

Governance at a glance

The 2018 UK Corporate Governance Code statement of compliance

For the year ended 31 December 2021, 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. The Code can be found at www.frc.org.uk
- 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
- The BEIS Directors’ Remuneration Reporting Regulations and Narrative Reporting Regulations

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. More information can be found on page 104.

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:

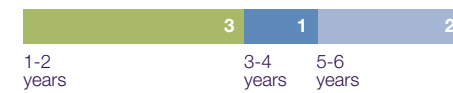
1. Board leadership and Company purpose	Pages 78 to 85
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Directors’ skills matrix

	Operational	Financial	Property	Customer service	Economics	Public sector	Marketing	Risk	IT	ESG
Irene Dörner	●	●						●		●
Pete Redfern	●	●	●	●	●	●		●		●
Chris Carney	●	●	●	●				●	●	●
Jennie Daly	●	●	●							●
Robert Noel	●	●	●					●		●
Gwyn Burr	●	●		●			●			●
Jitesh Gadhia	●	●			●	●		●		●
Scilla Grimble	●	●	●	●	●			●	●	●
Angela Knight	●	●			●	●		●		●
Humphrey Singer	●	●		●				●	●	●

Board composition (as at 31 December 2021)

Non Executive Directors’ tenure



Board independence



Board meetings via Microsoft Teams and in person



Highlights

Undertook a formal, rigorous and transparent recruitment and selection process for the role of Chief Executive
Page 90

Reported on the likely impact of the Company’s activities on the climate
Page 48

Further developed the Company’s succession and contingency plans
Page 91

Completed the annual internal evaluation of the Board, its Committees, the Chairman and individual Directors
Page 92

Met the FTSE Women Leaders Targets in relation to Board diversity
Page 93

Met the Parker Review ‘Beyond One by 21’ recommendation
Page 93

Implemented a revised Equality, Diversity and Inclusion Policy
Page 94

Published the Company’s fifth Gender Pay Gap Report
Page 94

Continued to be a member of the FTSE4Good Index
Page 79

Arranged a thorough induction process following the appointment of Jitesh Gadhia and Scilla Grimble as Non Executive Directors
Page 91

Enhanced the role of, and employee engagement with, the Board’s Employee Champion
Page 84

2022 AGM

The Board is pleased to be able to hold the AGM in person after two years of COVID-19 restrictions, and is looking forward to meeting shareholders, hearing their views and answering their questions.

More information about the 2022 AGM is available on page 184.



Board of Directors



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Chairman

1. Irene Dorner
Chairman **N R**

Joined December 2019 and appointed Chairman 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; CEO and President of HSBC in the United States; Group Managing Director of HSBC Holdings and member of the Group Management Board. Irene was Chairman of Virgin Money (UK) plc for seven months prior to its acquisition in 2018 and was also a non executive director of AXA SA.

External appointments
Irene is currently a non executive director at Rolls-Royce Holdings plc but will be stepping down on 12 May 2022. She also Chairs Control Risks Limited, a risk consultancy business. She is a Trustee of the South East Asia Rainforest Research Partnership, an Honorary Fellow of St. Anne's College, Oxford and Chair of the Trustees for the Hampstead Theatre.

Executive Directors

2. Pete Redfern
Chief Executive ^(a)

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 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 the Senior Independent Director at Travis Perkins plc and is Chair of the Youth Adventure Trust charity.

3. 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. Since joining 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.

As Group Finance Director, Chris has operational responsibility for managing the Company's finances and also oversees the information technology and pension functions.

4. Jennie Daly
Group Operations Director and CEO designate ^(b)

Joined April 2018

Skills and experience
Jennie has a wealth of experience in the property 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 currently a non executive director at New Homes Quality Board Limited and at the Peabody Trust, however she will step down from the Peabody Trust at the end of June 2022.

Independent Non Executive Directors

5. Robert Noel
Independent Non Executive Director ^(c) **A N**

Joined October 2019

Skills and experience
Rob has over 30 years' experience in the property sector. 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 has been the Company's Senior Independent Director since April 2020.

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

6. Gwyn Burr
Independent Non Executive Director ^(d) **N R**

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 at Hammerson plc and Made.com Group Plc; and a non executive director at Just Eat Takeaway.com N.V. plc and Metro AG (a German listed company).

7. Lord Jitesh Gadhia
Independent Non Executive Director ^(e) **N R**

Joined March 2021

Skills and experience
Jitesh has over 20 years' executive experience, principally in banking and private equity, having held senior roles at Blackstone, Barclays Capital and ABN AMRO. He previously supported the Letwin Review of the build out rate of residential homes, and was a non executive director at UK Financial Investments Limited and Senior Independent Director at Calisen plc.

External appointments
Jitesh has been a member of the House of Lords since 2016. He is a non executive director of Compare The Market Limited, a director of Accord Healthcare Limited, a member of the Board of UK Government Investments Limited, and a Trustee of the British Asian Trust. It has also been announced that Jitesh will be joining the Board of Rolls-Royce Holdings plc from 1 April 2022 as a non executive director.

8. Scilla Grimble
Independent Non Executive Director **A N**

Joined 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, and Marks and Spencer 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 at Moneysupermarket.com Group plc.

9. Angela Knight
Independent Non Executive Director ^(f) **A N R**

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 at HM Treasury until the end of February 2019.

External appointments
Angela is the Chair at Pool Re, and a non executive director at Arbutnot Latham & Co., Provident Financial plc, and Encore Capital Group, Inc. In addition, she is a member of the governing body of The Astana Financial Services Authority.

10. Humphrey Singer
Independent Non Executive Director **A N**

Joined December 2015

Skills and experience
Humphrey has a wealth of financial experience and expertise in the areas of both digital solutions and customer service. Previously he was Chief Finance Officer at Marks and Spencer Group plc, Group Finance Director at Dixons Retail plc, and earlier held senior finance-related roles within Dixons and Coca Cola Enterprises.

External appointments
Humphrey is Chief Financial Officer at Belron Group.



Company Secretary

Alice Black
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, regulatory and corporate governance related experience.

Key to committees

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

Board attendance during 2021

	Number of meetings attended in 2021
Irene Dorner, Chairman	8/9 ^(a)
Pete Redfern, Chief Executive	9/9
Chris Carney, Group Finance Director	9/9
Jennie Daly, Group Operations Director and CEO designate	9/9
Robert Noel, Senior Independent Director	9/9
Gwyn Burr, Non Executive Director	9/9
Jitesh Gadhia^(b), Non Executive Director	7/7
Scilla Grimble^(b), Non Executive Director	7/7
Angela Knight, Non Executive Director	9/9
Humphrey Singer, Non Executive Director	9/9

(a) Irene Dorner was unable to attend one Board meeting during the year. More information can be found on page 78.
(b) Appointed as a Non Executive Director on 1 March 2021.

Upcoming Board changes

- At the conclusion of the AGM on 26 April 2022:
- (a) Pete Redfern will step down as Director and Chief Executive
 - (b) Jennie Daly will become Chief Executive
 - (c) Robert Noel will become the Board's Employee Champion
 - (d) Gwyn Burr will step down from the Board
 - (e) Jitesh Gadhia will become Chair of the Remuneration Committee
 - (f) Angela Knight will step down from the Board

The challenge of maintaining good governance during this period of change has been effectively met.

Dear shareholder

My second year as Chairman featured almost as many new challenges as the first year, when we worked our way through the impact of a global pandemic. Our Board has overseen the gradual rebuilding of our operations towards pre-COVID-19 levels and the actions taken to ensure land acquired following the equity raise progresses through the planning system to deliver outlet-led growth, whilst conducting an in-depth external and internal search for the Company's new Chief Executive.

The challenge of maintaining good governance during this period of increasing activity on a number of different fronts has, I believe, been effectively met. This Governance report sets out the key areas we have considered as a Board; the Board Committees; and the processes established throughout the Group's businesses and operations; the influence of stakeholder engagement in our thinking, debate and decision making; and how that has been brought together to maintain strong governance throughout 2021 and present a robust outlook for 2022 and beyond.

Culture

Underpinning the Group's corporate governance is the culture embedded at every level of the business of 'doing the right thing'. This has continued to be the cornerstone of our leadership and of the Group Management Team (GMT), who work together to ensure this is reflected in our everyday business practices and our engagement with stakeholders.

We hold ourselves accountable to a similar high standard in our approach to governance, whereby we seek to comply with and exceed, to the extent reasonably possible and appropriate, new corporate governance standards in advance of their formal application to subsequent reporting years.

Information on the Group's cultural principles and the ways in which we monitor their application and continued appropriateness, appears on pages 40 and 83.



Irene Dorner
Chairman



Stakeholder engagement

The Board leads the Company's stakeholder engagement programme and ensures that the views of different categories of stakeholders, and consideration of how the Group's current activities and future proposals may impact upon those stakeholders, are considered by the Board and the GMT on a regular basis.

A key area of focus for us is shareholder communication, including soliciting their views and taking them into account in our decision making. I have continued my direct engagement with our shareholders, in addition to our planned investor relations programme undertaken each year.

Equally important is maintaining, and seeking to further improve, two-way communication between the Board and our employees. Whilst this remains a priority for the entire Board, the appointment during 2020 of Gwyn Burr as the Board's Employee Champion has further improved this process of inclusion, consultation, and information. I am confident that when Gwyn leaves the Board after the Annual General Meeting (AGM), Robert Noel will continue to further develop and strengthen these areas when he takes over the role of the Board's Employee Champion.

Information on the processes embedded to ensure that this employee engagement takes place appears on page 84.

Environmental, social and governance

Environmental, social and governance (ESG) considerations have consistently featured on the Board's and its Committees' agendas through the year and are built into the Company's strategy, planning and day to day business operations. We have responsibility

for driving progress towards the Company's ESG initiatives and this report sets out how the Company has addressed this key area during 2021 and our plans to continue doing so during 2022, benefiting from the learnings from an external assessment of our work in this area to date.

Please see pages 7 and 79 for more information.

Climate change

We are all conscious that climate change has rightly received greater attention worldwide during 2021 and that efforts continue to reduce the pace of that change. To that end, The Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. This reporting became mandatory for UK listed companies for 2021 reporting and beyond, in accordance with Listing Rule 9.8. The Company's reporting in this area, including additional disclosures around risks and opportunities, is set out on pages 48 to 57, together with details as to how this reporting has been overseen by the Audit Committee on page 99.

Equality, diversity and inclusion

Further improving equality, diversity and inclusion across the Group is embedded in our day to day business operations. Led by the Group HR team, supported by the GMT and overseen by the Board, the further progress made in these areas during 2021 and plans for further improvement during 2022, are set out on page 95.

In 2021, the Company continued to exceed the FTSE Women Leaders Review target on gender, namely, to have at least 33% female representation on the Board; and has also met the Parker Review target of having at least one person of colour on the Board by the end of 2021.

We have made further progress below Board level, with female representation on the GMT and their direct reports combined, having increased from 23% in 2020 to 24% as at 31 December 2021. However, this progress needs to continue and the Company's revised Equality, Diversity and Inclusion Policy, together with details of the progress made during 2021 and plans for 2022, appears on pages 93 to 97.

Board composition

Following the appointments of Jitesh Gadhia and Scilla Grimble in March 2021, the Nomination and Governance Committee conducted a thorough review of our Board and concluded that the composition, structure, and balance of skills and experience on the Board was appropriate at the time.

The following changes were recently announced to the composition of our Board.

Firstly, we have announced that Pete Redfern will be stepping down as a Director and as Chief Executive at the conclusion of the AGM on 26 April 2022. This is, of course, a significant development for the Company as Pete has been Chief Executive since the merger in 2007 which created Taylor Wimpey and was previously George Wimpey's Chief Executive from 2006. Pete introduced the culture of 'doing the right thing' and has continued to lead the Company with consistently high standards of corporate governance.

We were delighted to announce on 7 February 2022 that Jennie Daly, our current Group Operations Director, will succeed Pete Redfern as Chief Executive with effect from the conclusion of the AGM. Jennie has been with the Group for eight years and has extensive knowledge and practical experience of all stages of the land acquisition and development business,

including as Interim Divisional Chair of one of our operating divisions. She is well-known and well-respected in the wider industry, with 30 years' experience in the housebuilding and land and planning industries. Jennie will have the benefit of a substantial handover period from Pete prior to his departure. With her strong focus on execution, combined with her customer and people-focused skills, I, and the Board as a whole, are confident that she is the ideal person to lead the Group in the next exciting chapter of growth and delivery.

More details of Jennie's experience and career to date appear on page 74.

Secondly, we have announced that two of our Non Executive Directors, Gwyn Burr and Angela Knight, will be stepping down with effect from the conclusion of the 2022 AGM and will therefore not be seeking re-election at the AGM. I would like to thank both Gwyn and Angela for their long service and valued counsel during their tenure on the Board; their membership of Board Committees; and Gwyn's additional valued contributions both as Chair of the Remuneration Committee and as the Board's Employee Champion.

We have engaged the services of a reputed executive search firm to support the recruitment process for new Non Executive Directors, with a focus on operational and customer service expertise.

Succession planning for key Board positions is regularly reviewed by the Nomination and Governance Committee, with training and development plans for Board members and their potential successors focused on likely timescales for future change. Details of training and development activities undertaken by the Board, individually and collectively, during 2021 is set out on page 78.

50%

Board gender diversity

95%

of employees are proud to work for the Company

50%

reduction in direct (scope 1 and 2) carbon emissions intensity since 2013

The Board continues to recognise the importance of it, its Committees, and individual Directors, each being subject to a rigorous performance evaluation every year. This annual evaluation is externally facilitated at least every three years, in accordance with the Code. The 2021 evaluation was internally facilitated, and details of the process followed, the outcomes, and proposed actions to be taken to address potential areas of improvement or further enhancement, are set out on page 92.

2022 AGM

I am pleased to be able to announce that the Company's 2022 AGM will be held in person at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1GJ. I hope you will be able to attend and I and the other Board members look forward to meeting shareholders, hearing their views, and answering their questions. In the event that shareholders are unable to attend the AGM, they are invited to submit questions in advance to be answered at the AGM. More details of the AGM and the business to be considered, are set out on pages 184 to 191.

Conclusion and outlook

As demonstrated in the results of our internal Board evaluation, your Board continues to be effective and to work well as a team, having been further enhanced by the skills and knowledge brought to the table by the two new appointees during the year. Throughout 2021 I am confident that we continued to have the right balance of skills, expertise, experience and professionalism to continue to deliver strong governance, within our culture of 'doing the right thing'. Following our announcement that Gwyn Burr and Angela Knight will be stepping down at the conclusion of our AGM, we also have the opportunity to carefully reassess our Board composition to ensure we maintain such high standards in the future.

Irene Dorner
Chairman

2 March 2022

Board leadership and Company purpose

The Board and its Committees

At the date of this report, the Board consists of ten Directors, namely: the Chairman; three Executive Directors; and six Non Executive Directors. Their names, responsibilities and other details appear on pages 74 and 75.

The role of the Non Executive Directors is to offer advice, guidance and constructive challenge to the Executive Directors, using their wide ranging experience gained in business and from their diverse backgrounds in the areas described on pages 74 and 75.

Appointments and succession

During 2021 the Nomination and Governance Committee reviewed the composition, structure, succession planning, and balance of skills and experience on the Board and the Board Committees. Following the appointments of Jitesh Gadhia and Scilla Grimble on 1 March 2021, described on page 88, the Nomination and Governance Committee considered the Board composition was appropriate, and this will be kept under review following the Board changes at the 2022 AGM.

More information about the planned succession of Jennie Daly to the Chief Executive role and the recruitment, assessment and decision making process undertaken by the Nomination and Governance Committee in planning and concluding the Chief Executive succession; together with the progress to date on recruiting new Non Executive Directors, can be found on pages 90 to 91.

Board attendance

During 2021 the Board held eight formal meetings and one business update call in January in order to update the Board on the previous year end performance and provide an initial trading update in the new year.

The Board regularly considers the number and frequency of Board meetings that take place each year and has concluded that nine meetings is appropriate. There are processes in place to convene additional Board meetings as and when necessary.

The Chairman held a meeting with the Non Executive Directors at the conclusion of each formal Board Meeting, without the Executive Directors being present, and, as required by the Code, the Senior Independent Director, held a meeting with the Non Executive Directors without the Chairman being present.

There was full attendance at all meetings by all Directors, except the Chairman who was not available for one meeting which was instead chaired by Robert Noel as the Company's Senior Independent Director. After the meeting, both Rob Noel and Alice Black, in her role as Secretary, briefed Irene Dorner on the business of the meeting and any decisions that were taken. In addition, prior to the meeting, Irene's views on the business proposed in the meeting agenda were sought and shared with the other Board members during the meeting. Details of the attendance of each Director at Board and Committee meetings are set out in the tables on pages 75, 88, 98 and 105.

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. More information about each member of the Board's role can be found on page 87.

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 steadily enhanced over the past four years enabling a representative of the Board, usually the Board's Employee Champion, Gwyn Burr, to continue hearing employee sentiment first hand. This dialogue operates as an effective, two-way information loop between the Board and the NEF as the employees' representative body and we will continue to develop the link between employees and the Employee Champion in 2022. More information about employee engagement can be found on page 84.

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 ahead of all Board and Committee meetings at least one week prior to the meeting, in order to allow sufficient time for detailed review and consideration. Formal minutes are prepared in respect of all Board and Committee meetings.

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

During 2021, the Board received briefings on topics including ESG. These were delivered by independent experts and the Board will continue to include additional topics on the agenda for future information briefings.

The Chairman, Chief Executive and Secretary meet sufficiently in advance of each Board meeting in order to ensure action points from previous meetings have been implemented and to prepare the agenda and matters to be covered at the next and at future Board meetings as appropriate.

A similar process is undertaken by each Committee Chair with relevant members of Management.

An annual plan for the following year's meetings is approved by the Board and each Committee in the final meeting of each year.

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 22 to 27.

Examples of the Board's leadership towards achieving this purpose during 2021 are described on pages 81 and 82, including the Board's consideration of key stakeholders and the ways in which consideration of their interests informed the Board's decision making during 2021 and will continue to do so during 2022.

Environmental, social and governance

Environmental, social and governance (ESG) has always been an important part of working for Taylor Wimpey and our approach is set out on page 7. The Board receives regular briefings and updates on the progress of the Group's ESG initiatives. These briefings allow the Board to assess the significant ESG risks to the Company's short and long term value. They also informed the Board as to the Company's compliance with the new requirements effective for this reporting year.

How progress is driven and performance overseen

In light of the increasing focus on ESG matters by stakeholders, and its importance in relation to Group strategy and operations, the Board decided during the year that ESG oversight would be the responsibility of the full Board, in order to ensure that all of the Executive Directors are involved in the considerations and can then drive the necessary action and any change through the organisation. The Nomination and Governance Committee still has an important role to play in some key areas of ESG and these are described more fully in the Nomination and Governance Committee report on pages 89 and 93.

The financial implications for the Company of ESG are overseen by the Audit Committee as part of its review of the annual financial statements, as described in more detail on pages 98 to 104. This includes financial impacts from climate change which are reported in compliance with the TCFD, as set out on page 50.

The implementation of ESG initiatives across the Group is led by the Chief Executive and the GMT.

Social and governance aspects of ESG are considered 'business as usual' and this is evident in our key performance indicators and stakeholder interaction.

Independent performance indicators

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. It is therefore pleasing to be able to report that the Company's commitment to ESG and progress, particularly in respect of our sustainability initiatives, is being recognised, as the Company:

- Is a constituent of the Dow Jones Sustainability Europe Index and FTSE4Good
- Is included in the S&P Sustainability Yearbook 2022
- Has received an AA rating from MSCI
- Has received an ESG Risk Rating of Low from Sustainalytics
- Is a member of Next Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021
- Discloses performance to CDP and received the following scores: CDP Climate Change A- (2020: B), CDP Water Security B (2020: B), and CDP Forests B- for forest commodities and deforestation (2020: B)
- Is assessed to be at level 2 in the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company's ESG performance, indicating a low level of comparative risk for governance, including the lowest level of comparative risk for the key areas of Board structure, compensation, and shareholder rights

New reporting

The Board welcomed the Policy Statement and associated guidance issued by the Financial Conduct Authority setting out details of how greater reporting in this area is mandatory for this and future reporting periods under the Listing Rules. The Company's new reporting in this area is set out on pages 48 to 55 of this Annual Report; and our continued disclosure of performance against criteria identified for our sector by the Sustainability Accounting Standards Board, appears on pages 56 to 57.

Further details of ESG risks and value enhancement pursuit appear on pages 48 and 49 and in the Sustainability Supplement and ESG Addendum 2021, which is available on our website at taylorwimpey.co.uk/corporate/sustainability



Corporate governance: Board leadership and Company purpose continued**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.

Health, safety and environment

The Board's continuing 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 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 34 to 47, in our Sustainability Supplement and ESG Addendum for 2021 and the Company's detailed carbon reporting, as set out on page 55.

Diversity

As part of our ESG agenda, the Company is committed to supporting diversity and our policy is to appoint or promote, as appropriate, the best person for the role in question, without taking account of factors such as background, age, gender, ethnicity or disability. The policy has been reinforced through training sessions on unconscious bias for management teams throughout the Company's business units and its head office functions.

More information can be found on page 93.

Management

Progress in achieving the Group's strategy is reviewed at appropriate Board meetings through the year and is reported on pages 24 to 27. The Chief Executive has responsibility for preparing, reviewing

and executing the 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 comparisons against budget and prior year performance, 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 and Company Secretary.

The Group has clearly defined policies, processes and procedures governing all areas of the business, which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances.

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.

Defined authority limits continue to be closely monitored in response to prevailing market conditions.

Every employee should have a set of performance objectives agreed for each year in addition to a personal development plan. 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.

Our governance related documents

The following documents are available to view on the Company's website. These were reviewed during the year, updated where necessary, and relevant reporting against these is provided to the Board or relevant Committee.

Schedule of matters reserved for the Board**Division of responsibilities****Articles of Association****Terms of Reference of the Nomination and Governance Committee****Terms of Reference of the Audit Committee****Terms of Reference of the Remuneration Committee**

A number of further Board mandated policies can be found on our website www.taylorwimpey.co.uk/corporate/our-company/governance/our-policies

Operational oversight

Operational oversight of the Company's business is undertaken by the Chief Executive leading the GMT. The GMT is the most senior executive committee and its membership is set out on pages 10 to 17. The GMT is responsible for the day to day management of the Company's operations and is responsible for making key strategic decisions.

The Board also receives regular reports and minutes from the meetings of the Company's Treasury Committee which is chaired by the Group Finance Director. The Treasury Committee is responsible for monitoring and reviewing the Company's financial risks, financial and treasury policies, financial facilities, covenant compliance and insurance programme in light of current and proposed strategic and operational requirements. The Treasury Committee is also responsible for making 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 of any significant variances, together with remedial actions proposed or taken.

Risk

During 2021, the continued embedding of previous enhancements made to the Group's risk management process around enhanced reporting, tracking and monitoring of risks, together with additional enhancements made during the year, have further strengthened the effective management of the Principal, key and emerging risks, which led to the addition of two new Principal Risks as set out on page 61. Their associated management and mitigation actions and plans were reviewed and assessed by Internal Audit as part of its programme of work during the year. To achieve its objectives in respect of risk management and internal control for the year, the Audit Committee undertook a number of actions, as set out in more detail in the Audit Committee Report on page 101.

Anti-bribery and anti-corruption

In line with the Bribery Act 2010, the Company has written policies on its zero-tolerance approach to bribery and corruption. These policies are available for review externally on the Company's website and internally on the 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 current versions of the policies, to all businesses and key

Whistleblowing

The Company's Whistleblowing Policy is supported by a clear process that includes an independent third party whistleblowing hotline that 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, Group HR Director and / or the Group General Counsel and Company Secretary depending on the nature of the issue, and (where appropriate) the Head of HSE.

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 2021, 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 anonymous report that is provided to the Board of concluded investigations is also shared with the GMT.

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 its 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.

departments, which requires written confirmation of continuing compliance and maintaining the gifts and hospitality register. As part of the annual reminder, senior managers are required to review training videos on anti-corruption, anti-money laundering and competition law.

Ensuring there is no conflict of interest

In order to assist Directors in complying with their duty to avoid conflicts (or potential conflicts) of interest the Board must first give its clearance to potential conflicts of interest (which includes directorships or their 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, a Director 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 also considers the impact on the time commitments of the Director concerned. Following these reviews, the Board remains satisfied that 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 that the Director is able to devote to the Company.



Board activities

Strategy and execution

Stakeholders impacted

- Customers
- Employees
- Partners
- Investors
- Communities

Business updates

- Received updates on the Company's land purchases following the equity raise during 2020
- Received a customer service update, with a focus on the introduction of the New Homes Quality Board and Ombudsman service
- Reviewed an update on the Company's supply chain performance
- Received a sales and marketing update
- Received a demonstration of the new customer management system platform
- Reviewed an update on the Company's IT systems and cyber security activities
- Received regular updates on HR matters

COVID-19

- Monitored the impact of the COVID-19 pandemic on the Company and its stakeholders

ESG

- Oversaw the Company's ESG initiatives

Compliance

- Reviewed and approved the 2020 Annual Report and Accounts

Fire Safety

- Considered reports on fire safety and cladding matters at every meeting

CMA

- Received regular reports on engagement with the CMA regarding the Company's historic leasehold properties

Organisational capacity

Stakeholders impacted

- Customers
- Employees
- Partners
- Investors

Operational performance

- Received health, safety and environmental reports at every meeting
- Received regional, divisional and Company performance updates
- Received regular reports from the Company's brokers and investor relations team
- Visited a regional business unit office and three development sites

National Employee Forum (NEF)

- Received updates from the Board's Employee Champion following every NEF meeting

Employees

- Approved the Board's Employee Champion's key activities
- Considered the results of the employee survey and actions proposed

Succession planning

- The Board considered and approved the recommendation from the Nomination and Governance Committee to appoint the new Chief Executive

Financial oversight

Stakeholders impacted

- Employees
- Partners
- Investors

Financial resources

- Received a detailed review of the Company's financial position, including borrowing facilities and financial alternatives, at each meeting
- Agreed the 2022 budget
- 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

Excess capital returns

- Considered the Company's Dividend Policy and return of excess capital to shareholders

Pensions

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

Risk

- Received regular updates on the Company's risk management
- Conducted two assessments of risk and progress made on mitigating actions

Governance and values

Stakeholders impacted

- Employees
- Partners
- Investors
- Communities

Compliance

- Received regular updates on relevant governance and regulatory developments during the year, from both internal and external sources
- Approved the Company's fifth Modern Slavery Act 2015 statement in 2021 after reviewing its operations and supply chain
- Received two whistleblowing updates and interim updates as required
- Reviewed the Company's 2020 Gender Pay Gap Report
- Reviewed the Committees' Terms of Reference

AGM

- As a result of the pandemic, held the 2021 AGM without shareholders in attendance but with the opportunity for shareholders to pre-submit questions or ask them live
- At the 2021 AGM, proposed the appointment of PwC as the Company's external Auditors which was approved by over 98% of votes

Board evaluation

- Oversaw the internally facilitated Board evaluation, identifying areas for further improvement and agreed actions to be taken

Shareholders

- Sought shareholder and institutional feedback, both at the AGM and half year and full year results presentations, in addition to shareholder engagement conducted by the Chairman and Remuneration Committee Chair

How our Board monitors culture

Our Board considers that good governance should not only be focused on how our Board operates, but also on the culture within which the Company's employees operate on a day to day basis in order to achieve our purpose. We are proud of the culture to 'do the right thing' at Taylor Wimpey and see it as a key strength of the organisation.

A healthy culture is important and we fully agree 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 a crisis. Our Board is responsible for defining and setting the Company's culture, 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 Board is led in these respects by the Chairman, who ensures our 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 and the GMT.

The Board reviews several important indicators of the Company's culture, including those set out below.

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 all of our stakeholders that work at, or visit our offices and developments
- The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business
- 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
- 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

Board and employee engagement

The Board's Employee Champion, Gwyn Burr, Non Executive Director, continued to strengthen the availability and frequency of communication between the Board and employees. Gwyn attended three NEF meetings throughout the year and reported back to the Board on topics discussed, as described in more detail on page 85.

2021 Action: The two-way communication channel was further strengthened by the introduction of Local Employee Forums at business unit level, to feed into the NEF.

More information can be found on pages 84 to 85.

Health and safety

Our Annual Injury Incidence Rate per 100,000 employees and contractors was 214 (2020: 151), well below the HBF Home Builder and Health and Safety Executive construction industry averages. The Board reviews health, safety and environmental matters as the first substantive item at each Board meeting.

During 2021, our health and safety team delivered training to over 2,000 individuals on sites and rolled out a new HSE reporting system, improving data records and insight into likely root causes of incidents.

2021 Action: The NEF was consulted on Health and Safety improvement strategy and this area scored well in the Employee Survey reported on page 41.

More information can be found on page 40.

Employee perception and retention

Our voluntary employee turnover of 19.0% (2020: 9.4%) has increased following a very low year in 2020 as a result of the uncertainty during the COVID-19 pandemic.

2021 Action: Conducted an Employee Survey and identified priorities which were acted upon during 2021 and inform plans in this area during 2022.

More information can be found on pages 26 to 27.

Employee surveys

Following the results of the Company's latest employee survey, a benchmarking exercise was undertaken, resulting in salary increases for 1,307 employees in addition to the 2% general salary increase for all employees. We will continue to benchmark key roles throughout the year when necessary, to ensure that we continue to offer a market-competitive remuneration package.

2021 Action: Initiatives in response to feedback contained in the results of the 2021 Employee Survey, as described on page 26.

More information can be found on pages 26 to 27.

How the Board engaged with shareholders and employees during the year

Shareholders

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

The Company has continued its longstanding practice of engaging with its shareholders in a proactive manner.

Chairman meetings

Irene Dorner held six meetings with key investors and shareholder representative bodies throughout 2021, representing 22.3% of our issued share capital. A variety of key themes were discussed such as ESG and succession.

2021 Annual General Meeting

Shareholders were not able to attend the 2021 AGM in person as a result of the COVID-19 pandemic.

In a similar way to the 2020 AGM, the Board put in place arrangements for shareholders to listen to the business of the meeting by dialling into an audiocast 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 during the meeting.

The Company also took the opportunity to amend its Articles of Association to allow hybrid meetings in the future, so that if shareholders are unable to attend meetings again in the future, they will be able to vote in real time.

The Board is looking forward to reverting to an 'in person' AGM in 2022, which will allow our Board members to meet and speak directly with our shareholders.

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.

The Company's brokers also attend Board meetings from time to time as required to give their perspective on institutional shareholder sentiment.

Remuneration consultation

The Remuneration Committee also wrote to 14 shareholders and three institutional shareholder advisers, holding in aggregate 50% of our issued shares, to ask for feedback and offered the opportunity for a conversation on the proposed remuneration arrangements for the Executive Directors for 2022 and the proposed remuneration arrangements for Pete Redfern when he leaves the business.

Employees

The Board recognises the importance of engaging with the workforce and has therefore adopted two of the methods set out in Provision 5 of the Code.

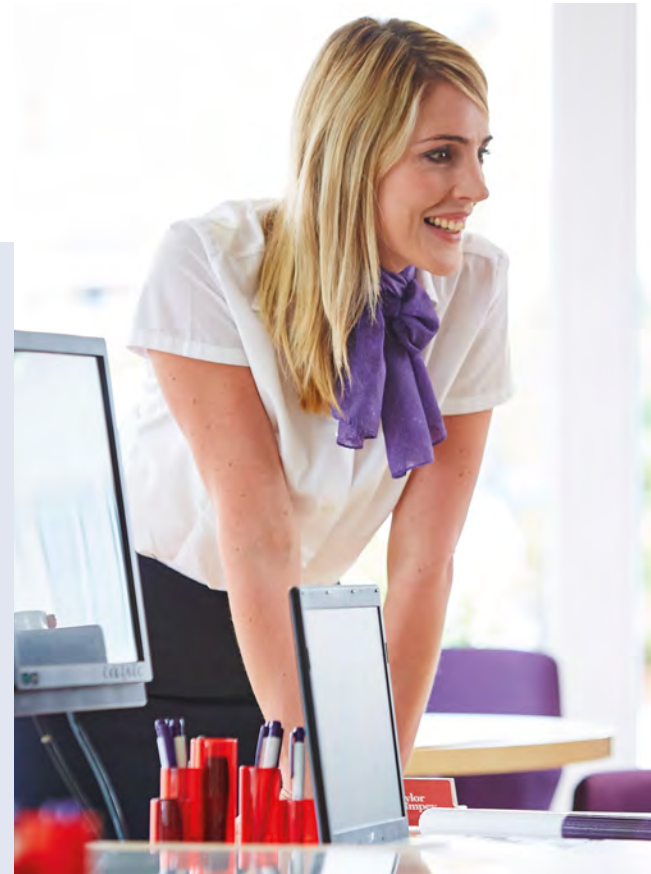
The Board's Employee Champion

Gwyn Burr was the Board's Employee Champion throughout 2021 and is responsible for championing the 'employee voice' in the boardroom and strengthening the link between the Board and employees. During the year, the Board took the opportunity to define the main activities of the Board's Employee Champion, and these can be found on page 87 and in the Division of Responsibilities document on the Company's website.

Gwyn regularly attends the NEF, attending three meetings during 2021. After each meeting she provides an update to the Board on the items discussed during the meeting. The topics covered during these meetings can be found in the NEF section opposite. Gwyn and the Chairman, via the Secretary, have the opportunity to suggest agenda items at each NEF meeting, and the Board's Employee Champion ensures that they feed back any areas of concern raised by the NEF members. During 2021, it was agreed that the standing 'open discussion' item on each NEF agenda was moved to the start of the meeting so that NEF members could raise any concerns without the risk of running out of time in the meeting. This change has resulted in a significant increase in discussions and debate.

Following engagement with employees at the NEF, Gwyn suggested and it has been agreed that in 2022 the Board's Employee Champion will meet with small groups of junior to mid-level employees in each division to gather feedback directly from employees outside of the NEF in an informal setting and without senior management being present, to further encourage openness. These meetings will be called 'Employee Focus Groups' and will include both site and office based staff. The sessions will be facilitated by the Employee Champion with the support of the Company Secretary and there will be no set agenda with participants being encouraged to feed back on any topics they choose to.

The Employee Champion will feed back to the Chairman and Chief Executive shortly after each meeting to ensure any area of concern can be appropriately addressed quickly, and will also provide an update to the Board.



The NEF

The NEF has been in place for over four years and continues to be effective. The NEF is chaired by Tim Betts, regional Managing Director of our South East business unit, who has confirmed that there continues to be a healthy level of debate which has led to key changes in key processes and procedures, such as providing input on proposed action plans following the employee survey.

All NEF members participated in a number of training courses aimed at building their confidence and encouraging them to look beyond their region and consider issues from a national perspective.

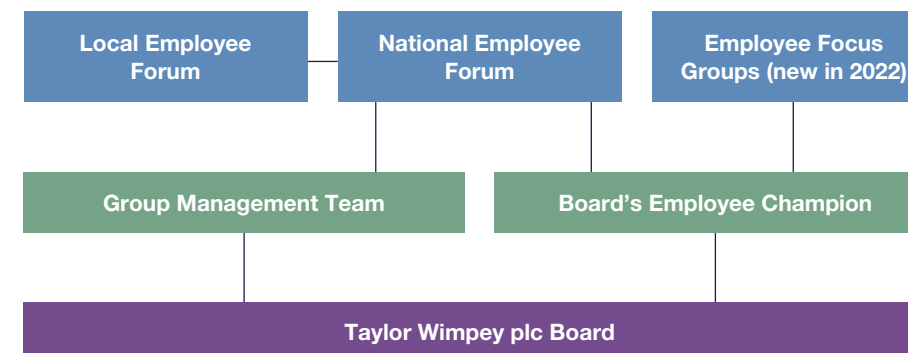
During 2021 the following key activities took place:

- The NEF membership was extended to ensure that it had representation from all parts of the business.
- Received briefings on key development areas in the business, including an update on land acquisition following the equity raise, implementation of the Environment Strategy, and the employee survey.

Employee Consultative Committees had been established for over 10 years at each business unit, however it was considered that their size and structure did not appropriately reflect the different functions within the business. The structure of these Committees was reviewed during 2021 to

ensure that each local group had representation that mirrors the business structure and provides flexibility for additional members as required. These updated forums are referred to as 'Local Employee Forums' (LEF), comprising of a member from each function and department or a representative for groupings of smaller departments. Each LEF is responsible for communicating feedback from the NEF to their business unit and to feed any areas of concern up to the NEF. This will strengthen the input into the NEF and the Board from the Company's employees.

More information on how the Board engaged with our other stakeholders and key decisions made by the Board whilst considering our stakeholders can be found on pages 36 and 37.



A clear and effective structure

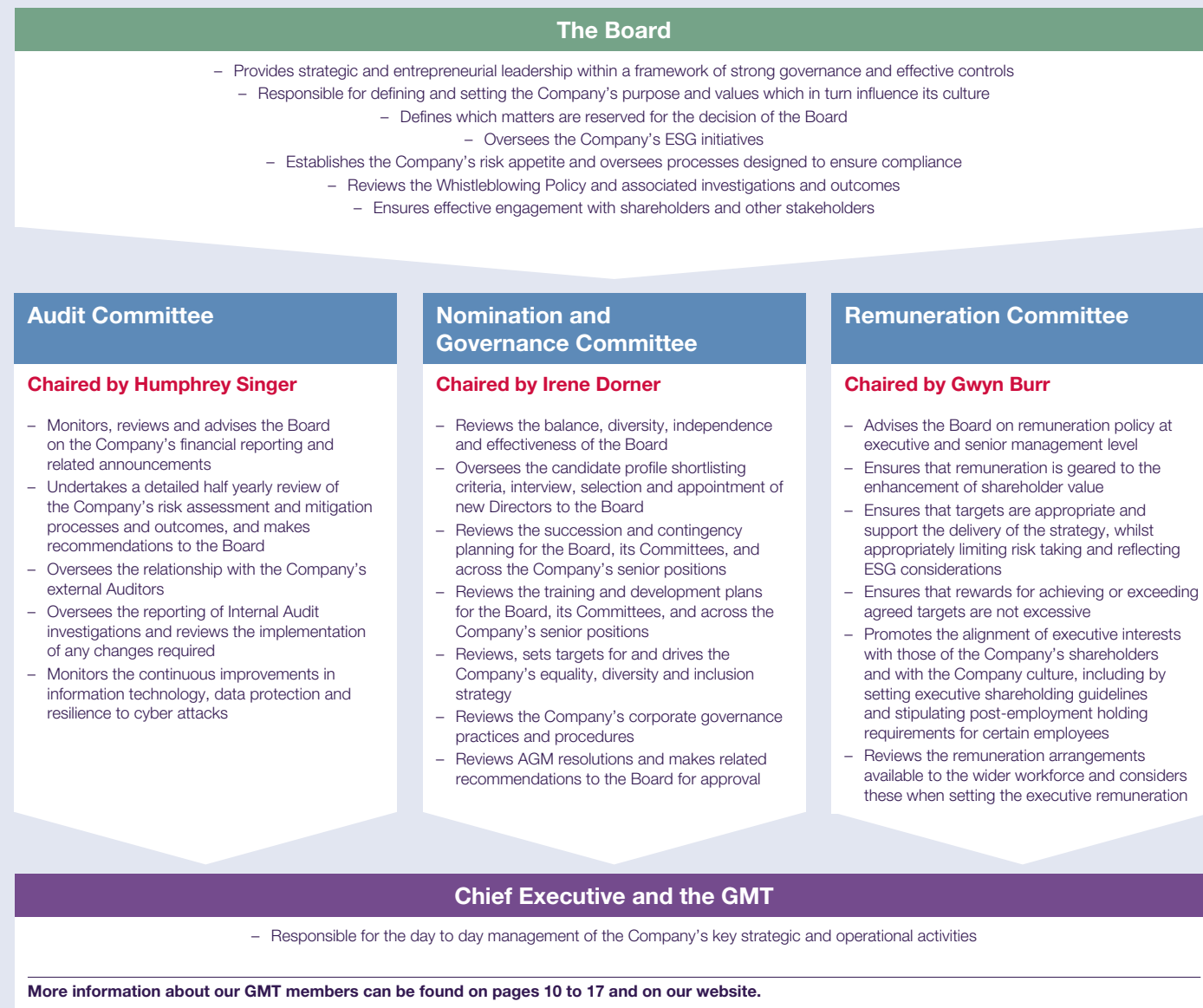
There is a clear and effective division of responsibilities between the Board and the Group Management Team (GMT) which is a key foundation of the Company's strong governance.

We believe that a successful company is led by an effective and entrepreneurial board, whose role 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, Chief Executive and Senior Independent Director have been reviewed during 2021 and have been signed by Irene Dorner, Pete Redfern and Robert Noel in their respective capacities. In addition, the main activities of the Board's Employee Champion have been included in the document in 2021.

How we are governed



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		
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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		
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Regularly review the organisational structure, including developing the GMT 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 	<ul style="list-style-type: none"> 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 Oversee the customer service, sales and marketing, and sustainability functions
Group Finance Director		
<ul style="list-style-type: none"> Manage the Company's operational financial affairs, including any treasury and tax matters Oversee the finance, information technology and pension departments 	<ul style="list-style-type: none"> Oversee the Company's risk profile, in conjunction with the GMT 	<ul style="list-style-type: none"> 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		
<ul style="list-style-type: none"> Manage the Company's operational development process, from land acquisition, through planning applications, to design and production 	<ul style="list-style-type: none"> Oversee the commercial department, operational supply chain and logistics support Oversee the Company's risk profile, in conjunction with the GMT 	<ul style="list-style-type: none"> Agree the Company's annual budget from an operational perspective, prior to formal agreement with the Group Finance Director, Chief Executive and then the Board
Senior Independent Director		
<ul style="list-style-type: none"> Act as a sounding board for the Chairman Chair Board meetings in the absence of the Chairman 	<ul style="list-style-type: none"> Act as intermediary for the other Directors, when necessary Lead the evaluation of the Chairman's performance 	<ul style="list-style-type: none"> Lead the search for a new Chairman, when necessary Be available to shareholders who wish to discuss matters which cannot be resolved otherwise
Non Executive Directors		
<ul style="list-style-type: none"> Provide effective and constructive challenge to the Executive Directors Assist in developing and approving the Company's strategy 	<ul style="list-style-type: none"> Serve on Board Committees Provide advice and experience to the Company 	<ul style="list-style-type: none"> Keep abreast of shareholders' views
Employee Champion		
<ul style="list-style-type: none"> Responsible for championing the 'employee voice' in the boardroom and strengthening the link between the Board and employees 	<ul style="list-style-type: none"> Gather the views of employees through a variety of formal and informal channels and identify any areas of concern 	<ul style="list-style-type: none"> Liaise with Senior Management on a regular basis on matters of employee engagement and culture
Group General Counsel and Company Secretary		
<ul style="list-style-type: none"> Advise the Board on matters of corporate governance, compliance and legal issues Responsible for all legal and compliance matters relating to the Company 	<ul style="list-style-type: none"> Provide support to the Chairman and the Non Executive Directors Ensure effective support to the Board during meetings and whilst setting agendas 	<ul style="list-style-type: none"> Keep abreast of shareholders' views Oversee the Company's Secretariat and Legal Departments

Nomination and Governance Committee report

Nomination and Governance Committee summary

The Committee is chaired by Irene Dorner, Chairman of the Board. The Committee consists of six Non Executive Directors and the Chairman of the Board.

Committee meetings were also attended, by invitation, by the Chief Executive, Group Finance Director, Group Operations Director, Group General Counsel and Company Secretary, Deputy Company Secretary, Assistant Company Secretary, Group HR Director, Head of HR (Strategy), and the National Employee Forum (NEF) Chairman.

Committee members	Meetings attended
Irene Dorner (Chair)	5/5
Robert Noel	5/5
Gwyn Burr	5/5
Jitesh Gadhia ^(a)	4/4
Scilla Grimble ^(a)	4/4
Angela Knight	5/5
Humphrey Singer	5/5

(a) Appointed to the Committee on 1 March 2021.

Main objectives

- To ensure there are formal, rigorous and transparent procedures 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

2022 objectives

- Ensure an effective induction programme takes place for the new Chief Executive
- Ensure a formal, rigorous and transparent recruitment process for the appointment of new Non Executive Directors takes place, followed by an effective induction programme
- Continue to drive the equality, diversity and inclusion agenda to make progress towards the Company's targets and to ensure it is embedded within the Company's culture and aligned to the strategy
- Continue to monitor succession and contingency plans across the Company
- Ensure the Company continues to have the necessary level of skills and leadership on the Board and Group Management Team (GMT) to effectively deliver the strategy
- Continue to develop the Company's corporate governance processes and to maintain corporate governance best practice



Irene Dorner
Chairman of the Nomination and Governance Committee

Non Executive Directors and will be kept under review during 2022.

Corporate governance

The Committee's objectives include oversight of the Company's corporate governance practices, and we have successfully undertaken this role during 2021 through regular updates to the Committee and monitoring of the proper operation of the Company's governance processes. Throughout 2022 we will continue to develop these processes to ensure that corporate governance best practice is complied with at all levels of the organisation.

Board evaluation

During 2021, the Board's annual internally facilitated evaluation was successfully undertaken by myself with the assistance of the Group General Counsel and Company Secretary. The Committee assessed the progress made towards addressing the key points raised as part of the 2020 externally facilitated Board evaluation. Following the conclusion of the 2021 Board evaluation, a number of key actions to be taken during 2022 were identified and progress towards these will be reported in the 2022 Annual Report and Accounts.

I am proud of the results of the evaluation and consider our Board to be operating well with a healthy balance of discussion, debate and expertise. More information about the Board evaluation process, key actions and progress made can be found on page 92.

The appointment of Scilla Grimble and Jitesh Gadhia as Non Executive Directors on 1 March 2021 enhanced the range of skills and diversity on our Board and Committees. More information about Scilla and Jitesh's recruitment and induction process can be found on page 91.

However, following our announcement that both Gwyn Burr and Angela Knight, Non Executive Directors, will be stepping down from the Board on 26 April 2022 due to changes in their commitments to other Boards, a recruitment process is underway to identify new Non Executive Directors to join our Board. Further details of the process and the skills and expertise we are seeking can be found on page 91.

During 2021, the Committee considered the balance of skills and experience of the Non Executive Directors, their time commitments and succession plans and at that time considered the balance to be appropriate. This balance has been reassessed whilst preparing for the recruitment of the new

The Committee's annual performance evaluation concluded that the Committee remains effective and the review of the Committee's Terms of Reference concluded that they remain appropriate and in line with best practice. The Committee's Terms of Reference can be found on our website.

Environmental, social and governance (ESG)

In 2021, ESG remained a key focus for the Committee and the Company's progress has been recognised by a number of accreditations, including being placed third in the Next Generation benchmark, and continuing to be a constituent of the Dow Jones Sustainability Europe Index and the FTSE4Good Index Series. Responsibility

for oversight of the Company's ESG initiatives has now been handed over to the Board and more information as to the rationale for this change and our plans for 2022 can be found on page 79.

Equality, diversity and inclusion

Throughout 2021, and continuing into 2022, equality, diversity and inclusion remain a key priority for the Committee and I am proud of our continued progress in this area. During 2021, the Committee oversaw the development and implementation of the Company's revised Equality, Diversity and Inclusion Policy. More information about the revised Policy and actions taken in this area can be found on pages 93 to 97.

The Committee looks forward to supporting Jennie as she takes on the role as the Company's Chief Executive during 2022 and also to the recruitment and induction process of our new Non Executive Directors. I believe these new appointments to the Board will all further enhance our strong culture of corporate governance and ensure our Board and Committees continue to operate effectively for the benefit of our stakeholders.

Irene Dorner
Chairman of the Nomination and Governance Committee

2 March 2022

Committee activities during 2021

Topic	Activity / review	February 2021	May 2021	June 2021	October 2021	December 2021
Succession planning	Considered performance, succession and contingency planning for the Executive Directors and all employees		●			
	Received an update on the GMT's performance and continued development			●		
	Chief Executive succession planning		●	●	●	●
Equality, diversity and inclusion	Considered the Company's approach to equality, diversity and inclusion, including new and revised policies and progress made in these areas		●	●		
ESG	Received an update on ESG, including a progress update on the Company's Environment Strategy and approval of the Company's Water Policy			●		
National Employee Forum (NEF)	Received an update on the enhanced structure and role of the Board's Employee Champion		●			
	Received an update from the NEF Chairman		●			
Annual Report and Accounts	Reviewed and approved the Committee's report in the 2020 Annual Report and Accounts	●				
	Reviewed and approved the 2021 Notice of Annual General Meeting	●				
Governance	Recommended to the Board the approval of the Directors' Conflicts of Interests Register	●		●	●	
	Received an update on the Company's corporate governance activities		●			
	Reviewed and approved the Matters Reserved for the Board and Division of Responsibilities documents	●				
	Agreed the policies published on the Company's website		●			
	Reviewed and approved the approach to the 2021 Board evaluation process		●			
	Reviewed and recommended to the Board the amendments made to the Company's Articles of Association	●				
	Reviewed the independence of the Non Executive Directors	●				
	Recommended the renewal of a Non Executive Director's three year term				●	
Reviewed and recommended to the Board a fee for the role of the Board's Employee Champion	●					
Committee governance	Reviewed the Committee's performance and compliance with its Terms of Reference during 2020	●				
	Reviewed and agreed the Committee's annual plan for 2022					●



Chief Executive succession planning and recruitment process

In December 2021, it was announced that Pete Redfern would be stepping down from his role as the Company's Chief Executive after nearly 15 years of outstanding service in the role.

The Committee, led by Irene Dorner as the Committee Chairman, undertook the search and recruitment process for Pete's successor. An additional Committee meeting, outside of the usual meeting calendar, was held in December 2021 to ensure the careful management and execution of the recruitment process. A small working hub was formed at the outset consisting of the Chairman, Senior Independent Director, Group HR Director and Group General Counsel and Company Secretary. The working hub was responsible for the day to day oversight of the recruitment process to ensure progress was being made against the agreed plan.

The Committee appointed Egon Zehnder in 2021 to assist with the search process. Egon Zehnder confirmed that they had no other connection to the Company or any Director other than as appointed by the Company to assist with executive and non executive appointments.

Key to the recruitment process was the Committee's development of the role profile to ensure that the process would identify the best candidate and the appointment

would be based on merit and objective criteria. The Committee requested Egon Zehnder to conduct an internal and external market scanning exercise and produce a diverse longlist of candidates for consideration against the role profile by the Committee.

After considering the longlist the Committee produced a shortlist of preferred candidates. A four phased approach to the interview process was agreed, consisting of an interview with the Chairman and Senior Independent Director; a separate interview with the Audit and Remuneration Committee Chairs; an additional interview with the Chairman; and finally a presentation to, and a Q&A opportunity for, the Committee. The external candidates were also invited to meet with the Group Finance Director. Following each interview, feedback was provided to the Chairman and working hub; and discussed by the whole Committee at its meetings during the process. A final meeting was held in February 2022 for the Committee to discuss their views and agree a recommendation to the Board.

Following approval by the Board, on 7 February 2022 it was announced that Jennie Daly would be appointed as the Company's new Chief Executive from the conclusion of the AGM on 26 April 2022. More information about Jennie, her experience and previous roles can be found on pages 8 and 74.

Jennie and Pete will work closely on a thorough handover process ahead of Jennie's formal appointment. More information on the handover process will be reported in the Company's 2022 Annual Report and Accounts.

"I am delighted that, following a thorough recruitment and selection process, the Board has appointed Jennie Daly as the Company's new Chief Executive. Jennie has extensive experience in the housebuilding sector and has demonstrated exceptional leadership and a razor-sharp operational focus. Her strong focus on execution, combined with her customer and people-focused skills, set her apart from the other candidates we were considering. I look forward to continuing to work closely with her as we execute our next phase of growth."

Irene Dorner
Chairman

Committee purpose and responsibilities

The Committee is responsible for:

- Maintaining formal, rigorous and transparent procedures for Board appointments.
- Ensuring all Board appointments are made on merit and assessed against objective criteria.
- Overseeing and advising the Board on the identification, assessment and selection of candidates for appointment to the Board.
- Regularly reviewing succession planning at senior levels and contingency planning and procedures across the Company.
- Guiding the Board on diversity considerations and driving the Company's equality, diversity and inclusion agenda.
- Regularly assessing the Board's composition, balance, diversity, experience, skill sets and individual Directors' time commitments.
- Leading the annual Board evaluation process.
- Regularly briefing the Board on corporate governance and compliance considerations and developments.

Board balance and skills

As at 31 December 2021, six out of ten Board members were Non Executive Directors, and the other members of the Board were the Chairman and three Executive Directors. The Committee considers this balance to be appropriate and this will be kept under review to maintain compliance with corporate governance best practice.

During 2021, the Committee considered the structure, size, diversity, and composition of the Board, as well as the skills, knowledge and experience of each Board member and confirmed that the appropriate balance has been maintained to provide constructive challenge as well as guidance and support in order to continue to deliver the Company's strategy.

As announced in early 2022, Angela Knight and Gwyn Burr will be stepping down from the Board at the conclusion of the 2022 AGM. The Committee is leading the recruitment process, supported by an experienced executive search firm, for additional Non Executive Directors to join the Board. The Committee recognises this as an opportunity to replace Gwyn's customer expertise and insights and to add to the Board's operational experience. Further information about the recruitment and appointment process will be included in the 2022 Annual Report and Accounts.

Board appointments

The Committee ensures that all appointments to the Board are subject to formal, rigorous and transparent procedures, are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths.

Non Executive Director induction process

Following the Committee's review of the Board and Committee composition and a formal and rigorous recruitment process, on 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board.

The importance of an effective induction is recognised by the Committee. The Chairman is responsible for ensuring all newly appointed Directors, including Non Executive Directors, receive a formal induction. The induction process includes training, as appropriate, on the Company's strategy, operations, directors' duties, the housebuilding sector, meetings with key members of senior management and heads of functions, external advisors, site visits and business unit visits.

Jitesh and Scilla were provided with a comprehensive pack of documents, including information about the Company

and the Board, broker reports on the Company and the housebuilding sector, and information on directors' duties.

In addition, Jitesh and Scilla undertook the following induction activities during 2021:

- Meetings with each of the Chairman, Executive Directors and Non Executive Directors
- A meeting with the Group General Counsel and Company Secretary
- Meetings with members of the GMT and heads of functions
- A meeting with the Company's external Auditors
- Meetings with the Company's key advisers and brokers
- Visited a regional business unit office and sites
- Visited a site where the new standard house type range was available to view

On 1 March 2021, Scilla Grimble and Jitesh Gadhia were appointed as Non Executive Directors and more information about the appointment process followed can be found in the 2020 Annual Report and Accounts.

More information about the recruitment process for the Chief Executive role can be found opposite.

Succession planning

In order to ensure there are effective succession plans in place for the Board, GMT and heads of functions levels within the Company, the Committee has visibility of a wide range of employees who have been identified as potential succession candidates in the short, medium and long term. The Committee reviews the Company's development programmes for these individuals to ensure they have appropriate development plans in place.

The appointment of Jennie Daly as the Company's new Chief Executive is a good example of our succession plans in action. More information about Jennie's recruitment process can be found opposite.

One aspect of individuals' development plans is for individuals below Board level to be given the opportunity to attend Board meetings to present on specialist topics, project work and specific divisions' performance. This not only provides valuable exposure to the Board for these individuals, but is also valuable to the Board and Committee when assessing the strength of the succession plans in place. During 2021, a number of individuals were invited to present to the Board on topics such as customer service, supply chain, and the sales and marketing team's roll out of our new customer relationship management system.

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

During 2021, the Committee reviewed the Company's contingency cover to ensure that the Company can respond to the unforeseen unavailability of any member of the Board, the GMT or other senior roles without impacting the current and long term performance of the Company. Following this review, the Committee was confident that all key roles have an appropriate contingency plan in place.

"The induction process was thorough, highly valuable, and provided a useful insight into the Company's operations."

Jitesh Gadhia
Non Executive Director



Board evaluation

In line with the Code, there should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. As the 2020 Board evaluation was undertaken externally, during 2021 the annual evaluation was undertaken internally by the Chairman and the Group General Counsel and Company Secretary.

The 2021 Board evaluation focused on the following areas:

- Board leadership
- Strategy, culture and purpose
- Board composition and succession planning
- The Board’s Committees
- Stakeholder engagement
- Support for the Board

The following process was followed to complete the 2021 Board evaluation:

1. Each Director was asked to participate in the Board evaluation by completing a questionnaire
2. Five members of senior management who regularly present to the Board or one of its Committees were invited to provide feedback to the Board
3. Responses to the questionnaire were collated by the Group General Counsel and Company Secretary and shared with the Chairman on a non-attributable basis
4. Any comments specifically relating to the Chairman were shared with the Senior Independent Director
5. The Non Executive Directors met without the Chairman to review the Chairman’s performance based on the non-attributable feedback
6. Each Non Executive Director was invited to have an optional one to one discussion with the Group General Counsel and Company Secretary to provide more detailed feedback
7. Feedback was shared and discussed by the Board at one of its meetings
8. The Board approved an action plan to be implemented during 2022 which will address the key comments made throughout the evaluation process

The overall conclusion of the internal Board evaluation was that the Board is considered to be operating well with a healthy balance of discussion, debate and expertise.

2020 recommendations	Actions taken during 2021
Review Board paper structure and issue guidance on drafting Board papers.	The Chief Executive’s Board report paper has been revised to include operational detail as appendices.
Recruit additional Non Executive Director(s).	On 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board.
Focus on ESG matters.	ESG was added to the responsibilities of the Nomination and Governance Committee and subsequently handed to the Board to oversee. The Board and the Nomination and Governance Committee considered ESG matters during 2021 and more information can be found on pages 79, 82 and 89.

Regular Board training / information sessions.	During 2021, several Board training and teach-in sessions were held, on topics including: <ul style="list-style-type: none"> – ESG – Customer service – Sales and marketing, including a demonstration of the Company’s new Microsoft Dynamics customer relationship management system
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2021 recommendations	Actions to be taken during 2022
Completion of a rigorous and thorough recruitment process to appoint the next Chief Executive and prepare a comprehensive induction programme.	The Company has announced the appointment of Jennie Daly as the Company’s Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction once Jennie Daly has started in her new role.
Review the role of the Board’s Employee Champion and consider ways to further strengthen engagement with employees.	The Board’s Employee Champion role has been reviewed and the Board has approved the role’s main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board’s Employee Champion outside of the NEF and without senior management being present to further encourage openness.
Further develop the Board’s oversight of the Company’s ESG priorities and determine ways to measure ESG progress consistently.	The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders.
Arrange additional site visits for Board members.	Additional site visits will be offered to Board members, both on a group and individual basis as appropriate.

Governance

Following the expansion in 2020 of the Committee’s responsibilities to take the lead in respect of the Board’s corporate governance, during 2021 the Committee has continued to oversee the embedding of good governance practices at all levels of the Company and its operations. The Committee also acts as the first filter on all governance developments, and continues to make the appropriate corporate governance related recommendations to the Board. This additional responsibility has been embraced by the Committee and has been considered a positive change which has allowed the Committee to dedicate time and attention specifically to governance matters.

More information about the Committee’s activities in relation to corporate governance can be found in the Committee activities table on page 89.

During 2021 a working party, comprising representatives from the Company Secretariat and Internal Audit departments, undertook a number of activities in order to support the Committee to evolve the Company’s governance processes to become more resilient, efficient and effective. These activities included:

- Reviewed and completed a gap analysis on the Matters Reserved for the Board.
- Reviewed the Company’s policies and publication of them on the Company’s website.
- Confirmed that the Company’s delegated authority framework remains appropriate.

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 is satisfied that each Non Executive Director remains independent in nature and did not identify any circumstances that are likely to impair, or could impair their independence. In addition,

the Committee is satisfied that the Chairman met the independence criteria as set out in the Code when she became Chairman.

The Committee also considers that each Director is able to allocate sufficient time to discharge their responsibilities to the Company effectively. This not only included Board and Committee meeting attendance, but also preparation time for meetings, visits to our operating businesses and other additional time commitments that were required during the year.

Accordingly, at the 2022 AGM, each Director, except Pete Redfern, Angela Knight and Gwyn Burr, irrespective of the date of their appointment, will be submitted for re-election.

Details of the resolutions to be proposed, alongside supporting biographical details, can be found in the Notice of Meeting on pages 184 to 191.

Equality, diversity and inclusion

Equality, diversity and inclusion remained a key focus area of the Company in 2021 and this will continue in 2022.

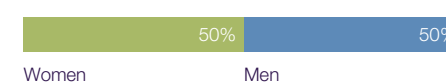
Board diversity

It is recognised that boards generally perform better when they include the best people from a range of backgrounds and experiences. When assessing the composition of the Board, the Committee recommends appointments and the Board makes appointments based on skills, experience and merit, but equality, diversity and inclusion will continue to be key considerations.

The Committee and the Board fully support the FTSE Women Leaders 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 (comprised of the GMT and their direct reports).

As at 31 December 2021

Percentage of plc Board positions held by women



Percentage of GMT positions held by women



We recognise the need to make further progress in the gender diversity of our Leadership Team (as can be seen in the graph below), however we are pleased to note that female representation in the GMT is 36%.

The Committee and the Board also welcomes the Parker Review’s ‘Beyond One by 21’ recommendation and can confirm that the Company is in compliance with this recommendation as at 31 December 2021.

More information about the Committee’s consideration of equality, diversity and inclusion when considering the succession of the Chief Executive can be found on page 90.

Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we 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. Equality, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

The Company’s Grievance and Harassment Policies are strong and well embedded in the organisation, ensuring that any reports are investigated and addressed appropriately and the Company’s Whistleblowing Policy enables employees to raise concerns internally or via an external whistleblowing hotline if preferred, to give confidence that there is no risk of suffering any form of retribution as a result.

Percentage of Leadership Team positions held by women^(a)



(a) The definition of our Leadership Team is our GMT and their direct reports.

Corporate governance: Composition, succession and evaluation continued

During 2021, the Company's new Equality, Diversity and Inclusion Policy (the Policy) was launched, and more information about the Policy and the key areas of focus can be found in the table opposite. The Company took this opportunity to enhance the previous Policy and ensure it remains in line with best practice to drive equality, diversity and inclusion across the Company.

The Policy is supported by the work undertaken by the Diversity and Inclusion Committee (D&I Committee). The D&I Committee is made up of a variety of members from across the Company and is responsible for monitoring the Company's progress towards operating in a truly diverse and inclusive manner.

To help ensure the Company represents society, the D&I Committee, GMT and the Nomination and Governance Committee are in the process of setting a number of aspirational targets. Once set, progress will be regularly reported to the Committee which will monitor progress made towards them.

To support the Company's objectives in relation to equality, diversity and inclusion, all senior leaders undertake training to build their knowledge, awareness and understanding of inclusion and are supported by our regional Diversity Champions who work with the regional Managing Directors to develop and deliver a local Diversity and Inclusion Action Plan. Each of these Diversity Champions, the Divisional Chairs and the regional Managing Directors attended the third annual Diversity and Inclusion Conference held in July 2021 at which topics including privilege, allyship, intersectionality, employee networks and neurodiversity were discussed.

We recognise the importance of gaining insight, knowledge and awareness from relevant external organisations and experts in equality, diversity and inclusion. During 2021, the Company became a member of the Employers Network for Equality and Inclusion, a non profit organisation and leading employer network to promote equality and inclusion in the workplace.

As well as working with others to help accelerate our plans, we have positively raised awareness and understanding on equality, diversity and inclusion matters throughout the Company and will continue to do so. Our actions during 2021 and plans for 2022 can be found on pages 95 to 97.

New and revised policies in 2021

The Company introduced a Menopause Policy which has raised awareness and understanding of how the menopause can affect people, both at work and at home. The Company is working towards becoming a menopause friendly accredited company by Henpicked, the leaders in advising on menopause at work.

A revised Maternity, Paternity and Adoption Leave Policy was published, enhancing the Company's competitive maternity offer. More information can be found in the table opposite.

The Company's new Wellbeing Policy, published in 2021, is designed to support employees and create a healthy and happy workplace where all employees feel appreciated and are treated fairly.

As at 31 December 2021

Percentage of the workforce that are women

32%

2020: 30%

Percentage of new starters during 2021 that are women

31%

2020: 33%

Percentage of the workforce that are BAME^(a)

5%

2020: 4%

Percentage of new starters during 2021 that are BAME^(a)

8%

2020: 7%

Please find our latest Gender Pay Gap report on our website.

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.



The Company celebrated a number of equality, diversity and inclusion related initiatives and campaigns throughout 2021, including:

- **International Women's Day:** The Company celebrated International Women's Day for the third consecutive year. Employees took part in talks, debates and activities to recognise females across the Company and consider some of the barriers and challenges preventing women progressing.
- **Men's Mental Health Month and International Men's Day:** Webinars on men's health and panel discussions on what it means to be a man, masculinity, health and vulnerability helped employees to understand and appreciate men's issues in the workplace.
- **LGBTQ+ Pride Month:** In addition to flags and visual signage being displayed on sites during Pride Month, awareness sessions were run for employees to attend. The LGBTQ+ network was also launched which has encouraged positive discussions and given our colleagues the confidence to feel they are supported and listened to.
- **National Inclusion Week:** This enabled topics such as disability, neurodiversity, sexuality, gender and ethnicity to be brought to the forefront of employees' conversations to help raise awareness and build an inclusive culture.
- **Black History Month:** The Company's proactive recognition of black history helps our employees become more knowledgeable about race in the workplace and have greater understanding of and empathy for each other.

Our Equality, Diversity and Inclusion Policy

The Company's Equality, Diversity and Inclusion Policy is set out below in sections based on the key objectives of the Policy which are to be an employer of choice, offer 21st century leadership and to expand our reach.

Employer of choice		
Ensure that our working environment, policies, procedures and development and progression opportunities support greater diversity and inclusion.		
	Progress made during 2021	Future actions
Respectful workplace programme	This programme involves webinar training for regional Managing Directors to understand the part they play in driving a respectful and inclusive site and office culture. The programme has resulted in visual signage reminding employees about their role in embedding a respectful workplace and how they can report any concerns. An updated site induction details our expectations of behaviour on site and there is a zero tolerance approach which has led to subcontractors being removed from site due to inappropriate comments or behaviours. Two business units took part in the first phase of the programme during 2021 and have seen positive changes.	The programme will be made available for the customer service, sales and office based teams at the business units which have undertaken the first phase of the programme during 2021. A respectful workplace pulse check on sites will be undertaken to understand how site culture has improved and to identify areas for future focus. Nine additional business units are scheduled to take part in the programme during 2022.
Parent returners programme	The Company's Maternity, Paternity and Adoption Policy was updated to make it easier to understand and navigate, and it now includes an enhanced maternity leave offer including a guaranteed phased return to work and a comprehensive 'leading your journey on parental leave' guide and support from the parent returners network. This programme includes coaching by executive coaching company, The Tall Wall, before, during and after parental leave for all employees returning after taking parental leave.	Continue to provide guidance and support to those on and returning from maternity, paternity and adoption leave.
Health and wellbeing	Each business unit has a Wellbeing Champion and a Mental Health First Aider who are responsible for driving wellbeing events and providing support to colleagues throughout the year. Wellbeing Champions received training through two online modules which covered topics such as the role of an effective Wellbeing Champion, defining the difference between pressure and stress, identifying both internal and external signposting and supporting the wellbeing strategy. There have been a number of events and activities available for all employees and their families to join which have received high levels of engagement. Site teams have been given training on topics including stress, fatigue, resilience and managing mental health. These training sessions were attended by over 500 members of the site management teams.	Mental Health First Aiders will be given refresher training and offered quarterly supported facilitation sessions to ensure regular feedback and support in understanding and addressing mental health issues, so trends can be identified and dealt with effectively.
Reverse mentoring programme	This programme involves senior management building further understanding of the challenges faced by individuals from backgrounds different to their own whilst also providing under-represented individuals with access to senior leaders to discuss development and progression opportunities. Ten senior leaders undertook the programme with eight BAME ^(a) and two LGBTQ+ colleagues and 100% of participants agreed that they had benefited from the programme and would recommend it.	Continue with this programme during 2022.

Corporate governance: Composition, succession and evaluation continued

Employer of choice continued		
	Progress made during 2021	Future actions
Employee resource groups	<p>A number of employee resource groups have been set up via Microsoft Teams and intranet pages for employees to engage with and support each other. Each network is sponsored by a member of the GMT.</p> <p>Working parents network This network forms a community of new, existing and soon to be working parents across the Company to support each other, share experiences and be a channel for education and awareness.</p> <p>Embracing the change menopause network This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.</p> <p>Proud2B LGBTQ+ network This network helps to create an environment where LGBTQ+ colleagues can be their authentic selves. The Company's status as a Stonewall Diversity Champion has been facilitated by the work of the network.</p> <p>Race and ethnicity network This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.</p>	<p>Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.</p>
Flexible working for site management teams	<p>Following feedback including concerns about the culture, working hours and impact that having a family could have on female employees' ability to remain in the site management team, there have been trials advertising part time Assistant Site Manager vacancies in the anticipation that more female site managers would apply. The COVID-19 pandemic has changed employees' mindsets on ways of working and spending time with their families, so this is an important trial to see if more part time work can be facilitated on site.</p>	<p>Focus groups with site management teams will be undertaken to explore the appetite for part time roles, and consider how they could work, how challenges could be overcome and what flexible working in site based roles could look like.</p>
21st century leadership		
<p>Ensure that line managers understand their role and responsibility in developing a more diverse and inclusive culture through the provision of relevant training and building awareness across the Company.</p>		
	Progress made during 2021	Future actions
Inclusive leadership coaching	<p>Piloted coaching with a selection of regional Managing Directors focusing on enabling leaders to explore the attributes, mindset and skills required of an inclusive leader. This coaching aims to enable individuals to identify and understand what behaviours and beliefs may be preventing them from being inclusive and explores how to mitigate behaviours and beliefs and create an actionable diversity and inclusion plan to drive results.</p>	<p>Roll out to all regional Managing Directors.</p>
Hiring and inclusion training	<p>Training has been provided to all regional Directors and middle management roles focusing on attracting, selecting and retaining diverse teams. This training explores the challenges in hiring and retaining diverse talent, unconscious bias, privilege and action planning to drive results. The programme has been well received and positive action has been taken, leading to an increase in the diversity of applicants.</p>	<p>Continue to provide training throughout 2022.</p>
Diversity and inclusion e-learning	<p>This e-learning topic has been made available for all employees and focuses on ensuring everyone in the Company understands equality, diversity, inclusion, our strategy, values and their role in supporting positive change.</p>	<p>To be followed by further e-learning modules in 2022 and 2023 to focus on embracing and respecting differences, bias, stereotypes, microaggressions and prejudice in actions, psychological safety and belonging, privilege and allyship.</p>

Expanding our reach

Develop broader recruitment channels and take positive action to expand the diversity of candidates we attract to the Company, including designing development programmes to attract and support new employees.

	Progress made during 2021	Future actions
Future talent	<p>Recruitment processes have been adjusted to be more inclusive. We continue to use Prospects.co.uk as our main online recruitment platform as they register more candidates from minority backgrounds compared to any other job board. Recruitment directly from universities has been focused on universities with a higher proportion of BAME^(a) students. We continue to have a balanced gender split and for 2021 46% of our graduate intake were women and 34% of our management trainee intake were women. We have also increased the ethnic diversity of both our graduate and management trainee intake.</p>	<p>Ensure that all data collected regarding applicants and those hired is reviewed and scrutinised to prevent any bias and take positive action throughout the hiring process. Expand our reach by advertising via more job boards to encourage further diversity of applicants.</p>
Social media	<p>There have been focused posts on promoting the Company as an inclusive employer and there has been an encouraging level of engagement with diversity and inclusion related posts.</p>	<p>Focus on posting authentic content, tailored to the audience to encourage engagement.</p>
Interview conversion	<p>There has been an improvement in reaching a more diverse pool of candidates for roles advertised, however there is further progress to be made in translating this into a sufficiently diverse candidate pool being invited for interviews.</p>	<p>Focus on scrutinising hiring data to understand where further action is required. Drive awareness and provide training for interviewing managers to understand the importance and value of diversity in their team.</p>
Attraction channels	<p>We introduced an employer profile on Working Mums to promote the Company's status as a flexible employer, and added further content to Indeed, Glassdoor and LinkedIn profiles to promote our diversity and inclusion initiatives. Furthermore, we worked with Black Professionals in Construction to promote roles to an exclusively BAME^(a) candidate audience, and through the HBF's Careers and Skills Partnership Attract group, we can partner with Women in Construction to provide basic career conversion training and work placements for women getting into the construction industry.</p>	<p>Offer a placement scheme with Women in Construction to provide work experience for this under-represented population in production based roles. Via our job board partnerships, we will target specific geographies that have a higher population of candidates from underprivileged backgrounds.</p>

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.

Race and ethnicity network

The race and ethnicity employee resource network (the network) meets on a regular basis and every employee, regardless of race and background is welcome to join.

The purpose of the network is to promote awareness of race and ethnicity in the workplace, be inclusive and deliver objectives in a light but meaningful approach and to align objectives and activities with the Company's values and strategy.

This network provides employees with a safe environment to talk about positive and negative experiences; and enables them to question, challenge and support others. The network celebrates the cultural diversity of our employees, customers and communities and creates a culture of genuine inclusion through regular events centered around the celebration of cultural diversity and by encouraging positive conversations about race and ethnicity with everyone.

In addition, the network empowers our employees to reach their potential and elevates the voices of employees of all ethnicities. It also helps to identify specific barriers to retention and progression and will support the development of an action plan to combat any issues identified.

“As Sponsor for the Race and Ethnicity Network, I am proud of the progress we have made and the actions we have planned for the future.”

Chris Carney
Group Finance Director



Audit Committee report

Audit Committee summary

The Committee is chaired by Humphrey Singer. All members of the Committee are independent Non Executive Directors as required by the UK Corporate Governance Code (the Code). The Board has determined that Humphrey Singer has recent and relevant financial experience as required by the Code.

Committee meetings were also attended, by invitation, by the Chairman, Chief Executive, Group Finance Director, Group Operations Director, other Non Executive Directors, Group General Counsel and Company Secretary, Assistant Company Secretary, Group Financial Controller, Head of Internal Audit, Senior Internal Audit Manager, Head of Tax, Head of Group Reporting, Head of Risk, Group IT Director, Head of IT Services, and the external Auditors.

Committee members	Meetings attended
Humphrey Singer (Chair)	3/3
Scilla Grimble ^(a)	2/2
Angela Knight	3/3
Robert Noel	3/3

(a) Appointed to the Committee on 1 March 2021.

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

2022 key areas of focus

- Continue to ensure that the IT operating environment remains robust, supporting the business needs in a year of planned changes to core systems and also that key systems are protected against cyber and other threats
- Gain assurance on required changes to key processes and controls that may be affected by known legislative changes impacting the industry through 2022 and 2023, in particular the New Homes Ombudsman Service and the Future Homes Standard
- Oversee the adoption of any financial governance changes in 2022 resulting from the ongoing Department for Business, Energy and Industrial Strategy (BEIS) consultation



Humphrey Singer
Chair of the Audit Committee

- To gain assurance that new systems and processes related to the customer journey are implemented within a robust framework

The Committee’s review of progress against these key areas of focus concluded that they were all satisfactorily addressed during 2021.

Internal and external audit

The Committee continues to hold individual meetings with the external Auditors and with the Head of Internal Audit, independent of the Executive Directors, to discuss matters within its remit and any issues arising from the audits.

The audit of the 2021 financial results has been the first by PricewaterhouseCoopers LLP (PwC) following shareholders’ approval of their appointment at the 2021 Annual General Meeting (AGM). The Committee has monitored their progress and is satisfied with their performance, which will be subject to formal review, as in previous years, to identify whether there are any areas of potential improvement and to allow feedback to be shared mutually.

Continuing compliance

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 is 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.

Potential new compliance areas

A significant development during 2021 was the BEIS consultation, entitled ‘Restoring Trust in Audit and Corporate Governance’. The consultation proposed a number of reforms and new processes designed to improve communications and engagement between Boards, their Audit Committees and shareholders. The Committee will monitor the progress of these proposals and will report on their outcome and the implications for the Company at the appropriate time.

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.

Humphrey Singer
Chair of the Audit Committee

2 March 2022

Committee activities during 2021

The March 2022 meeting concluded the Committee’s activities with regard to the Company’s 2021 reporting cycle which have been included in the table below.

Topic	Activity / review	February 2021	July 2021	December 2021	March 2022
Financial reporting	Reviewed year end matters including the draft Annual Report and Accounts (and assessed the processes which ensure it is fair, balanced and understandable), significant accounting and audit issues, the draft full year results announcement and the going concern statement	●			●
	Reviewed the draft half year statement, including significant accounting issues, materiality and the external Auditor’s report on the statement		●		
	Reviewed Accounting Issues and Accounting Standards in preparation for year end reporting			●	
	Reviewed the proposed TCFD reporting			●	●
External audit	Reviewed the terms of business and audit engagement letter for PwC’s audit of 2021 reporting	●			
	Recommended to the Board the appointment of PwC as external Auditors	●			
	Reviewed PwC’s plan for the audit of the 2021 accounts and the progress of the audit to date		●	●	
	Reviewed PwC’s report on the scope of the audit of the 2021 accounts, including key audit risks and regional checks conducted around the business			●	
	Disclosed relevant audit information to the external Auditors and the required evidence in support of it	●	●	●	●
	Reviewed the final report from PwC following completion of the audit of the 2021 accounts				●
Internal control and risk	Reviewed the fraud incident and response report	●	●	●	●
	Concluded the prior year’s risk review including agreeing Principal Risks, consideration of emerging risks, and monitoring progress on mitigation actions	●			●
	Completed a detailed review of Principal, key and emerging risks, together with mitigation and assessment against the Company’s risk appetite		●	●	●
	Conducted the half year risk review		●		
	Reviewed the viability model	●		●	●

Committee activities during 2021 continued

Topic	Activity / review	February 2021	July 2021	December 2021	March 2022
Committee governance	Reviewed the Committee's performance against its Terms of Reference and objectives for the previous year and set objectives for the next year	●			●
	Reviewed progress on the Committee's areas of focus		●	●	●
	Reviewed and agreed the Committee's annual plan for the next year, designed to ensure it met its objectives and Terms of Reference			●	
Internal audit	Received activity reports from Internal Audit	●	●	●	●
	Agreed Internal Audit's programme of work for the next year	●			●
	Reviewed updates to the Internal Audit Charter		●		
	Reviewed progress against Internal Audit priorities and work plan for the year		●	●	●
	Received and considered the External Quality Assessment report on the Internal Audit Department and processes and agreed the resulting actions		●		
	Reviewed progress to date in achieving agreed actions flowing from the External Quality Assessment report			●	●
Data and systems security	Received an update on the Company's data and systems security, technology, cyber resilience and further protective measures in relation to key business systems		●	●	
Distributions	Advised the Board regarding the appropriateness of the proposed final dividend for 2020	●			
	Advised the Board regarding the appropriateness of the proposed interim dividend for 2021		●		
Compliance	Received an update on legal and regulatory compliance requirements across the business and confirmation that these continued to be met		●		

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

Committee meetings

The Committee met with the Head of Internal Audit and with representatives from the external Auditors during each Committee meeting in 2021, in order to discuss any matters which either may wish to raise in confidence, with only the 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 the Internal Audit function and the external audit 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 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.

Humphrey Singer, the Committee Chair, has been a member of the Audit Committee since December 2015 and its Chair since February 2018. He 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, from his current role as Chief Financial Officer of Belron Group and from previous roles with Marks and Spencer Group plc and Dixons Carphone plc. This depth of experience has given Humphrey insight into key areas of shareholder concern and independent experience of robustly challenging and holding to account Management, the external Auditors and the Head of Internal Audit.

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

- Scilla Grimble has over 15 years' executive experience in corporate finance; is currently the Chief Financial Officer of Moneysupermarket.com Group plc; and brings significant financial and risk-related experience.
 - Angela Knight has broad experience of financial services and banking and has extensive non executive director experience.
 - Robert Noel has considerable experience of the property sector and wide commercial experience as Chair of Hammerson plc and previously as Chief Executive of Land Securities Group PLC.
- As announced on 31 January 2022, Angela Knight will be stepping down from the Board and the Committee at the conclusion of the AGM. The search process for new Non Executive Directors is underway and an assessment of their suitability to join the Committee upon appointment will be undertaken.
- The Committee is confident that its members collectively have the necessary competence relevant for the housebuilding sector and that the composition, balance, and expertise of the Committee can give shareholders confidence that the financial, reporting, risk, and control processes of the Company are subjected to the appropriate level of independent, robust and challenging oversight.

As described in the Nomination and Governance Committee report on page 91, there is a formal process of induction for new Directors which includes specific reference to supporting competence in relevant Committee areas through exposure to the appropriate areas of the Company's operations and performance. Scilla Grimble's induction included meetings with the Committee Chair; the Group Finance Director and the other Executive Directors; members of the GMT; both the former and current external Auditors; the Head of Internal Audit; the IT Director; and appropriate external bodies such as the Company's Brokers in relation to financial reporting. The same thorough induction process will be undertaken by any new Non Executive Directors appointed to the Committee.

Committee evaluation

The Board evaluation for 2021, which is described more fully on page 92, 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.

It was also noted that Humphrey performs his role of Chair of the Audit Committee particularly effectively, with members noting that he manages each Committee meeting in a way that ensures a good level of debate and positive challenge.

Risk management and internal control

The Group has an established ongoing process of risk management, which is detailed further on pages 59 to 65 and which was in place from the start of the financial year to the date on which the 2021 Annual Report and Accounts were approved and is consistent with the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting. 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 in relation to risk are:

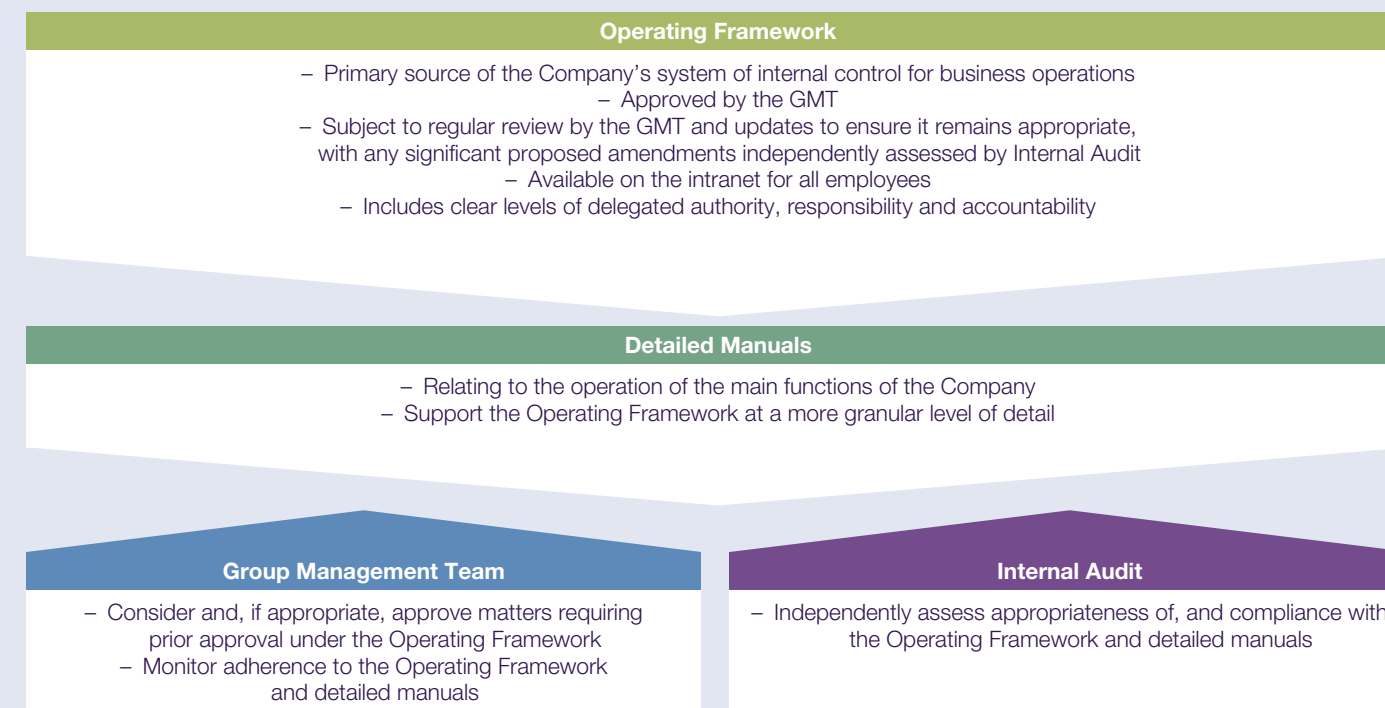
- To ensure the Group's risk profile remains within its agreed risk appetite and tolerance levels and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- To give early consideration to the Government's proposals in relation to a new regime for internal controls over financial reporting.

- To continue to develop the Group's risk processes in light of evolving best practice.
- To consider emerging risks that could impact on the Group's longer term strategy.

To achieve these objectives, the Committee undertook the following during 2021:

- Detailed 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.
- The Committee agreed the addition of two new Principal Risks (details on page 61) to reflect the changing risk landscape.
- Consideration was given to the continuing impact of COVID-19 on the Principal Risks of the Group, together with the mitigations implemented to address the specific issues identified.
- Regular updates were received on the continuing review of relevant historic and current developments and actions taken by the Company to comply with recent changes to the Government guidance on fire safety. This included assessing and advising the Board on the proposed additional provision, made and announced during 2021 of £125 million, and reviewing updates on usage and the balance of the provision during the year.

Internal control



Corporate governance: Audit, risk and internal control continued

- Received updates on key information technology (IT) risks, as a consequence of the continuing 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.
- Advised the Board in its assessment of emerging risks, including potential velocity and impact on the Group's longer term strategy, further details of which can be found on page 60.
- Oversaw the further embedding across the Company of improvements identified in last year's Audit Committee report in the area of risk, relating to the processes for identifying, assessing, monitoring, reporting, and managing the residual elements of risk, including the enhanced reporting of action plans and target risk for the identified key risks. Key further enhancements during 2021 were the issue of a standalone risk management manual and the introduction of risk management onboarding.

The Board holds a formal risk review once each year, with detailed updates provided at two Audit Committee meetings during the year and also routinely considers risk at each Board meeting, as appropriate. It makes its assessment of risk 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, including climate change, over various time horizons. The assessments use an established 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 in conjunction with the relevant member of the Group Management Team (GMT).

The Board's monitoring of risk, its management and reporting, covers all controls, including financial, operational, compliance and assurance systems.

Those systems cannot eliminate risks 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 and the Group, as assessed by the Board, are set out on pages 61 to 65 together with information on the mitigations for each risk. 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 employees.

During 2021, the Group Finance Director has led the GMT in undertaking a review of the Government's developing proposals for further enhancement to UK companies' internal controls through proposals set out in the BEIS consultation document for reforms to the UK's corporate governance, audit and reporting regime. Since it is generally expected that these will become legal or regulatory requirements to some extent, the Company has been undertaking necessary and appropriate preparatory actions to enable it to comply within the expected time frame for changes. These actions have been monitored by the Committee during 2021 and will continue to be monitored into 2022, when we expect to be able to report in greater detail as to their scope and impact upon the Company; its assurance processes; and its future financial reporting.

At its meeting in March 2022, the Board, having conducted its own review and after reviewing more detailed assessments from the Audit Committee, remained satisfied that the systems 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 61 to 65.

External Auditors**Re-appointment of PwC**

Last year's Annual Report advised that the Company's external Auditors were to change, in accordance with statutory legislation and guidance issued by the Financial Reporting Council (FRC) as to the maximum duration of an external auditor's appointment. Full details of the tender process and the proposal to appoint PwC were set out in the 2020 Annual Report and Accounts, which can be found on the Company's website.

That proposal was subsequently approved by shareholders at the Company's 2021 AGM and PwC succeeded the Company's former external Auditors, Deloitte LLP (Deloitte), for the audit of the Company's 2021 and future reporting.

The Committee considers that the relationship with PwC is well established and is satisfied with the effectiveness of the overall external audit process. PwC's performance during the handover of responsibilities from Deloitte, and in undertaking the first full year's audit, for 2021, has been kept under regular review by the Committee and reported to the Board as appropriate.

As 2021 was the first year of PwC's appointment as external Auditors, a full evaluation of their performance was not performed during 2021 and instead the Committee considered the key work performed by PwC to date and confirmed that the audit process continues to be effective and the quality and sufficiency of

the resources provided by the engagement team remains appropriate.

The Committee intends to undertake a formal assessment during 2022 of the performance of PwC, as the external Auditors, in relation to the audit work carried out in 2021. This will include a questionnaire being distributed to the Board and key stakeholders in the audit process to evaluate the effectiveness of the external audit process.

In addition, the Committee considered whether PwC had appropriately challenged Management estimates and judgements. The external Auditor's report (starting on page 128) details the key matters that were considered as part of the year end audit. This includes details of the procedures performed by PwC to assess the estimates and judgements made by Management.

In particular the Committee noted during the course of the audit that the external Auditors challenged Management's judgements and assertions on the following matters:

- Margin recognition and site forecasting
- Cladding fire safety and leasehold provisions
- Defined Benefit Pension valuations

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

Based upon its interim assessment, as set out above, the Committee recommended to the Board, which in turn is recommending to shareholders in Resolution 10 at the 2022 AGM (on page 185), that PwC should be re-appointed as external Auditors to the Company.

The Company will of course keep the matter under regular review, taking into account the annual performance review to be conducted by 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 in the Company's selection of its external auditors.

Appointment of the external Auditors for non-audit services

The Committee has a formal policy, reviewed on a regular basis, as to whether the Company's external Auditors should be employed to provide services other than audit services. In line with the Code, the Committee has regard to the relevant regulation and ethical guidance regarding the provision of non-audit services by PwC.

A review of the policy has been undertaken and it was confirmed that the policy is in accordance with the Revised Ethical

Standard 2019 (the Standard) issued in December 2019 by the FRC. The Standard limits the circumstances in which an audit firm carrying out statutory audits of public interest entities (including the Company, as a FTSE 100 listed company) may provide defined services as set out in the Standard.

The Board, acting on guidance from the Committee following its review of the continuing effectiveness of this policy, is satisfied that it meets the Standard, and will be conducive to the maintenance of good governance, best practice and auditor independence and objectivity.

PwC undertook non-audit services in the form of assurance work carried out in connection with the announcement of the Company's 2021 half year results, which is of direct benefit to shareholders although it is not regarded as audit work for reporting purposes. PwC also made available access to their subscription service providing online technical resources such as factual updates and changes to applicable law, regulation, and accounting and auditing standards, at a notional value of £2,000.

The Committee recognises and supports the importance of the independence of external auditors. It reviewed PwC's performance of non audit services during 2021 and is satisfied that it did not, and will not go forward, impair the independence of the external Auditors. As a result, the value of non-audit services work by PwC was £0.1 million in 2021 (2020: £0.2 million by former external Auditors, Deloitte) which represents approximately 13% of the audit fee as set out in Note 6 to the Accounts on page 149.

Internal Audit

Internal Audit's primary role is to support the Board and the GMT to protect the assets, reputation and sustainability of the Group. The function is led by the Head of Internal Audit who directly reports to the Chair of the Committee, with a secondary reporting line to the Group Finance Director, and has regular direct contact with the Chairman of the Board, the Chief Executive and other Executive Directors, as required. The reporting line to the Chair of the Committee protects the function's independence. In addition, the Chair of the Committee, and the independent evaluation carried out during 2021 described below, each assessed the independence of the Head of Internal Audit and confirmed that she has maintained independence.

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 strategy and its 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 proposed or made, as appropriate, where improvements are recommended. 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. Summaries of all Internal Audit reviews and other key activities and resulting reports are also provided to the Committee for review and discussion.

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

The Internal Audit function also reviews proposed related party transactions, including employees' house purchases from the Company, to provide assurance that the formal policy and proper procedures are followed.

Internal Audit works with the Company Secretariat Department to consider any longer-term revisions to the governance processes and working environment. The learnings and improvements from this activity are being woven into the ongoing control and risk processes and this activity will continue through 2022.

An independent evaluation of the Internal Audit function was carried out in 2021 by the Chartered Institute of Internal Auditors (CIIA) on behalf of the Committee and included consideration of the recommendations included in the Internal Audit Code of

Practice for effective internal audit in the private and third sectors. The finding of this independent evaluation was that Internal Audit conforms to the CIIA's professional standards as set out in the International Professional Practice Framework. Continuous improvement initiatives were agreed with the Committee and progressed subsequently to ensure the Internal Audit function continues to meet both current best practice and the evolving needs of the Group.

Cyber security

An area newly recognised as a Principal Risk during 2021 was the potential vulnerability of the Group's IT systems to the various forms of cyber attack. This received considerable focus during 2021, as a result of being given an enhanced relative risk rating, as explained in more detail on page 65. The Committee reviewed throughout the year the plans and progress in mitigating against its occurrence and impact.

Read more about cyber security risks and our response and mitigation processes on pages 61 and 65.



Corporate governance: Audit, risk and internal control continued

Going concern

The Group has prepared forecasts, including various sensitivities, taking into account the Principal Risks and uncertainties identified on pages 61 to 65. 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 of the Company and of the Group have each been prepared on a going concern basis.

Read more about our Principal Risks on pages 61 to 65.

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 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 confirmation from the Executive Directors that this period continues to broadly align to the development cycle for new land. The Committee also reviewed the Executive 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 70 to 71 together with details of the processes, assumptions, and testing which underpin it.

Annual Report and Accounts 2021

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 Auditors 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.

In particular, the Committee:

- Reviewed all material matters.
- Ensured that it correctly reflected the Company’s performance in the reporting year.
- Ensured that it presented a consistent message throughout.
- Ensured that it correctly reflected the Company’s business model.
- Ensured that it correctly described the Company’s strategy.
- Ensured that it fairly reflected the impact to date, and the extent of the continuing impact, 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 Committee has considered in discharging its duties and in considering the financial reporting of the Group:

Margin recognition and site forecasting

The cost allocation framework used across the Group controls the way in which inventory is costed and allocated across each development. It also ensures that any costs incurred in excess of the original budget are recognised appropriately as the site progresses.

The Committee reviewed reports from Management in relation to areas of the business recognising cost excesses, and also reviewed the work undertaken by PwC which included testing of the Group-wide controls to monitor cost allocation. The Committee gave careful consideration to the judgements and assumptions involved, challenging Management where appropriate.

Following these reviews, together with enquiries of the GMT and the external Auditors, the Committee concluded that there continues to be 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 were appropriate, and that the external Auditors 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 as at 31 December 2021.

Cladding fire safety and leasehold provisions

The Committee reviewed Management’s assessment of the costs to bring all Taylor Wimpey apartment buildings constructed in the twenty year period to January 2021 into line with current EWS1 guidance, covering cladding and the whole of the external wall systems including balconies. The Committee also reviewed updates on the progress of the rectification of buildings identified with Aluminium Composite Material cladding, together with utilisation and estimates of the remaining provision. In addition the Committee reviewed the level of applications received in respect of the Ground Rent Review Assistance Scheme, the utilisation of the provision and the outcome of the CMA investigation, and the assessment of the costs of the undertakings entered into.

Recommendation to the Board

The outcome of the above processes, together with the views presented by PwC, was that the Committee recommended, and in turn the Board confirmed, that the 2021 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.

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

Remuneration Committee summary

The Committee is chaired by Gwyn Burr. On 31 December 2021, the Committee consisted of three Non Executive Directors and the Chairman of the Board. Committee meetings were also attended, by invitation, by the Chief Executive, Group General Counsel and Company Secretary, Group HR Director, Head of Reward and Pensions, Assistant Company Secretary and representatives from Korn Ferry.

Committee members	Meetings attended
Gwyn Burr (Chair)	5/5
Irene Dörner ^(a)	4/5
Jitesh Gadhia ^(b)	4/4
Angela Knight ^(a)	4/5

(a) Irene and Angela were unable to attend one of the additional meetings outside the Committee’s ordinary meeting calendar. Both were consulted in advance of the meeting.
 (b) Appointed to the Committee on 1 March 2021.

Main objectives

- Establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company’s strategy and value for shareholders; and to agree, monitor and report on the remuneration of Executive Directors and senior executives
- Review wider workforce remuneration and other policies in accordance with the 2018 Corporate Governance Code (the Code)

2022 objectives

- Determine the remuneration arrangements for the incoming Chief Executive
- Review the existing Remuneration Policy and submit the revised Policy for shareholder consideration at the 2023 Annual General Meeting (AGM)
- Review wider workforce remuneration arrangements and take into account as part of the Remuneration Policy review
- Ensure there is an effective induction process for the new Remuneration Committee Chair

Dear Shareholder

As Chair of the Remuneration Committee (the Committee), I am pleased to present our 2021 Directors’ Remuneration Report on behalf of the Board. This Report provides detailed disclosures in relation to our Directors’ remuneration and an overview of wider workforce remuneration for the year ended 31 December 2021.

Policy

Our current Remuneration Policy (the Policy) was approved at the 2020 AGM with 98.6% of shareholders voting in favour. Despite the unprecedented challenges to the business posed by the COVID-19 pandemic, we have continued to operate the Policy flexibly and we are satisfied that it remains appropriate for the third and final year of this policy period. Other than discretion being used to treat the Chief Executive as a ‘good leaver’ within the Policy for the purpose of determining incentive plan pay outs, no discretion was used by the Committee during the year to adjust incentive outturns.

During 2022 we will be reviewing the current Policy and will be seeking shareholder approval for a new Policy at our 2023 AGM. As part of this review, we will ensure that our Policy continues to address the factors in Provision 40 of the Code and that reward is clearly linked to the successful delivery of our long term strategy.

Wider workforce remuneration

We continue to review the remuneration arrangements for the wider workforce and take these into account when considering remuneration arrangements for the Executive Directors and senior management. We have reviewed the performance measures in the various annual bonus schemes available across the business and we are confident that they drive behaviours that are consistent with our purpose, culture, values and strategy.

We have continued to support our employees through the pandemic and have regularly reviewed staff salaries through benchmarking exercises, resulting in salary increases for 1,307 employees in addition to the 2% annual salary increase in 2021 (as at 31 December 2021 there were 5,144 employees). We have also approved a 3% salary increase for all eligible employees with



Gwyn Burr
Chair of the Remuneration Committee

effect from 1 April 2022 and will continue to benchmark key roles throughout the year when necessary. Chris Carney, our Group Finance Director, will also receive this 3% increase.

We are pleased to have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially. We were delighted that the Living Wage Foundation accredited Taylor Wimpey as a Living Wage Employer in November 2021.

During the year I attended three National Employee Forum (NEF) meetings in my capacity as Employee Champion. At one meeting I used this as an opportunity to seek feedback on behalf of the Committee on wider workforce remuneration arrangements and also to explain how the Executive Director remuneration arrangements align with the wider workforce.

We have taken the opportunity to expand our disclosures in this area and more information can be found on pages 121 to 123.

Corporate governance: Remuneration continued**Executive Director remuneration decisions and outcomes****Executive Incentive Scheme (EIS)**

As detailed on page 2, we delivered an excellent performance in 2021. Throughout 2021 we experienced strong demand for our homes underpinned by continued low interest rates and good mortgage availability. The business performed very well in the year, with significant improvement in operating margin, as we focused on optimising sales prices, alongside increased volume, driving strong growth in operating profit. Importantly our excellent performance was not just financial but also in delivering quality homes and in our levels of customer service. The quality of our homes, as recognised through the independent NHBC Construction Quality Review score, is an area where we continue to lead the volume industry. We are also delighted to be recognised as a five-star builder once again in the independent HBF customer satisfaction survey. Subsequently, the outturn for the 2021 EIS is 95% of the maximum following the stretch target being achieved for four of the five measures.

The Committee has considered the Company's performance against the targets and the business performance more generally and is satisfied that the payment received by the Executive Directors is aligned with the Company's performance during the year and also the bonus outturns for the rest of the business. Full disclosure of the targets can be found on page 108.

Performance Share Plan (PSP)

The PSP awarded in 2019, measuring performance in the 2019 to 2021 period, will vest at 22.1% following the achievement of four of the five measures above threshold performance. The pandemic, and specifically financial performance in 2020, had a significant impact on the outcome of the PSP. When approving this outcome, the Committee reviewed the performance measures and respective targets for the 2019 Award, and is satisfied that this represents an appropriate outcome based on the challenging business environment over the three year period.

Outcomes linked to performance

The Committee has reviewed the EIS and PSP outcomes and consider that they accurately reflect 2021 performance therefore the performance targets were not adjusted during the year and nor was Committee discretion used to adjust the formula-driven outturn.

Salaries

As disclosed in the 2018 Directors' Remuneration Report, at the time of his appointment the Committee initially set Chris

Carney's salary below that of his predecessor and positioned it between the lower quartile and median of comparable market data, recognising that this was his first appointment as a plc Director. The Committee also stated then that it intended to keep his salary under periodic review as he developed further into the role.

Given the continued impact of the pandemic providing material uncertainty at the time of the 2020 and 2021 salary reviews, a prudent approach was taken in respect of Chris's salary, with inflationary salary increases cancelled in 2020 and then an inflationary increase of 2% in 2021, in line with the other Executive Directors and the wider workforce.

The Committee announced in the 2020 Directors' Remuneration Report that it would undertake a review of Chris Carney's salary during 2021. The Committee recognised the development of Chris's role since his appointment, particularly where it has broadened to support the revised Divisional Chairman structure introduced in 2020. This has been particularly focused on cost control, land strategy and our data management systems to further enhance our customer strategy. More generally the Committee considered that this increase was appropriate to recognise his strong performance over the three years since his appointment and concluded that Chris has been performing in line with an experienced FTSE director for some time now.

Given the more stable corporate and economic outlook in 2021, the Committee decided in the summer that it was the right time to move his base salary towards the desired mid-market level. The Committee therefore determined that his salary should be increased from £447,372 to £490,000 with effect from 1 July 2021.

We consider that this represents a sensible progression of Chris's base salary, effectively on a phased basis since his appointment in 2018, and having set the package at the desired mid-market level we anticipate that future increases will ordinarily be in line with the percentage increase for the wider workforce.

Chief Executive succession

On 8 December 2021, we announced that Pete Redfern, our Chief Executive, would be leaving the business once a suitable candidate had been identified and a full handover has taken place. Following a thorough recruitment and selection process, Jennie Daly, our Group Operations Director, was selected to take over from Pete as Chief Executive of Taylor Wimpey, effective from 26 April 2022 (the date of the 2022 AGM). Pete will step down from the Board at this point and will remain available to the

business to ensure an orderly transition until his notice period ends on 8 December 2022.

The Committee, at the request of the Board, reviewed and approved the remuneration arrangements for Pete on his departure. Pete will be treated as a good leaver in line with our shareholder approved Policy for the purpose of incentive plan pay outs. He will be eligible to receive a pro rata bonus for 2022 for the proportion of the year he will be actively employed, up to the AGM, subject to the achievement of the performance conditions measured at the end of the year. Outstanding PSP Awards will be pro-rated as appropriate, and will be capable of vesting, at the normal time and subject to the achievement of performance conditions and the requirement to retain vested shares for two years. Moreover, he will be required to retain a shareholding in the business worth the equivalent to 200% of his base salary, for two years after his employment ceases. His contractual entitlements, including base salary, pension and benefits are payable in full until the expiry of his notice period on 8 December 2022. Further details of his remuneration arrangements can be found on page 118.

The Committee also considered the appropriate remuneration package for Jennie Daly when she assumes the role of Chief Executive in April 2022. The package approved, which is in line with the Policy, provides a salary of £750,000 with a pension allowance in line with the rate applicable to the majority of the workforce, at 10% of salary. The annual bonus opportunity and PSP opportunity will be 150% of salary and 200% of salary, respectively, as is applicable for each Executive Director. Full details can be found on pages 115 to 117.

Chairman and Non Executive Director fees

During the year the Committee, with the assistance of Korn Ferry, reviewed the Chairman's fee. Recognising that the fee level had not been reviewed since July 2018 (and Irene Dorner was brought into the role on the same fee as her predecessor) and that the time commitment required for the proper performance of the role over this period has significantly increased, the fee was increased from £320,000 to £335,000 effective from 1 July 2021.

The Board (excluding the Non Executive Directors) also reviewed the fee level for the Non Executive Directors with the assistance of Korn Ferry. Again recognising that the base fee had not been reviewed since 2016 and the material increase in Non Executive Director time commitment required since then, the base fee level was increased from £60,000 to £65,000 effective from 1 July 2021.

Shareholder engagement

We consulted with our major shareholders (representing almost 50% of our share register) and shareholder representative bodies during the year in respect of the salary for the Group Finance Director, performance targets and weightings for variable pay arrangements in 2022 and the terms of the Chief Executive's exit package when he leaves the business in 2022. Feedback received from shareholders was positive and we thank them for their support.

Irene Dorner, in her capacity as Chairman of the Board, continued to engage with shareholders during 2021, as noted on page 84. As a member of the Committee, Irene was also able to engage with shareholders on remuneration related matters, and provide feedback to the Committee.

Looking ahead at 2022**EIS**

We believe that we are now sufficiently advanced in relation to the Board's environmental, social and governance (ESG) strategy to enable an environmental measure to be included in the 2022 EIS and have included an environmental measure for 10% of the overall annual bonus opportunity.

In setting an environmental measure this year, our principal objective for the end of 2022 will be the preparation and approval by the Board of a credible 'Road to Zero Carbon Plan' which will be submitted to the Science Based Targets initiative for approval, leading to a published commitment to achieve net zero carbon emissions for our direct operations. In addition, for this year we have also incorporated a tangible and stretching target for a reduction in our carbon intensity.

Our continued focus on build quality and customer service has enabled us to further raise standards whilst maintaining the right level of production and to retain the overall split between financial measures (60%) and non-financial measures (40%), we have reduced the weighting on these two elements from 20% to 15% each, to accommodate the new ESG measure.

PSP

The PSP performance measures are unchanged for the 2022 Award cycle to reflect current market conditions, business forecasts for the Group, and progression towards our strategic priorities. We are confident that these continue to provide a good overall balance in assessing our longer term performance. The target range for each measure is set out on page 117. The financial measures represent what would be a record year for the Company and significant progression towards our target of

delivering an operating profit margin of 21-22% in the medium term. The customer measure requires us to retain our strong longer term customer scores.

Alignment to strategy

The Committee considered the performance measures and targets for the EIS and PSP to ensure they are aligned with the key performance indicators (KPIs) and strategic priorities being used across the business.

As set out in the Strategic report on pages 9 to 11, our focus remains on returning the business to a 21-22% operating profit margin in the medium term, increasing cash returns for shareholders over the long term and delivering sustainable growth.

The measures also support our commitment to run the business in the long term interests of all our stakeholders. The performance measures place a focus on delivering quality homes, providing the highest level of customer service and minimising the impact we have on climate change and protecting the planet for future generations.

Approach to executive pension provision

During the year the Committee reviewed our Policy approach to reducing the Executive Directors' pensions over time so that they will align to the percentage rate applicable to most of the workforce by 1 April 2024, which was agreed in line with guidance at that time.

At our 2020 AGM over 98% of shareholders voted in favour of our Policy, which set out the above approach. At our 2021 AGM over 97% of shareholders approved the Directors' Remuneration Report, which reiterated this approach to pensions alignment.

As referenced above, and in line with the Policy, on appointment as Chief Executive Jennie Daly will receive a pension provision in line with the rate applying to the majority of the workforce, of 10% of salary. The pension rate for the Group Finance Director will continue to step down to this workforce rate in line with the previously stated approach.

Committee changes

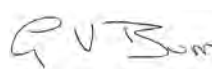
I will be stepping down from the Board following the conclusion of the 2022 AGM. Jitesh Gadhia will succeed me as Chair of the Remuneration Committee. Jitesh is an experienced Remuneration Committee Chair and has provided invaluable input into the Committee's discussions since he joined the Committee in March 2021. Angela Knight will also step down from the Board and the Committee at the conclusion of the AGM and I'd like to take the opportunity to thank her for her valued counsel over the last five years. Robert Noel will join the Committee from 26 April 2022 and will add to the Committee's skill sets and further enhance the quality of its work.

Policy review during 2022

2022 is the last year for the current Policy, therefore the Committee, led by Jitesh, will be conducting a thorough review of the Policy during the year ahead. As part of this review, the Committee will consult with shareholders and employees to gain input on any proposed changes. The Policy will be tabled for approval by shareholders at our 2023 AGM.

Closing remarks

On behalf of the Committee, I would like to thank our shareholders for their continued support during the year. On a personal note, I would like to also express my gratitude for the support and engagement from our shareholders and also our employees, that has taken place during my tenure as Chair of the Remuneration Committee.


Gwyn Burr

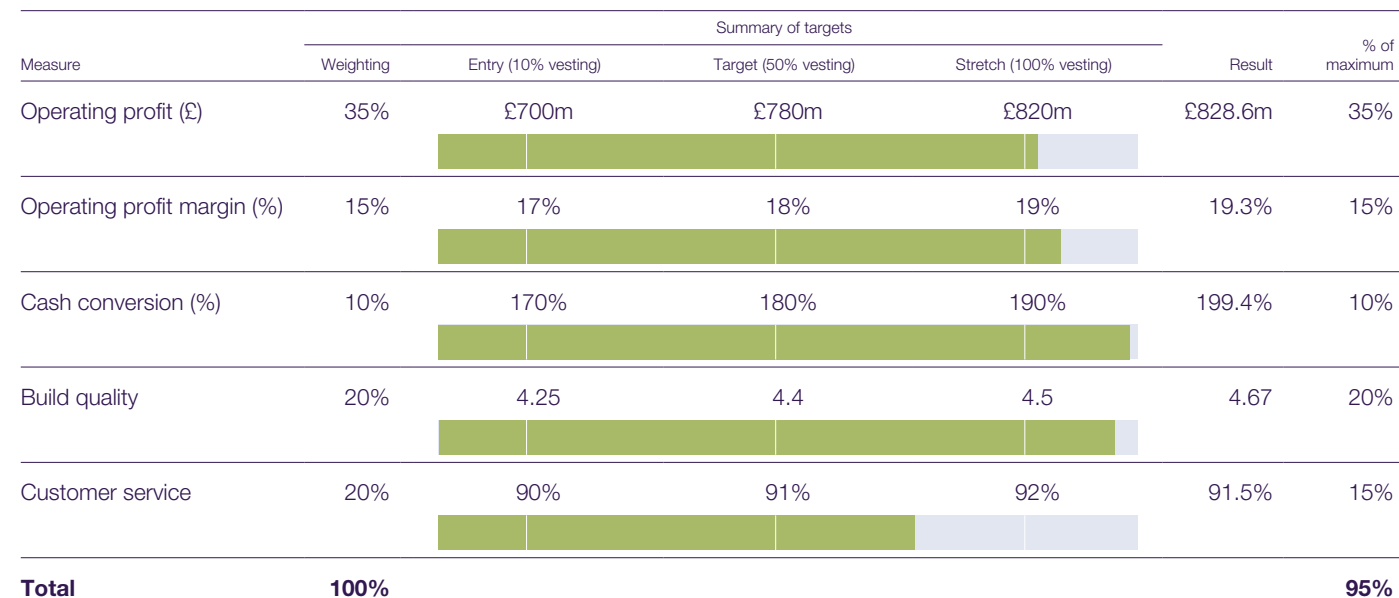
Chair of the Remuneration Committee

2 March 2022

Remuneration at a glance

EIS in respect of 2021 (audited)

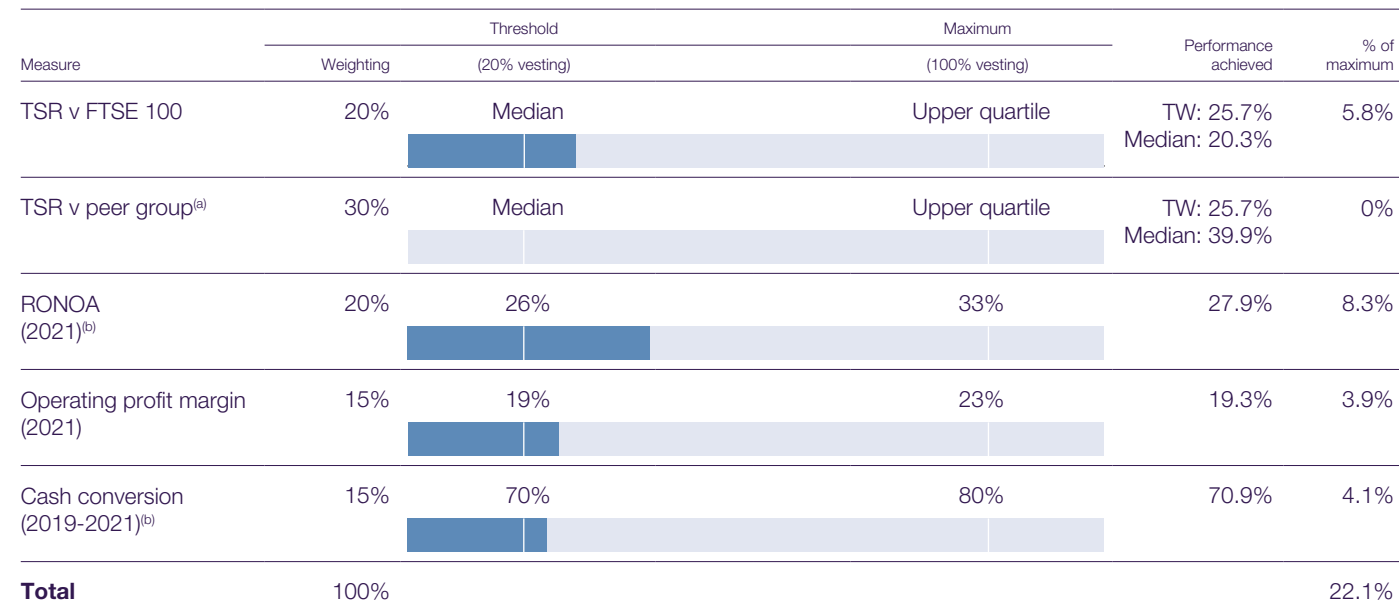
The chart below shows the performance against the 2021 EIS measures.



One third of any EIS amount payable will be deferred into shares for three years.

2019 PSP Award (audited)

The 2019 PSP Award performance period ended on 31 December 2021 and the chart below shows the outcome.

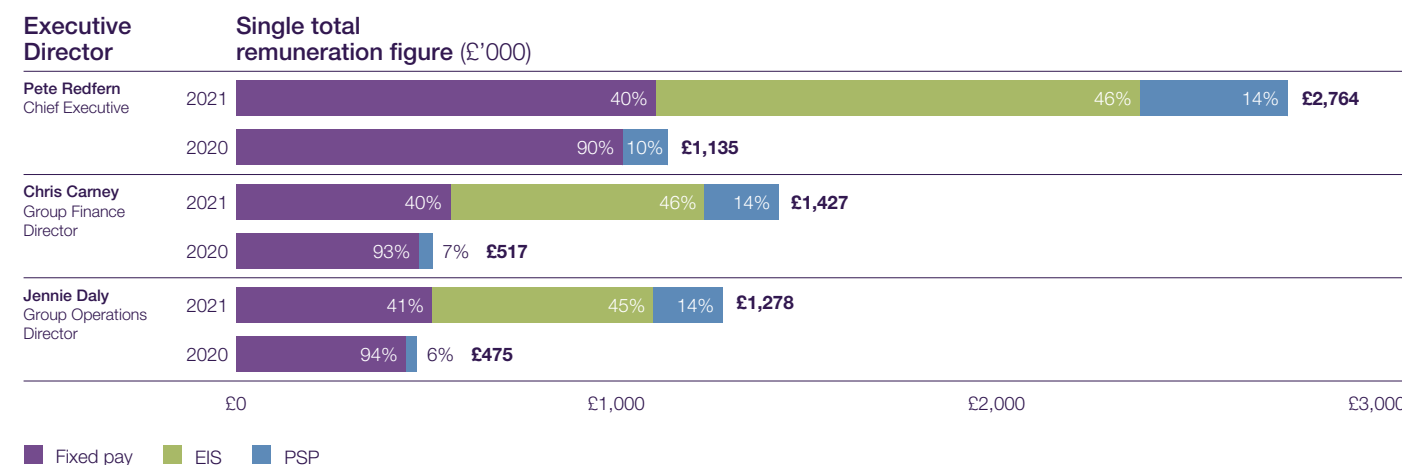


(a) The peer group is comprised of Barratt Developments, Bellway, Berkeley Homes, Countryside Partnerships, Crest Nicholson, Galliford Try, Persimmon, Redrow and Vistry Group.

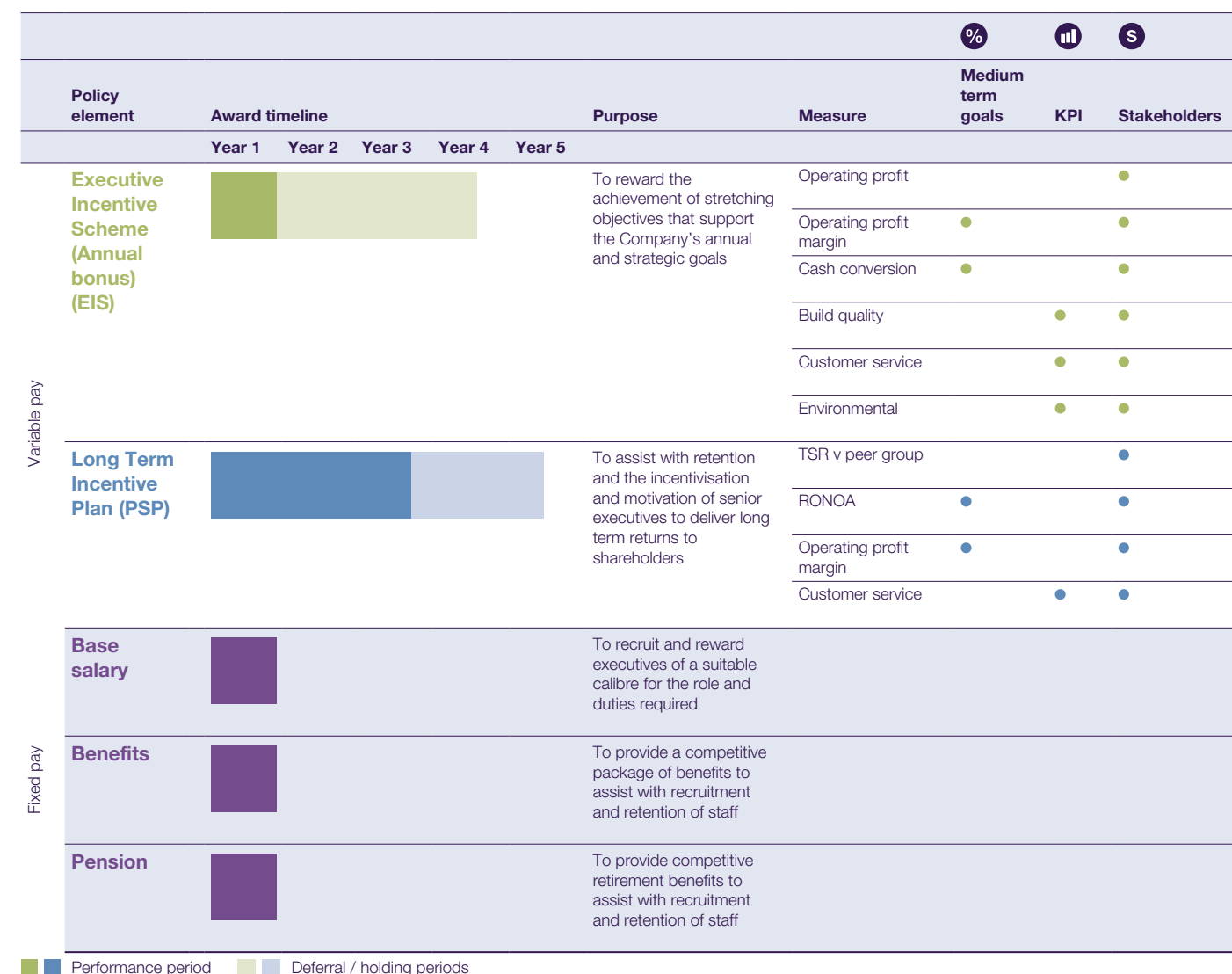
(b) The RONOA and cash conversion measures were assessed on the basis that the impact of the equity raise in 2020 was neutralised.

Executive Directors' total remuneration (audited)

The chart below compares the 2021 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2020. During 2020, and in light of the COVID-19 pandemic, the Executive Directors took a voluntary 30% reduction in base salary and pension from 1 April 2020 to 31 July 2020 and the 2020 EIS was cancelled.



Proposed application of the Policy in 2022



■ Performance period ■ Deferral / holding periods

[Read more about our medium term goals on page 9](#)

[Read more about our KPIs on pages 24 to 27](#)

[Read more about our stakeholders on pages 34 to 47](#)

[Read more about our financial definitions on page 71](#)

Corporate governance: Remuneration continued

Introduction

This Report has been prepared by the Committee on behalf of the Board. The 2021 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 AGM on 23 April 2020, describing the framework within which the Company remunerates its Directors.
- Annual Report on Remuneration: this sets out how the Policy was applied during 2021 and how it is proposed to be implemented during 2022.

The Directors' Remuneration Policy (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 2008 (the 'Regulations'). Where required, data has been audited by PwC and this is indicated.

Remuneration Policy Report

Remuneration Policy Report (Unaudited information)

Our Policy was subject to a binding shareholder vote at the AGM of the

Company on 23 April 2020 and was approved by over 98% of shareholders who voted. The three year life of that Policy will expire at the 2023 AGM when we will be required to seek binding shareholder approval for a new Policy.

The Policy has been included within this report for readers to assess how we have implemented remuneration arrangements during 2021 and how we intend to implement arrangements in 2022. Factual and implementation data has been updated where relevant (e.g. scenario charts and details of service contracts). The Policy, as approved by shareholders, can be found on pages 112 to 120 of the 2019 Annual Report and Accounts.

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 in this report and is also available to view on the Company's corporate website.

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 can be found on page 121.

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 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 that 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 Awards and deferred EIS amounts.
- Post-employment shareholding requirement.

The above requirements ensure that a significant percentage of the overall remuneration package of our Executive Directors and senior management is subject to performance. With all packages for our 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 structures the incentives for Executive Directors and senior management in a way

that ensures they will not raise 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

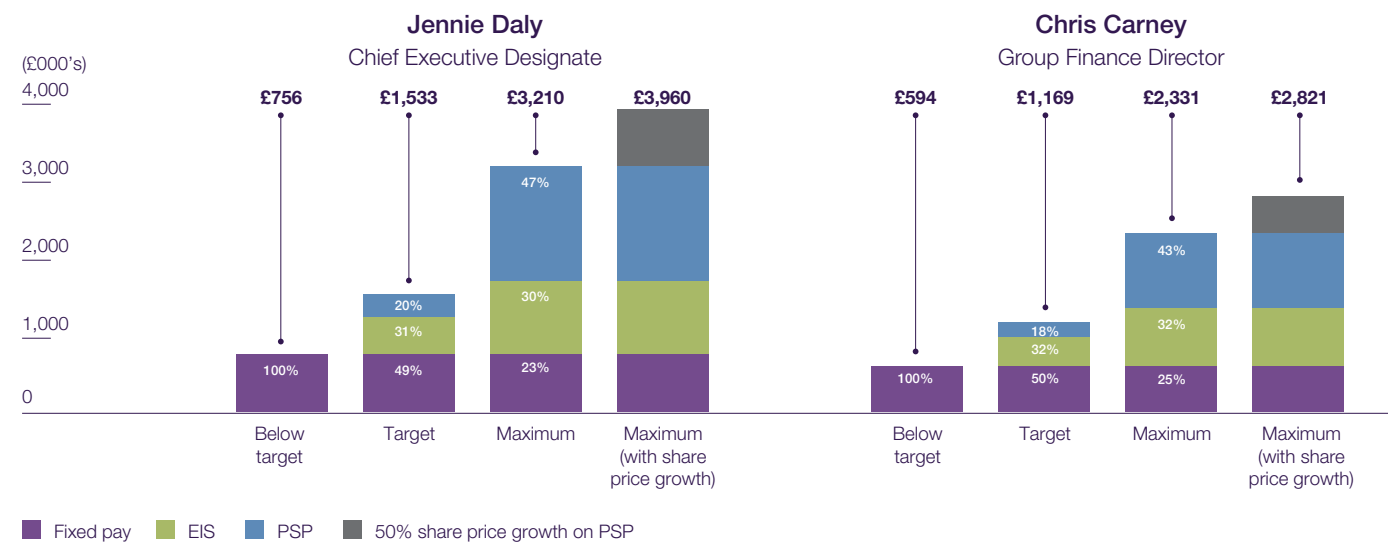
account when considering the overall remuneration structure and as part of its overall discretion.

Our Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward 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: <ul style="list-style-type: none"> – The performance, role and responsibility of each individual Director. – The economic climate, general market conditions and the performance of the Company. – The level of pay awards across the rest of the business. – Salary levels in comparably-sized companies and other major housebuilders. 	The maximum annual salary increase will not normally exceed the average increase which applies across the wider workforce. However, larger increases may be awarded in certain circumstances including but not limited to: <ul style="list-style-type: none"> – Increase in scope or responsibilities of the role. – To apply salary progression for a newly / recently appointed Director. – Where the Director's salary has fallen 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 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
Other benefits, including benefits-in-kind	Provides a competitive package of benefits to assist with recruitment and retention of staff.	The main benefits offered: <ul style="list-style-type: none"> – Company-provided car or a cash allowance in lieu. – Provision of a fuel card. – Life assurance. – Private medical insurance. – A 5% discount on the price of a new home acquired from the Group. 	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% if performance targets fail to be achieved. If an entry level of performance is achieved up to 10% of maximum is payable under each metric.	The EIS measures are based on a scorecard of designated key annual financial, operational and environmental measures.

Illustration of the Remuneration Policy for 2022

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 £642,247 and £501,025 for Jennie Daly and Chris Carney. Jennie Daly's salary is pro rata between her salary as Group Operations Director and Chief Executive. Chris Carney's salary is the salary he will receive in 2022.
 2. Benefits are £41,938, and £20,581 for Jennie Daly and Chris Carney, respectively, being the 2021 value.
 3. Pension is 10% for Jennie Daly and 14% of salary for Chris Carney.
 4. For the EIS the target and maximum award is 75% and 150% of base salary, respectively, as applicable for 2022.
 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, as applicable for 2022. 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.

Our Remuneration Policy continued

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-vesting 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: <ul style="list-style-type: none"> – Personal Choice Plan; – Taylor Wimpey Pension Scheme; or – as a cash allowance. 	Pete Redfern: cash allowance from 1 April 2022 of 15.62% of salary. Chris Carney: cash allowance of 14% of salary from 1 April 2022 and then reducing annually thereafter by 2% of salary until the pension rate is the same as the majority of the workforce. Jennie Daly: 10% of salary from 26 April 2022, aligned to the rate applicable to 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
All-employee share plans	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.

Committee discretion

The Committee recognises that the exercise of discretion must be undertaken in a careful and considered way as it is an area that will rightly come under scrutiny from shareholders and other stakeholders. The Committee confirms that any exercise of discretion 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 appropriate.

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.

During the year, other than to determine that Pete Redfern should be treated as a good leaver for incentive plan purposes, the Committee did not exercise any discretion to adjust any formula driven remuneration outcomes.

How shareholder views are taken into account

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 December 2021, when we consulted with major shareholders representing 50% of our issued share capital, and included the salary for the Group Finance Director, performance targets and weightings for variable pay arrangements proposed for 2022 and summarised the terms of the Chief Executive's exit package for when he leaves the business in 2022.

Overall shareholders were positive in their feedback.

Wider workforce policies and practices

The Committee is mindful of remuneration arrangements across the business and regularly receives reports regarding wider workforce policies and pay practices. Further details on this can be found on pages 121 to 123.

How the EIS and PSP measures and targets are 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 and wider stakeholders.

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.

The proposed measures for the 2022 EIS and PSP are set out on pages 116 and 117.

External non executive director positions

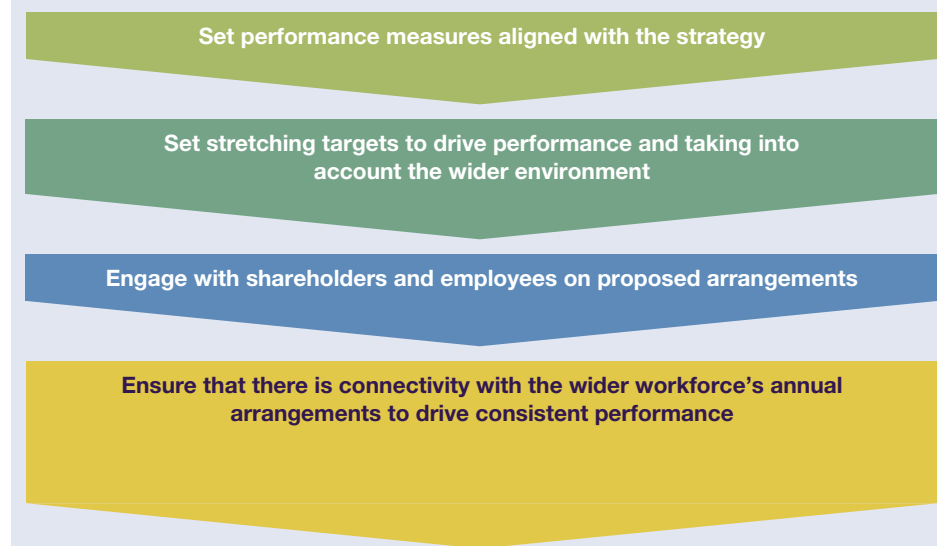
Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board and the Executive Director), Executive Directors are permitted to take on one non executive position with another 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 74 and 75.

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 111 and 112. 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.

How the EIS and PSP measures and targets are chosen



Corporate governance: Remuneration continued

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 plans 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.

Details of the remuneration arrangements for Jennie Daly as Chief Executive can be found on page 106.

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 period either way consistent with Provision 39 of the Code.

Name	Date of appointment	Notice period
Pete Redfern	3 July 2007	12 months
Chris Carney	20 April 2018	12 months
Jennie Daly	20 April 2018	12 months

Terms of engagement

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.

Name	Date of appointment as Director	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Irene Dörner	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
Robert Noel	1 October 2019	3 years, reviewed annually	6	6
Humphrey Singer	9 December 2015	3 years, reviewed annually	6	6

As previously announced Pete Redfern will be stepping down from the Board on 26 April 2022 and will remain available to ensure an orderly transition until the end of his notice period on 8 December 2022. Pete's leaving arrangements are in line with the Policy and further details are provided on page 118.

Jennie Daly and Chris Carney are proposed for re-election at the 2022 AGM. Chris and Jennie will have at that date an unexpired service contract 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.
- 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.

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.

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

The Annual Report on Remuneration will (together with the Chair's Statement and Remuneration at a Glance on pages 105 to 109) be put to an advisory shareholder vote at the AGM on 26 April 2022. Details of the resolution are set out in the Notice of Meeting on page 186.

Total single figure of remuneration (audited)

The table below sets out the total single figure of remuneration received by each Executive Director for their service and performance in 2021 (or for the performance period ending 31 December 2021 in respect of the PSP) and 2020 comparison, and total fees received by the Chairman and each Non Executive Director in 2021 and 2020.

£'000	Year	Fees / salary ^(a)	Benefits ^(b)	EIS ^(c)	PSP ^(d)	Pension ^(e)	All-employee plans ^(f)	Total	Total fixed remuneration	Total variable remuneration
Executive										
Pete Redfern	2021	887	45	1,270	390	170	2	2,764	1,104	1,660
	2020	787	55	—	118	173	2	1,135	1,017	118
Chris Carney	2021	467	8	668	195	77	12	1,427	564	863
	2020	395	9	—	39	73	2	518	479	39
Jennie Daly	2021	406	19	581	182	67	23	1,278	515	763
	2020	360	17	—	29	67	2	475	446	29
Non Executive										
Irene Dörner	2021	328	—	—	—	—	—	328	328	—
	2020	248	—	—	—	—	—	248	248	—
Gwyn Burr	2021	90	—	—	—	—	—	90	90	—
	2020	70	—	—	—	—	—	70	70	—
Jitesh Gadhia (appointed 1 March 2021)	2021	53	—	—	—	—	—	53	53	—
	2020	—	—	—	—	—	—	—	—	—
Scilla Grimble (appointed 1 March 2021)	2021	53	—	—	—	—	—	53	53	—
	2020	—	—	—	—	—	—	—	—	—
Angela Knight	2021	63	—	—	—	—	—	63	63	—
	2020	54	—	—	—	—	—	54	54	—
Robert Noel	2021	80	—	—	—	—	—	80	80	—
	2020	65	—	—	—	—	—	65	65	—
Humphrey Singer	2021	80	—	—	—	—	—	80	80	—
	2020	70	—	—	—	—	—	70	70	—
Total	2021	2,507	72	2,519	767	314	37	6,216	2,930	3,286
	2020	2,049	81	—	186	313	6	2,635	2,449	187

(a) The 2020 figure takes into account the voluntary 30% reduction in salaries and fees from 1 April to 31 July 2020.

(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 benefit value of the Company car provided was £29,925, £806 and £14,516 respectively).

(c) The 2021 EIS outcome can be found on page 108. The 2020 EIS for the Executive Directors was cancelled in light of the COVID-19 pandemic. One third of the 2021 EIS will be deferred into shares for three years. These shares will not be subject to any further performance or non-performance measures.

(d) This column shows the vesting in respect of PSPs with performance periods ending in 2021 and 2020 as set out in the table on the next page. The 2020 figure includes the value of dividends accrued during the performance period and payable on vesting and has been restated to reflect the share price on the date the award vested. The 2021 figure includes the value of dividends accrued during the performance period and this amount will be paid in shares and will be subject to the same two year holding period.

(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 that level.

(f) These figures represent the value of the matching shares under the Share Incentive Plan, the value of the 20% discount on the Sharesave option price, and the payment of Special Dividends accrued on Sharesave Options exercised by Chris Carney and Jennie Daly and grossed-up for Income Tax and National Insurance.

Salaries (audited)

As explained on page 106, during 2021 the Committee reviewed Chris Carney's salary and in light of his excellent performance and the expanded remit of his role, increased his salary from £447,372 to £490,000, with effect from 1 July 2021. The Committee reviewed the Executive Directors' salaries and decided to award an increase of 3% to Chris Carney, with effect from 1 April 2022, in line with general workforce increases. Pete Redfern will not receive this increase given he is currently serving his notice period. Upon assuming the role of Chief Executive on 26 April 2022, Jennie Daly's salary will be set at £750,000.

The salaries of the Executive Directors as at 1 April 2022 will therefore be as follows:

Executive Director	Salary at 1 April 2021	Salary at 1 April 2022 ^(a)	Increase
Pete Redfern	£891,644	£891,644	0%
Chris Carney	£447,372	£504,700	13%
Jennie Daly	£408,000	£750,000	84%

(a) As at 26 April 2022 for Jennie Daly.

Corporate governance: Remuneration continued**Executive Incentive Scheme (Annual bonus) (EIS) (audited)****EIS in respect of 2021**

The outcome of the 2021 EIS is 95% of the maximum and detailed disclosure of the targets and performance against them can be found on page 108. One third of this amount will be paid in shares and be required to be retained in the Company's Employee Benefit Trust for three years. These shares will not be subject to any further performance or non-performance measures.

EIS for 2022

In line with the Policy, the Directors will have the opportunity to earn up to 150% of salary under the 2022 EIS. The opportunity for Jennie Daly will be based on her pro-rata salary following her promotion to Chief Executive from 26 April 2022. Pete Redfern will be eligible to participate in the 2022 EIS for the period he is actively employed in the business up to 26 April 2022 and further details can be found on page 118.

The EIS performance measures and their weightings for 2022 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 next year in the usual way. The targets for the financial measures have been set so that entry performance is well ahead of 2021 outturn and achieving target will be at the top end of market expectations; the achievement of the stretch targets would require strong outperformance in favourable market conditions. The Committee is satisfied that the targets are sufficiently challenging. The Committee has introduced an environmental measure which will focus the business on the delivery of a credible plan and committed date to reach zero carbon and reduce our carbon intensity from our operations by 10% from the 2019 baseline data.

	Weighting	Rationale
Operating profit ^(a)	35%	Increase aggregate profit.
Operating profit margin ^(a)	15%	Prioritise focus on capturing house price increases and improving cost discipline throughout the business.
Cash conversion ^(a)	10%	To maximise the generation of cashflow from profits.
Build quality ^(b)	15%	Deliver high quality homes with the need for less remediation to underpin our strategic objective.
Customer service ^(c)	15%	Continue to deliver high levels of customer service.
Environmental	10%	The preparation and approval by the Board of a credible 'Road to Zero Carbon Plan' and a reduction in carbon intensity.

(a) Read more about our financial definitions on page 71.

(b) The average score, out of six, achieved during an in-depth annual review of construction quality on a site-specific basis.

(c) Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC on behalf of the Home Builders Federation (HBF) eight weeks after legal completion.

Performance Share Plan (PSP) (audited)**PSP awards included in the 2021 and 2020 total remuneration figures**

The outcome for the 2019 PSP Award against the performance measures can be found on page 108. The table below sets out the number of shares each Executive Director received after the vesting of the 2018 and 2019 PSP Awards.

	Name	Number of shares granted	Value of award at grant (£'000)	End of performance period	Standard proportion of award vesting ^(a)	Number of shares vesting	Vesting date	Value attributable to share price increase	Value of PSP shares vesting (£'000)	Value of dividend equivalents (£'000)	Value of standard proportion of PSP (single figure) (£'000)
2021 ^(a)	Pete Redfern	947,769	1,714	31/12/2021	22.1%	209,456	03/03/2022	—	334	56	390
	Chris Carney	475,532	860	31/12/2021	22.1%	105,092	03/03/2022	—	167	28	195
	Jennie Daly	442,355	800	31/12/2021	22.1%	97,760	03/03/2022	—	156	26	182
2020 ^(b)	Pete Redfern	898,423	1,672	31/12/2020	6.6%	59,295	02/03/2021	—	98	20	118
	Chris Carney	294,149	548	31/12/2020	6.6%	19,413	02/03/2021	—	32	7	39
	Jennie Daly	225,648	420	31/12/2020	6.6%	14,892	02/03/2021	—	24	5	29

(a) The 2019 PSP Award is included in the 2021 total remuneration figure. The performance against each of the performance measures are set out on page 108. A share price of 159.4 pence was used to calculate the value of the award vesting on 3 March 2022 as this was the average share price for the dealing days in the last three months of the performance period. This figure will be recalculated in the 2022 Annual Report to reflect the share price on the date the Award vests. Dividend equivalents will be paid in shares.

(b) The 2018 PSP Award is included in the 2020 total remuneration figure. The overall performance of the award can be seen on page 114 of the 2020 Annual Report and Accounts. The closing share price on the date the Award vested has been used (165.9 pence). Dividend equivalents were paid in cash.

PSP awards granted during 2021

	Type	% of salary	Face value of award (£'000)	Number of shares ^(a)	End of performance period	Performance measures	Threshold (20%)	Maximum (100%)
Pete Redfern	Nil-cost options	200%	1,748	1,004,687	31/12/2023	TSR v peer group (40%)	Median	Upper quartile
Chris Carney	Nil-cost options	200%	877	503,400	31/12/2023	RONOA (20%)	18.5%	20.5%
Jennie Daly	Nil-cost options	200%	800	459,726	31/12/2023	Cash conversion (20%)	22%	25%
						Customer service (20%)	78%	81%

(a) The share price used to determine the number of shares awarded was based on the average closing share price (174.02 pence) over the three days prior to grant (4, 5 and 8 March 2021).

PSP awards to be granted in 2022

In line with the Policy, Chris Carney and Jennie Daly will each receive a PSP Award over shares worth 200% of salary in 2022 which will be subject to the performance measures shown in the table below. Given the long term nature of the Award, this will be based on Jennie Daly's salary as Chief Executive as she will be in the role for the majority of the performance period. As noted on page 118, Pete Redfern will not receive an Award in 2022. The performance measures remain the same as the 2021 Award as the Committee consider that these provide a good overall balance in assessing our longer term performance against the business strategy. The targets have been reviewed to reflect current market conditions and business forecasts for the Group.

The PSP will operate in accordance with the Policy as set out on pages 111 and 112. 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 Committee has reviewed the targets and is confident they are stretching and appropriate in the present market outlook for the medium term.

Performance measure	Weighting	Threshold (20%)	Maximum (100%)	Rationale
TSR v peer group ^(a)	40%	Median	Upper quartile	Align the rewards received by executives with the returns received by shareholders.
Operating profit margin (2022-2024)	20%	19%	21%	Maintain focus on cost and process discipline.
RONOA (2022-2024)	20%	23%	25%	Maintain focus on driving increased capital efficiency.
Customer service (2022-2024) ^(b)	20%	78%	81%	To improve and deliver enhanced customer service.

(a) The peer group is an unweighted index comprising Barratt Developments, Bellway, Berkeley Homes, Countryside Partnerships, Crest Nicholson, Persimmon, Redrow and Vistry Group.

(b) This will be based on the single question 'Would you recommend your builder to a friend?' from the independently measured NHBC 9-month survey, therefore will be on a different basis to the EIS customer service measure.

Directors' pension entitlements (audited)

The Group Finance Director's pension contribution will be further reduced in 2022 in line with the agreed incremental reduction over a five year period to 10% of base salary, the level of pension contribution available to the majority of the wider workforce. Therefore, from 1 April 2022 Chris Carney's pension contribution will be 14% of base salary. Jennie Daly's pension contribution will be 14% of base salary from 1 April until 25 April, when she assumes the role of Chief Executive, at which point it will reduce to 10% of salary. As such, whilst the Directors' rate of pension contribution continues to reduce to the workforce rate as previously agreed, the Company was not fully compliant with Provision 38 of the Code during 2021 whilst the rate for incumbent Directors was above that of the workforce.

Defined benefit scheme

Pete Redfern is a deferred member of the Taylor Wimpey Pension Scheme (TWPS). The following table sets out the benefits payable in accordance with the rules of the TWPS.

Director	Normal Retirement age ^(a)	Accrued pension as at 31/12/2020 (£)	Increase in accrued pension from 31/12/2020 to 31/12/2021 (£)	Accrued pension as at 31/12/2021 ^(b) (£)
Pete Redfern	62	16,335	71	16,406

(a) In the event of early retirement before Normal Retirement Age, no additional benefits are paid. Pensions that are put into payment before Normal Retirement Age are reduced on actuarial advice to reflect early payment in line with the rules of the TWPS.

(b) 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. Pensions for all deferred members 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%.

Pete Redfern received a cash allowance of £169,666 (2020: £173,244) in lieu of Company pension contributions.

Non-Group pension arrangements

The value of Company pension contributions in 2021 for Chris Carney and Jennie Daly was:

	2020 (£)	2021 (£)
Chris Carney	5,501	4,003
Jennie Daly	5,501	4,029

Chris Carney and Jennie Daly also received pension allowances of £72,828 (2020: £67,745) and £62,930 (2020: £61,299) respectively in lieu of Company pension contributions over the Tapered Annual Allowance limit introduced in April 2016.

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 the Executive Directors who served during the year are as follows:

	Maximum potential shares as at 01/01/2021	Additional maximum potential awarded during the year	Dividend re-investment shares added during the year	Exercised during the year	Lapsed during the year	Maximum potential shares as at 31/12/2021 ^(a)	Maximum shares vesting in:					
							2022	2023	2024	2025	2026	
Pete Redfern												
Deferred shares (EIS) ^(b)	625,225	–	21,875	181,313	–	465,787	266,251	199,536	–	–	–	
PSP ^(c)	2,701,954	1,004,687	–	59,295	839,128	2,808,218	947,769	855,762	1,004,687	–	–	
Sharesave Plan	18,863	–	–	–	–	18,863	18,863	–	–	–	–	
Total	3,346,042	1,004,687	21,875	240,608	839,128	3,292,868	1,232,883	1,055,298	1,004,687	–	–	
Chris Carney												
Deferred shares (EIS)	216,311	–	10,659	–	–	226,970	126,855	100,115	–	–	–	
PSP ^(c)	1,199,049	503,400	–	19,413	274,736	1,408,300	475,532	429,368	503,400	–	–	
Sharesave Plan ^(d)	20,891	10,545	–	11,460	–	19,976	9,431	–	–	–	10,545	
Total	1,436,251	513,945	10,659	30,873	274,736	1,655,246	611,818	529,483	503,400	–	10,545	
Jennie Daly												
Deferred shares (EIS)	171,811	–	8,467	–	–	180,278	88,974	91,304	–	–	–	
PSP ^(c)	1,059,584	459,726	–	14,892	210,756	1,293,662	442,355	391,581	459,726	–	–	
Sharesave Plan ^(d)	22,921	21,091	–	22,921	–	21,091	–	–	–	–	21,091	
Total	1,254,316	480,817	8,467	37,813	210,756	1,495,031	531,329	482,885	459,726	–	21,091	

(a) All outstanding awards are options. The Directors do not hold any vested but unexercised share options.

(b) Pete Redfern exercised his EIS deferred shares on 26 March 2021 and the closing share price was 180.1 pence. These shares were awarded on 23 March 2018 using a share price of 183.60 pence to calculate the number of shares awarded.

(c) The Executive Directors exercised their 2018 PSP Award on 2 March 2021 and the closing share price was 165.9 pence. These shares were awarded on 6 March 2018 using a share price of 186.13 pence to calculate the Award.

(d) Chris Carney and Jennie Daly both exercised their Sharesave Plan on 13 December 2021 and the closing share price was 167.3 pence. These shares were granted on 5 October 2016 and the option price was 130.88 pence.

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 closing share price on 31 December 2021 was 175.5 pence and the range during the year was 146.4 pence to 191.7 pence.

Pete Redfern's remuneration arrangements in relation to his departure

On 8 December 2021 the Company announced that Pete Redfern would be stepping down from the Board as Chief Executive in 2022 once a suitable successor had been found and following a full handover. Following a thorough recruitment and selection process Jennie Daly was appointed as Pete's successor with effect from the 2022 AGM. As such Pete will step down from the Board on 26 April 2022 and will remain available to the business to ensure an orderly transition until his notice period ends on 8 December 2022.

On behalf of the Board, the Committee considered his remuneration arrangements and can confirm that they are in line with his contractual entitlements and the shareholder approved Policy.

Base salary, benefits and pension

Pete will continue to receive salary, benefits and pension in accordance with his contractual entitlements until he leaves the business.

He will not receive the 3% salary increase for 2022 which was approved for the wider workforce and Chris Carney, and his pension contributions will reduce to 15.62% of salary, on 1 April 2022 as previously agreed. Outstanding interests in all-employee share plans will be treated in line with standard leaver terms.

EIS

He will be treated as a 'good leaver' in respect of the EIS and may receive a bonus for 2022 performance pro-rated to the time he is actively employed in the business up to 26 April 2022 and subject to the achievement of the performance measures. Any award made will be paid at the usual time in March 2023, with one-third being deferred in shares and released to him after three years.

Pete's unvested EIS deferred shares from the 2019 EIS will vest at the normal time, with any shares added via the Dividend Re-Investment Plan, in March 2023. One-third of his 2021 EIS will be paid in shares in March 2022, and will be released at the normal time after three years.

PSP

Pete will also be treated as a 'good leaver' in respect of his outstanding PSP awards. His 2019 Award vested at the normal time in March 2022. Pete's 2020 and 2021 Awards will be pro-rated to the date he leaves the business and will be subject to the performance measures (as currently applicable) over the relevant three year period. He will be required to retain any shares that vest for the two year holding period.

No PSP Award will be made for 2022.

Post employment shareholding requirements

Pete will be required to retain shares worth at least 200% of his salary for two years post employment. The number of shares will be calculated based on the share price on his last day of employment.

Clawback and malus

Clawback and malus provisions will continue to apply post cessation of employment.

Details of Jennie Daly's remuneration package as Chief Executive are set out on page 106.

Payments for loss of office and to former Directors

No payments have been made for loss of office or to former Directors during 2021.

Chairman and Non Executive Director Fees (audited)

Fee review in 2021

During the year the fees for the Chairman of the Board and Independent Non Executive Directors were reviewed and increased, recognising the increased time commitment required since the last reviews took place in 2018 and 2016 respectively. The increases noted below took effect on 1 July 2021.

Role	Annual fees as at 01/04/2021	Annual fees as at 01/07/2021
Chairman of the Board	£320,000	£335,000
Independent Non Executive Director	£60,000	£65,000
Senior Independent Director	£17,500	£17,500
Audit Committee Chair	£17,500	£17,500
Remuneration Committee Chair	£17,500	£17,500
The Board's Employee Champion	£10,000	£10,000

Directors' share interest register (audited)

In line with the approved Policy, Executive Directors' shareholding requirements are 200% of their base salary. They 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 PSP, until such time as the guidelines have been met. Beneficially owned shares count toward the guidelines, together with the portion of the 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 200% of their base salary, or their shareholding at the time of cessation if their 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 Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

Director	Beneficially owned		Outstanding interests in share plans			Share interests expressed as a % of salary
	at 01/01/2021 (ordinary shares) ^(a)	at 31/12/2021 (ordinary shares)	EIS deferred shares (gross)	PSP ^(b)	Sharesave	Value of shares (including EIS deferred shares on a net basis) as at 31/12/2021 ^(c)
Irene Dorner	125,440	125,440	–	–	–	–
Pete Redfern	2,363,494	2,396,991	465,787	2,808,218	18,863	520%
Chris Carney ^(d)	376,484	400,351	226,970	1,408,300	19,976	186%
Jennie Daly ^(d)	179,511	212,446	180,278	1,293,662	21,091	132%
Gwyn Burr	17,241	17,241	–	–	–	–
Jitesh Gadhia	–	100,000	–	–	–	–
Scilla Grimble	–	15,000	–	–	–	–
Angela Knight	16,896	16,896	–	–	–	–
Robert Noel	46,674	46,674	–	–	–	–
Humphrey Singer	31,896	31,896	–	–	–	–

(a) Or date appointed to 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 2021 (165.8 pence) 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.

Details of the share options exercised by the Executive Directors during the year can be found on page 118.

The only changes to the Directors' interests as set out above during the period between 31 December 2021 and 2 March 2022 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 372, 374 and 374 respectively.

Corporate governance: Remuneration continued

Remuneration Committee Remit

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 framework which is aligned with the interests of our shareholders and designed to promote the long term success of the Company. It is also responsible for reviewing wider workforce remuneration practices and policies.

Details of Committee membership and attendance at meetings can be found on page 105.

The Committee reviewed its Terms of Reference in 2021 and evaluated its own performance against them. Following this review, the Committee confirmed that they remain appropriate. The Terms of Reference can be found on the Company’s corporate website.

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.

The Remuneration Committee’s activities during 2021 are set out in the table below:

Topic	Activity / review	February 2021	September 2021	October 2021	December 2021
Executive and senior management remuneration	Reviewed benchmarking data for various groups of senior management	●	●	●	●
	Considered the forecasts for inflight EIS and PSP awards	●		●	●
	Considered the performance measures and targets for the 2022 EIS and PSP				●
	Considered the remuneration arrangements for Pete Redfern when he leaves the business				●
Wider workforce remuneration	Reviewed the remuneration policies and practices for the wider workforce	●			
	Considered the wider workforce bonus arrangements alignment to senior managements	●			●
	Reviewed and approved the Group-wide salary review	●			●
	Considered the Company’s 2021 Gender Pay Gap Report	●			
	Considered the Company’s Ethnicity Pay Gap data	●			
Committee governance	Reviewed and agreed the Committee’s annual plan for 2022			●	
	Received a market update from Korn Ferry	●	●	●	●
	Reviewed and approved the 2020 Directors’ Remuneration Report	●			
	Reviewed the Committee’s performance and compliance with its Terms of Reference	●			

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 2021 Korn Ferry also provided other ad hoc remuneration services outside the scope of the Committee to the Company. Korn Ferry were appointed following a comprehensive tender process. 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. Korn Ferry do not have any connection with the Company or any of the individual Directors.

The Committee also receives legal advice from Slaughter and May as and when necessary. This generally relates to technical advice on share schemes. 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 2021 were: Korn Ferry £83,370 on a time and materials basis (2020: £62,920); and Slaughter and May £10,000 (2020: £nil).

The Chief Executive, Group HR Director, Group General Counsel and Company Secretary, Assistant Company Secretary and Head of Reward and Pensions each attended the Committee meetings during 2021 by invitation only, but were not present for any discussions that related directly to their own remuneration.

How the Committee addresses the requirements under Provision 40 in the Code

Principle	Committee approach
Clarity	– We have operated a consistent approach which is well reported in our Directors’ Remuneration Reports. Our approach is understood internally by employees and externally with strong levels of shareholder support
Simplicity	– Executive Director remuneration arrangements have been designed, in accordance with best practice, to be as simple as possible
Risk	– We mitigate risk through careful plan design, including long term performance measurement, deferral, and shareholding requirements (including post cessation of employment) and discretion and clawback provisions
Predictability	– We look carefully at the range of likely performance outcomes when setting performance target ranges for entry, target and maximum payouts and use discretion where necessary
Proportionality	– Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements – Performance conditions are aligned to the business strategy and shareholder experience – There are provisions to override the formula-driven outcome of incentive plans, as well as deferral and clawback mechanisms to ensure that poor performance is not rewarded
Alignment to culture	– Our overall reward framework embeds our purpose and values. Decisions on executive pay need to be taken in the context of the wider stakeholder experience

Wider workforce remuneration

Key highlights in 2021

5.5% average salary increase	1,307 employees received salary increases during the year following benchmarking outside of the annual review ^(a)	61% of employees are either already shareholders or participate in one of our all-employee share plans
Maternity and Paternity Leave Policy enhancements made during the year	Real Living Wage Employer accreditation in November 2021	10% pension contribution available for the majority of the workforce

(a) These increases were in addition to the 2% annual increase in April 2021. As at 31 December 2021 there were 5,144 employees.

Wider workforce remuneration in 2021

The Committee regularly monitors and reviews the Company-wide remuneration arrangements to ensure that they are aligned to incentives and rewards across the Company.

The Committee reviewed, by employee level, the different elements of pay and benefits across the Company. Following this review, the Committee considers that all employees receive a reward package that is aligned to the Company’s purpose and culture; and is market competitive, transparent and fair.

Element	Wider Workforce	Senior Managers	Executive Directors and GMT
Competitive salary	●	●	●
Bonus	●	●	●
Deferred bonus in shares			●
Long Term Incentive Plan / Medium Term Incentive Plan		●	●
Shareholding requirements		●	●
Paid holiday	●	●	●
Pension	●	●	●
All-employee share plans	●	●	●
Flexible benefits	●	●	●
Private healthcare	●	●	●

Corporate governance:
Remuneration continued



Engagement with the workforce

As Remuneration Committee Chair and Employee Champion, Gwyn Burr attended three National Employee Forum (NEF) meetings during the year. At one of these meetings, the NEF discussed pay policies and practices across the Group and how they align with the Executive Directors' remuneration arrangements. The performance measures in variable pay arrangements across the Group were discussed in detail to explain how the Executive Directors' remuneration was aligned to that of the wider workforce and our strategy.

CEO Pay Ratios

Year	Method	CEO single figure ^(a)	Lower quartile	Median	Upper quartile	
2021^(b)	Option B	£2,764,290	Ratio	87:1	60:1	40:1
			Salary	£26,883	£33,133	£50,750
			Total pay and benefits	£31,651	£46,455	£69,721
			Ratio	39:1	26:1	20:1
2020	Option B	£1,120,451	£23,233	£30,600	£47,000	
			Total pay and benefits	£28,389	£42,492	£56,844
			Ratio	93:1	73:1	48:1
2019	Option B	£3,023,654	£27,500	£31,277	£45,621	
			Total pay and benefits	£32,342	£41,483	£62,418
			Ratio	103:1	77:1	41:1
2018	Option B	£3,151,748	£26,412	£26,873	£52,458	
			Total pay and benefits	£30,745	£41,135	£76,575

(a) The 2018, 2019 and 2020 single figures disclosed have not been restated to reflect the share price on the date the 2016, 2017 and 2018 PSP awards 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 2021.

Under Option B, using the hourly rate from our 2021 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 less 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 percentiles.

Total pay and benefit figures, during the financial year ending 31 December 2021, 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 for 2020 was significantly lower than in 2019. The CEO single figure was impacted by: the voluntary 30% reduction in Executive Directors salaries and pension contributions from 1 April to 31 July 2020, no cash bonus being paid to Executive Directors in response to 2020 performance and a low level of vesting in respect of the 2018 PSP Award. The lower CEO figure caused all three ratios for 2020 to reduce to a greater degree than would otherwise have been expected.

We increased the number of apprentices in 2020 which caused the lower quartile to drop in comparison to 2019. In 2021 the number of apprentices was less than in 2020 but higher than 2019 and this is the reason that the lower quartile has increased on 2020 but remains lower than in 2019. Apprentices are paid lower rates of pay and movements in headcount can impact the lower quartile.

Ratios for 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.5% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP Award.

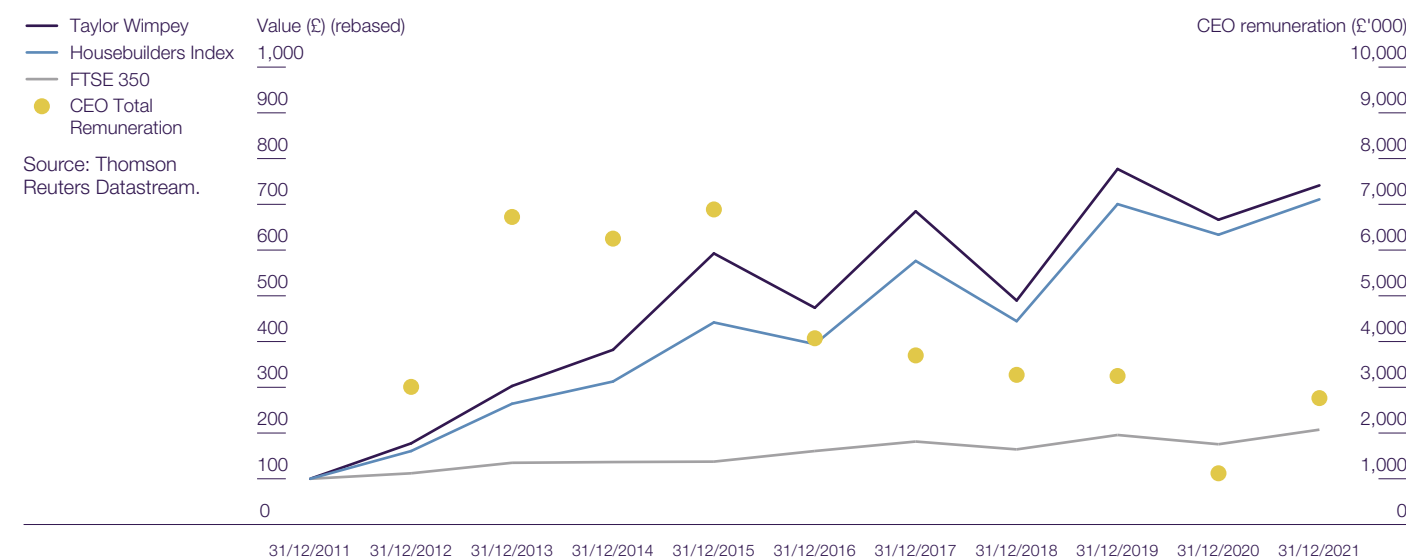
As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors' remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

Total shareholder return graph and Chief Executive historic remuneration

The graph below shows the value of £100 invested in Taylor Wimpey plc on 31 December 2011 with the value of a £100 invested in the FTSE 350 and in the average of the Housebuilders Index introduced for the 2012 PSP 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.

The graph also shows the Chief Executive's single figure remuneration over the same 10-year period. The total remuneration figure includes the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages are the payout for each year as a percentages of the maximum award that could have been paid or received.

Total shareholder return



	Year ending 31 December									
Chief Executive historic remuneration	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total remuneration (£'000)	3,009	6,724	6,250	6,888	4,072	3,697	3,272	3,247	1,120	2,764
EIS (%)	95	90	90	78	80	66	93	50.6	-	95
PSP (%)	40	85	94	100	81	78	50	62.8	6.6	22.1

Annual percentage change in remuneration of Directors and employees

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 2020 and 31 December 2021, as set out on page 115.

	Salary / fee ^(a)		Benefits		Annual bonus scheme ^(b)	
	% change from 31/12/2019 to 31/12/2020 (%)	% change from 31/12/2020 to 31/12/2021 (%)	% change from 31/12/2019 to 31/12/2020 (%)	% change from 31/12/2020 to 31/12/2021 (%)	% change from 31/12/2019 to 31/12/2020 (%)	% change from 31/12/2020 to 31/12/2021 (%)
Pete Redfern	(10)	13	2	(18)	n/a	n/a
Chris Carney ^(c)	(10)	18	(55)	(11)	n/a	n/a
Jennie Daly	(10)	13	(6)	12	n/a	n/a
Irene Dorner ^(d)	n/a	32	-	-	-	-
Gwyn Burr ^(e)	(3)	29	-	-	-	-
Jitesh Gadhia ^(f)	n/a	n/a	-	-	-	-
Scilla Grumble ^(f)	n/a	n/a	-	-	-	-
Angela Knight	(10)	17	-	-	-	-
Robert Noel ^(g)	n/a	23	-	-	-	-
Humphrey Singer	(10)	14	-	-	-	-
Average pay of a Taylor Wimpey Employee ^(h)	-	6	-	3	(46)	163

(a) The Executive and Non Executive Directors took a voluntary 30% reduction in base salary and fees from 1 April 2021 to 31 July 2021 in light of the COVID-19 pandemic.
(b) The Executive Incentive Scheme was cancelled in light of the COVID-19 pandemic.
(c) Chris Carney received a salary increase on 1 July 2021.
(d) Irene Dorner was appointed in December 2019 and received a fee increase on 1 July 2021.
(e) Gwyn Burr was appointed as the Board's Employee Champion and received a fee of £10,000 per annum with effect from 1 January 2021.
(f) Jitesh Gadhia and Scilla Grumble were appointed in March 2021.
(g) Robert Noel was appointed in October 2019 and was appointed as the Company's Senior Independent Director on 1 August 2021.
(h) Taylor Wimpey plc does not have any employees and these figures are in relation to Taylor Wimpey UK Limited employees.

Corporate governance: Remuneration continued**Change in Company performance relative to change in remuneration (audited)**

	2020	2021	Change (%)
Operating profit ^(a)	£300.3m	£828.6m	176
Dividends paid per ordinary share	0.00p	8.28p	n/a
Employee pay in aggregate ^(b)	£280.1m	£292.1m	4
Employee pay average per employee ^(b)	£46,459	£54,517	17

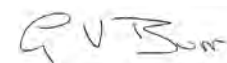
(a) Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. Operating profit has been chosen as it is one of the Company's primary measures of performance.

(b) See note 7 to the financial statements on page 149.

Statement of shareholder voting

Votes cast by proxy and at the meeting in respect of the Directors' remuneration were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast (excluding withheld votes)	Votes withheld
Directors' Remuneration Report for 2020 (2021 AGM)	2,216,612,359	97.67	52,990,912	2.33	2,269,603,271	401,828
Directors' Remuneration Policy (2020 AGM)	2,001,641,568	98.65	27,319,532	1.35	2,028,961,100	583,978

Approved by the Board

Gwyn Burr

Chair of the Remuneration Committee

2 March 2022

Corporate governance: Statutory, regulatory and other information**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 Annual Report and Accounts. Certain 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	2 to 71
Likely future developments in the business of the Company	2 to 71
Carbon footprint reporting	48 to 57
Greenhouse gas emissions reporting	55
Stakeholder engagement	34 to 47
A description of the Company's employee engagement practices	34 and 41
A statement of the Company's engagement with employees in relation to the financial and economic factors that affect the performance of the Company	34
Charitable donations	43
Research and development activities	45
Viability Statement	70 to 71
2018 UK Corporate Governance Code compliance statement	72
Directors	74 to 75
A description of how the Board assesses and monitors culture	83
Retirement and re-election of Directors	93 and 184 to 191
Remuneration Committee report	105 to 124
Profit before taxation and profit after taxation	136 and 141 to 178
Changes in asset values	138 and 141 to 178
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	157 to 159
Subsidiaries and associated undertakings, including branches outside the UK	179 to 182
Directors' dividend recommendation	184 to 191
Web communications with shareholders	191
Registrar	192
Specific disclosures required under Listing Rule 9.8.4 as appropriate to the Company	
Details of the Company's long term incentive schemes	105 to 124
Shareholder waiver of future dividends	126

Qualifying third party indemnity

In accordance with Section 234 of the Companies Act 2006 and following advice from 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, for this financial year and at the date of this report. 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 Auditors

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 external Auditors are 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 external Auditors are 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 127.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1GJ.

Formal notice of the AGM is set out in the Notice of Annual General Meeting on pages 184 to 191 and on the Company's website.

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 165 to 166.

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 powers of the Company's directors in relation to issuing or buying back the Company's shares are limited to those approved by shareholders at the AGM.

Corporate governance: Statutory, regulatory and other information continued

We have announced the Company's intention to return excess capital to its shareholders in 2022 of up to £150 million through the implementation of a share buyback programme. An initial tranche of up to £75 million commenced on 3 March 2022 and is expected to end no later than 3 June 2022. The initial tranche of the share buyback programme is being carried out by the Company using the authority to purchase its own ordinary shares as approved by shareholders at the 2021 AGM, and in order to retain the flexibility to complete the initial tranche and continue to return value to shareholders, we are asking shareholders to renew the authority for the Company to purchase its own ordinary shares. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares. Pursuant to the share buyback programme, the Board intends to hold 25 million of the shares that are repurchased in treasury and the remaining shares will be cancelled. The Board currently intends that the shares to be held in treasury will be used for future obligations of the Company in respect of its employee share schemes.

The Board will use this authority to purchase shares only after careful consideration (taking into account market conditions, other

investment opportunities, appropriate gearing levels and the overall financial position of the Company).

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

The 2020 final ordinary dividend of 4.14 pence per share was paid to shareholders on 14 May 2021 and the 2021 interim ordinary dividend of 4.14 pence per share was paid to shareholders on 12 November 2021.

Subject to shareholder approval at the 2022 AGM, the final ordinary dividend of 4.44 pence per share will be paid on 13 May 2022 to shareholders on the register at the close of business on 1 April 2022. More information can be found on pages 69 and 185. The Company will be operating a Dividend Re-Investment Plan (DRIP) for shareholders in the United Kingdom and more information can be found on page 187.

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 9,112,873 shares, as at 28 February 2022. More information about the ESOT can be found in Note 26 on page 167.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2021.

Political donations

The Company has a policy of not making donations to political parties, and has not made any during 2021 and does not intend to going forward. More information can be found on page 189.

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.

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 it deserves and requires. The Company will shortly be publishing its sixth statement under the MSA which will be available on the Company's website.

Employee share ownership

The Company promotes employee share ownership as widely as possible across the Company. 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 one year. The scheme has operated since 2012 and in 2021 resulted in 233,335 shares (2020: 574,817) being acquired by 225 employees (2020: 294). The relatively lower number of shares awarded in 2021 reflected the lower bonus level for 2020 performance received by employees.

The percentage of our employees who hold shares in the Company, either through the all-employee share plans, the bonus exchange scheme, or any other method is 61% (2020: 64%).

Employment of people with disabilities

The Company is committed to ensuring that people with disabilities are treated fairly, supported and encouraged to apply for employment and to progress and receive training once employed. Working with key partners, we hope to increase permanent

and secondment opportunities for people with disabilities. In addition, every reasonable effort is made for people with disabilities to be retained in the employment of the Company by investigating reasonable adjustments to the role, workplace or equipment.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Board of Directors pages of the Corporate Governance report confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company.
- The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the Principal Risks and uncertainties that it faces.

This Directors' report and responsibility statement was approved by the Board of Directors on 2 March 2022 and is signed on its behalf by:



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

2 March 2022

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.

As at 28 February 2022, 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.

Name	As at 31 December 2021		As at 28 February 2022	
	Number of shares held (millions)	Percentage of issued voting share capital	Number of shares held (millions)	Percentage of issued voting share capital
BlackRock	182.5	5.00	182.5	5.00
The Capital Group Companies, Inc	164.7	4.51	164.7	4.51
Legal & General Group plc	98.5	2.70	98.5	2.70
Standard Life Investments Limited	96.5	2.64	96.5	2.64