Taylor Wimpey plc Remuneration Policy

First approved by shareholders: 2014 Annual General Meeting held on 17 April 2014

Approved by shareholders: 2017 Annual General Meeting held on 27 April 2017

Latest approval by shareholders: 2020 Annual General Meeting held on 23 April 2020

Next three-yearly vote: 2023 Annual General Meeting
(unless the Company seeks to vary the Policy at an earlier date)

Introduction

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

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

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

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

The Policy was re-approved by shareholders in the amended form which follows, at its 2020 Annual General Meeting on 23 April 2020, where the vote in favour, including all valid proxy votes and with all those allowing discretion being voted in favour, was again over 98% (over 61% of the Company's ordinary shares were voted at that meeting).

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

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward executives of a suitable calibre for the role and duties required.	Salaries are normally reviewed annually to ensure that 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 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 Director. • Where the Director’s salary has fallen below the market positioning.	Company and individual performance are factors considered when reviewing salaries.
Chair of the Board and Non Executive Director fees	The Chair’s and Non Executive Directors’ fees should be in line with recognised best practice and be sufficient to attract and retain high calibre non executives.	Fees consist of a single consolidated fee for the Chair, an annual fee for the other Non Executives 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 Committee and / or the Audit Committee and / or Remuneration Committee. Reviewed periodically but generally annually and at least every other year. Takes into account levels in comparably-sized companies and other major housebuilders. 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

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Other benefits, including benefits-in-kind	Provides a competitive package of benefits to assist with recruitment and retention of staff.	The main benefits offered: • 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
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 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.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Performance Share Plan (PSP)	Annual grants of share-based long term incentives assist with retention, incentivisation and motivation of senior executives 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; or • as a cash allowance.	Pete Redfern: cash allowance in 2020 of 21.24% of salary and then reducing annually thereafter 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 of 18% of salary in 2020 and then reducing annually thereafter 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.