





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

Surveying worldwide economic conditions in last year's Annual Report, the Group chief executive observed that the coming year "won't be tidy." In sharp contrast with 2008, when WPP posted record billings, revenues and operating profit, the past year was, again in his word, "brutal" for our Company and the marketing communications services industry in its entirety.

That total share owner return actually increased during this period – with WPP's dividend level being maintained and its share price rising considerably – can be attributed to very specific factors. Recovery of the global financial markets and key industries was essential, and advantageous currency impacts certainly helped. Our long-term strategy of geographic and product diversification and investment in digital and consumer insight businesses continues to be successful, particularly when more traditional locales and platforms are under severe pressure. Especially noteworthy was the consistency of our operating companies' new business wins. But having monitored management very closely during this trying year, the Board especially recognizes management's adroit, albeit painful, calibration of expenses, personnel and treasury functions.



Report by Philip Lader (above)

**Chairman of the Company
and chairman of the Nomination Committee**

An additional, not insignificant contributor to how the Group navigated 2009's troubled waters, as we trust our share owners might agree, was the manner, intensity and breadth of WPP's corporate governance. It continued to be characterized by:

- rigorous, 'common-sense' Board oversight, modeled on the ongoing evolution of best practices, particularly in risk management;
- unceasing re-evaluation of management's tactical implementation of the Board's strategic objectives and the operating companies' financial and creative performance;
- diligent assessment and review of finance, industry and operations indicators; and
- vigilant stewardship of WPP's considerable assets, tangible and intangible.

Though we are relatively confident about a more stable 2010, there will be no relaxation of these standards.

In 2009, as one measure of your Board's commitment, we met, as a full Board or in committees, 28 times. Additionally and informally, directors, senior management, operating company leaders, professional advisors and share owners, among others, met innumerable times during the year.

Among our principal undertakings during this period – some expressly addressed to the year's challenges – were:

- heightened consultation with the Group chief executive and finance director regarding responses to uncertain and fragile economic conditions, with income statement and balance sheet issues addressed frequently;

- thorough reviews of the integration and performance of recent and prior acquisitions, with central attention to recently-acquired Taylor Nelson Sofres plc (TNS) and its role within Kantar, all examined in the context of our diverse portfolio of complementary companies' contributions to attainment of the Group's strategic objectives;
- emphasis on furthering our understanding of rapidly-growing geographic markets, including regular briefings on WPP's activities in Asia and one meeting's focus on Latin America;
- presentations to strengthen the Board's and senior management's grasp of new media, its commercial and social dimensions, and the ways in which it is transforming consumer behavior, as well as the global communications and marketing services industry;
- exacting formulation and management of a performance-driven remuneration program – ranging from the Group chief executive to more than 50 key personnel – that is essential to the Group's recruitment, motivation and retention of the talent that is pre-eminently important to WPP's business; a program which closely aligns employees' interests with those of share owners and, supremely important in years like 2009, optimizes the budgetary flexibility of variable personnel costs;
- reviews and approval of financial statements, critical accounting policies upon which they are based, and supporting systems of reporting and internal controls; analyses of not only the systems' accuracy, but their responsiveness to potentially urgent liquidity and financing requirements in stressful circumstances;
- at Board meetings throughout the year, intense give-and-take and informal discussions with WPP business leaders, such as the CEOs of the Group's major brands and scores of key personnel, as well as clients, government officials (including Brian Cowen, the Taoiseach of the Republic of Ireland, where the Company is now tax-domiciled), executives of relevant companies and securities analysts; and
- examination of operating companies' illustrative creative products, client services, and key personnel transitions.

The Group chief executive continued the 'Brand Check' practice, at every Board meeting, not only highlighting specific employees, major clients and principal competitors, but also inviting non-executive directors' detailed, far-ranging consideration of individual operating companies' performance, geopolitical and industry-specific phenomena, and potentially disruptive or beneficial events. Risks are gauged at every meeting; risk management is at the forefront of your Board's attention.

As virtually all commercial enterprises experienced in 2009, economic conditions change with increasing rapidity; and your Board – comprised of remarkably independent-minded men and women from across the globe, with active responsibilities and broad international experience, from Wall Street and the City of London, international



management consulting, asset management, angel investing and academia, advertising and internet start-ups, consumer-products, energy and manufacturing industries, government and global non-profit organizations – employs the breadth and depth of these perspectives in its fashioning and assessing the Group's risk management.

In that context, succession of the Group's CEO and other key executives was – again, as for the past seven years – addressed substantively in 2009. The entire Board devoted major parts of two meetings to reflecting on these individuals and some other 200 senior managers and 'rising stars', skills, performance, developmental opportunities and potential successors. Some of our businesses, if independent, would rank among our industry's largest, and we are therefore fortunate to have an impressive roster of executives with extensive senior management experience, several dozen of who could readily undertake parent company or other key roles.

Your Board and the Group's chief executive have exchanged candid, specific, current opinions about the candidates, internal and external, best qualified to succeed him; and on several structured and informal occasions, the non-executive directors, in his absence, addressed the potential selection process and succession candidates. We take this risk management responsibility extremely seriously. We continue to adhere to the position that – lest public discussion of this subject foster speculation and distraction – the content of these ongoing deliberations should remain strictly confidential.

In light of the financial community's experience since 2008, your Board concurs with the general calls for intensified corporate governance and believes that our practices have evidenced this. We have been attentive, nonetheless, to the slew of reviews and reports on this subject; and on my colleagues' behalf, I have personally engaged in a variety of such studies. Given WPP's global operations and complexity, your Board welcomes meaningful and beneficial engagement with share owners to convey our governance practices. To that end, we hope that our communications throughout the year and this Annual Report provide a comprehensive, clear picture of how the Board and the Group operate.

For governance to be genuinely effective, however, every board must tailor best practices and innovations to the idiosyncrasies of its organization's industry, culture, operations, regions, and personalities – without diminishing the rigorous execution of oversight responsibilities. Of WPP's exceptions from some advisory groups' preferences, one example that is occasionally referenced is our position that a director's 'independence' may be determined on a factual, rather than mere chronological, basis.

Some institutional investors and their representative bodies contend that directors who have served for more than nine years should no longer be considered 'independent'; nor, by definition, should the Group chairman. We respectfully

assert that 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 and 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.

We do agree that occasional change and renewal are healthy for a Board. For that reason, Bud Morten – an exemplary non-executive director, whose experience, judgment and commitment of time have constituted an invaluable asset of the Group – has stepped down as the Board's senior independent director. One cannot exaggerate how well served we share owners have been by this respected individual's service. His quantitative analytical experience, qualitative judgment and routinely painstaking review of all relevant documents are indicative of his long-standing record of diligence and discernment. Only valued more by his Board colleagues is his capacity to challenge and debate – with senior management and often with several of us – without being disagreeable. He has been and, by standing for re-election as a non-executive director, will continue to be, we trust, a model director, one with an unflagging, demonstrated inclination towards independent-mindedness.

Succeeding Bud as senior independent director is Jeffrey Rosen, deputy chairman of Lazard, a member of this Board since December 2004, and a distinguished 30-year veteran of international financial transactions. He also brings to this role a thorough understanding of WPP from his conscientious service as chairman of our Compensation Committee and energetic membership of our Audit Committee.

Evidenced by our current slate of candidates for this Board, we continue to require that non-executive directors who have served on the Board for nine years or more submit themselves for re-election annually. For that reason, my name is among those on the list. The Board does not view my position as non-executive chairman, my chairmanship of the Nomination Committee and membership on the Compensation Committee, or my nine years' service as compromising my independence. It is their considered judgment – formally reviewed on an annual basis – that such continuity helps ensure co-ordination of related Board matters and practicable, informed management of our governance work. By invitation of the Audit Committee's chairman, I also attended all of its meetings in 2009 and, with his consent, will continue this practice to stay fully abreast of the Committee's and our auditors' findings.

The Board's Nomination Committee – now comprised of Esther Dyson, Orit Gadiesh, Lubna Olayan and me – invites the participation, in whole or in part, of the Group chief executive, the Company Secretary, and the Group chief counsel in its meetings. In 2009, we formally met three times and more frequently conversed informally to assess the Board's composition and to consider potential new members,

identified from a variety of both internal and external sources. Paramount to our thinking has been how both the Company's progress on its long-term strategic objectives and its month-by-month performance towards financial goals can best be assessed by the collective experience of individuals serving on this Board.

For the present, no changes were deemed necessary. Practically all of our directors hold or have recently held strategic leadership positions; and one, Orit Gadiesh, is chairman of Bain & Company, one of the world's most sought-after strategic consultants. European, American, Asian and Middle Eastern directors together inform our global perspective and ever-increasing focus on faster-growing markets. Several directors who are deeply involved with new media – notably, Esther Dyson, an acknowledged web authority and active investor in new information technologies, and Mark Read, who oversees the Group's interactive portfolio – take the lead in monitoring WPP's strides in this field and identifying opportunities and threats. Our Consumer Insight initiatives are especially informed by Harvard Business School professor (and former London Business School Dean) John Quelch, one of *academe's* most highly regarded marketing experts, and Colin Day, Reckitt Benckiser Group's finance director and former Cadbury plc director.

All of us directors have managed large organizations: Lubna Olayan, for example, is currently CEO of a major Saudi Arabian corporate group. Most have had hands-on financial responsibility: witness Her Majesty honoring Paul Spencer last year for his contributions to financial accountability, practiced as chairman of our Audit Committee and as Independent Trustee of BA, BAT, BT and Rolls-Royce's pension funds.

Our corporate responsibility program – summarized in this report and in our separate CR publication and championed by our Board colleague Tim Shriver, the CEO of Special Olympics and prominent spokesman for business' public duties – is comprehensive and impactful. Well beyond the Group's measures to improve our workplaces, enhance our people's employment experience and contribute to environmental sustainability, as well as other articulated CR undertakings, WPP companies and their teams complete uncompensated promotional, design and related services for hundreds of worthy causes worldwide.

In addition to evaluating the relevance of our directors' profiles to our strategic objectives, the Nomination Committee's 2009 work also complied with governance duties ranging from implementation of rules governing the disclosure and approval of directors' conflicts-of-interest and review of committee terms of reference to oversight of succession planning and the Board self-evaluation. The Board again completed, in 2009, as part of its commitment to rigorous standards of corporate governance, a thorough 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.

'Groupthink' is the antithesis of our Board's behavior. Each Board and Committee meeting challenges well-tested assumptions, long-standing practices and even iconic executives. We thereby seek to comply with – and throughout the financial year ended 31 December 2009, WPP plc did so or surpassed – the requirements of the Combined Code on Corporate Governance, NASDAQ's rules, US Sarbanes-Oxley requirements and, where practicable, guidelines issued by institutional investors and their representative bodies.

Each year over the past decade, our responsibilities as non-executive directors have increased substantially. We do not shrink from these; nor do we take them lightly. Our iPhones and BlackBerrys hum with near-daily messages prompted by packs of WPP reading materials, the Group chief executive's, the senior independent director's or my musings, or any director's reaction to news-of-the-day. They, as well as our Company Secretary and Group chief counsel, devote an enormous amount of time, frequently with personal sacrifice. Essential to our effectiveness are the oft-unsung efforts of those at WPP who directly support our work and the highly competent professionals who meet the never-ending stream of legal, regulatory, tax, accounting and administrative demands.

While forecasters promise a more benevolent economy for 2010 – and early signs are encouraging, operating in more than 100 jurisdictions, with 138,000 people and some 2,400 offices, can be 'tidy' only through their disciplined, co-ordinated efforts. WPP's people across the globe are creating value each day, for our clients and for our share owners. It is, every day, a competition with other firms and with our own past creativity. That tenacity and dedication brought us through 2009 relatively unscathed. It is such professionalism which can generate superior returns for our share owners in this and future years.

For that and for our fellow share owners' trust in our stewardship of these interests, we directors are most thankful. ■

Philip Lader

16 April 2010



Review of the Audit Committee

Report by Paul Spencer

Chairman of the Audit Committee

Dear share owner

During 2009, Tim Shriver, Jeffrey Rosen and Colin Day were my colleagues on the committee. We held eight meetings during the 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 senior independent director, the director of internal audit, the Group chief counsel, deputy 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 including the heads of the Tax, Treasury, Legal and Group Reporting teams. The committee received presentations from the heads of Tax, Mergers & Acquisitions, IT and Corporate Responsibility. 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 most recently in February 2010, 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 2009, 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 pre-approved by the committee, either as individual assignments or as aggregate amounts

for specified categories of services. All fees are summarised periodically for the committee to assess the aggregate value of non-audit fees against audit fees. The level of fees for 2009 is shown in note 3 on page 159.

In line with the committee's responsibility to review and appoint the external auditors and approve their remuneration and terms of engagement, in 2009 the committee assessed whether to tender the external audit.

Having monitored Deloitte's independence, objectivity and performance in 2009 as in prior years since Deloitte's original appointment in 2002, with reference to a detailed assessment prepared by the director of internal audit and frequent reports during the year from Deloitte covering, inter alia, their team and required audit partner rotation plans, the overall audit strategy and the progress and results of the audit, the committee decided it was in the Group's and share owners' interests not to tender the external audit in 2010 and recommends the reappointment of Deloitte.

Other work carried out by the committee in 2009 included:

- monitoring the integrity of the Company's financial statements and reviewing significant financial reporting judgements;
 - 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;
 - 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 the Group's mergers and acquisitions strategy and the debt financing by the Group;
 - reviewing the Group's Code of Conduct and supporting training programs;
 - reviewing the Group's tax strategy;
 - reviewing the Group's IT functions and strategy;
 - 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; and
 - in conjunction with Paul Richardson, the director responsible for corporate responsibility in 2009, 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).
- I would like to thank my colleagues on the committee, the head office executives and the external advisors for their help in another challenging year.

Paul Spencer

16 April 2010

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 104 to 106.

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 2009, the Board met six times formally and held 22 committee meetings throughout the year. With the exception of John Quelch, Colin Day, Esther Dyson and Orit Gadiesh (each absent for one meeting), Tim Shriver (absent for two meetings), Lubna Olayan (absent for three meetings) and Koichiro Naganuma who was only able to attend one meeting, there was full attendance at all formal meetings of the Board during 2009.

The Board was composed of 14 directors in 2009 (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. John Quelch and Koichiro Naganuma are the only non-executive directors the Board considers are not independent.

The shareholdings of non-executive directors are set out on page 143. 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 133.

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 non-executive 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 Philip Lader, Esther Dyson, Stanley (Bud) Morten, John Quelch, and Paul Richardson, 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 2009 was as follows:

	Nomination Committee	Audit Committee	Compensation Committee
Philip Lader ¹	3	8	11
Bud Morten ²	3	7	11
Jeffrey Rosen	n/a	8	11
Paul Spencer	n/a	8	n/a
Esther Dyson	2	n/a	11
Orit Gadiesh	3	n/a	n/a
Colin Day	n/a	8	n/a
Lubna Olcayan	3	n/a	n/a
Tim Shriver	n/a	7	n/a

¹ By invitation, the chairman attended all of the Audit Committee meetings.

² By invitation, Bud Morten attended all but one of the Audit Committee Meetings and all of the Compensation and Nomination Committee meetings.

During 2009, the Corporate Responsibility Committee, chaired by Paul Richardson, met once on a formal basis and had many informal discussions. Their report for 2009 starts on page 122.

The Disclosure Committee, which met four times during 2009, 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 and up to the date of the approval of this Annual Report and Accounts 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 and up to the date of this report. 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) and was updated in 2009, 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 2009 through 43 calls to 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 an assessment of the risk in each business, 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 2009 and up to the date of this report. These are described on pages 117 to 118 and on page 122. 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.

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 2009, 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.



Principal risks and uncertainties

Issue	Potential impact	How it is managed
Economic		
The Group's businesses are subject to economic and political cycles. Many of the economies in which the Group operates have been under significant stress or in recession.	Reduction in client spending or postponing spending on the services offered by the Group or switching of client expenditure to non-traditional media and renegotiation of contract terms leading to reduced profitability and cashflow.	Reduction in headcount and overhead. Ensuring that variable staff costs are a significant proportion of total staff costs and revenue. Increased controls over capital expenditure and working capital. Strategic focus on BRICs, the Next 11, new media and consumer insight. Brand Check at every Board meeting.
Financial		
Currency exchange rate fluctuations could adversely impact the Group's consolidated results.	The Company's reporting currency is pounds sterling. Given the Group's significant international operations, changes in exchange rates cause fluctuations in the Company's results when measured in pounds sterling.	The balance sheet and cash flows of the Company are hedged by borrowing in the currency of those cash flows. The Company publishes and explains its results in constant currency terms, as well as in sterling and on an actual dollar basis.
Changes to the Group's debt issue ratings by the rating agencies Moody's Investor Services and Standard and Poor's Rating Service may affect the Group's access to debt capital.	The Company's long-term debt is currently rated Baa3 and BBB by the rating agencies respectively and the Company's short-term debt obligations P3 and A3 respectively. Standard and Poor's Rating Service has placed the Company's debt ratings on "negative outlook". If the Company's financial performance and outlook materially deteriorate, a ratings downgrade could occur and the interest rates and fees payable on certain of the Company's revolving credit facilities could be increased.	Active dialogue with the rating agencies to ensure they are fully apprised of any actions that may affect the Company's debt ratings. The Company also seeks to manage its financial ratios and to pursue policies so as to maintain its investment grade ratings. The Company has published half yearly its banking covenant compliance ratios and quantified the financial impact should there be a fall in ratings to non-investment grade.
The Group may be unable to collect balances due from any client that files for bankruptcy or becomes insolvent.	The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. The Group commits to media and production purchases on behalf of some of its clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to the Group to pay such amounts to which it committed as an agent on behalf of those clients.	Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance.
Mergers & Acquisitions		
The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions and may be unsuccessful in integrating any acquired operations with its existing businesses.	The Group regularly reviews potential acquisitions of businesses that are complementary to its operations and clients needs. If material risks are not identified prior to acquisition or the Group experiences difficulties in integrating an acquired business, it may not realise the expected benefits from such acquisition and the Group's financial condition could be adversely affected.	Business, legal, tax and financial due diligence carried out prior to acquisition to seek to identify and evaluate material risks and plan the integration process. Warranties and indemnities included in purchase agreements. Audit Committee oversight of acquisition and Board oversight of material acquisitions and review of the integration and performance of recent and prior acquisitions.
Goodwill and other acquired intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.	The Group has a significant amount of goodwill and other acquired intangible assets recorded on its balance sheet with respect to acquired companies. The Group annually tests the carrying value of goodwill for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future results of operations and cash flows. Future events could cause the Group to conclude that the asset values associated with a given operation have become impaired which could have a material impact on the Group's financial condition.	Regular impairment testing which is a recurring agenda item for the Audit Committee.

How we behave

Directors' report

Issue	Potential impact	How it is managed
Clients		
The Group competes for clients in a highly competitive industry and client loss may reduce market share and decrease profits.	<p>Competitors include large multinational advertising and marketing communication companies and regional and national marketing services companies.</p> <p>New market participants include database marketing and modelling companies, telemarketers and internet companies.</p> <p>Service agreements with clients are generally terminated by the client on 90 days' notice and many clients put their advertising and communications business up for competitive review from time to time. The ability to attract new clients and to retain existing clients may also in some cases be limited by clients' policies about conflicts of interest.</p>	<p>Operating companies seek to establish reputations in the industry that attract and retain clients, including by improving the quality of their creative output.</p> <p>The Group's different agency networks limit potential conflicts of interest and the Group's cross-discipline team approach seeks to retain clients.</p> <p>Brand Check at every Board meeting.</p>
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.	A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group's 10 largest clients accounted for almost 18% of revenues in the year ended 31 December 2009. Clients generally are able to reduce advertising and marketing spend or cancel projects on short notice. The loss of one or more of the Group's largest clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect the Group's financial condition.	<p>Global client account managers seek to ensure the Group maintains partnership relationship with major clients. Operating companies seek to establish reputations in the industry that attract and retain clients and key talent.</p> <p>Brand Check at every Board meeting and regular dialogue between directors of the Company and directors of the Group's largest clients.</p>
Operational		
The Group operates in 107 countries and is exposed to the risks of doing business internationally.	The Group's international operations are subject to exchange rate fluctuations, restrictions and/or taxation on repatriations of earnings, social, political and economic instability, conflicts of laws and interpretation of contracts.	<p>Affiliate, associate and joint venture structures with local partners used in developing markets.</p> <p>Brand Check at every Board meeting.</p> <p>Uniform approach to internal controls ensuring best practice employed in all jurisdictions.</p>
People		
The Group's performance could be adversely affected if it were unable to attract and retain key talent or had inadequate talent management and succession planning for key management roles.	The Group is highly dependent on the talent, creative abilities and technical skills of our personnel as well as their relationships with clients. The Group is vulnerable to the loss of personnel to competitors and clients leading to disruption to the business.	<p>The Group's incentive plans are structured to provide retention value for example by paying part of annual incentives in shares that vest two years after grant and having a five-year performance period for LEAP.</p> <p>Operating companies seek to establish reputations in the industry that attract and retain key personnel, including by improving the quality of their creative output.</p> <p>Succession planning of key executives is a recurring agenda item of the Board and Nomination Committee.</p>
Regulatory/Legal		
The Group may be subject to regulations affecting its activities.	Governments, government agencies and industry self-regulatory bodies from time to time adopt statutes and regulations that directly or indirectly affect the form, content and scheduling of advertising, public relations and public affairs and market research or otherwise limit the scope of the activities of the Group and its clients which could have a material adverse impact on our financial position. Changes in tax laws or their application may also adversely affect the Group's reported results.	<p>The Group actively monitors any proposed regulatory or statutory changes and consults with government agencies and regulatory bodies where possible on such proposed changes.</p> <p>Regular briefings to the Audit Committee of significant regulatory or statutory changes.</p> <p>Group representation on a number of industry advisory bodies.</p>
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.	The Group may be, or may be joined as a defendant, in litigation brought against its clients in respect of services provided by the Group.	<p>The Group seeks to comply with all laws and industry codes governing marketing material.</p> <p>Upward referral procedure within operating companies and to WPP ethical review meetings.</p>



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 2008 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 2008. The 2009 assessment and related report will be included in the Company's Annual Report on Form 20-F that will be published in May 2010.

Going concern

The directors are required to consider whether it is appropriate to prepare 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 2010 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;
- 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 UK regulation governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he or she ought to have taken, as a director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 139 to 143, 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 16 April 2010, the Company is aware of the following interests of 3% or more in the issued ordinary share capital:

BlackRock Inc.	5.10%
AXA S.A.	4.95%
Massachusetts Financial Services Company	4.84%
Legal & General	3.99%

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 £662.6 million (2008: £746.8 million). The directors declared a second interim dividend of 10.28p (2008: 10.28p) per share paid on 1 April 2010 to share owners on the register at 19 March 2010 which, together with the first interim ordinary dividend of 5.19p (2008: 5.19p) per share paid on 9 November 2009, makes a total of 15.47p for the year (2008: 15.47p).

Charitable donations

Our head office made charitable donations of £191,000 (2008: £201,000). Collectively, WPP companies together with the parent company made an estimated £4.1 million of charitable donations in 2009. More detailed information regarding the Group's support of charities is set out in the section dealing with corporate responsibility on pages 122 to 133.

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 169, 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, the £200 million 6.375% bonds due November 2020, £450 million 5.75% convertible bonds due May 2014 and the \$600 million 8% bonds due

September 2014, contain provisions which are triggered on a change of control of the Company. The holders of such bonds (other than the £450 million 5.75% bonds) have the right to repayment at par (except for holders of the \$600 million 8% bonds where the holders have the right to redeem the bonds at 101% of par) if the Company is non-investment grade at the time of the change of control or becomes non-investment grade within 120 days of the announcement of the change of control.

In addition the Group has a \$1.6 billion Revolving Credit Facility due August 2012 and a £400 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 138.

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 and marketing 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 2009, share owners passed resolutions authorising the Company, in accordance with its Articles of Association, to allot shares up to a maximum nominal amount of £45,985,690 of which £6,276,908 could be allotted for cash free of statutory pre-emption rights. In the year under review no shares were issued for cash free from pre-emption rights. Details of share capital movements are given in note 26 on pages 171 to 175.



Authority for purchase of own shares

At the Annual General Meeting in 2009 share owners passed a special resolution authorising the Company, in accordance with its Articles of Association, to purchase up to 125,294,634 of its own shares in the market. In the year under review, 2,435,288 ordinary shares of 10 pence each were purchased to be held as treasury shares at an average price of £3.92 per share.

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 45 (2008: 46).

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
16 April 2010

* 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

CR and our business strategy

WPP businesses are at the interface between business and the consumer. Increasingly, the trust consumers place in a brand is being determined by the responsibility demonstrated by the brand owner. Never before has corporate responsibility (CR) been so close to the heart of business.

In a year when the global economy continued to suffer the consequences of practices in the financial sector and world leaders struggled to agree a plan for avoiding the forthcoming climate crisis, issues of responsibility weigh heavily on business. We anticipate increased scrutiny by consumers of the climate impact of their purchase decisions and a desire to see companies show leadership in tackling climate change.

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 businesses.

Our companies' CR activity supports our business strategy in a number of areas. These include:

■ Generating new business opportunities

Increasingly, leading companies require a partner to help them communicate their social and environmental agenda. 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. The future generations that will eventually become our talent pool view CR issues as central to business. Creating a diverse company culture, adopting leading talent practices and demonstrating our commitment to social and environmental issues is key to our operating companies' ability 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. We also carefully evaluate the risk associated with new commissions. Our pro bono work and support for charities and community organisations reinforces our reputation for making a positive contribution to society.

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.	To be a centre of excellence for environmental and social communication.
Risk to WPP's reputation from undertaking controversial client work.	Upward referral within operating companies and to WPP ethical review meetings.	Protect WPP's reputation by taking decisions at the appropriate level.
Marketing ethics, compliance with marketing standards, and increasing transparency about our marketing practices.	Managed by our operating companies with referral to Group directors as necessary.	Comply with all laws and industry codes governing marketing material. Improve standards and measurement in marketing practices.
Privacy and data protection are priority issues for all our companies and a particular focus for our research and digital agencies. Operating companies hold data on employees, clients and consumers.	Assisting our operating companies in developing principles on privacy. Our key digital marketing and research agencies have nominated senior executives to provide leadership on privacy and to work with other agencies in the Group.	Meet best practice standards, to contribute to the debate on privacy and to increase transparency for consumers on how their data is obtained and used.
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 assists the operating companies in attracting, developing and retaining talent.	Support our companies' talent recruitment and retention through our reputation for corporate responsibility. 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 co-ordinate pro bono projects involving multiple WPP companies or cross-Group collaborations.	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.	Cross-functional Group-wide Energy Action Teams and a network of agency Climate Champions help implement our climate change strategy.	Reduce absolute CO ₂ emissions by 40% by 2020 (from 2006 level). Reduce per head carbon intensity to 1.2 tonnes by 2020 (from 2.6 tonnes in 2009).



■ 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 2009 this included requests for information from, or meetings with, the following organisations:

- Bloomberg
- Carbon Disclosure Project
- Dow Jones Sustainability Index
- Ethical Investment Research Service (EIRIS)
- FTSE4Good
- Goldman Sachs
- Innovest
- Jupiter Asset Management
- KLD
- LCF Rothschild
- Norges Bank Investment Management
- Trucost
- UN Principles for Responsible Investment
- Vigeo

Investors focused on human rights, ethics, CR risks associated with client work and water use. WPP is included in the FTSE4Good Index.

■ Improving efficiency

Our climate change strategy is reducing costs associated with business travel and energy use. Investment in videoconference facilities enables an increasing number of meetings to be held without the cost and carbon footprint of flights.

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

CR management

Paul Richardson, WPP's Group finance director, is the Board director responsible for corporate responsibility. He chairs WPP's Corporate Responsibility Committee, established in 2003. The committee is made up of senior representatives from our companies. Its role is to advise on policy. The committee met once formally in 2009 when the main topics discussed were:

- Privacy
- Client work-related risk
- The impact of sustainability on marketing
- Employment
- Climate strategy

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 in Internal control on page 115.

WPP's Code of Business Conduct and CR Policy set out the standards we expect our companies and 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. The Code was strengthened during 2009 to incorporate key principles from the CR Policy and include guidance on avoidance of risks relating to client work. CEOs of each of our businesses complete an annual statement of compliance with the Code of Business Conduct.

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.

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 eighth Corporate Responsibility Report in June 2010. These reports provide a detailed account of our CR performance and are the benchmark for our sector. They are an attribute to our businesses during pitches. A summary of our progress is provided below.

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.

Sustainability in marketing

Consumer concerns about the environment and labour standards are creating markets for 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 better social or environmental standards. They need effective marketing to communicate the benefits to consumers. For example, our businesses have formed a multi-disciplinary sustainability team to meet Procter & Gamble's specialist needs.

In 2009 Ogilvy & Mather established Ogilvy Earth, creating a global network of sustainability marketing specialists. In our Corporate Responsibility Report, which is available online at www.wpp.com from June 2010, we profile some of our work in this emerging area.

Social marketing

These are campaigns with social or environmental objectives, usually undertaken for government or NGO clients, tackling 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 2009 will be included in our Corporate Responsibility Report, available online at www.wpp.com from June 2010.

Climate change awareness

The issue of climate change presents many communications challenges to governments, companies and NGOs. WPP aims to support these organisations in their efforts to educate and encourage consumers to adopt low-carbon lifestyles.

WPP companies Ogilvy & Mather, through Ogilvy Earth, and Hill & Knowlton provided pro bono marketing and communications support to the UN Climate Change conference in Copenhagen, in December 2009. Ogilvy Earth created the 'Hopenhagen' campaign designed to capture global public attention.

WPP's CEO Sir Martin Sorrell addressed the World Business Summit on Climate Change in Copenhagen in May 2009, on the role of marketing in tackling climate change.

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 2009 are included in our Corporate Responsibility Report, available online at www.wpp.com from June 2010.

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 Business Conduct and CR Policy set out our approach and provide guidance to our companies and our people on the standards we expect. We benchmarked

our Code of Business Conduct during 2009 and strengthened clauses on CR. 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 not undertake work which is intended or designed to mislead, including in relation to social, environmental and human rights issues.

We will consider the potential for clients or work to damage the Group's reputation prior to taking them on. This includes reputational damage due to participating in business activities that abuse human rights. WPP companies will not undertake work designed to mislead in any respect, including social, environmental and human rights issues.

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

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 operating company in the country concerned, who will decide if further referral to a WPP director is required.

Strengthening our decision-making process

We have strengthened our internal processes for assessing risks associated with client work and prepared a training module on this subject. Broad cross-company training on the revised Code of Business Conduct will be rolled out during 2010.

When required we hold review meetings for senior managers at Group level to discuss cases of concern and identify new risk areas. The internal audit program of work now incorporates a review of the considerations given by management to possible impacts on the Group's reputation prior to accepting new clients.



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 organisations. More information is available in our Corporate Responsibility Report.

Privacy

Privacy and data protection are priority issues for all our companies and we aim to meet best practice standards. Our research and digital companies contribute to the debate on privacy and aim to increase transparency for consumers on how their data is obtained and used.

Our approach

We are assisting our companies in developing a set of principles on privacy to guide their approach and provide a consistent definition of 'personal information'. Many companies have additional privacy policies and procedures, and some have developed their own technology and tools to improve transparency. Some of our companies collect and use consumer data to study attitudes and purchasing habits and to create targeted digital and direct marketing campaigns. We endeavour to comply with data protection laws and marketing codes of practice as applicable.

Our internal audit function is including privacy in its reviews of group companies. These assessments cover data security, privacy policies, procedures and compliance with regulations and best practice standards. Our key digital marketing and research agencies have nominated senior executives to provide leadership on privacy and to work with other agencies in the group.

We communicate regularly with clients on privacy issues to explain our approach and help them to keep abreast of current thinking and best practice. We also collaborate with others in our industry to improve privacy standards and ensure that information is accessible to consumers. We are members of the online Behavioural Advertising Self Regulation Coalition (BASRC) and many of our people are active participants in organizations such as the Interactive Advertising Bureau (IAB), Network Advertising Initiative (NAI) and Association of National Advertisers (ANA). In 2009 we collaborated with the Future Privacy Forum and others to enhance consumer information on privacy.

WPP as an employer

WPP employs over 138,000 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 companies. Our approach includes competitive remuneration, investment in training and development and a commitment to an inclusive workplace culture.

In 2009, like all businesses in the current economy, we monitored staff costs closely and reduced our workforce where necessary. The total number of people in the Group, excluding associates, at 31 December 2009 was 98,759 compared with 112,262 at the end of 2008, a decrease of 13,503, or 12.0%.

Diversity and inclusion

Competition for top contributors is strong and will continue to be intense in the communications services industry.

WPP companies invest a significant proportion of revenues in developing and rewarding employees. The quality of our companies' employee training, development and reward programs differentiates us from our competitors. We aim to create an inclusive work environment that attracts the most talented people from all backgrounds.

WPP's chief talent officer, Mark Linaugh, and our talent team assist our operating companies and their talent teams' efforts to attract, develop and retain our talent. Human resources policies are agreed and implemented at operating company level. A cross section of HR leaders from US businesses met in October 2009 to discuss the significance of CR in attracting new talent to their respective companies and to share best practices.

A diverse workforce adds value to our businesses. 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 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 2009, women accounted for 32% of board members/executive leaders, 46% of senior managers and 54% of total employees. There are currently three women on WPP's Board and a female Company Secretary, Group communications director and Group chief counsel.

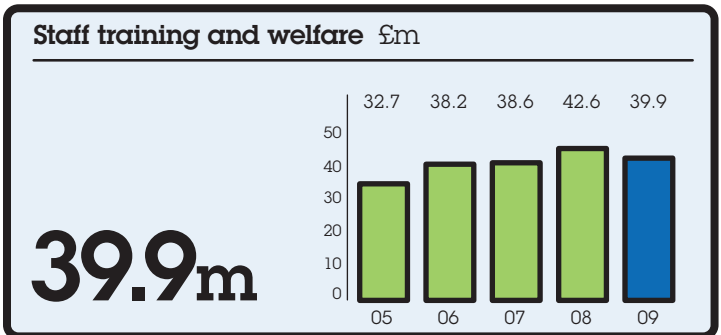


All of our major companies in the US have internal programs to promote diversity and inclusion in their workforce. These include:

- **Partnerships:** our operating companies work with diversity organisations and participate in initiatives to encourage diversity. These include Diversity Best Practices; The Leadership, Education and Development Program in Business; The National Black Public Relations Society; City College of New York and the American Association of Advertising Agencies' (AAAA) Operation Success.
- **Internships:** several operating companies participate in the AAAA's Multicultural Advertising Internship Program (MAIP) (NY City Capital Internship Program) 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 and inclusion.

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. Our companies 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.



Training and professional development opportunities are provided at both the parent and operating company levels, which together reach several thousand people in the Group. These cover all aspects of company business and creative skills. In 2009, WPP companies invested £39.9 million in training and wellbeing.

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 advisers to their clients, colleagues and teams; and how to orchestrate the many talents our organisation possesses, so that our clients are best served. Since the program's inception in 2003, it has been held in 16 countries, has reached more than 1,600 participants and involved 77 different WPP operating companies.

WPP has 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 creating client value, strategy, marketing, people and organisational development, commercial acumen and working across cultures.



Remuneration and share ownership

Competitive remuneration packages help our companies 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 84,500 of our people.

Communication

With over 138,000 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 and eBook, *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.
- 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

We recognise that our companies' 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, the Group chief executive and chairman in the case of Board members and the approval of the Nomination Committee in the case of the chairman or Group chief executive. Any fees receivable out of such appointments may be retained by the individuals concerned.

Environment

Reducing our impact on the environment is a priority. We are focusing on reducing our carbon footprint – mainly from office energy consumption and business flights – and are starting to co-ordinate plans for waste reduction and water management in regions of water scarcity.

Carbon footprint

WPP's carbon footprint in 2009 was 252,111 tonnes of CO₂, (rating renewable energy as zero emissions), an increase of 4% over 2008.

For the first time in 2009 we included data for TNS, a major acquisition at the end of 2008, in our carbon footprint. When adjusted for acquisitions and disposals, the change from 2008 represents a 3% reduction.

When calculated with renewable energy rated as normal grid electricity, as required in the UK, our total carbon footprint in 2009 was 279,184 tonnes of CO₂.

The main contributors to our carbon footprint are office energy use (57%) and business air travel (30%).

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.

WPP's carbon footprint (rating renewable energy as zero emissions)

	CO ₂ emissions (tonnes)			
	2006	2007	2008	2009
Office energy use	144,354	124,335	121,572	143,154
Air travel	81,733	92,269	89,500	76,073
Other (includes unmeasured impacts, e.g. couriers and taxis)	33,913	32,491	31,661	32,884
Total	260,000	249,095	242,733	252,111

WPP's carbon footprint (renewable energy rated as normal grid electricity)

	CO ₂ emissions (tonnes)			
	2006	2007	2008	2009
Total	260,000	254,888	265,760	279,184

WPP's office energy use (megawatt hours)

	2006	2007	2008	2009
Energy use	297,406	272,545	284,930	340,647

Data from 2007 and 2008 has been revised upwards as a result of improvements to our data collection system and analysis.

Carbon footprint targets

Our current target is to cut absolute carbon emissions by 20% by the end of 2010 from a 2006 baseline. We adjust the baseline to account for acquisitions and disposals. We do not adjust the baseline for organic growth. The carbon footprint we use for our target includes renewable energy rated at zero emissions.

At the end of 2009, we had achieved an 10% reduction over our 2006 baseline, adjusted for acquisitions (281,471 tonnes CO₂).

From 2010 we will extend our carbon footprint target to a 40% reduction by 2020. This is informed by the advice of the Intergovernmental Panel on Climate Change that developed countries must cut their CO₂ emissions by 40% by 2020.

We are also introducing a secondary measure of carbon footprint per head. In 2009 the carbon footprint per head was 2.6 tonnes. We aim to cut this to 1.2 tonnes by 2020. We have set interim targets for 2012 and 2015 for our carbon footprint and carbon intensity, to help us track progress.

Carbon footprint targets

	CO ₂ emissions (tonnes)			
	2010	2012	2015	2020
Absolute CO ₂ reduction from a 2006 baseline	20%	25%	30%	40%
Carbon intensity (per head CO ₂ emissions)	2 tonnes	1.8 tonnes	1.6 tonnes	1.2 tonnes

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 around 15% of the total energy we purchase is from renewable sources. The table below shows the main countries in which we source green electricity and the percentage purchased. When rated at zero emissions, our renewable electricity purchases reduce our total carbon footprint by 27,073 tonnes of CO₂.

Green electricity contracts are usually for a fixed period and may not be available at competitive prices in future.

Green electricity sources

Country	% renewable
Brazil	21%
Israel	55%
Italy	33%
Norway	27%
Peru	21%
Portugal	25%
Thailand	39%
UK	57%



Carbon offset

In 2009, we offset 130,000 tonnes of CO₂ through support for renewable energy projects. All carbon offset projects supported by WPP are renewable energy projects arranged by the CarbonNeutral Company. We currently fund seven projects, including wind farm and hydroelectric projects in China and wind and solar generation in India. We do not support forestry offset.

From 2010, we will offset only the equivalent of our emissions from flights, concentrating our investment in making energy efficiency savings in buildings and IT. Our operating companies will continue to meet the cost of offset.

Office energy efficiency

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.

In 2009, we continued to implement our global metering project to bring energy savings by cutting waste. We are investing £600,000 to install meters in our top 100 'strategic locations' that are both large and have long leases. These represent about 40% of our total floorspace. By the end of 2009 we had installed meters at 55 sites.

We have identified preferred suppliers in all regions, which our operating companies can use to buy and install low-energy light fittings. We began 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 sustainable 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, major new locations for Grey and Ogilvy & Mather Worldwide in New York are LEED certified. A new purpose-built facility for nine of our companies in Singapore has been designed to the Green Mark Scheme Gold Standard, 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. Through our server virtualisation program and the use of new energy-efficient blade-based server technology we aim to achieve up to 40% reduction in power consumption for key IT applications. We successfully piloted this approach in 2009 with the Group financial reporting IT systems and are adopting the approach as standard for future server installations and upgrades.

Following pilot projects at three London companies we agreed a program of printer rationalisation for major locations in key markets that we expect to reduce paper, toner and energy consumption by 20% to 30%.

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 investing to set up facilities in key cities around the world.

By the end of 2009, we had installed 65 high-definition videoconferencing units around the world, including 40 shared units which can be used by any WPP company. In 2010 we will install another 35 shared units, bringing the total to 75 shared sites.

Videoconferencing rooms can be booked by any WPP company via the WPP intranet. We are also experimenting with one-to-one videoconferencing technology for senior executives and operating companies.

Waste and recycling

In 2009 we developed a strategy to reduce waste and increase reuse and recycling at our top 100 strategic locations (representing 40% of our property portfolio by floor space). The strategy will be launched in 2010 and we will track reuse and recycling rates at participating sites quarterly. Key commitments include:

- Paper
 - Use post-consumer recycled office paper.
 - Set printers to double-sided as default.
- Electronic waste (e.g. IT and mobile phones)
 - Establish electronic equipment recycling contracts.
 - Encourage local arrangements for computer re-use.
- Office consumables (e.g. paper, card, cans, plastic bottles, toner cartridges)
 - Establish recycling contracts at all locations for standard office consumable items.
- Kitchen waste
 - Phase out disposable crockery and drinking cups.

Water use

As an office-based company, WPP is not a major water user. However, we recognise the importance of water conservation, particularly in water-stressed areas. We have endorsed the UN CEO Water Mandate, an initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices.

In 2009 we launched a water conservation strategy that targets our largest locations in water-stressed regions. This will ensure that our investment in water management produces the most environmental benefit. At these locations we will:

- Measure and report water consumption in 2009/10.
- Establish programs for water conservation in 2010/11.

Supply chain

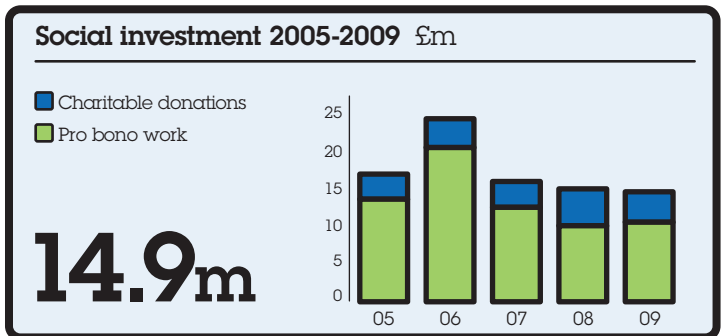
WPP spends around £1.9 billion (\$3 billion) with suppliers each year. We want to do business with suppliers that meet high standards on environment and employment practices. We are committed to managing CR risks in our supply chain, both for ourselves and for our clients.

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 2009, the total value of our social investment was £14.9 million compared with £14.6 million in 2008. This is equivalent to 2.2% of reported profit before tax and includes direct cash donations to charities of £4.1 million and £10.8 million worth of pro bono work. These figures are based on fees the organisations would have paid for our work. In addition, WPP media agencies negotiated free media space worth £27.3 million on behalf of pro bono clients.

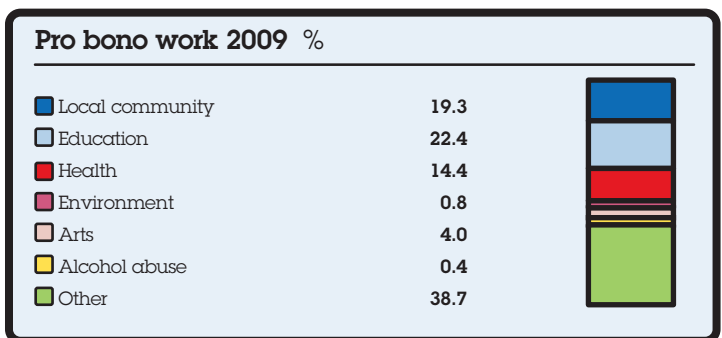


Pro bono work

Our companies have a long tradition of pro bono work – providing communications 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.





WPP the parent company

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

- 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 Natural History Museum
- The Paley Center for Media
- University of Oxford

WPP is also a member of:

- Business in the Community (an organisation that promotes responsible business practice)
- Employers Forum on Disability
- 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. ■

