

Sourcing responsibly

Suppliers and contractors play a key role in our business, supplying the materials and much of the labour used to build our homes. So, it is important we work closely with our supply chain on sustainability issues.



Timber frame

13.6% of our homes are built using timber frame which has lower embodied carbon than brick and block techniques

13.6%

Supplier engagement

Received a Supplier Engagement score of A- from CDP for our approach to engaging suppliers on climate change

A-

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Sourcing responsibly

We want to select suppliers who meet high standards on sustainability issues and to partner with them to improve performance in areas such as safety, skills and the environment. This reduces risks to the business and helps to secure supplies of essential materials and labour.

HIGHLIGHTS

- During the year we became a signatory of the Construction Protocol, a forum led by the Gangmasters and Labour Abuse Authority
- Our suppliers accessed resources and training on sustainability via the Supply Chain Sustainability School
- 13.6% of homes built from timber frame, reducing embodied carbon
- Received a Supplier Engagement score of A- from CDP for our approach to engaging suppliers on climate change
- Participated in CDP Forests benchmark receiving a score of C

Our supplier standards

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.

Our standards are summarised in our Supply Chain Policy and Supplier Code of Conduct, which are embedded into our Framework Agreements (contracts). We will establish a Sustainable Procurement Working Group in 2020 and update our policy to help us further strengthen our approach to supplier engagement on sustainability issues.

Suppliers provide us with information on their approach to health, safety and environment and other sustainability issues via Constructionline, a UK Government certification service. Around 90% of our national suppliers – those with whom we have centrally negotiated contracts – and service and material suppliers with a turnover of £1 million or over now use Constructionline. Around 10% of suppliers are accredited to Constructionline Gold standard. This means they complete a more detailed questionnaire covering areas such as environmental management, quality management, equal opportunities, modern slavery and anti-bribery and corruption policies.

We also work with the Safety Management Advisory Services to ensure contractors renew their third party H&S accreditation and risk assessment each year (see page 32).

Human rights and modern slavery

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.

During the year we became a signatory of the Construction Protocol which is a forum led by the Gangmasters and Labour Abuse Authority specifically for the construction industry. The protocol allows signatories to share best practice and is also a mechanism for the authorities to disseminate key information out to the industry of any noticed trends.

We will shortly be publishing our fourth Modern Slavery Statement, which will be available on our website.

Engaging with suppliers

Our supplier Framework Agreements include contractual provisions requiring all suppliers to adhere to anti-slavery laws and our Anti-Slavery, Human Trafficking and Human Rights Policy and Supplier Code of Conduct. These are available on our website at www.taylorwimpey.co.uk/corporate/our-company/governance/our-policies.

Supply Chain Sustainability School

Our employees and subcontractors can learn about sustainability through the Supply Chain Sustainability School (SCSS), an industry collaboration for the construction sector.

We've been a member since 2016, and the majority of our national suppliers have joined too. Through the SCSS, suppliers can complete a sustainability self-assessment, create an action plan and use free resources to address gaps in their approach. 37 of our suppliers re-assessed themselves during 2019, achieving an average 17% improvement in their score.

Our suppliers also used the School's online resources over 1,000 times during 2019 covering topics such as waste, modern slavery, sustainable materials, biodiversity, supplier diversity and wellbeing. 82 attended an SCSS event or workshop.

We have carried out a risk assessment of our supply chain and operations, and identified categories of suppliers presenting a potentially higher risk of modern slavery. These include, for example, labour agencies and suppliers providing labour on our sites in areas such as security, cleaning, demolition and landscaping.

We are engaging with these suppliers to confirm that they meet our standards and have processes in place to reduce modern slavery risks within their operations and supply chain. We will be reviewing the findings from this engagement and following up with suppliers where necessary during 2020.

Our Spanish business has implemented its own Anti-Slavery, Human Trafficking and Human Rights Policy, added contractual provisions on modern slavery to supplier contracts and carried out a supplier risk assessment.

Our suppliers can access information, guidance and training on modern slavery through the Supply Chain Sustainability School.

Training our people

We have developed two e-learning modules on modern slavery. These give employees the practical knowledge of how to identify modern slavery risk factors and how to report any concerns that they might have. The first module is included in our induction training. Our Commercial, Technical and Production Directors have completed the second more detailed module which helps them to engage with suppliers on modern slavery risks.

Reporting and performance

We operate an independent whistleblowing hotline, run by Safecall, which is available to all employees, subcontractors, customers and members of the public and can be used to report any incidents of modern slavery. There were no cases of modern slavery identified in 2019.

More information will be included in our Modern Slavery Act Statement, which will be published in April 2020.

Sustainable materials and construction techniques

We look for sustainably sourced materials and aim to partner with suppliers on resource efficiency. This is important because the environmental footprint of our supply chain including energy and water use, carbon emissions and waste is many times greater than that of our direct operations. Sourcing sustainably can also reduce costs and risks to the business and may help us to increase resilience to future resource shortages or price rises.

Reducing embodied carbon

Where possible, we select materials with lower embodied carbon and energy. For example:

- We are increasing the proportion of homes built using timber frame. This can have a significantly lower carbon footprint than traditional ‘brick and block’ building techniques due to the materials and use of off-site construction techniques. We are currently at 13.6% and aim for 20% by 2020.
- Our glass mineral wool insulation supplied by Knauf, is made from recycled glass bottles through Knauf’s partnership with waste management company Veolia. Around 10 million bottles were used to create the insulation for our homes in 2019.
- Our chipboard flooring, supplied by Egger, contains 30% recycled wood and 70% wood sourced from Forest Stewardship Council (FSC) certified forestry.

We are trialling technologies and off-site construction techniques through our research and development, page 19. We also work with suppliers to reduce waste, see page 38.

We received a Supplier Engagement score of A- from CDP for our approach to engaging suppliers on climate change

Responsible timber sourcing

Deforestation is a significant source of greenhouse gas emissions. We use a lot of timber in our developments and want to make sure it comes from sustainably managed forests.

We require all suppliers to provide timber from legally logged sources in line with our Supply Chain Policy and the EU Timber Regulation. Our tender documents and trade specifications state that we require all suppliers to supply timber from responsibly managed forests certified by recognised schemes such as the FSC, Programme for the Endorsement of Forest Certification (PEFC) or Sustainable Forestry Initiative (SFI).

We survey suppliers to identify supply chain risks. We require any companies sourcing from higher risk countries to carry out due diligence to ensure timber meets our standards.

Chain of custody evidence is in place for key suppliers, accounting for around 95% of timber used on our sites. Further work is needed to confirm compliance among the remaining 5%, which is more challenging since these are mainly small regional suppliers, often supplying us via contractors.

We recognise the importance of transparency and participate in CDP Forests, the investor-led disclosure initiative. We received a score of C in 2019 (2018: C).

Prompt payment

We are committed to treating suppliers fairly and paying on time. Our standard payment terms for suppliers and contractors are to pay by the end of the following month after receipt of invoice. The payment terms for contractors are 37 days. We have self-billing arrangements in place for subcontractors which automate and speed up the invoicing and payment process.

The pay rates of weekly paid site operatives are governed by the industry-wide Construction Industry Joint Council (CIJC) Working Rule Agreement. This is above the voluntary living wage.

Small suppliers

We work with many small and medium sized (SME) businesses providing labour, trades and services, including many located near to our sites. This can boost the local economy and can also bring beneficial diversity into our supply chain.

We hold regular subcontractor engagement sessions in our regional businesses to help local SMEs do business with us. We also run ‘Meet the Buyer’ events for local SME businesses to meet our commercial team and learn how to apply through our tender processes.

We provide advice and help to small and medium-sized businesses, including a review of their health, safety and environment management and site-specific procedures that they need to prepare in order to work with us.

Targets and plans

- Establish our Sustainable Procurement Working Group and develop an action plan
- Increase the proportion of homes built using timber frame to 20% by 2020