

## Remuneration Committee

### Terms of Reference

The Board of Taylor Wimpey plc will monitor the effectiveness of this Policy and the Remuneration Committee will review and approve the Policy on a regular basis.

Approved by:	Remuneration Committee	Last reviewed	22 April 2020
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<b>Introduction</b>	<p>The Taylor Wimpey plc Remuneration Committee is a Committee of the Taylor Wimpey plc Board of Directors (“the Board”) with the following Terms of Reference, which outline its underlying objective and responsibilities.</p>
<b>Review and Approval</b>	<p>These Terms of Reference shall be reviewed annually and any amendment shall require the approval of the Board.</p>
<b>Objective</b>	<p>The objective of the Taylor Wimpey plc Remuneration Committee (“the Committee”) is to establish and maintain formal and transparent procedures for developing policy on executive remuneration; to set, monitor and report on the remuneration packages of individual directors and senior management; and to review wider workforce remuneration and other policies in accordance with the 2018 UK Corporate Governance Code.</p> <p>The Committee’s specific operational duties and responsibilities, underlying each of these areas, are detailed below in "Duties and Responsibilities of the Committee".</p>
<b>Membership of the Committee</b>	<p>The Committee, whose members shall be appointed by the Board on the recommendation of the Nomination &amp; Governance Committee in consultation with the Chair of the Remuneration Committee, shall comprise no fewer than three members, all of whom shall be Independent Non-Executive Directors.</p> <p>Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.</p> <p>The Board shall appoint the Committee Chair who shall be an Independent Non-Executive Director and should have served on a remuneration committee of a UK listed company for at least 12 months. The Chair of the Board shall not be Chair of the Committee.</p> <p>In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.</p>
<b>Meetings</b>	<p>The Committee shall hold not less than two meetings per year during the reward and remuneration cycle or otherwise as required by the agenda framework as the Committee Chair shall deem necessary, in order for the Committee to fulfil its duties. The Chair is required to call a meeting if requested to do so by any Committee member, or by any other Director.</p> <p>A quorum of the Committee is two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p> <p>Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.</p>

**Attendance at Meetings**

Only members of the Committee shall have the right to attend Committee meetings, to form part of the quorum and to vote.

However, other individuals such as the Chief Executive, the Group Human Resource Director and external advisers may be invited to be in attendance for all or part of any meeting as and when the Committee considers it appropriate.

The Committee may request that non-members withdraw from any part of a meeting.

**Annual General Meeting**

The Chair of the Committee shall attend the Annual General Meeting, prepared to respond to any shareholder questions on the Committee's activities.

**Secretary**

The Company Secretary of the Company or his/her nominee shall be Secretary of the Committee and shall attend each meeting.

In accordance with the Committee's agenda framework, the Secretary shall be responsible for drawing up the agenda and circulating it with supporting documentation to Committee members, and the external auditors prior to each meeting. Relevant extracts will be circulated to any other attendees.

The Secretary shall be responsible for keeping the minutes of meetings of the Committee and circulating them to members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists and to other attendees of the meeting.

**Duties and Responsibilities of the Committee**

The Committee shall:

1. Determine and agree with the Board the framework and policy for the remuneration of the individuals under their remit, collectively known as "Senior Management".

Senior Management is defined as the Chief Executive, the executive directors, the company secretary, the Group Management Team and such other individuals as the Board or the Committee shall designate from time to time.

The remuneration of non-executive directors shall be a matter for the Company Chair and the executive members of the Board. No director or individual shall be involved in any decisions as to their own remuneration.

2. In determining such policy, take into account all factors which it deems necessary, including the policy's clarity, simplicity, risk alignment, predictability, proportionality and alignment with culture.

The objective of such policy is to support the strategy and promote the long-term sustainable success of the Company. The policy should be aligned to company purpose and

values and be clearly linked to the successful delivery of the long-term strategy.

The objective of any performance related share schemes for Senior Management should be to promote long-term shareholdings that support long-term shareholder interests.

3. Ensure the policy allows for formulaic performance related pay outcomes to be overridden and for payments made under performance related pay schemes to be recovered and/or withheld when it is appropriate to do so.
4. Review the ongoing appropriateness and relevance of the remuneration policy;
5. Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.
6. Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used.
7. Approve a shareholding policy which covers building and maintaining a shareholding during employment, and its application post employment.
8. Determine the policy for, and scope of, pension arrangements for Senior Management taking into account the wider employee policy.
9. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
10. Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive as appropriate, determine the remuneration for the Senior Management, including bonuses, incentive payments and share options or other share awards.
11. In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the FCA's Listing Rules and associated guidance, including the establishing and application of relevant performance criteria.
12. Review workforce remuneration and related policy and the alignment of incentives and rewards with culture, taking these into account when determining the remuneration policy for Senior Management.
13. Oversee any major changes in employee benefits structures throughout the company or group.
14. Agree the policy for authorising claims for expenses from the Chief Executive and Chair.
15. Ensure that all provisions regarding disclosure of remuneration including pensions, as set

out in the Companies Act 2006; Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Directors' Reports) Regulations 2008; and the UK Corporate Governance Code are fulfilled.

16. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee: and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
17. Report the frequency of, and attendance at, meetings of the Committee in the annual reports.
18. The Committee Chair should engage with shareholders on significant matters and ensure that their views are considered.
19. Ensure that the views of the workforce are given consideration.
20. Make available the Committee's terms of reference on the website.

#### **Reporting to the Board**

The Committee discharges its responsibilities inter alia by determining those matters which fall within its authority under these Terms of Reference, and in consultation with the Board and designated officers assisting in the Board's determination of those matters which are reserved to the Board's decision. In relation to any recommendations, the Committee does not have any authority to commit the Board to their implementation.

The Committee shall report to the Board on its activities together with any recommendations through the circulation of its minutes and verbally, via the Committee Chair, at the Board meeting following each Committee meeting.

The Committee shall make a statement in the Annual Report about its activities, the strategic rationale for executive directors' remuneration policies, reasons why the remuneration is appropriate using internal and external measures, and how engagement has taken place with stakeholders.

The Committee, on an annual basis, shall evaluate its own performance against these Terms of Reference and best practice to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

#### **Authority**

The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.

In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice and appropriate and timely external training and advice for new members and on an ongoing basis for all members.