

A photograph of two women walking a small dog on a leash along a paved path in a grassy park area. In the background, there are several houses with gabled roofs and trees. The scene is bright and sunny.

Directors' report: **governance**

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Board of Directors

A leadership team **committed to delivering** strong performance underpinned by **good governance**

Chair



Kevin Beeston
Chair

Joined July 2010

Skills & experience

Kevin has significant experience of chairing boards and of being a non executive director of both public and private companies. He also brings a wealth of commercial, financial and high level management experience, including being a former CEO of a FTSE 100 company.

Kevin was formerly Chair of Equiniti Group plc; Serco Group plc and Domestic and General Limited; and was previously a non executive director of IMI plc.

External appointments

Kevin is a non executive director of Severn Trent plc, Marston Corporate Limited, Elysium Limited and The Football Association Premier League Limited.

Executive Directors



Pete Redfern
Chief Executive

Joined July 2007

Skills & experience

Pete was previously Group Chief Executive of George Wimpey Plc and before that, successively held the posts of Finance Director and Chief Executive of George Wimpey's UK housing operations.

Pete has full day to day operational responsibility for delivering the Company's strategy in a profitable, safe and environmentally responsible manner. He has significant financial, operational and management experience, gained from his various roles in industry and from his time at KPMG.

External appointments

Pete is a non executive director of Travis Perkins plc, where he is also Chair of the Stay Safe Committee and a member of the Remuneration Committee. Pete is also Chair of the Youth Adventure Trust and a Trustee of the homelessness charity, Crisis.



Chris Carney
Group Finance Director

Joined 20 April 2018

Skills & experience

Chris is a Chartered Accountant and has worked in both private practice and for Associated British Foods plc before joining Taylor Wimpey in 2006. Since joining the Group, he has successively held the roles of Group Financial Controller; Finance Director of Taylor Wimpey UK (the Group's main operating company); Managing Director of the Company's South Thames business unit; and was appointed Divisional Chair for the London and South East Division in 2015, where he oversaw significant progress in the operational and financial performance.

Having gained significant operational and delivery experience, Chris was appointed as Group Finance Director on 20 April 2018. He has operational responsibility for managing the Company's finances and also oversees the commercial, information technology and pension functions.



James Jordan
Group Legal Director and
Company Secretary

Joined July 2011

Skills & experience

James, a solicitor, was previously Group Company Secretary and General Counsel of George Wimpey Plc until July 2007, when he was appointed to the same position with Taylor Wimpey plc. Before joining the Group, James held senior legal and company secretary roles in industry which included positions with The Rugby Group Plc and English China Clays Plc.

James oversees compliance with legal and regulatory obligations and also manages the Company's Legal and Secretariat Departments. He has significant legal, commercial, transactional and regulatory/corporate governance related experience.

External appointments

James is a Trustee of The Tennis Foundation charity where he also chairs their Audit and Remuneration Committees.



Jennie Daly
Group Operations
Director

Joined 20 April 2018

Skills & experience

Jennie has a wealth of experience in the housebuilding industry gained from roles which included strategic land oversight at Westbury plc and managing director of Harrow Estates Plc. She joined the Company in 2014 from Redrow plc, as UK Planning Director, before becoming UK Land Director in 2015.

Jennie chairs the Group Operation Team and in her role, oversees our land, planning, design and technical, production and supply chain functions, in addition to managing the Taylor Wimpey Logistics business.

External appointments

Jennie is a non executive director of the Peabody Trust.

Find out more

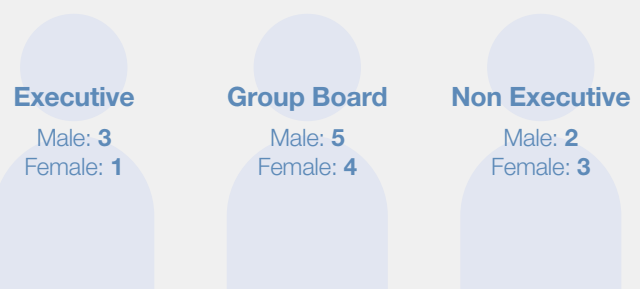
i **Read more on our Governance and Board Structure**
Pages 60-81

i **Read more on our Board Activities**
Pages 68-71

i **Read more on our Board Framework**
Page 67

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Chairship of the Committee

Board gender diversity



Independent Non Executive Directors



Kate Barker DBE
Independent
Non Executive Director

Joined April 2011

Skills & experience

Kate is a business economist. She was a member of the Bank of England's Monetary Policy Committee from 2001 until May 2010. During this period, Kate led two major policy reviews for the Government, on housing supply and on land use planning.

Kate is the Company's Senior Independent Director.

External appointments

Kate is a Trustee Director and Chair of the British Coal Staff Superannuation Scheme and a non executive director of Man Group plc. Her other roles include being a member of the National Infrastructure Commission, a member of the Industrial Strategy Council and an external member of Oxford University's Council.



Gwyn Burr
Independent
Non Executive Director

Joined 1 February 2018

Skills & experience

Gwyn has over 25 years' executive experience, principally in marketing, HR and customer service in the retail sector, which included the roles of Customer Director and Customer Service and Colleague Director at J Sainsbury plc.

Previously, Gwyn held non executive positions with the Principality Building Society Limited, Wembley National Stadium Limited and the Financial Ombudsman Service.

External appointments

Gwyn is the Senior Independent Director of Hammerson plc and her other non executive directorships include Just Eat plc, Metro AG (a German listed company) and Sainsbury's Bank plc (a non listed company).



Angela Knight CBE
Independent
Non Executive Director

Joined November 2016

Skills & experience

Angela brings to the Board a wealth of experience gained at a senior level in both the public and private sectors.

Previously, Angela was a Member of Parliament from 1992 to 1997, including two years as the Economic Secretary at HM Treasury, and Chair of the Office of Tax Simplification in HM Treasury until the end of February 2019.

External appointments

Angela is senior independent director of TPICAP Plc; and a non executive director of Arbutnot Latham & Co and Provident Financial plc.



Humphrey Singer
Independent
Non Executive Director

Joined December 2015

Skills & experience

Humphrey has a wealth of financial experience and expertise in the areas of both digital solutions and customer services.

Previously he was Group Finance Director of Dixons Carphone plc; Group Finance Director of Dixons Retail plc; and earlier held senior finance-related roles within Dixons and Coca Cola Enterprises.

External appointments

Humphrey is Chief Finance Officer of Marks and Spencer Group plc.

Non Executive Director tenure



Non Executive Director – areas of experience





Kevin Beeston, Chair

Governance highlights for 2018

- Fully met all of the requirements of the UK Corporate Governance Code applying to the Company for 2018 and a substantial proportion of the July 2018 update of the Code which applies to the Company from 1 January 2019. Please see page 66.
- Fully met all of the requirements set out in the Financial Reporting Council's Guidance on Risk, Internal Control and Related Financial and Business Reporting. Please see page 66.
- Made good progress towards achieving our strategy for improving diversity and inclusivity at all levels throughout the Group's businesses. Please see pages 94-95.
- Conducted a comprehensive internally-facilitated Board Evaluation exercise. Please see pages 80-81.
- Further developed and enhanced the Company's succession and contingency planning processes across the Group. Please see page 91.
- Took action to increase female representation in senior roles highlighted in our Gender Pay Gap Report which appeared on our website during 2018. Please see page 88.
- Further deepened processes and procedures across the business and its supply chain in compliance with the Modern Slavery Act 2015 and prepared our third annual statement which appears on our website. Please see page 122.
- Published the Company's first statutory report of payment terms during 2018. Please see page 76.

Good governance is at the heart of what we do

Dear Shareholder

In my capacity as Chair of the Board, I am very pleased to again have this opportunity to make a personal statement on the Company's approach to corporate governance.

Firstly, I would like to emphasise again that the Board continues to take corporate governance very seriously and has been able to demonstrate this over many years with full compliance with the UK Corporate Governance Code (the Code). The requirements of the Code, highlighting the changes introduced by the July 2018 update of the Code, are summarised on page 66, where we have included a signpost directing you to the relevant page setting out in detail how the Company has complied with the various provisions of the Code. Where possible, the Company has consistently sought to comply with planned improvements and revisions to the Code, and with wider governance initiatives, often in advance of their formal application to our reporting years. This proactive approach is demonstrated by the establishment during 2017 of our National Employee Forum, ahead of the Government's employee voice initiative and which formed part of the 2018 version of the

Code which applies to companies with effect from 1 January 2019. The Board recognises the importance of considering the Company's responsibilities and duties to both its shareholders and its broader stakeholder group and this has been part of our culture and decision making process for many years. The Directors' duties under s.172 of the Companies Act 2006 help to underpin the good governance which is at the heart of what we do. Details of how the Board takes account of shareholder and wider stakeholder interests in its strategic planning and decision making processes are set out on page 69 and 76-79.

We receive regular briefings and updates on corporate governance at our Board and Committee meetings and this report on corporate governance aims to set out and explain in clear terms the governance-related processes and procedures that are in place at Taylor Wimpey and which we believe are essential for the delivery of the long term success of the Company. It is these processes that ensure we comply with all applicable laws and regulations as well as, of course, meeting the requirements of our relevant stakeholders, including shareholders and their representative

bodies with whom we are always very pleased to engage. We very much appreciate their constructive and helpful approach and feedback.

Culture, values and ethics

The Board strongly believes that good governance should be focused not only on how the Board itself operates effectively but also, and very importantly, on the culture within which all of our businesses and employees operate and conduct themselves on a day to day basis. The culture, values and ethics set out in the Chief Executive's Letter on page 5 are set by the Board and then led in our operations by the Chief Executive and the rest of our Executive and senior management teams. The principles of good governance are embedded throughout Taylor Wimpey and, by way of example, manifest themselves in a number of different ways, including the following:

- An absolute and non-negotiable requirement to ensure the health and safety of our employees, customers, subcontractors, suppliers and visitors to our offices and developments. Please see pages 32-33.

- The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business. Please see page 75.
- The provision of mandatory training to all of our businesses on key legislation and regulations relating to our areas of operation.
- Our Group-wide Operating Framework control document setting out delegated authority limits.
- A system of controls and checks underpinned by a rigorous Internal Audit Department and in turn overseen by the Audit Committee.
- Regular and embedded risk assessment and monitoring processes. Please see pages 42-51.
- Encouraging and investigating any disclosures made either directly or through an independent whistleblowing hotline. Please see page 75.

Governance developments during the period

There were a number of significant corporate governance developments during 2018.

Perhaps the most important of these was the publication in July of an updated version of the Code and the associated Guidance on Board Effectiveness. These gave effect to the Government's proposals for corporate governance reforms in certain key areas, on which we reported in last year's Annual Report and in respect of which the Company has already taken action to address some of these areas, as set out below:

- Requiring annual reporting and narrative around CEO pay relative to the workforce. Please see page 113.
- Demonstrating how the Directors met the requirement of s.172 of the Companies Act as I referred to earlier, namely, for each of them to promote the success of the Company for its members whilst also having regard to long-term success; a broader range of other stakeholders' interests (including employees, shareholders, customers, suppliers and the wider communities in which our business operates); the impact on the environment; and maintaining high standards of ethics. Please see pages 76-79.
- Strengthening the voice of employees at Board level and I have also already mentioned our National Employee Forum. Please see pages 63, 69, 78-79 and 120-121, particularly the case study on page 79.
- An increasing focus on the culture of the Company. Please see page 65.
- Further requirements around Board composition and succession planning at Board level. Please see page 91.
- Wider recommendations to promote good corporate governance, particularly around Executive pay. Please see page 97.

New skills on the board



Gwyn Burr, Independent Non Executive Director

Gwyn Burr, as an experienced Non Executive Director, received an induction post-appointment that focused on the culture, operational structure and key challenges of Taylor Wimpey.

Accordingly, her induction comprised:

- An introductory meeting with the Chair to discuss Board process and the Group's culture;

- A series of meetings with the Divisional Chairs or the operating divisions of the Group plus a meeting with the Divisional Managing Director for Central and East London. During each of these, the strategy; operating and financial performance; budget and forecasts; human resourcing, diversity and talent development progress and plans; challenges; and medium term plans; for the business area were discussed.
- A series of meetings with Heads of key Departments including Health, Safety and Environmental; Internal Audit; Customer Services; and HR; during which Group-wide progress on initiatives; challenges; and plans for the future, were discussed.
- Visits to a selection of current development sites located in two of the operating Divisions, incorporating discussions with Divisional, Regional and Site Management on operational, financial, supplier and resourcing issues and local initiatives to address them.



Chris Carney, Group Finance Director & Jennie Daly, Group Operations Director

Chris Carney and Jennie Daly, as experienced executives of the Group, received an induction based on providing a greater insight into the wider responsibilities of a listed company director.

Accordingly, their induction comprised:

- One to one meetings with the Chair, Chief Executive and Secretary covering Board process; corporate governance requirements; shareholder views from the Company's perspective; and the Board's current key areas of focus;
- A meeting with the Group's principal external legal adviser, Slaughter and May, on wider legal and regulatory responsibilities; and
- A meeting with one of the Group's stockbrokers to receive a briefing on market and shareholder views from an external perspective.

In addition, Chris also met with Deloitte as part of his induction.

Corporate governance continued

The Board welcomes these changes and I explain later in this report how the Company has responded to these changes to the Code.

The Code also made a change on the length of the Chair's tenure such that going forward, a Chair should not remain in post for more than nine years from when they were first appointed to the Board. This period may be extended in order to facilitate effective succession planning.

The governance briefings to the Board covered, in addition to the briefing on the new Code, all of the key legal and regulatory governance changes introduced during 2018, including the following requirements:

- to include CEO pay ratios (effective for next year's reporting but introduced early by the Company on page 113);
- to disclose the impact on potential outcomes from LTIP awards (the Performance Share Plan or PSP) in the event of significant (up to 50%) appreciation in the Company's share price (effective for next year's reporting but introduced early by the Company in the scenario charts in the Remuneration Report on page 103);
- to include within the annual statement of the Remuneration Committee Chair a summary of any discretion exercised during the period (see page 99).

Key amongst these developments is the requirement to clearly explain how the Board led an appropriate level of engagement with stakeholders in order to meet its duty under s.172 of the Companies Act to promote the success of the Company whilst taking into account the interests of other stakeholders. Related to this, the Board is aware of the reporting obligations under The Companies (Miscellaneous Reporting) Regulations 2018. Details of this engagement during 2018 and into 2019, together with our actions taken in response, are set out on pages 76-79 and in the Board Activities section on page 69.

The Government is also seeking to encourage companies to increase productivity, including through greater recognition of the importance of 'human capital' and a clearer focus on training and development. Details of our initiatives in this regard appear on pages 6, 20, 22, 25 and 78.

Other governance developments during the period included the issue of revised guidelines setting out what key shareholder advisory bodies expect to see in relation to remuneration (addressed further in the Remuneration Report on page 96); and from an environmental, social and governance (ESG) perspective. With regard to the latter, I am pleased to report that the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company's ESG performance indicates that the Company is level 1 – indicating lowest risk assessment for each of the Environment and Social categories; and for the Governance categories relating to compensation; shareholder rights; audit and risk oversight.

The Board reviewed and welcomed all of these initiatives which are designed to help provide shareholders and all of our stakeholders with increased assurance that the Company is being managed with their best interests firmly in mind, whilst also taking account of other relevant interests and the impact of the Company's activities on the wider community. All of this is of course very important to our industry.

Appointments and succession

The Nomination Committee oversaw a considerable refreshing of the Board during 2018:

As reported in last year's Report, on 1 February 2018, we were delighted to appoint Gwyn Burr as an Independent Non Executive Director, bringing over 25 years' executive experience, principally in customer service in the retail sector. More details of her experience and the additional skill sets she brings to the Board appear in her biography on page 59.

On 20 April 2018, we were also delighted to appoint members of our Group Management Team to the Board. Chris Carney was appointed Group Finance Director, after gaining considerable financial and operational management experience from around the Group. Chris is a Chartered Accountant and has worked in both private practice and for Associated British Foods plc, before joining Taylor Wimpey in 2006. I am very pleased to welcome Chris to the Board and to support Resolution 11 at the 2019 Annual General Meeting ('AGM') proposing his election by shareholders, in respect of which more details appear on page 181.

Jennie Daly was appointed as Group Operations Director having held a number of roles with Taylor Wimpey since joining the Group in 2014 as UK Planning Director, before becoming UK Land Director and then Group Operations Director in 2017. Before joining Taylor Wimpey, Jennie gained a wealth of experience from various roles in the housebuilding industry including strategic land oversight at Westbury plc and managing director of Harrow Estates Plc. As Group Operations Director, Jennie oversees our land, planning, design and technical, production and supply chain functions, in addition to managing the Taylor Wimpey Logistics business. Jennie also chairs the Group Operation Team meetings. I am very pleased to welcome Jennie to the Board and to support Resolution 12 at the 2019 AGM proposing her election by shareholders, in respect of which more details appear on page 181.

Kate Barker was appointed as the Senior Independent Director on 26 April 2018. Kate has been a Non Executive Director of the Company since April 2011 and brings to the role a wide range of experience, both of the Company and of wider corporate, economic and stewardship principles. More details of her experience appear in her biography on page 59.

Humphrey Singer was appointed Chair of the Audit Committee on 10 January 2018 and succeeded Rob Rowley in that role. Humphrey brings wide experience of financial reporting and compliance to the role, including from his period of service on the Audit Committee prior to this appointment. More details of his experience appear in his biography on page 59.

As reported in last year's Annual Report, Rob Rowley stood down as an Independent Non Executive Director and as the Senior Independent Director on 26 April 2018 after over eight years' service on the Board and its Committees, and particularly as Chair of the Audit Committee. We were pleased to be able to pass on our grateful thanks to Rob in last year's Annual Report.

Ryan Mangold stood down as Group Finance Director on 20 April 2018. On behalf of the Board, I would like to express our sincere gratitude to Ryan for his long and valued contribution to the Company's progress and stewardship over the seven years of his service as Group Finance Director and previous to that, as Group Financial Controller.

As mentioned in my Chair's Statement, Mike Hussey stood down as an Independent Non Executive Director on 19 July 2018. On behalf of the Board, I would also like to express our gratitude to Mike for his long and valued contribution to the Company's progress and stewardship over almost seven years of his service on the Board and as a member of the Audit and Nomination Committees. Mike's insight on development and in particular with regard to the London market was invaluable.

We wish both Ryan and Mike all the very best for the future.

The Nomination Committee regularly reviews the composition, balance, skills and experience of the Board and concluded that, following the changes set out above, that the balance and composition of the Board will continue to provide the right blend of experience, expertise and challenge to ensure good governance so as to enable the Company to successfully implement its strategy. During the year, excluding the Chair, in accordance with the Code at least half of the Board were Independent Non Executive Directors.

I joined the Board of Taylor Wimpey in July 2010 and I have enjoyed my time immensely. As part of our ongoing Board succession planning reviews and in accordance with the requirements of the new Code, the Nomination Committee will be putting the wheels in motion to recruit my successor during the course of this year.

Board evaluation

It is a key and important requirement of good governance that an annual evaluation is carried out to ensure that the Board, its Committees and each Director operates and performs effectively. The Code requires that the evaluation is externally-facilitated at least every three years, and since the evaluation for 2017 was externally-facilitated by Manchester Square Partners, as reported in last year's Annual Report, the annual evaluation for 2018 was internally-facilitated. The outcome of the evaluation was very positive and full details of the evaluation methodology and its outcome are set out on pages 80-81.

Diversity

Diversity and inclusivity has continued to be a key item on the overall UK governance agenda during 2018. The Company has achieved the target introduced by Lord Davies of Abersoch's review for the proportion of women on each FTSE 350 company's board to increase from the current 25% target to 33% by 2020, with the Board's proportion of women members having reached 44% (four out of nine). The Board also welcomed the Hampton-Alexander Review which proposes to increase Board and senior leadership diversity. I am pleased to be able to report that the proportion of women increased during 2018 and to date, on both the Board (from 33% to 44%) and on the direct reports to the Board – the Group Management Team (GMT) from 30% to 33%. More details of how these improvements were achieved and the Board's plans for further improvements in diversity and inclusivity, are set out on pages 92-95. The Board very much welcomes these increased targets which are designed to give greater impetus to the progress of enhanced gender diversity on PLC boards. This, together with other aspects of diversity, such as the latest proposals from the FRC to require greater consideration of ethnic and social diversity when planning Board appointments, is very much in the thinking of the Nomination Committee when reviewing the balance and composition of the Board and the structuring of talent development initiatives across the Group.

I am delighted to be able to report that at the launch on 13 November 2018 of the Hampton-Alexander Review into speeding up the pace of progress on increasing diversity on Boards and the next two leadership levels immediately below the Board, the Company was the third best performer in the FTSE at that time; was the only housebuilder in the top ten; and was amongst those commended for the progress made to date.

The Company fully recognises the importance of diversity and its policy is to appoint or promote, as appropriate, the best person for the role in question without taking account of factors such as educational or professional backgrounds save as appropriate for the position; age; gender; ethnicity; or disability. The objective of this policy is to ensure that diversity is built into the Company's appointment and promotion process and that only relevant factors are taken into account when considering such matters. The policy has been implemented through training sessions on unconscious bias for management teams throughout the Company's business and its head office functions. Progress to date in this area is set out on pages 94-95.

Engagement with employees

Last year I reported on the creation and early meetings of the National Employee Forum, which I have already referred to earlier. This year I am delighted to have witnessed at first hand the constructive and informed debate at its meetings, which is reported in more detail on pages 69, 78-79 and 120-121, particularly the case study on page 79.

Conclusion

I believe that your Board remains effective and continues to work well. I am confident that the Board has the right balance of skills, expertise and professionalism to continue to deliver strong governance whilst allowing the Executive Directors to implement and deliver the strategy (as set out on pages 12-26) within the strong culture that we have worked hard to establish. Whilst I am also pleased with the Board's activity and approach with regard to corporate governance, we continually look for ways to learn and improve.

As ever, I very much look forward to meeting with shareholders at the AGM on 25 April 2019 and, as always, along with all of your Directors (who will all be present at the AGM), remain available to answer or respond to your questions, concerns and suggestions at any time.



Kevin Beeston
Chair

Corporate governance continued

Role of the Directors

Whilst all Directors share collective responsibility for the activities of the Board, some Directors' roles have been defined in more detail as Governance considerations have developed over time, as follows:

Chair

- Ensuring high standards of corporate governance and setting the cultural tone from the top
- Building a well-balanced and highly effective Board
- Chairing Board meetings and setting Board agendas
- Promoting effective Board relationships
- Encouraging constructive challenge and facilitating effective communication between Directors
- Ensuring the effectiveness of the Board and enabling an annual review of its effectiveness
- Engaging individually with Directors as required
- Ensuring appropriate induction and development programmes for individual Directors
- Agreeing the Chief Executive's personal objectives
- Ensuring there is effective two-way communication and debate with shareholders
- Maintaining an appropriate balance between the interests of stakeholders

Chief Executive

- Developing and implementing Group strategy
- Recommending the strategic plan and related annual budget
- Ensuring coherent leadership of the Group
- Managing the Group's risk profile and establishing effective internal controls
- Regularly reviewing the organisational structure; developing the Executive Team; and planning for succession
- Ensuring the Chair and the Board are kept advised and updated regarding key matters
- Maintaining relationships with investors and advising the Board accordingly
- Setting the culture at the top, particularly with regard to compliance and sustainability
- Day to day running of the business

Group Finance Director

- Operational responsibility for managing the Company's financial affairs, including treasury and tax matters
- Overseeing the information technology and pension departments
- In conjunction with the Group Management Team, overseeing the Company's risk profile

Group Operations Director

- Operational responsibility for managing the Company's development process, from land acquisition, through planning applications, design and production, to sale of the completed product and customer service matters
- Overseeing the commercial, supply chain and logistics support for operations
- In conjunction with the Group Management Team, overseeing the Company's risk profile

Group Legal Director and Company Secretary

- Advising the Board on matters of corporate governance, compliance and on legal issues
- Responsible for all legal and compliance matters relating to the Group
- Providing support to the Chair and Non Executive Directors
- Ensuring effective support to the Board and its meetings and agendas to enable efficient process
- Keeping abreast of shareholders' views
- Overseeing the Company Secretariat and the Legal Department

Senior Independent Director

- Acting as a sounding-board for the Chair on Board-related matters
- Chairing meetings in the absence of the Chair
- Acting as an intermediary for other Directors, when necessary
- Leading the evaluation of the Chair's performance
- Leading the search for a new Chair, when necessary
- Being available to shareholders who wish to discuss matters which cannot be resolved otherwise

Non Executive Directors

- Providing effective and constructive challenge to management
- Assisting in development and approval of strategy
- Serving on Board committees
- Providing advice to management and sharing their experience and wisdom
- Keeping abreast of shareholders' views

i Read more about individual Directors' skill sets on page 72.

The Board and its Committees

As at the date of this Report, the Board consists of nine Directors, namely: the Chair, four Executive Directors and four Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 58 to 59, 64 and 72.

The role of the Independent Non Executive Directors is to offer advice and guidance to the Executive Directors, using their wide experience in business and from their diverse backgrounds, details of which are set out in their biographies on pages 58 to 59 and 185 to 186 and in the Board diversity analysis on pages 58 to 59. They also provide a constructive challenge, monitoring the overall direction and strategy of the Company; scrutinising the performance of the Executive Directors; and satisfying themselves as to the integrity of the financial information made available both to the Board and to the Company's shareholders. The Non Executive Directors also play an important part in the appointment or removal of Executive Directors and in general succession planning for the Board and other executive and senior management positions below Board level.

Board attendance

The Board met on eight occasions during 2018 and there was full attendance at all meetings by all Directors. The Board regularly considers the number of Board meetings that take place each year and has concluded that eight meetings remain appropriate but will keep the number under review. Additional Board meetings would be convened as and when necessary and there are also

processes in place for approving transactions and other matters that may require approval in between Board meetings.

Directors make every effort to attend all Board and applicable Committee meetings, as strongly evidenced by the exceptionally strong attendance records over many years. Where, exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chair and / or the Group Legal Director and Company Secretary (the Secretary) will, as soon as possible, brief the Director fully on the business transacted at the meeting and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to those attending by the Chair and / or the Secretary as appropriate. Details of the attendance of each Director at Board and Committee meetings are set out in the table below and on pages 82, 87 and 97.

In addition, and in line with the Code, the Chair and the Senior Independent Director, independent of each other, hold meetings at least annually with the Non Executive Directors without the Executive Directors present, and each did so on one occasion during 2018.

Board responsibilities

The Board discharges its responsibilities by providing strategic and entrepreneurial leadership of the Company, within a framework of strong governance, effective controls and a strong culture emphasising openness and transparency, which enables opportunities and risks to be assessed and managed appropriately. In addition, the Board sets the Company's strategic aims; ensures that the

necessary financial and human resources are in place for the Company to meet its objectives; and reviews management performance.

Company culture

A healthy culture is extremely important and the Board fully agrees with the FRC that it both 'protects and generates value' and that it should be the subject of a continuous focus rather than wait for a crisis. The Board is responsible for the Company's culture and for defining and setting the Company's values and standards from the top. Culture is established by leadership and by example but this also needs to be underpinned by clear policies and codes of conduct which ensure that the Company's obligations to its shareholders and other stakeholders are clearly understood and met, as described in more detail on page 69. The Board is led in these respects by the Chair, who ensures the Board operates correctly, setting its culture and, by extension, that of the Company in its operations and its dealings with all stakeholders. The observance of that culture throughout business operations is led by the Chief Executive with the assistance of the other Executive Directors and the Group Management Team.

During the course of 2018 and into 2019, the Board actively reviewed and monitored several key areas that it considers are important indicators of the Company culture, including health, safety, and environmental matters (as set out on pages 32 to 33), customer service, land and major projects, risk strategy, and diversity and inclusivity. The Board will keep all of these areas under regular review.

Board members during 2018	Number of meetings attended in 2018
Kevin Beeston , Chair	8/8
Pete Redfern , Chief Executive	8/8
Chris Carney ^(a) , Group Finance Director	7/7
James Jordan , Group Legal Director and Company Secretary	8/8
Jennie Daly ^(b) , Group Operations Director	7/7
Kate Barker , Independent Non Executive Director	8/8
Gwyn Burr ^(c) , Independent Non Executive Director	8/8
Angela Knight , Independent Non Executive Director	8/8
Humphrey Singer , Independent Non Executive Director	8/8
Mike Hussey ^(d) , Former Director	4/4
Ryan Mangold ^(e) , Former Director	1/1
Rob Rowley ^(f) , Former Director	2/2

(a) Appointed 20 April 2018

(b) Appointed 20 April 2018

(c) Appointed 1 February 2018

(d) Resigned 19 July 2018

(e) Resigned 20 April 2018

(f) Resigned 26 April 2018

Corporate governance continued

How we comply with the UK Corporate Governance Code

The UK Financial Reporting Council promotes high quality corporate governance and reporting through the 2016 UK Corporate Governance Code (the 'Code'), with which all companies with a premium listing on the UK Stock Exchange are required to either comply in full; or explain why, and to what extent, they do not so comply. The Corporate Governance section of this Annual Report explains how the Code principles have been applied, as set out below:

Section 1: Board Leadership and Company Purpose

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. See page 72.

The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. See pages 65 and 75.

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. See pages 42-51 and 84-85.

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties. See pages 69 and 76-79.

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern. See page 75.

Section 2: Division of Responsibilities

The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non executive directors, and ensures that directors receive accurate, timely and clear information. See page 73.

The board should include an appropriate combination of executive and non executive (and, in particular, independent non executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business. See pages 64 and 73.

Non executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. See page 64.

The board, supported by the secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. See pages 73-75.

Section 3: Composition, Succession and Evaluation

Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. See pages 89, 91-93.

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. See pages 72 and 74.

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively. See pages 80-81.

Section 4: Audit, Risk and Internal Control

The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself as to the integrity of financial and narrative statements. See pages 85-86.

The board should present a fair, balanced and understandable assessment of the company's position and prospects. See page 86.

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives. See pages 42-51 and 84-85.

Section 5: Remuneration

Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. See page 99.

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome. See pages 100-103.

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances. See pages 96-116.

Statement of compliance

For the year ended 31 December 2018, the Company complied with all the provisions of the Code applicable to the Company for its reporting year ended 31 December 2018; the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules sub-chapters 7.1 and 7.2 which set out certain mandatory disclosure requirements; the FCA's Listing Rules 9.8.6R, 9.8.7R and 9.8.7AR which include the 'comply or explain' requirement; and the BEIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations. These regulations are publicly available as follows:

The Code can be found at www.frc.org.uk

The FCA's Disclosure and Transparency Rules as well as Listing Rules can be found at www.handbook.fca.org.uk

The BEIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations can be found at www.gov.uk

The FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting can be found at www.frc.org.uk

How we are governed

The Board

- Provides strategic and entrepreneurial leadership within a framework of strong governance and effective controls
- Is responsible for the Company's culture and for defining and setting its values and standards
- Establishes the Group's risk appetite and oversees processes designed to ensure compliance therewith
- Defines which matters are reserved for decision of the Board including profit expectations and dividend policy
- Reviews the whistleblowing policy and any investigations
- Ensures effective engagement with shareholders

Board Committees



Humphrey Singer
Chair of the Audit Committee

Audit Committee

- Reviews and advises the Board on proposed full year and half year reporting and announcements connected therewith
- Undertakes a detailed half-yearly review of the Group's risk assessment and mitigation processes and outcomes, and advises the Board on its annual risk review
- Oversees the relationship with the external auditor
- Oversees the reporting of internal audit investigations and reviews the implementation of changes resulting therefrom

i **Read more** about this Committee on pages 82 to 86.



Kevin Beeston
Chair of the Nomination Committee

Nomination Committee

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the selection, interview and appointment of new Directors to the Board
- Reviews succession and contingency planning for the Board and across the Group's senior positions and related training, development and talent management
- Reviews, sets targets for, and drives the strategy and progress to further improve diversity and inclusivity throughout the Group

i **Read more** about this Committee on pages 87 to 95.



Kate Barker
Chair of the Remuneration Committee

Remuneration Committee

- Advises the Board on remuneration policy at Board and senior management level
- Ensures that remuneration is geared to the enhancement of shareholder value
- Ensures that targets are appropriate and are geared to delivering the strategy whilst appropriately limiting risk-taking
- Ensures that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the increasing alignment of executive and wider employee interests with those of shareholders and the Company's culture by encouraging appropriate share plan participation and executive shareholding guidelines including post employment
- Reviews workforce remuneration and related policies and the alignment of incentives with culture, taking these into account when setting the policy for Executive Director remuneration

i **Read more** about this Committee on pages 96 to 116.

Board activities during the year

Board activities

This Report seeks to explain what your Board of Directors does and describes how it is responsible for setting the culture and values of the Company, ensuring that the Company is run in the best interests of its shareholders as well as other stakeholders, and how it interacts with its shareholders in explaining the Company's strategic goals and performance against them. From a governance perspective, it is not just a case of what is done but also, and just as importantly, how it is done. In light of this, we therefore try and avoid a simple 'box ticking' type approach to corporate governance, preferring our own governance to be something that is properly embedded in our people, processes and decision making at all levels and vested in the personal values of all Directors and senior management.

As a Board, we review health, safety and environmental performance at every Board meeting. We also regularly review: our business strategy; key risks; the market; operational matters; customer service; diversity and inclusivity; corporate responsibility; our financial position and performance; governance, compliance and legal matters including whistleblowing from January 2019 in line with the latest revision to the Code; and stakeholder-related matters including the make up of our share register and investor relations programme; community engagement; and human resources and wider employee matters. This is done through the consideration and discussion of regular reports submitted by the Executive Directors and through regular reports and presentations from our senior management and external advisers. The Board and individual Directors also undertake regular visits to our regional businesses and their development sites, which have proved to be both very useful and informative.

Board activities and priorities

Regular items at Board meetings include the review of Board Committee activities (Audit, Nomination and Remuneration Committees); detailed updates on health, safety and environmental matters; reports from the Executive Directors covering progress towards the Company's strategic objectives, its financial position and prospects, legal and corporate governance matters, and compliance updates. They also included progress reports on addressing past leasehold and cladding matters; human resourcing; and stakeholder matters including customer services; wider employee matters; and an update from the Company's stockbroker which details movement in the share register.

Special matters considered during the year at Board meetings included the following:

How the Board planned the implementation of the new strategy

In April, in conjunction with external consultants, the Board reviewed a number of key strategic aims, including the rationale and implications of our customer-centric strategy; and the changes necessary in order to achieve these aims as set out in the adjoining chart.

At its May meeting, following a review of feedback from the presentation of the new strategy and related dividend strategy at the Capital Markets Day, the Board debated proposals for achieving the RONOA target for 2022 and the planned dividend flows for the enhanced dividends proposed for 2019 and beyond. It also received a presentation on plans to further develop the customer-centric approach to business.

In July, there was a detailed discussion on areas of focus across the business including cultural change, management of that change, further consideration of risk areas, and establishment of reporting lines. There were also presentations on Production's plans to deliver larger development sites and from a UK Housing Division on how the strategy would be applied within its business.

At its September Board 'away day' in a Regional business, the Board received a number of presentations on the strategy for delivering larger development sites.



It also undertook, with the assistance of an external consultant, a further detailed consideration of risk in the delivery of the new strategy and the Board's risk appetite.

Finally, in December, the Board reviewed and agreed strategic goals and priorities for 2019; longer term strategic aims; and key areas of focus for the short term, including critical processes; 'right first time' product quality; a review of house types; sourcing of direct labour and apprentices; further improvements

in the supply chain and people development; and cost-reduction plans.

The December Board appraisal for 2018 also considered additional ways of monitoring progress towards delivery of the strategy and the achievement of the agreed goals including additional reporting on our customer-centric strategy.

i Read more on pages 12 to 26

Stakeholder engagement

The Board's objectives for 2018 in this area were:

- To actively encourage shareholder participation through clear messaging and reporting and careful review of shareholder feedback
- To monitor the planned further improvements in customer service performance during 2018
- To ensure the Group works with subcontractors and suppliers to constantly seek ways of further improving quality; sustainability; and delivery in a safe working environment
- To monitor and further develop the employee voice through the National Employee Forum

To achieve those objectives, the Board regularly reviewed its duties under s.172 of the Companies Act 2006 and undertook the following during 2018:

- Conducted shareholder communication through encouraging attendance at the AGM; encouraging increased voting on resolutions proposed thereat; briefings to analysts and the press; and direct consultation on certain special matters
- Reviewed shareholder engagement and feedback arising from the 2018 AGM; the presentations of the Full Year 2017 and Half Year 2018 results; and corporate

governance meetings held by the Chair with a number of major shareholders and shareholding bodies

- Employee involvement was promoted through regular briefing material online and in hard copy; interactive online Q&As; strategy forums around the businesses; and explanation of Company performance around half year and full year reporting and trading statements
- Received reports on discussions between management and employee representatives on the Company's National Employee Forum, which was established during 2017 in response to the Government's 'employee voice' requirement which was incorporated into the July 2018 update of the UK Corporate Governance Code (the Code). Meetings of the Forum have generated useful and informed debate on a number of topics, including remuneration
- Monitored and reviewed improvements in customer service performance as the new processes embedded during 2018 delivered improved customer feedback
- The supply chain received constant feedback from Group businesses, suppliers and subcontractors, which fed into updated arrangements and agreements

– Monitored progress with regard to the Taylor Wimpey Ground Rent Review Assistance Scheme

- Oversaw actions to review the Company's use of cladding in historic, current and future planned developments in response to the findings of external reviews into the Grenfell Tower fire tragedy and to address the findings on individual developments, as appropriate

The Board's objectives for 2019 in this area are:

- To actively encourage shareholder participation through clear messaging and reporting and careful review of shareholder feedback
- To monitor the planned further improvements in customer service performance during 2019
- To ensure the Group works with subcontractors and suppliers to constantly seek ways of further improving quality; sustainability; and delivery in a safe working environment
- To monitor and further develop the employee voice through the National Employee Forum

Organisational capacity

The Board's objectives for 2018 in this area were:

- To ensure that resourcing remains sufficient to achieve the strategy together with wider diversity considerations
- To ensure that training and development plans support continuous improvement in the team and contribute towards wider diversity improvements

To achieve those objectives, the Board undertook the following during 2018:

- Reviewed reports at each meeting on the financial performance of the Company and the availability, currently and forecast going forward, of financial, people and supply chain resourcing
- Received reports on topics and discussion at meetings of the National Employee Forum and considered employee participants' views on key areas including strategic, business and remuneration matters

- Received, in addition to its regular update at each meeting, two detailed half-yearly updates on human resources
- Received, in addition to monitoring progress generally throughout the year, two detailed half-yearly updates on progress against its Diversity Policy, inclusivity and in respect of gender pay
- The Nomination Committee formally reviewed on two occasions the strategy for succession planning and related training assessment and provision, both for the Board and the executives immediately below Board level, and progress in achieving it. The Board also reviewed human resources related matters at each Board meeting
- The Board agreed the Company's second statement in respect of the Modern Slavery Act and reviewed the underlying processes
- Reviewed arrangements for compliance with GDPR and action taken and proposed for further improving the resilience of the Group's information technology systems

– The Audit Committee also received detailed half-yearly updates on the development and resilience of the Group's information technology systems

- The Board received updates on the financial position of the Group's pension fund and related funding objectives

The Board's objectives for 2019 in this area are:

- To ensure the Company's resourcing, including capital, finance, people and land, remains sufficient to achieve the strategy whilst seeking to continuously improve performance and meet wider diversity considerations
- To ensure that training and development plans support continuous improvement in the team and contribute towards wider diversity improvements

Corporate governance continued

Strategy and execution

The Board's objectives for 2018 in this area were:

- To ensure the Company's strategy remains robust in the light of any forecast market and wider economic changes
- To ensure the Company's performance remains on schedule to achieve the strategy
- To take all measures to ensure that health and safety remains the Group's top priority and will remain an ongoing area of focus

To achieve those objectives, the Board undertook the following during 2018:

- Regularly reviewed detailed business proposals for the delivery of the Company's strategy, through considering detailed strategy proposals for the North; Central and South West; Central London and South East Divisions; specifically for the Central London Region; and for the Major Developments business
- Regularly reviewed performance to date towards achieving its strategic objectives through considering, in addition to regular updates from the Executive, detailed business performance updates from the North; Central and South West; Central London and South East Divisions; specifically for the Central London Region; and for the Major Developments business; together with various year end performance projections for the Group

- Received detailed updates on other key performance areas including business culture; customer service and its use of digital communications; land and planning; and production and procurement
- Reviewed and agreed the Group budget for the period 2018 to 2020; and received a detailed review of the Group's financial position; borrowing facilities; and financing alternatives; in relation to its strategic direction and latest forecasts
- Considered the Company's dividend policy going forward in light of performance reports; strategic direction and outlook; and financial position
- Received a detailed update on the progress of the Company's strategy and an economic overview presentation from an independent external expert as a backdrop to the Group's strategic and performance reviews
- Received regular governance updates and briefings
- At each meeting, detailed reports from the Executive Team were discussed, reviewing forward resourcing requirements in the areas of capital, finance, people and land, and operating decisions taken or proposed to address them
- In light of the foregoing, the Board also, with prior input and advice from the Audit Committee:
 - considered the draft Annual Report and Accounts and Sustainability Report for 2017 and the Half Year results for 2018

- determined the amount of final ordinary dividend for 2017 and special dividend for 2018 to be proposed to shareholders at the 2018 AGM; the interim dividend for 2018; and the special dividend proposed for 2019
- approved in principle the draft 2017 Full Year Results Statement; the draft 2018 Half Year Results Statement; the Capital Markets Day arrangements and draft Strategy Update announced thereat; and the draft Trading Statement to update shareholders on progress for the year to date at the 2018 AGM
- Health, safety and environmental progress and performance is the first main item of business at each Board meeting and the Board receives each year a detailed presentation on the Group's Health, Safety and Environmental performance for the year and plans for seeking further improvement going forward

The Board's objectives for 2019 in this area are:

- To ensure the Company's strategy remains robust in the light of any forecast market and wider economic changes
- To ensure the Company's performance remains on schedule to achieve the strategy
- To take all measures to ensure that health and safety remains the Group's top priority and will remain an ongoing area of focus

Risk management

The Board's objectives for 2018 in this area were:

- To review and agree the Company's risk appetite in seeking to achieve its strategic objectives
- To ensure risk remains within the Company's agreed risk appetite and is adequately monitored and reviewed as appropriate to reflect external and internal changes
- To regularly review the robustness of the Company's systems of risk reporting; assessment; and internal controls

To achieve those objectives, the Board undertook the following during 2018:

- The risk review was conducted twice during the year, at the Board's July (half year) and February (full year) meetings and covered both the systems used and the reported risks

- At the February meeting the position was subject to independent check with external auditor reports on risk processes connected with the annual audit
- Risk and risk appetite were also discussed as special topics during the Board's September 'away day'
- The Audit Committee conducted a detailed review of risk at its February and July meetings immediately preceding the Board meeting and on each occasion provided advice to the Board in connection with the Board's own risk review
- An assessment of, and mitigation steps relating to, the risks arising from 'Brexit' in the areas of its impact on the market environment; material cost; and the availability of subcontractors; through detailed risk briefings and reviews including a specific paper considered at a Board workshop on risk considerations
- Received regular updates on the review of historic and more current developments

following the tragic fire at Grenfell Tower and actions taken by the Company to comply with Government guidance

- Risk was also considered at the December Audit Committee meeting
- During the year, the Board and Audit Committee received updates on key information technology risks including the resilience of the Group's systems to cyber attack and action taken to maintain security
- The Board undertook a longer-term risk review in preparation for future strategy reviews
- The Board also received an independent review of risk areas from an external adviser

The Board's objectives for 2019 in this area are:

- To ensure risk remains within the Company's agreed risk appetite and is adequately monitored and reviewed as appropriate to reflect external and internal changes

Governance and values

The Board's objectives for 2018 in this area were:

- To ensure that there is continued full compliance with the Code, including early compliance with many of the additional requirements in the July 2018 update of the Code, and with wider statutory and regulatory requirements
- To ensure that remuneration continues to be implemented within the framework of the Company's Remuneration Policy
- To implement the improvements arising from the externally-facilitated 2017 Board appraisal
- To conduct an internally-facilitated Board evaluation for 2018
- To monitor shareholder feedback, take account of shareholder guidance and consultation, and continue to actively promote wider engagement
- To further embed Modern Slavery Act best practice

To achieve those objectives, the Board undertook the following during 2018:

- Received, together with the Board Committees, regular updates on governance and regulatory developments during the year, including on remuneration, both from internal and independent external sources
- Checked the status of the Company's compliance with the requirements of the revised Code throughout 2018 and implemented areas of early compliance in its 2018 reporting
- Submitted to shareholders at the 2018 AGM a Remuneration Report that was approved with a vote in excess of 98%
- Concluded the externally-facilitated Board evaluation for 2017, identifying areas for further improvement and acting on the recommendations
- Sought shareholder and institutional feedback, both at the AGM and when presenting the Company's half year and full year results; the Company's Capital Markets Day to deliver the Medium Term Strategy Update; and in notifying proposals for updating the Remuneration Policy. The results of the feedback from shareholders was taken into consideration by the Board together with advice from its stockbrokers
- Reviewed and further enhanced and improved processes and checks designed

to guard against instances of modern slavery within the Company and its supply chain

- The Company made its second Modern Slavery Act 2015 statement in March 2018 after reviewing its operations and its supply chain. Detailed guidance has been issued around the business and key personnel have undertaken training in identifying; assessing; and reporting any instances that might arise; with the aim of reducing the risks of modern slavery and related practices as far as possible

The Board's objectives for 2019 in this area are:

- To ensure that there is continued full compliance with the Code and with wider statutory and regulatory requirements
- To ensure that remuneration continues to be implemented within the framework of the Company's Remuneration Policy and proportionately rewards achievement of the strategy
- To implement the improvements identified arising from the internally-facilitated 2018 Board appraisal
- To conduct an effective Board evaluation
- To monitor shareholder feedback and continue to actively promote wider engagement

Corporate governance continued

Relevant skills and expertise

It is a requirement of the Code that the Board and its Committees should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable duties and responsibilities to be discharged effectively. This was reviewed during the year and was utilised in drawing up the recruitment framework, including the list of desired skills, in the process used for the appointment of a new Independent Non Executive Director in February 2018 and in the appointment of one new and one additional Executive Director on 20 April 2018. The Board considers that each Director brings relevant and complementary skills, experience and background to the Board, details of which are set out below, and additional information is also set out in the biographies on pages 58 to 59. The Board also considers that each Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively and makes this an important requirement of recruitment.

Kevin Beeston, Chair, has a wealth of commercial, financial and high level management experience including being a former CEO of a FTSE 100 company. Kevin also has significant experience of chairing boards of both public and private companies and of being a non executive director and sitting on audit, nomination and remuneration committees.

Pete Redfern, Chief Executive, has operational responsibility for delivering the Company's strategy in a profitable, safe and environmentally responsible manner. Pete has significant financial, operational and management experience, gained from his various roles in industry and from his time at KPMG. In 2014 he joined the Board of Travis Perkins plc as an independent non executive director and serves on their remuneration and Stay Safe committees (chairing the latter).

Chris Carney, Group Finance Director, who was appointed to the Board on 20 April 2018, has operational responsibility for managing the Company's finances and overseeing the IT department and pensions matters. Chris has financial, treasury, risk and financial control expertise including that gained from his time with Associated British Foods plc and in private practice and later in various roles within the Company's Finance Department. He also has significant operational and transactional experience from his previous roles with the Company as successively Regional Managing Director; Divisional Managing Director; and Divisional Chair; within the Company's UK housebuilding operation.

James Jordan, Group Legal Director and Company Secretary, is a solicitor and oversees compliance with legal and regulatory obligations and manages the Secretariat and Legal Departments. James has significant legal, commercial, transactional and regulatory/governance related experience and expertise.

Jennie Daly, Group Operations Director, who was appointed to the Board on 20 April 2018, has operational responsibility for the Company's land, planning, design and technical, production and supply chain functions. Jennie has considerable experience in the UK housebuilding industry gained in her time with Westbury plc; Harrow Estates Plc; and Redrow plc and her previous roles with the Company as successively UK Planning Director and UK Land Director.

Kate Barker, Independent Non Executive Director and the Senior Independent Director, is an industry-recognised economist and has led policy reviews for the Government in the areas of land use, planning and housing supply. Kate also brings a wider economic insight gained through her various roles, including as a Member of the Oversight Board of the Office for Budget Responsibility as well as experience from her other non executive positions.

Gwyn Burr, Independent Non Executive Director, who was appointed to the Board on 1 February 2018, has over 25 years' executive experience, principally in customer service in the retail sector, which included the roles of Customer Director and Customer Service and Colleague Director from 2005 to 2013 at J Sainsbury plc. Gwyn also has significant experience on several boards as a non executive director.

Angela Knight, Independent Non Executive Director, has significant high-level experience in both the public and private sectors. In the public sector, she was a Member of Parliament from 1992 until 1997, including two years as the Economic Secretary at HM Treasury, and was Chair of the Office of Tax Simplification in HM Treasury until the end of February 2019. In the private sector, she has significant experience as a non executive director including as the Senior Independent Director of quoted companies.

Humphrey Singer, Independent Non Executive Director, has a wealth of financial experience, most recently in his role as the Chief Finance Officer of Marks and Spencer Group plc and previously as Group Finance Director of Dixons Carphone plc. In addition, Humphrey also has expertise in the areas of both digital solutions and customer services which is a useful skill set for the Board and the Company. He has recent and relevant financial experience as required by the Code in connection with his Chairing of the Audit Committee.

Division of responsibilities

The Board has an established framework of delegated financial, commercial and operational authorities, which define the scope and powers of the Chief Executive and of operational management.

In line with the Code, the roles and responsibilities of the Chair and the Chief Executive have been clearly defined, set out in writing and signed by Kevin Beeston and Pete Redfern in their respective capacities.

Health, safety and environment

As also set out in our 2018 Sustainability Report, which is available online at www.taylorwimpey.co.uk/corporate/sustainability, the Board is fully committed to providing a safe place in which our employees and subcontractors can work, and that our customers can live. We also ensure that all of our sites are developed to high standards of environmental management. As the first substantive item at each Board meeting, the Board receives detailed reports on health, safety and environmental matters in respect of the Company's operations in the UK and Spain. The Company's detailed carbon reporting, as required by the Department for Business, Energy & Industrial Strategy, is set out on page 41.

A key element of the Company's strategy is to give local communities a voice in the progress of our development sites. This reflects the Board's awareness of its responsibilities in the areas of Environmental, Social and Governance (ESG). To achieve this, engagement takes place in the following ways:

- Giving local communities a say in development plans;
- Focusing on the value we bring and the contribution we make to local communities;
- Our planning and community engagement strategy put into place for each of our development sites;
- Supporting the development of local networks and seeking to encourage a strong sense of community in our development schemes;
- Making sure that a significant proportion of our procurement is responsibly sourced, particularly materials sourcing; and
- Being proud of our continued membership of, and continued commitment to, both the Dow Jones Sustainability (Europe) and the FTSE4Good indices.

More details, on these and other initiatives in these areas, can be found in the Stakeholders section on pages 38 to 41 and in our Sustainability Report for 2018.

Operational oversight

Operational management of the Company's business is undertaken by the Chief Executive who receives advice from the Group Management Team (GMT). The GMT is the most senior executive committee and, in addition to the Chief Executive, consists of the Group Finance Director, the Group Legal Director and Company Secretary, the Group Operations Director, the three Divisional Chairs, the Group HR Director and the Managing Director of the Major Developments business. The GMT meets on a regular basis and also once each month with the Divisional Managing Directors when it sits in the capacity of the wider Group Operation Team.

The Board also receives regular reports and minutes from the Treasury Committee, which meets under the chairship of the Group Finance Director, and also comprises the Group Legal Director and Company Secretary, one of the Divisional Chairs (who rotate periodically) and the Group Treasurer. The key responsibilities of the Treasury Committee are, broadly, to monitor and keep under review the Group's financial risks, financial policies, financial facilities, covenant compliance and insurance programme in the light of current and proposed strategic and operational requirements, and to make recommendations to the Board or GMT, as appropriate, regarding policy or operational changes in these areas.

All businesses and employees are expected to operate at all times to the highest standards of integrity and conduct in all matters concerning the Group. Accordingly, there is a Code of Business Conduct, which sets out the standard for individual dealings both internally and externally. Formal policies have been adopted, which set out the ethical framework within which all Taylor Wimpey companies and employees are required to undertake their business – this includes, in line with the Bribery Act 2010, an Anti-Corruption Policy which requires an annual sign-off by designated senior management. All business units receive training each year from external experts on legislative and regulatory matters.

The following documents relating to the Group's management processes and division of responsibility are available for review on the Company's website at www.taylorwimpey.co.uk/corporate/investor-relations/corporate-governance:

- Schedule of matters specifically reserved for the decision of the Board, including full oversight of all decisions on profit expectations and Dividend Policy.

- Terms of reference of the Board Committees: Audit, Nomination and Remuneration, which outline their objectives and responsibilities and define a programme of activities to support the discharge of those responsibilities.
- Policies covering operational, compliance, corporate responsibility and stakeholder matters, including those related to the Bribery Act 2010 and Anti-Corruption referred to above, which are reviewed whenever necessary to take account of developments in corporate governance, changes in legislation and revised processes.
- The Company's Articles of Association.

These have been updated to reflect the July 2018 version of the Code and relevant reporting against these is provided to the Board or to the Audit Committee by the Head of Internal Audit and the Secretary as appropriate.

Advice available to the Board

All Directors have access to the advice and services of the Secretary. The Board has an established procedure whereby Directors may take independent professional advice at the Company's expense where they judge it necessary to do so in order to discharge their responsibilities as Directors.

The Board took advice during the year:

- from various safety consultants including principally London Fire Consultants & Design Associates Limited in reviewing the external cladding system and fire safety arrangements on relevant developments in light of the Grenfell Tower fire tragedy and also took specific legal and fire safety advice from professional advisers in ensuring that the appropriate follow-up actions were taken;
- from Ernst & Young for an external perspective in reviewing risk;
- from Deloitte via the Audit Committee on the significant governance developments during the year; and
- from Korn Ferry via the Remuneration Committee on remuneration matters as reported in more detail in the Remuneration Report on page 106.

The Board receives at each meeting a report from JPMorgan Cazenove (Cazenove) on the sector and the relative performance of the Company's share price.

Corporate governance continued

Board and Committee balance, diversity, independence and effectiveness

A key role of the Board Chair is to ensure that the Board is conducted so as to allow the Independent Non Executive Directors to challenge the Executive Directors constructively whilst, at the same time, also supporting them to implement the strategy and run the business effectively. Another key role is to ensure that it has the right blend of skills, independence and knowledge, and this is something that is kept under regular review in conjunction with the Nomination Committee.

It is the Company's policy, in line with the Code, that proposed appointments to the Board, and succession planning, are based on merit, and judged against objective criteria, whilst also having due regard to the benefits of diversity and inclusiveness, including gender, age, disability, ethnicity, thought and experience.

The Board also continues to recognise, welcome and take very seriously its responsibility to comply with the recommendations of the Davies Report as built on by the Hampton-Alexander Review, encouraging increased participation by women on boards, which is now targeted at 33% for all FTSE 350 companies by 2020; and which is also aimed at increasing the number of women in leadership positions of FTSE 100 companies to 33%, namely members of the Executive Committee and those senior leaders who are direct reports to Executive Committee members.

The proportion of women on the Taylor Wimpey Board, which was two out of nine (22%) at the start of 2018, increased to three out of ten (30%) in February 2018, to four out of ten (40%) in April 2018 and to four out of nine (44%) in July 2018 where it remained to the end of 2018 and to date.

The proportion of women on the Group Management Team (our equivalent of an Executive Committee) and their direct reports, are set out in the Nomination Committee report on page 93.

The Board will keep its balance and composition under regular review and when so doing will take into account the recommendations of the above Reports encouraging an increased proportion of women, referred to above, and also the Parker Review and its Report into the Ethnic Diversity of Boards.

The Code requires at least half of the Board, excluding the Chair, to consist of Independent Non Executive Directors. The Board considers that there is an effective balance with four Executive Directors and four Non Executive Directors plus the Chair, which ensures that each viewpoint is properly represented around the Board table. During the course of the year, the Board intends to appoint an additional Independent Non Executive Director to replace Mike Hussey who stood down in July 2018.

It also ensures that in line with the Code, there is an effective balance of guidance, support and constructive challenge to the Executive. The Board also considers that this will continue to be the case during 2019.

The process typically followed in appointing a new director to the Board is set out on page 89.

The Nomination Committee makes recommendations on appointments and succession planning to the Board, and more details can be found in the Nomination Committee Report on pages 87 to 95.

In accordance with the Code, all Directors will again be subject to election or re-election as appropriate by shareholders at the AGM of the Company which is being held on 25 April 2019. Biographical details of each Director can be found on pages 58 to 59 and also on pages 185 to 186.

Annual re-election to the Board

The Code requires every Director to seek election or re-election, as appropriate, at each year's AGM. Accordingly, at the 2019 AGM, every Director, irrespective of the date of his or her appointment and the length of his or her service on the Board, will be submitted for election or re-election, as appropriate.

Details of the resolutions to be proposed in this respect and supporting biographical details of the Directors appear in the Notice of Meeting on pages 181 to 188.

As part of the 2018 Board evaluation process, the Board reviewed and re-affirmed that it considers each of the Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect the Director's judgement. In line with the Code, a rigorous evaluation took place with regard to Kate Barker as she will have served for eight years by the time of the AGM in April 2019.

In addition, the Board re-evaluated each Director's time commitments, and was satisfied that, in line with the Code, they each continued to allocate sufficient time to the Company in order to discharge their responsibilities effectively, including not only attendance at Board and applicable Committee meetings but also preparation time for meetings, visits to businesses (including the annual Board away day / visit) and other additional requirements that may be required from time to time. Recognising the importance of the time commitment of each Director to shareholders, this will continue to be kept under review for all Directors during 2019, including as part of the annual Board evaluation process.

The Chair, at the time of his appointment on 1 July 2010, met the independence criteria as set out in the Code.

Management

Progress in achieving the Group Strategy is reviewed at each Board meeting and is reported on pages 12 to 26. The Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and the annual budgetary process. These are subject to formal review and approval by the Board.

Budgets are re-examined in comparison with business forecasts throughout the year to ensure they are sufficiently robust in order to reflect the possible impact of changing economic conditions and circumstances. The Chief Executive and the Board conduct regular reviews of actual results and future projections with comparison against budget and prior year, together with various treasury reports. Disputes that may give rise to significant litigation or contractual claims are monitored at each Board meeting, with specific updates on any material developments or new matters presented by the Secretary.

The Group has clearly defined policies, processes and procedures governing all areas of the business, which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances. Defined authority limits continue to be closely monitored in response to prevailing market conditions. Any investment, acquisition or significant purchase or disposal of land requires detailed appraisal and is subject to approval by the Board or the Chief Executive, depending on the value and nature of the investment or contract.

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board within which individual responsibilities of senior executives of Group companies are identified and can be monitored. The Operating Framework, within which delegated authorities, responsibilities and related processes are explained in detail, is available for review and guidance online by any employee through the Company's intranet. These activities are reinforced through process compliance and other audits conducted by Internal Audit.

The annual employee performance appraisal process is competency-based, with individual objectives cascaded down from the appropriate business objectives. The process also identifies training needs to support achievement of objectives.

During 2018 the Group's control environment was further enhanced through a robust risk assessment and review led by the Audit Committee, which identified the key risks to be reviewed and assessed by Internal Audit as part of its programme of work during the year.

Ensuring there is no conflict of interest

In order to assist Directors in complying with their duty to avoid conflicts (or possible conflicts) of interest, it is standard procedure that the Board must first give its clearance to such potential conflicts of interest (which would include directorships or other interests in outside companies and organisations) following which, an entry is then made in the statutory register which the Company maintains for this purpose.

Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is or may be a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Company's Articles of Association. In such cases, unless allowed by the Articles, any Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

The Board undertakes a regular review of each Director's interests, if any, outside the Company. In addition, all new appointments and interests of Directors are reported to the Board for consideration or noting as appropriate. Following these reviews, the Board remains satisfied that, in line with the Code, all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively and that any current external appointments do not detract from the extent or quality of time which the Director is able to devote to the Company. This is further borne out by Directors' attendance at Board and Committee meetings, which has been at or very close to 100% over many years.

Anti-bribery and anti-corruption

In line with the Bribery Act 2010, the Company has written policies on avoiding and not tolerating bribery or corruption. The policies apply across all of the Company's businesses and are available for review externally on the Company's website and by all employees on the Company's intranet. The risk to the Company of non-compliance would be reputational damage, financial penalties and the possible exclusion from certain approved partner arrangements. These risks are mitigated by training for senior managers and by issuing an annual reminder to all businesses and key departments requiring each managing director or departmental head to check that their teams have complied with the policies during the reporting year; remain aware of the policies' requirements for the coming year; and to formally confirm in writing that they have done so.

Whistleblowing

The Group's whistleblowing policy is supported by a clear process that includes an externally-facilitated hotline through which any person, including employees of the Company, may, in confidence, raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate behaviours in the workplace. All whistleblowing cases are formally investigated by the Head of Internal Audit, Group Director of Health, Safety and Environment (where appropriate), Group Human Resources Director and / or the Group Legal Director and Company Secretary depending on the nature of the issue. The Chief Executive is apprised of all allegations and conclusions of the review.

Whistleblowing incidents and their outcome are reported to the Audit Committee. Whistleblowing was a standing item on each Audit Committee agenda during 2018 and will feature on the Board's agenda on a regular basis during 2019, which allows the Committee, and the Board going forward, to regularly review the adequacy of the policy in line with its requirement to do so under the Code. The policy itself is periodically reviewed and includes the ability for workers to make protected disclosures with regard to matters arising under the Modern Slavery Act 2015 with regard to our business and its supply chain. Following a review of the process and administration; and a re-launch of the awareness campaign around the Company's businesses and offices, conducted during 2018; the Committee is satisfied that the policy and its administration remain effective.

Oversight of the Company's Whistleblowing process became a matter for the Board with effect from 1 January 2019, in line with the change to best practice contained in the July 2018 updating of the Code. The Company has already acted to transfer Whistleblowing from the Audit Committee to the Board in compliance with this new requirement and has published revised Terms of Reference to reflect this change.

Engaging with our stakeholders

We actively encourage engagement with our shareholders and other stakeholders

The Directors are required by law to act in a way that promotes the success of the Company for the benefit of shareholders as a whole. In so doing the Company must also have regard to wider expectations of responsible business behaviour, such as having due regard to the interests of its employees; the need to foster business relationships with suppliers, customers and others; the need to act fairly as between members of the Company; the likely consequences of any decision in the long term; the desirability of maintaining a reputation for high standards of business conduct; and the impact of the Company's operations on the community and the wider environment.

During the year, the Board specifically discussed this requirement on several occasions and concluded that its existing processes and decision making, properly take into account both the duty to shareholders and the remaining considerations with regard to other stakeholder matters as referred to above.

Engagement with stakeholders and consideration of their respective interests in the Company's decision-making process, took place during the year as described on this page and on pages 77 to 79.

Our customers



Engagement with our customers

Delivering high levels of customer satisfaction enhances the reputation of our business and reduces the costs associated with rectifying poor-quality work. The Board and the Group Management Team regularly review customer satisfaction scores as independently reported and consider ways in which these can be improved. The online Customer Portal, introduced during 2017, is proving very popular and effective in delivering greater customer choice and interactive two-way communication as the building and sales processes are progressed. During 2018, as part of the Company's strategy review, a number of customer focus groups were consulted as to key considerations, preferences and concerns when considering the purchase of a new home and the feedback from these informed the Board's thinking when establishing its new customer-centric strategic approach announced at its Capital Markets Day in May 2018.

The Board receives monthly reports on customer service matters, at Group level and for each operating division. The Ground Rent Review Assistance Scheme, established by the Company in 2017, to help customers who have leases with ground rents that double for a period prior to being capped, has made good progress in converting leases for those customers who applied to the Scheme to one with ground rent based on an RPI mechanism.

More details are set out on pages 5, 12, 14 and 30-31.

Our partners



Engagement with our supply chain

The Company negotiates with subcontractors and suppliers, both on a national and a local basis, to develop national framework agreements and to agree both national and local commercial terms. These reflect the payment practices and performance in respect of which we have published two six-monthly Payment Practice Reports, which may be found online at <https://check-payment-practices.service.gov.uk/company/01392762/reports>

We engage with our suppliers at both local and national level to keep them informed of key forecasting information.

We engage with our suppliers on a wide range of sustainability initiatives through meetings, workshops and our membership of the Supply Chain Sustainability School. We are refocusing on waste elimination and reduction including packaging waste in particular.

The Company also engages with Non-Governmental Organisations (NGOs) and expert organisations to assist us in creating sustainable communities around our housing developments, covering areas such as urban design; ecology; and innovation.

We employed a full-time Research and Development Manager in 2018 with specific responsibilities for innovation. The role includes a high level of engagement with our supply chain, both material manufacturers, suppliers and subcontractors, across a wide range of products and services. The role dovetails with our supplier relationship programme, in which we seek to enhance and improve both process and product with our key supply chain partners.

The strategy approved by the Board reflected this engagement through seeking to increase the proportion of long term partnerships with subcontractors and suppliers and further increasing the high standards the Company sets in relation to safety, skills development and environmental responsibility.

More details are set out on pages 16, 22 and 34 to 35 and in the Sustainability Report for 2018.

Our investors



Engagement with our shareholders

The Board actively seeks and encourages engagement with shareholders, including its major institutional shareholders and shareholder representative bodies. The Board fully supports the principles of the UK Corporate Governance Code and also welcomes and acknowledges the Stewardship Code, both of which aim to foster a more proactive governance role by major shareholders. The Board has put in place arrangements designed to facilitate contact with shareholders concerning business, governance, remuneration and other relevant topics. This provides the opportunity for meetings between shareholders and the Chair, the independent Non Executive Directors (including the Senior Independent Director) as well as the Chief Executive, Group Finance Director and Group Legal Director and Company Secretary and other executives as appropriate, in order to establish a mutual understanding of objectives. The Company also operates a structured programme of investor relations, based on formal announcements and publications covering the Full Year and Half Year results. In addition, the Chair meets with the Company's institutional shareholders from time to time, both proactively and upon request, in order to discuss the Company and its performance, governance and remuneration policies. As set out in the Remuneration Report, the Remuneration Committee undertakes a consultation exercise each year and as part of this exercise, the Committee Chair also engages directly with shareholders and their representative bodies. More details are set out on pages 69, 97 and 104.

The Company is, of course, also always very pleased to hear from and engage with our private shareholders and has, for example, previously met with the United Kingdom Shareholders Association to facilitate contact with shareholders located in the North of England, which took place at a regional office and included site visits.

What our shareholders have asked us this year

During 2018 the Company held meetings with shareholders holding in aggregate around 27% of the Company's shares, taking the form of group meetings; one to one meetings; site visits; conference telephone calls; the AGM – both before, during and after the meeting; at the

announcement of the Company's Full Year and Half Year results including 'roadshows' following each announcement; and a briefing to sector stock market analysts at the Capital Markets Day on 15 May 2018 as part of which we introduced the two Executive Directors appointed in April, Chris Carney and Jennie Daly; and which included an update on the Company's strategy.

In addition, in line with the Code, the Chair wrote to twelve of the Company's major shareholders, offering to meet with them if they had questions around the Company's strategy or governance. Meetings have been held with those shareholders who requested one and a number of others took the opportunity to confirm that there are no major issues at present.

The Company also consulted on its remuneration proposals for 2019, with its largest institutional shareholders and shareholder representative bodies. More details are set out in the Remuneration Report on page 104.

Key themes discussed with shareholders during the year included:

- Current trading, market demand and house price outlook;
- Guidance for 2018 and outlook for 2019 and beyond;
- The Company's new strategy;
- The likely impact of 'Brexit' and Government policy;
- The land market, build costs and labour availability;
- The Company's financial targets and dividend policy; and
- The mortgage market and customer drivers.

All Directors receive formal reports and briefings during the year about the Company's investor relations programme and receive detailed feedback through surveys, direct contact and also other means. This enables all Directors to develop an understanding of the views of major shareholders about the Company, which are then taken into account when considering major strategic and operational alternatives open to the Company.

The Board encourages all shareholders to vote at the AGM, which is attended by all Directors. The Notice of Meeting, including details of all resolutions to be proposed at the meeting, is set out on pages 181 to 188.

Our communities



Engagement with local communities

We actively seek the views of local communities and develop a tailored planning and community engagement strategy for each development site, working closely with communities and other local stakeholders throughout all aspects of the planning process. This feeds into Board discussion of future development plans when considering strategic direction and progress, and when considering major capital expenditure proposals referred to the Board including on land purchase.

A key element of the Company's strategy is a renewed focus on placemaking and community when developing new sites and this involves interacting with all key stakeholders when designing, building, and marketing, new housing developments and taking their views fully into account.

We also support communities, both locally and nationally, through our charitable work, including financially and giving time, energy and leadership to support local efforts.

During 2018 we worked with Design For Homes to deliver training programs for our Regional design teams on use of the placemaking design tool 'Building For Life' and also contributed to the Government's round table discussions on design quality.

More details are set out on pages 14, 38 to 39 and in the Sustainability Report for 2018.

Our employees

Engagement with our employees

The principal forum for engagement with our employees is the National Employee Forum ('NEF') which was introduced by the Board during 2017 and has worked well throughout 2018 and into 2019, giving the Company's employees an extended 'voice' with regard to key matters that are being considered. Further details are set out in the case study on page 79.

The Company responded during 2018 to feedback received from employees as part of the 2017 employee engagement survey 'Talkback' with the aim of further improving our collaboration, work environment and methods of ensuring our employees have the necessary tools and resources they need to do their job.

A further 'Talkback' employee engagement survey is planned for 2019 to assess employees' reaction to the key areas that we have implemented as a result of the 2017 survey. These were to improve access to a wider range of learning and development; more agile working environments when refurbishing or relocating to new offices; an increased focus on the health and wellbeing of our employees, particularly around mental health awareness; and the introduction of the NEF, mentioned earlier, giving employees a 'voice' in key areas. The planned 2019 survey will also invite employees to identify areas where we can make further improvements. The findings of this survey will be reported in next year's Annual Report and Accounts.

We also maintain a number of active employee communication channels including employee-based committees; communicate through our half-yearly Teamtalk magazine and regular Teamtalk Express email newsletter; and actively seek employee ideas and feedback on strategy, current business plans, and production, health, safety and environmental matters.

Following the release of the Company's new strategy in May 2018, a number of employee focus groups were held at which senior executives of the Group brought to life the new strategy and gained feedback on key areas including the development of implementation plans for specific business areas.

The Company has participated in the 2018 Workforce Disclosure Initiative which aims to provide greater disclosure on workplace practices, including in the areas of supply chain; employee contracts; and Board governance oversight of the Company's workforce. This initiative is aimed at focusing companies' attention on workforce practices in areas where there is risk of harmful workplace practices.

More details are set out on pages 20 to 21, 32 to 33 and 120 to 121 and the case study on page 79.

Health and safety

The health and safety of our employees; customers; suppliers; subcontractors; and all visitors to our businesses and development sites; continues to be a non-negotiable top priority for the Company. The Board receives reports on health, safety and environmental matters, at Group level and for each operating division at each Board Meeting. The HSE Director attends each Group Operation Team meeting and also attends the Board on an annual basis to present on key HSE issues, initiatives, trends and statistics.

More details are set out on pages 32 to 33 and 60.

Consideration of people with disabilities

The Company is committed to making its products accessible to customers with disabilities and to ensuring that prospective employees with disabilities should have fair consideration for all vacancies within the Group.

To provide more flexibility for customers with disabilities, the majority of the houses in our new house type range will be designed to Level 2 of Part M of the Building Regulations. This enhanced standard allows for easier movement into and around the house as well as providing flexibility in adapting bathrooms and bedrooms for disabled people.

More details are set out on page 28 and in our Sustainability Report for 2018.

For employees, the Company is committed, where possible, to ensuring that people with disabilities are supported and encouraged to apply for employment; to achieve progress once employed; and for this to be facilitated

to the extent reasonably possible by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

More details are set out on page 121.

Careers

The Board is very mindful of the need to develop skills in the housebuilding industry, particularly in light of the possible challenges around 'Brexit', and the Company continues to offer a significant number of opportunities for the development of new skills:

- Apprentices are given opportunities to develop in key building trades;
- The Graduate programme, which lasts two to three years, helps to fulfil our talent succession requirements in Strategic Land, Land, Sales, IT and Finance as well as supporting key business and charity projects throughout their time on the programme;
- All employees have annual reviews linked to personal development plans and targets for further improving their skills and experience; and
- Training is available to assist employees in seeking to maximise their opportunities around the Group.

More details are set out on pages 20 to 21 and 120 to 121.

Pensions

The Board is regularly updated on the funding position of its various pension arrangements for Group employees, both present and those in retirement.

The Company has two types of pension scheme – a defined contribution pension plan which is available to new and existing UK employees and a defined benefit pension scheme (Taylor Wimpey Pension Scheme) which is closed to both new members and to future accrual.

The defined contribution pension plan limits the Company's obligation to payment of contributions based on a fixed percentage of employees' pay, with no further legal or constructive obligations to pay further contributions to the plan.



The defined benefit pension scheme provides benefits to beneficiaries in the form of a guaranteed level of pension payable for life which is paid from a Trustee-administered fund. The Trustee is responsible for ensuring that the Scheme is well managed and that members' benefits are secure. The Company works closely with the Trustee of its defined benefit pension scheme to assess the funding position of the scheme with the overall aim of securing and safeguarding current and retired employees' pension entitlements in the long term.

More details are set out in Note 21 to the Accounts on pages 154 to 158.

Diversity and inclusivity

The Board has established a plan to increase diversity and inclusivity in their widest sense throughout the business and has published targets for improvement and details of progress made towards their achievement.

Diversity and inclusivity featured strongly in Board discussions on strategy and is a core message in the latest strategic plan announced at the Capital Markets Day in May 2018. The Board receives regular updates on progress through the Chief Executive's reports and operating updates at each Board meeting and there is more detailed analysis of progress and future plans by the Nomination Committee.

In this connection, during 2018 we engaged with The Disability Forum with a view to raising awareness of the challenges facing people with disabilities; with the EY Foundation which tries to reduce the barriers that young people from all backgrounds face when trying to find employment; and the Leonard Cheshire Disability Change 100 programme to help increase the number of people employed with a disability.

Consideration of diversity and inclusivity also features strongly in talent and succession planning by both the Board and the Nomination Committee.

National Employee Forum

The National Employee Forum ('NEF') introduced by the Board during 2017, has worked well throughout 2018, giving the Company's employees a 'voice' with regard to key matters that are being considered. The NEF builds on our continuing network of Employee Consultation Committees and consists of elected employees from a variety of geographic areas, site and office based disciplines, and seniority across the UK business. Meetings were held quarterly during 2018 and all generated a good level of healthy debate. The meetings are attended by a member of the Group Management Team and so far have been attended by either the Group Legal Director and Company Secretary and/or by the Group Human Resources Director. Other senior executives attend as appropriate, when topics such as strategy, remuneration and other operational matters are discussed. The Chair and the Chair of the Remuneration Committee attended one meeting during 2018, at which they explained and answered questions on the structure of the Board, wider corporate governance considerations and the Company's remuneration policy.

The Board receives at each Board meeting detailed reports on employee matters, at Group level and for each operating division, and these, together with feedback from the NEF meetings, inform the Board's discussion on matters potentially affecting employees to a significant extent.

Topics of discussion may be proposed by any employee but generally consist of key areas on which the Company seeks the views of, and feedback from, employees, including:

- strategy briefings and discussion of feedback from focus groups on key areas, including how best to deliver strategic messages

around the business; and progress of the key strategic initiatives;

- discussion of the Company's vision, mission, values and cultural principles, including further developing how this meshes with the Company's strategic aim of becoming a truly customer-centric business;
- initiatives to become an employer of choice, reviewing feedback from strategy focus groups conducted across the business and external assessments of the Company's relative attractiveness as an employer, and discussing the appropriateness of actions underway to address, and further improve, in relevant areas;
- receiving an overview of Company benefits, including a detailed review of target-setting for the Company Bonus Scheme and the method by which the Company car fleet is selected and made available to eligible employees;
- an overview of how the Board operates, including the role of the Chair and the respective roles of the Executive and Non Executive Directors;
- an overview of the role of the Remuneration Committee, including the role of its Chair, and an explanation of its remuneration principles and how they are applied;
- a review of the use of technology in the business and updates on progress with IT projects;
- a discussion on the Company's policy for detecting and addressing the risk of instances of modern slavery in its business and its supply chain; and
- seeking input on proposed business initiatives.



Board evaluation

A key requirement of good governance is ensuring that the Board itself is operating effectively. The carrying out of an annual evaluation is a very important exercise and it is one which the Board and each Director takes very seriously, whilst also recognising the focus that our shareholders place on it. In line with the Code, the Board conducts its annual evaluation exercise via an independent external facilitator once every three years. The last such externally-facilitated evaluation was conducted for 2017 and reported on in detail in last year's Corporate Governance Report.

The main action points arising from that exercise, and action taken in respect of each, are set out in the table opposite.

The evaluation for 2018 was internally facilitated by the Chair in conjunction with the Secretary. The exercise, which considered the effectiveness of the Board, each Board Committee and each Director, was conducted between October and November 2018 and consisted of the following:

- A detailed and comprehensive bespoke questionnaire which the Secretary distributed securely online to each individual Director for completion and return to him;
- Collation of the responses was undertaken by the Secretary on a non-attributable basis;
- Review by the Chair and the Secretary of each performance area, and by the Chair of each individual Director;
- Review by the Senior Independent Director and the Secretary on the feedback provided on the performance of the Chair;
- Led by the Senior Independent Director, the Independent Non Executive Directors also met separately to review the Chair's performance based on the non-attributable feedback and also to discuss other matters;
- Presentation of the findings on the Board and Board Committees to the Board in December 2018 on a non-attributable basis;
- Preparation of action plans designed to address the findings, discussed at the Board in February 2019, as set out in the table opposite, and to be actioned during 2019.

Feedback was then provided on an individual basis, by the Senior Independent Director to the Chair (and vice versa); and through the Chair discussing each individual Director's own performance assessment with the relevant Director on a one-to-one basis.

The recommendations arising from the Board evaluations for 2017 and 2018, together with actions taken during 2018 in relation to the former, and actions taken and planned during 2019 in relation to the latter, are set out in the table opposite.

The overall outcome of the 2018 evaluation exercise was that the Board considered that it continues to function effectively and in line with first class corporate governance principles, and is providing effective leadership to the Group.

As part of the Board evaluation, the time commitments of all Directors in line with the requirements of the Code were reviewed in detail. Following this review, the Board was satisfied that each Director was able to allocate sufficient time to discharge his or her responsibilities to the Company effectively. This included not only attendance at Board and applicable Committee meetings (where attendance was 100% during 2018 for all Directors, except that Rob Rowley was absent from one meeting of the Nomination Committee, convened at short notice, due to an unavoidable previous engagement) but also preparation time for meetings, visits to our businesses and other additional requirements that may be required from time to time.

Consistent with previous exercises, the 2018 evaluation proved to be very useful. It again provided an opportunity to reflect on how we operate and where we can improve as a Board. I can confirm that the Board has already focused on the areas identified for improvement and will continue to do so during the course of 2019.

Details of this year's evaluation; its outcome; the actions planned by the Board during 2019 to address the issues raised; and the actions taken during 2018 to address the issues raised in the last (externally facilitated) evaluation conducted in 2017 and reported in last year's Annual Report, are set out in the table opposite.

This 2018 Annual Report and Accounts

Your Directors have responsibility for preparing this 2018 Annual Report and Accounts and for making certain confirmations concerning it. In accordance with Section 4, Principle N, Provision 27 of the Code (formerly Provision C.1.1 prior to the July 2018 updating of the Code) the Board considers that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Board was able to reach this conclusion after receiving advice from the Audit Committee. The processes of review and assessment followed by that Committee in that respect are set out on page 86.

The Viability Statement, as required by the Code, appears on page 51.

2017 Evaluation –**Recommendations included**

Devote additional Board time to strategy.

Actions taken during the year

Strategy: Although significant time is already devoted to strategic matters and these are considered at each Board meeting, this recommendation was addressed with additional time set aside at the Board's meeting in April 2018, at which the Board considered alternatives for the next stage of the Company's strategy, which culminated in the announcement of the Company's updated, medium term strategy at the Capital Markets Day on 15 May 2018. A discussion also took place on strategy-related matters at the September 'away day' Board meeting.

Devote additional time to risk including non-operational risk, and those risks which are considered to be strategic and lower probability in nature.

Risk: Work commenced on this area during 2017 and was further developed during 2018, with risk being specifically discussed at five Board meetings during 2018 including at the September 'away day' Board meeting. In addition to the usual half-yearly risk reviews, substantial portions of three other meetings were devoted to the consideration of longer-term and lower-probability risks; operational risk; and a presentation and detailed discussion on the consideration of the Company's risk appetite, together with external advice and attendance of advisers. This key area remains firmly on the Board's agenda during 2019 and an update will be provided in the 2019 Annual Report and Accounts.

Undertake additional focus on succession planning taking into account forthcoming Non Executive Director changes based on length of service.

Succession planning: This continued to be a particular area of focus for the Nomination Committee and the Board during 2018, with detailed reviews of progress and consideration of alternative plans going forward, conducted at each of the Committee's meetings during 2018. Details of Non Executive Director changes during 2018 and action taken and proposed to maintain the effective composition of the Board, are set out on pages 62 and 63. This key area remains firmly on the Board's agenda during 2019 and an update will be provided in the 2019 Annual Report and Accounts.

2018 Evaluation –**Recommendations included**

Maintain focus on progress in achieving the strategy.

Actions being or to be taken during 2019

Strategy: The Board will regularly review during 2019 how the strategic direction is being adopted and progressed across the business and will agree and monitor this progress against milestones around the interim strategic goals and priorities identified by the Group Management Team.

Maintain further progress on succession planning in the Finance area.

Succession planning: Action has already commenced to deepen the overall strength in depth of the Finance function across the business and the Nomination Committee will be kept apprised of progress throughout 2019 and going forward.

Develop a faster pace of improvement on diversity and inclusivity at all levels across the Group.

Diversity: The Board will continue to monitor progress of diversity and inclusivity matters across the Group during 2019. Diversity and inclusivity is included as a special topic at a Board meeting during each year when the Chair of the Diversity and Inclusivity Committee attends and updates the Board on ongoing initiatives, objectives and priorities. The Board also receives regular updates on diversity and inclusivity throughout the year.

Develop improved methods of monitoring progress in the strategic aim of becoming a more customer-centric business.

Customer-centric strategy: The Board believes that considerable progress has already been made in this area and additional reporting is being developed to assist in driving further improvements and monitoring their effectiveness. In addition to regular reporting, progress on our customer-centric approach will also be included as a special topic during 2019.

Implement ideas from Non Executive Directors from their other Board appointments with a view to enhancing the Taylor Wimpey Board processes.

Board processes: A number of good suggestions were made, including the holding of pre-Board breakfast meetings with, for example business leaders; leading industry commentators; and/or with stakeholder groups.

Audit Committee report

Audit Committee



Humphrey Singer
Chair of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the report of the Audit Committee and to summarise below, and in the report which follows, the ongoing responsibilities and objectives of the Committee; the work that has been carried out during 2018; and the priorities established for 2019.

The Committee supports the Board in fulfilling its corporate governance responsibilities, including the Group's risk management and internal control framework; internal audit process; financial reporting practices; the preparation and compliance of the Company's Annual Report and Accounts; and the external audit process. The Committee's responsibility for overseeing the Company's whistleblowing

procedures has been transferred to the full Board from 1 January 2019 as required by the July 2018 update of The UK Corporate Governance Code (the Code).

The terms of reference of the Audit Committee are summarised opposite and are available in full on the Company's website. Following a review, and their amendment to reflect the changed responsibility for overseeing whistleblowing as referred to above, it was determined that they remain appropriate and reflect the Committee's responsibilities under the Code and related regulations.

The Committee conducts an annual evaluation of its performance against its key objectives. An interim review of progress against these objectives was considered at the Committee's December 2018 meeting and the evaluation for 2018 was recently formally assessed by the Committee at its February 2019 meeting.

The key performance areas of the Committee during 2018 are set out opposite and described in more detail in this report.

The Committee's key areas of focus for 2019 are set out below. Whilst these remain sufficiently flexible to permit the Committee to quickly respond to any major change in circumstances, the key priorities for the year ahead will remain the continuation of robust risk management and work to further reduce risk in areas such as cyber security.

The Committee holds meetings with the external auditor and the Head of Internal Audit, independent of the Executive, and these assist in ensuring that reporting, forecasting and risk management processes are subject to rigorous review throughout the year.

I am pleased to confirm that throughout the year the Committee met the Financial Reporting Council ('FRC') guidance on Audit Committees which was issued in April 2016, and which was incorporated into the Code. The aim of the guidance was to further improve good governance around the Committee's competence; induction for new members; audit rotation; independent assessment of areas of judgement; and sufficiency of resourcing for the Committee; all with the aim of ensuring that it is able to perform its primary function of protecting shareholders' interests in relation to the Company's financial reporting and internal control.

The Committee will continue to focus on ensuring that all relevant codes and regulations are complied with, in order to confirm that the business is operating in a controlled and managed way.

I should like to thank Mike Hussey, who stood down from the Board on 19 July 2018, for his work as a member of the Committee since 2013, and to wish him well for the future.

Humphrey Singer
Chair of the Audit Committee

Audit Committee

The Audit Committee is chaired by Humphrey Singer, who succeeded Rob Rowley as its Chair on 10 January 2018. Rob Rowley continued to be a member of the Committee until he stood down from the Board at the conclusion of the Company's 2018 Annual General Meeting (AGM) on 26 April 2018. All members of the Committee are Independent Non Executive Directors as required by the Code. The Board has determined that Humphrey Singer has recent and relevant financial experience as required by the Code. In addition, and in line with the Code, the Board considers that the Audit Committee when considered as a whole, has the necessary competence relevant to the housebuilding sector in which the Company operates.

Main objective

- To assist the Board in fulfilling its corporate governance responsibilities relating to the Group's risk management and internal control framework; internal audit process; financial

reporting practices including the key accounting judgements; and external audit process.

Members

Committee members	Meetings attended
Humphrey Singer (Chair) ^(a)	3/3
Kate Barker	3/3
Angela Knight	3/3
Mike Hussey ^(b) (Former Director)	1/1
Rob Rowley ^(c) (Former Director)	1/1

- (a) Appointed Chair on 10 January 2018 as successor to Rob Rowley.
 (b) Stood down from the Board on 19 July 2018.
 (c) Stood down from the Board on 26 April 2018.

2018 performance

- Oversaw development of policies and processes, ensuring compliance with the EU General Data Protection Regulation.
- Engaged with the senior management team to ensure an effective risk management and control framework continued to evolve.

- Oversaw both the Delivery and Commercial Excellence Programmes to improve efficiency and effectiveness of the operational teams.
- Engaged with the senior management team to gain assurance that processes; the related documentation; and communication with our customers support the Group's Customer Journey aspirations.
- Received the Group Fraud Risk Assessment and continuing focus thereon.

2019 key areas of focus

- Monitoring initiatives to support business partnering by the Finance function.
- Monitoring Commercial function initiatives to further strengthen commercial controls.
- Gaining assurance that planned processes and initiatives are progressed within a robust framework.
- Oversight of joint venture activity to ensure alignment with core frameworks and processes.

Committee purpose and responsibilities

The membership of the Audit Committee is set out in the table opposite. Committee meetings are also attended, by invitation, by the CEO, Group Finance Director and the other Executive Directors, the Chair and other Non Executive Directors (who traditionally attend the key Committee meetings dealing with the Company's interim and full year accounts), Head of Internal Audit, other senior executives and by Deloitte LLP (Deloitte), the external auditor. The Committee also meets privately with representatives from Deloitte during at least two Committee meetings per annum, which normally take place around the time of the Full and Half Year financial statements, in order to discuss any matters which the auditor may wish to raise in confidence, with only the Secretary being present.

Committee activities during 2018

The Audit Committee met on three occasions during the year. The reports considered at the February 2019 meeting concluded the Committee's activities with regard to the Company's 2018 reporting and have been included on this page.

At those meetings, the Committee carried out its remit which, in addition to reviewing at each meeting the summary reports of Internal Audit activity and, until the end of 2018, whistleblowing matters, together with details of action taken or proposed in response, primarily included the following:



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|---|--|--|--|
| <ul style="list-style-type: none"> – Reviewed the draft 2017 Annual Report and Accounts including significant accounting and audit issues; issues of materiality; the external auditor's report; and conducted a formal compliance check. – Disclosed relevant audit information to the auditors and the processes in place to underpin it. – Reviewed the Group's 2017 draft Full Year Results Statement; and advised the Board regarding the appropriateness of the proposed dividends. – Concluded the prior year's risk review. – Reviewed the draft Viability Statement to appear in the 2017 Annual Report and Accounts. – Reviewed the Committee's performance against its objectives for 2017 and set objectives for 2018. – Received the Group legislation risk assessment. – Held private meetings with Deloitte and the Head of Internal Audit. – Agreed Internal Audit's programme of work for 2018. | <ul style="list-style-type: none"> – Reviewed the draft Half Year Statement for 2018 including significant accounting issues thereon; materiality; and the external auditor's report on its review of that statement. – Conducted the 2018 Half Year risk review. – Received a further detailed presentation on progress to date and plans for further improving the Group's data security. – Advised the Board regarding the appropriateness of proposed dividends. – Reviewed Deloitte's plan for the audit of the Company's 2018 accounts, and the progress of the audit to date. – Led the appraisal of Deloitte's performance during the audit of the Company's 2017 results. | <ul style="list-style-type: none"> – Reviewed and confirmed the processes which allow the Committee to ensure that the 2018 Annual Report and Accounts meets the requirements of Code Principle N, Provision 27, to present a fair, balanced and understandable assessment of the Company's position and prospects. – Reviewed and confirmed the processes which allow the Committee to assess the performance of Deloitte during the audit; the effectiveness of the external audit process; and in light of the findings, to recommend to the Board as to Deloitte's re-appointment at the 2019 AGM. – Received a briefing on key accounting judgements with regard to the Company's 2018 accounts. – Oversaw the process leading to the Board's Viability Statement included in its 2018 reporting. – Considered the risk review outcome for 2018. – Received a detailed presentation on progress to date and plans for further improving the Group's IT systems and wider IT security generally. – Conducted an interim review of progress against the Committee's objectives for 2018. | <ul style="list-style-type: none"> – Reviewed the draft 2018 Annual Report and Accounts including significant accounting and audit issues; issues of materiality; the external auditor's report; and conducting a formal compliance check. – Disclosed relevant audit information to the auditors and the process in place to underpin it. – Reviewed the Group's draft 2018 Full Year Results Statement; and advised the Board regarding the appropriateness of the proposed dividends. – Concluded the prior year's risk review. – Reviewed the draft Viability Statement to appear in the 2018 Annual Report and Accounts. – Reviewed the Committee's performance against its objectives for 2018 and set objectives for 2019. – Agreed Internal Audit's programme of work for 2019. |
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Audit Committee report continued

In addition, at each meeting, the Committee also reviewed its other areas of responsibility, including:

- Financial reporting practices.
- The risk management and internal control framework.
- The internal audit process and the review of reports received and actions arising therefrom.
- Checking for any incidences of fraud, actual, alleged or precautionary, and ensuring proper controls and a response plan are in place.
- The adequacy of the Company's whistleblowing procedures and the status of any investigations (following publication of the July 2018 update of the Code, as explained earlier, responsibility for this area was transferred to the full Board after the Committee's December 2018 meeting).

In carrying out these activities, the Committee places reliance on regular reports from Executive Management, Internal Audit and from Deloitte. In monitoring the financial reporting practices, the Committee reviewed accounting policies, areas of judgement highlighted by Executive Management and Deloitte, the going concern assumptions and compliance with accounting standards and the requirements of the Code.

Committee competence

A key requirement of the FRC's guidance on Audit Committees is that each Committee member should have sufficient knowledge; training; and expertise; to contribute effectively to the Committee's deliberations.

As Committee Chair, I have extensive experience in my role as Chief Finance Officer of Marks and Spencer Group plc, and previously as Group Finance Director of Dixons Carphone plc, of the financial reporting requirements of FTSE 100 companies; of financial reporting preparation and compliance for public companies; and of dealing with internal and external auditors. I also have experience of both attending Audit Committees and of being a member of an Audit Committee. This experience has given me an insight into key areas of shareholder concern and independent experience of robustly challenging both the executive and the external and internal auditor.

I am assisted by two other Independent Non Executive Directors:

Kate Barker has wide experience of key areas in which the Company operates day to day, having led Government policy reviews into housing supply and land use planning. She also has experience of being a non executive director with Man Group plc and previously with Yorkshire Building Society.

Angela Knight has wide experience of financial services and banking and has extensive non executive director experience.

Between us, I am confident that the members of the Audit Committee have the necessary competence relevant for the house building sector as envisioned by the Code.

As described in the Nomination Committee Report on page 89, there is a formal process of induction for new Directors and this includes specific reference to assisting competence in relevant Committee areas through exposure to appropriate areas of the Company's operations and performance.

All the members of the Audit Committee are Independent Non Executive Directors and I have recent and relevant financial experience as required by the Code.

I am confident that the composition; balance; and expertise of the Audit Committee can give shareholders confidence that the financial; reporting; risk; and control processes of the Company are subjected to the appropriate level of independent, robust and challenging oversight.

Risk management and internal control

The Group has established an ongoing process of risk management and internal control, applying Principle O and its supporting Provisions of the Code which relates to determining the nature and extent of principal risks and the maintenance of sound risk management and internal control systems. The Board is responsible for the effectiveness of the system of internal control, which has been designed to meet the requirements of the Group and the risks it encounters, over various time horizons, including taking account of environmental, social and governance considerations. The systems cannot eliminate the risk of failure but rather seek to manage both the likelihood of their occurrence and the extent of their impact, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Principal Risks facing the Company, as assessed by the Board, are set out on pages 42 to 51, together with information on the action taken and / or planned to mitigate each one, and a description on page 43 of the Group's appetite for risk.

The Board makes its assessment of risk half yearly, after overseeing, with advice from the Audit Committee, a bottom-up and top-down review of risk in all areas of the business, with a time horizon of up to five years. Action to mitigate the effect of each one is led by the Chief Executive either directly or indirectly in conjunction with the Group Management Team (GMT).

The Board's assessments use a standard methodology which takes into account environmental, social and governance considerations. In compliance with the Code, the Board, led by the Audit Committee, also regularly reviews the effectiveness of the Group's system of internal control in providing a responsible assessment and mitigation of risks.

The Board's monitoring covers all controls, including financial, operational, compliance and assurance controls which include risk management.

During 2018 the Board and Audit Committee developed its risk review, appraisal and monitoring processes in two ways. Firstly, considerable thought went into the modelling of the sensitivities underpinning the robustness and applicability of the Viability Statement. Secondly, there was a detailed consideration of the various ways in which the Company could be impacted by the possibility of a 'no-deal Brexit' and the possibility of preparatory and mitigating actions in that respect.

Examples of the Board's and the Committee's reviews around the possible impact of 'Brexit' are set out in the explanation of the process leading to the making of the Viability Statement on page 51; and the assessment of, and mitigation steps related to, risk arising from the impact of the market environment on page 46 and material costs and the availability of subcontractors on page 47.

Compliance with the Group's system of internal control is primarily driven and co-ordinated through compliance with an established Operating Framework supported by detailed manuals covering the main disciplines. These include clear levels of delegated authority, responsibility and accountability, and are subject to periodic review to ensure they remain appropriate and proportionate to the Group's changing strategic and operating requirements. Adherence to the Operating Framework is monitored by the senior management team and assessed independently by Internal Audit. At its half year and year end meetings, the Board reviews risk in relation to the Company's strategic objectives and its current plans to deliver them. It also reviews progress and performance in action taken to mitigate the impact of those risks.

The Board is supported in this by more regular and detailed reviews, by the Audit Committee, including the review of reports from Internal Audit, and by risk reviews across the business, led by the GMT. These reviews during 2018 resulted in a number of enhancements to internal controls, designed to better manage risk across the business. These included:

- A seamless interface between the Enterprise Resources Planning (ERP) and the consolidation system and collection of non-financial data automatically, together with an improved audit trail of submissions.
- Enhanced self-certification of business unit compliance with key controls across all functional areas.
- Rolling-out the complex projects manual across the business and performing the pilot review to confirm that it is being correctly applied.

The Committee oversees the actions being taken to monitor Information Technology (IT) initiatives which aim to either directly protect against and reduce the risk of cyber-related type attacks and fraud; support and enhance the current IT environment including data protection; or that are crucial in their contribution to key business initiatives aiming to enhance the experience of customers, suppliers and employees.

At its meeting in February 2019, the Board, after conducting its own review and after reviewing more detailed assessments from the Audit Committee, remained satisfied that the system of internal control continued to be effective in identifying, assessing, and ranking the various risks facing the Company; and in monitoring and reporting progress in mitigating their potential impact on the Company. The Board also approved the statement of the Principal Risks and Uncertainties set out on pages 42 to 51 of this Annual Report.

Viability statement

The Committee reviewed the Viability Statement set out on page 51 together with the methodology underpinning it; the period it covered; and the robustness of the stress-testing undertaken. The review considered that the Board, from forecasts and reports available to it, has reasonable visibility over a five year time horizon. It also noted that the time period coincided with the average build-out period for typical developments from land acquisition to delivery to customers. The outcome of that review was that the period covered by the statement and the robustness of the stress-testing were each considered to be appropriate and accordingly the Committee recommended its approval to the Board.

External auditor

Re-appointment

As noted earlier, Deloitte LLP is the Company's external auditor. Their performance is kept under regular review by the Board and the Audit Committee and the Committee undertakes a formal assessment of the external audit process each year including both current and ongoing suitability.

This review takes the form of a detailed checklist and questionnaire issued to Directors; executives involved in the detailed stages of the audit process; and a representative sample of employees in regional business units which were subject to audit. The responses were augmented by external feedback on the relative performance of auditors generally, and from regulatory sources.

The regulatory sources included the Financial Reporting Council's Audit Quality Review ('AQR') team, which selected to review the audit of the Company's 2017 financial statements as part of their 2017 annual inspection of audit firms. The focus of the review and their reporting is on identifying areas where improvements are required rather than highlighting areas performed to or above the expected level.

The Chair of the Audit Committee received a copy of the findings of the AQR team and has discussed these with Deloitte. The findings have also been discussed by the Audit Committee and, where required, an action plan was agreed with Deloitte to ensure the matters identified by the AQR have been addressed in the audit of the Company's 2018 financial statements.

The outcome of this review was that the Committee recommended to the Board, which in turn is recommending to shareholders in Resolution 13 at the 2019 AGM on page 181, that Deloitte LLP should continue as auditor to the Company.

Tender

The Company last conducted a tender process for the external audit in 2007/2008. UK rules relating to the requirement for rotation of external auditors by FTSE 350 companies permit transitional arrangements in line with guidance issued by the FRC which, applied to the Company, allow the present auditor, Deloitte, to continue in office up to and including the conclusion of the audit of the Company's 2020 accounts. This is considered by the Committee to be in the interests of shareholders and other stakeholders. The present audit partner, Edward Hanson, concludes his five year partner rotation with the audit of the 2018 accounts and in preparation for the rotation to a new partner, his work is being shadowed by Dean Cook who will be the partner for the audit of the Company's 2019 accounts. That also allows sufficient time thereafter for the Committee to prepare for the external audit to be the subject of a competitive tender of alternative firms to Deloitte, during 2020. The Company will of course keep the matter under regular review, taking into account the annual performance review to be conducted by the Committee as well as other relevant factors. There are no contractual restrictions on the Company's selection of its external auditor.

Statement of compliance

The Company has complied throughout the reporting year with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Appointment of the auditor for non-audit services

The Audit Committee has a formal policy, reviewed annually, on whether the Company's external auditor should be employed to provide services other than audit services. In line with the Code, the Committee has regard to the relevant ethical guidance regarding the provision of non-audit services by Deloitte.

As part of that policy, the Committee has determined that the following assignments should not be undertaken by the auditors:

- 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 or remuneration.

Where non-audit services have an initial or forecast face value in excess of £100,000 there must be prior review and authorisation by the Group Finance Director and the Committee.

The Board is satisfied that this policy meets the latest regulation, the EU Audit Directive and Audit Regulation 2014, and will be conducive to the maintenance of good governance, best practice and auditor independence and objectivity.

Non-audit services in 2018 predominantly related to work undertaken as a result of Deloitte's role as auditors, in particular the assurance work carried out in connection with the announcement of the Company's half year results for 2018, which is of direct benefit to shareholders although it is not formally regarded as 'audit' work for reporting purposes. Deloitte also performed cyber security consultation services, for which they were selected as they were considered to be the best supplier for that service. All independence considerations were considered with regard to these services, in line with the above policy, and were fully compliant with it.

The Audit Committee fully recognises and supports the importance of the independence of auditors. Its review of the auditor's performance during 2018 included non-audit services. The Committee is satisfied that the carrying out of the above work did not, and will not going forward, impair the independence of the external auditor. It also recognises that, from time to time, there is a clear commercial advantage based on cost and timetable requirements in using the Company's auditors. As a result, the value of non-audit services work was £0.1m in 2018 (2017: £0.1m) which represents approximately 20% of the audit fee as set out in Note 6 to the Accounts on page 143.

Internal Audit

The Internal Audit function reviews the effectiveness and efficiency of the systems of internal control in place to safeguard the assets; to quantify, price, transfer, avoid or mitigate risks; and to monitor the activities of the Group in accomplishing established objectives. The annual Internal Audit plan, and the individual audits conducted in line with the audit plan, are driven primarily by the principal risks faced by the business. Following each review an Internal Audit report is provided to both the management responsible for the area reviewed and the GMT. These reports outline Internal Audit's opinion of the management control framework in place together with actions indicating improvements proposed or made as appropriate. The Chief Executive, the GMT and senior management consider the reports on a regular basis and are responsible for ensuring that improvements are made as agreed. A database of audit recommendations and improvement initiatives is maintained. Follow-up and escalation processes ensure that such improvements are implemented and fully embedded in a timely manner.

Audit Committee report continued

The Company belongs to and participates in industry-wide forums and other initiatives aimed at combating fraud within the housebuilding and construction industry.

Summaries of all key Internal Audit reviews and activity and resulting reports are provided to the Audit Committee for review and discussion.

The Internal Audit function also formally reviews proposed related-party transactions, such as purchases by employees from Group companies, to ensure proper procedures are followed and that such procedures are undertaken strictly in accordance with the formal policy in place and, where applicable, company law.

The most recent independent formal evaluation of the Internal Audit function was carried out in 2015 on behalf of the Audit Committee by PwC and its finding was that Internal Audit continues to operate effectively. A number of initiatives were progressed subsequently to ensure the Internal Audit function continues to meet both current best practice and the evolving needs of the Group. The next such evaluation will be carried out during 2020.

The Internal Audit Charter, which codifies the aims, processes and outputs of Internal Audit, was reviewed by the Committee during the year for ongoing appropriateness.

The Internal Audit function and its reporting lines enable it to be independent of the executive and to exercise independent judgement.

The Head of Internal Audit has direct access at all times to the Chair of the Audit Committee, the Chair of the Board and also to the Chief Executive and the other Executive Directors.

Going concern

The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks and Uncertainties identified on pages 42 to 51. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. The Committee reviewed the forecasts and the Directors' expectations based thereon, and agreed that they were reasonable. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Viability Statement

The Viability Statement is designed to be a longer term view of the sustainability of the Company's strategy and business model and related resourcing, in the light of projected wider economic and market developments. The Committee reviewed the Directors' expectations; the criteria upon which they were based; and the sensitivities applied; and agreed that they were reasonable. The statement appears on page 51 together with details of the processes, assumptions, and testing which underpin it.

Annual Report and Accounts 2018 Code Principle N Provision 27

The Board has responsibility, under Principle N, Provision 27 of the Code, for preparing the Company's Annual Report and Accounts; for ensuring that it is fair, balanced and understandable; and that it provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Process

The review of the Company's Annual Report and Accounts took the form of a detailed assessment of the collaborative process of drafting them, which involves the Company's Investor Relations; Company Secretariat; and Finance Departments, with guidance and input from other relevant Departments and external advisers. It ensured that there is a clear and unified link between this Annual Report and Accounts and the Company's other external reporting, and between the three main sections of the Annual Report and Accounts – the Strategic Report; the Governance Reports; and the Financial Statements.

In particular, the Committee:

- Reviewed all material matters, as reported elsewhere in this Annual Report.
- Ensured that it correctly reflected the Company's performance in the reporting year, as described in this Annual Report.
- Ensured that it presented a consistent message throughout.
- Ensured that it correctly reflected the Company's business model, as described on pages 28 to 29.
- Ensured that it correctly described the Company's strategy, as described on pages 12 to 26.
- Considered whether it presented the information in a clear and concise manner, illustrated by appropriate KPIs, to facilitate shareholders' access to relevant information.

Significant items

The items below are those that the Audit Committee have considered in discharging their duties and in considering the financial reporting of the Group.

Cost allocation of inventory

The cost allocation framework used across the Group, controls the way in which inventory is costed and allocated across each development. It also ensures that any costs incurred in excess of the original budget are recognised appropriately as the site progresses. The Committee reviewed reports and recommendations from the senior management team in relation to areas of the business recognising cost excesses. The Committee also reviewed the work undertaken by Deloitte LLP which included testing of the Group-wide controls to monitor cost allocation. These reviews enabled the Committee to gain assurance that the framework is applied consistently.

Defined Benefit Pension valuations

The Committee reviewed the funding position of the Taylor Wimpey Pension Scheme and the Group's processes for estimating the additional obligation arising from the equalisation of Guaranteed Minimum Pension accrued by the scheme members. The Committee also discussed and agreed the market based assumptions used to establish the net pension deficit recognised on the balance sheet at 31 December 2018.

Leasehold and ACM cladding provisions

The Committee reviewed the work undertaken by the senior management team to identify all legacy and current buildings with ACM cladding materials and reviewed the estimates and assumptions used to determine the exceptional provision recognised in the year. The Committee also reviewed senior management updates on the leasehold provision, including utilisation in the year, level of applications received and the latest management assumptions.

Recommendation to the Board

A summary of the above process and of the Committee's findings in respect thereof, was considered by the Board at its meeting on 25 February 2019. The outcome of that review was that the Committee confirmed to the Board that the 2018 Annual Report and Accounts met the requirements of Code Section 4 Principle N Provision 27, and the Board's formal statement to that effect, to meet the requirements of the Code, is set out on page 80.

Nomination Committee report

Nomination Committee



Kevin Beeston
Chair of the Nomination Committee

Dear Shareholder

I am pleased to be able to take this opportunity as Chair of the Nomination Committee to summarise the important ongoing objectives and responsibilities of the Committee; the work that has been carried out during 2018; and its plans for the coming year.

The Nomination Committee performs a vital role for the Company and this can be demonstrated by the fact that in addition to myself, all of the Non Executive Directors are also members of this Committee.

The primary objectives of the Committee are to support the Board in fulfilling its responsibilities to ensure that there are firstly, formal, rigorous and transparent processes in place for the appointment of new Directors to the Board and the proposed appointees to senior management positions, and secondly, effective, deliverable and well thought through succession planning and contingency planning processes in place across the Group for all key positions.

During 2018, the Committee oversaw a number of significant changes to the Board. As reported in last year's Annual Report, Gwyn Burr was appointed to the Board as an independent Non Executive Director on 1 February 2018 and brought with her over 25 years of executive experience as well as a wealth of non executive expertise. As planned and reported last year, Rob Rowley stood down from the Board as an Independent Non Executive Director as announced on 26 April 2018. Mike Hussey also stood down from the Board on 19 July 2018 as an Independent Non Executive Director after seven years of distinguished service.

As already reported on pages 62 to 63, on 20 April 2018, Ryan Mangold stood down as Group Finance Director. The Board is extremely grateful for Ryan's long and valued contribution to the Company's progress and stewardship over his seven years of service in this role.

On 20 April 2018, the Board welcomed two Executive Directors to the Board. Chris Carney was appointed Group Finance Director and brings with him considerable experience of financial, operational and risk management around the Group. Jennie Daly was appointed Group Operations Director and brings with her a wealth of experience in the housebuilding industry gained from roles which include strategic land oversight at Westbury plc and managing director of Harrow Estates Plc.

Chris and Jennie's appointments are both a result of the Committee's medium term Board succession planning activities over recent years. These internal promotions to the Board evidence the work that the Committee has done in recent years on succession planning processes and I am delighted to welcome both Chris and Jennie to the Board. Further details of this can be found on page 92 of this report.

Guidance issued by the Financial Reporting Council (FRC) is that Nomination Committees should generally look deeper into the Company to identify future leaders for the business; adopt a wider outlook in identifying potential Directors; and look further ahead than any immediate requirement to replace an individual Director. The Committee has addressed this through the further development of the Company's Talent Management Boards to identify future talent

Nomination Committee

The Committee is chaired by the Chair of the Board and is composed of a majority of Independent Non Executive Directors as required by the Code. Its members are set out in the table below.

Members

Committee members	Meetings attended
Kevin Beeston (Chair)	3/3
Kate Barker	3/3
Gwyn Burr ^(a)	3/3
Angela Knight	3/3
Humphrey Singer	3/3
Mike Hussey ^(b)	2/2
Rob Rowley ^(c)	0/1

(a) Appointed to the Committee on 1 February 2018

(b) Stood down from the Board on 19 July 2018

(c) Stood down from the Board on 26 April 2018. See explanation on page 80

Main objective

– To ensure there shall be a formal, rigorous and transparent process for the appointment and removal of Directors to or from the Board, its Committees and to other senior roles and in conjunction with the Board to ensure effective diversity improvements and succession planning processes across the Group.

2018 performance

– Oversaw the selection and appointment of two Executive Directors to the Board and the standing down of an Executive Director from the Board.

– Oversaw the selection and appointment of a new Non Executive Director to the Board.

– Led further development of Board and Board Committee succession planning.

– Reviewed contingency and longer term succession planning for all senior roles across the business.

– Further progressed the diversity and inclusivity agenda across the business, including partnering initiatives with selected third parties.

– Monitored action to further deepen, where necessary, the overall strength and succession planning in the Finance function across the business.

2019 objectives

– To further progress the diversity and inclusivity agenda across the business and ensure the progress made is embedded within our business.

– To continue to review and enhance succession planning processes across the Group.

Nomination Committee report continued

and ensure that associated training and development plans are in place, to identify those executives with short and longer-term potential to be Directors and progress to other levels of senior management, and to encourage and assist their further development with this aim. The Committee has also focused increasingly on the skills of individual Directors, and of the Board as a whole, in assessing whether each has the necessary skill sets and whether there are any particular skills gaps, particularly in relation to the Company's medium term and longer-term strategic direction and the Board's ability to drive it effectively. More details are set out on pages 72 and 92.

As mentioned on page 63, I joined the Board of Taylor Wimpey in July 2010 and I have enjoyed my time immensely. As part of our ongoing Board succession planning reviews, and in accordance with the requirements of the new Code, the Committee, led by Kate in her role as Senior Independent Director, will be putting the wheels in motion to recruit my successor as Chair of the Board during the course of this year.

The Committee welcomes the Hampton-Alexander Review which seeks to improve Board and senior leadership diversity across FTSE350 companies. Following the appointment of Gwyn Burr and Jennie Daly noted earlier, the Company currently has four women on its Board (44%) and six in total across the combined Board and Group Management Team (43%) and is already compliant with the revised target at both Board level and wider executive positions. I am delighted to report that following recent Board changes in 2018, Taylor Wimpey have been recognised in the Hampton-Alexander Review as the third best performer in the FTSE at that time and was the only housebuilder in the top ten for female representation at a senior level.

The Company strongly supports the Government's initiative on gender pay gap reporting and the Committee has overseen the publication of the Company's second Gender Pay Gap Report. The Company's 2018 Gender Pay Gap Report can be found on the Company's website www.taylorwimpey.co.uk

The Committee made good progress during 2018 and its achievements made during 2018 and its plans for 2019 are set out on page 87.

Following the publication of the 2018 UK Corporate Governance Code, the Committee has taken the opportunity to conduct a thorough review of our terms of reference and has updated them to ensure that they are in line with the new Code. The terms of reference can be found on the Company's website at www.taylorwimpey.co.uk/corporate

The key priorities of the Committee remain the following:

- To regularly review the Board's composition, balance, diversity, skill sets, and individual Directors' time commitment.
- To regularly review our succession and contingency planning across the business, and ensure that there is a clear link to individuals' career development and professional development.
- To drive the Company's diversity and inclusivity agenda across all levels of our business.
- To ensure the Group continues to have the necessary level of Board and senior management skills and leadership to deliver the strategy.

In meeting its objectives, both the Committee and the Board take into account diversity including gender. We fully support the various Government initiatives in this key area, including the 'Beyond One by 21' report and recommendations launched in 2016 by Sir John Parker, which seek to increase ethnic diversity on UK boards.

I can confirm that diversity and inclusivity remains very much on the Taylor Wimpey agenda with regular reporting now taking place including a specific annual update and discussion. Whilst we continue to make progress, we do of course recognise that there is still further work to be done in order to achieve our wider diversity and inclusivity strategy.

The Committee's objectives, the strategy for delivering them, progress made towards them during 2018 and targets and plans for 2019 are described in more detail in this Report.

The Committee will continue to focus on ensuring that the present and future composition of the Board and the Group's executive management is appropriate for the delivery of the Group's strategy and that all relevant UK Corporate Governance Code (the Code) requirements continue to be met.



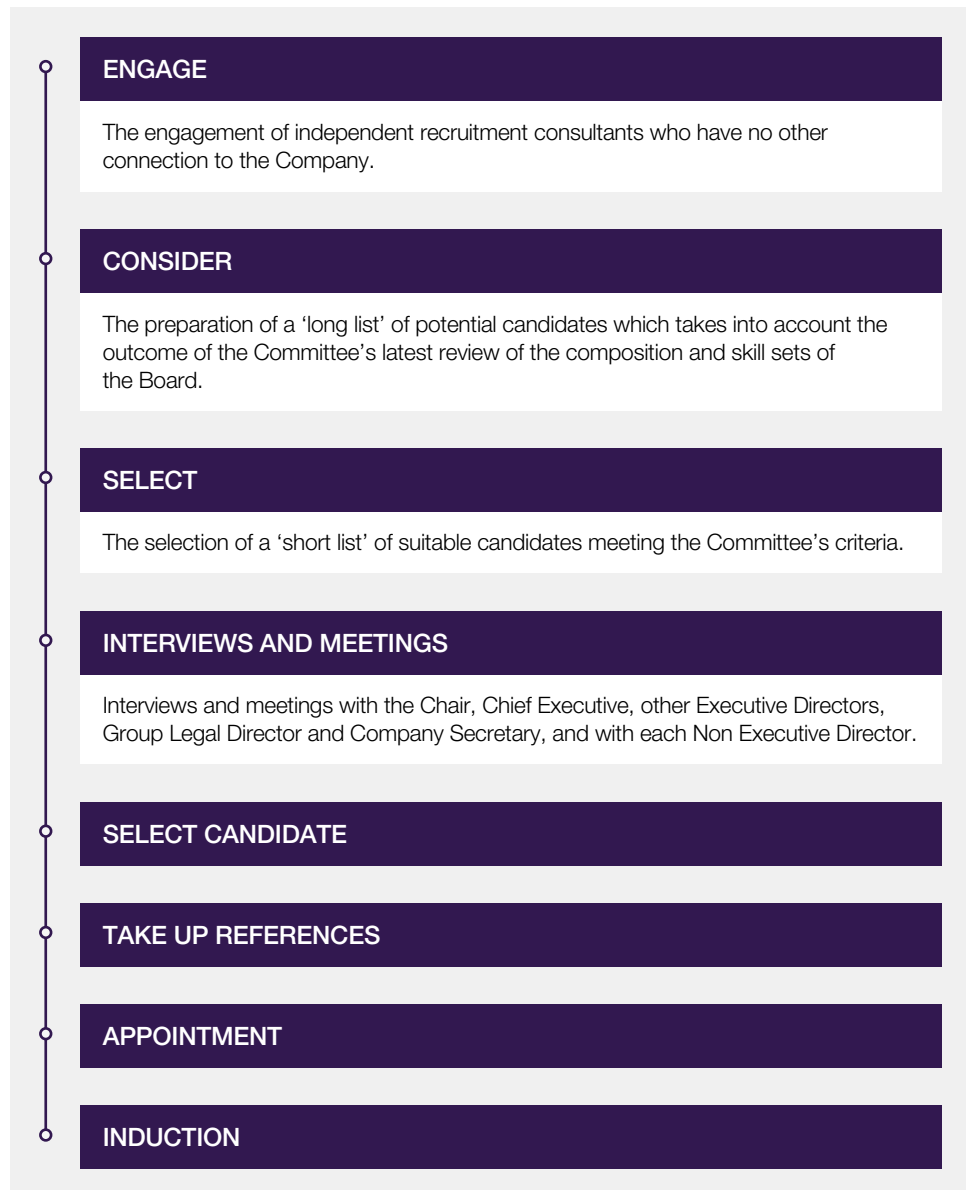
Kevin Beeston
Chair of the Nomination Committee

Committee purpose and responsibilities

The Committee has procedures in place with regard to maintaining a formal, rigorous and transparent process for Board appointments, ensuring that appointments to the Board are made on merit and assessed against objective criteria. The Committee guides the Board in regularly assessing whether there is an appropriate balance of expertise and skills on the Board and other diversity considerations. The Committee noted and welcomed the 2011 report from Lord Davies of Abersoch on Women on Boards (the Davies Report); the 2015 Report which raised the target from 25% to 33% by the end of 2020; and the Hampton-Alexander Review which extends the 33% target by 2020 to include the executives at Board level and those that report directly to the executive committee members (for the Company this is the Group Management Team). As reported in my letter on page 88, at the date of this report we are currently complying with these requirements.

The Committee oversees on behalf of the Board, and advises the Board on, the identification, assessment and selection of candidates for appointment to the Board. The Committee has a formal, rigorous and transparent process against objective criteria. A description of how appointments are typically made from outside of the Company to the Board is set out opposite.

The Nomination Committee also guides the Board in assessing from time to time whether the Board has the correct balance of expertise and in arranging orderly succession planning for appointments to the Board and in respect of senior management positions across the business. This considers not only the immediate succession planning for Directors but also a deeper review into the Company's management structure to identify those with longer term potential to develop into future successors in the medium to long term. The Committee also reviews Board composition in light of the Company's strategy, to ensure as far as possible that new appointments help support the drive to achieve its strategic objectives and required skill sets.



Nomination Committee report continued

Committee activities during 2018

As noted on page 87, the Committee met on three occasions during 2018 and the activities at each meeting were:

April 2018

- Oversaw the selection and appointment of Chris Carney and Jennie Daly as Group Finance Director and Group Operations Director respectively;
- Oversaw the leaving arrangements for Ryan Mangold;
- Oversaw the appointment of Ingrid Osborne as Divisional Chair of the London and South East Division;
- Considered the balance and composition of the Board.

May 2018

- Reviewed succession and contingency planning progress and further plans for:
 - The Board;
 - The Non Executive Directors;
 - Board Committees;
 - The Executive levels immediately below the Board; and
 - Other key roles within the business.
- Reviewed progress and plans for developing talent;
- Reviewed the Board composition.

Oct 2018

- Received an update on Chris Carney's and Jennie Daly's progress to date in their new roles;
- Received an update on progress around Group succession planning and related development plans;
- Received an update on contingency planning for key Executives below Board level;
- Developed a plan for succession to the position of Chair, also taking into account the revised 2018 Code requirement limiting service in that position to nine years;
- Agreed the key attributes to be sought in recruiting an additional Non Executive Director.

As highlighted in the Committee's 2018 performance on page 87, a key focus of the Committee's work during the year was on progressive succession planning at all senior levels of the Company with a view to identifying key prospects and tailoring training and development plans to allow them to demonstrate their potential for future progression. As part of this process, management below Board level is provided with regular access to the Board, including the opportunity to attend Board meetings and other Board-related functions in order to give presentations on specialist topics, project work and the performance of specific regional businesses and Divisions. This helps to provide valuable exposure to the Board for up and coming management as well as being extremely valuable for Board members in assessing the Company's strength in depth. Prior to joining the Board, both Chris Carney and Jennie Daly regularly attended Board meetings by invitation to gain exposure to the Board.

The Committee meets formally at least twice a year, and otherwise as circumstances dictate. The Committee met three times during 2018, with an additional meeting being held in April to oversee the selection and appointment of Chris Carney and Jennie Daly to the Board. The Committee's principal agenda items throughout the year consisted of longer term succession planning, reviewing and approving the contingency plan for key members of staff, considering progress on diversity across the business and monitoring progress of the newly appointed Directors. Wider succession planning and diversity also remained on the Board agenda regularly throughout the year.

Information and professional development

The Company has procedures whereby newly-appointed Directors (including Non Executive Directors) receive a formal induction. This includes training and continuing familiarisation with the Company's business, strategy, operations (including health and safety) and systems, the principles underlying the discharge of their duties as Directors and wider issues relating to the housing sector. For newly appointed Independent Non Executive Directors the induction includes meetings with key executives and function heads from across the business, advisers and site visits. For the newly appointed Executive Directors, the induction process differed slightly and focused on governance, shareholders' views from the Company's perspective and the Board's current areas of focus. Further information on the induction that Gwyn Burr, Chris Carney and Jennie Daly received following their appointment to the Board during 2018 can be found on page 61.

The Board recognises the importance of induction and training. These programs for Directors were reviewed during the year and are considered to remain appropriate.

All Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. Board visits are arranged each year to operations and at least one Board meeting per annum takes place either in, or at a nearby location with representatives from, a regional business over three days. In 2018, the Board visit, accompanied by the GMT, encompassed presentations on the Major Developments business; increasing use of direct labour; product and placemaking; large site strategy; building for the private rental and rent to buy markets; and on the performance of the South Thames business unit.

The Group Legal Director and Company Secretary acts as Secretary to the Board and its Committees and he attends all meetings. It is Board policy that wherever possible a formal agenda and reports are issued electronically to Directors in respect of all Board and Committee meetings at least one week prior to the meeting, in order to allow sufficient time for detailed review and consideration beforehand. Formal minutes are prepared in respect of all Board and Committee meetings and are then circulated and submitted for approval at the next meeting. All Board papers are circulated electronically and Board meetings have been effectively 'paperless' for several years, which has worked well and aided the overall efficiency of the wider Board process.

The Secretary provides regular briefings to the Board on regulatory and governance matters which are included as part of his formal regular reporting to the Board, and are supplemented, as appropriate, by briefings from independent advisers. The Board also receives regular briefings and updates on environmental, social and governance (ESG) matters.

The ESG briefings allow the Board to assess the significant ESG risks to the Company's short and long term value and to identify any opportunities that may arise to enhance value. Details of ESG risks and value-enhancement pursuits appear in the 2018 Sustainability Report which is available on our website at www.taylorwimpey.co.uk/corporate/sustainability

The Chair, Chief Executive and Secretary meet sufficiently in advance of each Board meeting in order to ensure action points from previous meetings have been implemented and to prepare the agenda and matters to be covered at the next and at future Board and Committee meetings as appropriate. The agenda and minutes for the Audit, Nomination and Remuneration Committee meetings are agreed by the Secretary with the relevant Committee Chair.

Annual Board Evaluation

In line with the Code, an annual evaluation is carried out of the Board and its individual Directors, which is externally-facilitated at least every third year.

Full details of how the appraisal for 2018 was conducted; the actions taken and planned to address the outcome of that 2018 evaluation; and details of further actions taken during 2018 to address any remaining matters that arose from the previous year's appraisal (for 2017) are each tabulated and explained in greater detail in the Corporate governance report on pages 80 to 81.

Composition of the Board

It is the Company's policy, in line with the Code, that proposed appointments to the Board, and succession planning, are based on merit, and judged against objective criteria, whilst also having due regard to the benefits of diversity and inclusivity, including gender, age, ethnicity, thought and experience. Following recent changes to the Board during 2018, the Board consists of nine Directors, four of whom are women, representing 44% of the Board. The Board is therefore compliant with the increased target proposed by the Hampton-Alexander Review of 33% female representation by 2020.

The Committee also reviews the time commitments of each Director both prior to all appointments and periodically, so as to ensure that all Directors can discharge their responsibilities effectively in line with the requirements of the Code.

Succession and contingency planning

During the year, succession planning for people at all levels of the organisation has continued to be a key area of focus for the Committee. As part of this, both the Board and the Nomination Committee have visibility of a wide range of employees with leadership potential together with their individual development plans. The appointment of Chris Carney and Jennie Daly to the Board evidences the succession planning processes implemented by the Committee.

Each Divisional Chair of the housing business chairs a divisional Talent Management Board (TMB) comprising senior executives of the Division together with HR representatives. Each TMB then makes recommendations to the Group Talent Board which is chaired by the Chief Executive. These Boards regularly review succession planning and related development and training requirements across the UK Group. Further actions to support succession planning include the development of career paths linked to experience, exposure and education; an assessment and development centre; and the promotion of the Company's mentoring scheme. We are also focusing upon recruiting individuals from a wider range of backgrounds, experience and industries at all levels.

During the year, the Committee considered in detail short and long term succession planning for Directors and key executives, together with appropriate development plans. The Group Management Team (GMT) regularly reviews the Company's succession plans and talent pipelines, with further action to support these areas continuing. The Committee also considered contingency and longer term succession planning for all senior roles, linked to talent development and targeted training programmes.

Contingency planning concerns the Company's and the Board's preparedness for, and responsiveness to, sudden and unexpected loss or non-availability of a key Board member, or one or more key executives. It involves the identification of suitable individuals within the Company who, either singly or in concert with another, can quickly assume a key role and provide effective support until the incumbent returns to work or, in appropriate cases, a successor can be identified and appointed.

Nomination Committee report continued

Board succession

As reported on pages 62 and 63 there were a number of changes to the Board during 2018.

The composition and performance of the Board and its Committees were considered during the year and it was concluded that the Board and each Committee will, in light of the changes outlined earlier, continue to function effectively.

The Committee believes that the balance of the Board, consisting of a Chair, four Executive Directors and four Independent Non Executive Directors, recently augmented by Chris Carney and Jennie Daly's wide-ranging additional skill sets, will continue to provide the right blend of experience, expertise and challenge in order to take the Company forward in line with its new strategy whilst ensuring and maintaining good governance and best practice. This will, however, be kept under regular review in line with the guidance set out in the Code.

As mentioned earlier, the Committee has noted the requirement in the July 2018 updating of the Code that a Chair of the Board should not normally serve for longer than nine years, subject to a limited extension to facilitate effective succession planning, and will be taking steps during 2019 to address this requirement.

At the Annual General Meeting of the Company to be held on 25 April 2019, all Directors will again be subject to re-election or, in the case of Chris Carney and Jennie Daly, to election, by shareholders in accordance with the Code. Biographical details of each Director can be found on pages 58 to 59.

Employee diversity

Diversity and inclusivity remained an area of clear focus throughout 2018 which will continue into 2019 and beyond. A working party which includes a variety of members from across the business has been overseeing progress towards achieving the Company's diversity and inclusivity strategy and implementing new initiatives so as to improve our performance in these key areas and comply with the Company's Diversity Policy as set out on pages 94 to 95. The strategy focuses on the challenges faced in developing an inclusive and diverse workforce with each regional business making an appropriate commitment. This includes working with specialist external bodies to maximise all opportunities, including:

- 21st century leadership;
- Ensuring that our leaders understand their role in developing a more diverse and inclusive culture and have the relevant training and support to achieve this;
- Remaining an employer of choice;
- Ensuring that our working environment, policies, procedures and development and progression opportunities, support greater diversity and inclusivity;
- Expanding our reach;
- Developing broader recruitment channels, understanding and embracing the diversity of our customers and workplace, and improving our engagement with them.

By embracing diversity and inclusivity the Board believes the Company will better understand how people's differences and similarities can be utilised for the benefit of not only the Company but most importantly also for individuals, the communities that we work within, society as a whole, and our customers. Having a diverse workforce will improve the Company's ability to become a customer-centric business.

Diversity has continued to be a key item on the overall UK governance agenda during 2018, which was highlighted in the new Code. Within Taylor Wimpey, diversity has remained a key priority for the Board's agenda and this will continue to be the case during 2019. Although the Board will continue to appoint on merit, we recognise that boards will generally perform better when they include top quality people from a range of backgrounds and perspectives. Diversity will continue to be a key consideration when contemplating the composition and refreshing of the Board and indeed our senior and wider management teams.

The Company has put in place systems to measure and monitor diversity around the Group more effectively.

The data becoming available from these improved systems has assisted in designing and implementing a number of improvements to Group terms and conditions which we believe should facilitate access to, and success at, work for all, such as the following:

- A review of Gender Pay. At Taylor Wimpey we are committed to creating a diverse and inclusive place to work. Our fair and transparent approach to recruitment and our people is one of the defining factors in Taylor Wimpey's culture and future workforce. Embracing diversity enables Taylor Wimpey to succeed in a competitive market. We have implemented a Diversity and Inclusivity Strategy which focuses on gender equality as well as other key promoting workforce policies that highlight positive approaches to employee diversity. Our action plan that supports gender equality sets out measures to challenge the traditionally male dominated culture of the construction and home building industries.

- Implementing a flexible working policy in our Southern Counties regional business. As a result of the initial trial a number of further businesses have also introduced revised flexible working arrangements which have been received positively.
- Built on the success of the Young Persons Forum in our West Scotland regional business and rolled out further forums across the business. These forums give young members of the business a platform to discuss business-related issues that are important.
- Gained exposure for the business and the work of the young persons' forum at the young panel session at The Herald and Genalytics Diversity Conference in May.

The Group has progressed work with the Royal National Institute for the Blind ('RNIB') to audit the Company's website for ease of access for visually impaired users and make any necessary changes.

During 2018 we engaged with the Disability Forum with a view to raising awareness of the challenges facing people with disabilities. This will also result in audits of all business units with a view to creating action plans and allowing us to become 'Disability Confident'. We have worked with an external partner to undertake a detailed review of accessibility for disabled people, whether employees; customers; or visitors; to our offices; sites; sales centres; and show homes around the UK. The report will be analysed and any appropriate recommendations implemented during 2019.

With regard to gender, as at 31 December 2018 the diagrams below show the number of women representing each group.

Gender diversity

plc Board



Group Management Team (Executive Board of Taylor Wimpey UK Limited)



Regional Managing Directors



Women across the Group account for 31% of the workforce

31%

(2017: 32%)

Percentage of new starters with the Group during 2018 that are women

26%

(2017: 28%)

While we continue to make reasonable overall progress and are committed to doing so, we of course recognise that this is a journey and we still have more work to do in order to fulfil our overall diversity ambitions and, as stated on page 81, it is a priority for 2019 to achieve further progress in this area.

Nomination Committee report continued

Progress of our diversity policy

The Company's plans and progress in implementing its diversity policy, benchmarked against appropriate targets, are set out below. Progress is measured and monitored by the Nomination Committee and the Board. The Company is also committed to ensuring that our people are free from any direct or indirect discrimination, harassment, bullying or any other form of victimisation. Our grievance and harassment policies ensure that any reported incidents are investigated. In addition, our whistleblowing policy encourages employees to speak up, including through an independent 'Safecall' telephone facility, against any inappropriate practices or behaviour and we regularly publicise the policy to all staff and workers on site.

Diversity policy	Strategy	Progress
<p>Taylor Wimpey operates in diverse communities. We believe that embracing this diversity will enable us to succeed through a workforce that is inclusive, creative and innovative. Diversity covers many aspects. We have defined diversity to mean that we actively embrace the business and local communities in which we operate and will strive to reflect their richness and character to include such aspects as gender, race, disability and religion but also diversity of thought, background and experience.</p>	<p>We will examine our culture and practices to determine what further actions can be taken to improve diversity and inclusion within Taylor Wimpey.</p>	<p>Our Working Party, the Taylor Wimpey UK Diversity & Inclusivity Committee (the 'Committee'), has been expanded to fully incorporate our previous BAME Working Group. This means we now have full representation across all of our UK Divisions, with every regional business having a link to the Committee via their nominated champions.</p> <p>The Committee meets every quarter with clear objectives and action plans now in place for 2019 which will focus on achieving our Diversity and Inclusion agenda. Our strategy and associated workstreams are designed to move us forward as a diverse and inclusive employer with particular emphasis on gender and BAME this year.</p> <p>The three key objectives stated within TW's Diversity and Inclusion Strategy are;</p> <ul style="list-style-type: none"> - 21st Century Leadership - Employer of Choice - Expand our Reach <p>During 2018 we engaged with The Disability Forum with a view to raising awareness of the challenges facing people with disabilities. This will also result in audits of all business units with a view to creating action plans and allowing us to become 'Disability Confident'.</p> <p>The committee has also engaged with the EY Foundation. EY Foundation's aim is to reduce the barriers that young people from all backgrounds face when trying to find employment.</p> <p>The Chair of the Committee and the Head of Human Resource Strategy continue to drive the Diversity and Inclusion agenda and will provide updates on progress on our plans and specific initiatives to our Divisional Chairs, Divisional Managing Directors and Managing Directors. This ensures strong two way communication and strengthens the commitment to Diversity and Inclusion from the leaders of our business.</p>
<p>Managing diversity is about valuing everyone as an individual – valuing people as our employees, customers and clients. People have different needs, values and beliefs. Our people management practice demands that employment propositions are both consistently fair but also flexible and inclusive in ways that assist our people while supporting our business needs and objectives.</p>	<p>We will identify people management practices that assist a diverse workforce to achieve their full potential.</p> <p>We will use our Community Engagement Programme to heighten awareness of personal interaction and valuing individuals.</p> <p>We will increase the opportunities for young people to join the Company and will promote continuous personal development.</p>	<p>We are proud of our involvement with the Leonard Cheshire Disability Change 100 programme which we are committed to continuing to support.</p> <p>In 2018 we increased the number of people employed with a disability to 43, compared to 24 in 2017. We were also very proud when one of our Change 100 interns successfully applied for our Graduate programme and commenced on the programme in September 2018.</p> <p>We have continued to promote our 'Employer of Choice' and diversity agenda through numerous publications and recently participated in the Annual Diversity Awards that were sponsored by The Bank of Scotland, Glasgow Herald, and Genalytics. At the award ceremony our West Scotland regional business was nominated for the Diversity Star Performer and Recruitment of Talent and the Youth Employment awards. They went on to win the Diversity Star Performer award.</p> <p>Taylor Wimpey are also documented in the 'Hampton-Alexander Review' an independent review body which aims to increase the number of women on UK boards. We are recognised as a top ten performer amongst the FTSE100 employers for the number of females on boards.</p> <p>During 2018 we continued with the roll out of the Young Persons Forums across our business units. These forums ensure that our young people are fully engaged with the business, creating strong networks that will bring huge benefits to both the individuals and wider business. This ensures that young people have a strong voice within Taylor Wimpey.</p> <p>The principles and benefits of Flexible Working were continually promoted during 2018. This created some fantastic success stories around the business. We now intend to further endorse this initiative which should be accessible for all, and will be launching our Agile Working Campaign in the coming months.</p> <p>The Committee is planning to launch a Career Returners programme so that we can harness the skills and talent of females and males who have been out of work for an extended period but are now ready to return to the work environment.</p>

Diversity policy	Strategy	Progress
<p>We believe that everyone should have the right to equal access to employment and, when in our employ, to equal pay and access to training and career development.</p>	<p>We will ensure that all managers involved in recruitment and selection receive training that incorporates the areas of diversity and promoting equality.</p> <p>We will extend our recruitment sources in order to attract a more diverse range of applicants.</p>	<p>In 2018, we recruited 197 site apprentices, 53 management apprentices and 27 graduates.</p> <p>During 2018, we updated the diversity and inclusion data we hold on our employees in the system. This was always an activity planned 18 months into the delivery of our Diversity and Inclusion action plan, as we continue to raise awareness, and embed a more diverse and inclusive culture.</p> <p>We continued to partner with a number of specific diversity partners in 2018 with the objective of driving the attraction and development of a more diverse and representative workforce.</p> <p>The Company's new strategy was launched during 2018 with clear objectives around Diversity and Inclusion. This initial launch included open sessions chaired by Pete Redfern (and other main Board members) with groups of employees representing all areas of the business. These sessions were designed to allow all voices to be heard and then influence how we achieve our strategic goals.</p> <p>Diversity and Inclusion is also discussed as part of the talent and succession reviews which are completed by all business units twice a year. These reviews are cascaded upwards, culminating in business-wide reviews by the Divisional Chairs with the Chief Executive and Group HR Director.</p> <p>In 2018 a full review of all Taylor Wimpey procedures, policies and website began. This will be viewed through a Diversity and Inclusion 'lens'. This review will be completed during 2019.</p>
<p>We are committed to ensuring that our people are free from any direct or indirect discrimination, harassment or bullying. We will not tolerate any behaviour that detracts from this.</p>	<p>We will encourage our people to speak out and report any direct or indirect discrimination, harassment or bullying. We will act promptly in addressing any inappropriate behaviour or practice.</p>	<p>A specific focus of the Company's whistleblowing campaign is on diversity, encouraging employees to speak up against any inappropriate practices or behaviour.</p> <p>Our grievance policy ensures that any reports of harassment or bullying are investigated and acted upon.</p>
<p>We acknowledge that we must continue to promote diversity in order to create an organisation that attracts, supports and promotes the broadest range of talent. Establishing an organisational culture with diversity as a core value will enable individuals to reach their full potential and provide the best service to our customers.</p>	<p>Diversity will be promoted from the highest level and we will ensure that our people understand the benefits of having a diverse and inclusive workforce.</p>	<p>Diversity is a core message within our strategy; a main item at our Executive and Regional Management meetings; and is a standing agenda item at GMT meetings.</p> <p>In order to support each employee to maximise their performance and achieve their own personal goals we have designed a Cultural Principles framework where we describe the behaviours and attitudes we believe are required for effective performance in order to deliver our vision, mission and values. Encouraging and embracing diversity is an integral part of our philosophy.</p> <p>The Careers section of our website includes a dedicated Diversity and Inclusion section highlighting our focus on this area.</p> <p>During 2018 the 'Proud' campaign was launched and completed across all of the UK businesses. This involved creating videos of employees and their stories which made employees proud to work for Taylor Wimpey. Feedback on the campaign was incredibly positive and created the basis for an Engagement Strategy for use both internally and externally which will identify the benefits of a career within Taylor Wimpey as well as our success and desire to improve as a diverse and inclusive employer.</p> <p>We have built on the success of the female talent forum. Regular Female Talent dinners and events were held throughout 2018 with measurable benefits identified.</p> <p>We published our updated gender pay gap data on 4 March 2019 and it can be viewed on our website at www.taylorwimpey.co.uk</p>

Remuneration Committee report

2018 remuneration at a glance

What are the key elements of our remuneration policy?

Policy elements	Award timeline					Purpose	Key features
	Year 1	Year 2	Year 3	Year 4	Year 5		
Fixed							
Base salary	■					To recruit and reward executives of a suitable calibre for the role and duties required	Salaries reviewed annually although no automatic entitlement to an increase
Benefits	■					To provide a competitive package of benefits to assist with recruitment and retention of staff	Benefits include: company-provided car or a cash allowance, provision of a fuel card, life assurance, private medical insurance
Pension	■					To provide competitive retirement benefits that represent an appropriate level of cost and risk for the Group's shareholders	Provided through one or more of the following arrangements: defined contributions, defined benefit arrangements; or a cash allowance
Variable							
Executive Incentive Scheme (Annual bonus) (EIS)	■	■	■			To reward the achievement of stretching objectives that support the Company's annual and strategic goals	Maximum EIS opportunity is 150% of base salary Target performance is 75% of base salary One-third of any EIS payable is deferred into shares for three years
Long Term Incentive Plan (PSP)	■	■	■			To assist with retention and the incentivisation and motivation of senior executives to deliver long term returns to shareholders	Maximum award is 200% of base salary Threshold performance is 40% of base salary Three year performance period Two year holding period post vesting

● Performance period ● Deferral / holding periods

Which metrics determine variable pay and how did we perform against them in 2018?

In order to standardise disclosure across the EIS and PSP, the EBIT measure will now be referred to in this report and in future reports as Operating Profit; PBIT margin will be referred to as Operating Profit Margin; and ROCE will be referred to as RONOA. There is no change in how the metrics are defined or calculated.

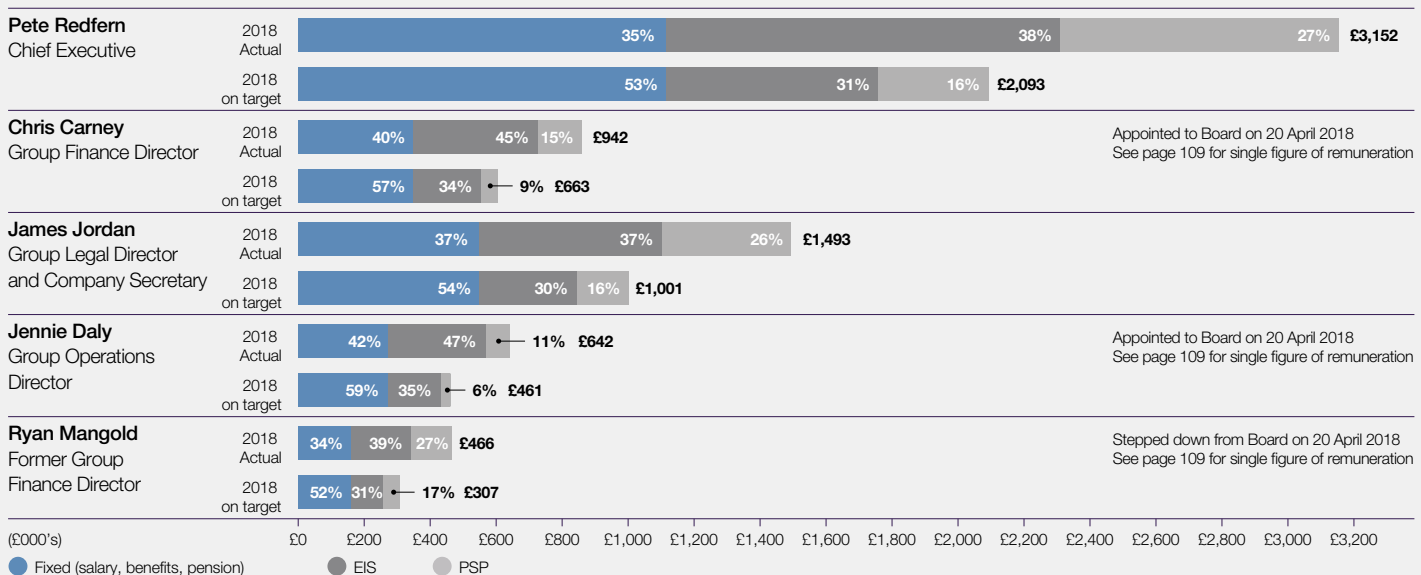
2018 Annual bonus (EIS)

Measure	Weighting	Outcome	Link to strategic objectives
Operating Profit	40%	40%	Increase profit sustainably for the long term to support growth and dividend payments
Cash Conversion	20%	20%	High conversion of operating profit into operating cash flow
RONOA	20%	20%	Deliver at least 15% return through the housing cycle and 30% over the period 2016-2018
Customer Service	20%	13%	Deliver exceptional customer service and strive to improve our customer satisfaction scores
Overall Result		93%	

2016 PSP Award (measuring performance over 3 years to FY 2018)

Measure	Weighting	Outcome	Link to strategic objectives
TSR v Peer group	30%	0%	Deliver long term stock market returns to our shareholders which are higher than can be earned by investing in other listed housebuilders and other FTSE 100 companies generally
TSR v FTSE100	20%	0%	
RONOA in 2018	25%	25%	Deliver at least 15% return through the housing cycle and 30% over the period 2016-2018
Cash Conversion (2016-2018)	25%	25%	High conversion of operating profit into operating cash flow
Overall Vesting		50%	

Executive Directors' remuneration scenarios – 2018 actual remuneration v 2018 on-target potential



Remuneration Committee



Kate Barker DBE
Chair of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the 2018 Directors' Remuneration Report for Taylor Wimpey.

The Remuneration Committee (the 'Committee') remains mindful of the increasing interest in executive remuneration and the importance of considering remuneration from both a wider workforce and wider societal perspective. Accordingly, the Committee looks to ensure that the remuneration policies and practices at Taylor Wimpey drive behaviour that is appropriate and in the long term interests of the Company, our shareholders and our wider stakeholders.

The Committee is also aware and supportive of the changes introduced by the 2018 UK Corporate Governance Code ('2018 Code') which applies to listed companies with effect from 1 January 2019. The changes include the actual setting of remuneration for senior management by the Committee (in addition to Executive Directors) as opposed to recommending and monitoring under previous Codes. In addition, the Committee now also has the responsibility to review workforce remuneration and related policies and for the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Directors. Although the Committee was doing a lot of this already as part of its existing processes, we will be focusing on embedding the 2018 Code into our processes during 2019 as we head into the review of the Remuneration Policy which will be presented for shareholder approval in 2020. We have already reviewed the Committee's terms of reference to ensure that they meet best practice and to also ensure that the Committee considers all relevant matters as part of its wider remit and responsibilities under the 2018 Code going forward.

Shareholders approved the current Remuneration Policy (the 'Policy'), as set out in full on pages 101 to 103 of this Report, at the 2017 Annual General Meeting (AGM). The Committee is of the view that the Policy continues to remain appropriate and should therefore continue to operate until its planned renewal at next year's AGM. As part of our Policy review the Committee will be considering what else the

Company needs to put in place with regard to post employment shareholding requirements in order to meet The Investment Association's Principles of Remuneration and similarly with regard to Executive Director pension contributions.

Shareholder engagement

The Committee has continued its much-valued and long-established practice of engaging and consulting with its key institutional investors and with shareholder representative bodies (Glass Lewis, ISS and The Investment Association) about Executive Director remuneration. As in previous years, the Committee has taken account of all the feedback which it has received (including on the remuneration for our two new Executive Directors appointed during the year) and is, as ever, very grateful for the constructive engagement that has taken place with regard to the 2018 outcomes and remuneration proposals for 2019. We look forward to consulting further, ahead of submitting a new Remuneration Policy for approval at the 2020 AGM.

Board changes

The Committee very carefully considered the remuneration arrangements in relation to the Executive Director changes that were announced by the Company in April 2018. These included the appointments of Chris Carney as Group Finance Director and Jennie Daly as Group Operations Director and the leaving arrangements put in place for Ryan Mangold.

Remuneration Committee

The Committee is chaired by Kate Barker. The Committee consisted of three Independent Non Executive Directors as required by the Code and also the Chair of the Board. Its members are set out in the table below

Members

Committee members	Meetings attended
Kate Barker (Chair)	3/3
Kevin Beeston	3/3
Angela Knight	3/3
Gwyn Burr ^(a)	3/3
Rob Rowley ^(b) (former Director)	1/2

(a) Appointed to the Committee on 1 February 2018

(b) Stood down from the Board on 26 April 2018. See explanation on page 80.

Main objective

To establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company's strategy and value for shareholders; to agree, monitor and report on the remuneration of individual Directors and senior executives; and to review wider workforce remuneration and other policies in accordance with the 2018 Code.

2018 activities

- Approved remuneration packages for two newly appointed Executive Directors and agreed the leaving arrangements for the outgoing Group Finance Director.
- Continued to increase alignment with shareholders through increased participation in our all-employee share plans.
- In line with corporate governance developments, reviewed the ways in which employee views will be taken into account in relation to pay at Board level.

2019 objectives

- Review and adopt updated Terms of Reference in line with the 2018 Code.
- To review the existing Policy and to develop a new Remuneration Policy for consideration by shareholders at the 2020 AGM which continues to deliver the Company's strategic objectives, and value for shareholders.
- To continue to embed ways in which employee views are taken into account in relation to pay at Board and Senior Management level and to incorporate the 2018 Code and other governance developments into our remuneration processes.
- To continue to increase the alignment with our shareholders across all of our businesses including through encouraging participation in our all-employee share plans.

Remuneration Committee report continued

Details of the leaving arrangements for Ryan can be found on page 108 of this report.

It is pleasing that both Chris and Jennie were internal appointments and they were both promoted on terms which fall within our Remuneration Policy. Details of their remuneration are set out in this Report, including salary on page 108. The Board is very impressed with the progress that both Chris and Jennie have made since they were appointed. With regard to Jennie, as we explain later, due to the newness of the role, the Committee determined that a more cautious, staged approach should be taken on her base salary progression. Accordingly, on promotion to the Board her salary was increased from £287,000 to £310,000, which was the first stage of the increase to the intended full salary for the role, as it became fully developed. Due to Jennie's outstanding continued personal performance and cognisant of the significant increased development of the role, since her initial appointment (which has included taking over the Chair of the Group Operation Team, assuming formal responsibilities for agreeing key land acquisitions and broader responsibility alongside the Chief Executive for Group performance including signing off the annual Group budget for 2019), the second and final staged increase for this new role to £400,000 took effect from 1 January 2019.

The average annual salary increase being proposed throughout the Company for 2019 is 2% and will apply with effect from 1 April 2019. This increase will also apply to Pete Redfern, Chris Carney and James Jordan as well as to the wider senior management team. Jennie Daly's next salary review will not take place until April 2020 and will then usually be in line with that of the general workforce from that point.

Wider workforce remuneration and employee engagement

The Taylor Wimpey National Employee Forum (the 'NEF') which the Company set up in 2017 in order to further enhance its employee voice and communication initiatives, continued to operate throughout 2018. I was pleased to attend an NEF meeting in November in my capacity as Chair of the Remuneration Committee. During the meeting we discussed the general make-up and approach to executive pay and how this aligns more generally to that of the workforce. We very much welcome the opportunity that this direct engagement with the wider workforce will bring to the Committee's discussions and the Committee is looking forward to engaging and working further with the NEF during 2019.

CEO pay ratio

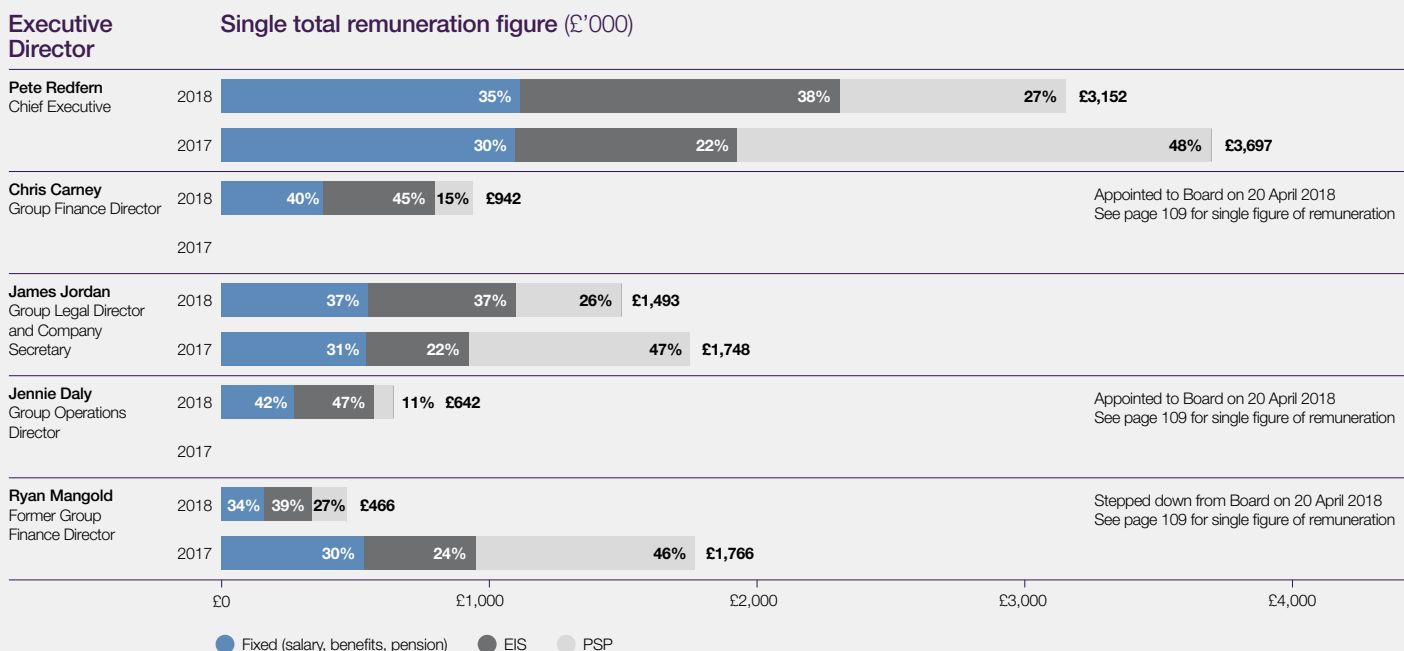
The Committee believes that the introduction of the CEO pay ratio will become a useful tool in assessing Executive Directors' remuneration. Whilst it is not compulsory to disclose the ratio for 2018, the Committee has opted to publish the information in this Report, and further detail and narrative can be found on page 113.

Post employment shareholding requirements

Our current policy for post cessation shareholdings is that if an executive ceases employment as a 'good leaver', unvested PSP and deferred EIS share awards (in the case of Executive Directors) would generally vest at the normal time after the relevant performance period. For all leavers the two year post vesting holding requirement for PSP awards would continue unaffected. On this basis, there should be an interest in shares for any 'good leaver' post employment. As mentioned earlier, we will be reviewing our post employment shareholding requirement, taking into account the latest investor guidance and market developments, as part of the Remuneration Policy review during 2019.

Executive Directors' total remuneration

The chart below compares the 2018 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2017.



Performance in 2018

The EIS and PSP operate with clearly defined performance measures set at the start of each financial year.

Our trading performance during 2018 was very strong and as a result the EIS outturn for 2018 was 93% with achievement against the range of challenging targets set for the year, based on the following measures: Operating Profit (40% weighting), Cash Conversion (20%) and Return on Net Operating Assets ('RONOA') (20%). The Company also partially met the challenging Customer Service target. Further details of the 2018 EIS outcome are set out on page 111.

The PSP award granted in 2016, which measured performance over the three years to the end of 2018, vested in part. Our strong trading performance resulted in full vesting in relation to 50% of the award which was based on RONOA and Cash Conversion. For the remaining 50% of the award, which is based on Total Shareholder Return ('TSR') relative to the FTSE 100 and our Peer Group, our TSR over three years was -4.2%, which resulted in 0% vesting against both TSR measures. On this basis, the performance across the four performance measures led to an overall vesting of 50% of the 2016 PSP award.

Full details of the performance targets and the relative achievement against each measure are set out on page 110.

Overall, the Committee is satisfied that the formula driven outturn from our incentive plans has delivered appropriate remuneration for the year under review and that there is no reason to apply any discretion.

2019 remuneration alignment to strategy

The Committee regularly considers the performance measures of our incentive plans to ensure that they remain relevant and directly linked to the achievement of the Taylor Wimpey strategy as set out on page 26. This is to ensure that any payments in relation to these incentive plans are aligned with progress made towards achieving the strategy.

As outlined earlier in this Annual Report, 2018 has been a pivotal year in developing and setting the future strategic direction of Taylor Wimpey as announced at the Company's Capital Markets Day in May 2018. As such, following shareholder consultation, and in order to meet the Company's new strategy, the Committee has made some modifications to the performance conditions for the 2019 EIS. Group Operating Profit, RONOA and Customer Service will continue to be performance measures during 2019; however, Cash Conversion will be removed from the EIS and will be replaced by two new measures – Order Book and Build Quality. The Order Book measure will provide greater direct emphasis on sales volume and will require improvement over the 2018 full year outturn. The Build Quality measure will be used to underpin our goal to deliver high quality homes and to reduce the number of instances requiring remediation. Improvement in performance against both of these new measures is expected to generate improvements in financial performance and shareholder value.

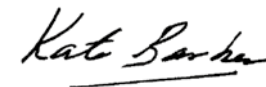
The performance measures for the PSP will remain unchanged from 2018, based on Operating Profit Margin (15%), Cash Conversion (15%), RONOA (20%) and relative TSR measured against a housebuilder group (30%) and against the FTSE 100 (20%). The TSR measures continue to reflect the delivery of value to shareholders across the longer term and the three financial measures are directly linked to the Company's KPIs (see pages 24 to 25 for further information on KPIs).

In addition to encouraging employee share ownership across the business, the Committee firmly believes in ensuring a strong alignment between its Executive Directors and senior management with the interests of the Company's shareholders. Executive Directors' interests continue to be aligned with those of the Company's shareholders in three principal ways:

- Through the share ownership requirements in Taylor Wimpey (which the Committee keeps under regular review);
- Via the requirement to defer each year one-third of their annual cash bonus into shares, which are then required to be held in trust for three years (described in more detail on pages 102 and 107);
- Through the requirement to retain for two years after vesting the net post-tax shares deriving from any vesting of the PSP award.

We believe that the remuneration payable to the Executive Directors for 2018 is appropriate, linked to performance delivered and has taken account of the broader circumstances within which incentive payments should be made.

I very much hope that you will again be able to support the level of remuneration paid with respect to 2018 and how we will implement our policy for 2019.



Kate Barker DBE

Chair of the Remuneration Committee

Remuneration Committee report continued

Committee activities during 2018

February

- Reviewed feedback from key institutional shareholders and shareholder representative bodies on the remuneration consultation conducted in December 2017 around the Company's remuneration proposals for 2018 and the Remuneration Policy which was approved by shareholders at the Company's 2017 AGM
- Considered and approved the salary review proposals for 2018 for the Executive Directors and the wider executive team in light of Company proposals for the wider workforce
- Considered and approved the outcome of the EIS for 2018 and of the PSP vesting in 2018
- Reviewed the draft Remuneration Report for the Company's 2017 Annual Report

April

- Agreed the remuneration packages for the newly appointed Executive Directors
- Agreed the leaving arrangements for Ryan Mangold

December

- Agreed the communication to key institutional shareholders and shareholder representative bodies around the Company's remuneration proposals for 2019
- Considered the draft Remuneration Report for inclusion in the Company's 2018 Annual Report
- Considered reports from Korn Ferry on executive benchmarking
- Considered a general governance update from Korn Ferry on remuneration considerations, including post-employment shareholding requirements
- Preliminary discussion on salary proposals for 2019; projected outcomes of the 2018 EIS and PSP awards
- Discussed CEO Pay Ratio reporting

Introduction

This Report has been prepared to comply with the provisions of the Companies Act 2006 and other applicable legislation, including the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (Regulations), and has also been prepared in line with the recommendations of The UK Corporate Governance Code (the Code) and the UK Listing Authority Listing Rules.

This Report has been prepared by the Remuneration Committee on behalf of the Board.

The 2018 Remuneration Report includes disclosures which reflect in full the Regulations on remuneration reporting, divided into two sections:

- Remuneration Policy Report: this sets out the Remuneration Policy adopted by shareholders at the 2017 AGM, describing the framework within which the Company remunerates its Directors. The Policy applies for a period of three years from the date of the 2017 AGM or until a revised Policy is approved by shareholders if sooner.
- Annual Report on Remuneration: this sets out how the Company's Remuneration Policy was applied during 2018 and how it is proposed that it be applied during 2019. The Annual Report on Remuneration will be subject to an advisory resolution at the AGM on 25 April 2019. Details of the resolution and its status as an advisory vote are set out in the Notes to the Notice of Meeting on page 187.

The Regulations require that the Company's auditors report to shareholders on certain parts of this Report and state whether in their opinion those

parts have been properly prepared in accordance with the requirements. The Remuneration Policy Report, which describes the Committee's current Remuneration Policy for Executive Directors and which has applied since its approval by shareholders on 27 April 2017, contains unaudited information. Some elements of the Annual Report on Remuneration, which describes how the Committee has implemented its existing policy in 2018, contain audited information.

Remuneration Policy Report

Unaudited information

The Company's Remuneration Policy was subject to a binding shareholder vote at the 2017 AGM of the Company and was approved by 98% of shareholders who voted.

The Policy is designed to ensure that the remuneration framework will support and drive the Taylor Wimpey strategy forward by both challenging and motivating the Executive Directors and the senior management team to deliver it and drive value for our shareholders whilst having due regard to our other stakeholders. The Policy is set out on pages 101 to 103 and is also available to view on the Company's website at www.taylorwimpey.co.uk/corporate/investor-relations/corporate-governance

Policy overview

A key part of the Committee's role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company's strategic objectives. It is, of course, key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to

deliver the Company's strategic objectives within a framework which is aligned with the long term interests of the Company's shareholders. This alignment is achieved through a combination of deferral into shares of a percentage of the EIS; a two-year retention period for vested PSP awards; and share ownership guidelines which require executives to build up holdings of Taylor Wimpey shares, either directly or by retaining vested PSP share awards. These guidelines, which the Committee regularly reviews, require Executive Directors to put in place a plan to accumulate a holding in the Company equivalent to their basic salary within five years of appointment, followed by a holding equal to twice their basic salary within a specified period to be individually agreed with the Chair of the Board.

The Committee's Remuneration Policy ensures that a significant percentage of the overall remuneration package of Executive Directors and senior management is subject to performance. With all packages for Executive Directors substantially geared towards meeting challenging targets set under the EIS and PSP, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately take account of reward versus risk.

In line with best practice the Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its terms of reference may, where it considers appropriate, take ESG matters into account when considering the overall remuneration structure and as part of its overall discretion.

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 they 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: <ul style="list-style-type: none"> – 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. – 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: <ul style="list-style-type: none"> – Increase in scope or responsibilities of the role. – To apply salary progression for a newly/ recently appointed Director. – Where the Director's salary has fallen significantly below the market positioning. 	Company and individual performance are factors considered when reviewing salaries.
Chair of the Board and Non Executive Director fees	The Chair'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 Chair plus the payment of a cash amount to cover his office expenses', an annual fee for the other Non Executives and additional fees for the Chair of the Audit Committee and of 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 Chair 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.	N/A
Other benefits, including benefits-in-kind	Provides a competitive package of benefits to assist with recruitment and retention of staff.	The main benefits offered: <ul style="list-style-type: none"> – Company-provided car or a cash allowance in lieu. – Provision of a fuel card. – Life assurance. – Private medical insurance. – A 5% discount on the price of a new 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.	N/A

Remuneration Committee report continued

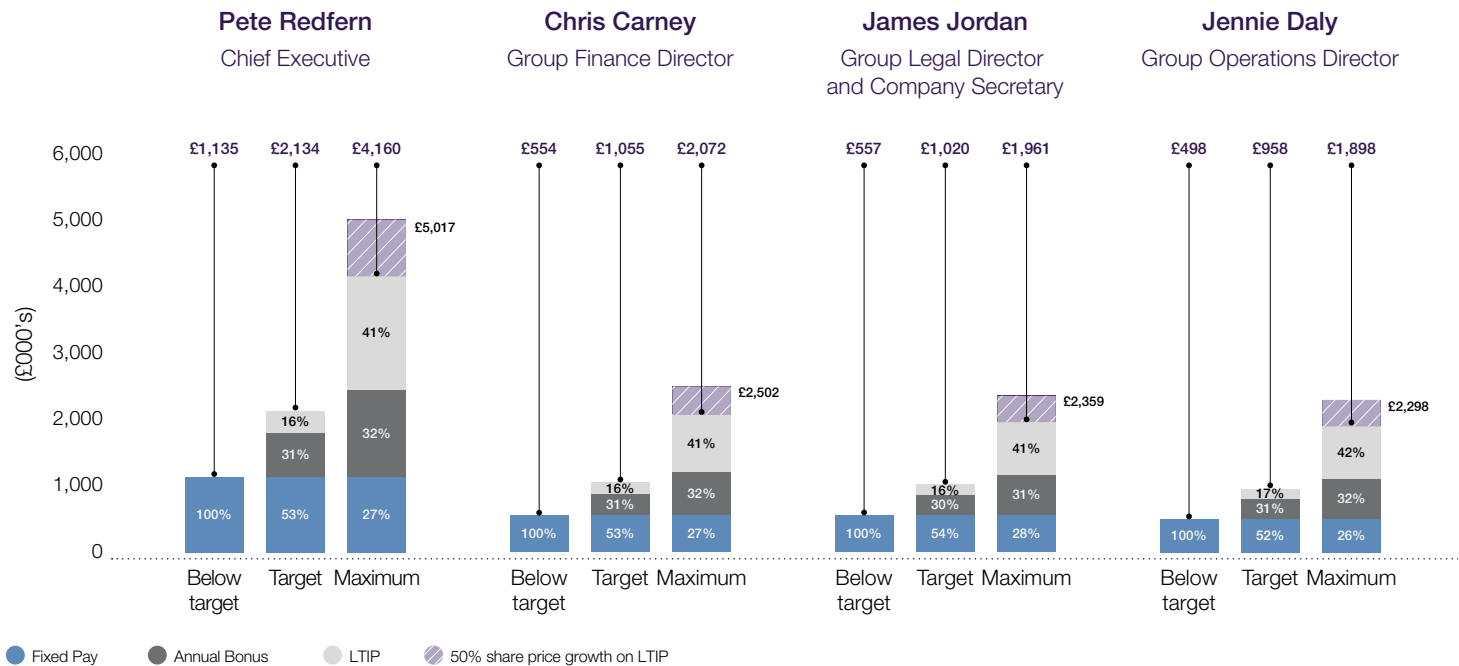
Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual Bonus Scheme (EIS)	<p>Rewards the achievement of stretching objectives that support the Company's annual and strategic goals.</p> <p>Compulsory deferral in shares is designed to further align the interests of Directors with shareholders.</p>	<p>EIS awards are determined by the Committee after the year end, based on annual performance against targets set at the beginning of each year.</p> <p>One-third of any EIS payable is deferred into shares for three years and held in trust. No further performance conditions apply.</p> <p>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.</p> <p>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.</p> <p>No element of the EIS is pensionable.</p>	<p>The maximum EIS opportunity for Executive Directors is set at 150% of base salary. Target is set at 75% of salary and threshold at 0%.</p>	<p>The EIS measures are based on a scorecard of designated key annual financial, operational and environmental measures and the measures for 2019 are described in the Annual Report on Remuneration.</p> <p>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.</p>
Long Term Incentive Plan (PSP)	<p>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.</p>	<p>Executive Directors and other designated senior executives can receive annual awards of PSP shares.</p> <p>Awards of PSP 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.</p> <p>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.</p> <p>Performance measures are currently measured over three financial years.</p> <p>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.</p>	<p>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%.</p>	<p>The targets and weightings for 2019 are described in the Annual Report on Remuneration.</p> <p>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.</p> <p>Awards vest 20% for threshold performance and 100% for maximum performance with straight line vesting in between.</p>
Pension	<p>The Company aims to provide competitive retirement benefits that represent an appropriate level of cost and risk for the Group's shareholders³.</p>	<p>Pension benefits for Executive Directors are provided through one or more of the following arrangements:</p> <ul style="list-style-type: none"> – Personal Choice Plan⁴; – Taylor Wimpey Pension Scheme⁵; – or as cash allowances. 	<p>Pete Redfern: cash allowances of 20% of salary up to a scheme specific cap and 25% of salary above the cap.</p> <p>James Jordan: cash allowances of 20% of salary up to a scheme specific cap and 28% of salary above the cap.</p> <p>Chris Carney and Jennie Daly: 20% of salary.</p> <p>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.</p> <p>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.</p>	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
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
Shareholding 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 Chair) ²	N/A

- The Company no longer makes a contribution to the Chair's office-related expenses.
- In addition to the two-year holding period in respect of the PSP, 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 PSP or other share based long term incentive plan.
- 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.
- 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.
- Taylor Wimpey Pension Scheme (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.

Illustration of the Remuneration Policy for 2019

The charts below illustrate the level and mix of remuneration based on the Remuneration Policy depending on the achievement of below target, target and maximum for the Executive Directors under the policy.



- Salary is £874,161, £438,600, £405,861 and £400,000 for Pete Redfern, Chris Carney, James Jordan and Jennie Daly, respectively with effect from 1 April 2019 with the exception of Jennie Daly which was with effect from 1 January 2019. See page 107 for further details.
- Benefits are £56,000, £29,000, £53,000 and £18,000 for Pete Redfern, Chris Carney, James Jordan and Jennie Daly, respectively.
- Pension is £209,226, £87,290, £99,896 and £80,000 for Pete Redfern, Chris Carney, James Jordan and Jennie Daly, respectively.
- For the EIS the target and maximum award is 75% and 150% of base salary, respectively.
- For the PSP the target (assumed for these purposes to be at threshold performance) and maximum are 40% and 200% of base salary, respectively.

Remuneration Committee report continued

Committee discretion

The Committee recognises that the exercise of discretion must be undertaken in a careful and considered way as it is an area that will quite rightly come under scrutiny from shareholders and other stakeholders. It is, however, also important for the Committee to retain some discretion to make payments outside of its Remuneration Policy in exceptional circumstances. The Committee confirms that any exercise of discretion in such circumstances would be within the available discretions set out in this Report and that the maximum levels available under any relevant plans would not be exceeded.

As disclosed in the 2017 Annual Report and Accounts, the Committee decided that it was appropriate to exercise its discretion to scale back the EIS entitlement of the three Executive Directors in post at that time. The decision was made to reduce the entitlement by 20% of the EIS maximum (which equated to 30% of salary) to take into account the impact of the leasehold provision.

With regard to both the EIS and the PSP, the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans but in all cases within the applicable scheme rules. These include (but are not limited to) the following matters (with the maximum level of award restricted as set out in the Policy table on pages 101 to 103):

- Who participates in the plans.
- The timing of grant of award and / or payment.
- The size of an award and / or a payment, subject to the limits of the rules.
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction.
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen.
- Discretion to dis-apply time pro-rating in the event of a change of control or good leaver circumstances.
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, acquisition, divestment, change of control, special dividend or a change in prevailing market conditions).
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose.
- Discretion to allow participants to sell, transfer, assign or dispose of some or all of their shares in exceptional circumstances before the end of the holding period, subject to such additional terms and conditions as the Committee may specify.

How shareholder views are taken into account

The Remuneration Committee appreciates and considers very seriously all shareholder feedback received in relation to remuneration each year and guidance from shareholder representative bodies more generally. Shareholder views are key inputs when shaping the Remuneration Policy and the Committee welcomes any comment or feedback on any aspects of remuneration and will always consider and respond.

The Committee regularly engages with its largest shareholders and shareholder representative bodies regarding the ongoing Remuneration Policy and implementation, and will take into account any feedback when determining any changes that might apply. The last such consultation took place in December 2018 and included the proposed performance targets and weightings of both the EIS and PSP; the salary proposals for 2019; and the terms of Pete Redfern's proposed purchase of an apartment from the Company under the standard staff 5% discount house purchase scheme. Details of this proposed transaction which will require shareholder approval are set out in the Notes to the Notice of Annual Meeting on page 188.

The Committee follows the principles of good governance relating to Directors' remuneration as set out in the Main Principles, Supporting Principles and Provisions of the Code. The Committee reviews and takes into account governance related developments and guidance that arise, on an ongoing basis.

How our employees' voice is taken into account

The Committee supports and welcomes the introduction of the 'employee voice' initiative. The Taylor Wimpey National Employee Forum (the NEF) was established in 2017 and continues to work with members of the Group Management Team and build upon the existing business wide regional Employee Consultation Committee structure. Since it was established in late 2017, the NEF has met on six occasions and received updates and provided feedback and input into numerous and varied topics such as the development and implementation of the Company's strategy, customer service and other important operational matters including remuneration. The Chair of the Board and the Remuneration Committee Chair attended the NEF meeting in November 2018 and discussed the general make-up and approach to executive pay and how this aligns more generally to that of the workforce. Directors and other executives will attend meetings of the NEF from time to time and also seek feedback on specific topics

via the regular attendance at NEF meetings of the Group Legal Director and Company Secretary, Group Human Resources Director and other Group Management Team members as appropriate.

How performance measures were chosen

The performance metrics that are used for each of the short and long term incentive plans have been selected to reflect the Group's key strategic goals and are designed to align the Directors' interests with those of the Company's shareholders.

The EIS performance metrics include a mix of financial and non-financial metrics reflecting the key annual priorities of the Group. The financial metrics will generally determine at least 50% of the EIS and include operating profit as this reflects the Company's strategic objective to increase profit sustainably. The other financial metrics, selected on an annual basis, will be measurable and will ensure that executives are motivated to deliver across a scorecard of key objectives. The improvement of customer service remains an area of ongoing focus and the Committee has therefore retained it as a challenging measure. The Committee has made some modifications to the performance conditions for the 2019 EIS. Cash Conversion will be replaced by two new measures – Order Book and Build Quality. Further details of these two new measures can be found on page 107.

The performance conditions applicable to the PSP were selected by the Committee as they are consistent with the overall longer term success of the Company. TSR provides an external assessment of the Company's performance in two ways. Firstly, against its competitors via an industry peer group and secondly, relative TSR measured against an appropriate sector of the FTSE. The latter has progressed over recent years, in line with the improvement in the Company's share price and capitalisation, from the FTSE 250, (via a mixture of ranking companies), to the FTSE 100 which applied for 2016 and subsequent awards. It also aligns the rewards received by executives with the returns received by shareholders. The RONOA and Cash Conversion targets ensure that returns to shareholders and the generation of cash to fund them are the result of long term sustainable financial performance. Operating Profit Margin is a key indicator for investors and for the Company's strategy of driving margin improvement.

The Committee will review the choice of performance measures and the appropriateness of the performance targets each year. Targets are set based on a sliding scale that takes account of internal planning and external market expectations for the Company.

Maximum rewards require substantial out-performance of our challenging plans approved at the start of each year, with a significantly lower level of rewards for delivering threshold performance levels.

External Non Executive Director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board and the Executive Director), Executive Directors are permitted to take on non executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. Any such appointments would be the subject of an announcement to the London Stock Exchange as appropriate.

Pete Redfern is an independent non executive director on the Board of Travis Perkins plc where he also serves on its Remuneration Committee and chairs its Stay Safe Committee. His current fees total £68,000 per annum (2017: £68,000), which he retains.

Remuneration Policy for the wider workforce

When setting the policy for Executive Directors, the Committee is made fully aware of pay structures across the workforce. In addition, the Committee will conduct a formal review of relevant elements of remuneration across the Group and for all levels of employee at least every three years as part of its Remuneration Policy review. The most recent such review took place in 2017 and its findings, which included data in preparation for the publication of gender pay gap information in April 2018, were that there were no inherent issues or evidence of inequalities on base pay, bonus and car benefits. Pension arrangements have been more closely aligned across the workforce and will be reviewed further during 2019 as part of the Remuneration Policy review ahead of the 2020 AGM and to take into account the recent governance guidelines from The Investment Association referred to earlier in the Report.

Virtually all of the Company's employees participate in incentive arrangements. Many of our employees can elect to take their performance-related payment in Taylor Wimpey shares rather than in cash, further enhancing the link and alignment between shareholder value and employee reward throughout the Company, which both the Company and the Committee consider important. For further details see employee involvement on pages 120 to 121.

The Company also offers both Sharesave and Share Incentive schemes to all eligible UK employees with more than three months' service and is delighted with the level of participation from across the business.

Remuneration Policy on recruitment or promotion

Base salary levels will be set in accordance with the Remuneration Policy, taking into account the experience and calibre of the individual. Where appropriate, the Company may offer a below market salary initially with a view to making above market and workforce increases over a number of years to reach the desired salary positioning, subject to individual and Company performance. Benefits and pension will be provided in line with those offered to other Executive Directors, with relocation expenses provided for if necessary. Tax equalisation may also be considered if an executive is adversely affected by taxation due to their employment with the Company. Legal fees and other costs incurred by the individual may also be paid by the Company, if considered appropriate and reasonable to do so.

The variable pay elements that may be offered will be subject to the maximum levels described in the policy table on pages 101 to 103. The Company may also consider applying different performance measures if it feels these appropriately meet the strategic objectives and aims of the Company whilst incentivising the new appointee.

In the case of an external hire, the Company may choose to buy-out any incentive pay or benefit arrangements which would be forfeited on leaving the previous employer. This will only occur where the Company feels that it is a necessary requirement to aid the recruitment. The replacement value would be provided for, taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. Replacement share awards, if used, will be granted using Taylor Wimpey's existing share plans wherever and to the extent possible, although in exceptional circumstances awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules. To ensure alignment from the outset with shareholders, malus and clawback provisions may also apply where appropriate and the Committee may require new directors to acquire Company shares up to a pre-agreed level. Shareholders will be informed of any buy-out payments at the time of appointment.

In the case of an internal hire including a promotion, as previously reported, the Company will honour any commitments entered into prior to their appointment to the Board even where it is not consistent with the Policy prevailing at the time such commitment is fulfilled. There were no such commitments with regard to either Chris Carney or Jennie Daly when they were appointed to the Board in April 2018, as Group Finance Director and Group Operations Director respectively. Details of their remuneration on appointment are set out on page 108.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice either way. This meets the requirements of the Code. Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection at the Company's Registered Office during normal business hours and at the AGM.

Each of the Executive Directors' service contracts provides for:

- The payment of a base salary (details of which are set out on page 107).
- An expensed company car or a cash allowance in lieu; a fuel allowance; life assurance; and private medical insurance (details of which are set out on page 101).
- Employer's contribution to a pension scheme (details of which are set out on page 102).
- A notice period by either side of 12 months.
- A provision requiring a Director to mitigate losses on termination.
- The service contract for each of Pete Redfern and James Jordan additionally provides for a pension allowance.

Each service contract contains the following performance-related provisions:

- Participation in the EIS.
- Participation in one or more long term incentive plan.

The Company has the right to terminate contracts by making a payment in lieu of notice. Any such payment will typically reflect the individual's salary, bonus entitlement, benefits in kind and pension entitlements. The Company will be mindful, on termination of an Executive Director's employment, of the need to mitigate costs and phase payments, which cease when the individual obtains an alternative role. There are no change of control provisions that apply in relation to the service contract of any Executive Director.

Remuneration Committee report continued

Other than in certain 'good leaver' circumstances (which could include by way of example redundancy, ill-health or retirement), no payment would usually be due under the EIS unless the individual remains employed and is not under notice at the payment date. Any payment to a good leaver under the EIS would be based on an assessment of their and the Company's performance over the applicable period and pro-rated for the proportion of the EIS year worked.

Where an Executive Director is considered by the Committee to be a good leaver, deferred EIS awards (shares) would vest. In other circumstances, awards would lapse.

With regard to long term incentive plan awards, the rules of the PSP provide that, other than in certain good leaver circumstances, awards lapse on cessation of employment. Where an individual is a good leaver, the Committee's normal policy is for the award to vest on cessation of employment following the application of performance targets no later than the normal vesting date of the award and a pro-rata reduction to take account of the proportion of the applicable performance period outstanding post the cessation. The Committee has discretion to deem an individual to be a good leaver. The Committee also has discretion for both early vesting and reducing the impact of pro-rating. In doing so, it will take account of the reason for the departure and the performance of the individual through to the time of departure.

In situations where an Executive Director is dismissed, the Committee reserves the right to make additional exit payments where such payments are made in good faith:

- in discharge of an existing legal obligation (or by way of damages for breach of such an obligation);
- by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment; or
- to contribute towards the individual's legal fees and fees for outplacement services.

The terms of engagement of the Chair of the Board and the Non Executive Directors are regulated by letters of appointment over a term of three years, which are reviewed annually. Both the Company and the aforementioned Directors have a notice period of six months and the Directors are not entitled to compensation on termination other than for the normal notice period if not worked out.

All Executive Directors are proposed for re-election and election in the case of Chris Carney and Jennie Daly, at the 2019 AGM and each will have at that date an unexpired service contract term of one year.

Legacy arrangements

Any commitment which is consistent with the approved Remuneration Policy in force at the time that the commitment was made will be honoured, even where it is not consistent with the policy prevailing at the time such commitment is fulfilled.

Annual Report on Remuneration

This Annual Report on Remuneration will be put to an advisory shareholder vote at the 2019 AGM. The information in the Implementation of the Remuneration Policy during 2018 section on pages 109 to 111 has been audited.

Remuneration Committee

The role of the Remuneration Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and Senior Management in order to attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities within a remuneration framework which is aligned with the interests of our shareholders and thus designed to promote the long term success of the Company.

Following the publication of the 2018 Code, the Committee has taken the opportunity to review and update its defined terms of reference. These updated terms of reference are available on the Company's website at www.taylorwimpey.co.uk/corporate/investor-relations/corporate-governance. The Committee's main responsibilities are to:

- Establish and maintain formal and transparent procedures for developing policy on executive remuneration and for determining the remuneration packages of individual Directors, and to monitor and report on them.
- Determine the remuneration, including pension arrangements, of the Executive Directors.
- Monitor and make recommendations in respect of remuneration for the tier of Senior Management one level below that of the Board.
- Approve annual and long term incentive arrangements together with their targets and levels of awards.
- Determine the level of fees for the Chair of the Board.
- Select and appoint the external advisers to the Committee.
- Review wider workforce remuneration and other policies.

During 2018, the Committee comprised three Independent Non Executive Directors and also the Chair of the Board. Kate Barker is the Committee Chair and the other members of the Committee were Kevin Beeston, Angela Knight and Gwyn Burr. Rob Rowley was also a member of the Committee until he stood down from the Board immediately following the AGM on 26 April 2018. Membership of the Committee is, and was throughout 2018, in line with the Code.

Details of attendance at Committee meetings held during 2018 appear on page 97.

No Director or other executive is involved in any decisions about his or her own specific remuneration.

Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and during the year it continued to retain the services of Korn Ferry.

Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct. During 2018 Korn Ferry also provided other ad hoc remuneration services outside the scope of the Committee to the Company. The Committee reviews the performance and independence of its advisers on an annual basis and is satisfied that the advice provided is objective and independent.

The Committee also receives legal advice from Slaughter and May, the Company's solicitors, as and when necessary. This generally relates to technical advice on share schemes and also with regard to any senior appointments and termination arrangements. The Committee is satisfied that the advice provided by Slaughter and May is objective and independent.

The fees paid to the Committee's advisers in 2018 were: Korn Ferry £115,280 on a time and materials basis (2017:£38,000 for the period from 20 July 2017). No significant amount of advice was sought from Slaughter and May during the year.

Pete Redfern (the Chief Executive), James Jordan (the Group Legal Director and Company Secretary), and the Group Human Resources Director each attend Committee meetings by invitation only but are not present for any discussions that relate directly to their own remuneration.

How the Remuneration Policy will be applied in 2019

Base Salary

The Committee reviewed the Executive Directors' salaries in February 2019 and decided to award increases of 2% to Pete Redfern, Chris Carney and James Jordan, with effect from 1 April 2019, in line with the general workforce increase. As explained on pages 98 and 108, Jennie Daly received a final planned staged increase of salary based on her performance on 1 January 2019. The proposed 2% 2019 general salary increase referred to above, will not apply to her.

The salaries of the Executive Directors effective from 1 April 2019 will be as follows:

Name	Salary at 1 April 2018 or date of appointment	Salary at 1 April 2019 ^(a)	Increase
Pete Redfern	£857,020	£874,161	2%
Chris Carney	£430,000	£438,600	2%
James Jordan	£397,902	£405,861	2%
Jennie Daly	£310,000	£400,000	29%

(a) In the case of Jennie Daly, her increase was with effect from 1 January 2019 as explained earlier in this Report as part of a planned staged increase based on performance.

Pension and Benefits

Pension and benefits will remain in line with practice in 2018 with Chris Carney and Jennie Daly receiving pension of 20% of salary.

Annual Bonus Scheme

The Executive Incentive Scheme (EIS) performance metrics and their weightings for 2019 are shown in the table below. The precise details of the targets themselves are deemed to be commercially sensitive as they relate to the current financial year. However, detailed retrospective disclosure of the targets and performance against them will be provided in next year's Remuneration Report in the usual way.

Measure	Weighting
Group Operating Profit	40%
RONOA	20%
Customer Service	20%
Build Quality	10%
Order Book	10%

The metrics and weightings have changed in light of the updated business strategy highlighted at the Company's Capital Markets Day held in May 2018, to ensure that the EIS continues to remain in line with our business priorities and market expectations, whilst maintaining a structure that has a weighting of 70% linked directly to financial targets.

The Order Book measure will provide greater direct emphasis on sales volume and will require improvement over the 2018 full year outturn, whilst the Build Quality measure will be used to underpin our goal to deliver high quality homes and to reduce the number of instances requiring remediation. Both new measures are expected to lead to improvements in our financial performance and improve shareholder value.

The Committee may use discretion to adjust payments where necessary.

One third of any bonus will be deferred in shares for three years without any matching element.

Clawback and malus provisions have been updated in line with the 2018 Code requirements and the Committee is satisfied that they remain fully enforceable if ever needed.

Long Term Incentive Plan

In accordance with the Remuneration Policy, long term incentives comprise a Performance Share Plan ('PSP') award with a maximum award of 200% of base salary (face value of shares at date of award). The annual awards granted to Executive Directors in 2019 will be subject to the following performance conditions:

Measure	Weighting (% of total award)	Below threshold (0% vesting)	Threshold (20% vesting)	Maximum (100% vesting)
TSR v Peer Group	30%	Less than median	Median	Upper quartile
TSR v FTSE 100	20%	Less than median	Median	Upper quartile
RONOA in 2021	20%	Less than 26%	26%	33%
Operating Profit Margin in 2021	15%	Less than 19%	19%	23%
Cash Conversion (2019-2021)	15%	Less than 70%	70%	80%

Awards vest on a straight line basis between the above threshold and maximum vesting levels. The Direct Peer Group Index of housebuilders is an unweighted index comprised of Barratt Developments, Bellway, Berkeley Homes, Bovis Homes Group, Countryside Properties, Crest Nicholson, Galliford Try, Persimmon and Redrow.

The performance measures for 2019 are unchanged from those established for the 2017 and 2018 awards. However, the targets for the three financial performance measures have changed to ensure that they continue to remain stretching and appropriate in the present market outlook for the medium term.

An underlying requirement for any vesting under the current share based incentive plans is that at the time of approving the vesting, the Committee must be satisfied with the overall financial performance of the Group. This will include inter alia the Company's RONOA and Operating Profit Margin performance.

The Committee also retains the right (as part of its overall discretion) to reduce the vesting of the award if it considers that volumes (i.e. the number of homes sold) have not been satisfactory during the relevant performance period and there is a broad discretion to adjust payments where necessary. Clawback and malus provisions have been updated in line with the new 2018 Code.

Since 2018, all PSP awards are subject to a two year post vesting holding period.

Dividend equivalents and other distributions will accrue on vested awards and continue to accrue to the extent awards remain unexercised post vesting. In line with best practice, from 2020 it is intended that all accrued dividends will be paid via shares rather than in cash and will be subject to the aforementioned two year post vesting holding period.

Remuneration Committee report continued

Payments for loss of office to former Directors (audited)

As announced, Ryan Mangold left his role as Group Finance Director and stepped down as a Director of the Company on 20 April 2018. He continued to have an active role in the business until 31 December 2018, before going on 'garden leave' for the remainder of his notice period until 19 April 2019. The following arrangements applied in respect of Ryan Mangold's remuneration. These arrangements comply with the Company's remuneration policy as approved by shareholders at the Company's 2017 AGM.

The amounts disclosed in the single figure table on page 109 relate to the period Ryan was an Executive Director between 1 January 2018 and 20 April 2018 when he stepped down from the Board. As noted above, Ryan continued to have an active role in the business until 31 December 2018 during which time he continued to receive salary, benefits and pension, in accordance with his contractual entitlements which totalled £374,331 for 20 April to 31 December 2018. In addition, as he was in active employment for the full year, Ryan was eligible to participate in the 2018 EIS arrangements for the full year. The amount of bonus payable to him under the EIS was determined in the normal way subject to the performance measures being met, as determined by the Remuneration Committee in February 2019. The EIS amount in respect of the period between 20 April and 31 December 2018 totalled £421,447 which is payable in cash at the normal payment date.

Ryan's incentivisation before leaving and alignment with shareholders post departure has been created by the tail of PSP awards (up to circa 0.5 million shares) linked to applicable performance periods followed by the two year post vesting holding periods. The Committee took this into account when structuring his leaving arrangements.

The Committee determined he should receive good leaver treatment for the shares deferred under the EIS and for his outstanding PSP awards. As announced, Ryan's unvested deferred EIS awards will vest early on cessation of employment. His outstanding PSP awards will be pro-rated based on time employed (see page 112), subject to performance measured over the relevant three-year performance period and subject to the holding period. As set out on page 110, the 2016 PSP award vested at 50% of maximum and as such the total pre-tax value of shares vested to Ryan following the publication of this Report is £424,030 (based on a share price of 148.88p being the 3 month average over October to December 2018) part of which relates to the period he was an Executive Director and is included in the single figure table. These shares will be required to be held for the two year holding period referred to above.

Ryan ceased active employment on 31 December 2018 and will be paid £162,556 in respect of his contractual salary, pension and benefits for the remainder of his notice period until 19 April 2019.

As previously disclosed on announcement of Ryan's departure, the Company agreed to pay legal fees incurred by Ryan in relation to his leaving arrangements (capped at a value of £6,000 exclusive of VAT) and in addition, in line with normal practice of the Company, he was provided with outplacement services (capped at a value of £30,000 exclusive of VAT).

There were no payments made to other former Directors.

Remuneration arrangements for Directors promoted during 2018

When Chris Carney and Jennie Daly were appointed to the Board in April 2018, as Group Finance Director and Group Operations Director respectively, the Committee considered carefully the structures to be put in place for each of them and in particular on the appropriate level of salary. The Committee took into account a number of internal and external factors, which included both internal and external market benchmarking, historic increases made to the individual, overall Company performance and the remuneration of other executives.

With regard to Chris Carney, who was promoted from his role as Chair of the London and South East Division, his salary was increased on appointment from £365,000 to £430,000 per annum which is below that of his predecessor and positioned between lower quartile and median of comparable market data. The Committee intends to keep Chris's salary under periodic review as he develops further into the role.

With regard to Jennie Daly, as this was an appointment into a newly created and evolving role, the Committee determined that a more cautious, staged approach should be taken on her base salary progression. Accordingly, her salary was increased on appointment, from £287,000 to £310,000 per annum, which was the first stage of the increase to the intended full salary for the role, as it became fully developed. Due to Jennie's outstanding continued personal performance and cognisant of the significant increased development of the role, since her initial appointment to the Board, (which has included taking over the Chair of the Group Operation Team, assuming formal responsibilities for agreeing key land acquisitions and broader responsibility alongside the Chief Executive for Group performance including signing off the annual Group budget for 2019), the second and final staged increase for this new role to £400,000 took effect from 1 January 2019. Whilst this role is more difficult to benchmark relative to others in the sector and to the market generally, the Committee considers that this level of salary and overall pay level is still between lower quartile and median in external terms. Jennie's next salary review will not take place until April 2020 and is expected to be in line with that of the general workforce from that point. The 2% increase in line with the general workforce to be paid with effect from 1 April 2019 will apply to Chris Carney, but will not apply to Jennie Daly following her final planned staged increase of salary on 1 January 2019, as outlined above.

Non Executive Directors' and Chair of the Board's fees

Following a review, the Chair of the Board's fee was increased from £295,000 to £320,000 per annum with effect from 1 July 2018, which represented the first increase in three years. The Non Executive Directors' fees were also reviewed with no changes proposed other than an increase in the fee paid to the Senior Independent Director and, the fees for chairing the Remuneration Committee and Audit Committee to reflect the importance and significant responsibility of these roles. The increases were with effect from 1 July 2018 and are as set out below:

	Annual Fees as at 1 April 2019	Annual Fees as at 1 April 2018
Chair of the Board	£320,000	£295,000
Basic Non Executive Director	£60,000	£60,000
Senior Independent Director	£17,500	£10,000
Audit Committee Chair	£17,500	£15,000
Remuneration Committee Chair	£17,500	£15,000

Chair of the Board and Non Executive Directors

The terms of engagement of the Chair of the Board and the Non Executive Directors are regulated by letters of appointment as follows:

Name	Date of appointment as a Director	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Kevin Beeston	1 July 2010	3 years, reviewed annually	6	6
Kate Barker	21 April 2011	3 years, reviewed annually	6	6
Gwyn Burr	1 February 2018	3 years, reviewed annually	6	6
Angela Knight	1 November 2016	3 years, reviewed annually	6	6
Humphrey Singer	9 December 2015	3 years, reviewed annually	6	6

Implementation of the Remuneration Policy during 2018

Audited information

Director emoluments

£'000	Year	Fees & Salary	Benefits ^(a)	EIS ^(b)	PSP ^(c)	Pension ^(d)	All employee schemes ^(e)	Total
Executive								
Pete Redfern	2018	852	54	1,195	844	205	2	3,152
	2017	832	53	828	1,773	200	11	3,697
Chris Carney (appointed 20 April 2018) ^(f)	2018	300	21	416	144	60	1	942
	2017	–	–	–	–	–	–	–
James Jordan	2018	395	51	555	392	98	2	1,493
	2017	386	48	384	823	96	11	1,748
Jennie Daly (appointed 20 April 2018) ^(f)	2018	216	12	298	72	43	1	642
	2017	–	–	–	–	–	–	–
Ryan Mangold (stood down 20 April 2018) ^(f)	2018	128	7	178	127	26	–	466
	2017	418	21	416	816	84	11	1,766
Non Executive								
Kevin Beeston	2018	308	1	–	–	–	–	309
	2017	295	1	–	–	–	–	296
Kate Barker	2018	87	–	–	–	–	–	87
	2017	75	–	–	–	–	–	75
Gwyn Burr (appointed 1 February 2018)	2018	55	–	–	–	–	–	55
	2017	–	–	–	–	–	–	–
Mike Hussey (stood down 19 July 2018)	2018	33	–	–	–	–	–	33
	2017	60	–	–	–	–	–	60
Angela Knight	2018	60	–	–	–	–	–	60
	2017	60	–	–	–	–	–	60
Rob Rowley (stood down 26 April 2018)	2018	23	–	–	–	–	–	23
	2017	85	–	–	–	–	–	85
Humphrey Singer	2018	73	–	–	–	–	–	73
	2017	60	–	–	–	–	–	60
Total	2018	2,530	146	2,642	1,579	432	6	7,335
	2017	2,271	123	1,628	3,412	380	33	7,847

- (a) The taxable benefits included are a complete list consistent with The Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013. Benefits comprise non-cash payments to Pete Redfern, James Jordan, Chris Carney and Jennie Daly for private medical insurance, life assurance and company car provision (£39,129 and £38,594 respectively for Pete Redfern and James Jordan) and a cash fuel allowance, and for Ryan Mangold, a non-cash payment for private medical insurance and a cash payment of a car allowance taken in lieu of a company car. Kevin Beeston's benefit relates to the provision of private medical insurance.
- (b) The 2017 figures are the scaled back amounts following the exercise of the Committee's discretion in relation to the provision as referred to on page 104.
- (c) This column shows the vesting during 2018 and 2017 of the PSP as set out in the tables at the top of page 110 and includes the value of dividends accrued during the performance period and payable on vesting. The 2017 totals have been restated to reflect the share price at vesting of 186.0 pence as stated in the PSP award 2015 table on page 110. The 2018 figures for Chris Carney, Jennie Daly and Ryan Mangold have been pro-rated. None of the value received in 2018 relates to a share price increase, however there was a 24.2% increase in the share price from the date of Award and date of vesting of the Award shown for 2017.
- (d) For Pete Redfern and James Jordan these figures represent the cash allowances payable as described in the Remuneration Policy 'Pension' section. For Chris Carney, Jennie Daly and Ryan Mangold these figures represent pension contributions to the amount permissible under HMRC rules and cash allowances.
- (e) These figures represent the value of the 20% discount on the Sharesave option price, matching shares under the Share Incentive Plan and the payment of Special Dividend accrued on Sharesave Options exercised by Pete Redfern, Ryan Mangold and James Jordan during 2017 and grossed-up for Income Tax and National Insurance.
- (f) The 2018 figures for Chris Carney, Jennie Daly and Ryan Mangold have been pro-rated to reflect the time they were an Executive Director.

Directors' PSP awards granted during the year

Performance awards were made in March 2018 as summarised below:

	Award	Type	Number of shares	Face value (% of salary) ^(a)	Performance conditions	Performance period	% vesting at threshold performance
Pete Redfern	PSP	Nil cost options	898,423	£1,672,236 (200%)	20% on RONO; 15% on Cash Conversion; 15% on Operating Profit Margin; 20% on TSR v FTSE 100; 30% on TSR v Peer Group index	01/01/2018 – 31/12/2020	20%
Chris Carney ^(b)	PSP	Nil cost options	294,149	£547,500 (150%)	As above	As above	As above
James Jordan	PSP	Nil cost options	417,125	£776,396 (200%)	As above	As above	As above
Jennie Daly ^(b)	PSP	Nil cost options	225,648	£420,000 (150%)	As above	As above	As above
Ryan Mangold ^(c)	PSP	Nil cost options	451,555	£840,480 (200%)	As above	As above	As above

(a) Calculated using the share price of 186.1 pence being the average of the closing prices for 1, 2 and 5 March 2018.

(b) Chris Carney and Jennie Daly received a PSP Award in 2018 prior to them being appointed to the Board on 20 April 2018. These figures represent the Awards they received in March 2018.

(c) Ryan Mangold received a PSP during the year prior to standing down from the Board on 20 April 2018. This award has been pro-rated upon him leaving the company. Further details on his leaving arrangements can be found on page 108.

EIS in respect of 2018

For 2018, the Committee measured performance against each individual performance target, which is directly linked to the achievement of the Company's strategy, as described in more detail on page 26, as follows:

Measure	Strategic Objective	Weighting	Summary of targets			Result	% of maximum	% of maximum paid in cash	% of maximum deferred in shares
			Entry (10% vesting)	Target (50% vesting)	Stretch (100% vesting)				
Operating Profit	To increase aggregate profit	40%	£830m	£850m	£880m	£880.2m	40	26.67	13.33
Cash Conversion	Driving increased cash generation and retention as a proportion of PBIT	20%	70%	75%	80%	92.6%	20	13.33	6.67
RONOA	Driving capital efficiency	20%	29%	30%	32%	33.4%	20	13.33	6.67
Customer Service: 8 week survey	Improving and delivering customer service based on key National House-Building Council performance standards	10%	72%	86%	89%	83.7%	4	2.67	1.33
Customer Service: 9 month survey	Improving and delivering customer service based on key National House-Building Council performance standards	10%	68%	70%	71%	70.7%	9	6.00	3.00
Total		100%					93%	62.00%	31.00%

The amounts paid to the Executive Directors' in respect of 2018 are set out in the remuneration table on page 109.

Remuneration Committee report continued

Details of options and conditional awards over shares held by Directors who served during the year are as follows:

Executive Directors' interests in the Company's share schemes (audited)

	Maximum potential outstanding shares at 1 January 2018 (or date of appointment)	Additional maximum potential awarded during the year	Dividend re-investment shares added during the year	Delivered / exercised during the year	Lapsed during the year	Maximum potential receivable as at 31 December 2018	Maximum shares vesting in:					
							2019	2020	2021	2022		
Pete Redfern												
Deferred Shares (EIS)	636,442	150,282	44,546	267,827		563,443	204,026	196,234	163,183			
Performance Share Plan (PSP)	2,812,786	898,423		805,043	230,915	2,675,251	888,720	888,108	898,423			
Sharesave Plan	18,863					18,863					18,863	
TOTAL	3,468,091	1,048,705	44,546	1,072,870	230,915	3,257,557	1,092,746	1,084,342	1,061,606		18,863	
Chris Carney												
Deferred Shares (EIS)												
Performance Share Plan (PSP)	771,087					771,087	216,917	260,021	294,149			
Sharesave Plan	20,891					20,891			11,460		9,431	
TOTAL	791,978					791,978	216,917	260,021	305,609		9,431	
James Jordan												
Deferred Shares (EIS)	295,490	69,773	20,681	124,349		261,595	94,726	91,106	75,763			
Performance Share Plan (PSP)	1,305,934	417,125		373,770	107,210	1,242,079	412,619	412,335	417,125			
Sharesave Plan	12,534					12,534	6,876	5,658				
TOTAL	1,613,958	486,898	20,681	498,119	107,210	1,516,208	514,221	509,099	492,888			
Jennie Daly												
Deferred Shares (EIS)												
Performance Share Plan (PSP)	467,244					467,244	108,877	132,719	225,648			
Sharesave Plan	22,921					22,921			22,921			
TOTAL	490,165					490,165	108,877	132,719	248,569			
Ryan Mangold												
Deferred Shares (EIS)	308,577	75,533		123,306		260,804	260,804					
Performance Share Plan (PSP)	1,370,012	451,555		370,650	418,322	1,032,595	446,370	345,986	180,399			
Sharesave Plan	12,534					12,534	12,534					
TOTAL	1,691,123	527,088		493,956	418,322	1,305,933	719,708	345,986	180,399			

Vesting of the Deferred Shares and Sharesave Plan options are not dependent on any performance conditions. The vesting of the PSP is subject to the achievement of performance conditions.

There have been no variations to the terms and conditions or performance criteria for outstanding share awards during the financial year. The market price of the ordinary shares on 31 December was 136.25 pence and the range during the year was 129.3 pence to 211.3 pence. Details of any share awards made to the Executive Directors during 2019 will be included in the 2019 Remuneration Report.

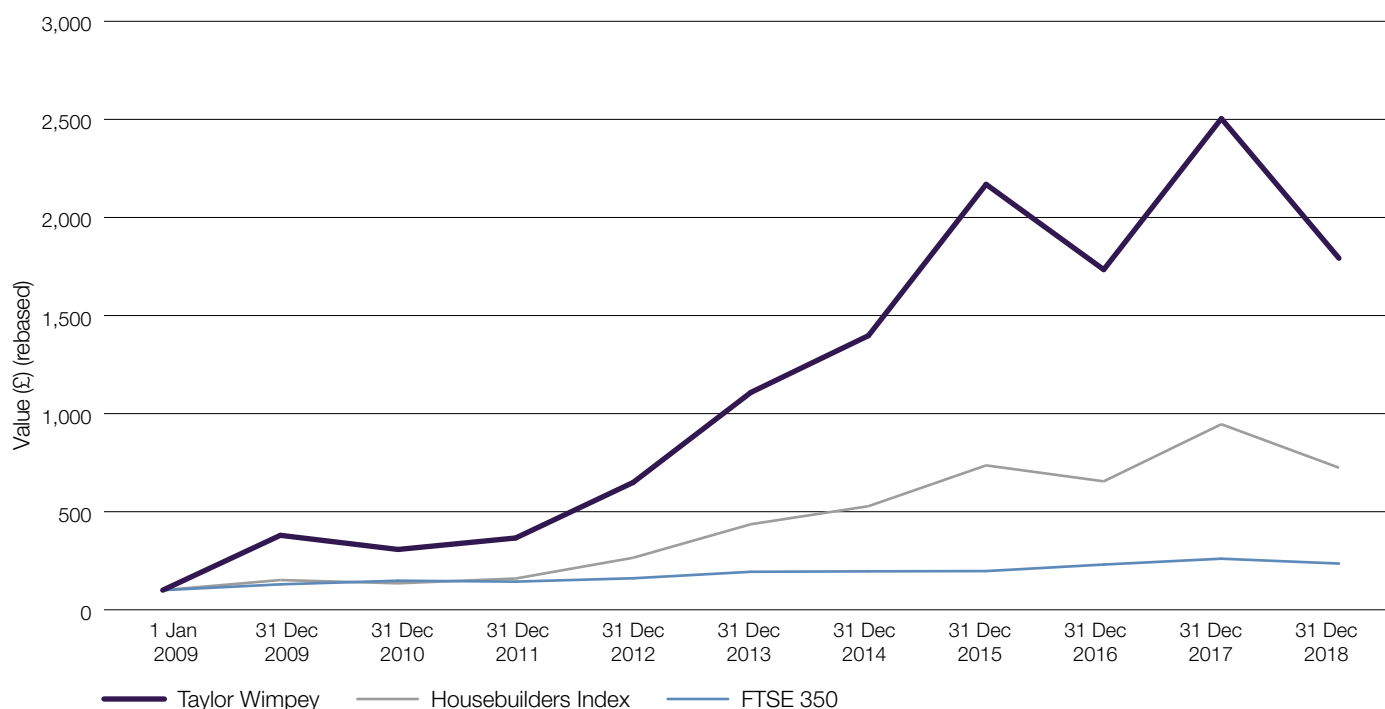
Ryan Mangold stood down from the Board on 20 April 2018 and will be leaving the Company on 19 April 2019. Details of his leaving arrangements are set out on page 107. His outstanding Performance Share Plan awards were pro-rated for time held on leaving. For transparency, these lapses are shown in the 'Lapsed during the year' column.

The Directors do not hold any vested but unexercised share options.

Performance graph (unaudited)

The graph below shows by way of total shareholder return, the value by 31 December 2018 of £100 invested in Taylor Wimpey plc on 1 January 2009 compared with the value of £100 invested in the FTSE 350 and in the average of the housebuilder index introduced for the 2012 Performance Share Plan awards onwards and as varied subsequently for the 2014 and 2016 awards. These benchmarks have been chosen as Taylor Wimpey is a constituent of both.

Total shareholder return



Chief Executive historic remuneration (unaudited)

The table below shows the total remuneration figure for the Chief Executive over the same ten year period as is reflected in the TSR graph above. The total remuneration figure includes the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages show the payout for each year as a percentage of the maximum award that could have been paid or received.

	Year ending 31 December									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Remuneration (£'000)	1,657	1,542	1,674	3,009	6,724	6,250	6,888	4,072	3,697	3,152
EIS (%)	100	85	82	95	90	90	78	80	66	93
PSP Vesting (%)	0	0	0	40	85	94	100	81	78	50

CEO Pay Ratios (unaudited)

Year	Method	CEO single figure	All UK employees		Lower quartile	Median	Upper quartile
			Ratio	Ratio			
2018	Option B	£3,151,748	Ratio		103:1	77:1	41:1
			Total pay	£30,745	£41,135	£76,575	
			Salary	£26,412	£26,873	£52,458	

Our CEO pay ratios have been calculated using 'option B' which is to use the gender pay data to identify the three employees that represent the lower quartile, the median, and the upper quartile. We believe this provides us with a clear methodology involving less adjustments to impute Full-time Equivalent earnings. Therefore, we believe this option is more likely to produce more robust data year on year.

The Committee has reviewed the results of the calculations and is satisfied that they are representative of the respective quartiles and that there would be little difference if calculated on any other basis. More generally the Committee considers that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey, although noting that an in depth review will be undertaken as part of our review of our Directors' remuneration policy in 2019.

Remuneration Committee report continued

Change in Chief Executive pay compared to Taylor Wimpey employees (unaudited) (2018)

The table below shows the percentage year-on-year change in salary, benefits and annual bonus earned between 2017 and 2018 for the Chief Executive and compared to the average percentage year-on-year change of Taylor Wimpey employees during the year.

	Salary	Benefits	Annual Bonus Scheme ^(a)
Pete Redfern	2%	2%	43%
Average pay of Taylor Wimpey employees	3%	2%	1%

(a) As stated on page 104 the Committee used its discretion to scale back the EIS (bonus) payments to Pete Redfern, Ryan Mangold and James Jordan for 2017 performance by an amount equivalent in each case to 20% of the EIS (i.e. equivalent to 30% of each Director's annual salary) in recognition of the leasehold provision created during 2017. Had the 2017 EIS payment for Pete Redfern not been scaled back, the year-on-year change for the Annual Bonus Scheme would have been 11% rather than 43% as referred to above.

Change in Company performance relative to change in remuneration (unaudited)

	2018	2017 ^(a)	Change (%)
Profit before tax, interest and exceptional items	£880.2m	£844.1m	4.1%
Dividends proposed or paid per ordinary share	16.64p	13.94p	19.4%
– interim 2018 / interim 2017 (2.44p / 2.30p)			
– final 2018 / final 2017 (3.80p / 2.44p)			
– special 2018 / special 2017 (10.4p / 9.2p)			
Employee pay in aggregate (see Note 7 to the financial statements)	£270.4m	£245.6m	10.1%
Employee pay average per employee (see Note 7 to the financial statements)	£49,688	£49,169	1.1%

(a) The 2017 profit before tax, interest and exceptional items has been restated following the adoption of IFRS 9 'Financial Instruments'. See Note 32 to the financial statements for further information.

Directors' interests in shares of the Company

Share ownership guidelines

The Taylor Wimpey share ownership guidelines are designed to encourage shareholding in Taylor Wimpey plc by executives at various levels within the Company for the purpose of alignment with the Company's shareholders which the Committee strongly believes is very important. The guidelines cover the Executive Directors and those executives who participate in long term incentive plans with all participating executives required to build up shareholdings through the retention of shares vesting under the Company's share plans.

The level of required shareholding for Executive Directors to attain is two times base salary. Executive Directors are expected to achieve a holding equivalent to one times base salary within five years of their appointment and although there will be no set time limit for achieving a two times salary holding, each Executive Director is required to agree a personal plan with the Chair on the target to be achieved within an agreed time frame. Executive Directors are also required to retain at least 50% of their net of taxes gain arising from any shares vesting or acquired pursuant to the Company's Long Term Incentive Plans, until such time as the guidelines have been met. Beneficially owned shares count toward the guidelines, together with the portion of the annual bonus (EIS) deferred into shares (on a net of tax basis). The Committee keeps the guidelines under regular review.

As mentioned earlier in this Report, any shares that vest under the 2015 and later PSP awards must, as a standard requirement, be retained by executives for at least 24 months. The Chair and the Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

Directors' interests in shares of the Company (audited)

Director	Beneficially owned		Outstanding interests in share plans			Share interests expressed as a % of salary
	at 01/01/18 (or date of appointment) (ordinary shares) ^(a)	at 31/12/18 (or date stood down from the Board) (ordinary shares)	EIS deferred shares (gross)	PSP ^(b)	Sharesave	Value of shares (including EIS deferred shares on a net basis) as at 31/12/18 ^(c)
Kevin Beeston ^(d)	1,155,562	718,432	–	–	–	–
Pete Redfern	1,678,456	2,993,706	563,443	2,675,251	18,863	523%
Chris Carney	189,178	190,606	–	771,087	20,891	60%
James Jordan	672,395	937,858	261,595	1,242,079	12,534	368%
Jennie Daly	51,679	67,477	–	467,244	22,921	30%
Kate Barker	60,000	60,000	–	–	–	–
Gwyn Burr	–	–	–	–	–	–
Angela Knight	5,000	10,000	–	–	–	–
Humphrey Singer	25,000	25,000	–	–	–	–
Ryan Mangold ^(e)	971,496	1,232,710	260,804	1,344,602	29,410	617%
Mike Hussey ^(f)	100,000	100,000	–	–	–	–
Rob Rowley ^(g)	200,000	200,000	–	–	–	–

(a) Or date of appointment.

(b) Vesting is subject to the achievement of performance conditions.

(c) This has been calculated on the basis of beneficially owned shares and the net amount of EIS shares.

(d) Some of Kevin Beeston's shares are held by a connected person.

(e) Ryan Mangold stood down from the Board on 20 April 2018. The closing share price on 20 April 2018 has been used to calculate the value of Ryan's shares on the date he stood down from the Board.

(f) Mike Hussey stood down from the Board on 19 July 2018.

(g) Rob Rowley stood down from the Board on 26 April 2018.

The only changes to the Directors' interests as set out above during the period between 31 December 2018 and 27 February 2019 were the regular monthly purchases of shares and 1:1 matching by the Company under the Share Incentive Plan by Pete Redfern (396 shares), Chris Carney (398 shares), James Jordan (396 shares) and Jennie Daly (396 shares).

Directors' pension entitlements (audited)

Defined benefit schemes

The Taylor Wimpey Pension Scheme

Pete Redfern and James Jordan are members of the Taylor Wimpey Pension Scheme (TWPS). The following table sets out the transfer value of their accrued benefits under the TWPS calculated in a manner consistent with The Occupational Pension Schemes (Transfer Values) Regulations 2008.

Director	Normal retirement age	Accrued pension as at 31/12/17	Increase in accrued pension from 31/12/17 to 31/12/18	Accrued pension as at 31/12/18 ^(a)	Transfer value gross of Director's contributions at 31/12/18 ^(b)	Transfer value gross of Director's contributions at 31/12/17 ^(b)	Increase (decrease) in transfer value from 31/12/17 to 31/12/18 less Director's contributions ^(c)
Pete Redfern	62	14,809	446	15,255	313,150	321,906	(8,756)
James Jordan	62	27,395	825	28,220	712,473	730,136	(17,663)

(a) The pension benefits are based on service up to 31 August 2010 when the George Wimpey Staff Pension Scheme (GWSPS) closed to future accrual. Members of the GWSPS were transferred into the TWPS on 1 October 2013 and there was no change to members' benefit entitlement. Pension benefits include a two thirds spouse's pension. Pensions accrued up to 5 April 2006 are guaranteed to increase in payment in line with inflation limited each year to 5%. Pensions accrued after 5 April 2006 are guaranteed to increase in payment in line with inflation limited each year to 2.5%. Pensions accrued up to 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 5% per annum. Pensions accrued after 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 2.5% per annum. The Company has only taken into account defined benefits accrued over the period to 31 August 2010 and has not included any Defined Contribution pension benefits accrued after this date.

(b) Transfer values have been calculated in accordance with The Occupational Pension Schemes (Transfer Value) Regulations 2008.

(c) The transfer value includes the effect of fluctuations due to factors beyond the control of the Company and Directors, such as financial market movements.

Note: Pete Redfern and James Jordan received cash allowances of £204,991 (2017: £200,340) and £98,001 (2017: £95,898) respectively in lieu of Company pension contributions.

There was no change to benefits during the year and consequently no difference between the changes to any Director's pension benefits in comparison with those of other employees.

Remuneration Committee report continued

Non-Group pension arrangements

	2018 (£)	2017 (£)
Ryan Mangold ^(a)	3,028	10,000
Chris Carney ^(b)	6,985	–
Jennie Daly ^(b)	6,981	–

(a) Pro-rated from 1 January 2018 to 20 April 2018

(b) Pro-rated from 20 April 2018 to 31 December 2018

Notes: Ryan Mangold, Chris Carney and Jennie Daly also received a pension allowance of £22,531 (2017: £73,636), £52,592 (2017: £nil) and £36,114 (2017: £nil) respectively in lieu of Company pension contributions over the Tapered Annual Allowance limit introduced in April 2016.

Statement of shareholder voting (unaudited)

At the 2018 AGM, the result of the shareholders' vote on the Company's Remuneration Report for 2017 was:

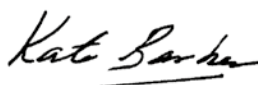
	2018 (Votes)
For	1.9 billion (98%)
Against	35 million (2%)
Withheld	20,041,676

At the 2017 AGM, the result of the shareholders' vote on the Company Remuneration Policy was:

	2017 (Votes)
For	1.9 billion (98%)
Against	38 million (2%)
Withheld	1,502,137

Approval

This Remuneration Report was approved by the Board of Directors on 26 February 2019 and signed on its behalf by the Remuneration Committee Chair:



Kate Barker DBE

26 February 2019

Statutory, regulatory and other information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Directors' report. Certain other matters which are required to be reported on appear in other sections of this Annual Report and Accounts, as detailed below:

Matter	Page(s) in this Annual Report
An indication of likely future developments in the business of the Company and its subsidiaries appears in the Strategic report	2 to 56
The Group's profit before taxation and the profit after taxation and minority interests appear in the Consolidated statement of comprehensive income and in the Notes to the accounts	131 and 135 to 167
The Company's Viability Statement	51
The Remuneration Committee report	96 to 116
Details of the Company's long-term incentive schemes as required by LR 9.4.3 R are set out in the Remuneration Committee report	96 to 116
The reporting on the Company's carbon footprint	40 to 41
A list of the subsidiary and associated undertakings, including branches outside the UK, principally affecting the profits or net assets of the Group in the year	174 to 177
Changes in asset values are set out in the Consolidated balance sheet in the Notes to the accounts	132 and 135 to 167
A detailed statement of the Group's treasury management and funding including information on the exposure of the Company in relation to the use of financial instruments	151 to 154
Details of an arrangement under which a shareholder has waived or agreed to waive any dividends, and where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review	119 and 189
A statement that this Annual Report and Accounts meets the requirements of Section 4, Principle N, Provision 27 of the UK Corporate Governance Code 2018 (the Code) (formerly Provision C.1.1 prior to the July 2018 updating of the Code)	80

All information required to be reported by Listing Rule 9.8.4 R and applicable to the Company or Group for this reporting period is set out in the table above.

Directors

The following Directors held office throughout the year:

- Kevin Beeston, Chair of the Board
- Pete Redfern, Chief Executive
- James Jordan, Group Legal Director and Company Secretary
- Kate Barker DBE, Independent Non Executive Director
- Angela Knight CBE, Independent Non Executive Director
- Humphrey Singer, Independent Non Executive Director.

In addition to the above, Chris Carney and Jennie Daly were appointed to the Board as Group Finance Director and Group Operations Director respectively on 20 April 2018, and Gwyn Burr was appointed to the Board as an Independent Non Executive Director on 1 February 2018. Ryan Mangold stood down from the Board as Group Finance Director on 20 April 2018 and Rob Rowley and Mike Hussey stood down from the Board as Independent Non Executive Directors on 26 April and 19 July 2018 respectively.

The Directors together with their biographical information are shown on pages 58 to 59.

Retirement and re-election

The Company has determined that in accordance with the UK Corporate Governance Code 2016 (the Code) which applied to 2018, all Directors should seek election or re-election, as appropriate, at this year's Annual General Meeting (AGM) as explained in the Notes to the notice of Annual General Meeting and on page 74.

Each of the Directors proposed for election or re-election at the AGM is being unanimously recommended by all the other members of the Board. This recommendation follows the completion of the annual Board evaluation process, which was internally facilitated this year. This included a detailed appraisal of the Board, its Committees and also in respect of each Director, which in turn included a review of their respective time commitments. Further information relating to the evaluation is set out in the Corporate governance report on page 80.

The Articles of Association of the Company further regulate the appointment and removal of Directors, in addition to the Companies Act 2006 and related legislation. The Company's Articles of Association may be amended by special resolution of the shareholders as necessary. The various powers and responsibilities of the Directors are described in the Corporate governance report on pages 60 to 81.

Qualifying third party indemnity

The Company has granted an indemnity in favour of its Directors and Officers and those of its Group companies, including the Trustee Directors of its Pension Trustee Company, against the financial exposure that they may incur in the course of their professional duties as Directors and Officers of the Company and/or its subsidiaries/affiliates. The indemnity has been put in place in accordance with Section 234 of the Companies Act 2006 in respect of which the Company took advice from its corporate lawyers, Slaughter and May.

Audit and auditor

Each Director has, at the date of approval of this Report, formally confirmed that:

- to the best of his or her knowledge there is no relevant audit information of which the Company's auditor is unaware; and
- he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statutory, regulatory and other information continued

Deloitte LLP (Deloitte) have confirmed their willingness to continue in office as auditor of the Company. Following a review by the Audit Committee of their effectiveness, details of which are set out on page 85, a resolution to re-appoint Deloitte will be proposed at the AGM.

It is the Company's general policy that its auditor will not carry out non-audit services except where it is appropriate to do so and in accordance with the Company's formal policy for the carrying out of such work. In addition, and in line with the Code, the Audit Committee takes into account the relevant ethical and auditing professional standards guidance regarding the provision of non-audit services by the external auditor. The Company has reviewed the policy in light of the regulation set out on page 85 which applied to the Company from 1 October 2017. Any revision to current regulations or guidelines will be taken into account in framing the Company's policy going forward and reported on in future Annual Reports as appropriate. Deloitte provided some limited non-audit services to the Group during the year within the policy framework as described in the Audit Committee report, details of which are set out in Note 6 on page 143.

General Meeting

A General Meeting of the Company was held on 28 December 2018 for the purpose of seeking a general authority to make market purchases of the Company's ordinary shares following the inclusion of a typographical error in the resolution granting authority at the AGM on 26 April 2018. This error meant that the authority granted at that AGM expired at the end of the meeting instead of remaining available until the end of the 2019 AGM. The Board wanted to correct this error and reinstate the expired authority on exactly the same terms.

The result of the poll in respect of the General Meeting was 99.57% in favour. The authority will last until the earlier of 25 October 2019 (being the later date set out in the resolution granting authority at the AGM of the Company on 26 April 2018) and the conclusion of the Company's AGM in 2019.

Annual General Meeting

The AGM will be held at 11:00 am on 25 April 2019 at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Formal notice of the AGM including details of the special business being proposed is set out in the Notice of Annual General Meeting on pages 181 to 183 and on the Company's website at: www.taylorwimpey.co.uk/corporate. In line with recent practice and good governance, voting on all resolutions at this year's AGM will again be conducted by way of a poll. The Board believes that this method of voting gives as many shareholders as possible the opportunity to have their votes counted as part of the process, whether their votes are tendered by proxy in advance of, or in person at, the AGM.

Web communication

With shareholders' consent, the Company has adopted web communication. The benefits of web communication are that it:

- enables the Company to significantly reduce its printing and postage costs;
- enables shareholders to access information faster, on the day documents are published on the Company's website; and
- reduces the amount of resources consumed, such as paper, and therefore helps to reduce the impact of printing, mailing and related activities on the environment.

Shareholder communications (including the 2018 Annual Report and Accounts) are available electronically through the Company's website.

91% of the Company's shareholders use either electronic or web communication.

The Company will of course continue to provide hard copy documentation to those shareholders who have requested this and is, of course, happy to do so.

Registrar

The Company's Registrar is Link Asset Services (formerly known as Capita Asset Services). Their details, together with information on the services and facilities available to shareholders, are set out in the Shareholder facilities section on pages 189 to 191.

Capital structure

Details of the Company's issued share capital, together with information on the movements in the Company's issued share capital during the year, are shown in Note 23 on page 159.

The Company has two classes of shares: Ordinary Shares of 1p, each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association, and Deferred Shares which carry no voting rights.

The authority to make market purchases pursuant to the resolutions passed at both the 2018 AGM and the General Meeting held on 28 December 2018 was not exercised during 2018 or prior to the date of this Report. The Company has no current intention of exercising this authority but will nevertheless be seeking the usual renewal of this authority at the AGM and the Board will continue to keep the position under regular review. The Company currently holds no shares in treasury.

There are no specific restrictions on the size of a holding, the exercise of voting rights, or on the transfer of shares, which are governed by the Articles of Association and prevailing legislation. The Directors are not aware of any agreement or agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in the Remuneration Committee report on pages 96 to 116. The Employee Share Ownership Trust which holds shares on trust for employees under various share schemes, generally abstains from voting at shareholder general meetings in respect of shares held by them.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Substantial interests

The persons set out in the table below have notified the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 26 February 2019, no change in these holdings had been notified nor, according to the Register of Members, did any other shareholder at that date have a disclosable holding of the Company's issued share capital.

Directors' interests, including interests in the Company's shares, are shown in the Remuneration Committee report on page 115. The Board strongly believes in the alignment of interests between senior management and the Company's shareholders.

Substantial interests in the Company's shares were as follows:

Name	As at 31 December 2018		As at 26 February 2019	
	Number of shares held (millions)	Percentage of issued voting share capital	Number of shares held (millions)	Percentage of issued voting share capital
BlackRock Inc	182.5	5.57	182.5	5.56
Woodford Investment Management Limited	166.4	5.08	166.4	5.08
Legal & General Group plc	98.5	3.00	98.5	3.00
Standard Life Investments Limited	96.5	2.94	96.5	2.94

In addition to the substantial interests shown above, the Company held in its Employee Share Ownership Trust 13.9 million of its own shares at 31 December 2018 representing 0.42% of the shares in issue at that date (2017: 13.1 million; 0.40%). The Company currently holds no shares in treasury.

Dividend

An interim ordinary dividend of 2.44 pence per ordinary share was paid on 9 November 2018 and the Directors recommended a final ordinary dividend of 3.80 pence per ordinary share which, together with the interim dividend, increases the total ordinary dividend for the year to 6.24 pence (2017: 4.74 pence). Information relating to the recommended 2018 final ordinary dividend is set out on page 56 and in the notes to resolution 2 in the Notes to the notice of Annual General Meeting on page 185.

The Directors also recommended a special dividend for 2019 of 10.7 pence per ordinary share (2017: 10.4 pence). Information relating to the recommended 2019 special dividend is set out on page 56 and in the notes to resolution 3 in the Notes to the notice of Annual General Meeting on page 185.

The Company will be operating a Dividend Re-Investment Plan (DRIP), further details of which are set out on page 189 of this Annual Report. The DRIP will operate automatically in respect of the 2018 final ordinary dividend for those shareholders who have previously registered a DRIP mandate (unless varied by shareholders beforehand) and also in respect of all future dividends, including special dividends, until such time as each participating shareholder elects to withdraw from the DRIP, or the DRIP is suspended or terminated in accordance with the terms and conditions of the plan. The Board will continue to keep the availability of the DRIP under regular review.

Shareholders are again reminded to check their position with regard to any dividend mandates

that are in place, should they wish to either participate in the DRIP or discontinue or vary any participation, as existing mandates will apply to all dividend payments (including special dividends) unless or until revoked.

The right to receive any dividend has been waived in part by the Trustees of the Company's Employee Share Ownership Trust (ESOT) over that Trust's combined holding of 13,909,816 shares. More details of the ESOT are contained in Note 26 on pages 160 to 161.

Research and development

Our research and development initiatives ('Project 2020') continued throughout 2018 with a focus on technology and innovation driven trends and advances in our industry to enhance our build efficiency and quality. This focus enables us to provide a better quality customer experience, as well as future proof our Company.

Project 2020 is just one example of how we continue to move towards being a customer centred business. For us, this is all about building homes to match how our customers want to live, with construction methods and materials that will deliver the quality they expect.

In 2016 we held an architectural competition with the Royal Institute of British Architects, looking for exciting new ideas in home design. The winning entry, Openstudio Architects' Infinite House, is a set of contemporary housing prototypes designed to offer maximum flexibility, customisation, cost efficiency, enhanced daylight levels and the ability to use diverse construction techniques.

These characteristics allow us to offer high

quality, responsive and adaptable homes which we believe can fundamentally change what houses can be and how they are delivered. The Infinite House's external envelope allows it to adapt to suit different contexts without appearing to be a repeated house type, maintaining the efficiency and cost effectiveness of repetition and structural standardisation.

During 2018 we started building nine Infinite House prototypes on three sites, in Glasgow, Manchester and Didcot. The regional teams have been reviewing different build methodologies and new techniques as well as suitable materials to meet the innovative design, functional and technical requirements. In Didcot, we are building five homes trialling Cross Laminated Timber construction, in Manchester we are building two homes using traditional masonry construction and in Glasgow we are building two homes using advanced timber frame.

During the first half of 2019, we will be carrying out post completion evaluations of the prototypes' environmental performance, build times, construction quality and cost. Using the different build methodologies will allow us to compare the production efficiency and energy performance of these build methodologies.

In 2018, we have refined our Direct Labour Model in response to the predicted skills shortage in the housebuilding industry. We are currently pursuing a hybrid labour model which allows for the recruitment of both experienced trades people and the attraction and development of new skills into a shrinking workforce. We will be employing and developing key trades people such as bricklayers, carpenters, scaffolders, roofers and painters.

Statutory, regulatory and other information continued

All of our business units are actively recruiting apprentices and we are piloting an apprentice training programme which aims to train and develop apprentices at a faster rate and to a higher standard than the traditional route. Additionally, we are driving a programme encouraging those seeking a change of career to join the housebuilding industry, for example we are encouraging the recruitment of ex-armed forces personnel.

The use of timber frame construction increased during 2018 in line with the developed strategy to diversify construction methods and we remain on course to achieve the strategy target of 20% of all plot completions being built in timber frame during 2020.

During 2018 we continued to support the Horizon Group at the Supply Chain Sustainability School. The Horizon Group have a vision of a more sustainable built environment through the development and implementation of collaborative industrial and academic supply chain research. We are currently in discussions regarding supporting Master's degree theses at Aston and Surrey Universities.

In 2018 we commissioned the leading carbon consultancy, the Carbon Trust, to validate the Carbon Futures approach to quantifying the carbon dioxide emissions from entire sites. This approach takes into account not only the buildings but also the carbon absorption of green and blue infrastructures throughout a development. The Carbon Trust found the concept progressive and the underlying principles sound, but identified that more detailed research was needed to enable Carbon Futures and its innovative approach to lifecycle carbon footprinting, to achieve the robustness required by the existing assurance standards.

The widely publicised skills shortage coupled with shorter build timescales and a desire to improve quality for our customers have accelerated our efforts to explore several off-site construction methods in order to build 'right first time'. An example of this innovation is the construction of fourteen Housing Association units at Great Western Park using a large format block system developed in Holland. The large format blocks are 15 times larger than traditional blocks and one sub-contractor installs the walls, floors and roof with the same trained team in a matter of days. This type of build methodology can have many benefits including improved build speeds, better health and safety, enhanced quality and reduced requirements for skilled trades people. This will adjust the demand for specific trades people and could offer a solution to adapt our approach in geographical locations where certain trades people are difficult to source.

Employee involvement and communication

We are proud of how committed our employees are to the long-term success of the Company and we strive to listen and engage with all employees. The results from our 2017 employee engagement 'Talkback' survey were extremely positive with an increase in response rates from 55% to 72% and overall employee engagement remaining strong at 93%. Additionally, 97% of respondents said they were 'willing to go the extra mile' and 95% were 'proud to work for Taylor Wimpey'.

As a result, we have continued to enhance our work environment by increasing collaboration through moving to open plan offices, improving site technology, promoting a flexible working mindset and supporting our employees with our focus on health and wellbeing.

In March 2019, we plan to run another 'Talkback' survey and again will respond to our employees' feedback. We undertake this engagement survey periodically and it forms an important part of how we involve, gain feedback and communicate with our employees.

In our regional business units, we have active Employee Consultation Committees, which involve elected representatives meeting with management to consult on appropriate issues. As we continue to develop our strategy, senior leaders including the Chief Executive, Group Operations Director and Group Human Resources Director have chaired strategy focus groups. These have provided valuable feedback and insight on how we can continue to improve our employee experience, which then helps to inform our people strategies.

Furthermore, our National Employee Forum continues to meet regularly, with four meetings held in 2018. Chaired by Tim Betts, a Divisional Managing Director, the employee voice continues to build. The Chair of the Board and the Chair of the Remuneration Committee have attended a meeting as well as senior management, including the Group Legal Director and Company Secretary and the Group Human Resources Director also having attended meetings. The topics discussed in 2018 included flexible working, bonus and rewards, and direct trade and apprentices.

We also communicate with our employees via our half yearly Teamtalk magazine and regular Teamtalk email newsletter. Our Intranet system is continually updated with a wide range of employee information from Human Resources policies, to advice for employees on sustainable living.

It also includes an 'Open Door Forum' which puts employees directly in touch with our Chief Executive. Information is also regularly cascaded throughout the Company via email, including regular communications from the Chief Executive and via verbal briefings and management presentations.

Social media platforms have been utilised to inform our employees of developments around the Company and to invite their feedback on them. Our employees have enthusiastically engaged with this new internal communication channel and we have seen an increase in the sharing of examples of best practice. Also, the ability of employees to interact and share across the Company is leading to the spread of knowledge and success throughout the Company. Around half of our employees now post and engage on a regular basis and usage is steadily growing.

Externally, over the last 12 months, we have focused on improving our careers site and digital channels such as LinkedIn and Glassdoor. We have introduced more content to our careers site to drive more interest and focus on future talent with new videos focusing on the careers of our existing employees. We have continued to develop our external channels to market to increase our reach and visibility to a wider candidate audience. Carefully selected updates to our social recruitment channels over the course of the year have resulted in our new follower audience on Glassdoor and LinkedIn increasing significantly. We have also jumped up six places on Glassdoor's 2019 UK Best Places to Work list to within the top ten. Our inclusion in the top ten will give us a greater platform to communicate our positive employee sentiment to a wider job seeking audience.

In the next year, the careers site functionality and technology will be improved with a view to creating a better applicant experience. If we want to become an employer of choice, then a strong first impression is key. Prospective candidates will soon be able to fully complete an application for any vacancy via a mobile device for the first time, upload their CV from a wider variety of sources and proactively register their interest for future vacancies so they are notified if a new role is posted that fits their interest. All this functionality is critical to attract talent in what we already know is a very competitive labour market.

During 2018, employees from across the business have helped us make improvements to the current learning and development offer. As a result, we have increased the number of topics available from 10 to 50, all based on the skills within the Company's cultural principles and job profiles, and there are now more bookable courses for employees to choose from.

The increasing range of topics offered includes negotiation, giving presentations, motivation, delegation and budget management, among many others. Furthermore, the Line Manager Toolkit includes videos, articles and guides as well as People Workshops delivered by the Human Resources team on providing feedback, motivating teams, conducting interviews and developing people. There have also been new course formats introduced and a new partnership with Litmos Heroes, who provide instant access to a variety of online learning materials offering a blend of credible theory and engaging animation. In addition, we offer video tutorials and step by step instructions on various aspects of Microsoft Office including Word, Excel and Outlook.

New employees are encouraged to take part in a set of modules focused on Taylor Wimpey, including the development of the Company and information on diversity and inclusion. One of these modules is 'Welcome to Taylor Wimpey' which introduces users to the Company, informing them what the business is about and giving an overview of the different functions. Another module is 'The role of the plc' which informs users about what it means to be a fully listed public limited company, the rules and processes involved and the corporate governance standards that the Company must adhere to. Although this content forms part of our induction process for new employees, existing employees are encouraged to participate as the content has proved informative for existing employees to broaden their knowledge of the Company.

During 2018, we communicated our commitment to supporting the health and wellbeing of our employees through the introduction of a health and wellbeing project. This is focused on supporting our employees through improved support and awareness across four main areas: mental health, financial health, social health and physical health.

We recently launched our mental health commitment by providing awareness sessions and training for employees and line managers focusing on the importance of mental health in the workplace. We have also introduced mental health first aiders who are able to provide early intervention help and support to those who may be developing a mental health issue. This project is helping to reduce the stigma associated with mental health in the workplace and signals to our employees that we value their health and wellbeing. This project is further supported by the Employee Assistance Programme which is accessible to all employees and provides counselling and support to help individuals with issues that may be affecting their health and wellbeing.

The Company promotes employee share ownership as widely as possible across the business. In addition to the various share-related reward plans described in the Remuneration Committee report on pages 96 to 116 and referred to below, the Company also offers a scheme whereby employees who do not participate in the Executive Incentive Scheme (cash bonus scheme) are offered the opportunity each year to exchange any cash bonus awarded for exceptional performance, for shares of the Company, offering a 20% enhancement to the value if taken entirely in shares and retained for a designated period. The scheme has operated since 2012 and in 2018 resulted in 377,277 shares (2017: 349,835) being acquired by 289 employees (2017: 289).

In addition, the Company also maintains two all employee share plans, namely, the Save As You Earn share option plan and the Share Incentive Plan, which are offered as widely as possible across the Group. The percentage of our eligible employees who either participate in one or both plans or who are already shareholders in the Company has risen to 59% (2017: 57%).

Equal opportunities

We strive to treat our employees fairly and with respect at all times. We have policies and processes in place to ensure that we act in accordance with our vision, mission and values which encompasses equal opportunities, anti-harassment and bullying, anti-corruption and whistleblowing. We encourage our employees and subcontractors to speak up about concerns over any wrongdoing at work and provide access to an independent reporting hotline service.

We remain committed to the belief that embracing diversity and inclusion will enable Taylor Wimpey to succeed through a workforce that is creative and innovative. We continue to actively embrace the local communities in which we operate and will strive to reflect their richness and character, including such aspects as gender, race and religion but also diversity of thought, background and experience.

As set out in our Diversity Policy, we remain committed to equality of opportunity in all of our employment practices, policies and procedures across the Group. To this end, within the framework of applicable law, we are committed, wherever practicable, to achieving and maintaining a workforce which broadly reflects that of the local catchment area within which we operate.

No employee or potential employee will receive less favourable treatment due to their race, creed, colour, nationality, ethnic origin, religion, political or other opinion, affiliation, gender, sexual orientation, marital status, family connections, age, membership or non-membership of a trade union, or disability. We are committed to making reasonable adjustments wherever possible. In exceptional circumstances, for example due to health and safety considerations on construction sites, some adjustments are not possible. As previously mentioned, one of the learning and development modules which forms part of the induction programme highlights the importance of equal opportunities. This will help employees to understand in more detail our commitment to building a more diverse and inclusive workforce.

Our Diversity Policy can be found on the Company's website at: www.taylorwimpey.co.uk/corporate/sustainability/our-policies

Employment of people with disabilities

It is our policy that people with disabilities should have fair consideration for all vacancies within the Group.

The Company is therefore committed, where possible, to ensuring that people with disabilities are supported and encouraged to apply for employment and to achieve progress once employed. They will be treated so as to ensure that they have an equal opportunity to be selected, trained and promoted. In addition, every reasonable effort is made for disabled persons to be retained in the employment of the Group by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

We have increased the number of employees with disabilities recruited. Working with key partners, we hope to increase permanent and secondment opportunities for people with disabilities.

For example, we continue to engage with the Leonard Cheshire Disability Change 100 Programme, a charity that provides talented disabled students with the opportunity to participate in a 100 day summer internship and professional development programme. Feedback from the students who participated in the programme in 2018 has been very positive and we intend to engage with the programme further during 2019.

Statutory, regulatory and other information continued

Modern Slavery Act

The Company welcomes the aims and objectives of the Modern Slavery Act 2015 and continues to take its responsibilities under the Act with the seriousness that it requires and deserves. A dedicated multidisciplinary team is responsible for ensuring that objectives continue to be met. The Company will shortly be publishing its third statement under the Modern Slavery Act 2015. It will be available on our website at: www.taylorwimpey.co.uk

Charitable donations

We support charities and local community causes that are relevant to our business, communities, partners and people. We aim to make a positive impact through donations of time, money and materials, as well as through encouraging our employees to get involved. For example, our volunteering policy enables employees to take up to four half days, or two full days, paid leave per year to participate in volunteering. Our focus is on our national corporate charities as well as regional and local organisations where we can have a significant impact and our employees can be active participants.

The Charity Committee oversees and prioritises our national charity donations. The Committee members include senior executives such as our Group Legal Director and Company Secretary and our Group Human Resources Director, as well as a combination of employees from across the business including mid-management and junior employees. In addition to the national charities we support, our regional businesses have a discretionary charity budget to support local charities and initiatives.

Our focus is on charitable initiatives that support:

- aspiration and education in disadvantaged areas
- intervening and improving homeless situations for seriously economically disadvantaged groups in the UK
- local projects and initiatives with a direct link to our regional businesses and developments

During 2018, Group Companies donated £927,000 (2017: £816,000) to various charities and local community causes, the majority of which were in the UK. In addition to volunteering in line with our volunteering policy, many employees at all levels and all around the country gave up their work and free time to participate in fundraising events for charitable causes including St Mungo's, the Youth Adventure Trust, CRASH, Crisis, and End Youth Homelessness, which raised a further £357,000 (2017: £295,000).

We want to understand the difference that we are making to our charity partners and how we can increase our impact. During the year, we carried out visits to our charity partners and used their feedback to direct our donations.

For example, through our continued support in 2018 of St Mungo's Bricks and Mortar and Revive projects, 77 individuals experiencing homelessness have received construction skills training. Of these individuals, 17 have gone on to paid employment in the construction industry and we are currently exploring routes into Taylor Wimpey for graduates of this programme.

Further information on the Group's donations, activities and initiatives can be found in the Charities section on page 35 and in the Sustainability Report 2018 which is available on the Company's website at: www.taylorwimpey.co.uk/corporate/sustainability

Political donations

The Company has a policy of not making donations to political parties, and has not made any this year and neither does it intend to make any going forward. The Company does support certain industry-wide and trade organisations which directly assist the house building industry such as the Home Builders Federation and the Confederation of British Industry. Whilst we do not regard this support as political in nature in any way, the Companies Act 2006 definition of 'political organisations' and related terms is very wide and in certain circumstances a donation, subscription or membership fee paid to such organisations or to a charity could retrospectively be categorised as a political donation from a strict legal perspective. Accordingly, as a matter of prudent corporate governance, the Company will therefore be seeking the usual annual dispensation from its shareholders at the 2019 AGM, so as to be able to continue with the above memberships and make charitable donations up to defined levels, without inadvertently breaching the applicable legislation.

Agreements

The Company's borrowing and bank facilities contain the usual change of control provisions which could potentially lead to prepayment and cancellation by the other party upon a change of control of the Company. There are no other significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Branches

A subsidiary, Taylor Wimpey Developments Limited, has a branch in Spain, the former activities of which were taken over some years ago by our Spanish subsidiary Taylor Wimpey de España S.A.U whose details appear on page 191.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2018.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Accordingly, Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the International Accounting Standard ('IAS') Regulation and have elected to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 (United Kingdom Accounting Standards and applicable law). In accordance with company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, IAS 1 requires that Directors:

- 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 the IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

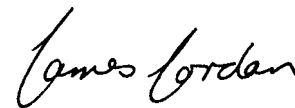
In accordance with Section 4, Principle N, Provision 27 of the Code (formerly Provision C.1.1 prior to the July 2018 updating of the Code) as set out in the Corporate Governance Report on page 80, the Directors are required, inter alia, to ensure that the Annual Report and Accounts provides the information necessary for shareholders to assess the Company's performance, business model and strategy. Details of how this was addressed are set out in the Audit Committee report on page 86.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This Report of the Directors was approved by the Board of Directors on 26 February 2019.



James Jordan

Group Legal Director and Company Secretary,
Taylor Wimpey plc 26 February 2019