Taylor Wimpey plc Remuneration Policy

First approved by shareholders: 2014 Annual General Meeting held on 17 April 2014
Latest approval by shareholders: 2017 Annual General Meeting held on 27 April 2017
Next three-yearly vote due: 2020 Annual General Meeting (unless the Company seeks to vary the Policy at an earlier date)

Introduction
The UK Government's Department of Business Innovation and Skills introduced, with effect from 2013 reporting year, a requirement for each UK company to:

- State its policy on remuneration;
- Invite shareholders to vote on the policy at its introduction; whenever varied; and at least every three years;
- Treat the vote as binding unless and until a subsequent policy was approved by shareholders;
- Only vary the policy by way of a further vote by shareholders;
- Publish the current policy, either by inclusion in full in each year's Annual Report and Accounts or on its website.

The Company's policy was first approved by shareholders at its 2014 Annual General Meeting on 17 April 2014, where the vote in favour, including all valid proxy votes and with all those allowing discretion being voted in favour, was over 98% (58% of the Company's ordinary shares were voted at that meeting).

The Policy was re-approved by shareholders in the amended form which follows, at its 2017 Annual General Meeting on 27 April 2017, where the vote in favour, including all valid proxy votes and with all those allowing discretion being voted in favour, was again over 98% (61% of the Company's ordinary shares were voted at that meeting).

The Company's current Remuneration Policy, as approved by shareholders, is as follows:

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward executives of a suitable calibre for the role and duties required.	Salaries are normally reviewed annually to ensure that salaries remain competitive with external market practices and are competitive when measured against FTSE peers (other non-financial companies of a similar size in terms of market capitalisation and other large UK housebuilders).There is no automatic entitlement to an increase each year. Takes into account the following: the performance, role and responsibility of each individual Director; the economic climate, general market conditions and the performance of the Company; the level of pay awards across the rest of the business; and salary levels in comparably-sized companies and other major housebuilders.	The maximum annual salary increase will not normally exceed the average increase which applies across the wider workforce. However, larger increases may be awarded in certain circumstances including but not limited to: increase in scope or responsibilities of the role; to apply salary progression for a newly/recently appointed Director; and where the Director's salary has fallen significantly below the market positioning.	Company and individual performance are factors considered when reviewing salaries.

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Chairman and Non Executive Director fees	The Chairman's and Non Executive Directors' fees should be in line with recognised best practice and be sufficient to attract and retain high calibre non executives.	Fees consist of a single consolidated fee for the Chairman plus the payment of a cash amount to cover his office expenses[1], an annual fee for the other Non Executives and additional fees for the Chairman of the Audit Committee and the Remuneration Committee. An additional fee is also paid to the Senior Independent Director in recognition of the responsibilities of that role. Set by reference to the responsibilities undertaken by the non executive, taking into account that each Non Executive Director is expected to be a member of the Nomination Committee and/or the Audit Committee and/or Remuneration Committee. Reviewed periodically but generally annually and at least every other year. Takes into account levels in comparably-sized companies and other major housebuilders. Fees are paid monthly in cash. Non Executive Directors do not participate in any incentive, share scheme, benefits-in-kind or pension arrangements. The Chairman is entitled to participate in the Company's private medical insurance scheme. Any reasonable business-related expenses (including tax thereon) which are determined to be a taxable benefit, can be reimbursed.	Aggregate annual limit of £1 million imposed by the Articles of Association.	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Other benefits, including benefits-in-kind	Provides a competitive package of benefits to assist with recruitment and retention of staff.	The main benefits offered include: company-provided car or a cash allowance in lieu; provision of a fuel card; life assurance; private medical insurance; and a 5% discount on the price of a new or part exchange home acquired from the Group in the UK or Spain. Benefits-in-kind are not pensionable.	Life assurance of up to four times basic salary and a pension of up to two-thirds of the member's entitlement for a spouse on death in service, or in retirement, are provided, together with a children's allowance of up to 100% of the dependant's pension for three or more eligible children. The cost of these benefits is not predetermined. The value of a company-provided car or a cash allowance in lieu is of a level appropriate to the individual's role and is subject to review from time to time. The fuel card covers the cost of all fuel, for both business and personal use. For home purchases, the price discount is calculated at the plot release price less the average discount to third party buyers for that house type on that development, less a further 5% employee discount. No more than one home per annum can be acquired at a discount under the scheme; a 20% discount on the purchase of a new home as the main residence can only be acquired on one occasion during an employee's service; and the 20% discount is 'capped' at £50,000 on higher value properties.	N/A

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Annual Bonus Scheme Scheme incentive arrange-ment (STIA)	Rewards the achievement of stretching objectives that support the Company's annual and strategic goals. Compulsory deferral in shares (with no matching) is designed to further align the interests of Directors with shareholders.	Bonus awards are determined by the Committee after the year end, based on annual performance against targets set at the beginning of each year. One-third of any bonus payable is deferred into shares for three years and held in trust. No further performance conditions apply. Dividends or other distributions will accrue in favour of participants during the three year deferral period and will be received with any shares that vest after the applicable deferral period. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts and also for other defined reasons. The period of the clawback is three years from the date of payment. No element of the Annual Bonus Scheme is pensionable.	The maximum Annual Bonus Scheme opportunity for Executive Directors is set at 150% of base salary. Target is set at 75% of salary and threshold at 0%.	The Annual Bonus Scheme measures are based on a scorecard of designated key annual financial, operational and environmental measures and the measures for 2017 are described in the Annual Report on Remuneration. The Committee may vary the metrics and weightings from year to year according to strategy and the market, however financial measures will normally have the most significant weighting.

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Long Term Incentive Plan (Existing Plan)	Annual grants of share-based long term incentives assist with retention and the incentivisation and motivation of senior executives to achieve returns for shareholders through the inclusion of relative Total Shareholder Return (TSR) as a measure, driving further UK operating margin progression and improving return on net operating assets through the cycle. The use of shares and a post-vesting shareholding period helps align the interests of senior executives with those of the Company's shareholders.	Executive Directors and other designated senior executives can receive annual awards of performance shares. Awards of performance shares provide alignment with shareholders as they deliver (subject to meeting performance conditions) the full value of the shares, which can increase and decrease over the three year performance period. Dividends or other distributions will accrue for Directors during the performance and holding periods and will be received with any shares that vest in favour of participants after the applicable performance period. Performance measures are currently measured over three financial years. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts and also for other defined reasons. The period of the clawback is three years from the date of payment.	The maximum award (currently in performance shares) is normally over shares with a face value of 200% of base salary. In exceptional circumstances this can be increased up to 300%.	The targets and weightings for 2017 are described in the Annual Report on Remuneration. The Committee may vary the measures that are included in the plan and the weightings between the measures from year to year. Any changes to the metrics would be subject to prior consultation with the Company's major shareholders. Awards vest 20% for threshold performance and 100% for maximum performance with straight line vesting in between.

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Pension	The Company aims to provide competitive retirement benefits that represent an appropriate level of cost and risk for the Group's shareholders [note 3].	Pension benefits for Executive Directors are provided through one or more of the following arrangements: Personal Choice Plan [note 4]; Taylor Wimpey Pension Scheme [note 5]; or as cash allowances.	Pete Redfern: cash allowances of 20% of salary up to a scheme specific cap and 25% of salary above the cap. James Jordan: cash allowances of 20% of salary up to a scheme specific cap and 28% of salary above the cap. Ryan Mangold: 20% of salary, split between a cash allowance and Company pension contribution [note 7]. Company contributions to any pension scheme in respect of the recruitment of a new Executive Director will not exceed 20% of base salary per annum, which is the company contribution rate for senior management. A Salary Exchange Arrangement is available, allowing the sacrifice of a portion of salary, to be paid into a pension scheme as a Company contribution.	N/A
All-employee share schemes	All employees including Executive Directors are encouraged to become shareholders through the operation of all-employee share plans such as the HMRC tax-advantaged Sharesave plan and a Share Incentive Plan (SIP).	The Sharesave plan and SIP have standard terms under which all UK employees with at least three months' service can participate.	Sharesave: Employees can elect for a savings contract of either three or five years, with a maximum monthly saving set by legislation or by HMRC. Options can be exercised during the six months following the end of the contract. SIP: Employees can elect to contribute an amount per month or per tax year by one or more lump sums. The maximum saving or contribution level is set by legislation or Government from time to time and the Committee reserves the right to increase contribution levels to reflect any approved Government legislative changes.	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Share-holding guidelines	Encourages greater levels of shareholding and aligns employees' interests with those of shareholders.	Executive Directors and senior executives are expected to achieve and maintain a holding of the Company's shares at least equal to a significant proportion of their respective salary.	Executive Directors: 200% of salary (100% within five years of appointment and balance by agreement with the Chairman) [note 2].	N/A

1. The Company makes a contribution to the Chairman's office-related and other expenses.
2. Until the 200% target is achieved, an Executive Director will be required to retain in shares at least 50% of the net of taxes gain arising from any shares vesting or acquired pursuant to the performance share plan or other share based Long Term Incentive Plan.
3. Taylor Wimpey Pension Schemes – The Group has two principal UK pension schemes: Taylor Wimpey Personal Choice Plan and Taylor Wimpey Pension Scheme (TWPS). The latter was created on 7 March 2013 and all members of the George Wimpey Staff Pension Scheme and the Taylor Woodrow Group Pension & Life Assurance Fund, the two legacy defined benefit schemes, were transferred into the TWPS on 1 October 2013. Two Directors are members of the TWPS, which is closed to future accrual.
4. Taylor Wimpey Personal Choice Plan (PCP) – The PCP was introduced on 1 April 2002. It is a defined contribution stakeholder pension scheme, which all new eligible UK employees are invited to join. All active members of the two legacy defined benefit arrangements were invited to join the PCP when those arrangements closed to future accrual.
5. TWPS – Pete Redfern and James Jordan are members of the Executive section of the TWPS. They have a Normal Retirement Age under the TWPS of 62.