Corporate governance

> I am pleased to have joined a business with strong embedded governance processes, and the culture to support continued improvement, which I am determined to lead and oversee.

Irene Dorner
Chairman

Dear Shareholder
My first personal statement on the Company's approach to corporate governance has coincided with a period when our governance processes and procedures were thoroughly tested by the impact of the COVID-19 pandemic, and I am pleased to be able to report that they, and the team, responded extremely well.

We have also continued the Company's approach to governance, of working to comply with corporate governance developments prior to their formal application to reporting years.

Maintaining effective governance during the COVID-19 pandemic
As I have already mentioned in my Chairman's Statement, as a result of the pandemic, the Board had to make a number of challenging decisions which affected all of our stakeholders in different ways. We have set out later in this report on pages 72 to 77 how we considered our stakeholders in the decision making process.

The impact of the pandemic and our response to it involved the temporary shutdown of our construction sites, sales offices and the furloughing of many employees. This, together with necessary provision for the possible illness or self-isolation of employees, introduced a new challenge to the Company's governance processes. We addressed this through a detailed review of our existing governance processes; business continuity planning; delegated authorities; and their respective resilience to the possible non-availability of key personnel.

Monitoring of these processes and procedures by Internal Audit disclosed no material evidence of weakened controls and I should like to congratulate the team on their effective response to these major challenges.

Nomination and Governance Committee
During the year, the Board considered the ever-growing focus on good governance and decided that this could be more effectively addressed by the Board through delegating the initial review and recommendation stages of future governance developments to a Board Committee. We believe the most appropriate body for this would be the Nomination Committee and accordingly, during the year, the Committee's remit was widened and its name changed to the Nomination and Governance Committee to reflect the broader scope.

Environmental, social and governance
As I noted in my Chairman's Statement, after the pandemic, perhaps the most important governance development during 2020 was stakeholders' increasing focus on how and to what extent companies are building environmental, social and governance (ESG) factors into their strategy, planning and business operations.

This report sets out how the Company has acted during 2020 and will continue to drive further action during 2021, in addressing this key area. I am pleased that the Nomination and Governance Committee is currently tasked with the responsibility of ensuring that we progress appropriately.

Culture
Underpinning the Company's approach to corporate governance is the work that has been done, led by the Board and particularly the Group Management Team (GMT), to embed throughout the Company and its wider Group a culture of seeking to do 'the right thing'. I have observed this at first hand, during my visits to Group operations and through regular reporting to the Board, and it manifests itself in the ways set out on pages 66, 68 and 70.

Diversity and inclusion
Diversity and inclusion have rightly continued to be key areas of focus on the Board's agenda and the Company has met the target set by the Hampton-Alexander Review to have at least 33% female representation on the Board. We do however recognise that further progress needs to be made when considering female representation on the GMT and their direct reports (23% as at 31 December 2020).

The Board is also mindful of the Parker Review's target of including one person of colour by 2021.

The Company's Diversity Policy, together with details of progress made towards it during 2020 and plans for further progress during 2021, appears on pages 88 and 89.

Stakeholders
As I've noted above, the Board has led the Company's stakeholder engagement throughout the year and has taken the feedback from these very important interactions fully into account, particularly in its response to the COVID-19 pandemic, but also in the wider development of its strategic planning and decision making processes.

The Board recognises the importance of effective two-way communication with employees. Our National Employee Forum (NEF) has been in place since 2017 and has been a great success. During the year we looked to further strengthen the engagement between the Board and employees by appointing Gwyn Burr as the Board's NEF Champion.

I also conducted a virtual Chairman's roadshow in September, when I met with a number of key investors and shareholder representative bodies and was pleased to discuss governance-related topics with them, such as ESG, succession planning, and diversity and inclusion. I very much look forward to further engagement in the future.

When circumstances allow it, I and the Board are very keen to meet more stakeholders face to face.

Appointment and succession
During 2020 the Nomination and Governance Committee conducted a thorough review of the Board's composition; structure; and balance of skills and experience; and this both informed the Board changes during the year and the plans announced recently for further change from 1 March 2021.

I was, as had previously been announced in last year's Annual Report, appointed as Chairman of the Board on 26 February 2020.

Kevin Beeston stood down as Chairman on 26 February 2020.

Kate Barker stood down as Non Executive Director on 31 July 2020.

Rob Noel succeeded Kate as the Company's Senior Independent Director on 21 April 2020.

These changes, together with the planned appointments on 1 March 2021, recently announced, of Scilla Grimble and Jitesh Gadhia as Independent Non Executive Directors, will improve the Board's skill sets and bring additional perspective to the Board dynamic.

Board evaluation
It is extremely important that the Board and its Committees rigorously review their performance each year and critically examine how improvements could be made, where necessary. This process is given greater emphasis through the Code requirement that it be externally facilitated at least every third year, as it was for the Company during 2020, full details of which appear on pages 84 and 85.

Annual General Meeting
The safety and security of our shareholders and colleagues remains our priority. Even if the national lockdown has ended and the vaccination programme continues to progress well, we will not be able to hold the Annual General Meeting (AGM) in person in April. Therefore, as shareholders will not be permitted to attend the AGM in person, we are pleased to provide an electronic facility for shareholders to be able to follow the meeting remotely and submit questions. Please see pages 174 and 182 for further information.

Conclusion
I believe that your Board remains effective and continues to work very well, as borne out by the conclusion of the independent, externally facilitated Board appraisal for 2020. As a result of the work done through 2020, I am confident that the Board has the right balance of skills, expertise and professionalism to continue to deliver strong governance and to maintain the strong culture that we have worked hard to establish.

Irene Dorner
Chairman

1 March 2021

Governance at a glance

Highlights of 2020

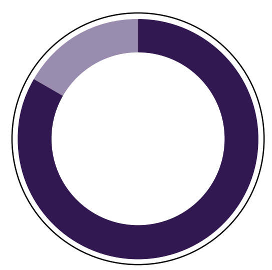
- Compliant with the requirements of the 2018 UK Corporate Governance Code (the Code), except for Provision 38 which we will comply with by 1 April 2024.
- Acted in accordance with the Financial Reporting Council's Guidance on Risk, Internal Control and Related Financial and Business Reporting. Read more on pages 93 and 94.
- Expanded the remit and accordingly changed the name of the Nomination and Governance Committee. Read more on page 84.
- Conducted a thorough review of the Company's governance processes and delegated authority controls to ensure they continued to operate effectively during the COVID-19 pandemic. Read more on page 84.
- Reported on the likely impact of the Company's activities on the climate. Read more on pages 42 to 44.
- Developed and enhanced the Company's succession and contingency plans. Read more on page 83.
- Made progress towards our diversity and inclusion strategy throughout the business. Read more on page 86.
- Released the Company's fourth Gender Pay Gap Report. Read more on page 86.
- Conducted a comprehensive externally facilitated Board evaluation. Read more on pages 84 and 85.
- Enabled shareholders to listen and ask questions via a teleconference facility at the Company's AGM, held during the COVID-19 pandemic. Read more on page 75.
- Published the Company's half year statutory report of payment terms, showing steady improvement through a further 24% reduction in the number of payments being made outside of agreed terms.

Board attendance during 2020

	Number of meetings attended in 2020
Irene Dorner,[(a)] Chairman	12/12
Pete Redfern, Chief Executive	12/12
Chris Carney, Group Finance Director	12/12
Jennie Daly, Group Operations Director	12/12
Robert Noel,[(b)] Senior Independent Director	12/12
Gwyn Burr, Independent Non Executive Director	12/12
Angela Knight, Independent Non Executive Director	12/12
Humphrey Singer, Independent Non Executive Director	12/12
Kevin Beeston[(c)]	1/1
Kate Barker[(d)]	9/9

(a) Appointed Chairman on 26 February 2020.
(b) Appointed Senior Independent Director on 21 April 2020.
(c) Stood down as Chairman and as a Director on 26 February 2020.
(d) Stood down as a Non Executive Director on 31 July 2020.

Board meetings



- Microsoft Teams: 10
- In person: 2

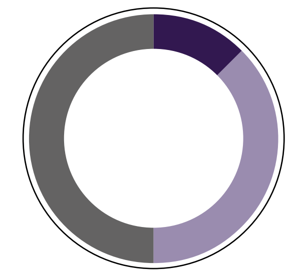
Directors' skills matrix

	Operational	Financial	Property	Customer service	Economics	Public sector	Marketing	Risk	IT	Sustainability	Governance and compliance
Irene Dorner	●	●						●		●	●
Pete Redfern	●	●	●	●			●	●		●	●
Chris Carney	●	●	●					●	●		●
Jennie Daly	●		●							●	●
Robert Noel	●	●	●					●		●	●
Gwyn Burr	●	●		●			●			●	●
Angela Knight	●	●			●	●					●
Humphrey Singer	●	●		●				●	●		●
Scilla Grimble[(a)]	●	●	●	●				●	●		●
Jitesh Gadhia[(a)]	●	●			●	●				●	●

(a) Appointed from 1 March 2021

As at 31 December 2020:

Executive and Non Executive Directors

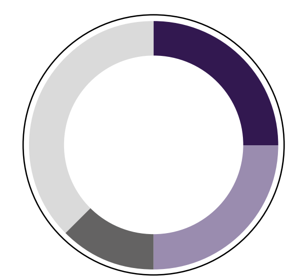


- Chairman: 1
- Executive: 3
- Non Executive: 4

Non Executive Directors' tenure

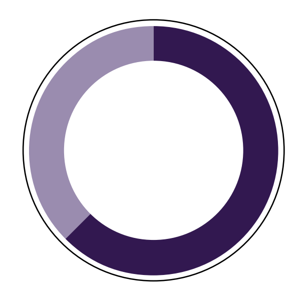
- 0-2 years: 2
- 3-4 years: 1
- 5-6 years: 2

Board gender diversity



- Male (Executive): 2
- Male (Non Executive): 2
- Female (Executive): 1
- Female (Non Executive): 3

Board independence



- Independent: 5
- Not independent: 3

The 2018 UK Corporate Governance Code statement of compliance

For the year ended 31 December 2020, the Company complied with:

- All of the provisions of the 2018 UK Corporate Governance Code (the Code), except for Provision 38 (executive director pension contributions) which we will comply with by 1 April 2024. Further details can be found on pages 98 and 106
- The Financial Conduct Authority's Disclosure and Transparency Rules sub-chapters 7.1 – 7.2 and Listing Rules 9.8.6R, 9.8.7R and 9.8.7AR, which can be found at: www.handbook.fca.org.uk
- The BEIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations, which can be found at: www.gov.uk

In accordance with Section 4, Principle N, Provision 27 of the Code, the Board considers that, taken as a whole, this Annual Report and Accounts 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. Read more on page 97.

How we comply with the Code
The Corporate Governance section of this Annual Report and Accounts explains how the Code principles have been applied, as set out below.

Corporate governance: Board leadership and Company purpose

Board of Directors

Chairman

Irene Dorner
Chairman

Joined December 2019 and appointed Chairman 26 February 2020

Skills and experience
Irene has strong leadership skills and commercial experience gained during her career spanning more than 30 years in banking and also through her various non executive roles. Her long and distinguished career at HSBC included a number of senior positions, including CEO of HSBC Malaysia and CEO and President of HSBC in the United States. She retired from HSBC at the end of 2014 and was a Group Managing Director of HSBC Holdings and a member of the Group Management Board.

Previously, Irene was Chairman of Virgin Money (UK) plc prior to its acquisition in 2018.

External appointments
Irene currently holds independent non executive roles at AXA SA and Rolls-Royce Holdings plc, and she also Chairs Control Risks Limited, a risk consultancy business. She is a Trustee of the South East Asia Rainforest Research Partnership and an Honorary Fellow of St. Anne's College, Oxford.

Executive Directors

Pete Redfern
Chief Executive

Joined July 2007

Skills and experience
Pete was previously Group Chief Executive of George Wimpey Plc, having successively held the posts of Finance Director and Chief Executive of George Wimpey's UK housing operations. He has full day to day operational responsibility for delivering the Company's strategy in a profitable, safe and environmentally responsible manner and 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 the Senior Independent Director. Pete is also a member of their Audit, Remuneration and Stay Safe Committees and sits on the Colleague Voice Panel. Pete is Chair of the Youth Adventure Trust charity.

Chris Carney
Group Finance Director

Joined April 2018

Skills and experience
Chris is a Chartered Accountant and has worked in both private practice with Deloitte and for Associated British Foods plc. After joining Taylor Wimpey in 2006, 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 Divisional Chair for the London and South East Division, where he oversaw significant progress in the operational and financial performance of the Division.

Appointed as Group Finance Director on 20 April 2018, he has operational responsibility for managing the Company's finances and also oversees the information technology and pension functions.

Jennie Daly
Group Operations Director

Joined April 2018

Skills and 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 oversees our land, planning, design, technical, sustainability, production and supply chain functions; and manages the Taylor Wimpey Logistics business.

External appointments
Jennie is a non executive director of the Peabody Trust and is also a non executive director of New Homes Quality Board Limited.

Independent Non Executive Directors

Robert Noel
Independent
Non Executive Director

Joined October 2019

Skills and experience
Rob has over 30 years' experience in the property sector and is Chairman of Hammerson plc. He was Chief Executive of Land Securities Group PLC from 2012 to 2020 and was previously Property Director at Great Portland Estates plc and a Director of Nelson Bakewell, the property services group. He is a former President of the British Property Federation.

Rob was appointed as the Company's Senior Independent Director on 21 April 2020.

External appointments
Rob is Chairman of Hammerson plc and a Trustee of the Natural History Museum.

Key

- A Audit Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- ☐ Chairship of the Committee

Company Secretary

Alice Marsden
Group General Counsel and Company Secretary

Joined November 2019

Skills and experience
Alice, a solicitor, was previously the Group General Counsel and Company Secretary of Thomas Cook Group plc and has also worked in the legal profession. Alice oversees compliance with legal and regulatory obligations and also manages the Company's Legal and Secretariat Departments. She has significant legal, commercial, transactional and regulatory / corporate governance related experience.

Gwyn Burr
Independent
Non Executive Director

Joined February 2018

Skills and experience
Gwyn has over 25 years' executive experience, principally in marketing and customer service in the retail sector, which included the roles of Customer Director and Customer Service and Colleague Director at J Sainsbury plc. She previously held non executive positions with the Principality Building Society Limited, Sainsbury's Bank plc, DFS Furniture plc, Wembley National Stadium Limited and the Financial Ombudsman Service.

External appointments
Gwyn is the Senior Independent Director of Hammerson plc, non executive director of Just Eat Takeaway.com N.V. plc and non executive director of Metro AG (a German listed company).

Angela Knight CBE
Independent
Non Executive Director

Joined November 2016

Skills and 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 TP ICAP Plc; and a non executive director of Arbuthnot Latham & Co; Provident Financial plc; and Encore Capital Group, Inc.

Humphrey Singer
Independent
Non Executive Director

Joined December 2015

Skills and experience
Humphrey has a wealth of financial experience and expertise in the areas of both digital solutions and customer services. Previously he was Chief Finance Officer of Marks and Spencer Group plc; 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 Financial Officer of Belron Group.

New appointments

Scilla Grimble
Independent
Non Executive Director

Joins 1 March 2021

Skills and experience
Scilla has over 15 years' executive experience in the corporate finance and retail sectors, having held senior roles at UBS, Tesco plc, Marks and Spencer Group plc and is currently the Chief Financial Officer of Moneysupermarket.com Group plc.

Along with her significant financial and risk-related experience, Scilla also has experience of technology in a customer-facing environment and has broad property experience from her time at both Tesco plc and Marks and Spencer Group plc.

External appointments
Scilla is Chief Financial Officer of Moneysupermarket.com Group plc.

Lord Jitesh Gadhia
Independent
Non Executive Director

Joins 1 March 2021

Skills and experience
Jitesh has over 20 years' executive experience, principally in the banking and private equity sector, having previously held senior roles at Blackstone Group International LLP, Barclays Capital (UK) and ABN AMRO Corporate Finance Limited.

He previously supported the Letwin Review of the build out rate of residential homes in the UK and was an Independent Non Executive Director at UK Financial Investments Limited.

External appointments
Jitesh has been a Member of the House of Lords since 2016. In addition, he is the Senior Independent Director of Calisen plc; a Non Executive Director of BGL (Holdings) Limited; a Director of Accord Healthcare Limited; and a member of the Board of UK Government Investments Limited.

Corporate governance: Board leadership and Company purpose continued

The Board and its Committees

At the date of this Report, the Board consists of eight Directors, namely: the Chairman, three Executive Directors and four Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 64 and 65.

The role of the Independent Non Executive Directors is to offer advice, guidance and constructive challenge to the Executive Directors, using their wide experience gained in business and from their diverse backgrounds, details of which are set out in their biographies on pages 64 and 65 and in the Board diversity analysis on page 63. They also play an important part in monitoring the overall direction and strategy of the Company; scrutinising the performance of the Executive Directors; satisfying themselves as to the integrity of the financial information made available both to the Board and to the Company's shareholders; and in general succession planning for the Board and other executive and senior management positions below Board level.

Appointments and succession

During 2020 the Committee reviewed the composition, structure, and balance of skills and experience on the Board. Details of the resultant changes to the composition of the Board during 2020 and planned for 2021 are set out on pages 82 and 83.

Board attendance

The Board met on 12 occasions during 2020 including four meetings arranged between March and June specifically to discuss either the impact of COVID-19 or preparations for the June 2020 equity raising. 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 nine meetings is appropriate, with a business update meeting added during January 2021 in order to update on the previous year end outlook and the initial trading in the current year. The Board will keep the number of meetings under review. Additional Board meetings are convened as and when necessary and there are also processes in place for approving transactions and other matters that exceptionally may require approval in between Board meetings.

Where, exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chairman and / or 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 Chairman and / or the Secretary as appropriate. Details of the attendance of each Director at Board and Committee meetings are set out in the tables on pages 62, 80, 91 and 98.

In addition, and in line with the Code, the Chairman and the Senior Independent Director, independently of each other, hold meetings at least annually with the Independent Non Executive Directors without the Executive Directors present, and each did so on one occasion during 2020. There is a standing agenda item at the end of each Board meeting for the Independent Non Executive Directors to meet without the Executive Directors.

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

Information and professional development

In normal business conditions, 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. The role of the National Employee Forum (NEF) has been even more important during the pandemic, to ensure that a representative of the Board is able to continue hearing employee sentiment first hand.

Company culture

A healthy culture is extremely important and the Board fully agrees with the Financial Reporting Council (FRC) that it both 'protects and generates value' and that culture should be the subject of a continuous focus rather than only in times of crisis. The Board is responsible for the Company's culture and for defining and demonstrating 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.

The Company's approach is described in more detail on page 34. The Board is led in these respects by the Chairman, who ensures the Board operates correctly, setting its own 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.

In the early part of 2020, the Board concluded a review of what it considers are important indicators of the Company culture, including health, safety and environmental matters (as set out on page 70), customer service, land, risk strategy, and diversity and inclusion.

The Board took a number of actions designed to address the findings of these cultural indicators:

- An Independent Non Executive Director was appointed as the Board's NEF Champion to ensure two-way information flows, as described on page 76
- Initiatives in response to the pulse surveys, as described on page 70
- Actions taken in response to employee consultation are set out on page 77
- The NEF was consulted on the Company's response to COVID-19, health and safety and remuneration as set out on page 77

The Board will keep all of these areas under regular review.

The Group General Counsel and Company Secretary acts as Secretary to the Board and its Committees and attends all meetings. A formal agenda and reports are issued electronically to Directors in respect of all Board and Committee meetings, generally 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.

The Secretary provides regular briefings to the Board on regulatory and governance matters, supplemented, as appropriate, by briefings from independent advisers.

The Chairman, Chief Executive, relevant Committee Chairs and Secretary meet sufficiently in advance of each Board or Committee 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.

Advice available to the Board

All Directors have access to the advice and services of the Secretary and Company Secretariat team. 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 Finsbury Glover Hering; Citigroup Global Markets Limited (Citi); and Credit Suisse International (Credit Suisse) on its announcements, political and public interest topics, the sector and the relative performance of the Company's share price.
- From its principal legal adviser Slaughter and May in relation to compliance arrangements in the COVID-19 environment and the Market Abuse Regulation and disclosure obligations.
- From Deloitte via the Audit Committee on the significant governance developments during the year.
- From Korn Ferry via the Remuneration Committee on remuneration matters as reported in more detail in the Remuneration Report on pages 99 and 111.
- From various safety consultants in reviewing the external cladding system and fire safety arrangements on relevant developments, provided through the Cladding Committee's regular updates to the Board.

Environmental, social and governance

The Board receives regular briefings and updates on particular topics that fall within the broad umbrella of environmental, social and governance (ESG).

These 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.

They also inform the Board as to the progress being achieved towards early compliance, as far as reasonably possible, with the new requirements, effective for the 2021 reporting period.

ESG currently falls under the remit of the Nomination and Governance Committee to increase focus, rigour and track progress of ESG priorities.

The Company has retained its membership of the FTSE4Good Index.

In the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company's ESG performance, the Company is assessed to be at level 1 indicating the lowest level of comparative risk for governance, including for the key areas of compensation and shareholder rights.

The Board is aware of the increasing level of investor interest in climate change risk and that consideration is being given when reassessing risk and asset values to reflect this in revised capital allocations.

The Board has noted the Policy statement published by the Financial Conduct Authority setting out details of how greater reporting in this area is to become mandatory under the Listing Rules for 2021 reporting. The Company has sought to move towards early compliance with these requirements.

The Company continued work during 2020 to align its operations with the aims of the Task Force on Climate-related Financial Disclosures. More detailed information on this reporting is set out on pages 44 and 45.

We are also disclosing our performance against the criteria identified for our sector by the Sustainability Accounting Standards Board, in our Sustainability Report.

Company purpose

The Company's purpose is to build great homes and create thriving communities. This purpose is described in more detail, together with the way it links to the Group's strategy; is strongly supported by our values; and guides operational planning and performance, on pages 18 and 19.

Examples of the Board's leadership towards achieving this purpose during 2020 are described on pages 1, 3, 18 and 19 and pages 72 to 77 set out the Board's consideration of key stakeholders and the ways in which consideration of their interests informed the Board's decision making.

Details of ESG risks and value enhancement pursuits appear in the 2020 Sustainability Report, which is available on our website at www.taylorwimpey.co.uk/corporate/sustainability

Health, safety and environment

The Board's commitment to conducting its operations to high standards of health, safety and environmental management is demonstrated by receipt of detailed reports on health, safety and environmental matters in respect of the Company's operations in the UK and Spain as the first substantive item at each Board meeting. More details, on these and other initiatives in these areas, can be found in the stakeholders section on pages 30 to 37, in our Sustainability Report for 2020 and the Company's detailed carbon reporting, as required by the Department for Business, Energy & Industrial Strategy, as set out on pages 42 and 43.

Diversity

As part of our ESG agenda, the Company is committed to supporting 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 policy has been reinforced 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 86 to 89 and continuing to improve our diversity across the Company will remain a priority for the Board.

Corporate governance: Board leadership and Company purpose continued

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 in order to achieve our purpose. The culture, values and ethics set out on pages 34 and 68 are set and monitored by the Board as set out on page 70 and led in our operations by the Chief Executive and the GMT. The principles of good governance are embedded throughout Taylor Wimpey and manifest themselves in a number of different ways, including the following:

– An absolute and non-negotiable requirement throughout our business to ensure the health and safety of our employees, customers, subcontractors, suppliers and visitors to our offices and developments. Please see pages 30 to 37 and 67.
– The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business. Please see pages 68 and 69.
– 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 certain rules of operation, common procedures, other areas of best practice and 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 46 to 53 and 93.
– Encouraging and investigating any disclosures made either directly or through an independent third-party whistleblowing hotline available to employees, subcontractors, suppliers, customers and the general public. Please see page 69.

Governance developments during the year
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.

There are regular briefings and updates on corporate governance at Board and Committee meetings and this report aims to explain in clear terms the governance related processes and procedures that are in place to ensure the Company complies 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.

Expanding on our 'Highlights of 2020'
The Board received governance briefings during the year, encompassing all of the key legal and regulatory governance changes introduced during 2020, in addition to specific briefings on its responsibilities under the Code and regular training on topics such as the Market Abuse Regulation.

The key areas of enhanced reporting introduced in the Code, and by other governance developments during 2020, may be found in the following areas of this Annual Report and Accounts:

– Addressing COVID-19 guidance from the FRC and on the holding of Annual General Meetings during lockdown. Please see page 75.
– The enhanced role of our employees' voice in Board deliberations, through our National Employee Forum (NEF), and the appointment of an Independent Non Executive Director as the Board's NEF Champion with specific responsibility for liaising with the NEF and acting as a focus for two-way interaction between the NEF and the Board. Please see pages 76 and 77.
– An increasing focus on the culture of the Company. Please see pages 34 and 66.
– Requirements around Board composition and succession planning at Board level. Please see page 83.
– Wider recommendations to promote good corporate governance, particularly around executive pay. Please see page 98.

Management
Progress in achieving the Group strategy is reviewed at appropriate Board meetings through the year and is reported on pages 22 to 25. 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. 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 Group General Counsel.

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.

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. These are set out in the Operating Framework, which is available for review 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.

Operational oversight
Operational management of the Company's business is undertaken by the Chief Executive who receives advice from the GMT. The GMT is the most senior executive committee and its membership is as set out on pages 14 and 15.

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 General Counsel and Company Secretary; a senior operations executive (Group Operations Director or one of the Divisional Chairmen) who rotate periodically; and the Group Treasurer. The key responsibilities of the 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.

The Treasury Committee also continuously monitors the operation of the Group's supplier payment policy and practices and advises the Board, through its reports and minutes considered at Board meetings, of any significant variances, together with remedial actions proposed or taken.

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.
– Terms of Reference of the Board Committees: Audit, Nomination and Governance, and Remuneration, which outline their objectives and define a programme of activities to support the discharge of their responsibilities.
– Policies covering operational, compliance, corporate responsibility and stakeholder matters, including those related to the Bribery Act 2010 and Anti-Corruption.
– The Company's Articles of Association (Articles).

These have been updated to reflect 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.

Productivity
The Company continues to support the Government's desire for increased 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 24, 25 and 34.

Risk
During 2020, the Group's control environment was further improved through enhanced reporting, tracking and monitoring, which identified the key risks to be reviewed and assessed by Internal Audit as part of its programme of work during the year. This work was led by the Board, assisted by the Audit Committee, and informed by a detailed review from the GMT, and included a number of assessments of risk and its identification and mitigation, as set out on pages 46 to 53.

Anti-bribery and anti-corruption
In line with the Bribery Act 2010, the Company has written policies on its zero-tolerance approach to bribery or corruption. The policies 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 significant reputational damage, potential 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, which includes the then-current versions of the policies, to all businesses and key departments, which requires written confirmation of continuing compliance and maintaining the gifts and hospitality register.

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. 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 proposed new appointments and interests of Directors are cleared in advance with the Board, which considers the impact on the time commitments of the Director concerned. 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.

Whistleblowing
The Group's Whistleblowing Policy is supported by a clear process that includes an independent third-party whistleblowing 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 investigated by the Head of Internal Audit, Head of HSE (where appropriate), Group Human Resources Director and / or the Group General Counsel and Company Secretary depending on the nature of the issue. The Chief Executive is apprised, on an anonymous basis, of all allegations and conclusions of the review.

Whistleblowing incidents and their outcome are reported to the Board, on an anonymous basis, in line with the Code. Whistleblowing featured regularly on the Board's agenda during 2020, with formal half yearly reviews and interim updating on significant matters, which allowed the Board to regularly review the adequacy of the policy in line with its requirement to do so under the Code. The policy includes the ability for workers to make protected disclosures with regard to matters arising under the Modern Slavery Act with regard to our business and its supply chain. Following a review of the process and administration, and the continuing high-profile awareness campaign around the Company's businesses and offices, the Board is satisfied that the Policy and its administration remain effective.

Corporate governance: Board leadership and Company purpose continued

Board activities

The Board regularly reviews and discusses the following topics:
- Health, safety and environment.
- Business strategy.
- Company culture.
- Governance.
- HR and employee matters.
- Diversity and inclusion.
- Key risks and risk management.
- The market.
- The Company's financial position and performance.
- The Company's share register and investor relations programme.
- Compliance and legal matters.
- Operational matters, such as customer service and community engagement.

How our Board monitors culture

The Board is responsible for setting the Company's culture from the top, as explained on page 61. The Company's culture is underpinned by clear policies and codes of conduct which ensure that the Company's obligations to shareholders and stakeholders are clearly understood and met. The observance of the culture throughout the business operations is led by the Chief Executive with the support of the GMT.

A healthy culture is extremely important to protect and generate value and the Board keeps the culture under continuous review. Throughout 2020, the Board used a number of internal and external indicators to inform its regular assessment of the Company's culture.

Compliance

The Board oversee the implementation of the Company's policies covering anti-bribery and corruption, anti-money laundering, anti-slavery and human trafficking, data protection and cyber security. This includes implementing the appropriate processes, online training and annual senior management sign off, and monitoring the Company's whistleblowing process, as set out on page 69.

Board and employee engagement

The Board selected Gwyn Burr, Independent Non Executive Director, to be the Board's NEF Champion to strengthen the availability and frequency of communication between the Board and employees. More information can be found on pages 76 and 77.

Employee perception

The Company has maintained its top fifty ranking in the 'Glassdoor list of best places to work' for the fourth successive year. More information can be found on pages 34 and 35.

Health and safety

Our Annual Injury Incidence Rate per 100,000 employees and contractors was 151 (2019: 156). The Board receives detailed reports on health, safety and environmental matters as the first substantive item at each Board meeting. More information can be found on pages 24, 25, 34 and 35.

Employee retention

Our voluntary employee turnover of 9.4% (2019: 12.9%) is consistent with a strong level of engagement with the Company's strategy, however, we acknowledge that employees were less likely to change employment during the pandemic. More information can be found on pages 24, 25, 34 and 35.

Employee surveys

The Board reviewed the results of the employee surveys evaluating the Company's response to the COVID-19 pandemic:

- 97% felt very satisfied with the level of support received during 2020
- 97% felt working in a more flexible way will positively impact their mental health and wellbeing
- 96% felt the Company is committed to becoming a more inclusive organisation

More information can be found on pages 34 and 35.

Strategy and execution

Business updates
- Held a two day off site meeting with the GMT in September 2020 (adhering to COVID-19 guidelines) to discuss strategy
- Received regional operating divisions' performance updates
- Received a detailed update on the Company's strategy
- Received a detailed presentation on the Company's health, safety and environmental performance

COVID-19
- Held regular meetings to discuss and monitor the impact of the COVID-19 pandemic on the Company and its stakeholders and agreed appropriate actions to be taken
- Considered and approved the proposal to raise £510 million through an equity raise

Environmental strategy
- Oversaw the development of, and approved the Company's environmental strategy, to be implemented from 2021

Compliance
- Reviewed and approved the 2019 Annual Report and Accounts

Organisational capacity

Operational performance
- Reviewed and discussed detailed reports from the GMT
- Received detailed half yearly reports on HR matters, in addition to the regular updates at every meeting
- Reviewed the arrangements for ongoing compliance with GDPR and actions proposed for improving the resilience of the Company's IT systems

National Employee Forum (NEF)
- Approved the appointment of Gwyn Burr to be the Board's NEF Champion
- Received reports on NEF meetings and considered employee participants' views on key areas

COVID-19
- Reviewed the implementation of the Company's emergency cover plans in response to the COVID-19 pandemic and was proud to note that no material evidence of weakened controls was found

Succession and contingency planning
- The Nomination and Governance Committee formally reviewed the strategy for succession planning and related training assessment and provisions, for both the Board and positions below Board level, and progress towards achieving it

Brexit
- Reviewed and assessed the impact of Brexit on the Company's operations

Financial oversight

Financial resources
- Received a detailed review of the Company's financial position, including borrowing facilities and financial alternatives, at each meeting
- Agreed the budget for the 2021 to 2022 period
- Reviewed financial performance reports, including the availability of financial, people and supply chain resources, at each meeting

Reporting
- Reviewed and approved, with prior advice from the Audit Committee, the full year and half year results statements
- Reviewed and approved each trading statement made during the year

Dividend
- Considered the Company's Dividend Policy

Pensions
- Received regular updates on the financial position of the Company's pension fund and its funding objectives

Governance and values

Compliance
- Expanded the remit of the Nomination Committee to take the lead on the Board's corporate governance responsibilities
- Received regular updates on governance and regulatory developments during the year, from both internal and external sources
- Checked the status of the Company's compliance with the requirements of the Code throughout 2020
- Reviewed and further improved processes designed to guard against instances of modern slavery
- Approved the Company's fourth Modern Slavery Act 2015 statement in 2020 after reviewing its operations and supply chain

AGM
- Held the 2020 AGM during the first COVID-19 lockdown 'behind closed doors' but with the opportunity for shareholders to pre-submit questions or ask them live
- At the 2020 AGM, submitted the Remuneration Report, which was approved by in excess of 96% of votes

Board evaluation
- Concluded the externally facilitated Board evaluation for 2019, identifying areas for further improvement and recommended actions to be taken

Shareholders
- Received an update from the Chairman following the Chairman's virtual shareholder roadshow
- Sought shareholder and institutional feedback, both at the AGM and half year and full year results presentations, along with advice from the Company's stockbrokers on the market and sector

Key

Customers · Employees · Partners · Investors · Communities

Corporate governance: Board leadership and Company purpose continued

How the Board considered stakeholders during the year

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, in accordance with Section 172 of the Companies Act 2006, also have regard to wider expectations of responsible business behaviour, such as having due regard to the interests of, and actively engaging with, its employees; the need to engage and 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. The Company's section 172 (1) statement of compliance can be found on page 29 and further details on how the Directors have fulfilled their duties can be found on the next six pages.

The Company's stakeholders are set out on page 28. The Board understands the importance of stakeholder engagement and continues to engage with each stakeholder on a regular basis. Further information on how the Board directly engaged with shareholders and employees can be found on pages 75 and 76 and details on how the Company engaged with our customers, partners, investors and communities (and outcomes as a result of that engagement) during the year is noted on pages 28 and 29. The Board receive an update from the Executive Directors on this engagement on a regular basis.

During the year, the Board was closely involved in all key decisions of the Company. Alongside providing rigorous evaluation, risk management and challenge to maintain strong governance, the Board also used the stakeholder engagement to inform each decision. The Board is aware that in some situations, stakeholders' interests will be conflicted, however the engagement enabled them to fully understand the key issues relevant to each stakeholder. Further details on how the Board considered stakeholders during the decision making process, and how the stakeholder engagement fed into this process, are set out on the next three pages.

S Read more about stakeholder engagement on pages 28 to 41.

Details of how the Directors have fulfilled their duties can be found throughout the Strategic and Governance reports on the following pages:

- The likely consequences of any decision in the long term – Pages 11, 12 and 13, 18 and 19 and 72 to 75.
- The interests of the company's employees – pages 24 to 29, 34 and 35, and 72 to 75.
- The need to foster the company's business relationships with suppliers, customers and others – pages 28 to 41 and 72 to 75.
- The impact of the company's operations on the community and the environment – pages 28 and 29, 42 to 44 and 73 to 75.
- The desirability of the company maintaining a reputation for high standards of business conduct – pages 18, 20 and 21, 26 to 29 and 67 to 75.
- The need to act fairly as between members of the company – pages 28 and 29, 38 and 39, and 72 and 75.

Key

- Customers
- Employees
- Partners
- Investors
- Communities

Closure of construction sites and sales offices

March 2020

The Board took the proactive decision to be the first major housebuilder to close construction sites and sales offices.

In making this decision, the Board considered the following stakeholders:

Whilst construction was deemed to be a permitted activity by the UK Government, the Board believed it was essential to ensure that our working practices could strictly adhere to social distancing and this would require time and careful planning.

The health and safety of our customers, employees and partners has always been a non-negotiable priority at Taylor Wimpey.

The Chief Executive wrote to all customers when we closed sites. As a result of this engagement, we continued to support new and existing customers and conducted all business by telephone or digitally. To give added reassurance we extended our two-year warranty for all customers in warranty, at any point in the first national lockdown, by two months.

The Board understood that closing our sites and sales offices would have an impact on sales and completions, and this in turn would impact our investors. The Board felt strongly that it was important to ensure the enhanced safety measures were put in place to protect the health and safety of all our stakeholders that visit our sites.

For further information see page 4.

Dividends and executive pay

March 2020

To protect the long term financial stability of the Company the Board made the decision to cancel the 2019 final dividend and the 2020 special dividend. The Remuneration Committee also considered the application of the Remuneration Policy during 2020.

In making this decision, the Board considered the following stakeholders:

The Board were very aware of the impact this decision would have on our loyal shareholders who rely on dividend income. The Board took this proactive measure to protect the balance sheet and increase flexibility in the short term until the extent and duration of the pandemic was better understood. The Board continues to be committed to providing a reliable minimum annual return to shareholders, therefore in July 2020, the Board announced its intention to resume the payment of an ordinary dividend in 2021.

At the request of the Executive Directors, the Remuneration Committee amended the application of the Remuneration Policy in 2020. The Executive Directors' 2020 annual bonus was cancelled and they took a voluntary reduction in base salary and pension from 1 April to 31 July 2020. The Non Executive Directors also took a voluntary reduction in their fees for the same period of time. Further details of these changes can be found on page 102.

The Board is aware that over 64% of our employees are also shareholders in the business and this decision directly impacted them in the same way.

For further information see pages 3 and 98.

Taylor Wimpey Pay it Forward Scheme

April 2020

The Board oversaw the implementation of the Taylor Wimpey Pay it Forward Scheme (the Scheme) by the GMT and Internal Audit.

In making this decision, the Board considered the following stakeholders:

Most people working on our sites are subcontractors and their support and loyalty was vital to ensure we were able to re-start work on sites as soon as possible, with new working practices to be COVID-secure. The Board considered that the interest-free loan would make a real difference to our self-employed subcontractors when they otherwise would not be able to earn during the first national lockdown.

In addition, we remained in constant dialogue with our partners and remained committed to paying them promptly.

The Board considered that the Scheme would protect the business in the short term whilst also strengthening the business for the future and increasing shareholder returns.

Many of our subcontractors live in the communities in which we build, so the Scheme indirectly benefits the communities by ensuring job security.

For further information see pages 36 and 37.

Remobilisation

May 2020

Following the UK Government's announcement to restart the housing market, the Board oversaw the development of the processes and plans to ensure that work could start back on site in a safe and sustainable manner, whilst at all times complying with the relevant UK Government guidelines.

In making this decision, the Board considered the following stakeholders:

To ensure that customers who had already reserved homes were able to move as soon as possible with minimum delays.

The Board ensured that the COVID-19 Code of Conduct and adapted COVID-secure working practices protected our employees and partners.

In addition, the Board made the decision to share our updated working practices with other housebuilders to support them to remobilise as soon as possible.

The Board ensured that the revised processes were developed so that we could re-open our sites as quickly as possible, whilst being COVID-secure, to limit the impact on our investors.

For further information see pages 10 and 11.

Corporate governance: Board leadership and Company purpose continued

Equity raise

June 2020

The Board approved the decision to raise £510 million through issuing new shares in order to take advantage of attractive opportunities in the land market.

In making this decision, the Board considered the following stakeholders:

The Board recognised that the reduced level of competition for land created a disconnect in the market, resulting in short term opportunities to acquire land from a range of sources at attractive returns.

These investments will support sustainable future growth and deliver enhanced long term value to shareholders.

Retail shareholders were also able to participate in the equity raise through the retail offer.

All Directors participated in the equity raise.

The Board ensured that employees had the opportunity to participate in the equity raise. The Board were pleased to note that 329 employees participated in the equity raise.

The Board considered that the equity raise would increase our opportunity to provide homes in the locations our customers want to live.

For further information see pages 12 and 13.

Company purpose

September 2020

During the year, the Board considered the Company's purpose and how best to define it in a way that is meaningful for the Company and is understandable for, and resonates with, our stakeholders. Taylor Wimpey's purpose is to build great homes and create thriving communities.

In making this decision, the Board considered the following stakeholders:

The Board believes that our purpose should drive our strategy, guide our culture and provide a framework for consistent decision making which benefits all stakeholders.

To fully understand each stakeholder's interests, the Board considered each of them in turn.

During 2021, the Board will continue to align our actions and priorities even more closely to our purpose, which will benefit all of our stakeholders.

For further information see pages 18 and 19.

Environmental strategy

September 2020

As part of the broader ESG agenda, the Board reviewed and approved our new environmental strategy during 2020.

As a business, we want to play our part in creating a sustainable future for everyone. Therefore when considering the new strategy, the Board considered the following stakeholders:

The Board is confident that our new environmental strategy, and the challenging targets contained within it, will positively impact the local environment in the locations that we build across the UK.

Environmental factors have become increasingly more material issues for investors when making investment decisions. As a result of the increasing focus placed on all ESG matters by our investors and shareholders, the Board ensured that the new environmental strategy had been informed by shareholder feedback.

Like many of our stakeholders, our employees want to work for a business which takes its environmental responsibilities seriously.

The Board believes that by implementing the new strategy, our customers will be able to lead greener and more sustainable lives.

For further information see pages 42 and 43.

Diversity and inclusion

October 2020

As another ESG topic, the Board reviewed the Company's approach to, and progress in respect of, diversity and inclusion during 2020.

In conducting this review, the Board considered the following stakeholders:

By embracing the diversity in our business and the communities in which we operate, this will enable us to succeed through a workforce that is inclusive, creative and innovative.

The Board considered that having a broader range of perspectives, ideas and experiences will align with our purpose, improve decision making across the business and benefit all of our stakeholders.

In early 2021, we will be launching our new Equality, Diversity and Inclusion Policy and remain committed to equality of opportunity in all of our employment practices, policies and procedures across the business.

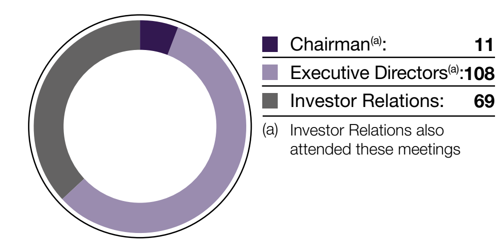
For further information see page 86.

How the Board engaged with investors during the year

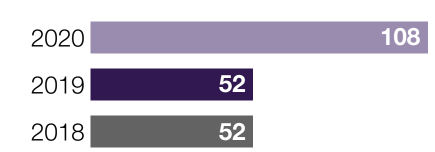
The Board actively seeks and encourages engagement with investors, including its major institutional shareholders and shareholder representative bodies.

The Company has engaged with investors in a proactive manner during the pandemic and as part of the equity raise in June. The charts below set out the number of meetings held with investors by the Chairman, Executive Directors and our Investor Relations team. These meetings include one to one meetings, group and conference meetings.

Number of meetings held during the year



Number of Executive Director meetings



Chairman's virtual roadshow

Irene Dorner met individually with 11 of our key investors and shareholder representative bodies in September and October. During these meetings, investors were keen to understand the Board's involvement in strategic decisions during the year.

During these meetings, the key topics discussed were strategy, ESG matters, the equity raise and succession planning.

2020 Annual General Meeting

As a result of the pandemic shareholders were unable to attend the 2020 AGM in person. The Board put in place arrangements for shareholders to listen to the business of the meeting by dialling in to a teleconference facility. Shareholders were also given the opportunity to ask questions in real time on the call. Alternatively, they were able to submit questions in advance of the meeting to the Company Secretary by email and these were answered on the call.

Investor relations programme

The Company operates a structured investor relations programme, based around formal announcements and publications of the full year and half year results. The Board is kept regularly apprised on the investor relations programme and receives a detailed report at each meeting.

In the year, there has been increased investor engagement through telephone and video calls in order to give investors the opportunity to discuss the Company's response to the COVID-19 pandemic. Early in the pandemic an investor outreach programme took place to offer investors the opportunity to meet with Executive Directors and discuss key decisions.

In June, alongside and following the equity raise, Executive Directors engaged with a range of investors.

Corporate governance: Board leadership and Company purpose continued

Strengthening engagement with our employees

Engagement with employees has been more important than ever as a result of the pandemic. During the year the Board looked to strengthen how they engage with employees in the following ways:

Board's NEF Champion
Gwyn Burr was selected to be the Board's NEF Champion in July 2020. Further details can be found on the next page.

Regional business unit visits by the Chairman and Senior Independent Director
Prior to the onset of the COVID-19 pandemic, as part of their induction, Irene Dorner and Robert Noel visited three regional businesses in the Northern Division, where they met employees, visited sites and developed a feel for the business.

CEO Microsoft Teams calls
Pete Redfern spoke with c.2,000 employees via group calls on Microsoft Teams during the year. Pete used this as an opportunity to gain feedback from employees about the Company's response to the pandemic, the introduction of the COVID-secure safety measures and to gain a sense of their overall health and wellbeing. The Board were particularly pleased that Pete was recognised by Glassdoor for his leadership during the pandemic.

Pulse surveys
The Company ran three 'pulse' surveys to gain feedback on key topics such as diversity and inclusion and access to development opportunities. The results were fed back to the Board.

Regular communications from the GMT
Throughout the first national lockdown, the GMT regularly engaged with all employees through a set of daily challenges. Employees were also encouraged to contact a dedicated email address if they had any concerns at all.

Q&A with Gwyn Burr, the Board's NEF Champion

Q How have you found your first few months as the Board's NEF Champion and what benefit has it brought to Board discussions?

A I have thoroughly enjoyed being a part of the NEF since being appointed as the Board's NEF Champion. So far, I have attended two virtual meetings which gave me a great opportunity to meet with members and get a real understanding of what matters are key to our employees. This has enabled me to reflect and support their interests accurately during Board discussions and also feedback employees' views on key topics to the Board. The Board values employee feedback as it is an essential component of our culture.

Q What makes the NEF so effective?

A I think the format of the NEF is key to its effectiveness. As members are elected from across the divisions and functions it ensures that I'm able to capture a true representation of employees' views from across the business.

Q How often will you be attending the NEF?

A The NEF meets every quarter and I plan to attend each meeting. I am very much looking forward to meeting with the NEF in person when circumstances permit.

Q How will you report back to the Board?

A After every NEF meeting, there is a standing item on the Board agenda for me to provide an update to the Board. In addition, the Chairman and I are given the opportunity to propose items for each NEF agenda if we wish to do so.

Employee engagement framework with the Board

The diagram below shows the current framework used by the Board to gather the views of the workforce. The framework ensures that there is continuous two-way communication and collective consultation between the Board and employees.

During 2021, the NEF and ECC format will be further reviewed to ensure both forums are reflective of the individual business units and the wider business as a whole. Further details of this review will be set out in the Annual Report and Accounts 2021.

Employee Consultative Committees (ECC)

Purpose:
Each regional business unit (BU) has an ECC to consider local and national issues.

Members:
- ECC chaired by the BU Managing Director
- Three members from different functions
- Elected every three years by employees within the BU

Meeting frequency:
At least twice a year

National Employee Forum (NEF)

Purpose:
Provide a platform to enhance employees' ability to raise matters with the Company that affect the business across all of its Divisions.

Members:
- NEF chaired by a senior leader
- 12 members from across the divisions and from a range of functions
- The Board's NEF Champion
- Elected every three years by respective division

Meeting frequency:
Quarterly

Key topics discussed during 2020:
- The Company's response to COVID-19
- Health and safety
- Build quality and customer service
- Remuneration

Taylor Wimpey plc Board
In addition to the NEF, the Board engages with employees in the following ways:
- Site and BU visits
- Employee survey results
- Regular people reports
- Annual Strategy Away Day at a regional BU
- Open lines of communications with the CEO via Group Microsoft Teams calls
- Regular updates from the Divisional Chairmen
- Whistleblowing reports

How the ECC communicates with:

The NEF
- The ECC members are encouraged to feedback directly to the NEF members to ensure two-way communication and collective consultation at a local level

How the NEF communicates with:

The ECC and employees
- A NEF newsletter is distributed to all employees within four weeks of the NEF meeting taking place which provides an overview of topics discussed and encourages feedback

The Board
- There is a standing item on the Board agenda after each NEF meeting for the Board's NEF Champion to feedback to the Board

How the Board communicates with:

The NEF
- NEF agendas are established by the Chairman of the NEF, the Group HR Director and other key stakeholders
- Agendas are subsequently reviewed by the Group General Counsel and Company Secretary for input on behalf of the Board
- The Chairman of the Board and the Board's NEF Champion are given the opportunity to propose items for each NEF agenda

Corporate governance: Division of responsibilities

A clear and effective structure

There is a clear and effective division of responsibilities between the Board, its Committees and operational management, which is a key foundation of the Company's strong governance.

We believe that a successful company is led by an effective and entrepreneurial board, whose role it is to promote the long term sustainable success of the company, generating value for all of the company's stakeholders. To support this principle, the Board has established a framework of delegated financial, commercial and operational authorities which define the scope and powers of the Chief Executive and the GMT.

In line with the Code, the clearly defined roles and responsibilities of the Chairman and Chief Executive were reviewed during 2020, set out in writing and signed by Irene Dorner and Pete Redfern in their respective capacities as Chairman and Chief Executive.

How we are governed

The Board

– Provides strategic and entrepreneurial leadership within a framework of strong governance and effective controls
– Responsible for defining and setting the Company's purpose and values which in turn set its culture
– Establishes the Company's risk appetite and oversees processes designed to ensure compliance
– Defines which matters are reserved for the decision of the Board, which for Taylor Wimpey include profit expectations and Dividend Policy
– Reviews the Whistleblowing Policy and associated investigations and outcomes
– Ensures effective engagement with shareholders

Audit Committee

Chaired by Humphrey Singer

- Monitors, reviews and advises the Board on the Company's financial reporting and related announcements
- Undertakes a detailed half-yearly review of the Company's risk assessment and mitigation processes and outcomes, and advises the Board
- Oversees the relationship with the Company's auditor
- Oversees the reporting of internal audit investigations and reviews the implementation of any changes required
- Monitors the continuous improvements in information technology, data protection and resilience to cyber attacks

Nomination and Governance Committee

Chaired by Irene Dorner

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the selection, interview and appointment of new Directors to the Board
- Reviews the succession and contingency planning for the Board and across the Company's senior positions
- Reviews the training and development plans for the Board and across the Company's senior positions
- Reviews, sets targets for and drives the Company's diversity and inclusion strategy
- Reviews the Company's corporate governance practices and procedures
- Reviews AGM resolutions and makes related recommendations to the Board for approval

Remuneration Committee

Chaired by Gwyn Burr

- 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 support the delivery of the strategy, whilst appropriately limiting risk taking and reflecting ESG considerations
- Ensures that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the alignment of executive and wider employee interests with those of the Company's shareholders and with the Company culture, including by setting executive shareholding guidelines and stipulating post-employment holding requirements for certain employees

Chief Executive and the GMT

- Responsible for the day to day management of the Company's operations
- Responsible for making key strategic and operational decisions, and for sustainability, customer service, health and safety, HR, finance, legal and compliance matters
- Oversee the regional divisions' performance with input from each of the Divisional Chairmen

Read more in the Committees' Terms of Reference available at: www.taylorwimpey.co.uk/corporate/our-company/governance.

Role of the Board

Whilst all Directors share collective responsibility for the activities of the Board, we have defined the roles in more detail as governance considerations have developed over time. These roles and responsibilities are:

Chairman

- Lead the Board effectively to direct the Company
- Chair Board meetings and set Board meeting agendas
- Ensure high standards of corporate governance
- Demonstrate objective judgement
- Build a well balanced and highly effective Board
- Promote a Board culture of openness and debate to encourage constructive challenge
- Facilitate and promote constructive Board relations and communication
- Ensure Directors receive accurate, timely and clear information
- Set the Company's cultural tone from the top
- Enable an annual review of the Board's effectiveness
- Engage individually with the Directors, as required
- Ensure an appropriate induction and development programme is in place for individual Directors
- Agree the Chief Executive's personal objectives
- Ensure there is effective communication and debate with shareholders
- Maintain an appropriate balance between the interests of stakeholders

Chief Executive

- Develop and implement the Company's strategy
- Recommend the strategic plan and related annual budget
- Ensure the effective day to day running of the Company
- Ensure coherent leadership of the Company
- Regularly review the organisational structure, including developing the Group Management Team and planning for succession
- Manage the Group's risk profile and establish effective internal controls
- Ensure the Chairman and the Board are kept advised and updated regarding any key matters
- Maintain relationships with investors and advise the Board accordingly
- Set the Company's culture from the top, particularly with regard to compliance and sustainability
- Agree the Company's annual budget proposal, prior to formal agreement with the Board

Group Finance Director

- Manage the Company's operational financial affairs, including any treasury and tax matters
- Oversee the commercial, information technology and pension departments
- Oversee the Company's risk profile, in conjunction with the Group Management Team
- Agree the Company's annual budget proposal from a financial perspective, prior to formal agreement with the Chief Executive and then the Board

Group Operations Director

- Manage the Company's operational development process, from land acquisition, through planning applications, design and production, to sale of the completed product and customer service matters
- Oversee the operational supply chain and logistics support
- Oversee the Company's risk profile, in conjunction with the Group Management Team
- Agree the Company's annual budget proposal from an operational perspective, prior to formal agreement with the Group Finance Director, Chief Executive and then the Board

Senior Independent Director

- Act as a sounding board for the Chairman
- Chair Board meetings in the absence of the Chairman
- Act as an intermediary for the other Directors, when necessary
- Lead the evaluation of the Chairman's performance
- Lead the search for a new Chairman, when necessary
- Be available to shareholders who wish to discuss matters which cannot be resolved otherwise

Independent Non Executive Directors

- Provide effective and constructive challenge to the Board
- Assist in developing and approving the Company's strategy
- Serve on the Board Committees
- Provide advice and experience to the Board and Group Management Team
- Keep abreast of shareholders' views

Group General Counsel and Company Secretary

- Advise the Board on matters of corporate governance, compliance and legal issues
- Responsible for all legal and compliance matters relating to the Company
- Provide support to the Chairman and Independent Non Executive Directors
- Ensure effective support to the Board during meetings and whilst setting agendas
- Keep abreast of shareholders' views
- Oversee the Company's Secretariat and Legal Departments

Corporate governance: Composition, succession and evaluation

Nomination and Governance Committee report

Irene Dorner
Chairman of the Nomination and Governance Committee

Dear Shareholder

As my first report to you since my appointment as Chairman of the Nomination and Governance Committee (the Committee), I am pleased to report on the progress that has been made during 2020 and our plans for 2021.

In April 2020, the Board made the decision to broaden the objectives and responsibilities of the Committee to include greater oversight of, and input into the Company's corporate governance practices. Previously, this had been a matter for the whole Board; however, I believe this change will allow the Committee to give the subject appropriate attention, reporting to the Board as necessary, whilst allowing the Board more time to focus on our key strategic topics and areas of business focus. We will continue to ensure that the Company and Board operate in a manner consistent with corporate governance best practice. The Committee's name and Terms of Reference were updated to reflect this wider remit. Additionally, in December 2020, the Board decided that the Committee would have responsibility for the oversight and achievement of the Company's ESG agenda. This will be kept under review in 2021, as we develop our thinking and business practices in this area.

2020 was a year of transition for the Board, with a number of Board and Committee changes. In addition to my comprehensive induction process, as outlined on page 83, this period of transition was greatly supported by Kate Barker remaining on the Board to help ensure a smooth transition as I took over from Kevin Beeston. The additional continuity added stability to the Board and Committee during a period of change. I am grateful to both Kevin and Kate for their assistance and advice.

In light of Robert Noel's deep understanding of the property sector and executive leadership experience, the Board appointed Rob as the Company's Senior Independent Director on 21 April 2020. Since that date, Rob has supported me in my role and I very much look forward to continuing working together in the future.

Ahead of Kate stepping down from the Board, the Committee considered the range and balance of skills and experience of the Independent Non Executive Directors, their time commitments and the succession plans for the Board Committees and their respective Chairmen. This led to the decision to recruit and appoint Scilla Grimble and Jitesh Gadhia as Independent Non Executive Directors, from 1 March 2021. These appointments enhance the range of skill sets and diversity on the Board in terms of age, gender and experience.

In June 2020, the Committee considered the topic of Board succession, including CEO succession, with a view to identifying any key internal talent and ensuring tailored training and development plans are in place to allow the relevant individuals to demonstrate and deliver their potential. This review not only ensures the Board is prepared to continue to deliver the Company's longer term strategy, but also gives the Committee a valuable insight into the Company's strength in depth.

During 2020, in order to strengthen the Board's engagement with employees, the Committee appointed Gwyn Burr, Independent Non Executive Director, to be the Board's NEF Champion. Gwyn's role will ensure there is an open and consistent dialogue between the Board and employees with information flowing in both directions. More information about Gwyn's participation in the National Employee Forum (NEF) can be found on pages 76 and 77.

With diversity and inclusion firmly on the Committee's agenda, I am proud of our continued progress towards the targets established by the Hampton-Alexander Review, with 50% of our Board positions and 36% of our Executive Committee (the Group Management Team) positions held by women. We do recognise that further progress needs to be made when considering the level of female representation on the Leadership Team (the Group Management Team plus their direct reports) which was 23% as at 31 December 2020. I am also proud of our compliance, from 1 March 2021, with the Parker Review 'Beyond One by 21' recommendation.

As part of the Committee's considerations of the Company's corporate governance obligations, the Committee reviewed the Company's procedures, systems and controls for compliance with disclosure obligations and arranged refresher Market Abuse Regulation training alongside the establishment of the Company's Disclosure Committee.

The COVID-19 pandemic highlighted the need to ensure the availability of key individuals or otherwise to have contingency plans in place to ensure the Company's governance procedures continued to operate appropriately. The Committee conducted a thorough review of the Company's governance policies and processes and I am pleased to report that the Company's existing measures were effective throughout the year. I am very proud of our teams for their continued effective response during a difficult period.

This year, the Board conducted its triennial external evaluation, which was successfully undertaken by Manchester Square Partners (MSP). I am pleased to report that MSP considered the Board to be functioning well, with the Executive and Independent Non Executive Directors working together with the best interests of the Company and all of its stakeholders at the forefront of their decision making.

I am proud of the progress that the Committee has overseen in 2020, especially in light of the COVID-19 pandemic. We have started 2021 with a renewed focus on our objectives and priorities and I look forward to reporting on the progress made in the 2021 Annual Report.

Irene Dorner
Chairman of the Nomination and Governance Committee

1 March 2021

Nomination and Governance Committee summary

The Committee is chaired by Irene Dorner, Chairman of the Board. On 31 December 2020, the Committee consisted of four Independent Non Executive Directors, as required by the Code, and the Chairman of the Board. On appointment to the Board on 1 March 2021, Scilla Grimble and Jitesh Gadhia will become members of the Committee.

Committee members	Meetings attended
Irene Dorner (Chairman)[(a)]	4/4
Robert Noel	4/4
Gwyn Burr	4/4
Angela Knight	4/4
Humphrey Singer	4/4
Kevin Beeston[(b)]	1/1
Kate Barker[(c)]	2/2

(a) Appointed Chairman of the Committee on 26 February 2020
(b) Stood down from the Committee on 26 February 2020
(c) Stood down from the Committee on 31 July 2020

Main objectives
- To ensure that there shall be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, its Committees and other senior positions in the Company
- To keep the Board's corporate governance arrangements under review and to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice

2020 performance
- Oversaw the retirement of Kevin Beeston and Kate Barker, and the appointment of Irene Dorner as Chairman and Rob Noel as the Company's Senior Independent Director
- Reviewed the composition of the Board and its Committees and recommended the appointment of two new Independent Non Executive Directors to ensure the maintenance of the appropriate balance of experience and skills
- Oversaw the recruitment process of two new Independent Non Executive Directors
- Thoroughly reviewed the succession and contingency plans at Board, Committee and senior management level
- Established a Disclosure Committee to enhance the structure of ongoing compliance with the provisions of the Market Abuse Regulation
- Reviewed the operation of governance and compliance processes across the Company during the COVID-19 pandemic
- Oversaw the progress on diversity and inclusion and set objectives to ensure future progress
- Embraced the Committee's oversight and input into the Company's corporate governance practices

2021 objectives
- Embrace the Committee's current responsibility for the oversight and achievement of the Company's ESG agenda
- Drive the Company's diversity and inclusion agenda across the Company and ensure it is embedded within the Company's culture
- Continue to review succession and contingency planning across the business
- Ensure the Company continues to have the necessary level of Board and senior management skills and leadership to effectively deliver the strategy
- Further develop and embed good governance processes and compliance and ensure the Company operates in line with, and exceeds where possible, corporate governance best practice

Committee activities during 2020

The Committee meets formally at least twice per year and otherwise as the Chairman or any member of the Committee shall require.

February 2020
- Reviewed and approved the proposal for Kate Barker to continue as a Non Executive Director for a short period beyond nine years
- Recommended the appointment of Rob Noel as the Company's Senior Independent Director
- Reviewed the Directors' Conflicts of Interests register
- Reviewed progress against the Committee's Terms of Reference and objectives for 2019
- Reviewed and approved the Committee's Report in the 2019 Annual Report and Accounts

June 2020
- Received an update on progress of the Company's contingency planning and related development plans
- Received an update on revised employee stakeholder feedback processes and the development of the National Employee Forum
- Reviewed the division of responsibilities between the Chairman, Chief Executive and Senior Independent Director, prior to being signed by the respective parties following the appointment of the new Chairman and Senior Independent Director
- Agreed relevant external facing policies held on the Company's website
- Arranged appropriate refresher training for the Board on its responsibilities under the Market Abuse Regulation and the associated compliance processes
- Reviewed individual Directors' current actual and potential conflicts of interest and the current Conflicts Register

October 2020
- Received an update on progress of the Group's diversity and inclusion initiatives, progress towards achieving the 2020 objectives in this area, and plans for further improvement in 2021
- Approved the commencement of recruitment processes for one or two new Independent Non Executive Directors, and established the related skills and experience preferred
- Reviewed and approved the planned activities of the Committee for 2021 to ensure they would meet its objectives under the Committee's Terms of Reference

December 2020
- Recommended the reappointment of Gwyn Burr as an Independent Non Executive Director at the conclusion of her initial three year appointment term
- Recommended the appointment of two new Independent Non Executive Directors from 1 March 2021, following the previously approved recruitment process

Corporate governance: Composition, succession and evaluation continued

Committee purposes and responsibilities
The Committee is responsible for maintaining formal, rigorous and transparent procedures for Board appointments, which ensure that all appointments are made on merit and assessed against objective criteria. As part of this, the Committee oversees and advises the Board on the identification, assessment and selection of candidates for appointment to the Board. The Committee also regularly reviews the succession and contingency planning and procedures across the Company as a whole to ensure that individuals' careers are supported by their professional development.

The Committee is also responsible for guiding the Board on diversity considerations and for driving the Company's diversity and inclusion agenda at all levels. The Committee fully supports the Hampton-Alexander Review which seeks to improve the diversity of boards and senior leadership and sets the target of 33% of female representation on the Board and the Leadership Team (the Group Management Team plus their direct reports). As at 31 December 2020, 50% of our Board positions and 23% of our Leadership Team positions were held by women. It is recognised that further progress needs to be made when considering the female representation on the Leadership Team, however female representation on the Group Management Team is 36%.

The Committee also welcomes the Parker Review 'Beyond One by 21' recommendation and is able to report that with the appointment of our newest Board members, Jitesh Gadhia and Scilla Grimble, on 1 March 2021 the Company will be in compliance with this recommendation.

The Committee guides the Board in regularly assessing whether there is an appropriate balance of expertise and skills on the Board and, in doing so, regularly reviews the Board's composition, balance, diversity, experience and skill sets; as well as the individual Directors' time commitments. These are reviewed to ensure the Company continues to have the necessary level of Board and senior management skills, leadership and time available to effectively deliver the strategy and also in order to arrange orderly succession planning for the Board and senior management positions. This not only includes the immediate succession planning for Directors, but also a deeper review into the Company's management structure to identify those with the longer term potential to develop into future successors.

The Committee also leads the annual evaluation of the Board which considers, amongst other things, its composition, diversity and how effectively members work together to achieve the objectives of the Board. The Committee also considers the length of service of the Board as a whole and membership is refreshed as considered appropriate. Further information about the Board evaluation is on pages 84 and 85. Individual evaluations are also undertaken to ensure that each Director continues to contribute effectively to the Board as a whole.

As mentioned on page 80, the Committee's responsibilities were expanded in 2020 to advise the Board on the maintenance, further development and embedding of corporate governance best practice throughout the Company. The Board considered that the importance of this area and the determination to achieve further improvements would be best handled by the Committee as it is able to dedicate sufficient time and attention. The Committee will feedback appropriately to the Board, giving the Board more time to consider the Company's strategy and other key areas of focus as required by the scale and complexity of the Company's operations.

The Committee was accordingly renamed and the Committee's Terms of Reference were reviewed and amended to reflect the Committee's additional responsibilities. The Terms of Reference can be found at: www.taylorwimpey.co.uk/corporate/our-company/governance.

As part of this wider remit, the Committee will regularly brief the Board on corporate governance and compliance considerations and developments, through consideration of minutes of its meetings and detailed briefings from the Chairman, and will identify any actions to be taken. The Committee will also report to the Board any stakeholder feedback following actions taken. We believe this arrangement will give greater focus to this extremely important and continually developing area.

Relevant skills and expertise
During the year, the Committee reviewed the Board's balance of skills, experience, independence and knowledge of the Company in order to assess the ability of the Board to effectively discharge its duties and responsibilities. This review, including a list of desired skills, was utilised when creating the recruitment framework used for the appointment of our new Independent Non Executive Directors, as further described below. As part of the review, the Committee considered whether each Director brings relevant and complementary skills, experience and background knowledge to the Board. Details of the Directors' relevant skills and expertise are set out in their biographies on pages 64 and 65 and in the notes to the notice of Annual General Meeting on pages 177 and 178.

Board appointments
Appointments to the Board are subject to the Committee's formal, rigorous and transparent procedures, as set out below. The Committee also maintains an effective succession plan for all Board positions and senior management positions. Both appointments and succession plans are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths.

During 2020, Irene Dorner succeeded Kevin Beeston as the Chairman of the Board and the Committee on 26 February 2020; Kate Barker stood down from the Board on 31 July 2020; and Rob Noel succeeded Kate as the Company's Senior Independent Director on 21 April 2020.

In addition, following the Committee's review of the Board and Committee composition, including the balance of skills and experience and succession plans for key Board and Committee positions, the Committee recommended to the Board that one or two additional Independent Non Executive Directors be appointed, subject to the availability of suitable candidates.

The Committee, led by Irene Dorner in her capacity as Chairman of the Committee, initiated the recruitment process and the executive search consultants Spencer Stuart undertook the search. It was confirmed that Spencer Stuart has no other connection with the Company or individual Directors.

Following the search conducted by Spencer Stuart, a 'long list' of candidates was considered by the Committee which resulted in a 'short list' of potential candidates who met the Committee's criteria in terms of the skills and expertise they could bring to the Board. Interviews and meetings were then held with the Chairman, Chief Executive and Senior Independent Director, before those on the final short list met with the remaining Directors, following which the final candidates were selected.

As a result, Scilla Grimble and Jitesh Gadhia will be appointed as Independent Non Executive Directors on 1 March 2021. The appointment of Scilla and Jitesh brings a refreshed set of skills to the Board, including additional experience of corporate finance, technology, property and public affairs.

Board and Committee balance and independence
The Code requires at least half of the Board, excluding the Chairman, to consist of Independent Non Executive Directors. As at 31 December 2020, four out of eight (50%) Board members were Independent Non Executive Directors, other members being the Chairman and three Executive Directors. The Committee considered this balance to be acceptable, but will be further improved by the appointment of our new Independent Non Executive Directors, Scilla Grimble and Jitesh Gadhia, who will be appointed from 1 March 2021. This balance will provide the right blend of experience, expertise and constructive challenge, as well as guidance and support, in order to continue to deliver the Company's strategy, whilst ensuring and maintaining corporate governance best practice. This is kept under review by the Committee, in line with the guidance as set out in the Code.

Induction
The importance of induction and training is recognised by the Committee and the Company has established procedures whereby all newly appointed Directors, including Independent Non Executive Directors, receive a formal induction. This includes training and continuing familiarisation with the Company's business, strategy, operations (including health and safety), systems, the principles underlying their duties as a Director, and wider issues relating to the housing sector.

For newly appointed Independent Non Executive Directors, this induction also includes meetings with key members of senior management and heads of functions from across the business, external advisers and site and business unit visits. The Committee keeps the Board induction process under review and it is considered to remain appropriate.

By way of example, Irene Dorner's induction process focused on the Company's culture, operational structure and key challenges and included:

- A comprehensive document pack of Company and Board information, including analyst and broker reports.
- An introductory meeting with Kevin Beeston to discuss Board process and Company culture.
- A meeting with the Company Secretary.
- A series of meetings with the Divisional Chairmen and heads of the Company's key functions.
- Meetings with the Company's key advisers and stockbrokers.
- Visits to a selection of development sites and offices in two of the regional divisions.

In 2021, the Committee will oversee the induction process for Scilla Grimble and Jitesh Gadhia, who will be appointed as Independent Non Executive Directors from 1 March 2021.

Board succession and contingency planning
Succession planning has continued to be a key area of focus for the Committee throughout 2020, to ensure the long term successful delivery of the Company's strategy. The Committee ensures that all members of the Board and key members of senior management have appropriate succession and development plans in place.

With a view to identifying key prospects and tailoring training and development programmes to allow individuals to demonstrate their potential, the Committee has visibility of a wide range of employees with leadership potential. As part of this, the Committee reviews the talent pipelines across the business and the Company's talent development and training programmes, including the individual development plans for those showing senior leadership potential.

One aspect of individuals' development plans is for management below Board level to be provided with access to the Board, including the opportunity to attend Board meetings and other Board-related functions from time to time to give presentations on specialist topics, project work and the performance of specific regional business and divisions. This not only provides valuable exposure to the Board for up and coming management, but is also extremely valuable to the Committee members when assessing the Company's strength in depth.

The Company also operates a Group Talent Management Board which is chaired by the Chief Executive and comprises our Divisional Chairmen, Group Managing Director of Strategic Land and HR representatives. The Group Talent Management Board is supported by our Divisional Talent Management Boards which regularly review succession planning and related development and training requirements across the Company. Actions taken to support succession planning across the Company 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.

Contingency planning relates to the Company's and Board's preparedness for and responsiveness to the sudden and unexpected loss or non-availability of any Board member or key member of senior management. During the COVID-19 pandemic, the Committee reviewed those individuals identified as most suitable within the Company who could quickly assume a key role and provide effective support until the individual returned to work or, where appropriate, a successor could be appointed. The Committee considered this contingency planning to be effective and appropriate throughout the COVID-19 pandemic, and Internal Audit confirmed that there was no evidence of weakened controls or any material process failure during this time.

Corporate governance: Composition, succession and evaluation continued

Governance

During 2020, the Committee was asked by the Board to take the lead in respect of the Board's corporate governance responsibilities. This wider remit requires the Committee to act as the first filter on all governance developments, to oversee the further embedding of good governance at all levels of the Company and its operations, and to make appropriate recommendations to the Board in furthering the Company's progress in this area.

This change enabled greater focus on governance matters with more dedicated time available on the agenda, whilst the full Board used their time for greater focus on key strategic topics and areas of operational business focus. This decision proved extremely beneficial, and timely, when the COVID-19 pandemic required a thorough appraisal of the Company's governance and control processes at all levels, to ensure the continuation of effective governance despite the challenges of furlough, home working and self-isolation due to illness.

These challenges were swiftly addressed through the formation of a working party, comprising representatives from the Company Secretariat and Internal Audit Departments. This working party:

- Reviewed current governance and control processes throughout the Company.
- Updated approval requirements in line with developing changes across the teams.
- Introduced revised approval, signature and checking requirements processes that could be quickly and smoothly implemented in the event of relevant individuals not being available at short notice.
- Monitored and reported on the continued appropriateness and effectiveness of these measures throughout 2020.
- Considered wider application of suitable changes to reflect the new ways of working that emerged during the COVID-19 pandemic.

The governance areas on which the Committee focused during 2020 included:

- The Board evaluation process.
- A review of the governance framework, including constitutional documents and the Board Committees' Terms of Reference.
- Regular updates on the progress and outcomes of the COVID-19 governance working party.
- An update for the Board on compliance requirements in relation to the Market Abuse Regulation.
- Reviewing the Directors' Conflicts of Interests Register.
- A review of the relevance and completeness of the Company's externally facing policies as they appear on the website.

Details of progress made by the Committee will be included in the 2021 Annual Report and Accounts.

Annual re-election to the Board

In line with the Code, each Director is required to seek election or re-election, as appropriate, at each year's AGM. The Committee reviewed and confirmed that it considers each of the Independent Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect their judgement.

Kate Barker was recommended for re-election at the 2020 AGM, beyond her nine year term, in order to support Irene Dorner in her new role. Kate stepped down as the Company's Senior Independent Director on 20 April 2020 and as a Non Executive Director on 31 July 2020.

The Chairman, at the time of her appointment on 26 February 2020, met the independence criteria as set out in the Code.

It is also considered that each of the Directors is able to allocate sufficient time to discharge their responsibilities to the Company effectively. This not only included Board and Committee meeting attendance (which was 100% during 2020), but also preparation time for meetings, visits to our operating businesses and other additional time commitments that were required.

Accordingly, at the 2021 AGM, every Director, irrespective of the date of their appointment, will be submitted for election or re-election, as appropriate.

Details of the resolutions to be proposed in this respect, alongside supporting biographical details, appear in the Notice of Meeting on pages 174 to 182.

Board evaluation

A key requirement of good governance is ensuring that the Board itself is operating effectively. The Board takes the annual evaluation seriously and recognises the focus that stakeholders place on it.

In line with the Code, the 2020 Board evaluation exercise was externally facilitated by Manchester Square Partners (MSP), who have no other connection to the Company and were chosen for their constructive and direct evaluation style.

The evaluation considered the effectiveness of the Board as a whole, as well as that of each Board Committee and each Director individually, and focused on the Board's alignment, behaviours, dynamics and culture. The evaluation was conducted in consideration of the Company's strategy; challenges and risks; values and culture; role; dynamics; engagement; structure; composition; succession; governance; execution; and leadership. The process followed is outlined opposite.

The Board has developed an action plan designed to address the findings of the evaluation, which will be actioned during 2021, and the key recommendations can be found in the table opposite. The overall outcome of the evaluation was that MSP considered the Board to be functioning well and with excellent Board dynamics. The Board is considered to be unified and aligned, with Independent Non Executive Directors and Executive Directors working together but feeling able to constructively challenge as appropriate, each fulfilling their roles appropriately. MSP concluded that the Board is providing good leadership and support to the Company and is maintaining strong performance for all of the Company's stakeholders.

The evaluation was conducted from April to August 2020 and consisted of:

- A briefing between MSP, the Chairman and the Group General Counsel and Company Secretary to determine the scope of the evaluation
- MSP reviewed the Board and Committee papers from the prior 12 months
- A comprehensive set of questions was developed between MSP and the Chairman
- Individual interviews were conducted with each of the Board members, the Divisional Chairmen, Group HR Director and Group General Counsel and Company Secretary
- MSP observed a Board and an Audit Committee meeting where all participants joined via Microsoft Teams during the COVID-19 pandemic
- MSP prepared a summary paper of key findings and themes for discussion with the Chairman
- MSP produced a report to the Board on the findings and recommendations of the evaluation, on a non-attributable basis, and had a session with the Board to review and discuss the findings and recommendations

2019 recommendations	Actions taken during 2020
Review and confirm the division of responsibilities between the Chairman, Chief Executive, Senior Independent Director, and the Matters Reserved for the Board	– The division of responsibilities document was reviewed and updated to reflect current governance requirements and best practice – The Matters Reserved for the Board document was also reviewed and no amendments were required – These documents are available on the Company's website at: www.taylorwimpey.co.uk/corporate/our-company/governance
Assess progress made on engagement with employees and focus on further progress	– The Board reviewed the effectiveness of the National Employee Forum (NEF) and further strengthened engagement with employees through the appointment of an Independent Non Executive Director, Gwyn Burr, as the Board's NEF Champion – Further information can be found on pages 76 and 77
Review agendas, timings and paper structure	– A full review of Board and Committee agendas and papers was conducted and a number of changes introduced, with the aim of giving greater focus to key operational issues, highlighting key matters and decision areas, and to ensure the consideration of stakeholders' interests was clearly set out
Introduce an Independent Non Executive Directors only meeting	– Independent Non Executive Directors only meetings are now held at the end of every Board meeting

2020 recommendations	Actions to be taken during 2021
Review Board paper structure and issue guidance on drafting Board papers	– Board paper structure and presentation to be standardised to ensure they focus on key matters requiring the Board's attention – Guidance notes will be issued to all employees involved in drafting Board papers to ensure that all relevant considerations are set out for the Board and requests of the Board are clear
Recruit additional Independent Non Executive Director(s)	– After the conclusion of the 2020 Board evaluation and a comprehensive selection process, the Board announced on 18 December 2020 that Jitesh Gadhia and Scilla Grimble were to be appointed to the Board on 1 March 2021 – Further information can be found on pages 82 and 83
Focus on ESG matters	– Add ESG to the current remit of the Nomination and Governance Committee to ensure focus, learning and direction on ESG matters in line with the Company's definition of ESG – Further information can be found on pages 67 and 80
Regular Board training / information sessions	– Arrange appropriate training and teach-ins led by both external and internal specialists on a range of topics – The first session arranged for 2021 is a session for the Board and GMT, facilitated by the Company's brokers, Citi, on ESG

Corporate governance: Composition, succession and evaluation continued

Board and employee diversity and inclusion

Diversity and inclusion, in its widest sense, has continued to be a key item on the overall UK governance agenda during 2020. Within the Company, diversity and inclusion remained an area of focus throughout 2020 and will continue to be in 2021 and beyond.

Although the Committee and the Board will continue to recommend appointments and appoint based on skills, experience and merit, it is recognised that boards generally perform better when they include the best people from a range of backgrounds and experiences. Therefore, diversity and inclusion will continue to be a key consideration when assessing the composition of the Board and all of our teams to ensure the development of a diverse pipeline for succession. By embracing diversity and inclusion, the Board believes that the Company will better understand how people's differences and similarities can be harnessed for the benefit of all of our stakeholders, and improve the Company's ability to deliver the strategy.

Consideration of diversity was at the forefront of the Committee's considerations when reviewing the Board composition and balance during 2020 and whilst framing the widest possible brief for the recruitment of additional Independent Non Executive Directors. These appointments, scheduled to take effect on 1 March 2021, will fulfil the recommendation of the Parker Review to have at least one person of colour Director by 2021 and will also bring a refreshed set of skills to the Board, including experience of corporate finance, technology, property and public affairs.

To support the Board's diversity and inclusion policies and strategies, the Diversity and Inclusion Committee (D and I Committee) has continued its work to ensure that the Company is continuing to progress towards operating in a truly diverse and inclusive manner.

The D and I Committee, which is made up of a variety of members from across the Company, has been overseeing progress towards achieving the Company's Diversity and Inclusion Strategy and implementing and progressing initiatives in order to improve our performance. The Company's Diversity Policy, as set out on pages 88 and 89, focuses on the challenges faced in developing an inclusive and diverse workforce, with each regional business unit making an appropriate commitment to this. The diversity and inclusion strategy is based on the following key objectives:

– **21st century leadership** – We ensure 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** – We ensure that our working environment, policies, procedures and development and progression opportunities support greater diversity and inclusion.
– **Expanding our reach** – We develop broader recruitment channels, understand and embrace the diversity of our customers and workplace and improve engagement with them.

The Company has put in place systems to measure and monitor diversity around the Company more effectively. The data becoming available from these improved systems has assisted in designing and implementing a number of improvements to the Company's employment terms and conditions which we believe should facilitate access to and success at work for all. Some examples of these improvements are:

– A review of our gender pay gap – The Company's fourth Gender Pay Gap Report is available at: www.taylorwimpey.com/corporate.
– Implementing a flexible working policy – During the COVID-19 pandemic, the requirement for our office based employees to work from home enabled the benefits of flexible and agile working to be demonstrated across the business. This has led to a review of our flexible and agile working policies which will be implemented in 2021.
– Developing our Young Persons Forums – These Forums provide an opportunity for young employees across the business to access training and information.
– Delivering unconscious bias training – The introduction of mandatory unconscious bias training for all employees has helped to raise awareness of the need to be more diverse and inclusive.
– Implementing our applicant tracking system – This new system has enabled us to reach a wider and more diverse talent pool.

S Read more on pages 34 and 35.

Gender diversity

As at 31 December 2020:

plc Board

Female 50% (2019: 50%)
Male 50% (2019: 50%)

Group Management Team (Executive Committee)

Female 36% (2019: 44%)
Male 64% (2019: 56%)

Group Management Team plus their direct reports (the Leadership Team)

Female 23%
Male 77%

Percentage of the workforce that are women

30%

2019: 29%

Percentage of new starters with the Group during 2020 that are women

33%

2019: 22%

While we continue to make reasonable overall progress and are committed to doing so, we of course recognise that this is a journey and there is more work to be done to fulfil our diversity ambitions. It is a priority for 2021 to achieve further progress in this area, as stated on page 80.

S Read more on pages 34 and 35.

Corporate governance: Composition, succession and evaluation continued

Progress of our Diversity Policy

The Committee and the Board monitor and review the implementation of the Company's Diversity Policy, which is set out below, against the Diversity Strategy and the progress made during 2020.

Diversity Policy	Strategy	Progress
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.	We will examine our culture and practices to determine what further actions can be taken to improve diversity and inclusion within Taylor Wimpey.	Our Diversity and Inclusion Strategy is based on three key objectives as set out on page 86. To deliver the Diversity and Inclusion Strategy, our D and I Committee is chaired by a member of our Group Management Team and consists of employees who represent a cross-section of our business. In addition, each regional business unit has a 'Diversity Champion' who works with the Regional Managing Director to develop and deliver a local Diversity and Inclusion Action Plan. The second annual Diversity and Inclusion conference was successfully held virtually, with over 110 attendees including our Divisional Chairmen, Regional Managing Directors and Diversity and Inclusion Champions. During the conference, progress was reviewed, plans were discussed and there was a panel discussion on Black Lives Matter and how the Company can be a consciously anti-racist organisation.
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.	We will identify people management practices that assist a diverse workforce to achieve its full potential. We will use our Community Engagement Programme to heighten awareness of positive strategies for personal interaction and valuing individuals. We will increase the opportunities for young people to join the Company and will promote continuous personal development.	As reported on page 82 we continue to exceed the target set by the Hampton-Alexander Review, with 50% female representation on our Board. We recognise that progress needs to be made when considering the female representation on our Leadership Team (23%) however female representation on the GMT is 36%. Although we were unable to run the Leonard Cheshire Disability Change 100 Programme due to the COVID-19 pandemic, we intend to engage during 2021 to give talented disabled students the opportunity to participate in a 100 day summer internship and professional development programme. During the COVID-19 pandemic, our office based employees were required to work from home, which has proven successful due to our previous investment in technology and training. A wealth of information, guidance and training support was delivered to employees which has enabled successful remote working for many of our employees. We have developed respectful workplace training to be delivered to our site management teams which sets out our expectations of how individuals should be treated. This will be included in the site induction process and 'toolbox talks' to our employees and workers on site.
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.	We will ensure that all managers involved in recruitment and selection receive training that incorporates the areas of diversity and promoting equality. We will extend our recruitment sources in order to attract a more diverse range of applicants.	Our continued engagement with organisations such as Black Professionals in Construction and SEO London have enhanced our internal progression in this area. We had 36% female representation and 14% BAME representation within our Management Trainee new recruits in 2020, and among new Graduates 55% were female and 9% BAME. We have also improved the percentage of female new employees joining the Company during 2020 to 33% (2019: 22%). In March 2020, we launched a new external careers site which has been carefully formulated to ensure accessibility to all and has led to an improvement in the diversity of applications for vacancies. In 2020, we also launched a reverse mentoring pilot involving eight senior leaders being partnered with BAME employees. This has helped raise awareness of the barriers faced by BAME colleagues and encouraged challenging of practices that may be hindering diversity in our talent pipeline. This mentoring programme will be continued in 2021, with the addition of LGBTQ+ colleagues.
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.	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.	Our Grievance and Harassment policies ensure that any reports of harassment or bullying are investigated and addressed appropriately. These policies are regularly publicised to all employees. The Company's Whistleblowing Policy enables employees to raise genuine concerns without being at risk of suffering any form of retribution as a result. Employees are also provided with an external whistleblowing hotline.
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.	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.	Diversity and inclusion is a core message of our strategy and is a standing item on our Board and GMT meeting agendas. Our cultural principles framework supports our employees to maximise their performance and inherently embraces diversity and inclusion. All new employees are required to complete our online Diversity and Inclusion e-learning and our senior leaders are required to complete mandatory unconscious bias training. We offer a wide range of training focusing on three key areas: management and leadership; personal development skills; and technical knowledge and capabilities. The COVID-19 pandemic provided an opportunity to change how we deliver training, by using technology to reach more employees. This resulted in over 2,500 employees attending online 'masterclasses'. The Company published its fourth Gender Pay Gap Report in March 2021, which can be viewed on our website at: www.taylorwimpey.co.uk/corporate.

Corporate governance: Audit, risk and internal control

Audit Committee report

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, summarising below, and in the report which follows, the ongoing responsibilities and objectives of the Committee; the work that has been carried out during 2020; and the priorities established for 2021.

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 this document, the Company's Annual Report and Accounts; and the external audit process.

The main responsibilities of the Audit Committee are summarised in the main objective opposite and further details of the Committee's responsibilities can be found in the Terms of Reference of the Audit Committee which are available in full on the Company's website. Following a review during 2020, it was determined that the Terms of Reference remain appropriate, in line with best practice 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 July and December 2020 meetings, and the evaluation for 2020 was formally assessed recently by the Committee at its February 2021 meeting.

The key activities of the Committee during 2020 are set out below and described in more detail in this report.

The Committee's key areas of focus for 2021 are also set out opposite. Whilst these remain sufficiently flexible to permit the Committee to quickly respond to any major change in circumstances, our key priorities for the year ahead will include the continued delivery of robust risk management and monitoring the effectiveness of the control framework.

A key area of focus for the Committee was the impact of COVID-19 and ensuring the maintenance of effective controls; processes; assessment and mitigation; during lockdowns and the closure and re-opening of sites. Committee members participated, of course, in the four additional Board meetings addressing these matters, including financial resourcing; the robustness of the balance sheet; and the decision to undertake the successful equity raise in June 2020; all as described on page 66. In addition, the Committee received specific briefings, at its July and December 2020 meetings, on the impact of COVID-19 and the Company's response to it, in relation to re-assessing potential risks; and making appropriate changes; in order to maintain effective controls and processes. More details are set out below.

The Committee continues to hold meetings with the external Auditor and the Head of Internal Audit, independent of the Executive Directors, and these assist in ensuring that reporting, forecasting and risk management processes are subject to rigorous review throughout the year. The audit of the 2020 results will be Deloitte's final one prior to handing over responsibility to PricewaterhouseCoopers LLP (PwC) and I would like to thank Deloitte for their support and assistance over the years, for the Company; the Audit Committee; and for representing shareholders' interests in ensuring that our published accounts give a true and fair view of the state of the Group's affairs. Following a rigorous tender process described in this report, PwC has been chosen, subject to shareholder approval at the AGM, to succeed Deloitte LLP as external Auditor for the 2021 audit. In preparation, and to ensure an effective handover of responsibilities if their appointment is confirmed by shareholders, PwC has been 'shadowing' Deloitte during the audit of the 2020 results.

Throughout the year the Committee met the Financial Reporting Council (FRC) guidance on Audit Committees 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 the Committee is able to perform its primary function of protecting shareholders' interests in relation to the Company's financial reporting and internal control.

We were able to meet these guidelines, notwithstanding the practical limitations imposed by the COVID-19 pandemic and the lockdown restrictions, due in large part to the support of Internal Audit in undertaking the corporate governance review to address its impact as described in the Chairman's Letter on Corporate Governance on pages 60 and 61. I would like to echo her congratulations to the team on their effective response to these major challenges.

The Committee will continue to ensure that all applicable regulations are complied with, and we remain confident that the business continues to operate in a controlled and well-managed way.

I look forward to welcoming Scilla Grimble, who will join the Board on 1 March 2021 as an Independent Non Executive Director and will, on appointment, also join the Committee. Scilla's significant financial and risk-related experience, described in more detail on page 65, will add to the Committee's skill sets and further enhance the quality of its work on behalf of shareholders.

Humphrey Singer
Chair of the Audit Committee

1 March 2021

Audit Committee summary

The Audit Committee is chaired by Humphrey Singer. 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 estimates; and external audit process.

Members

Committee members	Meetings attended
Humphrey Singer (Chair)	4/4
Angela Knight	4/4
Robert Noel	4/4
Kate Barker[(a)]	1/1

(a) Stood down from the Committee on 20 April 2020

2020 key areas of focus

- Oversaw the external audit tender process and recommended to the Board the decision, subject to shareholder approval, to appoint PwC as external Auditor from 22 April 2021
- Reviewed and approved the handover plan of the external audit, subject to shareholder approval at the AGM, from Deloitte to PwC
- Continued focus on key initiatives to support cost management and simplification of key commercial processes
- Gained assurance that current technology and ongoing related process improvements are implemented within a robust framework
- Engaged with the senior management team to ensure an effective and appropriate risk management and control framework continued to evolve
- Received the Group fraud risk assessment and gave continuing focus thereto
- Gave independent advice and guidance to the Executive in addressing the financial and accounting challenges posed by the impact of the COVID-19 pandemic on the Company and its market

2021 key areas of focus

- Oversee the externally-facilitated quality assessment of Internal Audit
- Continuing focus on the resilience and protection of key business systems against cyber and other threats
- Gain assurance that new systems and processes related to the customer journey are implemented within a robust framework

Committee activities during 2020

February 2020

- Reviewed the draft 2019 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 Auditor and the required evidence in support of it
- Reviewed the Group's 2019 draft full year results statement; and advised the Board regarding the appropriateness of the proposed dividends
- Concluded the prior year's risk review, including agreeing key risks; consideration of emerging risks; and monitoring progress on mitigation actions
- Reviewed the draft Viability Statement to appear in the 2019 Annual Report and Accounts
- Reviewed the Committee's performance against its objectives for 2019 and set objectives for 2020
- Received the Group fraud risk assessment
- Reviewed progress in the tendering of the external audit
- Received various reports from Internal Audit
- Held private meetings with the external Auditor and the Head of Internal Audit
- Agreed Internal Audit's programme of work for 2020

May 2020

- Reviewed the interim outcome of the tendering of the external audit
- Received detailed presentations from the two firms shortlisted for the external audit
- Discussed the relative merits of those tendering and (in early June) agreed a recommendation to the Board for the appointment of PwC as external Auditor from 22 April 2021

July 2020

- Reviewed the draft half year statement for 2020, including significant accounting issues; materiality; and the external Auditor's report on its review of that statement
- Conducted the 2020 half year risk review
- Received a further detailed presentation on the Group's data and systems security, including progress to date and plans for further improvement
- Received an update on the continuing robustness of the Group's data protection systems and processes
- Advised the Board regarding the appropriateness of proposing any dividend in light of the impact of COVID-19 on the business and shareholders
- Received briefings on the impact of COVID-19 and the Company's response
- Reviewed Deloitte's plan for the audit of the Company's 2020 accounts, and the progress of the audit to date
- Considered Deloitte's performance during the audit of the Company's 2019 results
- Received an update from PwC on the progress of the plan for the handover of the external audit, subject to shareholder approval, from 22 April 2021
- Received various reports from Internal Audit

December 2020

- Received a briefing on key accounting judgements with regard to the Company's 2020 accounts
- Oversaw the process of development of the Board's Viability Statement included in its 2020 reporting
- Oversaw the process of assessing that the Company continues to be a going concern in preparation for disclosure in 2020 reporting
- Received an update from PwC on the progress of the plan for handover, subject to shareholder approval at the AGM, of the external audit
- Received briefings on the continuing impact of COVID-19 and the Company's response
- Considered the risk review outcome for 2020
- Received a detailed presentation on progress to date and plans for further improving the Group's IT systems and wider IT security more generally
- Conducted an interim review of progress against the Committee's objectives for 2020
- Reviewed and agreed the appointment of the independent external quality review assessor of Internal Audit for 2021

February 2021

- Reviewed the draft 2020 Annual Report and Accounts, including significant accounting and audit issues; issues of materiality; and the external Auditor's report; and conducted a formal compliance check
- Reviewed and confirmed the processes which allow the Committee to ensure that the 2020 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
- Disclosed relevant audit information to the Auditor and the required evidence in support of it
- Reviewed the Group's draft 2020 full year results statement; and advised the Board regarding the appropriateness of the proposed dividend
- Concluded the prior year's risk review including agreeing key risks; consideration of emerging risks; and monitoring progress on mitigation actions
- Reviewed the draft Viability Statement to appear in the 2020 Annual Report and Accounts
- Reviewed the process and outcomes underpinning the giving of the going concern statement in 2020 reporting
- Reviewed the Committee's performance against its objectives for 2020 and set objectives for 2021
- Reviewed the Committee's performance against its Terms of Reference during 2020
- Agreed Internal Audit's programme of work for 2021
- Received various reports from Internal Audit

Corporate governance: Audit, risk and internal control continued

Committee meetings
The membership of the Audit Committee is set out in the table on page 91. Committee meetings are also attended, by invitation, by the Chief Executive, Group Finance Director and Group Operations Director, the Chairman and other Independent Non Executive Directors (who traditionally attend the key Committee meetings dealing with the Company's half year and full year accounts), Group Financial Controller who also has direct oversight of the risk management framework, Head of Internal Audit, the Group General Counsel and Company Secretary, Deputy Company Secretary, Deloitte LLP (Deloitte), the external Auditor, and for July and December in connection with the handover of the external audit, PwC. Other relevant senior executives are invited for particular agenda items, as required. The Committee also meets individually and privately with the Head of Internal Audit and with representatives from Deloitte during at least two Committee meetings per year, which normally take place around the time of the full and half year financial statements, in order to discuss any matters which either may wish to raise in confidence, with only the Company Secretary being present.

Committee purpose and responsibilities
The Committee's purpose and responsibilities are, in line with the requirements of the Code:

- To 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.
- To ensure the Annual Report and Accounts and half year results each present a fair, balanced and understandable assessment of the Company's position and prospects.
- To 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.

Committee activities during 2020
The Audit Committee met on four occasions during the year – the regular pattern of three meetings being augmented by an additional one, in May 2020, specifically for the purpose of concluding the tender process for the external audit and formally proposing the outcome to the Board. The reports considered at the February 2021 meeting concluded the Committee's activities with regard to the Company's 2020 reporting and have been included on page 91.

At those meetings, the Committee carried out its remit which, in addition to reviewing at each meeting the summary reports of Internal Audit activity, primarily included reviews of the following:

- Financial reporting practices.
- The risk management and internal control framework.
- The internal audit process.
- Checking for any incidences of fraud, actual, alleged or precautionary, and ensuring proper controls and a response plan are in place.
- IT systems and data resilience and security.
- Concluding the process of tendering the external Auditor role.

In carrying out these activities, the Committee places reliance on regular reports from the Executive Directors, other senior executives, Internal Audit and from Deloitte. In monitoring the financial reporting practices, the Committee reviewed accounting policies, areas of judgement highlighted by the Executive Directors, other senior executives 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.

The Committee Chair has extensive experience 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 in his current role as Chief Financial Officer of Belron Group and from previous roles with Marks and Spencer Group plc and Dixons Carphone plc. He also has previous experience of both attending Audit Committee meetings and of being a member of an Audit Committee. This experience has given him insight into key areas of shareholder concern and independent experience of robustly challenging both Management and the external and internal auditors.

The Committee Chair is assisted on the Committee by the knowledge and experience of the other Independent Non Executive Directors:

- Angela Knight has broad experience of financial services and banking and has extensive non executive director experience.
- Rob Noel has considerable experience of the property sector and wide commercial experience as Chair of Hammerson plc and previously as CEO of Land Securities Group PLC.
- Kate Barker, who was a member of the Committee until she stepped down on 20 April 2020, at the conclusion of her ninth year of office, had significant experience of key areas of stakeholder interest in which the Company operates day to day, having led Government policy reviews into housing supply and land use planning. She also had experience of being a non executive director with Man Group plc and previously with Yorkshire Building Society.

The Committee is confident that its members collectively have the necessary competence relevant for the housebuilding sector as required by the Code and that this will be further enhanced through the planned appointment of Scilla Grimble with effect from 1 March 2021.

As described in the Nomination and Governance Committee report on page 83, there is a formal process of induction for new Directors and this includes specific reference to supporting competence in relevant Committee areas through exposure to appropriate areas of the Company's operations and performance.

The Committee is confident that its composition; balance; and expertise 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.

Committee evaluation
The Board evaluation for 2020, which is described more fully in the Nomination and Governance Committee report on pages 84 and 85, included an appraisal of the performance of the Audit Committee and individually of its Chair and other members.

The outcome of the appraisal was that the Committee was considered to continue to operate effectively, with the necessary level of expertise and independent challenge, and with no specific actions arising requiring further improvement.

At its February 2021 meeting, the Committee reviewed its performance against its objectives and Terms of Reference during 2020, which was considered to have been satisfactory.

Risk management and internal control
Risk management
The Group has an established ongoing process of risk management, which is detailed further on pages 46 to 53. The Committee monitors the Group's risk management and internal control systems, including their effectiveness, on behalf of the Board and provides advice to the Board in connection with the Board's own risk review. The Committee's objectives for 2020 in this area were:

- To ensure the risk profile remains within the Company's agreed risk appetite and tolerance and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- Consideration of the continuing review of reporting and audit and the implications for the Group, including anticipating the formalisation of internal controls reporting in the UK.
- To continue to develop the Company's risk processes in light of evolving best practice.
- To consider emerging risks that could impact the Company's longer term strategy.

To achieve these objectives, the Committee undertook the following during 2020:

- Risk reviews were conducted twice during the year, at the Committee's July (half year) and December (full year) meetings and covered both the systems used and the reported risks.
- Consideration was given to the specific impact of COVID-19 on the Principal Risks of the Company, together with the mitigations implemented to address these.
- Regular updates were received on the continuing review of relevant historic matters and more current developments following the tragic fire at Grenfell Tower and actions taken by the Company to comply with recent changes to the Government guidance on fire safety.
- Received updates on key information technology (IT) risks, specifically as a consequence of the potential impact of COVID-19 in this area, including the resilience of the Group's systems to cyber attack and action taken to maintain security of systems and data.
- Oversaw the assessment of emerging risks, including potential velocity and impact on the Company's longer term strategy, further details of which can be found on page 48.
- Oversaw implementation of further enhancements to the processes for identifying, assessing, monitoring, reporting, and managing the residual elements of risk, which included enhanced reporting of action plans and target risk for the identified key risks.

The Board makes its assessment of risk half yearly, after overseeing, with advice from the Committee, a bottom-up and top-down review of risk in all areas of the business, including taking account of environmental, social and governance considerations over various time horizons. The assessments use a standard methodology and include regularly reviewing the effectiveness of the Group's system of internal control in providing a responsible assessment and mitigation of risks. Action to mitigate the effect of each risk is led by the Chief Executive either directly or indirectly in conjunction with the Group Management Team (GMT).

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

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 49 to 53 together with information on the mitigations for each risk.

Internal control
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. The Operating Framework was reviewed in detail during 2020 and, after suitable amendments had been made to reflect changes in processes; organisational structure; risk; and wider market developments; re-issued online, where it is immediately available to employees at all levels for consultation. The Operating Framework and supporting manuals include clear levels of delegated authority, responsibility and accountability, and are subject to periodic review, including in response to the impact of the COVID-19 pandemic, 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 full year 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 2020 resulted in enhancements to internal controls, designed to better manage risk across the business, as outlined in the key areas of focus for 2020 on page 91.

Corporate governance: Audit, risk and internal control continued

The Committee also oversees the actions being taken to monitor 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 / or employees.

The Committee was pleased to learn that the IT Department had been well-prepared to address the impact of the COVID-19 pandemic, as was shown by the ability of such a large proportion of the business to quickly and successfully transition to working effectively from home.

At its meeting in February 2021, 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 49 to 53 of this Annual Report.

Responding to the challenge of COVID-19

One of the key defining factors of 2020 was the impact of the COVID-19 pandemic on the business; and the Committee ensured that the Company's response would maintain essential processes and effective controls.

This was accomplished initially as part of the four additional Board meetings held during 2020 to address the impact of the pandemic and to conduct the equity raise (all as described on page 66); and later through specific briefings to the Committee's July and December 2020 meetings, at which reviews were undertaken of:

- How immediate challenges were addressed, particularly the maintenance of effective processes and controls despite the closure of sites and remote homeworking.
- Assurance as to the assessment of key risk areas and mitigation through revised controls; and cyber security resilience and training.
- The effectiveness of real-time assurance activities supporting the closure and subsequent re-mobilisation of sites, in compliance with Government guidance.
- The re-assessment of key risks and the design and implementation of appropriate responses and mitigations.
- Ensuring that the Company's approach evolved appropriately to changing circumstances.

External audit performance and effectiveness

The Audit Committee assessed the performance of Deloitte LLP and the effectiveness of the external audit process for the year ended 31 December 2020. In coming to its conclusion the Audit Committee reviewed amongst other things:

- The effectiveness of the working relationship and communication of issues to the Committee through its regular meetings in the year and its presentations to the Committee.
- Feedback from Group, divisional and regional management, Head of Internal Audit and Head of IT, on the level of audit work and engagement throughout the period.
- Deloitte's fulfilment of the external audit plan.
- Deloitte's objectivity and independence during the process, including its own representation about its internal independence processes.
- The output from the FRC's Audit Quality Review (AQR) annual inspection of audit firms to ensure the matters identified by the AQR have been addressed in the audit of the Company's 2020 financial statements.

In addition, the Committee considered whether Deloitte had appropriately challenged management estimates and judgements. The Auditor's report (starting on page 124) details the key matters that were considered as part of the year end audit. This includes details of the procedures performed by Deloitte to assess the estimates and judgements made by management. In particular the Committee notes during the course of the audit, the external Auditor challenged management's judgements and assertions on the following matters:

- Margin recognition on developments, with particular focus on the impact of COVID-19.
- The presentation of COVID-19 related costs in the income statement.
- The assumptions underlying the presentation of the financial statements on the basis that the Group is a going concern.

In relation to each of these judgements the external Auditor confirmed that the approach adopted by management in accounting for these in the financial statements was appropriate.

The Committee concluded that the external audit process as a whole had been conducted robustly, the external audit team selected to undertake the audit had done so thoroughly and professionally, and the external Auditor had applied sufficient experience and understanding of the housebuilding industry. Deloitte LLP's performance as external Auditor to the Group during 2020 was therefore considered to be satisfactory.

As noted earlier, Deloitte LLP is the Company's external Auditor for the year ended 31 December 2020. Following the audit tender described on pages 95 and 96, a resolution to appoint PwC will be put to the shareholders at the AGM on 22 April 2021.

Appointment of the external Auditor for non-audit services

The Committee has a formal policy, reviewed annually, as to 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 Auditor:

- Bookkeeping or other services related to the accounting records or financial statements.
- Internal audit outsourcing services.
- The provision of advice on large IT 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, acting on guidance from the Committee following its review of the continuing effectiveness of this policy, is satisfied that this policy meets the EU Audit Directive and Audit Regulation 2016, and will be conducive to the maintenance of good governance, best practice and auditor independence and objectivity.

Deloitte undertook non-audit services in the form of assurance work carried out in connection with the announcement of the Company's half year results for 2020, which is of direct benefit to shareholders although it is not formally regarded as 'audit' work for reporting purposes. Deloitte also performed cyber security enhanced assurance services for which they were selected as they were considered to be the best supplier of that service given the initial work they had undertaken in previous years.

The Committee fully recognises and supports the importance of the independence of auditors. Its review of the Auditor's performance during 2020 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 Auditor. As a result, the value of non-audit services work was £0.2 million in 2020 (2019: £0.1 million) which represents approximately 28% of the audit fee as set out in Note 6 to the Accounts on page 143.

Tender of the external audit

Introduction

In our Annual Report and Accounts 2019, we disclosed the decision to commence a tender process for the appointment of our external Auditor to be completed during 2020, with the chosen firm to be appointed for the 2021 financial year at the earliest.

The external audit tender resulted in the proposal, subject to shareholder approval at the 2021 AGM on 22 April 2021, to appoint PwC as the external Auditor for the 2021 financial year.

Governance

To ensure a transparent and robust selection and evaluation process, the following governance was applied. A steering group chaired by the Audit Committee Chair and including the Group Finance Director, Group Financial Controller and Head of Group Reporting was formed to oversee, co-ordinate and execute the audit tender process. The Committee was involved throughout the process and the Board was included at key decision points.

The timeline and stages of the external audit tender process are detailed below:

July 2019

- Audit tender process commences
- Board, Audit Committee and steering group consider suitable audit firms based on selection criteria including audit quality, independence and business knowledge
- Six firms are considered including three outside the 'Big 4'
- A 'short list' of three firms including one outside the 'Big 4' is agreed and approved

September – November 2019

- Audit Committee Chair and Group Finance Director meet with relevant heads of audit for the shortlisted companies to determine their capabilities
- Meetings held and consideration given to prospective partners

December 2019

- Request for Proposal (RFP) drafted and agreed by the Audit Committee, including the selection and evaluation criteria to be used through the process
- Sent to short list of firms on 20 December 2019

January 2020

- Two of the firms confirm they will participate in the audit tender

March – May 2020

- Secure online data room available to the audit firms to support tender submissions
- Structured Q&A process in place where responses to clarification questions and additional information requests were shared with all participating firms through the electronic data room
- To ensure a level playing field, a series of structured and targeted engagement sessions with Taylor Wimpey's key business and function leaders including Divisional Chairs, Heads of Tax, Treasury, Internal Audit and IT, together with Group and operational finance teams
- In addition to the engagement sessions the participating firms were given the opportunity to meet with the Chief Executive, the Group Finance Director, Group Operations Director and the Audit Committee Chair

May 2020

- Tender documents submitted and evaluated against the RFP criteria
- Formal presentations made by the prospective firms to the steering group, Audit Committee and Board members
- Results of the selection criteria matrix presented to the Audit Committee and Board
- Audit Committee and Board recommend and approve, subject to shareholder approval at the 2021 AGM, the appointment of PwC

July 2020 – April 2021

- PwC undertake transition work

April 2021

- Resolution to appoint new Auditor to be put to the shareholders at the 2021 Annual General Meeting

Corporate governance: Audit, risk and internal control continued

Tender process
The process, which ran from July 2019 to May 2020, was in compliance with statutory legislation and guidance issued by the Financial Reporting Council (FRC) and was conducted with the overarching objective of running a process resulting in a high quality, effective and efficient audit.

The scope of the tender consisted of the Taylor Wimpey Group audit and statutory audits of subsidiaries with effect from the 2021 financial year.

Selection criteria
A range of candidates were considered, including audit firms outside the 'Big 4' accounting firms. The Audit Committee and steering group agreed the selection criteria and which firms would be invited to tender. The selection criteria included:

- Audit Quality – findings from the FRC Audit Quality Review inspections.
- General aspects of the audit firm – independence, conflicts of interest, ethics and compliance standards.
- Understanding of the business and industry – audit credentials in housebuilding / construction, and knowledge of Taylor Wimpey's business and industry.

Invitation to tender
Three firms were invited to tender, including a firm from outside the 'Big 4'. At this stage, one firm withdrew from the process and therefore two firms progressed to the next stage. Deloitte LLP was not invited to tender as they had served the maximum time permitted under the UK rules relating to rotation of external auditors by large companies.

Assessment criteria
The requirements for the tender document and selection criteria were set out and detailed in the request for proposal and included:

- Confirmation of independence and details of how the firm monitors and maintains its independence, and the governance in place to ensure conflicts of interest do not arise.
- The firm's and the team's credentials.
- Internal quality assurance processes and output from latest FRC reviews.
- Understanding of Taylor Wimpey and the industry in which it operates.
- Audit approach – proposed scope, approach to controls and integration of technology in the audit, approach to technical judgements, availability of audit tools and their use to provide value-add insights.
- Audit planning – timetable, interaction with regional teams including Spain, approach to working with management, approach to resolving issues.
- Technical expertise including firm's experience and expertise in relation to sustainability reporting and assurance.
- Fees and terms.
- Transition approach, detailing how the firm will interact with the incumbent external Auditor and the Group to ensure an effective and efficient process.

Each firm submitted a detailed tender document and provided an oral presentation of their proposal for external audit services to the Audit Committee and Board.

Final selection
The Committee agreed that both firms submitted excellent, professional and thorough tender proposals. However, after taking into account the process as a whole, the views of senior management who met with each firm, the presentations and results against the evaluation criteria, the Committee identified PwC as the preferred new external Auditor. We are now working closely with both PwC and Deloitte to ensure that, if shareholders approve the proposed appointment of PwC at the 2021 AGM, there will be an efficient transition of the external audit. PwC shadowed key meetings through the 2020 audit process and regular reports on the transition are being provided to the Committee.

The recommendation of PwC was free from influence by a third party and no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the Company whereby there would be a restriction on the choice to certain categories or lists of audit firms.

Internal Audit
Internal Audit's primary role is to support the Board and Management to protect the assets, reputation and sustainability of the Group. The function is led by the Head of Internal Audit who has direct access to the Chair of the Audit Committee and the Chairman of the Board, protecting the function's independence. The Head of Internal Audit also has access to the Chief Executive and the other Executive Directors, as required.

Internal Audit 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 Internal Audit plan, and the individual audits conducted in line with the audit plan, are driven primarily by the Group's strategic plan and key risks. 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.

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 reviews proposed related-party transactions, such as purchases by employees from Group companies, to provide assurance that proper procedures are followed and that such procedures are undertaken strictly in accordance with the policy in place and, where applicable, company law.

During 2020, in response to the COVID-19 pandemic, Internal Audit worked with the Legal and Company Secretariat Departments on an assessment of the continuing effectiveness of key controls and processes, both short-term to address the possibility of non-availability of key staff and management; and in longer-term revisions to reflect changes to the working environment and practices. The learnings and improvements from this activity are being woven into the ongoing control and risk processes and this activity will continue through 2021.

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 is currently being planned for 2021 (having been deferred during 2020 due to the impact of the COVID-19 pandemic) and will consider the recommendations included in the Code of Practice for effective internal audit in the private and third sectors, published in January 2020 by the Chartered Institute of Internal Auditors. The evaluation will be conducted by The Chartered Institute of Internal Auditors.

Going concern
The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks and uncertainties identified on pages 49 to 53. 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.

PR Read more about our Principal Risks on pages 49 to 53.

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 considered whether there should be any change to the five-year period chosen for the statement but remained of the opinion that this continued to be appropriate, taking into account the balance sheet strength and development cycle. The Committee also reviewed the Directors' expectations; the criteria upon which they were based; and the sensitivities applied, including how these linked to the Principal Risks faced by the business; and agreed that they were reasonable.

The statement appears on pages 58 and 59 together with details of the processes, assumptions and testing which underpin it.

Annual Report and Accounts 2020
Fair, balanced and understandable
A key requirement of our financial statements is that they are fair, balanced and understandable, and that they include the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Committee monitors the integrity of the Group's reporting process and financial management; and reviews in detail the work of the external Auditor and any significant financial judgements and estimates made by Management.

It considers the output from the above and reviews the full year and half year financial statements before proposing them to the Board for consideration.

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 functions, with guidance and input from other relevant functions 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 20 and 21.
- Ensured that it correctly described the Company's strategy, as described on pages 22 to 25.
- Ensured that it fairly reflected the impact to date, and continuing, of the COVID-19 pandemic on the Company's business; position; and prospects.
- 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 has considered in discharging its 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 costs incurred in excess of the original budget are recognised appropriately as the site progresses.

Following the unprecedented impact of COVID-19 the decision was taken by the Company to close all sites, sales centres and offices before a controlled remobilisation. The Committee received a paper produced by Management which set out the treatment of costs incurred by the business both during this lockdown phase and the subsequent remobilisation. These costs were expensed to the income statement as cost of sales and included £29.9 million of non-productive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to work in progress and expensed as plots legally complete; £17.4 million of additional costs incurred due to extended site durations resulting from reduced productivity levels as the Company developed its operational processes under the COVID-secure guidelines; and £15.4 million of incremental costs incurred in responding to COVID-19, including costs to meet our health and safety requirements and complying with Government guidelines.

The Committee gave careful consideration to the judgements and assumptions involved, challenging Management where appropriate. The Committee reviewed the reports and recommendations from the senior management team in relation to areas of the business recognising cost excesses and the paper setting out the treatment of costs incurred by the business both during this lockdown phase and the subsequent remobilisation. The Committee also reviewed the work performed by Deloitte which included testing Group-wide controls to monitor cost allocation and considered the results of the Group's internal audit reviews across the business.

Following these reviews, together with enquiries made to Management and the external Auditor, the Committee concluded that there are appropriate systems and internal controls in place, which ensured that consistent principles were applied, the treatment and presentation on the income statement of the costs incurred by the business both during this lockdown phase and the subsequent remobilisation were appropriate and that the external Auditor agreed with the conclusions reached.

Defined Benefit Pension valuations
The Committee reviewed the funding position of the Taylor Wimpey Pension Scheme and discussed and agreed the market-based assumptions used to establish the net pension deficit recognised on the balance sheet at 31 December 2020.

ACM cladding and leasehold provisions
The Committee reviewed senior management's updates on the progress of rectification of buildings identified with ACM cladding materials, together with utilisation and estimates of the remaining provision. The Committee also reviewed the level of applications received in respect of the Ground Rent Review Assistance Scheme, the utilisation of the provision and latest management assumptions.

Recommendation to the Board
The outcome of the above processes, together with the views presented by Deloitte, was that the Committee recommended, and in turn the Board confirmed, that the 2020 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

More detail on how the Board and the Audit Committee have addressed the assessment, control and mitigation of risk, and the oversight of the internal and external audit functions, appear in this Audit Committee report.

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.

Remuneration Committee report

Gwyn Burr
Chair of the Remuneration Committee

Dear Shareholder

As Chair of the Remuneration Committee, I am pleased to present our 2020 Directors' Remuneration Report (the Report) on behalf of the Board.

I think it is important to start this letter by referencing the immense challenge posed by the COVID-19 pandemic and the extraordinary impact it has had on our colleagues and all of our stakeholders. During the year, the Committee has remained mindful of the need to ensure that the Executive Directors' remuneration appropriately reflects the Company's actual performance and is aligned to the experience of our shareholders, employees and wider society. As ever, we are committed to ensuring that our remuneration practices are directly linked to the Company's purpose and values and to the successful delivery of our long term strategy for the benefit of all stakeholders.

2020 Remuneration Policy

Following our detailed Remuneration Policy (Policy) review and shareholder consultation last year, the Policy was approved by shareholders at the 2020 Annual General Meeting (AGM) with over 98% of shareholders voting in favour. I would like to thank you all for your continued support.

The Policy was updated in line with the latest UK Corporate Governance Code requirements and the latest investor perspectives on key topics. We incorporated a post-employment shareholding requirement and the Executive Directors' pension contributions are being reduced in line with the agreed timeframe set out in the 2019 Remuneration Report.

During the year we have needed to use the flexibility afforded by the Policy to ensure that the Executive Directors' remuneration remained appropriate and proportionate when considering the impact the pandemic has had on our performance and wider stakeholders.

COVID-19

As is well documented elsewhere in this Annual Report and Accounts, in March 2020 the Company closed all sites and sales offices to ensure the health and safety of employees, subcontractors and our customers, and took the decision to cancel the 2019 final dividend and the 2020 special dividend in order to protect the balance sheet. In recognition of the impact of these decisions on our stakeholders, the Committee considered the proposed application of the Policy in 2020.

After careful consideration, we used the discretion available to us to amend the application of the Policy during the year. On 1 April 2020, we announced that the previously disclosed 2% annual salary increase for the Executive Directors (due to come into effect in April 2020) along with their annual bonus for 2020 performance would be cancelled, and at the request of the Executive Directors they also took a voluntary 30% reduction in base salary and pension from 1 April to 31 July 2020.

In addition, the Chairman and each Non Executive Director took a 30% reduction in their fee for the same period of time.

For the 2020 Performance Share Plan (PSP) Awards, the performance measures were determined and the awards were granted in early March, before the business performance and share price were impacted by the pandemic. We have not adjusted the terms of these awards (other than to neutralise the impact of the equity raise) and the original performance targets now represent an extremely challenging target.

The Company initially accessed the UK Government's Coronavirus Job Retention Scheme for furloughed employees; however, once all furloughed employees had returned to work by the end of June the Company made the decision to repay the funds in full to the Government in July 2020. In addition, the Company did not take advantage of the COVID-19 Corporate Financing Facility or Coronavirus Business Interruption Loan Scheme.

Wider workforce remuneration

The Committee continues to regularly review remuneration arrangements for senior management to ensure the delivery of our long term strategy and alignment to the wider workforce. The Policy has been further cascaded down to the Group Management Team, by requiring them to defer one-third of any annual bonus paid into shares for a period of three years. These shares will be beneficially owned from the outset, but will be held in the Employee Benefit Trust for the deferral period.

The Committee has, for a number of years, reviewed wider workforce remuneration in line with the Code. This year we have been particularly mindful of the impact of the pandemic on our people from both a financial and personal wellbeing perspective. Whilst our sales offices and sites were temporarily closed, the Company made the decision to place a significant proportion of employees on furlough. The Committee welcomed and supported the Company's decision to ensure that furloughed employees did not suffer financial hardship, by continuing to pay full base salaries when on furlough and sales staff received 80% of the level of their average commission. Further details of measures taken by the Company can be found on page 102.

During the year, I was also appointed as the Board's NEF Champion and plan to attend each of the National Employee Forum (NEF) meetings going forward. Whilst the primary objective of this appointment is to strengthen the Board's engagement with employees on a variety of topics, I will also take the opportunity to gain regular feedback from the NEF on the incentives and rewards available to the wider workforce. It is important that we continue to represent and reward performance in line with the Company strategy whilst protecting the culture of the Company at all levels, and also ensure that there is a strong alignment of interest between executive pay and the workforce.

The Committee also encourages share ownership at all levels of the business and is pleased to see that the number of employees currently participating in one or both of our all-employee share schemes, or who are otherwise shareholders in the business has increased to over 64% this year (2019: 57%). The equity raise also saw 329 employees participate, and it was pleasing to see employees having direct involvement in this exciting opportunity for the Company.

Remuneration Committee summary

The Committee is chaired by Gwyn Burr. On 31 December 2020, the Committee consisted of two Independent Non Executive Directors and the Chairman of the Board. On his appointment to the Board on 1 March 2021, Jitesh Gadhia will become a member of the Committee. Its members during 2020 are set out in the table below.

Committee members	Meetings attended
Gwyn Burr (Chair)	3/3
Irene Dorner	3/3
Angela Knight	3/3
Kate Barker[a]	1/1
Kevin Beeston[b]	1/1

(a) Stood down from the Committee on 20 April 2020
(b) Stood down from the Board and the Committee on 26 February 2020

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 practices and policies.

2020 activities

- Implemented the revised Policy following shareholder approval at the 2020 AGM
- Applied discretion to the application of the Policy during 2020 in light of the COVID-19 pandemic
- Reviewed the wider workforce remuneration in light of the COVID-19 pandemic

2021 objectives

- Ensure that the Policy is applied appropriately, and if necessary flexibly, to ensure continued alignment between the remuneration outcomes for Executive Directors and the experience of other stakeholders
- Review the remuneration positioning for the Group Finance Director
- Continue to review the performance measures for the EIS and PSP to ensure there is a rounded assessment of financial and non-financial performance aligned to the business strategy and a strong continued alignment of interest with all stakeholders

Committee activities during 2020

February 2020

- Reviewed feedback from major shareholders on the remuneration consultation conducted in January 2020 in respect of the Company's revised Policy
- Considered and approved the salary review proposals for 2020 for the Executive Directors and senior management
- Considered and approved the outcome of the EIS for 2019 and of the PSP Award vesting in 2020
- Reviewed its Terms of Reference and evaluated its own performance against them
- Reviewed and approved the Remuneration Report for the Company's Annual Report and Accounts 2019
- Reviewed the remuneration policies and practices for the wider workforce

March and April 2020

- Considered the EIS deferred share award for the 2019 bonus
- Applied discretion on the application of the Policy to the Executive Directors in 2020 in light of the COVID-19 pandemic

October 2020

- Considered reports from Korn Ferry on executive remuneration developments and investor guidance
- Considered and agreed the Committee's planned activities for 2021

December 2020

- Considered reports from Korn Ferry on executive remuneration benchmarking
- Considered a general governance update from Korn Ferry on remuneration considerations
- Preliminary discussions on salary proposals for 2021; projected outcomes of the PSP Award vesting in 2021
- Considered the performance measures and targets for the 2021 EIS and 2021 PSP Award

Corporate governance: Remuneration continued

Shareholder engagement

We are extremely grateful for the constructive engagement that took place last year in relation to the renewal of the Policy at the 2020 AGM.

2020 performance and incentive plan payments

As previously noted, in responding to the impact of COVID-19 the Committee determined that no annual bonus would be payable under the Executive Incentive Scheme (EIS) to the Executive Directors for 2020 performance. For disclosure purposes, the performance targets and the Company's performance against them can be found on page 115. As you will see, the Company made steady progress against the targets for customer service and build quality; and if the EIS had not been cancelled for the Executive Directors, the EIS outturn would have been 34% of maximum.

Prior to the onset of the COVID-19 pandemic, the PSP Award granted in 2018, which measured performance up to the end of 2020, was forecast to vest at a healthy level. As with many areas of the business, the pandemic has had a significant negative impact on the performance measures; however the Committee does not consider it appropriate to use their discretion to adjust the targets of in-flight Awards to negate the impact of the pandemic. On this basis, only the cash conversion measure met the threshold target, and therefore has led to an overall vesting of 6.6%. Further details can be found on page 114.

The graph at the end of this letter summarises the total payments made to the Executive Directors in 2020. As you can see, the Executive Directors' total remuneration was 66% lower in 2020 than 2019.

2021 remuneration approach and alignment to strategic objectives

The Committee reviews the performance measures for the Company's incentive plans each year to ensure that they remain appropriate and directly linked to our strategy. Going into 2021, the focus is on strengthening the business, improving margins and ensuring that the land secured following the 2020 equity raise results in outlet growth in 2022 and volume growth from 2023. Further details of how the 2021 measures align with our strategic goals and key performance indicators can be found on page 112. Whilst considering the performance measures and respective targets for our variable pay arrangements, the Committee has ensured that the proposed measures and targets focus on the key performance drivers that will deliver our strategy.

2021 Executive Incentive Scheme

For 2021 our focus needs to remain on those measures that deliver strong financial and operational performance, underpinned by our commitment to the quality of our homes and our customer experience. The annual bonus scheme (the EIS) will operate with some minor changes from 2020 to the weighting of the performance measures to increase the focus on operating margin, to ensure a focus on cost discipline and on mitigating future build cost inflation.

Further details of the measures can be found on page 112. We do not disclose the targets themselves for the EIS due to commercial sensitivities and these will be disclosed in full in next year's Report. The targets have been considered with the short term uncertain market conditions in mind; and whilst they are slightly lower than 2020 as set out on page 115, I can assure you that they are materially above the top end of investor expectations and are considered to be appropriately stretching.

2021 Performance Share Plan Award

We intend to make a PSP Award in March 2021 to the Executive Directors at the Policy level of 200% of base salary; however, the Committee will review the grant level in light of the share price at and around the Award date.

There are two main changes to the performance measures in 2021. Firstly, cash conversion will be replaced by operating profit margin as this will support our focus on cost and process discipline. Secondly, we have simplified the basis on which customer service is measured; and performance will be measured using the nine-month independent NHBC customer service survey 'would you recommend your builder to a friend?' question. The response to this question is the primary opinion of our customer in terms of their overall experience.

The target ranges for each measure have been set recognising the prevailing market uncertainty but have been chosen to incentivise the Executive Directors as we look to build towards our objectives of consistent sustainable growth and long term profitability. The measures and the target ranges are disclosed on page 112 of the Report and the Committee believes that the targets are challenging.

Salary review

Following a detailed review of performance and actions taken in 2020 and the outlook for 2021, the Committee is proposing a 2% salary increase across the Company for 2021, which will apply with effect from 1 April 2021. This increase will also apply to the Executive Directors.

On his promotion to the Board in April 2018, the Committee increased Chris Carney's salary to £430,000, which was below that of his predecessor and positioned between the lower quartile and median of comparable market data. As we indicated in the 2018 Remuneration Report, the Committee offered 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.

In light of the wider remit of Chris' role and his outstanding personal performance to date, we intend to conduct a review of his base salary during the course of 2021.

Pension

As I have already mentioned, in line with the shareholder approved Remuneration Policy; the Executive Directors' pension contributions will be reduced again on 1 April 2021 as part of our agreed timeframe set out in the 2019 Remuneration Report to reduce their overall contributions to 10% of salary by 1 April 2024, which is the level of pension contribution available to the majority of the workforce. Further details of the pension contributions that each Executive Director will receive in 2021 can be found on page 111.

Closing remarks

I look forward to welcoming Jitesh Gadhia to the Committee when he joins on 1 March 2021. Jitesh's Remuneration Committee experience at other companies will add to the Committee's skill sets and further enhance the quality of its work.

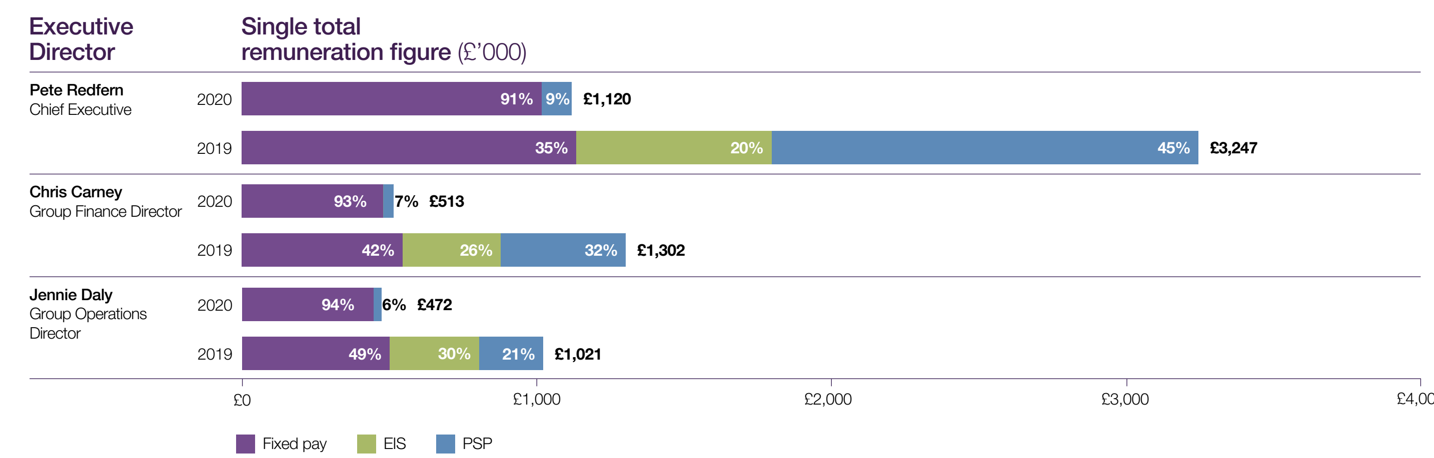
I would like to thank you for your continued support and I hope that you will feel able to support the level of remuneration paid in 2020 to our Executive Directors and how we will implement our Policy in 2021.

Gwyn Burr
Chair of the Remuneration Committee

1 March 2021

Executive Directors' total remuneration

The chart below compares the 2020 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2019.



Remuneration at a glance

Application of the Policy in 2020 in light of COVID-19

In recognition of the impact of the COVID-19 pandemic on stakeholders and at the request of the Executive Directors, the Committee carefully considered the proposed application of the Policy in 2020 and decided the following:

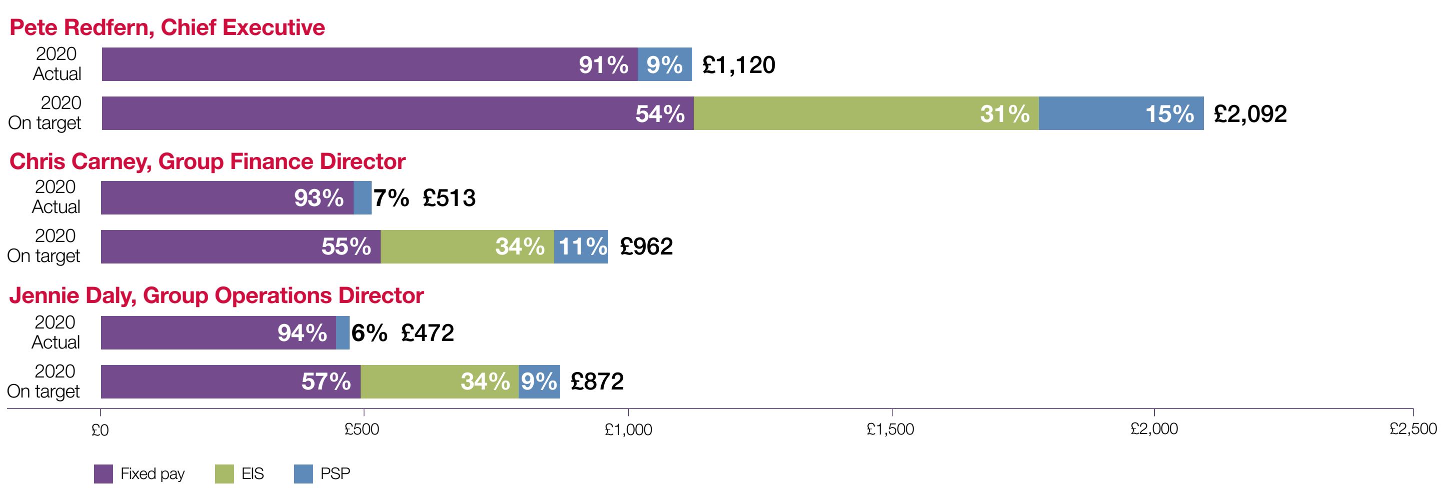
	Policy elements	Change in application
	Executive Directors	
Variable pay	Executive Incentive Scheme (Annual bonus) (EIS)	The 2020 EIS was cancelled
Variable pay	Long Term Incentive Plan (PSP)	No change
Fixed pay	Base salary	2% annual increase due to come into effect on 1 April 2020 was cancelled Voluntary 30% reduction in base salary from 1 April 2020 to 31 July 2020
Fixed pay	Benefits	No change
Fixed pay	Pension	Voluntary 30% reduction in pension contributions from 1 April 2020 to 31 July 2020
	The Chairman and Independent Non Executive Directors	
	Fees	Voluntary 30% reduction in fees from 1 April 2020 to 31 July 2020

Wider workforce remuneration during 2020

- The general workforce salary increase of 2% was cancelled
- All furloughed employees received their full base salary
- Those employees for whom variable pay elements made up a high proportion of their regular pay received further top-up
- All Government furlough subsidies were repaid in July 2020

Read more about wider workforce remuneration on page 108.

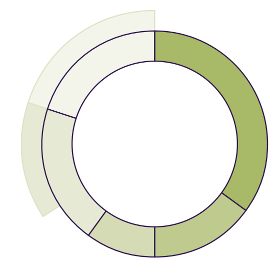
2020 actual remuneration v 2020 on target potential (£'000)



The actual remuneration has included the 30% voluntary reduction in base salary and pension and the cancellation of the EIS for performance in 2020. The on target potential is based on no changes being made to the Executive Directors' remuneration in 2020 (i.e. before the reductions agreed in light of the impact of the COVID-19 pandemic).

Variable pay outcomes in 2020

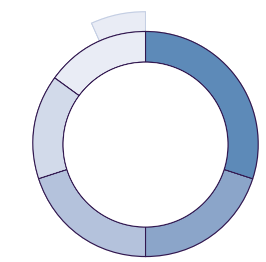
2020 EIS outcome*



	Weighting	Outcome
Group operating profit	35%	0%
Cash conversion	15%	0%
Operating profit margin	10%	0%
Customer service	20%	14%
Build quality	20%	20%
Total	**100%**	**34%**

* The 2020 EIS was cancelled for the Executive Directors in response to COVID-19.

2018 PSP outcome



	Weighting	Outcome
TSR v peer group	30%	0%
TSR v FTSE 100	20%	0%
RONOA	20%	0%
Operating profit margin	15%	0%
Cash conversion	15%	6.6%
Total	**100%**	**6.6%**

Proposed application of the Policy in 2021

	Policy elements	Award timeline Year 1	Year 2	Year 3	Year 4	Year 5	Purpose	Measure	Strategic goal	KPI	Stakeholders
Variable pay	Executive Incentive Scheme (Annual bonus) (EIS)						To reward the achievement of stretching objectives that support the Company's annual and strategic goals	Operating profit			●
								Operating profit margin	●		●
								Cash conversion	●		●
								Build quality		●	●
								Customer service		●	●
Variable pay	Long Term Incentive Plan (PSP)						To assist with retention and the incentivisation and motivation of senior executives to deliver long term returns to shareholders	TSR v Peer Group			●
								RONOA	●		●
								Operating profit margin	●		●
								Customer service		●	●
Fixed pay	Base salary						To recruit and reward executives of a suitable calibre for the role and duties required				
Fixed pay	Benefits						To provide a competitive package of benefits to assist with recruitment and retention of staff				
Fixed pay	Pension						To provide competitive retirement benefits to assist with recruitment and retention of staff				

Performance period   Deferral / holding periods

Read more about our strategic goals on page 19

Read more about our KPIs on pages 22 to 25

Read more about our stakeholders on pages 28 to 41

Read more about our financial definitions on page 58

Corporate governance: Remuneration continued

Introduction

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

The 2020 Remuneration Report includes disclosures which reflect in full the Regulations (as defined below) on remuneration reporting, divided into two sections:

- Remuneration Policy Report: this sets out the Policy that was approved by shareholders at the 2020 AGM, describing the framework within which the Company remunerates its Directors.
- Annual Report on Remuneration: this sets out how the Company's Remuneration Policy (Policy) was applied during 2020 and how it is proposed to be implemented during 2021.

The Policy and these remuneration reports have been prepared in accordance with the relevant provision of the Companies Act 2006 and on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations"). Where required, data has been audited by Deloitte and this is indicated.

Remuneration Policy Report

Unaudited information

The Company's Policy was subject to a binding shareholder vote at the 2020 AGM of the Company and was approved by over 98% of shareholders who voted. The three-year life of that Policy will expire at the 2023 AGM and we will be required to seek binding shareholder approval for a new policy.

The Policy is designed to ensure that the remuneration framework will support and drive forward the Taylor Wimpey strategy by both challenging and motivating the Executive Directors and the senior management team to deliver it, and this will in turn drive value for our shareholders whilst having due regard to our other stakeholders. The Policy is set out on pages 105 to 107 and is also available to view on the Company's website at www.taylorwimpey.co.uk/corporate/our-company/governance.

When the Committee designed the Policy, they considered the factors in Provision 40 of the Code. Full details on how clarity, simplicity, risk, predictability, proportionality and alignment to culture are addressed in the Policy and can be found on page 112 of the 2019 Directors' Remuneration Report.

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; share ownership guidelines which require executives to build up holdings of Taylor Wimpey shares, either directly or by retaining vested PSP share awards and deferred EIS amounts; and also requiring shares to be retained by the Executive Directors after they have ceased employment.

The above requirements ensure 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 balance reward and 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.

Our Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward Executive Directors of a suitable calibre for the role and duties required.	Salaries are normally reviewed annually to ensure that they remain positioned appropriately. There is no automatic entitlement to an increase each year. Salary level and increases take into account the following: – The performance, role and responsibility of each individual Executive 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: – Increase in scope or responsibilities of the role. – To apply salary progression for a newly / recently appointed Executive Director. – Where the Executive Director's salary has fallen below the market positioning.	Company and individual performance are factors considered when reviewing salaries.
Chairman of the Board and Non Executive Director fees	The Chairman and Non Executive Directors' fees should be in line with recognised best practice and be sufficient to attract and retain high calibre non executives.	Fees consist of a single consolidated fee for the Chairman, an annual fee for the other Non Executive Directors and additional fees for roles such as the Chair of the Audit Committee, Chair of the Remuneration Committee and Senior Independent Director. 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 and Governance Committee and / or the Audit Committee and / or Remuneration Committee. Reviewed periodically but generally at least every other year. Takes into account levels in comparably-sized companies and other major housebuilders. Non Executive Directors do not participate in any incentive, share scheme, benefits-in-kind or pension arrangements.	Aggregate annual limit of £1 million imposed by the Company's Articles of Association.	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 are: – 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	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. Life assurance of up to four times basic salary. 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; and no more than three homes can be acquired in a five-year period. The maximum discount over a five-year period is £100,000.	N/A

Corporate governance: Remuneration continued

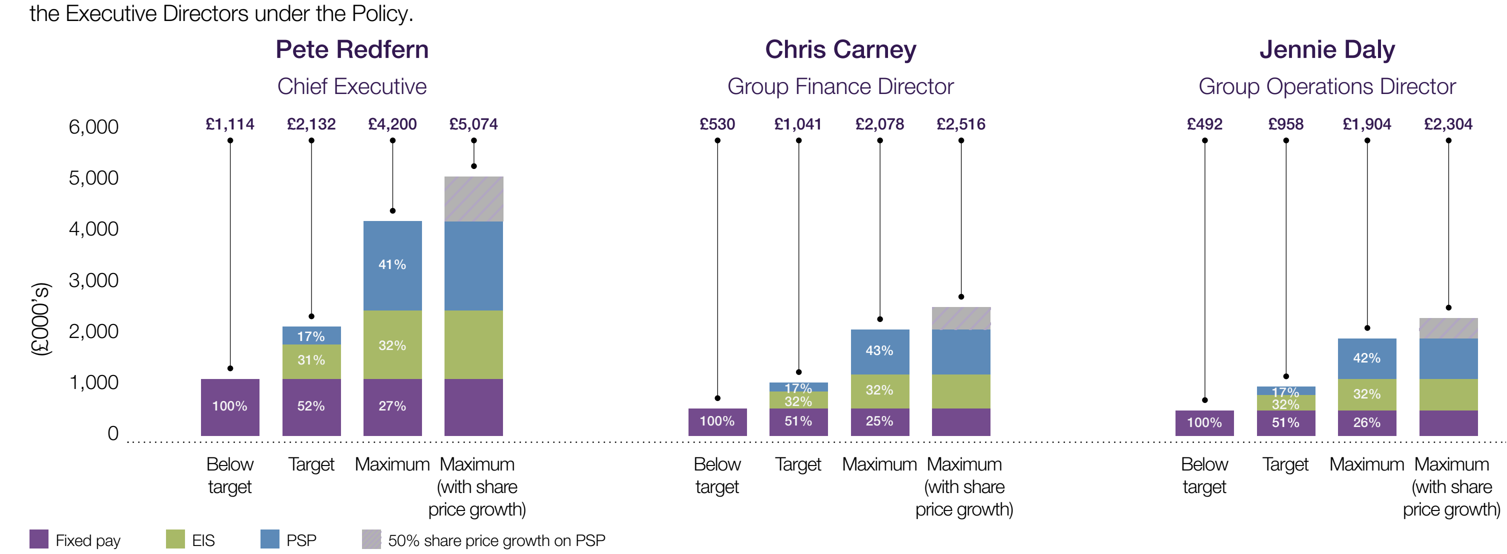
Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Executive Incentive Scheme (EIS)	Rewards the achievement of stretching financial performance targets and other objectives that support the Company's annual and strategic goals. Compulsory deferral in shares further aligns the interests of Executive Directors with shareholders.	EIS awards are determined by the Committee after the year end, based on annual performance against targets set at the beginning of each year. One-third of any EIS is payable in shares which are held in trust for three years. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts, error, misconduct, reputational damage or corporate failure. The discovery period for the event that would give rise to the clawback is three years from the date of payment.	The maximum EIS opportunity for Executive Directors is set at 150% of salary. Target is set at 75% of salary and threshold at 0%.	The EIS measures are based on a scorecard of designated key annual financial, operational and environmental measures.
Performance Share Plan (PSP)	Annual grants of share-based long term incentives assist with retention, incentivisation and motivation of Executive Directors to achieve long term sustainable returns for shareholders. A post-vest holding period helps align the interests of senior executives with those of the Company's shareholders.	Executive Directors and other designated senior executives can receive annual PSP awards. PSP awards provide alignment with shareholders as they deliver (subject to meeting performance conditions) the full value of the shares, which can increase and decrease in value over the three-year performance period. The value of dividends or other distributions will accrue during the performance and holding periods and will be received with any shares that vest in favour of participants after the applicable performance period. Dividends will normally be accrued and paid in shares. Performance measures are normally measured over three financial years. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts, error, misconduct, reputational damage or corporate failure. The discovery period for the event that would give rise to the clawback is three years from the date of payment.	The maximum award (currently in performance shares) is normally over shares with a face value of 200% of salary. In exceptional circumstances this can be increased up to 300% of salary.	The performance conditions are aligned to the long term business strategy. The Committee may vary the measures that are included in the plan and the weightings between the measures from year to year. Awards vest at 20% for threshold performance.
Pension	The Company aims to provide competitive retirement benefits that represent an appropriate level of cost and risk for the Group's shareholders. Over five years the pension contributions will reduce to the level of the workforce pension.	Pension benefits are provided through one or more of the following arrangements: – Personal Choice Plan – Taylor Wimpey Pension Scheme – As a cash allowance	Pete Redfern: cash allowance reducing to 18.43% of salary on 1 April 2021 then reducing annually by 2.81% of salary until the pension rate is the same as the majority of the workforce. Chris Carney and Jennie Daly: cash allowance reducing to 16% of salary on 1 April 2021 then reducing annually by 2% of salary until the pension rate is the same as the majority of the workforce. Company contributions to any pension scheme in respect of a new Executive Director will be in line with the pension contribution rate applying to the majority of the workforce, currently 10% of salary.	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 are expected to achieve and maintain a holding of the Company's shares at least equal to 200% of salary and until this level is achieved, are required to retain no less than 50% of the value of any vested EIS or PSP awards, after tax. A post-employment shareholding requirement will require Executive Directors to hold 200% of salary, or their shareholding level at the time of cessation if their 200% shareholding requirement has not yet been met, for at least two years. This requirement may be reduced by the Committee in exceptional circumstances, such as serious ill-health.	Executive Directors: 200% of salary.	N/A

The Committee may amend this shareholder approved Policy to take account of changes to legislation, taxation and other supplemental and administrative matters without the necessity to seek shareholder approval for those changes.

Illustration of the Remuneration Policy for 2021

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



1. Salary is £891,644, £447,372 and £408,000 for Pete Redfern, Chris Carney and Jennie Daly, respectively, with effect from 1 April 2021 (see page 111 for further details).
2. Benefits are £57,000, £11,000 and £19,000 for Pete Redfern, Chris Carney and Jennie Daly, respectively, being the 2020 value (see page 111 for further details).
3. Pension is 18.43% for Pete Redfern and 16% for Chris Carney and Jennie Daly with effect from 1 April 2021.
4. For the EIS the target and maximum award is 75% and 150% of base salary, respectively.
5. For the PSP the target (assumed for these purposes to be at threshold performance) and maximum are 40% and 200% of base salary, respectively. An indication of the maximum remuneration receivable assumes a share price appreciation of 50% during the period in which the award is subject to underpins. The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the 'maximum' bar chart is assumed to increase by 50% across the performance period.

Corporate governance: Remuneration continued

Committee discretion
The Committee recognises that the exercise of discretion must be undertaken only on an exceptional basis and in a careful and considered way, as it is an area that will quite rightly come under scrutiny from shareholders and other stakeholders. 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. There would be full disclosure in the following Directors' Remuneration Report and major investors would be consulted if necessary.

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.

As detailed on pages 98 and 99, the Committee decided that it was appropriate to exercise its discretion in response to the COVID-19 pandemic. As such, the Committee cancelled the previously agreed 2% salary increase, cancelled the 2020 EIS and also approved a voluntary 30% reduction in the Executive Directors' base salary and pension from 1 April to 31 July 2020. The Committee believes that these changes to the Policy ensure that the Executive Directors' remuneration experience is more commensurate with shareholders, employees and wider stakeholders.

How shareholder views are taken into account
The 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 Policy and the Committee welcomes any comment or feedback on any aspects of remuneration and will always take these into consideration and respond.

The Committee regularly engages with the Company's largest shareholders and shareholder representative bodies regarding the ongoing Policy and its implementation, and will take into account any feedback when determining any changes that might apply. The last such consultation took place in January 2020 and included the changes made to the 2020 approved Policy and the performance targets and weightings for variable pay arrangements in 2020.

The Committee follows the principles of good governance relating to Directors' remuneration as set out in the 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 strengthening of the 'employee voice' initiative.

The Taylor Wimpey National Employee Forum (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.

During 2020, Gwyn Burr attended the NEF in her capacity as Chair of the Remuneration Committee. During the meeting Gwyn explained the corporate governance process more generally and the role of the Committee in setting pay and undertaking the Policy review for Executive Directors. The meeting also discussed how executive remuneration aligns with the wider workforce pay practices and policies. The NEF members were encouraged to hear that it was proposed that the Executive Directors' pension entitlements would be reduced to be aligned with those available to the wider workforce. The feedback received from the NEF was positive and they confirmed that the session was clear and extremely informative.

In addition, Gwyn Burr has been appointed as the Board's NEF Champion, which will further strengthen the reporting line between the Board and employees. As detailed on page 77, the employee membership of the NEF is to be revised to more appropriately reflect and represent the Company's structure following the organisational changes that took place during 2020.

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. A summary of the remuneration arrangements across the workforce can be found below.

Cascade of the Policy through the wider workforce

	Base salary	Bonus	Long Term Incentive Plan	Pension	All Employee Share Plans	Car / Car allowance	Private healthcare	Paid holiday
Executive Directors	●	●	●	●	●	●	●	●
Group Management Team	●	●	●	●	●	●	●	●
Senior managers	●	●	●	●	●	●	●	●
Managers	●	●		●	●	●	●	●
Wider workforce	●	●		●	●		●	●

During 2020, the Committee was particularly mindful of how the wider workforce had been impacted by the pandemic. The Committee was supportive of the actions taken by the Company to ensure that furloughed employees did not suffer any substantial financial detriment.

Virtually all of the Company's employees participate in incentive arrangements. Many of our employees can elect to take their bonus-related payment in Taylor Wimpey shares (and benefit from a 20% uplift) 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. Alternatively, employees can elect to invest their bonus-related payment into their pension and will therefore benefit from tax efficiencies.

The Company also offers both Sharesave and Share Incentive schemes to all eligible UK employees with more than three months' service. The Committee is delighted that over 64% of all eligible employees participate in at least one of the share schemes or are already shareholders in the business.

How performance measures were chosen
The performance measures that are used for each of the EIS and PSP have been selected to reflect the Group's key strategic goals and are designed to align the Executive Directors' and senior management's interests with those of the Company's shareholders. The Committee consults with major shareholders where any significant policy changes are proposed.

Going into 2021, the ongoing focus for Taylor Wimpey is strengthening the business and improving margins; and ensuring that the land secured following the 2020 equity raise results in outlet growth in 2022 and volume growth from 2023. Both the EIS and PSP have a quality and customer service underpin to ensure that the business continues to make steady progress against these strategic pillars. Directionally and at the appropriate time, we still propose to move to a broader scorecard approach including a more equal balance of financial and non-financial measures, including environmental ones.

The Committee will continue to 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 available for delivering threshold performance levels.

Read more about the 2021 performance measures for the EIS and PSP on page 112.

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 one non executive position with another company. Executive Directors are permitted to retain their fees in respect of such positions.

Details of any external positions held by the Executive Directors can be found in their biographies on pages 64 and 65.

Remuneration Policy on recruitment or promotion
Base salary levels will be set in accordance with the 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 will be provided in line with those offered to other Executive Directors and pension will be provided in line with the wider workforce, and relocation expenses will be provided if necessary. Tax equalisation may also be considered if a new Executive Director 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 105 to 107. The Company may also consider applying different performance measures if it feels these more appropriately meet the strategic goals 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 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 Executive 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.

Corporate governance: Remuneration continued

Directors' contracts and policy on payments for loss of office

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.

Name	Date of appointment	Notice period
Pete Redfern	12 July 2007	12 months
Chris Carney	20 April 2018	12 months
Jennie Daly	20 April 2018	12 months

Pete Redfern, Chris Carney and Jennie Daly are proposed for re-election at the 2021 AGM and each will have at that date an unexpired service contract term of one year.

Each of the Executive Directors' service contracts provides for:

- The payment of a base salary.
- An expensed company car or a cash allowance in lieu; a fuel allowance; life assurance; and private medical insurance.
- Employer's contribution to a pension.
- A notice period by either side of 12 months.
- A provision requiring a Director to mitigate losses on termination.

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, 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.

Other than in certain 'good leaver' circumstances (which could include redundancy, ill-health or retirement), no payment would usually be due under the EIS unless the individual remains employed 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.

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 at the normal time following the application of performance targets and a pro-rata reduction to take account of the proportion of the applicable performance period outstanding post the cessation. 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.
- To contribute towards the individual's legal fees and fees for outplacement services.

The terms of engagement of the Chairman 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 (including the Chairman) 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.

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.

Terms of engagement

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

Name	Date of appointment as Director	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Irene Dorner	1 December 2019	3 years, reviewed annually	6	6
Gwyn Burr	1 February 2018	3 years, reviewed annually	6	6
Jitesh Gadhia	1 March 2021	3 years, reviewed annually	6	6
Scilla Grimble	1 March 2021	3 years, reviewed annually	6	6
Angela Knight	1 November 2016	3 years, reviewed annually	6	6
Rob Noel	1 October 2019	3 years, reviewed annually	6	6
Humphrey Singer	9 December 2015	3 years, reviewed annually	6	6

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 2021 AGM. Details of the resolution and its status as an advisory vote are set out in the notes to the Notice of Meeting on page 179.

Remuneration Committee

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and senior management which will 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.

The Committee's Terms of Reference are available on the Company's website at www.taylorwimpey.co.uk/corporate/our-company/governance. The Committee's main responsibilities are to:

- Establish and maintain formal and transparent procedures for developing policy on Executive Director remuneration and for determining the remuneration packages of individual Executive Directors and senior management, and to monitor and report on them.
- Determine the remuneration, including pension arrangements, of the Executive Directors and senior management.
- Approve annual and long term incentive arrangements together with their targets and levels of awards.
- Determine the level of fees for the Chairman of the Board.
- Select and appoint the external advisers to the Committee.
- Review wider workforce remuneration and other policies.

As at 31 December 2020, the Committee comprised two Independent Non Executive Directors and also the Chairman of the Board. Gwyn Burr is the Committee Chair and the other members of the Committee were Irene Dorner and Angela Knight. Kevin Beeston and Kate Barker stood down as Committee members on 26 February and 20 April 2020 respectively. In addition, on his appointment to the Board on 1 March 2021, Jitesh Gadhia will become a member of the Committee.

Details of attendance at Committee meetings held during 2020 appear on page 98.

No Director is involved in any decisions about their own remuneration and a conflicts of interest register is maintained by the Company Secretary in accordance with the Company's Conflicts of Interest Policy.

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 2020 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 2020 were: Korn Ferry £62,920 on a time and materials basis (2019: £112,722). No significant amount of advice was sought from Slaughter and May during the year.

Pete Redfern (Chief Executive), Anne Billson-Ross (Group Human Resources Director), Alice Marsden (Group General Counsel and Company Secretary) and Anthony Moriarty (Head of Reward and Pensions) each attended the Committee meetings during 2020 by invitation only but were not present for any discussions that related directly to their own remuneration.

How the Remuneration Policy will be applied in 2021

Base salary

Following a detailed review of performance and actions taken in 2020, and the outlook for 2021, the Committee decided to award increases of 2% to each Executive Director with effect from 1 April 2021, in line with the general workforce increase.

The salaries of the Executive Directors as at 1 April 2021 will be as follows:

Executive Director	Salary at 1 April 2020	Salary at 1 April 2021	Increase
Pete Redfern	£874,161	£891,644	2%
Chris Carney	£438,600	£447,372	2%
Jennie Daly	£400,000	£408,000	2%

Pension and benefits

The Executive Directors' pension contributions will be further reduced in 2021 in line with the agreed incremental reduction over a five-year period to 10%, the level of pension contribution enjoyed by the wider workforce. Therefore, from 1 April 2021 Pete Redfern, Chris Carney and Jennie Daly will receive a pension contribution of 18.43%, 16% and 16% of salary respectively.

Corporate governance: Remuneration continued

Annual Bonus Scheme

The Executive Incentive Scheme (EIS) performance measures and their weightings for 2021 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 disclosures of the targets and performance against them will be provided in next year's Report in the usual way.

The targets have been set so that entry level performance is above current market consensus; and the achievement of the stretch targets would require strong performance in favourable market conditions. The Committee therefore considers the targets to be challenging.

Measure	Weighting
Operating profit	35%
Operating profit margin	15%
Cash conversion	10%
Build quality	20%
Customer service	20%

While the measures themselves have not changed, there has been a small amendment to the weighting of two of the measures. Given the increased focus to build margin, the operating profit margin weighting has increased to 15% (2020: 10%) and cash conversion has reduced to 10% (2020: 15%). Operating profit margin is an important measure as the Company looks to maintain focus on increasing cost discipline and mitigating future cost inflation. Cash conversion will be measured excluding net land spend, to recognise the commitment to acquire land as anticipated by the equity raise.

Given the Company's increased strategic focus on placing customers at the heart of decision making, customer service and build quality remain the two non-financial measures operating within the EIS. These measures continue to be used to underpin our goal to deliver high-quality homes and to reduce the number of instances requiring remediation.

The basis on which customer service is measured has been changed. Previously it has been measured equally against the independent NHBC scores at both eight-week and the longer term nine-month customer satisfaction surveys. Going forward, it is proposed to base it solely on the 'Would you recommend your builder to a friend?' question asked as part of the eight-week survey. This approach aligns to the HBF star builder status which resonates with our customers and which we believe is only achievable if all other areas of customer satisfaction are achieved. The nine-month survey measure has been moved to the PSP where we believe it is better placed.

Malus and clawback provisions are in line with the Code requirements and the Committee is satisfied that they remain fully enforceable if ever needed. One third of any bonus paid will be deferred into shares and held in the Employee Benefit Trust for three years.

The EIS will operate in accordance with the Policy as set out on pages 105 to 107.

Long Term Incentive Plan

In accordance with the Policy, long term incentives take the form of the Taylor Wimpey 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 the Executive Directors in 2021 will be subject to the performance measures shown in the table below. The Committee has reviewed the targets and believes they remain stretching and appropriate in the present market outlook for the medium term.

The Committee has made some changes to the performance measures and their respective targets for 2021 to reflect the Company's long term strategic priorities.

TSR will remain a performance measure and performance will again be measured against the Housebuilder Peer Group. The Peer Group is an unweighted index comprising Barratt Developments, Bellway, Berkeley Homes, Countryside Properties, Crest Nicholson, Persimmon, Redrow and Vistry Group. By retaining TSR as a measure it aligns the rewards received by executives with the returns received by shareholders.

Cash conversion has been replaced with operating profit margin as this supports the focus on cost and process discipline. The target range has been set recognising the prevailing market uncertainty but is based on delivering the targeted 21% to 22% in the third year.

Return on net operating assets (RONOA) has been retained as a performance measure to maintain focus on driving increased capital efficiency.

Customer service continues to be a key strategic priority for the Company and therefore will remain a performance measure in 2021. The customer service element of the PSP will be based on the single question 'Would you recommend your builder to a friend?' from the independently measured NHBC nine-month survey, therefore will be on a different measurement basis to the EIS customer service measure.

Awards vest on a straight-line basis between the above threshold and maximum vesting levels. Malus and clawback provisions are in line with the Code requirements and the Committee is satisfied that they remain fully enforceable if ever needed. Performance will be measured over a three-year performance period and will be subject to a two-year post-vesting holding period.

The PSP will operate in accordance with the Policy as set out on pages 105 to 107.

Measure	Weighting (% of total award)	Below threshold (0% vesting)	Threshold (20% vesting)	Maximum (100% vesting)
TSR v Peer Group	40%	Below median	Median	Upper quartile
Operating profit margin (2021-2023)	20%	Below 18.5%	18.5%	20.5%
RONOA (2021-2023)	20%	Below 22%	22%	25%
Customer service (2021-2023)	20%	Below 78%	78%	81%

Key

Key performance indicators
See pages 22 to 25.

Link to our stakeholders
See pages 28 to 41.

Link to our strategic goals
See page 19.

Payments for loss of office to former Directors (audited)

There were no payments made to former Directors.

Fees

The current fees for the Chairman of the Board and Independent Non Executive Directors are set out below. Fees will be reviewed during the course of 2021.

	Annual fees as at 1 April 2021
Chairman of the Board	£320,000
Basic Independent Non Executive Director	£60,000
Senior Independent Director	£17,500
Audit Committee Chair	£17,500
Remuneration Committee Chair	£17,500
The Board's NEF Champion	£10,000

Implementation of the Remuneration Policy during 2020

Director emoluments (audited)

£'000	Year	Fees and salary[a]	Benefits[b]	EIS[c]	PSP[d]	Pension[e]	All-employee schemes[f]	Total	Total fixed remuneration	Total variable remuneration
Executive										
Pete Redfern	**2020**	**787**	**55**	**–**	**103**	**173**	**2**	**1,120**	**1,017**	**103**
	2019	870	54	663	1,449	209	2	3,247	1,135	2,112
Chris Carney	**2020**	**395**	**9**	**–**	**34**	**73**	**2**	**513**	**479**	**34**
	2019	436	20	333	424	87	2	1,302	545	757
Jennie Daly	**2020**	**360**	**17**	**–**	**26**	**67**	**2**	**472**	**446**	**26**
	2019	400	18	304	217	80	2	1,021	500	521
Non Executive										
Irene Dorner (appointed 1 December 2019)	**2020**	**248**	**–**	**–**	**–**	**–**	**–**	**248**	**248**	**–**
	2019	5	–	–	–	–	–	5	5	–
Gwyn Burr	**2020**	**70**	**–**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2019	72	–	–	–	–	–	72	72	–
Angela Knight	**2020**	**54**	**–**	**–**	**–**	**–**	**–**	**54**	**54**	**–**
	2019	60	–	–	–	–	–	60	60	–
Rob Noel (appointed 1 October 2019)	**2020**	**65**	**–**	**–**	**–**	**–**	**–**	**65**	**65**	**–**
	2019	15	–	–	–	–	–	15	15	–
Humphrey Singer	**2020**	**70**	**–**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2019	78	–	–	–	–	–	78	78	–
Kate Barker (stood down 31 July 2020)	**2020**	**34**	–	–	–	–	–	**34**	**34**	**–**
	2019	83	–	–	–	–	–	83	83	–
Kevin Beeston (stood down 26 February 2020)	**2020**	**51**	–	–	–	–	–	**51**	**51**	**–**
	2019	320	1	–	–	–	–	321	321	–
Total	**2020**	**2,134**	**81**	**–**	**163**	**313**	**6**	**2,697**	**2,534**	**163**
	2019	2,339	93	1,300	2,090	376	6	6,204	2,814	3,390

(a) The 2020 figure takes into account the voluntary 30% reduction in salaries and fees from 1 April to 31 July 2020. Further details can be found on pages 98 and 108.
(b) Benefits include non-cash payments to Pete Redfern, Chris Carney and Jennie Daly for private medical insurance, life assurance and company car provision (the value of the Company car provided was £39,129, £4,583 and £12,978 respectively). Kevin Beeston's benefit relates to the provision of private medical insurance.
(c) The 2020 EIS for the Executive Directors was cancelled in light of the COVID-19 pandemic. For disclosure purposes the performance measures and targets can be found on page 115. One third of the 2019 EIS was deferred into shares for three years and will not be subject to any further performance measures.
(d) This column shows the vesting during 2020 and 2019 of the PSP as set out in the tables on page 114 and includes the value of dividends accrued during the performance period and payable on vesting. The 2019 totals have been restated to reflect the actual share price at vesting of 212.4 pence. None of the values received in 2019 and 2020 relate to a share price increase from the date of Award and date of vesting.
(e) For Pete Redfern these figures represent the cash allowance payable. For Chris Carney and Jennie Daly these figures represent pension contributions up to the amount permissible under HMRC rules and cash allowances beyond this level.
(f) These figures represent the value of the matching shares under the Share Incentive Plan.

Corporate governance: Remuneration continued

Performance Share Plan (audited)

PSP awards included in the 2019 total remuneration figure – overall vesting 62.8%

Award	Performance target	Weighting	% of maximum	Date of end of performance period	Date of vesting	Share price at vesting
2017 PSP	TSR FTSE 100	20%	20%	31/12/2019	26/02/2020	212.4p[a]
	TSR peer group	30%	0%	31/12/2019	26/02/2020	212.4p[a]
	RONOA	20%	20%	31/12/2019	26/02/2020	212.4p[a]
	Cash conversion	15%	15%	31/12/2019	26/02/2020	212.4p[a]
	Operating profit margin	15%	7.8%	31/12/2019	26/02/2020	212.4p[a]

(a) The share price shown is the closing middle market share price on the date of vesting – 26 February 2020.

PSP awards included in the 2020 total remuneration figure – overall vesting 6.6%

Award	Performance target	Weighting	% of maximum	Date of end of performance period	Date of vesting	Average share price in the last three months of the performance period
2018 PSP[a]	TSR FTSE 100	20%	0%	31/12/2020	02/03/2021	140.8p[b]
	TSR Peer Group	30%	0%	31/12/2020	02/03/2021	140.8p[b]
	RONOA	20%	0%	31/12/2020	02/03/2021	140.8p[b]
	Cash conversion	15%	6.6%	31/12/2020	02/03/2021	140.8p[b]
	Operating profit margin	15%	0%	31/12/2020	02/03/2021	140.8p[b]

(a) On exercise, an equivalent proportion of cash accrued in lieu of dividends paid during the performance period, will also be paid net of income tax and national insurance.
(b) The share price shown is the average of the share prices for the dealing days in the last three months (October to December 2020) and will be restated in next year's Annual Report and Accounts to reflect the actual share price on vesting on 2 March 2021.

Vesting of PSP awards for performance period ending 31 December 2020 (audited)

2018 PSP Award

The performance period for all elements of the 2018 PSP Award ended on 31 December 2020 and the final measurement was undertaken based on this date, with the performance outcome being independently calculated by Korn Ferry and as part of the overall audit process.

The outcomes were as follows:

Measure	Weighting	Vesting scale: No vesting	Vesting scale: 20% vesting	Vesting scale: 100% vesting	Performance achieved	% of maximum
TSR FTSE 100	20%	Below median	Median	Upper quartile or above	Below median	0%
TSR peer group	30%	Below median	Median	Upper quartile or above	Below median	0%
RONOA (2020)[a]	20%	Below 26%	26%	30% or above	10.3%	0%
Cash conversion (2018-2020)[a]	15%	Below 65%	65%	75% or above	68%	6.6%
Operating profit margin (2020)	15%	Below 20%	20%	22% or above	10.8%	0%
Total	100%					6.6%

(a) The RONOA and cash conversion measures were assessed on the basis that the impact of the equity raise in 2020 was neutralised.

In deciding whether, and to what extent, any vesting of awards should take place under any PSP, the Committee also considers the overall financial performance of the Company during the period. The Committee has determined that the overall financial performance of the Company has been resilient and therefore determined that the 2018 PSP awards should vest at 6.6% based on the partial achievement of one performance measure, as set out in the table above.

Directors' PSP awards granted during 2020 (audited)

Performance awards were made in March 2020 as summarised below:

	Award	Type	Number of shares[a]	Face value (% of salary)[b]	Performance conditions[c]	Performance period	% vesting at threshold performance
Pete Redfern	PSP	Nil-cost options	855,762	£1,748,322 (200%)	40% on TSR v peer group 20% on RONOA 20% on cash conversion 20% on customer service	01/01/2020 to 31/12/2022	20%
Chris Carney	PSP	Nil-cost options	429,368	£877,200 (200%)	As above	As above	As above
Jennie Daly	PSP	Nil-cost options	391,581	£800,000 (200%)	As above	As above	As above

(a) Calculated using the share price of 204.3 pence being the average of the closing prices for 28 February, 2 and 3 March 2020.
(b) The Executive Directors' salary as at 4 March 2020 was used to calculate the total face value of the Award.
(c) The Awards were granted in early March 2020, before business performance and the share price were impacted by the pandemic.

EIS in respect of 2020 (audited)

As detailed on pages 98 and 99, the Committee used its discretion to cancel the EIS in respect of 2020 performance for the Executive Directors in light of the COVID-19 pandemic. For disclosure purposes, the performance measures and their respective targets are set out below.

Measure	Strategic goal / KPI		Weighting	Summary of targets: Entry (10% vesting)	Summary of targets: Target (50% vesting)	Summary of targets: Stretch (100% vesting)	Result	% of maximum
Operating profit (£)	To increase aggregate profit		35%	£800m	£828m	£858m	£300m	0%
Cash conversion (%)	To increase the conversion of operating profit into operating cash flow		15%	70%	75%	80%	(55)%	0%
Operating profit margin (%)	To maintain focus on cost discipline		10%	17.8%	18.8%	20.3%	10.8%	0%
Build quality	To deliver high-quality homes and to reduce remediation		20%	4.00	4.10	4.20	4.45	20%
Customer service	To improve and deliver customer service based on key National House-Building Council performance standards	eight-week survey	10%	89%	90%	91%	91.8%	10%
		nine-month survey	10%	70%	72%	74%	71.4%	4%
Total			**100%**					**34%**

As no payment will be made in respect of 2020 performance, there will be no bonus deferred into shares.

Corporate governance: Remuneration continued

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

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

	Maximum potential outstanding shares as at 1 January 2020	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 2020	Maximum shares vesting in: 2021	2022	2023
Pete Redfern									
Deferred shares (EIS)	653,096	190,165	–	218,036	–	625,225	181,313	253,747	190,165
Performance Share Plan (PSP)	2,734,300	855,762	–	557,731	330,377	2,701,954	898,423	947,769	855,762
Sharesave Plan	18,863	–	–	–	–	18,863	–	18,863	–
Total	**3,406,259**	**1,045,927**	**0**	**775,767**	**330,377**	**3,346,042**	**1,079,736**	**1,220,379**	**1,045,927**
Chris Carney									
Deferred shares (EIS)	120,898	95,413	–	–	–	216,311	–	120,898	95,413
Performance Share Plan (PSP)	1,029,702	429,368	–	163,293	96,728	1,199,049	294,149	475,532	429,368
Sharesave Plan	20,891	–	–	–	–	20,891	11,460	9,431	–
Total	**1,171,491**	**524,781**	**0**	**163,293**	**96,728**	**1,436,251**	**305,609**	**605,861**	**524,781**
Jennie Daly									
Deferred shares (EIS)	84,795	87,016	–	–	–	171,811	–	84,795	87,016
Performance Share Plan (PSP)	800,722	391,581	–	83,347	49,372	1,059,584	225,648	442,355	391,581
Sharesave Plan	22,921	–	–	–	–	22,921	22,921	–	–
Total	**908,438**	**478,597**	**0**	**83,347**	**49,372**	**1,254,316**	**248,569**	**527,150**	**478,597**

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 and 20% will be receivable if threshold performance is achieved. There have been no variations to the terms and conditions or performance criteria for outstanding share awards during the financial year.

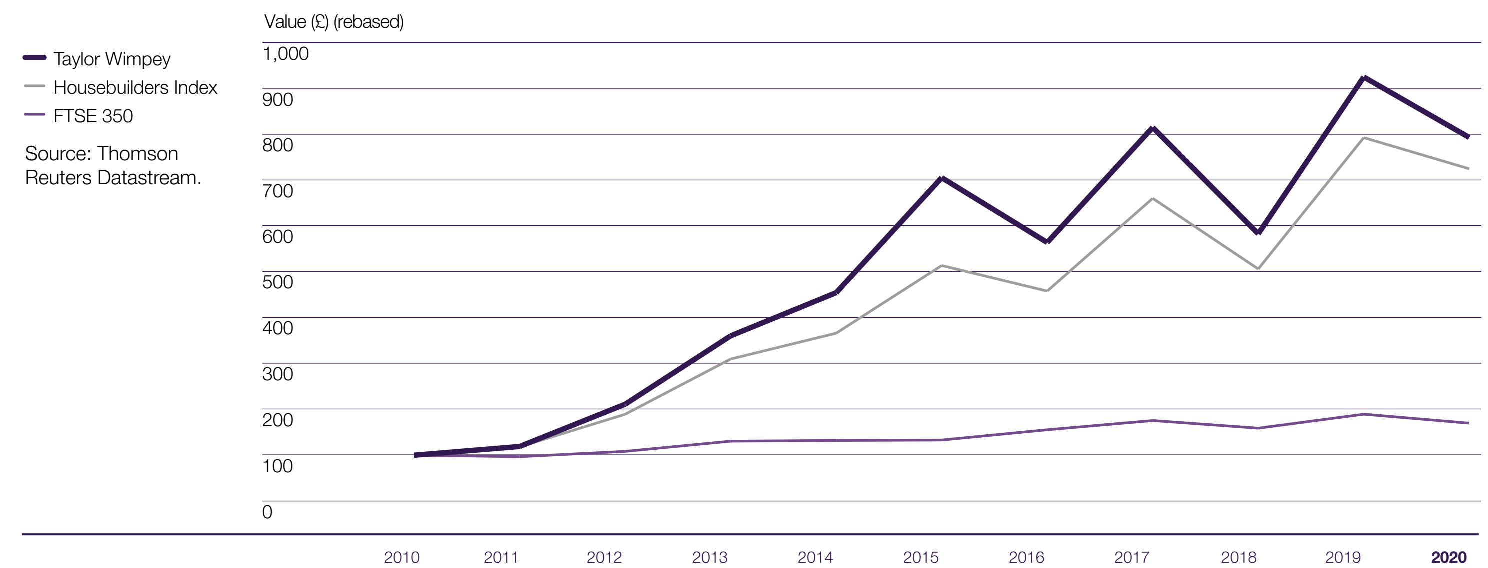
The market price of the ordinary shares on 31 December 2020 was 165.8 pence and the range during the year was 99.18 pence to 236.2 pence. Details of any share awards made to the Executive Directors during 2021 will be included in the 2021 Remuneration Report.

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

Total shareholder return performance graph and Chief Executive historic remuneration (unaudited)

The graph below shows the value of £100 invested in Taylor Wimpey plc on 31 December 2010 compared with the value of £100 invested in the FTSE 350 and in the average of the Housebuilders 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



The table below shows the total remuneration figure for the Chief Executive over the same 10-year period as is shown 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 2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Total remuneration (£'000)	1,674	3,009	6,724	6,250	6,888	4,072	3,697	3,272	3,247	**1,120**
EIS (%)	82	95	90	90	78	80	66	93	50.6	**0**
PSP vesting (%)	0	40	85	94	100	81	78	50	62.8	**6.6**

Corporate governance: Remuneration continued

CEO pay ratios (unaudited)

Year	Method	CEO single figure	All UK employees	Lower quartile	Median	Upper quartile
2018[a]	Option B	£3,151,748	Ratio	103:1	77:1	41:1
			Total pay	£30,375	£41,135	£76,575
			Salary	£26,412	£26,873	£52,458
2019[a]	Option B	£3,023,654	Ratio	93:1	73:1	48:1
			Total pay	£32,342	£41,483	£62,418
			Salary	£27,500	£31,277	£45,621
2020[b]	**Option B**	**£1,120,451**	**Ratio**	**39:1**	**26:1**	**20:1**
			Total pay	**£28,389**	**£42,492**	**£56,844**
			Salary	**£23,233**	**£30,600**	**£47,000**

(a) The 2018 and 2019 CEO single figures disclosed have not been restated to reflect the share price on the date the 2016 and 2017 PSP Award vested. We have chosen to do this for transparency purposes so that we are comparing the ratios disclosed in previous Reports.
(b) The three representative employees were determined on 31 December 2020.

Under Option B, using the hourly rate from our 2020 gender pay gap data, three employees have been identified as the best equivalents of our lower quartile, median and upper quartile. Option B provides a clear methodology involving fewer adjustments to calculate full-time equivalent earnings and is more likely to produce more robust reporting year on year. The Committee has reviewed the results of the calculations and is satisfied that they continue to be representative of the respective quartiles. Total pay and benefit figures, during the financial year ending 31 December 2020, have been calculated for the employee at each quartile, and for employees either side of the identified employees, to ensure that the employees selected are a reasonable representative based on their full year's remuneration.

As a result of the COVID-19 pandemic the CEO single figure is significantly lower than in 2019, which has caused all three ratios to reduce to a greater degree than would otherwise have been expected. The decrease in the CEO single figure is predominantly due to no annual bonus being paid to Executive Directors in respect of 2020 performance, a low level of vesting in respect of the 2018 Performance Share Plan Award and the 30% reduction to Executive Directors' salaries and pension from 1 April to 31 July 2020. Further details on the amendments to the Policy in 2020 can be found on pages 98, 99 and 108. In contrast, base salaries for the wider workforce were generally protected over the same period to ensure that they did not suffer any financial hardship during the COVID-19 pandemic. Further information on the steps taken by the Company can be found on pages 99, 108 and 109.

During 2019, the Company increased the use of direct labour to mitigate the industry-wide skills shortage. This led to an increase in the number of apprentices employed by the Company during 2020. As apprentices are paid lower rates of pay, this has impacted on the lower-quartile range, which has seen the total remuneration figure for our lower quartile representative being lower in comparison to 2019.

Whilst the Company has protected employees' base salaries during the pandemic, COVID-19 has naturally resulted in reduced bonus payments in the year. This has impacted the total remuneration for the upper quartile representative when compared to the 2019 representative.

As has been noted on pages 108 and 109, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors' Remuneration Policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

Annual percentage change in remuneration of Directors and employees (unaudited)

The table below shows the percentage change in salary or fee, taxable benefits and annual bonus of each individual Director in respect of the financial years ending 31 December 2019 and 31 December 2020, as set out on page 113.

	Salary / fee[a]	Benefits	Annual bonus scheme[b]
Executive Directors[a]			
Pete Redfern	(10)%	2%	(100)%
Chris Carney	(10)%	(55)%	(100)%
Jennie Daly	(10)%	(6)%	(100)%
Non Executive Directors[b]			
Irene Dorner[c]	n/a	–	–
Gwyn Burr[d]	(3)%	–	–
Angela Knight	(10)%	–	–
Rob Noel[c]	n/a	–	–
Humphrey Singer	(10)%	–	–
Average pay of Taylor Wimpey employees	0%	0%	(46)%

(a) The percentage change is a result of the voluntary 30% reduction in base salary and pension from 1 April 2020 to 31 July 2020.
(b) The percentage change is a result of the voluntary 30% reduction in fees from 1 April 2020 to 31 July 2020.
(c) Irene Dorner and Rob Noel were appointed in December 2019 and October 2019 respectively.
(d) Gwyn Burr was appointed Chair of the Remuneration Committee in April 2019 and therefore received the additional Remuneration Chair fee for part of 2019.

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

	2019	2020	Change (%)
Operating profit[a]	£850.5m	**£300.3m**	(64.7)%
Dividends paid per ordinary share	18.34p	**0.00p**	(100)%
Employee pay in aggregate (see Note 7 to the financial statements)	£290.4m	**£280.1m**	(3.5)%
Employee pay average per employee (see Note 7 to the financial statements)	£49,363	**£46,459**	(5.9)%

(a) Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.

Directors' interests in shares of the Company

Share ownership guidelines

The level of required shareholding for Executive Directors to attain is 200% of their base salary. The Executive Directors are 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) and any vested but unexercised PSP awards.

A post-employment shareholding guideline requires Executive Directors to retain shares worth two times their base salary, or their shareholding at the time of cessation if their 200% salary shareholding requirement has not yet been met, for at least two years. Any shares that vest from either the PSP or the EIS deferred shares must be held within the Company's Employee Benefit Trust until the required shareholding level has been achieved. The shares will then be released from the Employee Benefit Trust two years from the date of cessation of employment.

The Chairman and the Independent Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

In June 2020, all Directors subscribed to shares in the Company as part of the equity raise.

Directors' interests in shares of the Company (audited)

	Beneficially owned		Outstanding interests in share plans			Share interests expressed as a % of salary
Director	at 01/01/20 (ordinary shares)	at 31/12/20 (ordinary shares)[a]	EIS deferred shares (gross)	PSP[b]	Sharesave	Value of shares (including EIS deferred shares on a net basis) as at 31/12/20[c]
Irene Dorner	15,000	125,440	–	–	–	–
Pete Redfern	1,188,804	2,363,494	625,225	2,701,954	18,863	511%
Chris Carney	253,182	376,484	216,311	1,199,049	20,891	185%
Jennie Daly[d]	98,484	179,511	171,811	1,059,584	22,921	112%
Gwyn Burr	–	17,241	–	–	–	–
Angela Knight	10,000	16,896	–	–	–	–
Rob Noel	–	46,674	–	–	–	–
Humphrey Singer	25,000	31,896	–	–	–	–
Kevin Beeston[d]	777,596	777,596	–	–	–	–
Kate Barker	60,000	67,586	–	–	–	–

(a) Or date stood down from the Board.
(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. The share price on 31 December 2020 (165.8p) has been used to calculate the Executive Directors' share interest expressed as a percentage of salary.
(d) A proportion of shares are held by a connected person.

The only changes to the Directors' interests as set out above during the period between 31 December 2020 and 1 March 2021 were the regular monthly purchases of shares and 1:1 matching by the Company under the Share Incentive Plan by Pete Redfern, Chris Carney and Jennie Daly who acquired 366, 368 and 368 shares respectively.

Corporate governance: Remuneration continued

Directors' pension entitlements (audited)

Defined benefit schemes

Pete Redfern is a member of the Taylor Wimpey Pension Scheme (TWPS). The following table sets out the transfer value of his accrued benefit 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 31/12/19	Increase in accrued pension from 31/12/19 to 31/12/20	Accrued pension as at 31/12/20[a]	Transfer value gross of Director's contributions at 31/12/20[b]	Transfer value gross of Director's contributions at 31/12/19[b]	Increase (decrease) in transfer value from 31/12/19 to 31/12/20 less Director's contributions[c]
Pete Redfern	62	15,625	710	16,335	476,360	389,163	87,197

(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 Taylor Wimpey Pension Scheme (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 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. Once in payment, pensions accrued up to 5 April 2006 are guaranteed to increase in line with inflation limited each year to 5%, pensions accrued after 5 April 2006 are guaranteed to increase in line with inflation limited each year to 2.5%. 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 1996 (as amended).
(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.

There were no changes to benefits during the year and consequently no difference between the changes to Pete Redfern's pension benefits in comparison with those of other employees.

Non-Group pension arrangements

The value of Company pension contributions in 2020 for Chris Carney and Jennie Daly was:

	2020 (£)	2019 (£)
Chris Carney	**5,501**	9,988
Jennie Daly	**5,501**	10,007

Statement of shareholder voting (unaudited)

At the 2020 AGM, the result of the shareholders' vote on the Company's Remuneration Report for 2019 was:

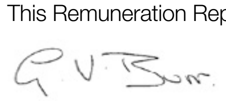
	2020 (Votes)
For	**1.95 billion (96.5%)**
Against	**72 million (3.5%)**
Withheld	**502,869**

At the 2020 AGM, the result of the shareholders' vote on the Company Remuneration Policy was:

	2020 (Votes)
For	**2 billion (98.6%)**
Against	**27 million (1.4%)**
Withheld	**583,978**

Approval

This Remuneration Report was approved by the Board of Directors on 1 March 2021 and signed on its behalf by the Remuneration Committee Chair:



Gwyn Burr
Chair of the Remuneration Committee

1 March 2021

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
Strategic Report	1 to 59
Likely future developments in the business of the Company	1 to 59
Carbon footprint reporting	42 and 43
Stakeholder engagement	28 to 41 and 72 to 77
A description of the Company's policies on employment of people with disabilities	34
A description of the Company's employee engagement practices	34, 35, 76 and 77
Charitable donations	36
Research and development activities	39
Viability Statement	58 and 59
2018 UK Corporate Governance Code compliance statement	63
Directors	64 and 65
Retirement and re-election of Directors	84, 174 to 182
A description of how the Board assesses and monitors culture	70
Remuneration Committee report	98 to 120
Details of the Company's long term incentive schemes	98 to 120
Profit before taxation and profit after taxation	130 and 135 to 173
Directors' dividend recommendation	175 and 177
Changes in asset values	132 and 135 to 173
Statement on 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 153
Subsidiaries and associated undertakings, including branches outside the UK	171 and 172
Political donations	176 and 179
Web communications with shareholders	183
Registrar	184

Qualifying third party indemnity

In accordance with Section 234 of the Companies Act 2006 and following advice from the Company's solicitors, Slaughter and May, 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. The indemnity is 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.

Audit and auditor

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

- To the best of their knowledge there is no relevant audit information of which the Company's Auditor is unaware.
- They have taken all the steps 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.

More information can be found on page 124.

Corporate governance: Statutory, regulatory and other information continued

Annual General Meeting
The Annual General Meeting (AGM) will be held at 10:00am on 22 April 2021 at Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

Formal notice of the AGM is set out in the Notice of Annual General Meeting on pages 174 to 182 and on the Company's website at: www.taylorwimpey.co.uk/2021AGM.

Capital structure
Details of the Company's issued share capital, together with information on movements in the Company's issued share capital during the year, are shown in Note 23 on pages 158 and 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 other such 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 resolution passed at the 2020 AGM was not exercised during 2020 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.

In June 2020, we undertook an equity raise to generate £510 million through issuing new shares. More information about the equity raise is set out on pages 12 and 13.

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 the transfer of shares, which are governed by the Company's 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 voting rights.

The Employee Share Ownership Trust (ESOT), which holds shares on trust for employees under the Company's 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.

Dividend
During 2020, in consideration of the COVID-19 pandemic and after careful consideration of the long term best interests of the Company, the Board decided to cancel the 2019 final dividend of 3.80 pence per share (c.£125 million) that was due to be paid on 15 May 2020, and the planned special dividend payment of 10.99 pence per share (c.£360 million) that was due to be paid on 10 July 2020.

Information relating to the 2020 final ordinary dividend is set out on page 57 and in the notes to resolution 2 on page 177. The Company will be operating a Dividend Re-Investment Plan (DRIP), further details are set out on pages 177 and 183.

The right to receive any dividend has been waived in part by the Trustees of the Company's ESOT over that Trust's combined holding of 7,052,920 shares. More details about the ESOT can be found in Note 26 on page 159.

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 1 March 2021, 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 in the Company's shares are shown in the Remuneration Report on page 119.

	As at 31 December 2020		As at 1 March 2021	
Name	Number of shares held (millions)	Percentage of issued voting share capital	Number of shares held (millions)	**Percentage of issued voting share capital**
The Capital Group Companies, Inc	185.1	5.08	185.1	**5.08**
BlackRock Inc	182.5	5.01	182.5	**5.00**
Legal & General Group plc	98.5	2.70	98.5	**2.70**
Standard Life Investments Limited	96.5	2.64	96.5	**2.64**

In addition to the substantial interests shown above, at 31 December 2020, the Company held in its ESOT 7.1 million of its own shares, representing 0.19% of the shares in issue at that date (2019: 10.7 million, 0.33%). The Company holds no shares in treasury.

Modern Slavery Act
The Company welcomes the aims and objectives of the Modern Slavery Act 2015 (MSA) and continues to take its responsibilities under the MSA with the seriousness deserved and required. A multi-disciplined team is responsible for ensuring that objectives continue to be met and is ready to respond appropriately to the anticipated strengthening of Section 54 of the MSA by the Government, reflecting the Government's response to its 2019 consultation on the subject. The Company will shortly be publishing its fifth statement under the Modern Slavery Act 2015, which will be available at: www.taylorwimpey.co.uk/corporate.

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.

Employee share ownership
The Company promotes employee share ownership as widely as possible across the business. The Company has two all-employee share plans, the Save As You Earn share option plan and the Share Incentive Plan, which are offered to all UK-based employees once they have worked for the Company for three months. The Company also offers a scheme whereby employees who do not participate in the Executive Incentive Scheme (cash bonus scheme) are offered the opportunity to exchange any cash bonus awarded for shares in 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 2020 resulted in 574,817 shares (2019: 423,839) being acquired by 294 employees (2019: 302).

The percentage of our employees who hold shares in the Company, either through the all-employee share schemes, the bonus exchange scheme, or any other method is over 64% (2019: 57%).

Important events since the year end
There has been a non-adjusting balance sheet event since 31 December 2020. More details on the fire safety provision can be found on page 30 and Note 33 on page 164.

Directors' responsibilities statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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, International Accounting Standard 1 requires that the 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 IFRS Standards 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 UK Corporate Governance Code 2018, as set out on page 63, the Directors are required 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 97.

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 financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Report of the Directors and responsibility statement was approved by the Board of Directors on 1 March 2021 and is signed on its behalf by:

Alice Marsden
Group General Counsel and Company Secretary, Taylor Wimpey plc

1 March 2021