



How we behave

Directors' report

Once again, this year the Directors' report includes reviews from the chairmen of three Board committees: Philip Lader, as chairman of the Company and its Nomination Committee; Paul Spencer, as chairman of the Audit Committee; and Jeffrey Rosen, as chairman of the Compensation Committee. It also contains an analysis of the Company's compliance with statutory and regulatory requirements.

Review of the Company's governance and the Nomination Committee

Dear share owner

A record year for your Company, 2008, in many ways; but in these times, WPP's directors have had little inclination or time to reflect on past achievements.

Current worldwide economic conditions underscore the Group chief executive's and Jeremy Bullmore's assertions earlier in this Annual Report that this period "won't be tidy."

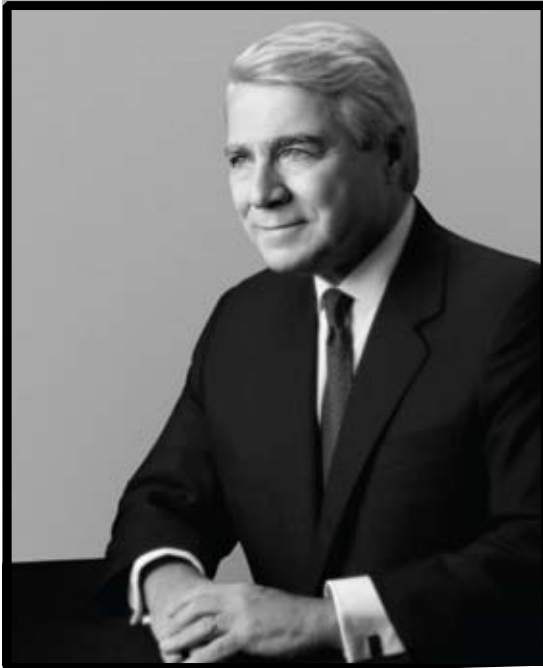
- rigorous, "common-sense" corporate governance modeled on the continuing evolution of best practices, particularly in risk management;
- vigilant stewardship of WPP's considerable assets, tangible and intangible; and
- intense assessment and review of finance, industry, and operations indicators, as well as management's strategic initiatives and standards of creative services.

These practices contributed, in part, to 2008's record billings, record revenues and record operating profit.

One measure of your Board's commitment is that we met, as a full Board or in committees, 39 times in 2008, in addition to far more frequent informal contacts between directors, senior management, operating company leaders, professional advisors and share owners, among others. Especially noteworthy among the past year's tasks and issues were:

- evaluating and approving the acquisitions of Taylor Nelson Sofres plc and other companies which enhance our strategic position and provide attractive returns on investment;
- monitoring the integration and performance of prior additions to our diverse portfolio of complementary companies;





Report by Philip Lader (above)
 Chairman of the Company
 and chairman of the Nomination Committee

- attending to the details of Jersey statutory requirements and the Group's re-domicile in Ireland, which was authorized by share owners' overwhelming support;
- consulting with management on the Group's response to rapidly-changing general economic conditions, with particular focus on the most important income statement and balance sheet issues;
- increasing our understanding of new media and relatively new geographic markets which are transforming the global communications and marketing services industry in which the Group competes;
- devoting special attention to developments in interactive media, including a Board meeting in Silicon Valley with briefings by founders of major businesses in that arena;
- meeting face-to-face, through formal presentations and informal discussions, with more than 100 WPP business leaders, including the CEOs of the Group's principal brands, as well as with clients, government officials and executives of relevant companies;
- managing a performance-driven remuneration program that allows the Group to attract, motivate and retain the talented people upon whom our success depends: one which closely aligns their interests with those of share owners and optimizes the budgetary flexibility of variable personnel costs;
- reviewing and approving financial statements, critical accounting policies upon which they are based, and supporting systems of reporting and internal controls; and
- for each of the Group's major operating companies, focusing on their key people, major clients and principal competitors through a detailed "Brand Check," at every Board meeting, that measures performance, anticipates events, and gauges risk.

This level of Board attention, we believe, is appropriate to WPP's global breadth, functional scope, and complexity, especially amidst heightened standards of corporate governance, rapidly-changing economic conditions and the transformational strategic opportunities and threats to which your Company is responding.

Among the Board's most critical responsibilities is planning for the succession of the Group chief executive and other key executives. These individuals' skills, resourcefulness and dedication are particularly critical to WPP, a business built on creativity. The entire Board therefore devoted extensive time to this subject in 2008, as we have for the past six years.

Two separate Board meetings occasioned all non-executive directors' discussion of backgrounds, performance, development opportunities and potential roles for approximately 200 senior managers and "rising stars" of the parent and operating companies. For each such position, potential candidates were identified.





Not coincidentally, the Group's structure and devolution of responsibilities to leaders of each of our "tribes" – as well as the fact that some of these businesses, if independent, would rank among our industry's largest – provide extensive senior management experience to several dozen WPP executives, some of whom could readily undertake parent company roles.

The most comprehensive of these reviews was directed to the Group chief executive's position. From the internal field of proven talent and a range of potential external candidates, the non-executive directors and the Group chief executive exchanged views – in a totally frank, highly specific manner – about the candidates best qualified to succeed him. After that session, on several other structured occasions and at other times, the non-executive directors, in the absence of the Group chief executive, further discussed the succession candidates and process. We continue to believe strongly, however, that – lest public discussion of this subject foster speculation and distraction – the content of these ongoing deliberations should remain strictly confidential.

As to the Board's own performance, as well as the contributions of individual directors, Board committees, and the chairman, we undertook, once again in 2008, a rigorous self-evaluation. All directors completed a confidential questionnaire in this regard and identified opportunities for improvement. Separate conversations were then held between each director and either the chairman or the senior independent director, who also led the non-executive directors' assessment of my performance as chairman. Based on this process, we continued our tradition of implementing changes to enhance the Board's performance of its responsibilities.

Your Board is comprised of independent-minded men and women – from Europe, the US, Asia and the Middle East – with broad international experience, from academia, Wall Street and the City of London, management consulting, advertising and internet start-ups, consumer-products and manufacturing industries, government and non-profit organizations. The comparatively long tenure of several directors, in our judgment, has been instrumental to the Board's in-depth understanding of our unusually complex, global enterprise. Newcomers and long-serving directors alike challenge even our most well-tested assumptions and iconic executives.

We regretted that, after six years of service, David Komansky retired from the Board in early 2009. His observations invariably were insightful and unvarnished. Without hesitation, he "cut to the chase" and brought to our sessions not only compelling candor and wit, but also wisdom forged by long experience in the financial services industry, as CEO of a major public company and from boardrooms of prominent global companies. He always

helped us focus on what was practicable, what would best serve the share owners' interests, what was right and honorable.

Renewal is important for any Board, nonetheless; and while valuing the experience of long-term service, we have sought to recruit to your Board and its committees new directors with considerably different professional, regional and generational perspectives. To this end, during 2008, Esther Dyson and Lubna Olayan were appointed as members of the Nomination Committee; and following David Komansky's retirement, Orit Gadish also joined that committee. At that time, Bud Morten, having overseen the successful implementation of Sarbanes-Oxley compliance, stepped down from the Audit Committee and was replaced by Timothy Shriver, who – in his second year on this Board – brings a fresh view, demonstrated commitment to corporate social responsibility, and considerable other skills to that committee.

These changes in the Audit and Nomination Committees' membership, implementation of new rules governing the disclosure and approval of directors' conflicts-of-interest, revision of committee terms of reference, and the previously mentioned Board self-evaluation and succession planning illustrate the 2008 work of the Nomination Committee, which I also chair. Members converse regularly and informally. The full committee – and, by invitation, with the participation, in whole or in part, of the Group chief executive, the Company Secretary, the senior independent director, and the Group chief counsel – meets as required to monitor this agenda, to assess the Board's composition, and to consider potential new members, identified from a variety of both internal and external sources.

Committed to rigorous standards of corporate governance, the Board seeks to comply with the Combined Code on Corporate Governance; and in the Board's opinion, the Company has done so throughout the financial year ended 31 December 2008. Moreover, WPP Group plc and its successor, WPP plc, follow NASDAQ's rules, have devoted extensive time and resources to ensure compliance with the US Sarbanes-Oxley requirements, and, where practicable, seek to comply with guidelines issued by institutional investors and their representative bodies.

Several of these entities express the view that directors who have served for more than nine years should no longer be considered "independent"; nor, by definition, should the Group chairman. As I have stated before, this Board fully understands their positions, but respectfully does not agree. A worldwide enterprise of WPP's scale and range of commercial activities benefits enormously from long-term directors who are actively engaged in the Group's governance. I continue to submit, on behalf of the Board, that "independence" should be determined not by such an

arbitrary standard as tenure, but on a case-by-case basis, with full disclosure to share owners of any appearance of conflict with published guidelines.

Any share owner who could observe the contributions of our senior independent director, Bud Morten, for example, would attest that his experience, judgment and commitment of time constitute an invaluable asset of the Group. Only such a dedicated veteran can routinely comprehend important implications and connections in WPP's worldwide operations. Regularly provocative challenges to opinions and assumptions expressed in Board presentations would be welcome only from a respected colleague with such a longstanding record of diligence and discernment. Bud will, at some point, elect to devote less time to the Group, and our Board will then appoint a new senior independent director. Until then, my fellow directors and I appreciate the extent to which his efforts exceed customary board workloads and reiterate our conviction that share owners are well served by his genuine independence. We continue to require, nevertheless, that non-executive directors who have served on the Board for nine years or more submit themselves for re-election annually.

The Board does not view my position as non-executive chairman as compromising my independence. It is their considered judgment – one they formally review on an annual basis – that such continued service, as well as my chairmanship of the Nomination Committee and membership on the Compensation Committee, help ensure continuity and coordination of related Board matters.

Responsibilities of major public companies' non-executive directors have increased substantially in the past decade. Packs of WPP reading materials are distributed near-weekly; few days pass without substantive communications among your non-executive directors; fewer days still, between senior management's and our BlackBerrys' messages. Consequently, I am immensely grateful for the prompt attention and conscientious efforts of my colleagues, as well as those at WPP who directly support the Board's work and the very able professionals who meet the seemingly endless legal, regulatory, tax, accounting and administrative demands of more than 100 jurisdictions and 2,400 offices.

Share owners, of which management is a significant part, understandably, will not have been pleased by most of their investments' performance in this economic climate. With the indiscriminate collapse in stock markets around the globe, WPP's share price declined significantly, notwithstanding the Company's record achievements in 2008. To continue to create value, our Company must serve each client creatively, must compete effectively every day. For that commitment, the Board thanks each and every one of the Group's 135,000 people including associates. It is with their imaginations, hours, tenacity and dedication that WPP intends to generate superior returns for its share owners, however "untidy" these times may be.

We who serve on WPP's Board appreciate our fellow share owners' trust in our stewardship of your interests. ■

Philip Lader

14 April 2009





Review of the Audit Committee

Report by Paul Spencer

Chairman of the Audit Committee

Dear share owner

During 2008, Bud Morten, Jeffrey Rosen and Colin Day were my colleagues on the committee. Tim Shriver joined the committee on 12 February 2009 and Bud Morten stepped down at the same date.

We held eight meetings this year, which were also attended (by invitation for all or part of any meeting) by the external auditors, the Company's chairman, the Group finance director, the director of internal audit, the Group chief counsel and the Company Secretary. Preparatory meetings were also held with the internal and external auditors as well as members of the Company's senior management. The committee received presentations from the heads of Treasury and Legal. The committee also received reports from the Disclosure Committee in relation to the Disclosure Committee's review and work on financial reports. The Board received regular reports on all matters of particular significance arising at the committee meetings.

The committee's terms of reference, which are reviewed with the Board annually and were updated at the time of the Scheme of Arrangement in October 2008, are available for inspection on the Company's website at www.wpp.com and are on display prior to and at all general meetings of the Company.

During the year, the committee and its members were formally assessed by the chairman of the Company for their technical suitability to be members of the committee and also for the committee's overall effectiveness. The Board has designated me as the committee's financial expert for Sarbanes-Oxley Act (SOX) purposes and as having recent and relevant financial experience for the purposes of the Combined Code.

The committee has once again overseen the progress towards compliance with Section 404 of SOX for 2008, through regular status reports submitted by the internal and external auditors.

The committee received and reviewed regular reports on both our Right to Speak helpline, which is made available to our people to enable them to communicate confidentially on matters of concern and the actions taken in response to those calls.

The committee has established a policy regarding non-audit services that may be provided by the external auditors, which prohibits certain categories of work in line with relevant guidance on independence, such as ethical standards issued by the Auditing Practices Board and SOX. Other categories of work may be provided by the auditors if it is appropriate for them to do so. The provision of such services and associated fees are either pre-approved by the committee,

or for certain categories of work, are delegated to the director of internal audit for pre-approval. 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 2008 is shown in note 3 on page 152.

Other work carried out by the committee in 2008 included:

- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgments;
- reviewing internal financial control and internal audit activities;
- assisting the Board in meeting its responsibilities in respect of reviewing and reporting on the systems and key elements of risk management as they affect the Group;
- the review and appointment of the external auditors and approval of their remuneration and terms of engagement;
- monitoring the external auditors' independence, objectivity and effectiveness;
- reviewing the Group Treasury policy with particular focus on debtors, funding and the continued ability of the Group to adopt the going concern basis in preparing financial statements;
- reviewing reports on any material litigation involving Group companies;
- reviewing any significant mergers and acquisitions and debt financing by the Group including the acquisition of Taylor Nelson Sofres plc in the preliminary stages before a full Board review;
- reviewing the Group's pension obligations;
- monitoring the accounting and legal reporting requirements, including all relevant regulations of the UK Listing Authority, the SEC and NASDAQ and the Jersey Financial Services Commission with which the Company must comply;
- in conjunction with Paul Richardson, the director responsible for corporate responsibility in 2008, ensuring systems are in place to monitor social, environmental and ethical issues which may affect the Group (other than issues which fall within the remit of the Compensation Committee) and receiving reports on new initiatives being implemented by the Group to reduce carbon emissions; and
- maintaining established procedures for the confidential receipt and treatment of concerns raised by our people.

I would like to thank my colleagues on the committee, the head office executives and the external advisors for their help in what has been a particularly turbulent year. I would also like to give special thanks to Bud Morten. His knowledge, wise comments and probing questions, coupled with his support to me, have been invaluable to the committee and the Company.

Paul Spencer

14 April 2009

The Board of Directors

The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's policy and strategy and is responsible to share owners for the Group's financial and operational performance. Responsibility for the development and implementation of Group policy and strategy and for day-to-day management issues is delegated by the Board to the Group chief executive and other executive directors.

For the year under review, Philip Lader continued as chairman of the Board, responsible for the leadership of the Board. Sir Martin Sorrell, as the Group chief executive, continued to be responsible for the development and implementation of policy and strategy and for the day-to-day operations of the Group. The biographies of the current Board members appear on pages 102 to 104.

All directors are fully briefed on important developments in the various business activities which the Group carries out worldwide and regularly receive extensive information concerning the Group's operations, finances, risk factors and its people, enabling them to fulfil their duties and obligations as directors. The directors are also frequently advised on regulatory and best practice requirements which affect the Group's businesses on a global basis, but particularly in the US and the UK.

During 2008, the Board met 15 times formally and held 24 committee meetings throughout the year. With the exception of John Quelch, Paul Spencer and Mark Read (each absent for one meeting), Orit Gadiesh (absent for two meetings), Colin Day and David Komansky (each absent for three meetings), Timothy Shriver (absent for four meetings), Lubna Olayan (absent for six meetings) and Koichiro Naganuma who was only able to attend one meeting, there was full attendance at all formal meetings of the Board during 2008.

The Board was composed of 15 directors in 2008 which has reduced to 14 following the retirement of David Komansky on 6 February 2009. Three members are executive directors and 10 plus the chairman, are non-executive directors. The Board considers that eight of the 10 non-executive directors, in addition to the chairman, are independent, with John Quelch and Koichiro Naganuma being the only non-executive directors considered by the Board to be not independent.

The shareholdings of non-executive directors are set out on page 137. Non-executive directors do not participate in the Company's pension, share option or other incentive plans, but may receive a part of their fees in ordinary shares of the Company and may participate in the Company's deferred compensation program.

The Board considers that the non-executive directors' remuneration conforms with the requirements of the Combined Code.

The fees payable to non-executive directors represent compensation in connection with Board and Board committee meetings, and where appropriate for devoting additional time and expertise for the benefit of the Group in a wider capacity.

Details of directors' remuneration and service contracts form part of the report of the Compensation Committee which commences on page 127.

Election of directors

As a matter of policy the Company requires all directors to submit themselves for re-election by an ordinary resolution of share owners at least every three years or every year in the case of those directors who have held office for more than nine years. Directors may be appointed by share owners by ordinary resolution or by the Board on the recommendation of the Nomination Committee and must then stand for re-election at the next Annual General Meeting where they may be re-elected by ordinary resolution of the share owners.

The Board recommends that share owners vote in favour of the Resolutions to re-elect the relevant directors, namely Colin Day, Lubna Olayan, Jeffrey Rosen, Esther Dyson, Stanley (Bud) Morten and John Quelch and sets out their reasons for this recommendation in the Appendix to the Notice of the Annual General Meeting.

Conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company (Situational Conflicts). The Board has a formal system in place for directors to declare Situational Conflicts to be considered for authorisation by those directors who have no interest in the matter being considered. In deciding whether to authorise a Situational Conflict, the non-conflicted directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any Situational Conflicts considered, and any authorisations given, are recorded in the relevant minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise Situational Conflicts and the Board believes that the systems it has in place for reporting and considering Situational Conflicts continue to operate effectively.



Committee meetings

The attendance of non-executive directors at meetings of the committees of the Board during 2008 was as follows:

| | Nomination Committee | Audit Committee | Compensation Committee |
|------------------------------------|----------------------|-----------------|------------------------|
| Philip Lader ³ | 2 | 7 | 10 |
| Bud Morten | n/a | 8 | n/a |
| Jeffrey Rosen | n/a | 6 | 10 |
| Paul Spencer | n/a | 7 | n/a |
| Esther Dyson ¹ | 1 | n/a | 7 |
| David Komansky | 2 | n/a | n/a |
| Colin Day | n/a | 7 | n/a |
| Lubna Olayan ¹ | 1 | n/a | n/a |
| Christopher Mackenzie ² | 1 | n/a | n/a |

¹ Appointed to the Nomination Committee on 23 July 2008.

² Retired on 24 June 2008.

³ By invitation, the chairman attended all but one of the Audit Committee meetings.

During 2008, the Corporate Responsibility Committee, chaired by Paul Richardson, met once on a formal basis and had many informal discussions. Its report for 2008 starts on page 118.

The Disclosure Committee, which met six times during 2008, is comprised of senior executives from Group financial reporting, internal audit, treasury, legal, tax, human resource and investor relations departments. The purpose of the Disclosure Committee is to add further assurance to the Board and its committees in relation to the content of major financial public statements and advises the Audit Committee and the Board on their disclosure obligations generally and the Disclosure and Transparency Rules so as to enable the Board to comply with all relevant provisions.

Share owner relations

The relationship with share owners, potential share owners and investment analysts is given the highest priority by the Company.

The Company has a well-developed and continuous program to address the needs of share owners, 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 share owners, this program includes regular visits to investors, particularly by the Group chief executive, the Group finance director, the deputy Group finance director and the head of investor relations, in the UK, Continental Europe and the major financial centres in North America and also in Asia Pacific and Latin America. The Company provides a preliminary announcement, an interim management statement at the end of the first and third quarters which includes a trading

update, an interim report at half year and a trading update and presentation at the Annual General Meeting.

The Company ensures that it has a proper dialogue with share owners and their representative bodies through executive and non-executive directors in relation to remuneration and corporate governance matters as and when appropriate. The chairman provides feedback to the Board on issues raised with him by share owners.

WPP's website, www.wpp.com, provides current and historical financial information, including trading statements, news releases and presentations and the Company's statement of its corporate governance practices.

Internal control

WPP operates a system of internal control, which is maintained and reviewed in accordance with the Combined Code and the guidance in the Turnbull Report as well as Rules 13a-14 and 15 under the Securities Exchange Act 1934. In the opinion of the Board, the Company has complied throughout the year with the Turnbull Report and has also complied with the relevant provisions of the Securities Exchange Act 1934.

The Board (which receives advice from the Audit Committee) has overall responsibility for the system of internal control and risk management in the Group and has reviewed the effectiveness of the system during the year. In the context of the scope and complexity of this system, the Board can only give reasonable, not absolute, assurance against material misstatement or loss. The system of controls is designed to manage, but may not eliminate, the risks of failure to achieve WPP's objectives. For certain joint ventures and associates, WPP operates controls over the inclusion of their financial data but places reliance upon the systems of internal control operating within our partners' infrastructure and the obligations upon partners' boards relating to the effectiveness of their own systems.

The principal elements of internal control are described below.

Control environment

The quality and competence of our people, their integrity, ethics and behaviour are all vital to the maintenance of the Group's system of internal control.

The Code of Business Conduct (which is regularly reviewed by the Audit Committee and the Board) sets out the principal obligations of all employees. Directors and senior executives throughout the Group are required each year to sign this Code. The WPP Policy Book (which also is regularly updated) includes the Code of Business Conduct and human resource practices, as well as guidance on practices in many operational areas. Breaches or alleged

breaches of this Code of Conduct are investigated by the director of internal audit and the Group chief counsel.

The Group has an independently operated helpline, Right to Speak, to enable our people to report issues that they feel unable to raise locally. A number of issues have been raised during 2008 through this helpline, all of which have been followed through and investigated where appropriate and reported to the Audit Committee.

Risk assessment

Risk monitoring of all of the Group's operations throughout the world is given the highest priority by the Group chief executive, the Group finance director, the chairman of the Audit Committee and the Board, as it is essential to the creation and protection of share owner value and the development of the careers of our people. The Board realises that WPP is a service company and its ongoing prosperity depends on being able to continue to provide a quality service to its existing and potential clients in a creative, efficient and economic way.

At each Board meeting, the Group chief executive presents a Brand Check review of each of the business' operations, including a monitor of risk, providing feedback on the business risks and details of any change in the risk profile since the last Board meeting.

The Brand Check covers such issues as:

- the possibility of the loss or win of major business (e.g. as a result of a change of senior management at a major client);
- loss of a key executive of the Group;
- introduction of new legislation in an important market;
- corporate responsibility;
- political instability in an important market; and
- changes in accounting or corporate governance practice.

Each operating group undertakes monthly and quarterly procedures and day-to-day management activities to review their operations and business risks. These are formally communicated to the Group chief executive, other executive directors and senior executives in quarterly review meetings and, in turn, to the Board.

The Board is firmly of the opinion that the monitoring of risk is strongly embedded in the culture of the Company and of the operating companies, in a manner which the Board considers goes beyond the Turnbull recommendations and the requirements of Rules 13a-14 and 15 under the Securities Exchange Act 1934.

Principal risks and uncertainties

The Board has considered the principal risks and uncertainties affecting the Group as at 31 December 2008 and these are summarised below. As set out above, the Group has specific policies in place to ensure that risks are properly evaluated and managed at the appropriate level within the Group.

Global economic risk

- The Group is subject to recessionary economic cycles. The current global credit crisis could adversely impact our business, results of operations, ability to raise appropriate finance and financial condition.

Client risks

- The Group competes for clients in a highly competitive industry, and client loss may reduce market share and decrease profits.
- The Group receives a significant portion of its revenues from a limited number of large clients, and the loss of these clients could adversely impact the Group's prospects, business, financial condition and results of operations.
- The Group may be unable to collect balances due from any client that files for bankruptcy or becomes insolvent.
- A reduction on client spending and a slowdown in client payments could adversely affect the Group's working capital.

Employee risks

- The Group is dependent on its people and, like all service providers, is vulnerable to adverse consequences from the loss of key people.

International business risks

- The Group is exposed to the risks of doing business internationally.
- Currency exchange rate fluctuations could adversely affect the Group's consolidated results of operations.
- The Group may have difficulty repatriating the earnings of certain of its subsidiaries.

Mergers & acquisitions

- The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions.
- The Group may be unsuccessful in integrating any acquired operations with its existing businesses.
- Goodwill and other acquired intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.

Regulatory and legal risks

- The Group may be subject to certain regulations that could restrict the Group's activities.
- Changes in tax laws or their application may adversely affect the Group's reported results.
- The Group may be exposed to liabilities from allegations that certain of its clients' advertising claims may be false or misleading or that its clients' products may be defective.
- Civil liabilities or judgments against the Group or its directors or officers based on US federal or state securities laws may not be enforceable in the US or in England and Wales or in Jersey.



Control activities and monitoring

Policies and procedures for all operating companies are set out and communicated in the WPP Policy Book, internal control bulletins and accounting guidelines. The application of these policies and procedures is monitored within the individual businesses and by the Company's director of internal audit and the Group chief counsel.

Operating companies are required to 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 controls over security of data and the provision of timely and reliable information to management. IT and financial controls are also included.

The internal audit department was responsible for reviews and testing of the documentation and the relevant controls for a majority of the Group during 2008, the results of which were reported to the Audit Committee.

Financial reporting

Each operating company annually updates a three-year strategic plan which incorporates financial objectives. These are reviewed by the parent company's management and are agreed with the chief executive of the relevant operating company.

The Group operates a rigorous procedure for the development of operating 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 review by the parent company. The Group's budget is reviewed by the Board before being adopted formally. Operating 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. The Company reports to share owners four times a year.

At each year-end, all operating companies supply their full-year financial results with such additional information as is appropriate. This information is consolidated to allow the Group to present the necessary disclosures for International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS).

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

Sarbanes-Oxley section 404

The provisions of section 404 of the Sarbanes-Oxley Act require the Company's management to report on the effectiveness of internal control over financial reporting in its Annual Report on Form 20-F which is filed with the US Securities and Exchange Commission. The 2007 assessment and related report from the external auditors confirmed that the Company's internal control over financial reporting was effective and included in the Company's Annual Report on Form 20-F for the year ended 31 December 2007. The 2008 assessment and related report will be included in the Company's Annual Report on Form 20-F that will be published in the coming months.

Going concern

The directors are required to consider whether it is appropriate to adopt the financial statements on the basis that the Company and the Group are going concerns. As part of its normal business practice, the Group prepares annual and longer-term plans and in reviewing this information and in particular the 2009 three-year plan and budget the directors believe that the Company and the Group have adequate resources for the foreseeable future. Therefore the Company and the Group continue to adopt the going concern basis in preparing the financial statements.

Further details of the Group's financial position and borrowing facilities are described in note 24 of the financial statements.

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 EU (IFRSs) 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; and
- 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' remuneration report.

The directors are responsible for the maintenance and integrity of the Company website. Jersey legislation and United Kingdom 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.

The following information, together with the letters from the chairmen of the Nomination, 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 133 to 137, are included in the Directors' report, which also includes the sections 'Letter to share owners,' 'Who runs WPP' and 'What we think'.

Substantial share ownership

As at 14 April 2009, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

| | |
|--|-------|
| Massachusetts Financial Services Company | 4.84% |
| Invesco plc | 4.60% |
| Legal & General | 4.39% |

The disclosed interests of all of the above refer to the respective combined holdings of those entities and to interests associated with them.

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 for the year was £746.8 million (2007: £719.4 million). The directors declared a second interim dividend of 10.28p (2007: 9.13p) per share to be paid on 6 July 2009 to share owners on the register at 5 June 2009 which, together with the first interim ordinary dividend of 5.19p (2007: 4.32p) per share paid on 10 November 2008, makes a total of 15.47p for the year (2007: 13.45p).

Parent company charitable donations

WPP, the parent company, made charitable donations of £201,000 (2007: £218,077). Collectively, WPP companies together with the parent company made an estimated £4.3 million of charitable donations in 2008. More detailed information regarding the Group's support of charities is set out in the section dealing with corporate responsibility on pages 118 to 125.

It is the Company's policy not to make payments for political purposes.

Significant agreements and change of control

In addition to the financing agreements to which the Company is a party, details of which are given in note 24 on page 162, the Company is a party to an agreement with Asatsu-DK Inc dated 3 August 1998 pursuant to which WPP subscribed for 20% (at that time) of the share capital of Asatsu and Asatsu subscribed for approximately 4% (at that time) of the issued share capital of WPP. The respective shareholdings may only be transferred following a procedure set out in the agreement. WPP and Asatsu are each entitled to nominate a non-executive director to the board of the other subject to retaining its shareholding in the other.



Each of the €600 million 4.375% bonds due in December 2013, £400 million 6% bonds due in April 2017, €500 million 5.25% bonds due in January 2015, €750 million 6.625% bonds due 2016 and the £200 million 6.375% bonds due November 2020, 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 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 \$1.6 billion Revolving Credit Facility due August 2012, a £650 million term facilities agreement expiring July 2010 and a £600 million Revolving Credit Facility agreement expiring July 2011, 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.

The impact of a change of control on WPP's incentive plans is dealt with on page 132.

Articles of Association

There are no restrictions on amending the Articles of Association of the Company other than the need to pass a special resolution of the share owners.

Group activities

The principal activity of the Group continues to be the provision of communications services worldwide. The Company acts only as a parent company and does not trade.

Share capital

The Company's authorised share capital consists solely of 175,000,000 ordinary 10 pence shares. The Company operates an American Depositary Receipt program. 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 Annual General Meeting in June 2008, share owners passed resolutions authorising the Company, in accordance with its Articles of Association, to allot shares up to a maximum nominal amount of £43,812,326.40 of which £5,867,764.45 could be allotted for cash free of statutory pre-emption rights. These authorisations were replaced as part of the Scheme of Arrangement when resolutions were passed authorising the Company, in accordance with its

Articles of Association, to allot shares up to a maximum nominal amount of £41,216,440 of which £5,873,805 could be allotted for cash free of pre-emption rights. In the year under review no shares have been issued for cash free from pre-emption rights. Details of share capital movements are given in note 26 on pages 164 to 167.

Authority for purchase of own shares

At the Annual General Meeting in 2008 share owners passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 117,155,289 of its own shares in the market. This authorisation was replaced as part of the Scheme of Arrangement when a resolution was passed, authorising the Company, in accordance with its Articles of Association to purchase up to 117,476,114 of its own shares in the market. In the year under review, 18,820,814 shares (all of which were cancelled) were purchased at an average price of £5.96 per share as part of the Company's share buy-back program.

Supplier payment policy

The Company has no trade creditors because it is a parent company and does not generate trading revenues. Accordingly, no disclosure can be made of year-end trade creditor days. However, the Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors for the Group, expressed as a number of days, were 46 (2007: 48).

Auditors

Deloitte LLP were appointed as auditors of the Company on incorporation and the directors will propose a resolution at the AGM to re-appoint them.

By Order of the Board:

Marie Capes
Company Secretary
 14 April 2009

* The sections headed 'Letter to share owners,' 'Who we are' and 'What we think' should be read in conjunction with and as part of the section headed Directors' report.

Corporate responsibility

Business impact

The significance of corporate responsibility (CR) to WPP's business continues to increase, notwithstanding the economic downturn. Climate change continues to be a major concern for citizens, governments and businesses and is driving an increased focus on social and environmental issues. Our leading multinational and national clients are responding to this agenda in their operations, products, supply chains and marketing. Serving the CR communications needs of our clients is a growing business opportunity for WPP companies. In addition there are a number of CR issues – both risks and opportunities – that we manage across our own business.

Our CR activity supports our business strategy (see page 12) in a number of areas. These include:

■ Generating new business opportunities

Increasingly, leading companies require a communications services partner to help them communicate their social and environmental achievements. Our CR program enhances our understanding of these issues and supports our businesses in competitive pitches.

■ Attracting and retaining the best people

There is strong competition for talent in our industry and questions relating to CR are frequently raised by our people and new candidates during job interviews. Creating a diverse company culture, adopting leading talent practices and demonstrating our commitment to social and environmental issues can help us to attract and retain the best people. A diverse workforce also enhances our understanding of consumers in all markets.

■ Enhancing our reputation

We reduce the risk of adverse publicity by ensuring that our work complies fully with regulations and marketing standards and carefully evaluating the risk associated with new commissions. Our pro bono work and support for charities and community organizations reinforces our reputation for making a positive contribution in society.

■ Meeting investor expectations

WPP share owners continue to show interest in our CR practices and we aim to respond constructively to their requests for information. In 2008 this included requests for information from the following organizations:

- Carbon Disclosure Project
- Cooperative Insurance Services (CIS)
- Dow Jones Sustainability Index
- Ethical Investment Research Service (EIRIS)
- Governance Metrics International
- IWFInancial
- Pensions Investment Research Consultants (PIRC)
- SiRi

Investors raised questions on a number of subjects including our climate change strategy, supply chain management, our approach to managing ethical issues in client work and our procedures for protecting human rights. WPP is included in the FTSE4Good Index.

■ Improving efficiency

Our climate change strategy is reducing costs associated with business travel and energy use.

How we manage CR risk and opportunity

| Issue | How it is managed | Aims |
|---|--|---|
| The social and environmental impact of our work for clients. | Opportunities to advise clients on marketing with a social or environmental dimension are identified by our companies. | Be a centre of excellence for environmental and social communication. |
| Marketing ethics, compliance with marketing standards, and protection of personal, consumer and corporate data and increasing transparency about our marketing practices. | Currently managed by our operating companies with referral to Group directors as necessary. In 2009 we are introducing quarterly review meetings for senior Group managers to discuss potential ethical issues in our client work and identify risk areas (see below). | Comply with all laws and industry codes governing marketing material. Improve standards and measurement in marketing practices. |
| Employment, including diversity and equal opportunities, business ethics, employee development, remuneration, communication and health and safety. | Human resources policies are set and implemented at operating company level. WPP's chief talent officer has overall responsibility for attracting, developing and retaining our talent. | Improve standards and measurement in employment. |
| Social investment, including pro bono work, donations to charity and employee volunteering. | Pro bono projects are agreed between WPP companies and the charities concerned. Many of our companies have long-standing relationships with their pro bono partners. WPP the parent company helps to coordinate pro bono projects involving multiple WPP companies or cross-Group collaboration. | To make a significant contribution to good causes through pro bono application of our marketing skills and direct donations to charity. |
| Climate change, including the emissions from energy used in our offices and during business travel. | We have appointed cross-functional groupwide Energy Action Teams and a network of agency climate champions to help implement our climate change strategy. | Measure and reduce our CO ₂ emissions and continue to purchase high quality carbon offset. Our goal is to reduce CO ₂ emissions by 20% by 2010. |



CR issues in our supply chain and our environmental impacts beyond climate change, are also important for WPP.

Paul Richardson is the Board director responsible for assessing corporate responsibility risks. He chairs WPP's Corporate Responsibility Committee, established in 2003. The committee is made up of senior representatives from our agencies. Its role is to advise on policy. The committee met once formally in 2008 and its members communicated frequently to discuss a range of issues including:

- our climate change strategy;
- privacy and data protection issues;
- managing ethical issues in our companies' work for clients;
- improving data collection; and
- employment and diversity.

Paul Richardson provides an annual assessment of corporate responsibility risks and performance to the Audit Committee. This is in addition to the business and financial reporting risks process described on pages 113 and 114.

WPP's Code of Business Conduct and CR Policy set out the standards we expect our people to meet in their work. They provide guidance in dealing with a wide range of ethical, social and environmental subjects. Both documents are publicly available on our website, www.wpp.com.

We have established a set of key performance indicators (KPIs) relating to employment, social investment, environment and climate change. We report performance against these in our annual Corporate Responsibility Report (see below).

CR data is collected quarterly through our Group financial reporting system. WPP's internal audit function assesses CR risks relating to employment, marketing ethics and business ethics during reviews of Group companies.

Reporting

We will publish our seventh Corporate Responsibility Report in 2009. This will provide a detailed and objective account of how we are implementing WPP's Corporate Responsibility Policy across our businesses. A summary of our progress is provided in the following report.

The impact of our work

The social and environmental impact of the work we undertake for clients is one of our most important CR issues. Our goal is for WPP to be a centre of excellence for environmental and social communication. Three areas of our work are significant:

Corporate responsibility in our client work

Successful brands have always needed creative and compelling marketing. Today, this is more important than ever. Concerns about climate change and poverty have fuelled interest in green and fair trade products. In many regions, businesses are subject to a growing volume of regulation and increased scrutiny from pressure groups, the media and the public on a wide range of social and environmental issues.

Leading companies are responding positively, by embedding ethical values in their brands and developing products with a reduced social or environmental footprint. They need effective marketing to communicate the social and environmental benefits and make these new products desirable to the mass market.

In our Corporate Responsibility Report we profile campaigns for clients which contain work with an environmental or social impact. This work is indicative of a trend emerging in many markets around the world.

Social marketing

These are campaigns with social or environmental objectives, usually undertaken for government or NGO clients. Campaigns often tackle issues related to public health, safety or the environment. They are designed to raise awareness or encourage people to change their behaviour. Several WPP companies specialise in social marketing, including Ogilvy Outreach, Ogilvy PR's social marketing practice and Thompson Social.

Examples of social marketing campaigns by WPP companies in 2008 are included in our Corporate Responsibility Report, available online at www.wpp.com from June 2009.

Tackling climate change will require a huge shift in mindset and a willingness among the public to make lifestyle changes. Effective communication will be essential. WPP is participating in Shaping the Message on Climate Change, an initiative of the UN and International Advertising Association, to improve communication on climate change and ensure a successful outcome at the Copenhagen Climate Conference in December 2009. As part of this, WPP's CEO Sir Martin Sorrell led the discussion session during the World Economic Forum in January 2009.

Cause-related marketing

Cause-related marketing links brands to charities, usually through a donation for every product purchased. Executed sensitively, these campaigns benefit both the brand and the charity. Many WPP companies work on cause-related marketing. Examples from 2008 are included in our Corporate Responsibility Report, available online at www.wpp.com from June 2009.

Marketing ethics

As a minimum our companies are expected to comply with all laws, regulations and codes of marketing practice. All advertising produced by WPP companies should present products fairly and accurately, comply with the relevant law and marketing codes, and reflect changing public attitudes to questions of taste and decency or marketing of sensitive products.

Our Code of Conduct and CR Policy set out our approach and provide guidance to employees on the standards we expect. Key excerpts include:

“We will not knowingly create work which contains statements, suggestions or images offensive to general public decency and will give appropriate consideration to the impact of our work on minority segments of the population, whether that minority be by race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.”

We will comply with all applicable local laws and regulations, and any other laws with an international reach, such as the US Foreign Corrupt Practices Act, where relevant.

WPP companies will comply with applicable regulations and self-regulatory codes of practice in the countries in which they operate.

WPP companies will not undertake work designed to mislead in any respect, including social, environmental and human rights issues.”

Ethical issues in client work

Where we operate, who we work for and the type of work we undertake can give rise to ethical issues. Examples include: work undertaken for government clients; operating in countries with a poor human rights record; and marketing for sensitive or controversial products.

In cases where work may be a potential risk to WPP's reputation, employees are required to elevate the decision to the most senior person in the relevant office and then to the most senior executive of the WPP company in the country concerned, who will decide if further referral to a WPP director is required.

Zimbabwe

Following allegations that an agency in which one of our subsidiaries, Y&R, held a minority interest, and over which we had no legal control, may have advised Zanu-PF on its electoral campaign, we launched an urgent investigation in the course of which a senior member of the management of the agency notified us that she had been advising President Mugabe in a personal capacity.

WPP's Board and management have established clear guidelines for our companies on clients for which we are prepared to work and the Mugabe regime in Zimbabwe was not an acceptable client in accordance with these standards. We were not prepared to have any association with Robert Mugabe or Zanu-PF and we therefore took the immediate decision to divest Y&R's minority interests in Zimbabwe. This was actioned as quickly as possible.

Strengthening our decision-making processes

During 2008 we identified a number of improvements to our process for reviewing ethical issues in client work. Changes we will implement during 2009 include:

Referral procedures

Formalising our referral arrangements in a written procedure distributed to all company CEOs. We will include accountability for escalating concerns over client work in the Code of Business Conduct compliance form signed by all CEOs annually. Quarterly review meetings will be held for senior managers at Group level to discuss cases of concern and identify new risk areas. These will be communicated to company CEOs and CFOs via quarterly bulletins from Paul Richardson, Group finance director.

Benchmarking

Benchmarking our Code of Conduct against those of other leading companies and strengthening the code provisions as appropriate.

Training and support

Launching online ethics and risk training to raise awareness of the risks associated with client work and underline the importance of compliance with WPP's Code of Business Conduct. This will include prompts and guidance on when work should be referred to management. The intention is for training to reach a majority of our companies' employees on a regular basis.

Audit

Including client risk factors in our internal audit process.



Involvement in industry groups

Many professionals from within WPP companies play an important part in developing and revising industry codes in sensitive areas such as advertising to children and the marketing of food and pharmaceutical products.

Complaints

Few campaigns that we produce for clients provoke complaint, but occasionally complaints do occur relating to matters of taste or fact. In most countries these are arbitrated by government or industry organizations. Our Corporate Responsibility Report contains details of infringements in countries where these are available, and we intend to extend the scope of this.

Privacy

Privacy is particularly relevant for our digital, market research and direct marketing companies which collect data on consumers, or study lifestyles and purchasing habits, the better to target marketing campaigns.

As a minimum, our companies must comply with data protection laws and marketing codes of practice such as the UK Data Protection Act, the EU Data Protection Directive, the US Safe Harbor principles as certified by the US Department of Commerce, the ICC/ESOMAR International Code of Marketing and Social Research Practice, the US Direct Marketing Association Guidance and the UK Market Research Society Code of Conduct. Many companies have additional policies and procedures to safeguard privacy. Our digital agencies share information on privacy issues through the WPP Digital group and with others in our industry through organizations such as the Interactive Advertising Bureau, of which David Moore, chairman of 24/7 Real Media, is currently vice chairman.

In January 2009, Kantar Group created the role of chief privacy officer, to develop and implement a co-ordinated privacy and data protection policy across Kantar companies and work directly with clients on these issues. This is the first such appointment by a leading information, insight and consultancy business, and reflects the growing importance of privacy and data protection issues for our industry.

WPP as an employer

WPP employs over 135,000 people (including employees in our associate companies) in almost 2,400 offices in 107 countries. Attracting and retaining talent is a central business issue for WPP. Our approach includes competitive remuneration, investment in training and development and a commitment to an inclusive workplace culture.

Our turnover levels in 2007/8 remained at a similar level to previous years. In 2009, like all businesses in the current economy, we will monitor staff costs closely and re-size where appropriate.

Diversity and inclusion

A diverse workforce adds value to our business. It helps us understand consumers from all walks of life and create compelling marketing for our clients. An inclusive workplace culture helps us attract the most talented people from all backgrounds.

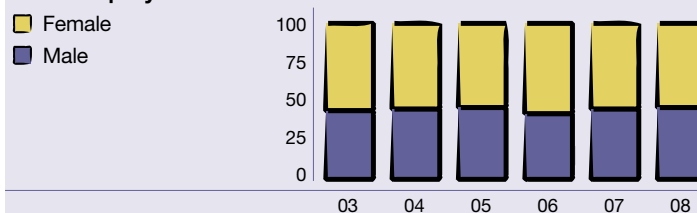
We introduced a non-discrimination policy in 1992. This commits all WPP companies to select, develop and promote people based on merit and regardless of race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability. Our Code of Business Conduct contains policies on harassment and non-discrimination. Where existing employees become disabled, our policy is to provide continuing employment and training wherever practicable.

Our people can report any concerns or suspected cases of discrimination or misconduct confidentially (and anonymously if desired) through our Right to Speak helpline.

In 2008, women accounted for 32% of board members/executive leaders, 47% of senior managers and 54% of total employees. There are currently three women on WPP's Board and a female Company Secretary and Group chief counsel.

Gender diversity 2004-2008 %

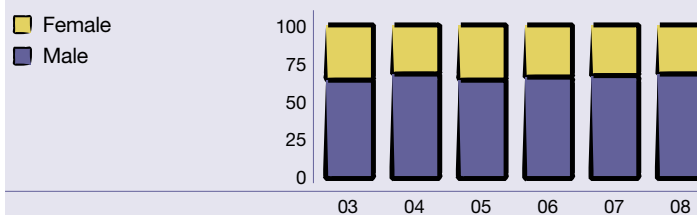
Total employees



Senior managers



Board members/executive leaders



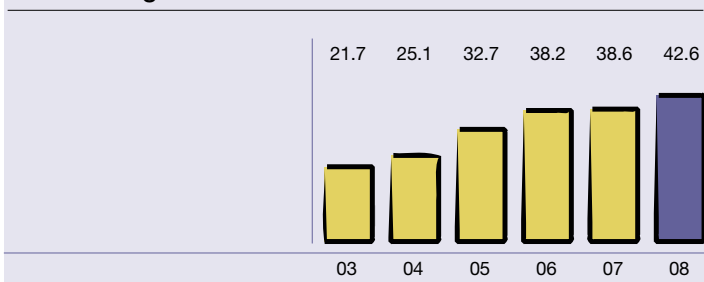
All of our major companies in the US have internal programs to promote diversity and inclusion in their workforce. These include:

- **Partnerships:** WPP companies work with diversity organizations and participate in initiatives to encourage diversity in the advertising industry. These include: the American Association of Advertising Agencies' (AAAA) Operation Success; the Leadership, Education and Development Program in Business; and the National Black Public Relations Society.
- **Internships:** several WPP companies participate in the AAAA's multicultural Advertising Internship Program (MAIP) and other initiatives that allow minority students to gain experience in the marketing industry.
- **Targeted recruitment:** many of our companies use specialist recruitment agencies and publications and attend minority recruitment fairs.
- **Raising employee awareness:** our companies provide training and information to ensure that employees understand the importance of diversity.

Development and training

WPP is a people business and we aspire to high standards of employment progression and investment in the development of our teams. We offer development opportunities to enable our people to gain new skills and advance their careers. These include performance assessment, succession planning and training. Our goal is for our people at all levels to receive regular performance appraisals.

Staff training and welfare 2003-2008 £m



Training courses are co-ordinated at operating company level. These cover all aspects of company business and creative skills. In 2008, WPP invested £42.6 million in training and wellbeing across the Group.

Executive education helps our senior talent develop creative, client and personal leadership skills. Our flagship program is *Maestro: Orchestrating Client Value* – a five-day course aimed at strengthening the ability of our most senior client leaders to be valued and trusted advisors to their clients, colleagues and teams. Since the program's inception in 2003, it has reached more than 1,500 participants in 15 countries and involved 65 WPP companies.

In 2008, WPP formally launched its own 'Mini MBA' program, designed to build functional knowledge and abilities. It combines online tutorials and simulations with instructor-led classroom training. Business disciplines covered are commercial acumen, strategy, marketing, people and organizational development, creating client value and working across cultures.

Training and professional development opportunities are provided at both the parent and operating company levels, which together reach several thousand people in the Group.

Remuneration and share ownership

Competitive remuneration packages help us attract and retain the best people. We regularly benchmark our compensation against other companies in our sector.

We motivate our people by providing performance-related remuneration in addition to basic salaries. More senior employees are eligible for incentives based on their performance against annual or multi-year goals for the operations they lead.

Share ownership gives our people a financial stake in the company and a share in its success. WPP's Worldwide Ownership Plan, introduced in 1997, has granted share options to approximately 72,000 of our people.

Communication

With over 135,000 people in 107 countries, strong internal communication is essential. Some examples of our communications channels are:

- WPP's public website (www.wpp.com), Group intranet site and professional knowledge communities.
- WPP's annual journal of original thinking, the *Atticus Journal*; WPP's multi-award winning global newspaper, *The WIRE*; regular *FactFiles* profiling specialist services and resources within the Group.
- WPP's public monthly online news bulletin – *e.wire*.
- The WPP *Reading Room*, an extensive online library of thinkpieces (both public and original) from WPP professionals worldwide.
- Regular communication on Group initiatives such as the Worldwide Partnership Program, BrandZ™, the Atticus Awards, The WPPED Cream awards, the WPP Marketing Fellowship Program and professional development workshops.
- Periodic reports from Sir Martin Sorrell on topics of importance to all people participating in short- and long-term incentive plans.
- Formal and informal meetings at operating company level.
- Our multi-award winning Annual Report & Accounts, financial statements and Corporate Responsibility Report are widely distributed across WPP and are available on our websites.



Health and wellbeing

Promoting a healthy workforce benefits our business by increasing productivity and reducing the costs of people taking time off work due to illness. We have identified two main risks to health and wellbeing associated with office workplaces, where most of our people are based. These are work-related stress and injuries connected to workstation ergonomics. Our companies seek to create an environment where people feel able to discuss any issues, including stress, with their manager or human resources department. Our companies also assess the risk of work-related stress through regular staff surveys and by monitoring issues raised via our Right to Speak helpline, Employee Assistance Programs and during exit interviews.

Initiatives to combat workplace stress vary by company but include:

- Employee Assistance Programs – a source of confidential advice, support and counselling.
- Flexible benefit programs, including subsidised childcare.
- Flexible work arrangements enabling people to work part-time or from home.
- Medical checks and health screening.
- Training on stress and time management.

Ensuring our workstations follow good practice design reduces problems such as repetitive strain injury or back problems.

Employee external appointments

The Company recognises that its directors and senior executives may be invited to become non-executive directors of other companies, and that such experience may be beneficial to the Group. Consequently, executives are allowed to accept non-executive appointments with non-competing companies, subject to obtaining the approval of the Group chief executive in the case of senior executives and the approval of the Nomination Committee in the case of executive directors. Any fees receivable out of such appointments may be retained by the individuals concerned.

Environment

One of our priorities is reducing our impact on the environment. We have committed to:

- Reducing our CO₂ emissions by 20% by 2010 from a 2006 baseline.
- Achieving efficiency gains in our buildings and IT.
- Purchasing renewable electricity where available.
- Offsetting the balance of our emissions.

In addition to the environmental benefits, meeting these targets will achieve cost reductions and help in our efforts to recruit and retain environmentally-aware graduate talent.

Our climate change strategy also helps us win work with business and public sector clients, who are looking for suppliers with solid environmental credentials.

We have established Energy Action Teams in North America, Europe, Asia Pacific and Latin America. These include members of our IT, real estate and procurement functions. Their job is to identify energy-saving measures and provide technical guidance to our agencies on energy reduction. They are supported by a network of on-the-ground Climate Champions, who help to implement energy-saving measures in our companies.

Our carbon footprint and energy use

| | WPP's carbon footprint | | | |
|--|---|----------------|----------------|----------------|
| | 2006 | 2007 | 2008 | 2008 |
| | CO ₂ emissions (tonnes) | | | |
| | (renewable energy rated zero emissions) | | | |
| Office energy use | 144,354 | 120,032 | 112,901 | 94,376 |
| Air travel ¹ | 81,733 | 92,269 | 89,500 | 89,500 |
| Other (includes unmet impacts e.g. couriers and taxis) | 33,913 | 31,845 | 30,360 | 27,581 |
| Total | 260,000 | 244,146 | 232,761 | 211,457 |

¹ Air travel data partially estimated.

| WPP's office energy use (megawatt hours) | | | |
|--|---------|---------|---------|
| | 2006 | 2007 | 2008 |
| Energy use | 297,406 | 251,685 | 223,720 |

In 2008, we emitted 232,761 tonnes of CO₂, a 10.5% reduction on our 2006 baseline level. Our main climate impact is from consumption of electricity and gas in our 2,400 offices and employee air travel. We add an additional 15% to our CO₂ footprint to account for unmeasured impacts, such as couriers and taxis.

In 2008, we used 223,720 megawatt hours of energy in our offices which resulted in emissions of 112,901 tonnes of CO₂, a 22% reduction on our 2006 baseline. This was achieved despite a 14.5% increase in our property portfolio by floor space since 2006. We estimate that we have saved over £6 million through reductions in office energy use between 2006 and 2008. The above emissions calculations follow new UK government guidelines, which state that emissions from renewable energy should be calculated using the same conversion factors as conventional grid energy, rather than rated as zero emissions. If the renewable energy we purchase is rated as zero emissions, we have reduced CO₂ emissions from energy use by 35% since 2006.

We collect our air travel data via an external provider, as part of our airline procurement process. We have detailed analysis covering our major cities relating to approximately

70% of our journeys. The balance we estimate based on internal records.

In 2008, we offset 195,000 tonnes of CO₂ through support for renewable energy projects.

We report our greenhouse gas emissions to the Carbon Disclosure Project (CDP), a collaboration of institutional investors and participate in the CDP's Supply Chain Leadership Collaboration.

Office energy efficiency

In 2008, we launched a global metering project to bring energy savings by cutting waste. We are investing £750,000 to install meters in 100 of our largest sites globally (representing 65% of our property portfolio by floor space) that centrally monitor energy use, enabling us to make savings of between 10% and 15%. Improved metering will also ensure that we are being charged accurately by our energy suppliers.

In 2008, we identified preferred suppliers in all regions, which our operating companies can use to buy and install low-energy light fittings. We will begin an installation program for low-energy fittings in 2009. We have set up procurement contracts with furniture and carpet suppliers to ensure the products we purchase come from renewable sources and can be disposed of in a responsible manner.

Where possible, we aim to ensure that any properties we purchase meet advanced environmental standards such as Leadership in Energy and Environmental Design (LEED) and BRE Environment Assessment Method (BREEAM). For example, a new purpose-built facility for nine of our companies in Singapore is being designed to the Green Mark Scheme Gold Standard, which is equivalent to LEED.

Sustainable IT

WPP's personal and network IT equipment accounts for a large proportion of our energy use. We aim to cut the energy used by our computers by up to 30%, and have introduced requirements to improve the energy efficiency of our IT equipment. In 2009 we will reduce the numbers of servers to less than 5,000. We will also improve the energy efficiency of data centres and server rooms.

In 2008, we ran a pilot project at the Ogilvy offices in Cabot Square, London, to find ways to reduce the amount of energy used by our printers. In 2009, we will implement similar projects across the Group.

Reducing travel through videoconferencing

We encourage our people to meet via videoconferencing, avoiding the environmental impacts of travelling to meetings. We have successfully trialled high-definition videoconferencing in London and New York, and we are now investing \$1.5 million to set up facilities in key cities around the world. By the end of 2008, we had set up four high-definition videoconferencing units in London and New York. By the end of 2009, we will have deployed 50 units around the world.

In 2009, we will launch a videoconferencing search and booking system on the WPP intranet. This will include a carbon calculator to show the amount of CO₂ avoided by using videoconferencing rather than flying to a meeting.

Buying renewable energy

We purchase renewable energy where we can, and regularly review energy sourcing across all markets to identify new opportunities. We estimate that 70% of the electricity we purchase in the UK is from renewable sources, compared to 50% in Germany and 22% in the US. We also negotiated a small renewable energy contract in Australia in 2008.

If this energy is rated at zero emissions it is equivalent to a reduction of approximately 18,525 tonnes of CO₂ (16% of the total emissions from office energy use) each year.

Carbon offset

After reducing our CO₂ emissions as much as possible, we offset the majority of the rest. This means paying someone else to reduce their carbon emissions by an amount equal to our own footprint – saving one tonne of CO₂ elsewhere in the world for one tonne that WPP creates.

Our operating companies meet the cost of offsetting their emissions. This provides an incentive to cut their climate impact as the more they reduce their emissions the less they will have to pay in offset costs.

All carbon offset projects supported by WPP are renewable energy projects. We do not support forestry offset. Through the CarbonNeutral Company we currently fund seven projects, including wind farm and hydroelectric projects in China and wind and solar generation in India.

One of these is the Jamnagar Wind Power Project, which is helping to reduce India's reliance on fossil fuels by building new wind turbines. It costs more to generate electricity from wind rather than coal in India, which means finance from offset projects is often key to making wind farms in the country commercially viable. The project will provide reliable, renewable power to the electricity grid and will provide jobs for people in nearby villages. The turbines being built in the states of Rajasthan, Gujarat and Karnataka will have a combined capacity of 147MW.



Supply chain

WPP spends around \$3 billion with suppliers each year. We want to do business with suppliers that meet high standards on environment and employment practices. We are committed to managing CR risks in our supply chain, both for ourselves and for our clients.

We focus our CR efforts on preferred suppliers that provide centrally-purchased goods and services such as IT, travel, telecommunications, professional services (e.g. consultancy and recruitment) and facilities management.

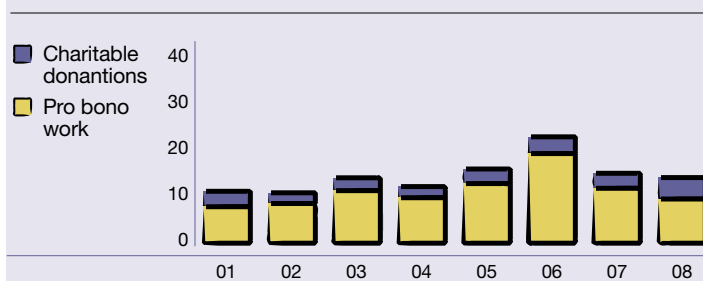
WPP's Global Procurement Policy contains ethical and environmental criteria, which our Group procurement teams use in supplier selection and management. We thoroughly evaluate companies against a set of business requirements before they can become a preferred supplier. These include assurance of supply, quality, service, cost, innovation and CR. We do not have a standard weighting for each criteria and they may vary from project to project. As part of this process we ask potential suppliers to complete a simple five-point CR questionnaire to raise awareness and make our requirements clear.

Social investment

In 2008, the total value of our social investment was £14.6 million compared with £16.3 million in 2007. This is equivalent to 2% of reported profit before tax and includes direct cash donations to charities of £4.3 million and £10.3 million worth of pro bono work. These figures are based on fees the organizations would have paid for our work. The reduction in pro bono work on last year is due to the worsening economic conditions, which placed pressure on our companies to focus on fee-paying work.

In addition, WPP media agencies negotiated £13 million of free media space on behalf of pro bono clients.

Social investment 2001-2008 £m



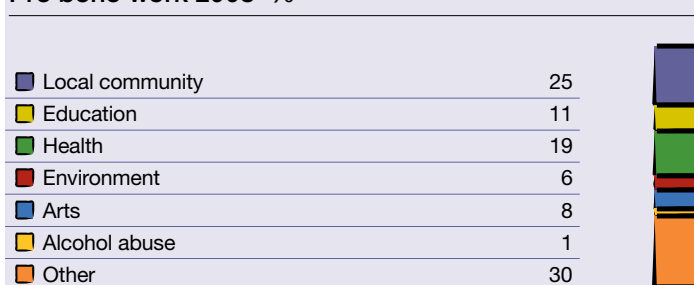
Pro bono work

Our companies have a long tradition of pro bono work – providing creative services to charities at little or no cost. This work can be invaluable – helping raise money and awareness for hundreds of good causes every year.

It also benefits WPP by showcasing our creative skills and ability to create compelling communications on a wide range of social and environmental issues. Our people gain a breadth of experience and the chance to contribute to their communities.

Examples of recent pro bono work by our companies are included in our Corporate Responsibility Report.

Pro bono work 2008 %



WPP the parent company

WPP, the parent company, supports a range of charities, with a particular focus on education, the arts and young people. These include:

- Education Africa UK
- Gambian Education Development Trust
- INSEAD Trust for European Management Education
- NABS (a charity which offers financial, practical and emotional support to those in the advertising industry)
- The London Business School
- The National Portrait Gallery
- The Paley Center for Media
- The Roundhouse Trust
- University of Oxford
- Woodrow Wilson International Center For Scholars

WPP is also a member of:

- Business in the Community (an organization that promotes responsible business practice)
- Employers Forum on Disability
- The Media Trust (which provides media support to over 5,000 charities)
- The Institute of Business Ethics

Many senior WPP executives also give pro bono advice and support. Sir Martin Sorrell is an active participant in programs at the following international business schools: London Business School; IESE, Spain; Indian Business School; Harvard Business School; and Boston University, School of Management.

For a number of years, donations from WPP have been used to support the Lower Basic School in Sanyang village and the regional health clinic at Medina Salaam, both in Gambia. During 2008, WPP funding provided computers for the school's internet centre and enabled the school to join the Eden Project Gardens for Life. ■