

Policy on the appointment of the Company's external auditor for the provision of non-audit services

Introduction and objectives

The Audit Committee has determined that, for reasons of maintaining the independence and objectivity of the Company’s external auditor, this policy shall be followed when considering whether it is appropriate for the external auditor to be appointed by the Company to undertake work outside the scope of their annual audit.

The Company’s general policy is that Taylor Wimpey plc’s independent external auditor and its affiliates (collectively referred to as the “Auditor”) should not be used for non-audit work. However, it is recognised that there are sound commercial reasons why there should be exceptions to this general policy.

This Policy provides guidelines dealing with non-audit services that may, subject to meeting certain criteria or receiving appropriate approval, be provided by the Auditor. It should be noted that these guidelines also apply to any other accounting firm which expresses an opinion or attestation report on the financial statements of Taylor Wimpey plc (“Taylor Wimpey”) or any of its subsidiaries (“the Group”).

Purpose

The purpose of this policy is to ensure that the Group complies with applicable guidelines and best practice for maintaining auditor independence.

General principles

In order not to impair the independence of the auditor, the Auditor must not be engaged to perform any of the following services whereby it:

- Functions in the role of management of Taylor Wimpey or any of its subsidiaries;
- Is in the position of auditing its own work;
- Serves in an advocacy role for Taylor Wimpey or any of its subsidiaries,
- Has an interest (financial or otherwise) in the outcome of the work (see also “6. Contingent Fee Arrangements” below).

Services that the Auditor may be invited to perform

Appendix 1 to this policy sets out the services which the Auditor may be invited to perform, subject to the prior approval of the Audit Committee in the following circumstances:

- Where the value or extent of the proposed services will be significant;
- Where the value or extent of the proposed services requires prior competitive tendering, or
- Where the Auditor would be required to use additional or alternative, non-audit staff to ensure that auditor impartiality is maintained.

Non-audit services that must not be performed by the Auditor

For the Auditor to remain independent, the Group will not engage the Auditor for any of the following non-audit services:

- Bookkeeping or other services related to the accounting records or financial statements;
- Internal audit outsourcing services;
- The provision of advice on large Information Technology systems;
- Services connected with valuation, litigation support, legal, recruitment, remuneration, corporate finance, tax or transaction-related (such as due diligence) unless the Audit Committee is satisfied beforehand that the use of additional or alternative, non-audit staff is sufficient to ensure that auditor impartiality is maintained.

Contingent fee arrangements

The Auditor may not be engaged for any service that involves a contingent fee other than contingent fees fixed by courts or other public authorities or, in tax matters, if determined

based on the results of judicial proceedings or the findings of Government Agencies. Such contingent fees usually relate to tax projects performed on tax returns already filed where the results of the tax service are reviewed and approved by the taxing authority prior to the issuance of the refund.

The Auditor may not be engaged in circumstances where the fee, for the proposed services, either alone or in aggregate with fees to date for other non-audit services, is or will be substantial in relation to the audit fee.

Personal use of the Auditor

The use of the Auditor by Directors or Group executives for personal reasons must be notified to, and approved by, the Audit Committee Chairman in advance of any such usage.

Audit Committee approval

It is the Audit Committee’s responsibility for considering and, if appropriate, approving all non-audit services provided by the Auditor.

Appendix 1 provides a description of the types of permitted service which the Auditor may be requested to perform for the Group. Where the proposed services fall within the scope of Appendix 1, they may proceed subject to the restrictions set out in “4” above.

In addition, where such services have an initial or forecast fee value in excess of £100,000, the assignment must be reviewed and authorised by the Audit Committee Chairman and the Finance Director.

Any services not included on this list which nonetheless comply with relevant auditor independence rules will need to be pre-approved individually by the Audit Committee or its chairperson or delegate.

In addition, in order to manage the Group’s relationships with the Auditor, the provision of all non-audit services (including those listed in Appendix 1) must be notified to and approved by the Group Financial Controller.

Prior to the commencement of each financial year, the Group’s Finance Director shall submit to the Audit Committee, for their consideration and approval, an updated schedule of the types of services that may be performed by the Auditor for the Group during the next financial year in the form set out at Appendix 1, together with details of such safeguards as may have been agreed with the Auditor in order to ensure that auditor independence is maintained.

Tendering process

In all circumstances set out in this Policy where a competitive tendering process for the provision of non-audit services is required, such process may, in appropriate circumstances set out in this Policy, include a tender from the Auditor.

Review process

The Audit Committee or the Chairman of the Audit Committee will obtain and assess confirmations from the Company from time to time sufficient to ensure that in circumstances where it has been agreed that the auditors may be appointed for the provision of non-audit services pursuant to this policy, that the independence and objectivity of the Auditor is not jeopardised thereby.

Appendix 1 - Services that the Auditor may be invited to perform

This Appendix sets out examples of the type of services, and a corresponding description of each type, which the Auditor may be invited to perform, subject to the prior approval of the Audit Committee in the circumstances set out in section 4 of the Policy.

Type of Service	Description
Audit services	
Financial statement audit and interim reviews	Recurring audit or review of consolidated and non- consolidated financial statements including statutory audits and interim reviews, tax services and accounting consultations required to perform an audit or review in accordance with Generally Accepted Auditing Standards.
Stock Exchange transactions	Services associated with Stock Exchange transactions including the services provided by reporting accountants, working capital reports, profit forecast reports, long form reports and the provision of comfort letters.
Other regulatory financial filings	Attestation services in connection with bank covenants, regulatory reviews, other regulatory certificates, registration statements, periodic reports or documents filed with regulatory authorities.
Audit-related services	
Due diligence	Assistance in financial due diligence pertaining to potential business acquisition/disposals, including review of financial statements, financial data and records, discussion with target’s management personnel and closing balance sheet audits relating to disposals, but specifically excluding strategic or market due diligence.
Consultation regarding applicable GAAP	Includes discussions, review and testing of impact of new pronouncements or business transactions.
Tax services	
UK Corporate tax compliance	Preparation and/or review of Corporate tax returns for the UK companies. Consultation regarding appropriate treatment of items for tax returns, required disclosures, elections, and filing positions available to the companies. Assistance with Inland Revenue investigations.
Other UK Tax compliance	Review of any other UK tax returns including VAT, customs duty, other indirect taxes, income tax, stamp duty, SDLT and employer returns. Assistance with related revenue authority enquiries.

Type of Service	Description
Tax services (Cont.)	
US federal and state tax compliance	Preparation and/or review of tax returns, including sales and use tax, excise tax, income tax and property tax. Consultation regarding applicable handling of items for tax returns, required disclosures, elections and filing positions available to the Group.
Other International (non-UK) tax compliance	Preparation and/or review of returns for corporate tax, income tax, other local tax and VAT for other overseas subsidiaries. Consultation regarding appropriate treatment of items for tax returns, required disclosures, elections, and filing positions available to the companies. Assistance with Revenue authority investigations.
UK Corporate tax advice	Responding to requests from the Company regarding tax technical queries, assisting the Company with tax planning and advising on tax accounting issues. Tax advice on mergers, acquisitions, and restructurings. (Provided none of the above will include advising on, or establishing, accounts structures which might affect the independence of the audit of the same.)
International (non-UK) tax advice	Responding to requests for advice on various matters regarding foreign taxes including foreign tax credit, foreign income tax, tax accounting, customs duty, VAT and equivalent taxes in overseas jurisdictions. Tax advice on overseas restructurings, mergers, and acquisitions. (Provided none of the above will include advising on, or establishing, accounts structures which might affect the independence of the audit of the same.)
Transfer pricing	Advice and assistance with respect to transfer pricing matters, including preparation of reports etc. used by the group to comply with the documentation requirements of the Revenue authorities regarding royalties and inter- Company pricing. Assistance with tax clearances on cross border transactions.

Type of Service	Description
Other services	
Regulatory advice	Provide regulatory advice and insight in connection with regulatory reviews, industry restructuring and price controls.
Forensic investigations	Conducting internal investigations and fact finding in connection with alleged improprieties including fraud, control breakdown or accounting impropriety.
Review of actuarial reports and calculations	Review actuarial reports and calculations to assist management in understanding the various processes surrounding the actuarial valuations and the potential impact of plan changes (excludes work performed in connection with the recurring audit).
Training services	Provision of courses and preparation of course material.
Agreed upon procedures	Conduct procedures of an audit nature to which the Auditor, the Group and any third party have agreed to and to report on factual findings. This may include reporting on individual items of financial data; compliance with agreements; profit forecasts.