

## Chairman's statement

# Committed to our purpose



**Irene Dorner**  
Chairman

# 98%

# £2.7bn

Employees felt positive about how the Company supported them whilst on furlough

Order book as at 31 December 2020

**During 2020, many extreme words were used to define the global pandemic but in the end the pandemic defined 2020. In my first year as your Chairman I have been impressed with the dedication, commitment and resilience shown by employees throughout our business in what have been highly challenging and uncertain times.**

At Taylor Wimpey, health and safety is our non-negotiable number one priority, and COVID-19 has added a new challenge to finding ways for keeping our employees, customers and partners safe. Strong leadership has been demonstrated by our management team and our employees at all levels throughout the business.

#### Acting decisively for our stakeholders

I am proud to say that we were the first major housebuilder to close sites, and the first to reopen when we had implemented the Taylor Wimpey COVID-19 Code of Conduct and adapted our working practices to be COVID-secure. We were able to offer support, not just to our own employees but to our customers, communities, subcontractors and suppliers.

Coming into the pandemic, it was key that Taylor Wimpey had a strong balance sheet and cash position. Without a map or compass to know how things would develop, it was important for the Board to ensure that every step was taken to conserve cash and to protect the Company. Challenging decisions were made which affected all of our stakeholders including the cancellation of all dividends. We are very aware of the impact this has had on our loyal shareholders who rely upon dividend income.

As you would expect, the Board met virtually and more frequently this year, dealing with the implications of the crisis as they unfolded, protecting and enhancing the long term sustainability of the business. I am particularly pleased that Taylor Wimpey raised equity in June in order to pursue opportunities in the land market. This demonstrates that Taylor Wimpey is a Company looking confidently to the future, backed by an investor base that believes in the strength of the business, the robustness of the market we operate in and future opportunities. We received strong support from existing and new shareholders and, together with the whole of our Board, I am grateful for your support.

#### 2020 financial performance

During the year, we completed 9,799 new homes across the Group (2019: 16,042) including joint ventures, a reduction of 39% due to the impact of our shutdown in the second quarter of 2020, followed by the steady build up of our operations

to ensure the effective adoption of COVID-secure ways of working. Group operating profit\* reduced to £300.3 million (2019: £850.5 million), reflecting the reduction in completions. However, demand for our homes remained encouraging and we entered 2021 with a strong UK order book amounting to 10,685 homes (31 December 2019: 9,725 homes) excluding joint ventures, valued at £2,684 million (31 December 2019: £2,176 million) and were more than 50% forward sold for private completions for 2021.

Notwithstanding the challenges associated with COVID-19, underlying cost discipline continued to be a priority in the year. In the Group financial review, our Group Finance Director Chris Carney, outlines the measures we have successfully put in place to optimise our efficiency and maximise stakeholder value, together with further information on our financial performance. We also place importance on a wider number of operational measures (our KPIs) that reflect the priorities of our strategy, as outlined on pages 22 to 25.

#### Ordinary dividend

We are pleased to announce the resumption of dividends starting with the 2020 final dividend of 4.14 pence per share which will be paid in May. Details of our resolutions for the 2021 Annual General Meeting (AGM) can be found on pages 175 and 177.

#### Stakeholder engagement

I was pleased to get out and about in the regional businesses before the first lockdown occurred. It would have been difficult to get a feel for the business without the benefit of these visits. Subsequently, I was able to keep in touch with the business remotely, as well as attend our National Employee Forum. I am looking forward to getting out again when circumstances permit in 2021. Our Annual General Meeting (AGM) was held remotely as was our half year results presentation, but I hope that by making these as interactive as we could that our shareholders felt able to participate.

In the autumn, I conducted a virtual Chairman's roadshow and met a number of our key investors to discuss strategy and markets. Investors were keen to understand how the Board had conducted itself in the pandemic with regard to risk management and key strategic decisions such as the equity raise.

I was able to reaffirm the Board's strong commercial rationale in approving the raise and it is clear that land acquisition since the equity raise bears out that commercial rationale. I was also able to confirm that throughout the year we had continued rigorous evaluation and challenge over our decision making, as necessary, in order to maintain strong governance and risk management. The meetings with investors also served to highlight the growing interest around the subject of environmental, social and governance (ESG). It may be that one good consequence of the pandemic is the expansion and acceleration of thinking in this area.

We continue to align our climate reporting to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, this year, have gone further in undertaking a climate scenario analysis, the findings of which are summarised in our 2020 Sustainability Report. Responding to direct investor feedback, we have engaged with the Sustainability Accounting Standards Board (SASB) and are now reporting against the majority of its disclosure criteria for our sector in our 2020 Sustainability Report and will work to further improve our alignment over time.

#### Our purpose

ESG is about sustainability in its broadest sense. It is the Board's responsibility to ensure that Taylor Wimpey is a sustainable business respecting and taking account of the needs and views of all our stakeholders in our decision making. Our role in society must be defined by our purpose which is to build great homes and create thriving communities. This may be a simple statement but it is one which is easy to understand and we can all get behind.

Our purpose will lead us to define the areas where we believe we can make a measurable difference and will help us define our strategy in the context of our ESG commitments. As a responsible business, we want to play our part in creating a sustainable future for everyone. We will be refining and simplifying our thinking; creating KPIs to which we can all sign up and setting measurable objectives which support our purpose. In recognition of the importance and breadth of this subject, ESG is currently the responsibility of the Nomination and Governance Committee which is charged with the responsibility of helping management define our ambitions. I am looking forward to developing our ideas in conjunction with our stakeholders.

#### Board changes

It has been a year of transition for the Board. I would like to thank Kevin Beeston who stepped down as Chairman at the end of February. Under his stewardship, the business made great progress in terms of culture, quality and customer service, as well as undergoing significant growth to become the strong sustainable business we see today. Kate Barker also left us having commendably served on the Board since 2010. In December, we announced that two new Non Executive Directors will join our Board from 1 March 2021. Scilla Grimble and Jitesh Gadhia are experienced executives who will add valuable skills, perspectives and diversity to the Board. Scilla has over 15 years executive experience in corporate finance and retail sectors and brings knowledge on risk and technology in a customer-facing environment. Jitesh has over 20 years executive experience principally in banking and private equity and brings an understanding of a broad range of sectors as well as public affairs.

#### Annual General Meeting

The safety and security of our shareholders and colleagues remains our priority. As a result of the measures announced by the UK Government on 22 February 2021, unfortunately shareholders

#### Developing our purpose

### Our purpose is to build great homes and create thriving communities.

Over the course of 2020, the Board and I have developed this purpose, with consideration for all of our stakeholders.

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will not be permitted to attend the AGM in person. Each year the Board looks forward to engaging with shareholders at the AGM, therefore we are pleased to offer shareholders the opportunity to follow the AGM remotely and submit questions. Further details can be found on page 182 and on our website.

#### Looking forward

Taylor Wimpey believes in doing the right thing for our customers and, in this context, the Board determined that it was right to support leaseholders and building owners with fire safety investment to ensure their Taylor Wimpey apartment buildings constructed over the last 20 years are safe and meet current EWS1 (External Wall Fire Review) requirements. More information on this can be found in Pete Redfern's letter on page 5 and on page 30.

We expect to emerge from this crisis stronger, not just in terms of financial metrics, but with strong focus on performance, forward momentum and growth potential into the medium term. The pandemic has opened up new ways of working and thinking and we start 2021 with renewed focus on our purpose. Your business has continued to deliver in a responsible manner and together we have set the business up to maximise value for our shareholders and other stakeholders in the years ahead. I would like to thank everyone for their support; our employees, our customers, our suppliers, subcontractors and shareholders. It is greatly appreciated.

**Irene Dorner**  
Chairman