

Update on supply chain and subcontractor support
The ‘Taylor Wimpey Pay It Forward Scheme’

Pete Redfern, Chief Executive, commented:

“Our community of suppliers, subcontractors and self-employed trades people that we work with is very important to us and to our ability to provide high quality homes for our customers. Taylor Wimpey has managed its business in a conservative and cautious way in recent years which, together with the additional liquidity measures we have put in place during this crisis, means we are resilient and able to support our partners. As well as committing to pay our supply chain on time throughout this crisis, we will also be setting up the ‘Taylor Wimpey Pay It Forward Scheme’ to help self-employed individuals who will experience significant hardship before the Government scheme starts to make payments. Supporting those we rely on is not only the right thing to do but will help ensure we emerge from the COVID-19 pandemic in the best possible place with our community of trades people ready to help us resume the building of much needed high quality homes for our customers, when we are all in a position to do so.”

Overview

During the financial crisis in 2008-2010, many of Taylor Wimpey’s subcontractors were unable to continue trading or operating, and the individuals employed by them left the industry. In the face of COVID-19, we believe that the Government’s support scheme for self-employed and small businesses is excellent and we want to play our part and help to bridge the gap between now and when the assistance schemes come into effect. Our partners matter to us and we believe that those relationships are key to our future success. The financial crisis showed us that relationships are tested and can be made stronger, and that loyalty is rewarded both when times are most challenging and when companies and individuals do the right thing. Whilst we, like all businesses, face uncertainty and challenges ahead, we have come into this crisis in a strong position. We are a cautiously run business with a strong and well capitalised balance sheet, which enables us to offer some additional support and assistance to our subcontractors during this challenging time. Our strategy for our supply chain and subcontractors through this crisis is led by three principles:

1. Clear, open and honest communication
2. Prompt payment
3. Targeted help and support to the most financially vulnerable

Clear, open and honest communication

At the beginning of the crisis we wrote to all of our suppliers and subcontractors, pledging assistance where we can provide it and committing to increased visibility of our plans and

routes of communication. Our national procurement team is starting weekly update sessions with all of our major suppliers and, when the time is right, we will plan our return to work in a safe and well-managed way in partnership with our suppliers.

Our regional teams will remain in close contact throughout the lockdown period and are also starting weekly subcontractor forum sessions, to set out our current thinking and take questions and suggestions.

Prompt payment

Given the pace at which the COVID-19 pandemic has accelerated, we know that this will be a difficult time for our subcontractors whose cashflow may come under additional pressure. We took the opportunity very early to reassure our subcontractors that we remain committed to processing their invoices as quickly as possible. We will continue to pay for work done and validly invoiced on time and, if possible, earlier for the smallest and most liquidity-challenged subcontractors.

Targeted help and support to the most financially vulnerable: Taylor Wimpey Pay It Forward Scheme

We recognise that some subcontractors will be facing very real and immediate hardship, particularly those whose trades are self-employed or who are unable to access other forms of assistance in a timely manner. We have piloted a scheme over the last week and will now launch it in full at the end of this week (commencing 6 April).

The 'Taylor Wimpey Pay It Forward Scheme' will make advance payments for future work done by subcontractors where we have a long-term relationship. The payments will be made from Taylor Wimpey via the subcontractor, to self-employed individuals who either do not benefit from the Government's Self-employment Income Support Scheme or who will experience significant hardship before that scheme starts to make payments. Individuals must work for subcontractor firms that we have approved, and after acceptance of an individual's eligibility, they will receive a payment of up to £600 each month for three months, to be recovered against future work carried out for Taylor Wimpey. No interest will be charged. We have initially capped the scheme at £5 million, which will allow us to support approximately 2,750 individuals, but we are prepared to extend it when it is operating successfully.

We will also extend access to a free and confidential helpline to our subcontractors, which offers support and guidance on a range of topics including finances, budgeting, stress and anxiety, and a mental health and wellbeing app.

Notes to editors

The Taylor Wimpey Pay It Forward Scheme

- Form of delivery to eligible applicants via an 'Advanced Works Payment' made to our Key Trade Subcontractor which they pass on to the individuals.
- Taylor Wimpey will proactively approach the relevant subcontractors who have worked for us over the past 24 months and offer the option to apply to the scheme on behalf of a number of their self-employed individual subcontractors.
- How we select:

- A simple application form will need to be completed by the Subcontractor on behalf of the Individuals
- Strict criteria/rules communicated:
 - self-employed;
 - not due a payment under a COVID-19 Government scheme before 1 June 2020;
 - not able to work and / or have vulnerable dependents as a result of the measures in place to avoid the spread of COVID-19;
 - recently completed work for Taylor Wimpey; and
 - worked for the subcontractor for a consistent, but not necessarily continuous, period over at least the last two years.
- Application forms quickly assessed for approval
- Initial cap on numbers per subcontract business proposed at 25 (£45k)

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Notes to editors:

Taylor Wimpey plc is a customer-focused homebuilder, operating at a local level from 24 regional businesses across the UK. We also have operations in Spain.

For further information, please visit the Group's website: www.taylorwimpey.co.uk

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