

Directors' Report: Governance

Corporate Governance Report



Norman Askew
Chairman

Board Structure at a glance



Corporate governance statement

The Board is fully committed to high standards of corporate governance and corporate responsibility throughout the Group. The Board supports the principles of corporate governance contained in the 2008 edition of the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority (the 'Combined Code'), as supplemented by the Disclosure and Transparency Rules, which set out the governance rules which apply to all UK companies which are listed on the London Stock Exchange.

This Report on Corporate Governance together with the Remuneration Report on pages 41 to 50 are intended to explain how the Company has applied the principles of the Combined Code and provide an insight into how the Board and management run the business for the benefit of shareholders. The Chairman's Statement and the Group Chief Executive's Review seek to present a balanced assessment of the Company's position and prospects.

For more information
see page 41 to 50

During the year, the Board continued to apply the enhanced governance and control environment introduced during 2008 in order to maintain the integrity of the business during the challenging market conditions.

The Directors have monitored the FRC's review of the Combined Code (to be re-named 'The UK Corporate Governance Code') and have made preparations to ensure the Company continues to comply with its revised provisions, which are expected to be published in April or May 2010 and to apply to accounting periods beginning on or after 29 June 2010.

Statement of compliance

For the year ended 31 December 2009, the Company complied with all the provisions of the Combined Code including the Principles set out in Section 1, and with the provisions of the Disclosure and Transparency Rules on Audit Committees and Corporate Governance Statements (DTR 7).

The Board and its Committees

As at the date of this Report the Board consists of ten Directors: the Chairman, three Executive Directors and six

Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 32 and 33. Changes in the Board composition since 31 December 2008 are set out on page 51.

For more information
see pages 32 to 33 and page 51

During the early part of 2009, as would be expected, the Board met frequently in concluding the negotiations that took place with regard to the amendment of its debt facilities and the subsequent raising of additional equity through the Placing and Open Offer which was approved by shareholders at the General Meeting on 27 May 2009. Accordingly, the Board met on 14 occasions during the year including nine meetings in the first half of the year. Details of the attendance of each Director are set out in the table on page 36.

For more information
see page 36

It is Board policy that where a Director misses a Board or Committee meeting, the Chairman and/or the Group Company Secretary will, as soon as possible, brief the Director fully on the business transacted and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to it by the Chairman and/or the Secretary as appropriate.

The Board discharges its responsibilities by providing strategic and entrepreneurial leadership of the Company, within a framework of prudent and effective controls, which enables risk to be assessed and managed. It sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. It also defines the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are clearly understood and met.

The following documents have been adopted by the Board:

- Schedule of matters specifically reserved for the decision of the Board;
- Board policies covering operational matters, compliance and stakeholder policies; and
- Terms of Reference of the Board Committees: Audit, Corporate Responsibility, Nomination and Remuneration, which outline their objectives and responsibilities and which define a programme

of activities to support the discharge of those responsibilities.

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

The Board took detailed advice during the year both with regard to the amendment of its debt facilities and the raising of additional equity through the Placing and Open Offer in the first half of 2009. Advice was provided in connection with the amendment of its debt facilities, by specialist restructuring advisers N M Rothschild & Sons Limited ('Rothschild') and the Company's legal advisers Slaughter and May ('Slaughter') with regard to UK matters and by Davis Polk & Wardwell, LLP ('Davis Polk') with regard to US matters. Representatives of Rothschild and Slaughter attended the relevant part of almost every meeting of the Board up to the conclusion of the debt renegotiation on 30 April 2009 to advise the Board on key legal issues relating to the status of the project. The advice also included specialist advice to the Board as a whole and to Directors individually as to their responsibilities.

Advice was also provided during the year to the Board by J.P. Morgan Cazenove Limited (as sponsor and financial adviser), J.P. Morgan Securities Limited (as underwriter), Slaughter (UK legal advice) and Davis Polk (US legal advice) in connection with the Placing and Open Offer concluded on 1 June 2009. As part of its annual budget review process the Board receives a detailed presentation from an external economic specialist on the UK, North American and general economy.

Board and Committee balance, independence and effectiveness

It is the Company's policy that appointments to the Board are made on merit and the Nomination Committee has a formal, rigorous and transparent process against which objective criteria recommended by the Nomination Committee are used. Typically the process of appointment, prior to the decision of the Board, will include the engagement of recruitment consultants, interviews with members of the Board and the taking up of detailed references. This process was

followed in the recent appointment of Rob Rowley as a Non Executive Director.

The Nomination Committee also guides the Board in arranging the orderly succession for appointments to the Board and in respect of senior management. The work of each of the Board Committees is described in this Report.

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

The roles and responsibilities of the Chairman and the Group Chief Executive have been reviewed by the Board and, in line with the Combined Code, are clearly defined and set out in writing.

The Board will continue to review the governance framework including delegated financial, commercial and operational authorities to ensure that they remain appropriate and meet the requirements of the Group going forward.

The Board also undertakes a regular review of the interests of each Director outside of the Company. The Board is satisfied that the commitments of each Director do not detract from the extent or quality of time which they are able to devote to the Company.

The Companies Act 2006 ("the Act") introduced a requirement for the Company to maintain a Register of Potential Conflicts of Interest whereby Directors disclose any change in their Directorships or other interests in other companies and organisations. In accordance with this requirement, the Company has established and maintains such a register.

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 Act and the Company's Articles of Association ('Articles'). In such cases, unless allowed by the Articles, a Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

During the three years up to and including the 2010 Annual General Meeting, every Director will have sought re-election at least once. Any Director appointed by the Board since the last Annual General Meeting will be subject to election by

shareholders at the next Annual General Meeting. The Board has reviewed and re-affirmed that it considers all of the Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect the Director's judgement. The Chairman, at the time of his appointment, met the independence criteria as set out in the Combined Code.

Performance evaluation of the Board, its Committees and other functions

In line with the Combined Code a detailed evaluation of the Board, its Committees and of each Director takes place annually. Further details of the evaluation process are set out on page 36.

 For more information
see page 36

Also in line with the current requirements of the Combined Code a rigorous evaluation takes place with regard to Non Executive Directors who have served in excess of six years – namely Brenda Dean, Andrew Dougal, Katherine Innes Ker and David Williams. As reported last year, following consultation with shareholders time spent on the board of George Wimpey Plc pre-merger by any Non Executive Director is taken into account when calculating the length of time of the Non Executive Director appointment. Following the rigorous evaluation the Board was entirely satisfied with their respective performance and contribution as Non Executive Directors in addition to their ongoing independence of character and judgement particularly with regard to Brenda Dean, Andrew Dougal, Katherine Innes Ker and David Williams. The Board awaits the outcome of the "Consultation On The Revised UK Corporate Governance Code" published in December 2009 with regard to directors who have served more than nine years. Currently Non Executive Directors who have served more than nine years are required to seek annual re-election, however it is noted that this requirement may fall away if the consultation results in all directors having to face annual re-election. The new Code is due to be published in April or May 2010 and it is noted that it is intended that it will apply to accounting periods beginning on or after 29 June 2010.

As part of the evaluation, the Board took into account the requirement of the Combined Code to consider refreshing the Board from time to time and, in light of this, Rob Rowley was appointed with effect from 1 January 2010.

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Corporate Governance Report continued

Taylor Wimpey plc Board



Chairman – Norman Askew

Number of meetings in 2009 14

Members	Attendance
Norman Askew Chairman	14
Pete Redfern Group Chief Executive	14
Chris Rickard Group Finance Director	14
Sheryl Palmer* President & CEO of Taylor Morrison	4
David Williams ** Senior Independent Director	13
Brenda Dean Independent Non Executive Director	14
Andrew Dougal Independent Non Executive Director	14
Katherine Innes Ker Independent Non Executive Director	13
Anthony Reading Independent Non Executive Director	14
Rob Rowley† Independent Non Executive Director	0
Mike Davies# Former Independent Non Executive Director	10

* Appointed 05/08/2009

** David Williams will, as previously announced, step down from the Board and as the Senior Independent Director ("SID") on 31 March 2010 and a new SID will be appointed.

† Appointed 01/01/2010

Resigned 01/09/2009

During the year, the Board appointed Sheryl Palmer, who is the President & CEO of Taylor Morrison, as a Director of the Company.

In September 2009, having regard to his other appointments including his appointment as Chairman of Manchester Airport Group, Mike Davies stood down from the Board.

The Board considers that its Directors possess an appropriate balance of skills and experience for the requirements of the business. The Board and its Committees operate within a framework of scheduled core meetings. Additional meetings were held during the first half of the year, as the Board continued its active measures to both address the challenges of the difficult market conditions in the UK and the US, to oversee progress on the amendment of its debt facilities, and to conclude the Placing and Open Offer.

In line with the Combined Code, a formal annual evaluation of the performance and effectiveness of the Board and its Committees and of individual Directors was carried out. The evaluation was carried out by the Chairman and the Group Company Secretary. The process consisted of a bespoke questionnaire which was sent by the Group Company Secretary to all Directors for completion. The questionnaire focused on the performance of: the Board, the four Board Committees, the performance of each Director (by way of self assessment plus a confidential evaluation by the Chairman of each Director) and the performance of the Chairman. This year, the evaluation also specifically focused on a rigorous assessment of each of the four Directors who have served on the Board for more than six years (taking into account, where applicable, past service on the George Wimpey Plc Board). The Secretary collated all of the responses and produced a summary in respect of each performance area.

The Chairman and the Secretary then reviewed the summaries that had been prepared in respect of the Board, each Board Committee and each Director (other than the Chairman) and formally presented the findings to the Board on a non-attributable basis for discussion. Following this, a set of actions was agreed which were designed to increase further the overall effectiveness of the Board.

A number of points came out of the performance evaluation designed to increase the effectiveness of the Board which are being implemented during 2010. Specific action items coming out of the evaluation are that the Board will devote additional time and focus with regard to the Corporate Responsibility Committee and will consider having a Board evaluation externally facilitated in the near future. The Board came to this latter conclusion without regard to the likely requirements of the UK Corporate Governance Code which will come into force later this year.

The Non Executive Directors, led by the Senior Independent Director, undertook the evaluation of the Chairman's performance. The evaluation was based on the non-attributable summary prepared by the Secretary of the feedback from the Non Executive and Executive Directors. The summary was reviewed by the Non Executive Directors in the absence of the Chairman, following which David Williams in his capacity as the Senior Independent

Director provided feedback direct to the Chairman.

As part of the appraisal process the Chairman also met on a one to one basis with each Director. In line with the Combined Code, the Chairman also holds meetings with the Non Executive Directors without the Executive Directors present. The Senior Independent Director also holds and leads meetings with only the Non Executive Directors present.

Internal Audit: A formal evaluation of the Internal Audit function was carried out by the Audit Committee which also took into account views from Executive Directors, senior management and the external auditors.

External auditors: As previously reported a comprehensive formal competitive tender process with regard to the carrying out of the external audit was conducted following the merger between Taylor Woodrow and George Wimpey and resulted in Deloitte LLP being selected as external auditors to the Company. The findings of this tender process are considered to remain valid. Accordingly, Deloitte LLP will be proposed for re-appointment as the Company's auditors at the Annual General Meeting. The performance of Deloitte is kept under regular review.

Information and professional development

The Company has procedures whereby Directors (including Non Executive Directors) receive a formal induction. This includes training and continuing familiarisation about the Company's business, operations and systems, the principles underlying the discharge of their duties as Directors and wider issues relating to the housing sector.

All Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. Board visits are arranged each year to operations in both the UK and elsewhere within the Group. In October 2009 the Board visited the Taylor Wimpey Oxfordshire Region and spent two and a half days meeting staff, holding its regular Board meeting and undertaking site visits. A similar Board visit to the Taylor Morrison Northern California Region was undertaken in February 2010.

The Group Company Secretary and General Counsel acts as Secretary to the Board and its Committees and he attends all meetings. It is policy that wherever

possible a formal agenda and written reports are issued to Directors in respect of all Board and Committee meetings one week prior to the meeting in order to allow sufficient time for detailed review and consideration beforehand. Where a Director is unable to attend a meeting of the Board or a Committee, he or she will still receive the appropriate papers in advance and is invited to communicate to the Chairman or Committee Chairman, or the Secretary any views on the matters to be discussed. In addition, the Director will receive a full briefing afterwards on the matters discussed and decisions taken. Formal minutes are prepared in respect of all Board and Committee meetings and are then circulated and submitted for approval at the next meeting.

Board Committees and their work

Audit Committee and auditors

The Committee is chaired with effect from 1 January 2010 by Rob Rowley. Andrew Dougal stood down as Chairman of the Committee on 1 August 2009 and was succeeded by David Williams who, having announced his forthcoming departure from the Group, stood down as Chairman of the Committee at the end of 2009. All members of the Committee are Independent Non Executive Directors as required by the Combined Code. The Board has determined that Rob Rowley, who currently chairs the Audit Committee at both Liberty International plc and moneysupermarket.com, has recent and relevant financial experience as have the other members of the Committee. David Williams will leave the Board and this Committee on 31 March 2010. The Chairman of the Company and other Non Executive Directors, the Group Chief Executive, Group Finance Director, Head of Internal Audit, Group Financial Controller and other senior executives attend meetings of the Committee by invitation. Deloitte LLP is invited to attend meetings of the Audit Committee. The Committee also meets privately with representatives from Deloitte at two Committee meetings per annum (and as and when required) to discuss any matters which the auditors may wish to raise without Executive Directors being present.

During the year the Audit Committee met on three occasions at each of which there was full attendance. The meetings were typically also attended by the other Non Executive Directors.

The Committee's remit includes reviewing the internal control framework, the internal

audit process, the financial reporting practices, the external audit process and recommending to the Board whether to re-appoint the external auditor. It ensures that the Board regularly assesses business risks, and their management and mitigation. In doing so, the Committee places reliance on regular reports from executive management, Internal Audit and external audit. In monitoring the financial reporting practices the Audit Committee reviewed accounting policies, areas of judgement, the going concern assumption and compliance with accounting standards and the requirements of the Combined Code. During the year the Committee reviewed, prior to publication, the half year and annual financial statements and other major statements affecting the Group concerning price sensitive information.

Appointment of the auditors for non-audit services

The Audit Committee has approved a policy on considering whether to employ the external auditors to provide services other than audit services, which is to require a competitive tender except in narrowly defined circumstances where the Company considers that for confidentiality, past knowledge or other reasons, there is an advantage in using a single tender procurement procedure.

The Committee has determined that the following assignments should not be undertaken by the auditors:

- Bookkeeping or other services related to the accounting records or financial statements;
- Internal audit outsourcing services;
- The provision of advice on large Information Technology systems;
- Services connected with valuation, litigation support, legal, recruitment or remuneration.

The Board is satisfied that this policy is conducive to the maintenance of auditor independence and objectivity. During the year a significant amount of non-audit related work was performed by the external auditors as a consequence of the challenges faced by the Group. Two major components of this work related to firstly, advice and support in connection with the amendment of the Company's debt facilities which concluded in April 2009 and secondly, advice in connection with the equity raising through the Placing and Open Offer concluded on 1 June 2009. In both cases, Deloitte performed work

Audit Committee

Reports directly to the Taylor Wimpey plc Board



Chairman – Rob Rowley

Number of meetings in 2009 3

Members	Attendance
Rob Rowley (appointed 01/01/2010)	0
Andrew Dougal	3
Anthony Reading	3
David Williams	3
Mike Davies (resigned 01/09/2009)	2

Objective

To assist the Board in fulfilling its corporate governance responsibilities relating to the Group's internal control framework, financial reporting practices and external audit process.

ordinarily undertaken by auditors for companies involved in such projects.

The Audit Committee is satisfied that the carrying out of this work would not impair the independence of the external auditors.

Corporate Responsibility Committee

The Corporate Responsibility Committee is chaired by Katherine Innes Ker and the other members are Norman Askew, Pete Redfern, Brenda Dean, Andrew Dougal and Sheryl Palmer (with effect from 21 October 2009). The Corporate Responsibility Committee met on three occasions. Details of the attendance of each Director are set out in the table on page 38.

The Company's corporate responsibility practices outline its approach to the challenge of sustainable development. Our policies and practices help the business to demonstrate high standards of governance, reduce risk and comply with current and future legislation.

The Committee is responsible for recommending the Company's corporate responsibility strategy, policies, reporting and performance monitoring to the Board. The Committee's remit includes ensuring that the Company's corporate responsibility strategy and activity are adequately resourced, have appropriate standing within the Company and are aligned to the needs of the business. The Board regards

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corporate responsibility as an integral part of good governance.

Full details of the Company's achievements and initiatives in these areas during 2009 and going forward are set out in Taylor Wimpey's Corporate Responsibility Report 2009, which is available in electronic form on the Group's Web site.

 [Visit our Web site
www.taylorwimpeyplc.com/CorporateResponsibility](http://www.taylorwimpeyplc.com/CorporateResponsibility)

Nomination Committee

The Committee is chaired by the Chairman of the Board and is comprised of a majority of Non Executive Directors as required by the Combined Code. Its members are set out in the table opposite. As set out earlier in this Report, the Committee has processes in place with regard to the appointment of new Directors to the Board in order to ensure that appointments are made on merit. For the appointment of Non Executive Directors, the use of recruitment consultants will usually be incorporated as part of the process.

The Nomination Committee is responsible for succession planning for the Board and senior management and assesses the balance of the Board's composition. The Committee met on two occasions during the year and details of the attendance of each Director are set out in the table opposite.

Remuneration Committee and remuneration

The Board's policy and approach to the setting of remuneration for Directors and senior executives and the activities of the Remuneration Committee are described in detail in the Directors' Remuneration Report on pages 41 to 50. The Committee is constituted in accordance with the Combined Code and its members are set out on page 39.

 [For more information
see pages 41 to 50 and page 39](#)

The Committee has monitored the developing initiatives for remuneration to be more closely linked to risk management in response to the downturn in the global economy. It considers that the Company's current remuneration practices and arrangements are satisfactory but will continue to monitor the situation as and when additional guidance is issued.

The Committee is chaired by Anthony Reading and all members are Independent Non Executive Directors as required by

CR Committee

Reports directly to the Taylor Wimpey plc Board



Chairman – Katherine Innes Ker

Number of meetings in 2009 3

Members	Attendance
Katherine Innes Ker	3
Norman Askew	3
Brenda Dean	3
Andrew Dougal	3
Sheryl Palmer (appointed 21/10/2009)	1
Pete Redfern	3

Objective

To recommend to the Board the Company's Corporate Responsibility Strategy, policies, reporting and performance monitoring.

the Combined Code. During the year the Remuneration Committee met on five occasions.

Internal control

The Board has applied Principle C.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews its application of the Revised Turnbull Guidance on Internal Control to ensure the process of internal control, which has been in place from the start of the year to the date of approval of this Report, is in accordance with Internal Control: the Revised Guidance for Directors on the Combined Code. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In compliance with provision C.2.1 of the Combined Code, the Board regularly reviews the effectiveness of the Group's system of internal control and the progress made in embedding internal control and risk management processes into the business. The Board's monitoring covers all controls, including financial, operational and compliance controls and

Nomination Committee

Reports directly to the Taylor Wimpey plc Board



Chairman – Norman Askew

Number of meetings in 2009 2

Members	Attendance
Norman Askew	2
Brenda Dean	2
Andrew Dougal	2
Katherine Innes Ker	2
Anthony Reading	2
Pete Redfern	2
Rob Rowley (appointed 01/01/2010)	0
David Williams	2
Mike Davies (resigned 01/09/2009)	1

Objective

To ensure that there shall be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, its Committees and other senior offices in the Company.

risk management. This process is based principally on reviewing reports from management to consider whether significant risks are correctly identified, evaluated, managed and controlled as part of the process of managing the Group's operations and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring.

Key elements of the system of internal control are detailed below.

- A Group-level review is carried out to identify the major risks facing the Group and to develop and implement appropriate initiatives to manage those risks. This process applies across the Group.
- Strategic risk reviews are carried out in each of the operating divisions to identify business risk, evaluate existing controls and develop strategies to manage the risks that remain.
- Key operational and financial risks are identified and assessed at the operating process level, while strategic risks are identified as a part of the business planning process. These risk reviews take account of the significance of environmental, social and governance matters to the business of the Company.

Remuneration Committee Reports directly to the Taylor Wimpey plc Board



Chairman – Anthony Reading

Number of meetings in 2009 5

Members	Attendance
Anthony Reading	5
Brenda Dean	5
Katherine Innes Ker	5
Rob Rowley (appointed 01/01/2010)	0
David Williams	4
Mike Davies (resigned 01/09/2009)	3

Objective

To establish and maintain formal and transparent procedures for developing policy on executive remuneration and for agreeing the remuneration packages of individual directors and senior executives and to monitor and report on them.

Such risks are identified and assessed for potential effect on the Company's short and long term value, as well as opportunities that may arise to enhance value.

Throughout 2009 the Audit Committee continued to assess the Group's risk management and the internal control framework, and reviewed business change issues and Internal Audit activities across the Group.

During the first half of the year, the Company substantially mitigated the risks associated with its debt structure by reaching agreement with its creditors and raising equity capital. On 7 April 2009 the Company entered into an Override Agreement with its creditors; on 30 April 2009 the debt restructuring was concluded by agreement with the providers of the Company's major financial facilities. On 1 June the Company concluded the Placing and Open Offer of 2.13 billion new shares. As set out on page 36 of this Corporate Governance Report, during 2009 the Board formally met 14 times with the additional meetings convened in order to consider and evaluate the major projects relating to the amendment of its debt facilities and the Placing and Open Offer of shares. A more detailed review of the principal risks and uncertainties facing the Group during the year and in the future, is set out in Principal Risks and Uncertainties on pages 11 and 12.

During the year the Company took advice from Rothschild as its specialist debt restructuring adviser and from its lead legal advisers.

The Board oversees the risk and control framework of the Group and the Group Chief Executive is responsible for implementing any necessary improvements with the support of the Group Executive Committee. In 2009 the Executive Committee was expanded to include senior operational management and now comprises the Executive Directors of the Company, the Group Company Secretary and General Counsel, the Group Financial Controller, the Divisional Chairmen (North and South) and Finance Director of the UK Housing Division and the Vice President, Chief Financial Officer, North America of Taylor Morrison, Inc. The Group Chief Executive reports on the key elements arising from each Executive Committee meeting at the next Board Meeting. The Board ensures that the Company has in place effective systems to manage and mitigate significant risks. At its December 2009 meeting the Board, following a detailed review undertaken by the Group Executive Committee of operations, companies and major departments, completed its annual assessment for the year to 31 December 2009 of the key risks affecting the Group. The Audit Committee also assists the Board in discharging its review of responsibilities. The key risks were identified and agreed by the Board together with processes in place for their elimination or mitigation and actions required to reduce the likelihood or impact of each risk to the Company and the Taylor Wimpey Group. Details of the principal risks and uncertainties facing the Group are set out on pages 11 and 12.

 **For more information**
see pages 11 and 12

Management

The Group Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and its divisions and the annual budgets. These are subject to formal approval by the Board. Budgets are re-examined in comparison with business forecasts throughout the year to ensure they are sufficiently robust to reflect the possible impact of changing economic circumstances. The Group Chief Executive and the Board conduct regular reviews of actual results and future projections with

comparison against budget and prior year, together with various treasury reports. Enhanced cash and debt reporting systems continue to assist in managing the Group through the current market difficulties and in meeting its refinancing obligations. Disputes that may give rise to significant litigation or contractual claims are monitored quarterly by the Board with updates provided at intervening meetings.

The Group has clearly defined policies, processes and procedures governing all areas of the business which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances. Defined authority limits continue to be closely monitored in response to the market downturn and to ensure we remain in compliance with the terms of the Override Agreement, described earlier. Areas of particular sensitivity, including investment in land, remain subject to Group scrutiny and work in progress continues to be carefully controlled. Any investment, acquisition or disposal requires detailed appraisal and prior approval by the Group and is subject to post-investment review procedures. Investment decisions, projects, and tenders are subject to approval by the Board or the Group Chief Executive, depending on the value and nature of the investment or contract.

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board within which individual responsibilities of senior executives of Group companies are identified and can be monitored. These activities are reinforced through process compliance and other audits conducted by Internal Audit.

The Internal Audit function reviews the effectiveness and efficiency of the systems of internal control in place to safeguard the assets, to quantify, price, transfer, avoid or mitigate risks and to monitor the activities of the Group in accomplishing established objectives. Internal Audit reports are provided to the Executive Directors, indicating improvements proposed or made where appropriate, and summaries of these reports are provided to the Board and the Audit Committee. The Group Chief Executive, Executive Committee members and senior management consider the reviews on a regular basis and are responsible for ensuring that improvements are made, where required.

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The Head of Internal Audit has direct access to the Chairman of the Audit Committee, the Chairman and the Group Chief Executive. A database of audit recommendations and improvement initiatives is maintained. Follow-up processes ensure that such improvements are implemented in a timely manner. The annual employee performance appraisal process is objective-based, with individual objectives cascaded down from the appropriate business objectives. Development reviews identify training needs to support achievement of objectives.

Whistleblowing

The Group's whistleblowing policy is supported by a clear process that includes an externally facilitated hotline through which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate personal behaviours in the work place. All whistleblowing cases are investigated by the Head of Internal Audit, Group HR Director and/or the Group Company Secretary. Whistleblowing incidents and their outcome are reported to the Audit Committee. Whistleblowing is a standing item on each Audit Committee agenda which allows the Committee to regularly review the adequacy of the policy in line with its requirements to do so under the Combined Code.

Relations with shareholders

The Board actively seeks and encourages engagement with major institutional shareholders and other stakeholders and has put in place arrangements designed to facilitate contact about business, governance, remuneration and other issues. This provides the opportunity for meetings with the Chairman, the Senior Independent Director as well as the Group Chief Executive, Group Finance Director and other executives in order to establish a mutual understanding of objectives. The Company also operates a structured programme of investor relations, based on formal announcements and publications covering the full year and half year results. There are associated briefings for stockbroking analysts and investors, and the Company also arranged a visit to a Taylor Wimpey development in Andover, Hampshire during November 2009. The visit was hosted by the Group Chief Executive and Group Finance Director, along with a number of representatives of the UK senior management team and was attended by 28 analysts and major

investors. The presentation material for these events is published on the Company's Web site.

 Visit our Web site
www.taylorwimpeyplc.com

All Directors receive formal reports and briefings during the year about the Company's investor relations programme and receive detailed feedback through surveys, direct contact and other means, through which they are able to develop an understanding of the views of major shareholders about the Company.

The Board encourages all shareholders to participate in the Annual General Meeting which is attended by all Directors. Shareholders' attention is drawn to the Notice of Meeting on page 105, which sets out details of new rights of shareholders in connection with the notice of, and participation in, General Meetings of the Company, introduced by the Companies (Shareholders' Rights) Regulations 2009. These apply for the first time to the forthcoming Annual General Meeting of the Company on 29 April 2010 at which changes will also be proposed to the Company's Articles of Association to give effect to the relevant provisions of the Companies Act 2006.

Information about the Company, including full year and half year results and other major announcements, and additional information about shareholders' rights in connection with General Meetings of the Company, as referred to in the preceding paragraph, is published on the Company's Web site www.taylorwimpeyplc.com.

Debt refinancing and going concern

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated in the Notes to the Accounts on pages 61 to 94.

 For more information
see pages 61 to 94

On 7 April 2009 the Group completed the renegotiation of its debt with its banks and private placement holders regarding a revised covenant and financing package (the 'Override Agreement'). This resulted in the alignment of the maturity dates of all the Group's debt to 3 July 2012; a reduction in the revolving credit facility and amendments to the margin and coupon rates on borrowings.

On 1 June 2009 the Group successfully completed an equity Placing and Open Offer to raise £510.1 million, net of issue costs. The transaction was executed such that it created additional distributable reserves of £488.8 million. The proceeds of the equity raise have been used to pay down debt and cancel associated facilities, thereby avoiding additional finance charges.

The Group has met all its interest and other payment obligations on time, and after reviewing cash flow forecasts for a period of not less than 12 months from the date of signing the consolidated financial statements, the Directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the refinancing package as well as the equity raised, is sufficiently robust as to adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months.

Further details of the refinancing are set out in the Group Financial Review on pages 28 to 31 and in Note 1 on page 61 of this Annual Report.

 For more information
see pages 28 to 31 and page 61