

Our business model

# Creating value through our business model

Key strengths and resources

**People**

- Highly experienced management team
- Talented, skilled and engaged workforce with investment in training and in young talent

**Financial position**

- Robust balance sheet
- Established track record of generating cash and returning excess cash to shareholders

**Approach to ESG**

- Strong health and safety culture
- 5 star customer service homebuilder and industry-leading build quality
- Major contributor to local economies and communities
- Embedding sustainability and climate action throughout the business
- Strong culture of doing the right thing

**Land**

- Well located landbank in areas people want to live and best in class strategic land pipeline
- Proven track record in converting strategic land into short term landbank

**Business**

- National scale and well-placed with 23 established regional businesses
- Efficient supply chain management, augmented by our Taylor Wimpey Logistics division

What we do



Principal Risks key:

A: Government policies, regulations and planning	D: Attract and retain high-calibre employees	G: Health, safety and environment
B: Mortgage availability and housing demand	E: Land availability	H: Natural resources and climate change (New)
C: Availability and costs of materials and subcontractors	F: Quality and reputation	I: Cyber security (New)

Why we do it

**1 Investment Shareholder capital management**

Ensuring long term sustainability of the business through securing a quality land pipeline, located in places people want to live, with good planning prospects. Our strong land position comprises both short term land (land with some form of planning permission) and strategic land (land with no residential planning at the time we take a commercial interest).

We continue to look for opportunities in the right locations that optimise our value and meet our returns criteria. We continue to focus on being responsive to land market conditions. In 2020, we completed an opportunity-led equity raise. In 2021, we continued to transact this increased land investment, establishing a landbank to support growth in future years.

**At this stage in the business model we seek to manage the following Principal Risks: A, D, E, F, G, H**

**Relevant stakeholders: Customers, Investors, Employees**

**2 Development Protecting capital and adding value**

Progressing land through the planning system is the key way we add value to the land we acquire. Securing good quality planning permissions benefits both our land portfolio and the communities in which we build, providing much needed new homes, affordable housing, infrastructure and community facilities through planning obligations.

We design and plot the right houses in an efficient manner to generate strong returns while maximising available land resources and creating attractive places to live. We engage extensively with communities, before and during the lifetime of each development. We factor in stakeholders' needs, addressing environmental and other local issues and building community facilities to create thriving communities.

**At this stage of the business model we seek to manage the following Principal Risks: A, B, F, G, H**

**Relevant stakeholders: Customers, Communities, Investors, Employees**

**3 Realising value Optimising stakeholder returns**

Key to this is building quality homes which are attractive to customers. Health and safety is our first priority and is not an area we will compromise. We seek to do the right thing, and deliver our strategy in a way that benefits all our stakeholders.

We build quality homes safely and efficiently, getting the customer proposition right and optimising sales price. This includes working closely with our supply chain and our central logistics function, TW Logistics, to ensure we maximise the opportunities our scale affords. We develop deep knowledge and foster close relationships with our supply chain to improve pricing, visibility and security of supply. We work with our subcontractors to make improvements to our processes and operations. We have implemented additional checks and driven higher measures to remove unnecessary costs and ensure we are operating efficiently to maximise stakeholder returns.

**At this stage of the business model we seek to manage the following Principal Risks: C, D, F, G, I**

**Relevant stakeholders: Customers, Investors, Employees, Partners**

Prioritising sustainability

- We take account of sustainability issues from the start of the landbuying process, including biodiversity net gain, flood risk, proximity and access to infrastructure and services, sustainable transport, community wellbeing and local economic development.
- By focusing on placemaking we plan, design, layout and deliver schemes that create successful and sustainable new communities, where our customers can enjoy a good quality of life.
- We are prioritising nature by targeting increased biodiversity on our developments.

- In 2021, we contributed £418 million to local communities via planning obligations (2020: £287 million). This funded a range of infrastructure and facilities including: affordable housing; green spaces; community, commercial and leisure facilities; transport infrastructure; heritage buildings; and public art.
- We also invest in public and community transport, walkways and cycle paths through our planning obligations. In 2021, 67% of our UK completions were within 500m of a public transport node and 86% within 1,000m.

- We are working in our business and with suppliers and peers to reduce energy use and waste, improve resource efficiency and increase our use of recycled materials and those with lower embodied carbon.
- We have rigorous policies and procedures in place to address health and safety risks, supported by training, communication and visible leadership.

The value we created in 2021

**Investors**  
**c.85k**  
plots in our UK short term landbank (2020: c.77k)

**Investors**  
**c.£3.4bn**  
land on the balance sheet (2020: c.£2.9bn)

**Customers, Communities**  
**77**  
planning applications granted (2020: 68)

**Partners**  
**11.1k**  
subcontractors worked on average during 2021 (2020: 12.3k)

**Customers, Investors, Employees**  
**c.14.3k**  
new homes (including joint ventures) completed for our customers (2020: 9.8k)

**Employees**  
**5.4k**  
directly employed on average during 2021 (2020: 6.0k)

Read more about our approach to identifying and managing risk on pages 59 to 65

Read more on how we create value for all stakeholder groups on pages 34 to 47

## Our strategy and key performance indicators

Read more about our Principal Risks on pages 61 to 65

### Strategic pillar

### Performance in 2021

### Priorities going forward



## Customers and communities

- We are pleased that we continue to maintain our 5 star rating.
- Our 9-month satisfaction scores give us insight into how customers feel about the homes and places we build over the longer term, and we are pleased to see an improvement in the year.
- We elevated the voice of the customer in the regional businesses this year by introducing a Customer Director role which sits on the regional businesses' management teams.
- Embedded our Customer Hub, where all initial customer calls are diverted to.
- Rolled out customer relationship management (CRM) system, using Microsoft Dynamics software, to all 23 regional businesses.

**Principal Risks**  
A, B, C, D, E, F, G, H, I

Read more in relation to our stakeholders on pages 38 to 39, 42 to 43 and 44 to 45

- We will see the New Homes Ombudsman come into effect in 2022 and we are continuing to align our processes to meet expectations and timescales set by the Ombudsman.
- Continue to embed CRM system into the business and generate insights and increased collaboration between departments.
- Utilise our new standard house type range which reflects customer feedback and incorporates increased open plan living, more natural light and improved storage.

### Principal Risks key:

A: Government policies, regulations and planning  
B: Mortgage availability and housing demand  
C: Availability and costs of materials and subcontractors

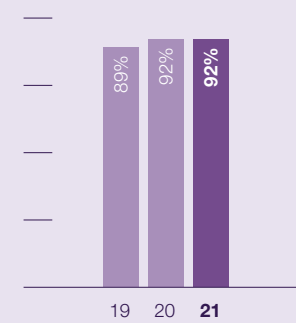
D: Attract and retain high-calibre employees  
E: Land availability  
F: Quality and reputation

G: Health, safety and environment  
H: Natural resources and climate change  
I: Cyber security

[Link to remuneration](#)

### KPI

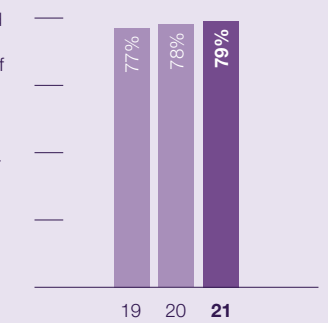
#### Customer satisfaction 8-week score 'would you recommend?'



**Objective:** We strive to achieve 90% or above in this question, which equates to a five-star rating.  
**Definition:** Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC on behalf of the HBF eight weeks after legal completion.  
**Why it is key to our strategy:** Identifying and serving the needs of our customers by delivering a high-quality product is key to our ambition to become a customer-focused homebuilder.

[Read more on pages 106 to 108](#)

#### Customer satisfaction 9-month score 'would you recommend?'



**Objective:** We strive to improve this score and understand the reasons behind and underlying drivers of this customer feedback.  
**Definition:** Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC nine months after legal completion.  
**Why it is key to our strategy:** We think about how customers live in the homes and places we build for longer than the first few months after they move in. Ensuring our customer satisfaction remains high in the months following completion is important.

Note: The 8-week 'would you recommend' score for 2021 relates to customers who legally completed between October 2020 and September 2021, with the comparators relating to the same period in the prior years. The 9-month 'would you recommend' score for 2021 relates to customers who legally completed between October 2019 and September 2020, with the comparator relating to the same period in the prior years.



## Build quality

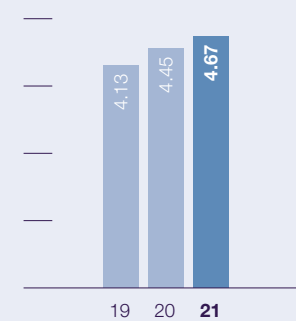
- We continue to lead the volume housebuilders in build quality.
- Due to the increase in productivity on site during the year, the average reportable items per inspection increased marginally.
- We updated our scope of operations for subcontractors in 2021, which sets out our expectations for build quality. This is part of the contract for subcontractors.
- Key product suppliers provide training on the correct installation of their products to ensure a quality build.

**Principal Risks**  
A, C, D, F, G, H

Read more in relation to our stakeholders on pages 38 to 39, 42 to 43 and 44 to 45

- Great build quality continues to be important for long term customer satisfaction and reduced remediation costs and waste.
- We aim to improve build quality further by ensuring our quality assurance processes are embedded at every stage of build. Our Consistent Quality Approach 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 also publish a customer version, so it is clearer for customers what they can expect from us.

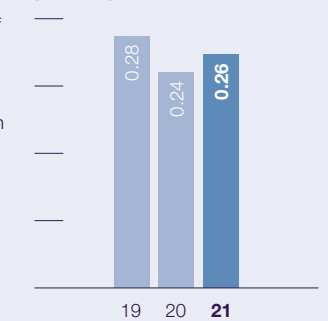
#### Construction Quality Review



**Objective:** To achieve an average score of four out of six across Taylor Wimpey.  
**Definition:** The average score, out of six, achieved during an in-depth annual review of construction quality on a site-specific basis.  
**Why it is key to our strategy:** Right first time continues to be a key priority within our customer-focused approach. CQRs focus on construction quality and understanding 'why or how' given levels of quality have resulted.

[Read more on pages 106 to 108](#)

#### Average reportable items per inspection



**Objective:** Reduce defects found during build stages.  
**Definition:** The average number of defects found per plot during NHBC inspections at key stages of the build.  
**Why it is key to our strategy:** Reducing the number of defects per plot is crucial to ensuring we deliver consistently high-quality homes for our customers, whilst also minimising the cost of rectifications.



## Optimising our strong landbank

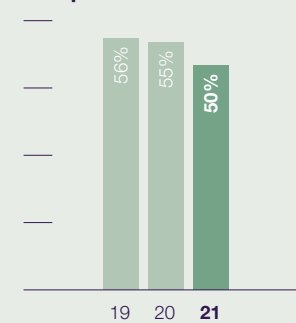
- We have grown our short term landbank and in today's competitive land market are able to operate selectively with the benefit of the largest strategic pipeline in the sector.
- Our strategic land pipeline remains a key strength both as an important input to the short term landbank and in providing an enhanced supply of land with greater control over the planning permissions we receive.
- We continue to source a large proportion of completions from our strategic land pipeline.
- Our landbank years metric continues to run ahead of our target as we continue to process land bought as a result of our equity raise in June 2020, when we saw a short term opportunity in the land market to invest for the long term.
- Land cost as a percentage of average selling price on approvals has returned to a low level.
- Opportunistic landbuying during the pandemic has allowed us to be selective in a more competitive environment, supporting future land cost as a percentage of average selling price on approvals.

**Principal Risks**  
A, D, E

Read more in relation to our stakeholders on pages 42 to 43 and 44 to 45

- Our strong landbank continues to be a key differentiator for us, and allows us to buy land selectively, choosing good quality land at attractive returns.
- Continue to utilise our strategic land pipeline to support the short term landbank.
- Continue to buy land selectively at returns that maximise value for our shareholders.
- Remain very focused on progressing new acquisitions through the planning system and opening quality outlets.
- Our new house type range will help to support best use of our landbank through improved plotting efficiency.

#### Strategically sourced completions



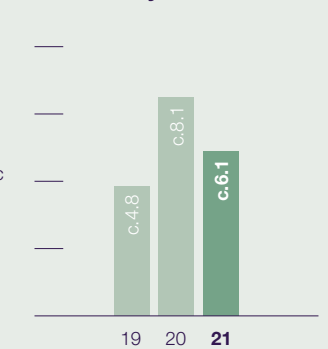
**Objective:** We aim to source more than 40% of our completions from the strategic pipeline per annum in the medium term.  
**Definition:** Number of completions on land which originally did not have a residential planning permission when we acquired a commercial interest in it, expressed as a percentage of total completions.  
**Why it is key to our strategy:** The strategic pipeline enhances our ability to increase the contribution per legal completion because of the inherent margin uplift from strategic plots. It also allows us to take a long term view of sites.

#### Land cost as % of average selling price on approvals



**Objective:** To maintain at current levels or reduce our average land cost.  
**Definition:** Cost of land as a percentage of average selling price on approvals.  
**Why it is key to our strategy:** Maintaining a sustainable land cost percentage increases value for our shareholders.

#### Landbank years



**Objective:** Increase landbank efficiency - reduce length of short term owned and controlled landbank years by c.1 year to 4-4.5 years.  
**Definition:** The years of land supply in our short term landbank based at current completion levels.  
**Why it is key to our strategy:** We seek to use our high-quality landbank more efficiently to deliver growth, both in the number and quality of homes built for a wider range of customers.

Our strategy and key performance indicators continued

Strategic pillar



Be the employer of choice in our industry

- Voluntary employee turnover has increased following a year of very low employee turnover as a result of the uncertainty caused by the pandemic.
- Recruitment to early talent programmes has increased in the year. Increasing the future skills and talent within our business is essential for long term sustainability, particularly in the face of a well-known industry skills shortage.
- Due to the restructure of the business and increased employee turnover, in 2021 the number of directly employed key trades and apprentices reduced.
- Health and safety is the number one priority at Taylor Wimpey and we will never compromise on this commitment to our people and everyone who works on or visits a Taylor Wimpey site.
- Our AIIR remains well below both the HBF Home Builder Average AIIR of 264 and Health and Safety Executive construction industry average AIIR of 353, but we will continue to seek to improve this. We believe the increase in the accident rate is due to higher than average turnover among operatives and an increase in production on our sites.
- We conducted an employee survey in 2021, high scoring areas in this survey included health and safety, diversity and inclusion, and our vision and strategy.

**Principal Risks**  
D, F, G, H

Read more in relation to our stakeholders on pages 40 to 41 and 42 to 43

Performance in 2021

Priorities going forward

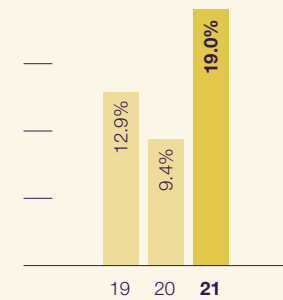
- We embed a safety culture through training, awareness and visible health and safety leadership. We continue to focus on continuing to improve health and safety on our sites.
- Work with the sector to collectively address the skills shortage.
- In 2022, we will explore how we can increase flexibility for on site roles.
- To support attracting, selecting and retaining diverse candidates we will run an inclusive leadership coaching programme for Managing Directors in 2022.
- Benchmark our policies and practices against the Stonewall Diversity Benchmark.
- Offer training which progresses careers and strengthens succession pipelines to drive business continuity and level of knowledge and experience in a highly competitive skills sector.

Principal Risks key:

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KPI

Voluntary employee turnover

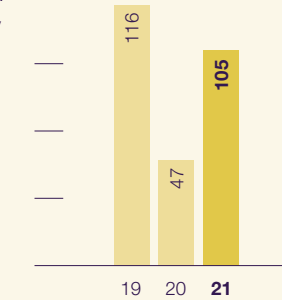


**Objective:** We aim to attract and retain the best people in the industry and give them opportunities to develop to their full potential. We aim to keep this within a range of 5-15%.

**Definition:** Voluntary resignations divided by number of total employees.

**Why it is key to our strategy:** Our employees are one of our greatest competitive advantages and they are crucial to executing our strategy. Low employee turnover supports greater depth of experience, continuity and development of skills within our teams.

Number recruited into early talent programmes

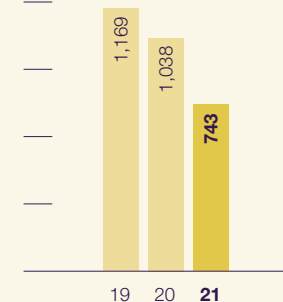


**Objective:** To reduce the impact of the industry skills shortage and future-proof our business.

**Definition:** The amount of people recruited onto one of our early talent programmes including graduates, management trainees and site management trainees.

**Why it is key to our strategy:** Creating a more consistent framework and development path for early and ongoing talent management will underpin our future growth and customer-focused approach. We establish bespoke development programmes to ensure we develop the skills we need when we need them, ensuring we have the experience required to support our strategy.

Directly employed key tradespeople, including trade apprentices

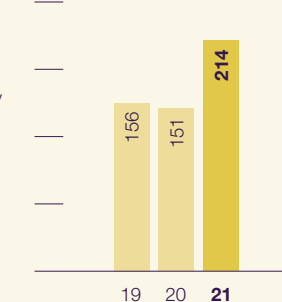


**Objective:** To improve quality, reduce bottlenecks in key trade supply, reduce the impact of the industry skills shortage and future-proof the business.

**Definition:** The number of key tradespeople directly employed by Taylor Wimpey including bricklayers, joiners, carpenters, painters, scaffolders and trade apprentices.

**Why it is key to our strategy:** Against industry-wide skills shortages and uncertainty we aim to future-proof our workforce. We do this by developing skills to build quality homes and behaviours which align our business to our customer-focused approach.

Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)



**Objective:** We are committed to providing a safe place in which our employees and subcontractors can work and our customers can live.

**Definition:** Reportable (all reportable) injury frequency rate per 100,000 employees and contractors (Annual Injury Incidence Rate).

**Why it is key to our strategy:** Health and safety is our non-negotiable top priority. As well as having a moral duty to maintain safety on site, accidents and injuries can have a detrimental impact on the business through additional costs, delays and / or reputational damage.



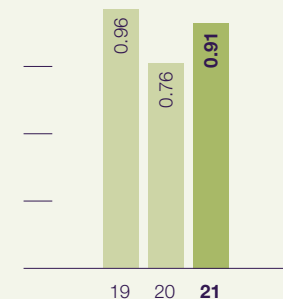
Best in class efficient engine room

- We generated a strong sales rate in 2021, in the context of a supportive backdrop of low interest rates and good mortgage availability.
- Entered 2021 with a strong order book position, reflecting continued strong demand for our homes and supporting visibility.
- Private legal completions per outlet were particularly strong in the year, recovering from the impact of COVID-19.
- In 2021, we successfully built the prototypes of the new house type range and tested these with customers.
- In the year, we relocated our Taylor Wimpey Logistics (TWL) business to more efficient space in Peterborough. TWL helps drive efficiencies and quality and gives good visibility of supply.
- Embedded cost discipline mindset in the business.
- Continue to focus on generating efficiencies.
- Continue to prioritise a strong order book.
- We remain focused on optimising sales prices to support margins and shareholder returns.
- Our new house type range supports efficiencies and the transition to upcoming new regulations. In 2022, we will start to sell homes from our new house type range.

**Principal Risks**  
A, B, C, D, E, F, G, I

Read more in relation to our stakeholders on pages 38 to 39 and 40 to 41

Net private sales rate

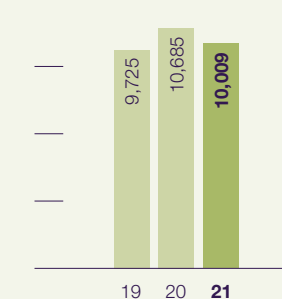


**Objective:** Ensure an efficient sales rate that captures market demand and is balanced with achieving the right sales price for our homes.

**Definition:** The average number of private sales made per outlet per week.

**Why it is key to our strategy:** We want to become a more efficient and agile business that can respond quickly to opportunities in the market, creating increased value for our shareholders.

Order book volume

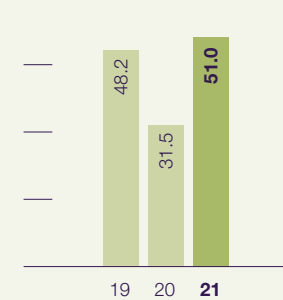


**Objective:** We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

**Definition:** The total number of homes in our year end order book.

**Why it is key to our strategy:** A strong order book provides our customers with good visibility and provides greater stability for business planning and enhances our ability to deliver the best experience for customers whilst driving the most value for our shareholders.

Private legal completions per outlet

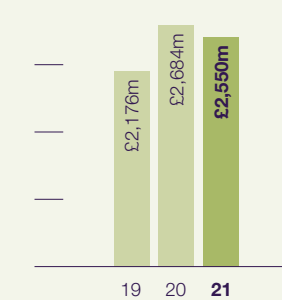


**Objective:** To improve efficiency on our sites and increase the number of legal completions per outlet.

**Definition:** The number of private legal completions per outlet.

**Why it is key to our strategy:** We are working to increase new home supply for a wider range of customers by improving efficiency across our sites.

Order book value



**Objective:** We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

**Definition:** The total value of homes in our year end order book.

**Why it is key to our strategy:** A strong order book provides our customers with good visibility and provides greater stability for business planning and enhances our ability to deliver the best experience for customers whilst driving the most value for shareholders.