corporate Accounting Guidelines we have recalculated our 2030 target baseline data to exclude Kantar's operations. This covers 106,000 FTE employees. Associate companies are excluded.

Our carbon data is reviewed by Bureau Veritas, an independent assurance provider. See its Independent Verification Statement on our website wpp.com/sustainability. Additional information on our carbon emissions methodology is included in our Sustainability Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The Directors have elected to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and have also elected to prepare financial statements for the Company in accordance with UK accounting standards. Company law requires the Directors to prepare such financial statements in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements".

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' Compensation Report.

The Directors are responsible for the maintenance and integrity of the Company website. Jersey legislation and UK regulation governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The Directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he or she ought to have taken, as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with the principles of the UK Corporate Governance Code, the Board has established arrangements to evaluate whether the information presented in the Annual Report is fair, balanced and understandable; these are described on page 109.

The Board considers the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The letters from the Chairmen 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 set out on pages 116-136 are included in the Directors' report, which also includes the sections strategic report and corporate governance.

By Order of the Board

Balbir Kelly-Bisla
Company Secretary
29 April 2020

FIVE-YEAR SUMMARY

	Continuing operations			Continuing and discontinued operations	
	2019 £m	2018 £m	2017[1] £m	2016[1,2] £m	2015[2] £m
Income statement					
Continuing operations:					
Billings[3]	**53,059.0**	53,219.7	52,915.4	55,278.0	47,631.9
Revenue	**13,234.1**	13,046.7	13,146.4	14,887.3	12,235.2
Revenue less pass-through costs[3]	**10,846.5**	10,875.7	11,143.9	12,428.6	10,524.3
Operating profit	**1,295.9**	1,237.9	1,577.9	2,063.1	1,632.0
Headline EBITDA[4]	**2,131.4**	1,932.5	2,099.6	2,419.7	2,002.4
Headline operating profit[4]	**1,560.6**	1,651.2	1,793.1	2,095.3	1,705.2
Profit before taxation	**982.1**	1,257.6	1,746.9	1,890.5	1,492.6
Headline PBT[4]	**1,363.0**	1,543.0	1,717.6	1,986.2	1,622.3
Profit for the year	**707.1**	1,001.6	1,663.9	1,501.6	1,245.1
Headline operating profit margin[4]	**14.4%**	15.2%	16.1%	16.9%	16.2%
Balance sheet					
Non-current assets	**15,886.8**	17,924.3	18,506.0	19,125.3	15,373.8
Net current liabilities	**(178.6)**	(666.0)	(357.7)	(1,328.1)	(840.1)
Net assets	**8,443.5**	9,806.6	9,956.1	9,761.7	8,015.8
Net debt	**(1,539.6)**	(4,016.7)	(4,483.1)	(4,130.5)	(3,210.8)
Average net debt	**(4,282.0)**	(4,965.6)	(5,142.7)	(4,340.5)	(3,562.3)

		2019	2018	2017	2016	2015
Our people						
Revenue per employee (£000)		**124.3**	123.0	123.5	112.2	97.9
Revenue less pass-through costs[3] per employee (£000)		**101.8**	102.5	104.7	93.7	84.2
Staff cost per employee (£000)		**66.6**	65.5	66.4	58.7	53.3
Average headcount[5]		**106,498**	106,090	106,414	132,657	124,930
Share information						
Headline[6]	– basic earnings per share from continuing operations	**78.7p**	92.4p	104.2p	114.8p	95.4p
	– diluted earnings per share from continuing operations	**78.1p**	91.4p	103.0p	113.2p	93.6p
Reported	– basic earnings per share from continuing operations	**50.2p**	75.1p	125.2p	109.6p	90.0p
	– diluted earnings per share from continuing operations	**49.8p**	74.3p	123.8p	108.0p	88.4p
Dividends per share[7]		**22.70p**	60.00p	60.00p	56.60p	44.69p
Share price	– high	**1,077.5p**	1,471.0p	1,921.0p	1,850.0p	1,611.0p
	– low	**800.4p**	805.0p	1,253.0p	1,338.0p	1,304.0p
Market capitalisation at year-end (£m)		**13,410.0**	10,682.6	17,029.8	23,260.3	20,236.9

Notes

1 2017 and 2016 figures were restated for the adoption of IFRS 15 Revenue from Contracts with Customers in the 2018 Annual Report & Accounts. No restatement has been made in 2015.
2 2016 and 2015 figures have not been re-presented in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations therefore represent total continuing and discontinued operations.
3 Billings and revenue less pass-through costs are defined on pages 204 and 205.
4 The calculation of 'headline' measures of performance (including headline EBITDA, headline operating profit, headline operating profit margin and headline PBT) is set out in note 32 of the financial statements.
5 2019, 2018 and 2017 average headcount excludes the Kantar disposal group.
6 Headline earnings per share is set out in note 9 of the financial statements.
7 Dividends per share represents the dividends declared in respect of each year. Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders. Therefore, the Board is suspending the 2019 final dividend of 37.30p pence per share, which was due to be proposed at the 2020 AGM.

The information on this page is unaudited.

INFORMATION FOR SHAREHOLDERS

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.

ANALYSIS OF SHAREHOLDINGS AT 31 DECEMBER 2019

Issued share capital as at 31 December 2019: 1,328,167,813 ordinary shares (following the buyback of 261,178 shares on 30 December 2019 and 96,280 shares on 31 December 2019).

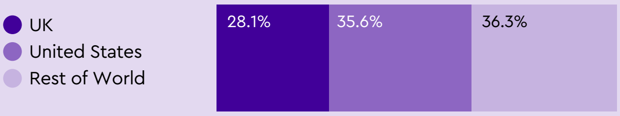
Number of shares held	Number of holders	% owners	Shareholdings	% outstanding[1]
1-100	2,281	19.8%	77,084	0.0%
101-250	1,301	11.3%	229,222	0.0%
251-500	1,291	11.2%	484,449	0.0%
501-1,000	1,121	9.7%	843,859	0.1%
1,001-5,000	1,746	15.1%	4,240,821	0.3%
5,001-10,000	628	5.4%	4,494,479	0.3%
10,001-25,000	766	6.6%	12,574,246	0.9%
25,001-50,000	566	4.9%	20,289,478	1.5%
50,001-100,000	566	4.9%	40,217,924	3.0%
100,001-500,000	845	7.3%	192,999,788	14.5%
500,001-1,000,000	217	1.9%	154,705,258	11.6%
1,000,001-2,000,000	107	0.9%	153,258,189	11.5%
2,000,001-3,000,000	45	0.4%	109,637,849	8.4%
3,000,001-4,000,000	26	0.2%	91,825,225	7.0%
4,000,001 and above	51	0.4%	542,647,400	40.9%
Total	**11,557**	**100.0%**	**1,328,525,271[2]**	**100.0%**

1 All calculations are based on the percentage outstanding on the share register as of 31 December 2019.
2 Total includes 261,178 shares bought back by WPP on 30 December 2019 and 96,280 shares bought back by WPP on 31 December 2019.

Shareholders by geography	%
UK	28.1
United States	35.6
Rest of World	36.3
Total	**100**

Shareholders by type	%
Institutional investors	95.4
Our people	0.9
Other individuals	3.7
Total	**100**

Shareholders by geography %



Shareholders by type %

1 In addition, as at 31 December 2019, 2.0% of the Company's share capital (excluding treasury shares) is under option to our people.

DIVIDENDS

Ordinary shareholders have received the following dividends in respect of each financial year:

	2019[1]	2018	2017	2016	2015
Interim dividend per ordinary share	**22.70p**	22.70p	22.70p	19.55p	15.91p
Final dividend per ordinary share	**–**	37.30p	37.30p	37.05p	28.78p
Total	**22.70p**	60.00p	60.00p	56.60p	44.69p

1 Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders. Therefore, the Board is suspending the 2019 final dividend of 37.30p pence per share, which was due to be proposed at the 2020 AGM.

FINANCIAL CALENDAR

Interim statements for the half-year ending 30 June are issued in August.

Quarterly trading announcements are issued in April and October.

Interim dividends are paid in November.

Preliminary announcements of results for the financial year ending 31 December are issued in the first quarter.

Annual Reports are published in April.

Annual General Meetings are held in London in June.

SHARE PRICE

The closing price of the shares at 31 December was as follows:

	At 24 April 2020	2019	2018	2017	2016	2015
Ordinary 10p shares	545.0p	1,066.5p	846.6p	1,341.0p	1,816.0p	1,563.0p

Share price information is also available online at **wpp.com/investors/share-price**

ONLINE INFORMATION

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**

ACCESS NUMBERS/TICKER SYMBOLS

	NYSE	Reuters	Bloomberg
Ordinary shares	–	WPP.L	WPP LN
American Depositary Shares	WPP	WPP.N	WPP US

REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES
Enquiry number: 0870 707 1411

AMERICAN DEPOSITARY RECEIPTS (ADRS) OFFICE

Citibank N.A.
PO Box 43077
Providence
RI 02940–3077

Telephone enquiries: within the United States +1 877 248 4237
Telephone enquiries: outside the United States +1 781 575 4555
Email enquiries: citibank@shareholders-online.com

WPP REGISTERED OFFICE

Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES

The Company's registered number is 111714.

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. Our reports on Form 20-F are also available from our Investor Relations department in New York.

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 above).

Dividends per ADR in respect of each financial year are set out below.

	2019[1]	2018	2017	2016	2015
In £ sterling					
Interim	**113.50p**	113.50p	113.50p	97.75p	79.55p
Final	**–**	186.50p	186.50p	185.25p	143.90p
Total	**113.50p**	300.00p	300.00p	283.00p	223.45p
In US dollars[2]					
Interim	**144.88¢**	151.53¢	146.27¢	132.42¢	121.62¢
Final	**–**	249.00¢	240.34¢	250.96¢	219.99¢
Total	**144.88¢**	400.53¢	386.61¢	383.38¢	341.61¢

1 Given the significant uncertainty over the coming months, we are taking prudent action now to maintain our liquidity and ensure that we emerge from this global crisis strong, secure, and ready to meet the continuing needs of our clients, shareholders and other stakeholders. Therefore, the Board is suspending the 2019 final dividend of 37.30p pence per share, which was due to be proposed at the 2020 AGM.

2 These figures have been translated for convenience purposes only, using the approximate average rate for the year of 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 and there will be no entitlement to offset any part of the notional UK taxation credit against any United States' taxation liability. The dividends received will be subject to United States' taxation.

TAX INFORMATION

UK TAXATION

Dividends received from 6 April 2018

UK resident individuals receive a Dividend Allowance in the form of a 0% tax rate on the first £2,000 of dividend income received each tax year.

Any dividends received over the Dividend Allowance are taxed at a rate of 7.5% on dividend income for individuals in the basic rate band, 32.5% for higher rate tax payers and at 38.1% for individuals with income of £150,000 or more.

Capital gains tax

The market value of an ordinary share at 31 March 1982 was 39p. Since that date rights issues have occurred in September 1986, August 1987 and April 1993. For capital gains tax purposes the acquisition cost of ordinary shares is adjusted to take account of such rights issues. Since any adjustments will depend on individual circumstances, shareholders are advised to consult their professional advisors.

Capital gains

As liability to capital gains tax on a disposal of WPP shares will depend on individual circumstances, shareholders are advised to consult their professional advisors.

FINANCIAL GLOSSARY

Term used in Annual Report	United States' equivalent or brief description
ADRs/ADSs	American Depositary Receipts/American Depositary Shares. The Group uses the terms ADR and ADS interchangeably. One ADR/ADS represents five ordinary shares
Allotted	Issued
Average net debt and net debt	Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net borrowings of the Group, derived from the cash ledgers and accounts in the balance sheet. Net debt excludes lease liabilities
Billings	Billings comprise the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned
Called-up share capital	Ordinary shares, issued and fully paid
Constant currency	The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2019 exchange rates to local currency reported results for the current and prior year. This gives a US dollar-denominated income statement which excludes any variances attributable to foreign exchange rate movements
ESOP	Employee share ownership plan
Estimated net new billings	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
EURIBOR	The euro area inter-bank offered rate for euro deposits
Finance lease	Capital lease
Free cash flow	Free cash flow is calculated as cash generated by operations plus dividends received from associates, interest received, investment income received, and proceeds from the issue of shares, less corporation and overseas tax paid, interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, repayment of lease liabilities (including interest), earnout payments and purchases of property, plant and equipment and purchases of other intangible assets
Freehold	Ownership with absolute rights in perpetuity
General and administrative costs	General and administrative costs include marketing costs, certain professional fees and an allocation of other costs, including staff and establishment costs, based on the function of employees within the Group
Headline earnings	Headline PBT less headline tax charge and non-controlling interests
Headline EBITDA	Profit before finance income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, amortisation of other intangibles, depreciation of property, plant and equipment, depreciation of right-of-use assets, restructuring and transformation costs, 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 write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, litigation settlement, gain on sale of freehold property in New York and gains/losses on remeasurement of equity interests arising from a change in scope of ownership
Headline operating profit margin	Headline operating profit margin is calculated as headline operating profit (defined above) as a percentage of revenue less pass-through costs.
Headline PBIT	Profit before finance income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, 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 write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, restructuring and transformation costs, litigation settlement, gain on sale of freehold property in New York, share of exceptional gains/losses of associates, gains/losses arising from the revaluation of financial instruments 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 tax charge	Taxation excluding tax/deferred tax relating to gains on disposal of investments and subsidiaries, tax credit relating to gain on sale of freehold property in New York, tax charge relating to litigation settlement, deferred tax impact of the amortisation of acquired intangible assets and other goodwill items, the tax impact of the 2017 United States' tax reform and tax credit relating to restructuring and transformation costs
IFRS/IAS	International Financial Reporting Standard/International Accounting Standard
LIBOR	The London inter-bank offered rate
Net working capital	The movement in net working capital consists of movements in trade working capital and movements in other working capital and provisions per the analysis of cash flows note
OCI	Consolidated statement of comprehensive income
Pass-through costs	Pass-through costs comprise fees paid to external suppliers where they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media and data collection costs
Pro forma ("like-for-like")	Pro forma comparisons are calculated as follows: current year, constant currency actual results (which include acquisitions from the relevant date of completion) are compared with prior year, constant currency actual results, adjusted to include the results of acquisitions for the commensurate period in the prior year. The Group uses the terms "pro forma" and "like-for-like" interchangeably
Profit	Income
Profit attributable to equity holders of the parent	Net income
Revenue less pass-through costs	Revenue less pass-through costs is revenue less media, data collection and other pass-through costs
Sarbanes-Oxley Act or SOX	An Act passed in the United States to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Shares in issue	Shares outstanding
Share premium account	Additional paid-in capital or paid-in surplus (not distributable)
UK Corporate Governance Code	The UK Corporate Governance Code published by the Financial Reporting Council dated April 2016

FORWARD-LOOKING STATEMENT

In connection with the provisions of the 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, projections and anticipated future economic performance based on assumptions and the like that are subject to risks and uncertainties. As such, actual results or outcomes may differ materially from those discussed in the forward-looking statements. Important factors which may cause actual results to differ include but are not limited to: 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, natural disasters or acts of terrorism, 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 85-91, 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. 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.

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

BUSINESS DEVELOPMENT

For more about WPP companies' professional services, please contact:
Jason Day
jason.day@wpp.com

CONTACT POINTS

INVESTOR RELATIONS

John Rogers
Chief Financial Officer Designate
Tel +44 (0)20 7282 4600
john.rogers@wpp.com

Peregrine Riviere
Group Investor Relations Director
London
Tel +44 (0)20 7282 4600
peregrine.riviere@wpp.com

Fran Butera
Investor Relations Director
New York
Tel +1 (212) 632 2235
fran.butera@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

Kevin McCormack
Tel +1 (212) 632 2200
kevin.mccormack@wpp.com

ASIA PACIFIC

Juliana Yeh
Tel +852 2280 3790
juliana.yeh@wpp.com

SUSTAINABILITY

Andrea Harris
Tel +44 (0)20 7282 4600
andrea.harris@wpp.com

Written by WPP
Designed and produced by Superunion, London
superunion.com

This product is made of material from well-managed, FSC®-certified forests and other controlled sources. Printed in the UK by Pureprint Group. A CarbonNeutral® company, certificated to Environmental Management System ISO14001 and holders of FSC® chain of custody certification.

FSC www.fsc.org MIX Paper from responsible sources FSC® C022913

WPP AT DREAMFORCE 2019
Dreamforce is Salesforce's flagship annual event that brings over 170,000 industry leaders together to collaborate, learn and inspire. As a first-time sponsor of the event in 2019, WPP came out strong with a beautiful activation that was inspired by our brand identity. "Living Art" was designed by WPP agency MJM and featured renowned artist Alexa Meade. Our creative, brand-inspired booth was recognised by Salesforce as a "Best in Show".