

**Directors' Report: Governance****Statutory, Regulatory and Other Formal Information****Introduction**

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Directors' Report.

Certain other matters required to be included in this report appear elsewhere in the Report and Accounts as detailed below:

- A list of the subsidiary and associated undertakings, including branches outside the UK, principally affecting the profits or net assets of the Group in the year appears on page 103.
- Changes in asset values are set out in the consolidated balance sheet on page 58 and in the Notes to the accounts on pages 61 to 94.
- The Group's loss before taxation and the loss after taxation and minority interests appear in the consolidated income statement on page 56 and in the Notes to the accounts on pages 61 to 94.
- A detailed statement of the Group's treasury management and funding is set out in Note 21 on page 80.

**Directors**

The following eight Directors held office throughout the year:

Norman Askew<sup>†</sup>, Chairman

Pete Redfern, Group Chief Executive

Chris Rickard, Group Finance Director

Brenda Dean, Independent  
Non Executive Director

Andrew Dougal, Independent  
Non Executive Director

Katherine Innes Ker, Independent  
Non Executive Director

Anthony Reading, Independent  
Non Executive Director

David Williams<sup>†</sup>, Independent  
Non Executive Director and the  
Senior Independent Director

<sup>†</sup> As previously announced, Norman Askew and David Williams will step down from the Board by 31 December 2010 and on 31 March 2010 respectively.

Sheryl Palmer was appointed a Director on 5 August 2009.

Rob Rowley was appointed an Independent Non Executive Director on 1 January 2010.

Mike Davies, Independent Non Executive Director, resigned on 1 September 2009.

The Directors together with their biographical information are shown on pages 32 and 33. With regard to those Directors who are the subject of election or re-election at the Annual General Meeting on 29 April 2010 (as set out below) biographical information is also set out on page 108.

In determining the retirement and re-election of the Directors, the Company is governed by its Articles of Association ('Articles'), the Combined Code on Corporate Governance – June 2008 (the 'Combined Code'), the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders. The powers of the Directors are described in the Corporate Governance Report.

**Retirement and re-election of Directors**

In accordance with the Articles, at the Annual General Meeting, Sheryl Palmer and Rob Rowley, who were appointed as Directors by the Board since the last Annual General Meeting, will retire and, being eligible, seek election by shareholders.

Katherine Innes Ker and Pete Redfern retire by rotation and each will, being eligible, offer themselves for re-election at the Annual General Meeting in accordance with the Articles.

Each of the Directors proposed for election or re-election at the Annual General Meeting is being unanimously recommended by all of the other members of the Board. This recommendation follows the completion of the annual performance evaluation process which included a detailed appraisal of the Board, its Committees and in respect of each Director. Further information relating to the evaluation is set out below and in the Corporate Governance Report on page 35.

**Qualifying third party indemnities**

The Company has granted indemnities in favour of its Directors and officers of itself and of its Group companies against financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries. These have been granted in accordance with section 234 of the Companies Act 2006.

**Audit and auditors**

Each Director at the date of approval of this Report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's 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.

Deloitte LLP have confirmed their willingness to continue in office as auditors of the Company and a resolution to re-appoint them will be proposed at the Annual General Meeting.

It is the Company's general policy that its auditors will not carry out non-audit services except where it is appropriate to do so and in accordance with the Company's policy for such work. Deloitte LLP provided non-audit services to the Group during the year within the policy framework described in the Corporate Governance Report.

**Annual General Meeting**

The Annual General Meeting will be held at 11.00 am on 29 April 2010 at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Formal notice of the Meeting including details of special business is set out in the Notice of Annual General Meeting on page 105 and on the Company's Web site [www.taylorwimpeyplc.com](http://www.taylorwimpeyplc.com). The Notice also sets out the new rights of shareholders, and additional details of the Annual General Meeting, introduced by the Companies Act 2006 and the Companies (Shareholders' Rights) Regulations 2009.

Voting on all resolutions at this year's Annual General Meeting will be conducted by way of a poll, rather than on a show of hands, as the Board believes that a poll gives as many shareholders as possible the opportunity to have their votes counted (whether their votes are tendered by proxy in advance of, or in person) at the Annual General Meeting.

## Directors' Report: Governance

### Statutory, Regulatory and Other Formal Information continued

#### Web communication

In 2009 the Company, with shareholders' consent, adopted web communication. The benefits of web communication are that it:

- Enables the Company to significantly reduce its printing and postage costs;
- Enables shareholders to access information faster, on the day documents are published on the Company's Web site; and
- Reduces the amount of resources consumed, such as paper, and lessens the impact of printing and mailing activities on the environment.

Shareholder communications (including the 2009 Annual Report and Accounts) are available electronically through the Company's Web site.



The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to meet any such requests.

#### Registrar

The Company's registrar is Capita Registrars. Their details, together with information on facilities available to shareholders, are set out in the Shareholder Information section on page 112.

#### Treasury shares

The Company cancelled its entire holding of 92,732,927 treasury shares on 1 June 2009 at the conclusion of the Placing and Open Offer. The authority given by shareholders at the Annual General Meeting on 19 June 2009 for the Company to purchase a maximum of 115.8 million of its own shares, remained valid at 31 December 2009. The authority was not exercised during 2009 or prior to the date of this Report and the Company has no intention of exercising the authority in the present economic conditions but will be seeking the usual authority at the 2010 Annual General Meeting.

#### Capital structure

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 24 on page 88.

The Company has two classes of shares following the subdivision of the Company's existing Ordinary Shares of 25p each into

#### Substantial interests in the Company's shares as at 2 March 2010

Name	Number of shares held (millions)	Percentage of issued voting share capital
BlackRock Inc	325.22	10.17
Schroders plc	191.94	6.00
JP Morgan Chase & Co. and various controlled undertakings	149.63	4.68
Legal & General Group Plc	127.16	3.97
Polaris Capital Management, LLC	94.45	3.67
Standard Life Investments Limited	96.39	3.02

1p new Ordinary Shares and 24p Deferred Shares in May 2009: Ordinary Shares of 1p each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association; and Deferred Shares which carry no voting rights.

On 1 June 2009 the Company allotted 2,131,132,548 new 1p Ordinary Shares as part of the Placing and Open Offer.

As part of the debt restructuring announced on 7 April 2009 the Company issued Warrants to certain of its lenders giving the holders the right, up to 29 April 2014, to subscribe for up to an aggregate of approximately 58 million Ordinary Shares (representing approximately 5% of the Company's issued share capital at the time the Warrants were issued and approximately 1.8% of the enlarged issued share capital after the Placing and Open Offer) for cash at a subscription price per share of 17.4473 pence (25 pence prior to the Placing and Open Offer). The Warrants are transferable and carry entitlement to subscription for three months after the passing of a resolution for the winding up of the Company. To date, aggregate exercises of Warrants has resulted in the issue of 433,459 new Ordinary Shares of 1p each.

There are no specific restrictions on the size of a holding, the exercise of voting rights, nor on the transfer of shares, which are governed by the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in the Remuneration Report on pages 43 to 46. The Employee Share

Ownership Trusts generally abstain from voting 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.

#### Substantial interests

The persons set out in the table above have notified the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 2 March 2010, 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 issued share capital.

Directors' interests, including interests in the Company's shares, are shown in the Remuneration Report.

#### Dividend

The Board has resolved not to propose a final dividend for 2009. Any right to receive a dividend has been waived in part by the trustee of the Company's two Employee Share Ownership Trusts over those Trusts' combined holding of 3,354,791 shares which have been set aside to meet commitments under the Company's employee share plans.

#### Research and development

The Company remains committed to investing in research and development projects where there are clearly defined business benefits.

In the UK, we have designed a new range of standard house types. These meet changing market preferences through updated floor plans and offer greater flexibility and consumer choice. They offer alternative internal layouts within a standard external skin, and increase efficiency and reduce cost through

allowing modular construction. Modules are interchangeable between two, three and four bedroom homes.

We are also focused on meeting the progressive application of the Government's Code for Sustainable Homes at all levels. On a unit basis, each of the new standard house types has been future-proofed, as far as possible, to meet the Code's requirements. Within each unit, we are continuing our review of micro-renewables such as photo-voltaic cells on the roof and air-sourced heat recovery pumps.

In the US the Company is investigating how we could incorporate 'Green building' into our business processes, in order that we progressively move towards a best-value approach. The Company also conducted a survey of homebuyers in the planned location of a new development, to identify key amenity value decisions in home purchasing and give greater focus to the future design of amenity and community layout.

#### **Employee involvement and communication**

The Company is committed to ensuring open and regular communication throughout the Group on both business-related issues and issues of general interest. There is a formal Employee Consultative Committee structure in all operations and elected representatives meet with management to consult on appropriate issues. Intranet systems are continually updated which provide a valuable communication tool across the Group and an important facility for providing employees with access to a wide range of information. Information is regularly cascaded throughout the Group via electronic communication, verbal briefings and by management presentations. There is also an internal magazine 'teamtalk' which is widely circulated across the Group.

The Company promotes all-employee share plans, including the Save As You Earn share option scheme and the Share Purchase Plan, as widely as possible across the Group.

#### **Equal opportunities**

The Company remains committed to equality of opportunity in all of its employment practices, policies and procedures across the Group. To this end, within the framework of applicable law, we are committed, wherever practicable, to achieving and maintaining a workforce

which broadly reflects that of the local catchment area within which we operate. No employee or potential employee will receive less favourable treatment due to their race, creed, colour, nationality, ethnic origin, religion, political or other opinion, affiliation, gender, sexual orientation, marital status, family connections, age, membership or non membership of a trade union, or disability, unless justifiable in exceptional circumstances, for example due to health and safety considerations. Instruction on equal opportunities is part of the induction programme.

#### **Employment of disabled persons**

It is our policy that people with disabilities should have fair consideration for all vacancies within the Group.

The Company is therefore committed, where possible, to ensure that people with disabilities are supported and encouraged to apply for employment and to achieve progress once employed. They will be treated so that they have an equal opportunity, so far as it is justifiable, to be selected, trained and promoted. In addition, every reasonable effort is made for disabled persons to be retained in the employment of the Group by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

#### **Charitable donations**

During the year the Company formally reinstated its Charity Committee, which reports to the Corporate Responsibility Committee and operates within written terms of reference and charitable guidelines approved by the Board. The Charity Committee's aims are to monitor and review charitable donations made by regional businesses and to assess and administer some larger donations centrally. The members of the committee are the Group HR Director (Chairman), Group Company Secretary and General Counsel, Group Financial Controller, Taylor Wimpey UK Land and Planning Director, Taylor Morrison Vice President Human Resources, Group Investor Relations Manager and Assistant Company Secretary.

During the year, Group companies donated £236,000 (2008: £215,000) to various charities, £55,000 (2008: £132,000) in the UK and Europe, £181,000 (2008: £83,000) in North America. In 2008, £15,000 was also donated by the Group's Ghanaian construction business, which was disposed of in early 2009. In

addition the Charity Committee recently organised a fund raising event in aid of the Haitian earthquake disaster.

Further information on the Group's donations, activities and initiatives can be found in the 2009 Corporate Responsibility Report.

#### **Political donations**

The Company did not make any donations to political parties or organisations during 2009 (2008: nil) and has a strict policy not to do so. However, we will be seeking the usual annual dispensation at the Annual General Meeting as the legislation relating to 'political organisations' is very wide and in certain circumstances a donation or a subscription to a charity or other organisation could retrospectively be categorised as a political donation.

#### **Policy on payment of suppliers**

The nature of the Group's operations means that there is no single Group standard in respect of payment terms to suppliers. Generally, business units are responsible for establishing payment terms with suppliers when entering into each transaction or series of linked transactions. In the absence of dispute, valid payment requests are met as expeditiously as possible within such terms. In the UK, commencing on 1 January 2010, our new suite of standard framework agreements with suppliers establishes the due date for payment as 30 days from the later of the date of issue of the invoice or request for payment, or the relevant month end notified by the employer.

Trade creditor days for the Group for the year ended 31 December 2009 were 20 days (2008: 26 days). This is based on the ratio of year end Group trade creditors (excluding sub-contract retentions and unagreed claims of £35.3 million (2008: £28.8 million) and land creditors, see Note 20 to the consolidated financial statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2009.

#### **Agreements**

Pursuant to the Takeovers Directive (Interim Implementation) Regulations 2006, the Company is required to disclose whether there are any significant agreements to which the Company is a party that take effect, alter, or terminate upon a change of control of the Company following a takeover bid, and the effects of any such agreements.

## Directors' Report: Governance

### Statutory, Regulatory and Other Formal Information continued

Apart from a small number of borrowing agreements, including the Override Agreement dated 7 April 2009 between the Company and various of its principal creditors which was entered into as part of the debt restructuring referred to in the Introduction (above) and the Group Financial Review on page 28, pursuant to which the Company borrows or is able to borrow money and which could potentially be terminated by the other party upon a change of control of the Company, there are no significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

#### Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2009.

#### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's Web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Responsibility statement

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This Report of the Directors was approved by the Board of Directors on 2 March 2010.



**James Jordan**  
Group Company Secretary  
and General Counsel

Taylor Wimpey plc