WPP MATERIALITY ASSESSMENT 2020

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

MATERIALITY PROCESS

- Our first formal materiality assessment was conducted in 2014. We carried out further reviews in 2016 and 2017. This document outlines the process we went through to update our materiality assessment in January 2020.
- Our materiality matrix shows the issues identified as important to our internal stakeholders (employees, future employees, and leadership) and external stakeholders (clients, investors, partners and suppliers, and civil society).
- Stakeholder priorities were assessed through a combination of interviews, and desk-based research including analysis of Top 50 client sustainability strategies and investor questionnaires.
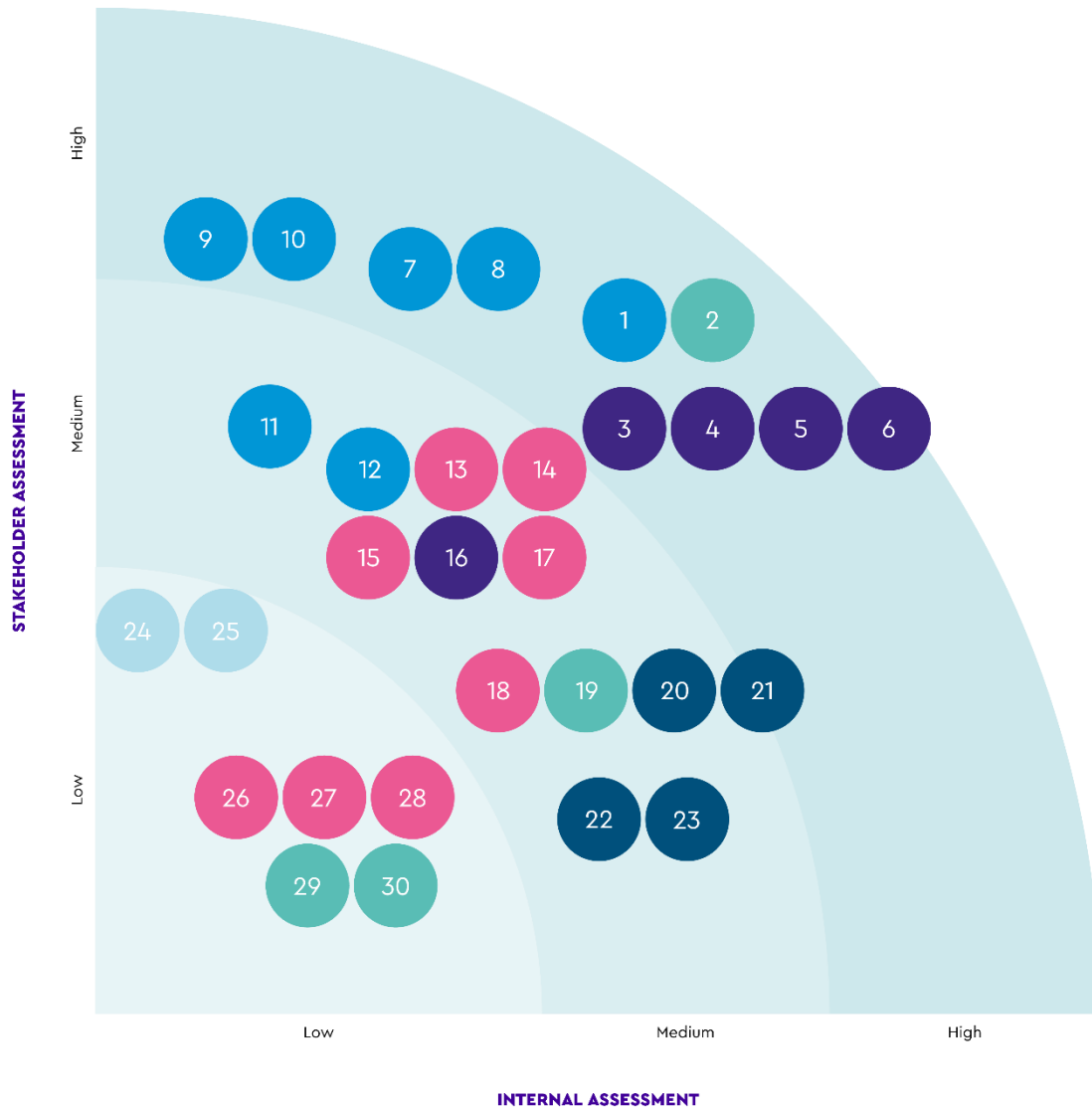
Since completing this assessment, the Covid-19 pandemic has shifted priorities for both our internal and external stakeholders. For example, issues including health, safety and wellbeing, employee relations, and workplace culture and engagement, have increased in importance for all stakeholders, as has climate change and our response. Supply chain transparency, particularly in relation to human rights, resilience and supplier diversity, has increased in importance for our clients. During the year, we assessed changing stakeholder priorities in three ways:

- first, through ongoing dialogue through the course of doing business;
- second, through a formal sustainability stakeholder mapping exercise conducted by H+K Strategies to help WPP strengthen the effectiveness of our engagement on sustainability issues; and
- third, through a more localised materiality assessment. To date, our materiality assessments have been conducted at Group-level, but for the first time this year we conducted a materiality survey across 21 markets through our agency networks.

MATERIALITY ASSESSMENT

Our materiality matrix shows the issues identified as important to our internal stakeholders (employees, future employees, and leadership – horizontal axis) and external stakeholders (clients, investors, partners and suppliers, and civil society – vertical axis).

STAKEHOLDER ASSESSMENT

High

Medium

Low

INTERNAL ASSESSMENT

Low   Medium   High

WPP

ISSUE DEFINITIONS

|	ISSUE	DEFINITION
HIGH IMPORTANCE		
	1. Inclusion and Diversity	Our ability to create an inclusive working environment for people from all backgrounds, ensuring that critical and creative decision-making processes are informed by a multitude of views and life experiences. This issue also relates to our representation of diverse and under-represented groups in our content.
	2. Climate Crisis	Reducing carbon emissions across our value chain, consisting of: emissions from our buildings and company cars and value chain emissions from activities including Media, Production and Technology. This includes the carbon impact of our campaigns; and the impact of our client work.
	3. Harmful and misrepresentative content	Handling content with negative social or environmental impacts, such as hate speech or greenwashing. This could concern both own content as well as the placement of ads alongside harmful content.
	4. Compliance with marketing codes of practice and regulations	Adherence to codes and regulations across our activities, countries and companies.
	5. Transparency in digital ad spend	Providing clients with reliable and robust impact metrics, navigating a complex digital ecosystem. This may also extend to advocating for industry change and supporting sector-wide initiatives on ad fraud.
	6. Data privacy and cybersecurity	Risks associated with collecting, storing and using consumer, client and employee data, and how we manage these. Opportunities associated with adopting leading privacy practices. Anticipating and managing threats to our digital infrastructure and services.
	7. Attracting, developing and retaining talent	Our ability to recruit, retain and develop the best talent, and maximise the development of creative talent within our sector.
	8. Employment practices	Ensuring that our people, including part time employees, contingent workers and traineeship positions (e.g. internship and apprentices) are employed on fair and equitable terms.
	9. Remuneration and benefits	Ensuring that the terms of our employment and benefits are fair and transparent in order to drive the right behaviours in our organisation.
	10. Workplace culture and engagement	Instilling a healthy and balanced work culture, enabling committed and effective colleagues. This is often supported by policies such as flexible working. This includes appropriate treatment of freelancers, temporary workers, sub-contractors and interns.

MEDIUM IMPORTANCE	
11. Employee relations	Relationships with employee representative organisations including work councils and trade unions. Restructuring and redundancies in our business and whether we can manage these changes to reduce negative impacts on employees and the business.
12. Health, Safety and wellbeing	WPP's provision of a secure, safe and healthy environment for employees; supporting their mental and physical health, and overall wellbeing.
13. Anti-bribery and corruption	Consistent adherence to codes, systems and processes that prevent anti-competitive behaviour, bribery and corruption.
14. Business integrity	Policies and practices that embed and normalise ethical practices across the business, ensuring high standards on issues such as transparency.
15. Emergent technologies	New technologies and applications that support - or put at risk - our position in the market, e.g. artificial intelligence, ad tech.
16. Promoting sustainable norms and culture	Driving consumer behaviour change on major social and environmental issues such as climate change, through purpose-led marketing.
17. Client products and impacts	The social/environmental footprint and impacts of our clients' products and services, and the decision over whether to work with clients in controversial sectors or on controversial topics or products such as tobacco, extractives or political campaigning.
18. Operations in sensitive countries	Risks or opportunities associated with operating in sensitive countries, including those previously subject to sanctions regimes, where there is conflict or where the government has a poor track record on human rights.
19. Circular economy	Minimising our impact on the world's physical resources, for example by minimising use of 'virgin' materials, reuse and repair of products and packaging, and encouraging recycling.
20. Human rights and labour practices in the supply chain	Upholding and protecting human rights in own operations as well as the extended value chain, e.g. suppliers and partners. This includes labour standards, cultural rights and collective bargaining.
21. Environmental impacts in the supply chain	The risk of serious environmental impacts occurring in our supply chain, and our ability to demonstrate to clients that we are managing environmental risks in our supply chain.
22. Supplier diversity	Including small suppliers and those owned by women or minority groups in our supply chains, and our ability to comply with regulation or client procurement requirements on supplier diversity.
23. Fair treatment of suppliers:	Ensuring suppliers are fairly treated, chosen and paid transparently and promptly. This includes providing a living wage.

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	24. Social investment	Opportunities or risks associated with our work with the charitable/voluntary sector including pro bono work, charitable donations and employee volunteering.
	25. Community relations	Our relations (including dialogue and partnerships) with communities we operate within and any impacts our business has on these communities.
	26. Government relations and lobbying	Our interaction with national, regional or local governments including any lobbying undertaken to influence government policy in the interests of WPP.
	27. Tax payments	Responsible and transparent approaches around tax strategies and impacts, including where taxes are paid.
	28. Joint ventures, affiliate and associate companies and acquisitions	New technologies and applications that support - or put at risk - our position in the market, e.g. artificial intelligence.
	29. Biodiversity	The impact of our business on the world's diversity in flora and fauna.
	30. Water use	The impact of our business on water resources. The impact on our business of water scarcity, rising water costs or increased regulation on water use.

KEY

	Client work
	People
	Environment
	Supply chain
	Social investment
	Governance and management