

Our Investors

2021 highlights

- Dividend of 8.58 pence per share for 2021
- Aligned our reporting with TCFD and SASB reporting frameworks
- Included in Standard & Poor's Sustainability Yearbook 2021
- Implemented our new environmental strategy
- Member of Next Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021, and an A- rating from CPD Climate Change
- Delivered annualised savings of c.£16 million in 2021 as a result of organisational and cost restructure
- Made further progress towards medium term operating profit margin of 21-22%
- Spent over £1 billion on land and grew balance sheet land position by £510 million

2022 priorities

- Continue to improve operating margin towards our 21-22% medium term target
- Bring through new outlets for volume growth in 2023/24
- Run Future Homes Standard product trials during 2022
- Develop our net zero transition plan and target
- Host an investors and analyst update to meet our new CEO

Read more in relation to our business model on pages 22 and 23

Read more about our investment case on page 6

The combination of our operational performance, strong landbank and cash position enables Taylor Wimpey to deliver significant and reliable future shareholder returns.

Building momentum

We have a very clear focus and strategy. We continue to build momentum to deliver what we have set out through achieving the following four priorities:

1. Operational excellence and discipline driving an increase in operating margin

Our primary performance focus is on delivering a 21-22% operating margin and we continue to target a number of areas to achieve this; focused on cost, process simplification and standardisation enhancing the core drivers of value for our business.

We have a strong embedded margin in the landbank, which together with the new land acquisitions, gives us confidence in achieving our operating margin target.

We have embedded a disciplined cost mindset across the business and taken a number of proactive actions to reduce cost and optimise financial performance. In late 2020 and into 2021 we also completed a review and restructure of the business, including removing a layer of senior management.

2. Progressing recent land acquisitions through planning to facilitate outlet growth in late 2022 and volume growth in 2023

We remain focused on efficiently progressing recently acquired land through the planning system, positioning our business to deliver annual completions in line with our previous guidance of between 17,000 and 18,000 in the medium term. We are progressing the land through the planning stages, providing excellent momentum for growth.

3. Continue to deliver consistently great build quality, customer service and employee experience and identify where we can add value

We began the investment in customer service and increasing build quality several years ago. Not only was this the right thing to do for customers, but it has also set the business up very well for upcoming changes with the introduction of the New Homes Ombudsman and building regulations. We are delighted to have been confirmed as once again leading the sector in the NHBC CQR score and we have maintained our HBF 5-star rating.

4. Further embedding sustainability through the business, targeting areas where we can make the most difference to future proof the business

Ensuring a sustainable business is in the interests of all of our stakeholders and is at the heart of the Board's decision making process. Whilst it is important to adjust to near term market considerations, we make our decisions in the interest of the long term sustainability of the business. This is particularly important in a highly regulated and political industry.

We reaffirmed our commitment to play our part in addressing the environmental crisis through the launch of our ambitious environmental strategy in early 2021. During 2021, we have clarified our ESG governance responsibilities and processes at Board level and identified 'Natural resources and climate change' as a Principal Risk. During 2022 we will develop our net zero transition plan and target.

Dividends and cash returns

Our aim is to continue to provide a reliable income stream to our shareholders, throughout the cycle, including during a 'normal downturn' via an ordinary cash dividend. Taylor Wimpey is inherently a highly cash generative business through the cycle supported by strong operational performance and our high quality landbank, which allows us to operate flexibly in the land market. We use cash generated by the business to fund our investment in land and work in progress to support our future growth. As we operate in a cyclical industry, we maintain a strong balance sheet at all times and are comfortable with modest gearing after adjusting for land creditors.

Given the cash generative nature of our business we aim to provide a reliable income stream to our shareholders, throughout the cycle including during a 'normal downturn', via an ordinary cash dividend. Our Ordinary Dividend Policy is to pay out to shareholders approximately 7.5% of net assets, paid in two equal instalments in May and November. In line with the Ordinary Dividend Policy, we will return a 2021 final dividend (of 4.44 pence per share), to be paid on 13 May 2022, subject to shareholder approval.

Our intention remains to return cash generated by the business in excess of that needed by the Group to fund land investment, all working capital, taxation and other cash requirements of the business, and once the ordinary dividend has been met.

Following the strong performance of the business during 2021, we are today announcing our intention to return excess cash of c.£150 million in 2022 through the implementation of a share buyback programme, with an initial tranche of c.£75 million expected to be completed by no later than 3 June 2022.



"Jennie has extensive experience in the housebuilding sector and has demonstrated exceptional leadership and a razor-sharp operational focus. Her strong focus on execution, combined with her customer and people-focused skills, set her apart from the other candidates we were considering."

Irene Dörner
Chairman

CEO succession

Following the announcement in late 2021 that Pete Redfern would be stepping down as CEO, the Board, led by the Nomination and Governance Committee, conducted a rigorous search and recruitment process. The Board engaged extensively with major shareholders to hear their views on the succession process. On 7 February 2022, it was announced that Jennie Daly would be appointed as the new CEO, effective from the conclusion of the Company's AGM on 26 April 2022. Jennie has over 30 years' experience in the housebuilding and land and planning industries and is currently Group Operations Director.



ESG credentials

We participate in several global and sectoral benchmarks. We are a constituent of the Dow Jones Sustainability Europe Index and included in the S&P Sustainability Yearbook 2022. We are part of FTSE4Good, have an AA rating from MSCI and have received an ESG Risk Rating of Low from Sustainalytics. We are a member of Next Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021. We disclose our performance to CDP and received the following scores: CDP Climate Change A- (2020: B), CDP Water B (2020: B), and CDP Forests B- for deforestation and forest risk commodities (2020: B). We have been recognised by CDP as a Supplier Engagement Leader and received a Supplier Engagement score of A for our approach to engaging suppliers on climate change.

We support the Task Force on Climate-related Financial Disclosures (TCFD), and have enhanced our disclosure this year in line with its recommendations. We also disclose our performance against the criteria identified for our sector by the Sustainability Accounting Standards Board (SASB).

Opportunities in green building

Over the next five years there will be significant changes to new build homes in the UK reflecting the UK's climate change targets, the introduction of the Future

Homes Standard and new regulation on overheating, electric vehicle charging and other environmental issues. Our target is to reduce emissions from customer homes in use by 75% by 2030, and we are conducting a range of research to help us meet this. From 2025, in line with regulation, the new homes we build will be net zero carbon ready. The way we design and build our homes enables our customers to live a more sustainable and resource efficient lifestyle and there is more that can be done. We are conducting a range of research to prepare for upcoming regulatory changes and to move towards net zero ready homes.

During 2020 and 2021, we conducted research to enable us to update the technical specification for our homes in preparation for changes to Building Regulations and the Future Homes Standard (read more on pages 18 to 21). The energy savings we will secure to meet the Future Homes Standard will make our homes increasingly attractive to customers, with lower running costs and a greatly reduced environmental footprint. The increasing take up of more cost effective green mortgages offers a potential competitive advantage for new homes compared to older housing stock.

Modern methods of construction

We are integrating more off site construction techniques which help improve the efficiency of build as well as the quality of key components such as smart roofs which are used where we build a room in the roof. Our

approach also includes increased use of timber frame and off site components such as spandrel panels, smart roof panelised cassette roofs, cassette timber floors and dormers. Other research projects include working with industry peers on reducing packaging and waste, air quality, and use of recycled materials.

Timber frame

Timber frame can have a significantly lower carbon footprint than traditional 'brick and block' building techniques due to the materials and use of off site manufacture (OSM) techniques. Newly planted replacement trees from sustainably managed forests may take more carbon out of the atmosphere than the more mature trees used for timber frame, which in turn act as a carbon store within buildings for the long term. This makes it an excellent alternative to more carbon intensive bricks and blocks. There is evidence that OSM in factories can generate less waste, require less transport and logistics, and result in more airtight components than those made on site, all contributing to carbon efficiency. Increasing use across our business will be one of our focus areas in 2022. We aim to reach 20% timber frame usage and increase consistency of use across our regions.