

# Making a difference for our stakeholders

## Section 172 Directors' Duties

The Directors continue to have regard to the interests of the Company's wider stakeholders, in accordance with s172 of the Companies Act. The content on stakeholder engagement on pages 34 to 43 and 76 to 81 highlight key actions in this area. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the Governance section on pages 60 to 85.

### Stakeholders

### Key issues

### How we engage

### Outcomes

### Value created

#### Our customers



- Affordability and supply of housing
- Placemaking, design and community infrastructure
- Efficient homes
- Innovation
- Customer service
- Climate change mitigation and adaption
- Sustainable transport
- Air quality
- Responsible sourcing

We engage directly with customers at our developments, via our customer portal (Touchpoint), through social media, and we monitor their views through focus groups, satisfaction surveys and post-occupancy research.

Whilst the majority of our customers would recommend us to their friends, part of becoming a truly customer-focused business is recognising that we don't always get it right. We are disappointed that our HBF customer satisfaction 8-week 'Would you recommend?' score slipped slightly to 89.4% (2018: 90%) in 2019. We were pleased to increase completions by 5% in 2019, while increasing our quality of build as measured by the independent NHBC QQR score.

**15.7k**  
number of homes completed in UK in 2019

#### Our employees



- Customer service
- Health, safety and wellbeing
- Site environment and remediation
- Diversity and inclusion
- Access to skills
- Employee engagement
- Labour relations
- Taxation and remuneration policies

We engage with our employees and seek their views through a range of formal and informal channels, including meetings, conferences, appraisals, employee surveys, our internal magazine and newsletter, focus groups, Yammer and our national and regional employee forums.

We have a voluntary employee turnover of 12.9%, one of the lowest in our peer group. Our employees returned a very high engagement score of over 90% and we were rated by them as one of the UK's top 50 places to work for a third successive year, via Glassdoor.

**£337.5m**  
paid in employment and pensions

#### Our partners



- Land, planning and community engagement
- Health, safety and wellbeing
- Responsible sourcing
- Diversity and inclusion
- Access to skills
- Labour relations
- Public policy
- Charitable giving

We engage with our partners on a wide range of initiatives through meetings, workshops, our membership of the Supply Chain Sustainability School, trade associations, local plans and consultations, and through our local and national charity partnerships.

We have developed trusted relationships with many suppliers of labour and materials that are able to deliver our high standards. Together with our partners we continue to drive standards of health and safety and sustainability on our developments.

**156**  
Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors), a 32% reduction on 2018

#### Our investors



- Climate change mitigation and adaption
- Business ethics and corporate governance
- Taxation and remuneration policies
- Public policy
- Customer service
- Employee engagement

We engage with investors throughout the year at one to one and group meetings, full and half year presentations, regulatory reporting including the Annual Report and Accounts, investor roadshows, our Annual General Meeting, site visits, conference calls, by participating in sustainability benchmarks and disclosure initiatives and through our corporate website.

We have a regular dialogue with our investors enabling us to establish the issues that are most important to them. We have recently sought our investors' opinions on material issues in relation to sustainability, as part of our annual sustainability reporting process and executive management meet key institutions throughout the year to update them on all areas of our progress.

**£599.7m**  
total dividends paid in 2019

#### Our communities



- Affordability and supply of housing
- Placemaking, design and community infrastructure
- Efficient homes
- Innovation
- Land, planning and community engagement
- Climate change mitigation and adaption
- Site environment and remediation
- Sustainable transport
- Air quality
- Biodiversity
- Brownfield and greenbelt development
- Charitable giving

We engage with local communities at every site, from planning and throughout construction, including through meetings, exhibitions, workshops, newsletters, information boards, social media and our website.

We aim to use natural resources efficiently and to reduce our impact on the environment. We have a responsibility to our stakeholders to operate and act in a sustainable manner and, on a day to day basis seek to be a positive agent of change in the communities in which we operate.

Establishing and maintaining good community relations is highly important. Not only is this the right thing to do but, as our developments are often extended, having a constructive working relationship with local communities is important for future phases. We are pleased to have reduced our direct emissions intensity (tonnes of CO<sub>2</sub>e per 100 sqm of homes built) by 43% since 2013, putting us on track towards our target of 50% reduction in direct emissions intensity (scope 1 and 2) by 2023.

**£447m**  
contribution to local communities

## Our material issues

Engaging with and understanding the needs of our stakeholders helps us identify and focus on the key issues that matter most to them. We have prioritised these as our material issues under the following sustainability areas of focus, **MI**



**Building sustainable communities**



**Managing land, planning and engagement**



**A great service for customers**



**A safe place to work**



**Cutting our environmental footprint**



**Sourcing responsibly**



**Our people**



**Partnering with charities**



**Governance and management**



**Read more in our 2019 Sustainability Report**

# Our customers

Buying a home is a major financial and emotional investment and it is critical that we give our customers the right experience.

## OUR FOCUS



### Progress for 2019

- Improved CQR score to 4.13, once again leading the volume housebuilders
- Recruited Quality Managers in regional businesses
- Worked with leading architects to create our new standard house type range

### Priorities for 2020

- Test our new house type range ahead of roll out to our regional businesses
- Achieve a recommend score of at least 90% in the HBF 8-week survey, which equates to a five-star rating
- Produce a customer-version of our Consistent Quality Approach document so customers are clear what they can expect from us
- Improve our website design, features and accessibility

Read more on page 30

Read more on page 25

## What we do

Our customer proposition centres on delivering great quality homes and communities consistently, and making it easy for our customers to do business with us. Our customers can trust us to do the right thing.

Our approach is important both for our customer proposition and ensuring good relationships with other stakeholders.

Whilst the majority of our customers would recommend us to their friends, we acknowledge that we do not always get it right for our customers and sometimes fall short of our targeted standards. This remains a key area of focus for the Group and we are committed to working closely with our customers to put this right and learn from our mistakes.

## Why is it important for all our stakeholders?

The Board and the employees of Taylor Wimpey believe fundamentally that by identifying and responding to our customers' needs, we will be a better business for all our stakeholders. 96% of employees believe that we strive to offer the best customer experience.

We believe that investment in quality upfront effectively benefits all stakeholders as getting it right first time saves significant time, cost and energy in putting things right. We have made good progress throughout 2019 improving our quality and our customer offering. In the year, we introduced, additional quality checks and added Quality Managers to support Site Managers across our business.

## What our customers want

There are three key areas that our customers have told us are priorities for them: service, delivery timing and finishing quality; underlying build quality and consistency; and the creation of outstanding places and communities. We have invested, and will continue to invest, in improving our offer across each of these areas, and measuring that improvement.

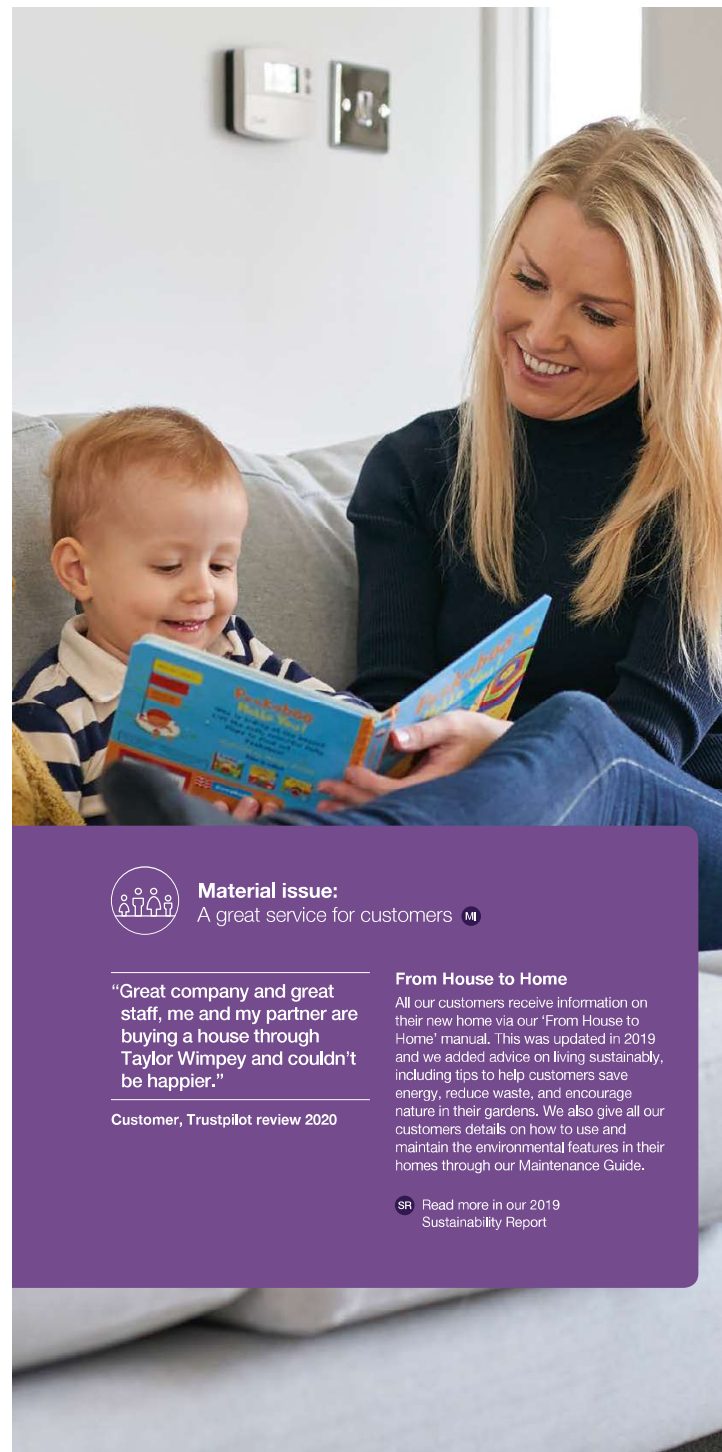
## Trust and transparency

We are supportive of Government plans to introduce an independent ombudsman service to the new build sector to provide impartial rulings on unresolved customer issues and help to raise standards in the wider industry. We are a signatory to the UK Consumer Code for Home Builders which aims to improve information and protect the rights of buyers. We engaged in discussions with the HBF and other housebuilders about how to improve the complaints process for customers. We encourage customers to leave reviews on Trustpilot. At the end of 2019, we had a 4 out of 5 star rating with a trust score of 3.9 out of 5.

Following the tragic fire at Grenfell Tower in June 2017, we conducted a detailed review of all relevant legacy and current buildings with Aluminium Composite Material (ACM) cladding and also worked with building owners, management companies, and the Fire Service to implement Government advice on interim mitigation measures, where applicable. Whilst each situation is different, and this is an exceptionally complex issue, we have in a number of cases, having regard to all of the relevant facts and circumstances, agreed to support our customers both financially and practically with the removal and replacement of ACM, even though the buildings concerned met the requirements of building regulations at the time construction was formally approved. We took this decision for buildings we constructed recently because we believe that it is morally right not because it is legally required. At the 2019 year end, replacement works had been completed on three developments and were underway on another. Since the year end, we have commenced work on a further three developments.

## Striving to improve

We track a basket of measures relating to customer service, as no one measure encompasses all aspects of a customer's journey with us. This includes the Home Builders Federation (HBF) 9-month score and the NHBC CQR score, which has continued to improve. However, as measured by the HBF 8-week customer survey, we dipped to a four-star builder in the latest survey covering October 2018 to September 2019, from a five-star in the prior survey covering October 2017 to September 2018.



**Material issue:**  
A great service for customers

"Great company and great staff, me and my partner are buying a house through Taylor Wimpey and couldn't be happier."

Customer, Trustpilot review 2020

## From House to Home

All our customers receive information on their new home via our 'From House to Home' manual. This was updated in 2019 and we added advice on living sustainably, including tips to help customers save energy, reduce waste, and encourage nature in their gardens. We also give all our customers details on how to use and maintain the environmental features in their homes through our Maintenance Guide.

Read more in our 2019 Sustainability Report

The cut-off for five-star is 90% and we achieved 89.4%. Whilst we missed this by a very small margin, we are disappointed to have missed this important target and are committed to achieving a five-star rating on an annual basis. We are pleased that we are now once again operating at above 90% levels of customer satisfaction.

## New house type range

Led by our design team and technical teams, we have been working on our new house type range over the past year. The new range has a key role to play in delivering our improved customer proposition and builds upon customer feedback from surveys and focus groups as well as the lessons learnt from developing our Project 2020 prototype house types last year. The new house type range reflects customers' lifestyle choices such as layout, use of light and space and will also help us deliver efficiencies and process simplification. This year, we will focus on testing the new range ahead of a full roll out to the business.

Despite the cost pressures experienced during the year, we also maintained our high construction and sales specification, in order to meet our customers' high expectations.

## Build quality

We lead the volume housebuilders in build quality as measured by the NHBC CQR score, which measures build quality at key build stages. In 2019, we scored an average of 4.13 (2018: 3.93) from a possible score of 6. This compares with an industry average score of 4.01. We are fifth nationally when ranked against all housebuilders who have more than 100 build stages (which excludes self-build and very small housebuilders). We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build. Our target is to achieve at least a four rating by 2020 in each regional business.

The build quality programmes incorporate additional resources on site, including greater depth of Site Managers, Quality Managers and directly employed finishing trades, plus the introduction and implementation of a set of national build quality standards. Quality Managers were introduced in our regional businesses during 2019. These Quality Managers will provide additional resource to site management teams to ensure each home is completed to our high standards.

Our Consistent Quality Approach (CQA) guidelines ensure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We are developing specific guidance within the CQA for the different trades working on our sites that will form part of our framework agreements with contractors in the future and plan to produce a version of the CQA for customers so they know what they should expect from us.

www.taylorwimpey.co.uk



# Our employees

We aim to be the employer of choice in the industry, making Taylor Wimpey a different place to work – a better place to work.

## OUR FOCUS



### Progress for 2019

- Glassdoor top 50 best places to work for third year running
- Almost doubled our key trade apprentice recruitment
- Maintained very high employee engagement rates
- Successfully launched new values
- Rolled out 'Young Persons HSE Safety Passports', which track the health and safety training and risk assessments that each apprentice and management trainee has received
- Defibrillators installed on every site and business unit and CPR training delivered to employees

### Priorities for 2020

- Continue to develop our apprenticeship and direct labour programmes
- Launch a career returners programme to encourage applications from parents and others who have been out of the workforce on a career break
- Increase BAME representation in our workforce to align with the UK population by 2022
- Launch induction programme
- Roll out of health and safety training to management teams across the business to reinforce that health and safety is everyone's responsibility

BM Read more on page 30

PR Read more on page 50

## What we do

Our culture makes us stand out. We aspire to be the employer of choice in our sector, offering a unique and valued employee experience, and something different to the rest of the industry. We can only become a truly customer-focused business through the efforts of our talented employees who are aligned with our values. Our shared values mean that our employees go above and beyond for each other and our customers, as evidenced by our employee survey where over 98% of our employees would go the extra mile for their team and Taylor Wimpey, and 96% agree we are committed to delivering the best customer experience. We have been named in the top 50 places to work in the UK for 2020 by Glassdoor, as voted for by employees, for the third consecutive year.

During 2019, we directly employed, on average, 5,796 people across the UK (2018: 5,358) and provided opportunities for over 14.6k further operatives on our sites. Our voluntary employee turnover rate remained low at 12.9% (2018: 14.5%).

## Why is it important for all our stakeholders?

We may be a national homebuilder, but for customers, it is their interactions with the local site and sales team and regional office that count. Embedding our approach to customers and getting buy in and commitment from our employees has been a key part of our strategy.

Against industry-wide skills shortages, we continue to invest in order to future-proof our workforce and deliver on our strategy. We believe that having a direct labour model is a key way to do this, increasing flexibility and offering a route to high-quality growth.

We are committed to providing a safe place in which our employees and subcontractors can work and our customers can live, and we will not compromise on ensuring that everyone leaves our sites safe and well. We not only create homes that our customers want to live in, we want to ensure that every step of the way, health and safety is at the forefront.

## Early talent development

During 2019, we recruited 116 people into our early talent programmes which includes graduates, management trainees and site management trainees (2018: 175), with the reduction a result of the strong talent pipeline we have developed, showing our ability to retain those we have invested in as they successfully progress into years two and three of the schemes.

Our direct labour model aims to increase the number of tradespeople we hire directly (as well as through subcontractors). This is focused on five key trades: bricklayers, carpenters, scaffolders, painters and joiners. This includes both experienced tradespeople and new recruits to the industry, such as apprentices and people looking for a career change.

We currently directly employ 1,169 key trades including apprentices (2018: 748), a 56% increase on 2018. Our approach includes recruiting a greater diversity of candidates to join our apprenticeship schemes. This includes working with St Mungo's, one of our national charities, to support their long term unemployed clients to transition from their Train and Trade scheme into paid employment.

## Diversity and inclusivity

Diversity and inclusion is an important priority for our business. It enables us to better understand our customer base, widens our potential talent pool and makes for productive and effective teams. We are making progress on our diversity and inclusion strategy but have further to go before our workforce reflects the communities we work in. We were pleased to have been commended for our Gender Pay Gap report in 2019 by The Chartered Governance Institute (ICSA). We aim to be an inclusive employer and to attract, retain and promote employees from all backgrounds. We have developed a Diversity and Inclusion Strategy that focuses on the impact of leadership for creating and maintaining a diverse and inclusive culture; improving how diversity and inclusion are embedded into our policies and procedures. As at 31 December 2019, we employed 1,784 females and 4,338 males within Taylor Wimpey. As at 31 December 2019, we had five females and five males on our Board of Directors, including our recently joined Chair-designate, Irene Dörner, and four females and five males on our Group Management Team.

## Recognition

In 2019, our Site Managers were once again recognised in the NHBC Pride in the Job Awards, achieving a total of 66 Quality Awards (2018: 67), 16 Seal of Excellence Awards (2018: 19) and two Regional Awards in 2019 (2018: three).

## Health and safety

Health and safety is a shared responsibility and the number one priority in our business. Whilst cost and process simplification is a key priority for our business in 2020, health and safety is not an area that we are prepared to compromise on. This is the area of our business which must, and will always, come first, not just for Site Managers and employees on site but for the whole business. Building sites are, by their very nature, dangerous and so we do everything we possibly can to minimise those risks. We embed a safety culture through training, awareness and visible health and safety leadership. We are pleased that our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors has reduced further to 156 in 2019 (2018: 228) and remains well below both the HBF Home Builder Average and Health and Safety Executive Construction Industry Average, but we cannot afford to be complacent and we will continue to seek to improve this. Our AIIR for major injuries per 100,000 employees and contractors was 44 in 2019 (2018: 64).

## Human rights

We support the United Nations' Universal Declaration of Human Rights and have policies and processes in place to ensure that we act in accordance with our cultural values which encompass areas such as business conduct, equal opportunities, anti-corruption and whistleblowing. We do not consider this a material issue in our business.

We respect the human rights of our employees, workers in our supply chain, customers, people in the communities in which we operate and others affected by our business activities. We are guided in our approach by international standards such as the United Nations' Universal Declaration of Human Rights and the European Convention on Human Rights.

We respect the rights of our employees and those working on our behalf, including the rights to freedom of assembly and association and non-discrimination. Our work on issues such as health, safety, diversity and the environment supports our commitment to uphold human rights.

We do not tolerate any form of slavery, forced labour, child labour or human trafficking in our business or supply chain. We have established our Modern Slavery Act multidisciplinary working party, to oversee our approach to due diligence and our work with suppliers to reduce modern slavery risks.



**Material issue:**  
Our people

"I wanted to work at Taylor Wimpey because of the ethics and values of the business, and the emphasis on supporting employee development."

Graduate scheme participant

SR Read more in our 2019 Sustainability Report

## Supporting apprenticeships in West Scotland

Taylor Wimpey West Scotland has appointed 54 trade apprentices, as well as three site management trainees. Apprentices are recruited from schools, colleges and the armed forces. To help ensure the success of the apprenticeships, the business has appointed three Trade Development Managers and an Apprentice and Direct Trade Manager to work alongside the apprentices – supplementing their training and monitoring their progress. In 2018, four pre-apprentices were recruited via local charity, First Steps Future Training, who provide practical training for disadvantaged people. Three of these have gone on to join the business as apprentices.

# Our partners

We work in collaboration with our partners to deliver greater quality and drive efficiency to our mutual benefit.

## OUR FOCUS



### Progress for 2019

- Our suppliers accessed resources and training on sustainability via the Supply Chain Sustainability School
- Engaged with local and central government on issues relating to planning and sustainability including proposals relating to biodiversity, home energy efficiency and electric vehicle charging
- Donated and fundraised £1.1 million for charities and £129k for local community causes

### Priorities for 2020

- Health, safety and environment (HSE) coaching workshops for our business unit and site management teams to help them engage their teams on continuous health and safety improvement
- Introduce health and safety (H&S) passports for trade operatives on our sites
- Driving further cost efficiencies while maintaining quality and specification

SR Read more in our 2019 Sustainability Report

## What we do

We strive to be an open, transparent and responsive company for all our stakeholders and to work with them to understand and address the wider social, economic and environmental impacts resulting from our operations.

## Why is it important for all stakeholders?

We believe in the value of working together with our partners, suppliers and other stakeholders and are committed to supporting charities and local community groups.

## Subcontractors

Most people working on our sites are contractors so it is essential that we collaborate on safety issues. Before we agree to work with a contractor, we require details of their risk assessment and safety management arrangements and procedures for their area of activity. We clearly communicate critical safety messages to site operatives through our 'Operative's Journey' process, which starts with our HSE site induction and is supported by regular poster campaigns and site safe briefings.

## Suppliers

Our scale affords us the benefit of strong purchasing power, and we have a number of national agreements with suppliers. We want to work in collaboration with our supply chain to deliver greater quality and efficiency together. This will have benefits and the potential for cost savings for both Taylor Wimpey and also our suppliers. This includes increasing efficiency by reducing stock items and improving visibility on programming for material demands.

We continue to work to improve our relationships with our supply chain, both in procurement and via Taylor Wimpey Logistics, to deliver solutions to build quality and efficiency issues on an ongoing basis. Taylor Wimpey Logistics plays an important part in our supply chain management, providing us with an alternative route to delivery and aiding efficiency with the preparation of 'just in time' build packs for each stage of the build process.

Modern methods of construction involve more than modular build and we are prioritising research and development, seeking out new processes and products that can improve efficiency and sustainability, and also improve quality and the final product for customers.

The Company welcomes the aims and objectives of the Modern Slavery Act 2015 and takes its responsibilities under the Act very seriously. As part of this we have strengthened oversight of standards in our supply chain to make sure we are selecting partners who share our commitment to responsible business. We published our first Modern Slavery Act Statement on our website in March 2017. Further information can be found on our website.

We aim to establish long term partnerships with suppliers and to collaborate on issues like safety, skills and the environment. This reduces risks to the business and helps to ensure a secure supply of essential materials and labour. We want to work with suppliers who meet high standards in areas such as safety, quality, ethics, human rights and the environment. Our standards are explained in our Supply Chain Policy and Supplier Code of Conduct which are embedded into our framework agreements (contracts) with suppliers.

## Supply Chain Sustainability School

We set clear standards on safety, quality, ethics, human rights and the environment through our policies and procedures, and engage with suppliers on sustainability including through the Supply Chain Sustainability School.

## Charities

We partner with charities to support the communities where we work and to help address issues relating to homelessness, education and aspiration. We provide financial support as well as sharing expertise and getting our people involved as fundraisers and volunteers. Our primary goal is to genuinely improve the position of the causes that we support. The secondary goal is to engage our employees in these activities as we recognise it is good for their development and self-awareness. Whilst there are a large number of worthy projects and causes, we have to focus to make sure that we are effective.



## Material issue: Partnering with charities

"The support we have received from Taylor Wimpey in recent years has been absolutely fantastic."

Mark Davey, CEO Youth Adventure Trust

## Taylor Wimpey Challenge 2019

Our annual Taylor Wimpey Challenge saw 420 colleagues take on hiking and biking challenges across the Brecon Beacons, raising £206k for charity, of which £138k went to the Youth Adventure Trust. This is the sixth year in a row that we have supported the Youth Adventure Trust, a charity which uses outdoor adventure to inspire vulnerable young people.

SR Read more in our 2019 Sustainability Report

During 2019, we continued our partnership with our national charities as well as local charity partners across the UK. Our six national charities are the Youth Adventure Trust, End Youth Homelessness, Crisis, CRASH, St Mungo's and Foundations Independent Living Trust. Our national charity partners are selected by our Charity Committee, with regional charities selected by our regional businesses.

In total, during 2019 we donated and fundraised over £1.1 million for registered charities (2018: over £1.1 million), which includes £206k raised by our employees on the annual Taylor Wimpey Challenge. More information about our charity partnerships and local sponsorships can be found within our Sustainability Report.

## Local authorities and central Government

We are first and foremost a local business. We engage with local authorities, parish councils, Homes England, the Greater London Authority (GLA), the Ministry of Housing, Communities & Local Government and other public sector organisations to understand their priorities and share their views. As well as site specific engagement, we also participate in the development of strategic frameworks, Local Plans and Neighbourhood Plans. This is particularly important for land in our strategic pipeline, where preparation or review of the Development Plan is the first step in the planning process.

We engage and respond to Government directly and through our membership of industry organisations.

In 2019, this included biodiversity net gain, the Future Homes Standard, electric vehicle charging and technical standards review.

We are members of the Homes England five regional Delivery Partner Panels.

We also engage with Government through our membership of industry organisations such as the Home Builders Federation (HBF) and the British Property Federation (BPF). In 2019, for example, we participated in focus groups on changes to viability assessments, Regional businesses are also members of trade associations, for example our Scottish businesses are members of Homes for Scotland.



# Our investors

We are focused on delivering strong financial performance, in the right way.

## OUR FOCUS



### Progress for 2019

- Continued to report in line with best practice disclosure
- Embedded strategy within the business
- Continued to deliver cost and efficiency programme
- Returned £599.7 million to shareholders via total dividends in 2019

### Priorities for 2020

- Simplification, delivery and cost efficiency
- Roll out of our environmental strategy
- Develop a science-based carbon reduction target
- Previously announced c.£610 million to be paid to shareholders, subject to shareholder approval

% Read more on page 24

PR Read more on pages 45 to 53

## What we do

Our Company purpose is to deliver new homes within thriving communities, in a safe and environmentally responsible manner, with customers at the heart of our decision making and consideration of the potential impact on wider stakeholders.

Our shareholders own a business which has a strong, well capitalised balance sheet with a high-quality landbank and experienced management team, which provides a reliable annual income stream, via an ordinary dividend of at least £250 million and additional special dividends at the appropriate time in the cycle. Putting our customers' needs and desires at the heart of our business will help build a sustainable advantage and deliver leading financial returns with strong and reliable cashflows. We run the business for the long term, not for short term gain, and whilst we seek to maximise opportunities, it is weighed up against our cautious and disciplined nature. We are focused on delivering strong financial performance, in the right way.

## Why is it important for all stakeholders?

Our customer-focused approach will offer further scope for differentiation and will add additional value to our shareholders and other stakeholders.

Our Annual Report and Accounts sets out our investment case, as told by our employees in their own words. More details can be found on what makes Taylor Wimpey different on pages 1 to 13.

It remains our belief that homebuilding is inherently cyclical, and we remain committed to retaining a strong balance sheet, not over stretching investment and maintaining financial discipline.

## Dividends and returns

We are a cash generative business and believe we can sustain this in times of market weakness, due to the strength of our balance sheet, the quality and length of our landbank and consequently the control we have over the timing of land investment. Our aim is to provide a reliable income stream to our shareholders.

Subject to shareholder approval each year, the Company will pay an ordinary dividend of approximately 7.5% of Group net assets, which will be at least £250 million per annum. This is intended to provide a reliable minimum annual return to shareholders throughout the cycle, including through a 'normal downturn', and will be paid equally as a final dividend (in May) and as an interim dividend (in November). This Ordinary Dividend Policy was subject to prudent and comprehensive stress testing against various downside scenarios, which also included a reduction of 20% in average selling prices and a 30% reduction in volumes.

The payment of ordinary dividends will continue to be supplemented by additional significant special dividends at appropriate times in the cycle. Our Special Dividend Policy will pay out to shareholders the free cash generated by the Group after land investment, all working capital, taxation and other cash requirements of the business in executing our strategy in the medium term, and once the Group's ordinary dividends have been met. We have paid a special dividend in each of the last six years. Over the past six years we have paid a total of £2.3 billion in ordinary and special dividends to our shareholders.

As previously announced, subject to shareholder approval at the 2020 AGM scheduled for 23 April 2020, we intend to pay a minimum ordinary dividend of £250 million per annum (c.7.6 pence) (2019: £250 million) and c.£360 million (10.99 pence) to shareholders in July 2020 by way of a special dividend (2019: £350 million).

Accordingly, subject to shareholder approval, in 2020 shareholders will receive a total dividend of c.£610 million (c.18.6 pence per share).

## Progress, challenges and priorities

We had a number of successes in 2019 but also challenges. In an environment where the political and economic outlook has been uncertain, sales prices have remained flat, but build costs have increased. During this time, we have also continued to invest in processes and commit to areas to benefit the long term business, including a significant increase in apprentices, but together with the increasing cost pressure, there has inevitably been a short term impact on margins.

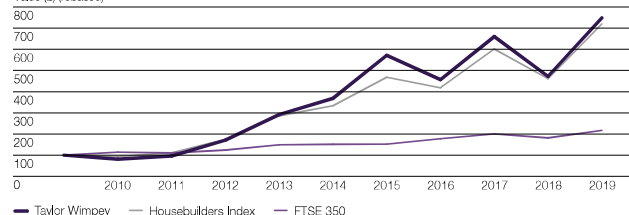
In 2019, we implemented many of the steps, outlined in our strategy to improve our customer proposition, increase the quality and consistency of our homes and underpin the long term sustainability of our business. Our teams produced an industry leading sales rate, our highest ever, whilst at the same time increasing our quality as independently measured by the NHBC. We have made good progress throughout 2019 improving our quality and our customer offering. In the year, we introduced additional quality checks and added Quality Managers to support Site Managers across our business and increased our apprentices to over 630 as part of our direct labour initiative. These measures have upfront and ongoing costs but will lead to future benefits and are important to the long term success of the business.

2020 will be a year of renewed focus on simplification, delivery and cost efficiency. The easing in build cost pressures seen in late 2019 has been maintained, and we expect build cost inflation in 2020 to be around 3%. We are focused on reducing underlying costs to mitigate future build cost inflation. This very clear focus on cost, simplification and value has been well received by the business with employees engaged at every level. Volumes for 2020 are expected to be slightly lower and we will be targeting a slightly lower sales rate as we focus on capturing value. We aim to maintain 2020 operating profit margin broadly in line with 2019. Operating profit margin in the first half of the year will show pressure from 2019 build cost inflation and selling prices and long term investment in quality and business improvement, with margin improvement expected in the second half as cost initiatives improve performance. Margin remains a key priority for the Group and we have reconfirmed our medium term target to deliver operating profit margins of c.21-22%, assuming market conditions remain stable.

Read more on page 21

## Total shareholder return

Value (£) (rebased)



Source: Thomson Reuters Datastream.

Read more on pages 108 and 109



## Material issue:

Governance and management MI

"For a stable, well managed, well capitalised business like Taylor Wimpey it does pay to put yourself slightly ahead – it shows progressive thinking and a management team that is aware of the risks."

Investor feedback from materiality assessment 2019

SR Read more in our 2019 Sustainability Report

During 2019 we conducted a materiality assessment to help us to identify and focus on the sustainability issues that matter most to our business and our stakeholders. Our investors told us that environmental, social and governance (ESG) are high on their agenda.

The roll out of our environmental strategy is a focus for 2020 which will formalise the work we have ongoing in the business and go further in committing to more ambitious targets in key areas such as biodiversity and continuing to reduce our carbon footprint. We plan to develop a science-based carbon reduction target by the end of 2020.

# Our communities

We aim to be the industry leader in managing the planning and community engagement process.

## OUR FOCUS



### Progress for 2019

- Updated our Political and Community Engagement Toolkit to help us communicate our plans in a clear and consistent way
- Launched our updated Community Communication Plan to ensure consistent communication throughout the life of a development
- Every one of our sites has a tailored planning and community engagement strategy
- Launched a pilot to explore how we can accelerate the creation of communities on our sites

### Priorities for 2020

- Complete our connected community trials at two sites and assess the findings
- Roll out of our environmental strategy and development of a science-based carbon reduction target

SR Read more in our 2019 Sustainability Report

## What we do

We want communities to welcome Taylor Wimpey to their area and recognise the value we can bring and the contribution we can make to the existing community, as well as trusting us with the responsibility of creating a new one. We actively seek the views of local communities and other stakeholders. We develop a tailored planning and community engagement strategy for each site and work closely with communities and other local stakeholders throughout all aspects of the planning process. We aim to be the industry leader in all aspects of planning and to obtain the right planning consents that enable us to respond to a changing market, reflect the desires of our customer base and deliver the quality homes we want to build, whilst meeting our financial objectives.

## Why is it important for all our stakeholders?

We believe that local communities should have a say in development. This enables us to achieve the right planning permissions and ensure our developments are valued by their local communities. We know housebuilding, particularly in its early stages, can be disruptive. In order to mitigate this we seek to engage, consult and work in partnership with communities and all interested stakeholders on each and every site, both before we submit a planning application and throughout the life of our developments. Our customers have a very strong desire to become part of a community and to do so quickly after they move in. Our research showed that customers believe we should play a more active role in facilitating the relationship between the new residents, their new community and their neighbours.

We have a responsibility to our stakeholders to operate and act in a sustainable manner and, on a day to day basis seek to be a positive agent of change in the communities in which we operate. We acknowledge the serious threat posed by climate change and biodiversity loss and the need for urgent action to address these challenges – and we want to play our part. Taking action on the environment helps us to create better places to live for our customers and strengthens our relationships with employees and other stakeholders. It also reduces costs and risks to the business, with climate change and biodiversity identified as key risks monitored by the Board.

## Placemaking

Our customers want to buy a great home in a thriving community – somewhere they feel safe, supported and enriched and can enjoy a good quality of life. Our approach starts with placemaking – ensuring the design and layout of our sites promotes social, environmental and economic sustainability.

We ran our second internal design competition in 2019 – seeking out the best examples of placemaking from around the business, celebrating the good practice that already exists and it has inspired us to go further.

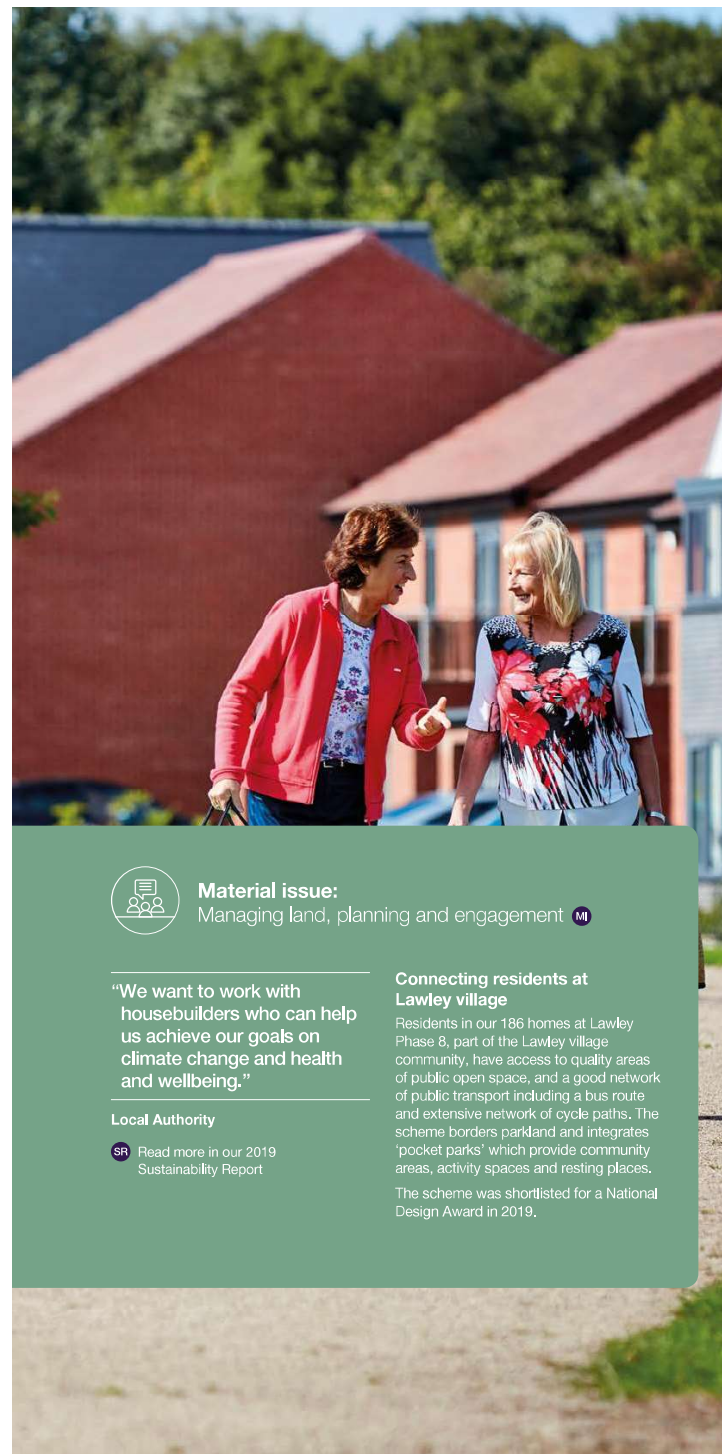
Installing infrastructure at an early stage can help in the successful development of a new community. It can also make new developments more desirable to prospective buyers, increasing sales. We are looking at how we can increase early delivery of community infrastructure to maximise its positive impact.

## Investing in local communities

We invest in infrastructure and facilities that help make our developments great places to live over the long term. This includes affordable housing, green spaces, community and leisure facilities, transport infrastructure, educational funding, jobs for local people and public art. In 2019, we contributed £447 million to local communities in which we build across the UK via planning obligations (2018: £455 million). Our teams across the business get involved in local life, organising competitions with primary schools, inviting schools to site for health and safety training and sponsoring local sports clubs, as part of their daily working life. In addition, we contributed over £129k to other organisations, such as scout groups, local football teams and various local community causes (2018: c.£170k).

## Connected Communities

The way we live, work and shop today often means fewer day to day opportunities to interact with the people who live nearby. We're exploring how we can accelerate the development of new communities on our schemes, so that our customers feel connected and have a strong sense of community from an early stage.



**Material issue:**  
Managing land, planning and engagement MI

**"We want to work with housebuilders who can help us achieve our goals on climate change and health and wellbeing."**

### Local Authority

SR Read more in our 2019 Sustainability Report

### Connecting residents at Lawley village

Residents in our 186 homes at Lawley Phase 8, part of the Lawley village community, have access to quality areas of public open space, and a good network of public transport including a bus route and extensive network of cycle paths. The scheme borders parkland and integrates 'pocket parks' which provide community areas, activity spaces and resting places.

The scheme was shortlisted for a National Design Award in 2019.

In 2019, we launched our Community Communications Plan. This toolkit will help our land, planning, sales and marketing teams organise activities and events that foster relationships between the new and existing community, and that make it easier for new residents to set down roots. It also emphasises the importance of providing good information for customers on the facilities, services and activities happening in their area. The toolkit covers the whole development process from planning to after construction finishes and will help us take a consistent approach across our sites.

## Local consultation

We believe that local residents deserve a say in what happens in their local community. During 2019 we ran 187 community meetings and events, including public exhibitions.

We are proud of our approach to community engagement and the way that our employees deliver it. We have a comprehensive community engagement framework which applies to every stage of the development timeline, from pre-planning consultation to ongoing communication with existing and new residents during and after construction. Our approach goes well beyond regulatory requirements, with engagement starting before we submit a planning application and continuing throughout the development process. Wherever possible, we use the feedback obtained as part of our community engagement to develop and improve our design proposals. To fully understand local views, it is important that we reach a wide range of stakeholders from residents, property owners and local authorities, to businesses, schools, residents' associations and other groups. We are committed to publishing information on proposed developments online so that members of local communities and other interested parties can easily find out what we are planning and where.

## Sustainability

We aim to use natural resources efficiently and to reduce our impact on the environment. We are pleased to have reduced our direct emissions intensity (tonnes of CO<sub>2</sub>e per 100 sqm of homes built) by 43% since 2013, putting us on track towards our target of 50% reduction in direct emissions intensity (scope 1 and 2) by 2023. We have also achieved an absolute reduction in emissions of 19% since 2013, even with a 42% increase in completed floor area.