building momentum
We have a clear purpose to deliver great homes and create thriving communities and a strategy to ensure the long term sustainability of the business, for all stakeholders. During 2021, we have continued to drive performance through a business-wide commitment to our key priorities:

- Operational excellence and discipline driving an increase in operating margin / p10
- Progressing recent land acquisitions through planning to facilitate outlet growth in late 2022 and volume growth in 2023 / p12
- Continue to deliver consistently great build quality, customer service and employee experience and identify where we can add value / p14
- Further embedding sustainability through the business, targeting areas where we can make the most difference to future proof the business / p16
2021 highlights

Group financial highlights

<table>
<thead>
<tr>
<th>Group completions including joint ventures</th>
<th>Revenue</th>
<th>Operating profit*</th>
<th>Profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,302</td>
<td>£4,284.9m</td>
<td>£828.6m</td>
<td>£679.6m</td>
</tr>
</tbody>
</table>

Total dividend per share paid in the year

8.28p

Year end net cash‡

£837.0m

Tangible net assets per share†

118.1p

Operating profit margin

19.3%

Return on net operating assets**

24.7%

Cash conversion‡‡

69.4%

Alternative Performance Measures

The Group uses Alternative Performance Measures (APMs), such as those indicated above with a footnote symbol, as key financial performance indicators to assess underlying performance of the Group. Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 71 for definitions.

UK operational highlights

Customer satisfaction 8-week score (%)

92%

2020: 92%

Construction Quality Review: average score (out of 6)

4.67

2020: 4.45

Net private sales rate per outlet per week

0.91

2020: 0.76

Number of homes in order book

10,009

2020: 10,685

Plots in UK short term landbank

c.85k

2020: c.77k

We participate in various benchmarks and have been awarded a number of industry accreditations. 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 Global 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 also 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.

Taylor Wimpey plc is a customer-focused housebuilder operating at a local level from 23 regional businesses across the UK. We also have operations in Spain. Our operational review focuses on the UK as the majority of metrics are not comparable in our Spanish business. There is a short summary of the Spanish business in the Group financial review of operations. The Group financial review is presented at Group level, which includes Spain, unless otherwise indicated.

ESG (environmental, social, governance) highlights

Reduction in direct CO₂ emissions intensity since 2013

50%

2020: 30%

Employee engagement score

91%

2020: 80%

Annual injury incidence rate (per 100,000 employees and contractors)

214

2020: 151

Affordable homes as % of total UK completions

18%

2020: 20%

Contributions to local communities, via planning obligations

£418m

2020: £287m

Construction waste recycled

97%

2020: 97%

Read more about our approach to ESG on page 7 and pages 16 and 17

Read more about our operations on pages 6 to 17 and 66 to 69

We participate in various benchmarks and have been awarded a number of industry accreditations. 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 Global 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 also 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.

Taylor Wimpey plc is a customer-focused housebuilder operating at a local level from 23 regional businesses across the UK. We also have operations in Spain. Our operational review focuses on the UK as the majority of metrics are not comparable in our Spanish business. There is a short summary of the Spanish business in the Group financial review of operations. The Group financial review is presented at Group level, which includes Spain, unless otherwise indicated.

ESG (environmental, social, governance) highlights

Reduction in direct CO₂ emissions intensity since 2013

50%

2020: 30%

Employee engagement score

91%

2020: 80%

Annual injury incidence rate (per 100,000 employees and contractors)

214

2020: 151

Affordable homes as % of total UK completions

18%

2020: 20%

Contributions to local communities, via planning obligations

£418m

2020: £287m

Construction waste recycled

97%

2020: 97%

ESG (environmental, social, governance) highlights

Reduction in direct CO₂ emissions intensity since 2013

50%

2020: 30%

Employee engagement score

91%

2020: 80%

Annual injury incidence rate (per 100,000 employees and contractors)

214

2020: 151

Affordable homes as % of total UK completions

18%

2020: 20%

Contributions to local communities, via planning obligations

£418m

2020: £287m

Construction waste recycled

97%

2020: 97%

ESG (environmental, social, governance) highlights

Reduction in direct CO₂ emissions intensity since 2013

50%

2020: 30%

Employee engagement score

91%

2020: 80%

Annual injury incidence rate (per 100,000 employees and contractors)

214

2020: 151

Affordable homes as % of total UK completions

18%

2020: 20%

Contributions to local communities, via planning obligations

£418m

2020: £287m

Construction waste recycled

97%

2020: 97%
Irene Dorner  
Chairman

Creating value for all of our stakeholders

Alongside an excellent operational performance in 2021, we are pleased to have delivered value to all of our stakeholders in a real and sustainable way, continuing to build momentum. This Annual Report and Accounts showcases how we have achieved this.

2021 has proven to be a very successful year for Taylor Wimpey, but it has not been without its challenges. As the world continued to navigate through the COVID-19 pandemic, we remained, and continue to be, focussed on delivering operational and financial performance, as the business steadily increased operations. Group operating profit increased to £562 million (2020: £306 million), with an operating profit margin of 13.9% (2020: 10.0%) as we optimised selling price and we maintained our strong focus on cost efficiency. This resulted in profit before tax of £167.6 million (2020: £70.4 million), an increase of 140%. The net cash inflow for the year was £2,550 million (2020: £2,324 million) and our balance sheet remained strong.

Dividend / Share Buyback

In line with our Ordinary Dividend Policy, we are pleased to announce that the 2021 final dividend of 4.44 pence per share will be paid in May, subject to shareholder approval at the Annual General Meeting (AGM). In combination with the 2021 interim dividend, this gives total ordinary dividends for the year of 7.68 pence per share. Dividend Zagreb resolutions for the 2022 AGM can be found on pages 185 to 189.

We are also pleased to announce that we will be returning up to £150 million of excess cash in respect of 2021 by way of a share buyback. When approving this method, the Board took into account stakeholders’ needs and all relevant circumstances. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares. This reflects the view that the share buyback will result in an increase in earnings per share and dividends per share available to the best interests of shareholders generally.

Stakeholder engagement

We recognise that we can only achieve our purpose, to deliver great homes and communities, by effectively engaging in the account of the views of all of our stakeholders.

The Board is responsible for ensuring that our business is sustainable in the long term by respecting and taking into account the needs and views of all our stakeholders in our decision-making.

Our employees are what makes Taylor Wimpey special. During 2021, both from a financial and operational perspective, is down to all of their hard work and determination. Despite the majority of Board meetings taking place virtually in 2021, we did have the opportunity to visit the South Midlands business unit, where we met the team at the office and on site. It was great to see the site operating at normal levels in a COVID-safe secure, ensuring the safety of all whilst delivering for our customers.

We have also taken the opportunity to more clearly articulate the role of the Employee Champion, who is responsible for championing the employee voice in the boardroom and strengthening the link between the Board and employees. Gwyn Bann, Non-Executive Director, was our Employee Champion during 2021 and during that period many of the National Employee Forum (NEF) meetings. As Gwyn will be stepping down from the Board in 2022, the rededication of the role that Gwyn has continued to champion is closer to our Head Office and I am very much looking forward to the opportunity to meet many of our stakeholders in person.

Looking forward

2022 will be a period of transition at Taylor Wimpey, whilst the new Chief Executive takes the lead and drives our business to its full potential. I am confident that Jennie is the right person to achieve this, and she has the support of the Board and the Group Management Team.

Irene Dorner  
Chairman
I want to begin my last Chief Executive statement at Taylor Wimpey by, firstly, thanking all the individuals and the teams across the business for their daily hard work, dedication and – on a personal note – their support.

I’m pleased to report that we have delivered an excellent performance in 2021, significantly increasing profit, margins and home completions in a challenging year for the industry with pressure on the availability and cost of certain materials. It has also not been a ‘normal’ year for our people, customers, subcontractors or suppliers, amidst changing COVID-19 restrictions. However by working together, our teams have continued to operate safely and efficiently and we have continued to serve our customers. We have continued to provide compelling propositions to everyone working for, and with us, and that has led to increased engagement and collaboration. This has continued to strengthen those key stakeholder relationships (and you can read more about this on pages 38 to 47). I am, particularly proud to share that, not only do we continue to be a 5-star homebuilder as rated by customers in the Home Builders Federation (HBF) customer survey, but we are also, once again, the highest rated major housebuilder in the National House Building Council’s (NHBC) independently measured 2021 Construction Quality Review (CQR). This is an outstanding effort and truly reflects the efforts and the pride and passion of our people across the business.

In her Chief Executive’s letter, our employees are what make Taylor Wimpey special. We are deeply shocked and saddened by the tragic events in Ukraine, and, together with our employees, we will be pledging our support to the humanitarian effort. You can read more about our people on pages 40 to 41. While voluntary turnover increased in the year, alongside Annual Injury Incidence Rate, it is worth noting that the 2020 comparators were impacted by COVID-19. You can read more about our key operational performance metrics on pages 24 to 27.

I have been in this role for nearly 15 years and over 20 years with the business and it has been an incredible journey. I am very proud of what we have achieved at Taylor Wimpey and the culture we have built and I will miss it greatly. Whilst there is always much more we can do and need to do, the business is in excellent health with a very strong balance sheet, and an outstanding short term landbank and strategic land pipeline, with real forward momentum. In particular, our approach, with your support as shareholders, to adapting during the pandemic, at a time when there was significantly reduced competition, has set us up extremely well for the future. It enabled us to sustain our order buying, at attractive margins, creating a balanced portfolio which will benefit the business for several years. Importantly, this has created strong momentum, opportunity and growth and a route to increased, and very compelling, shareholder returns. With such exciting prospects for the future, it is undoubtedly the right time to hand over the business to someone new as the Company embarks on the next chapter.

On 7 February, the Board announced that Jenny Daly has been appointed as CEO, effective from the conclusion of the AGM on 26 April 2022. This follows a thorough recruitment and selection process led by the Nomination and Governance Committee of the Board, that considered a long list of industry and non-industry candidates, along with extensive consultation with shareholders which is discussed on pages 90 and 91.

I am delighted with the Board’s decision to appoint Jenny. Jenny is a phenomenal operator and with her vast and varied experience, I am very confident that she will deliver the value from our outstanding landbank and all of Taylor Wimpey’s stakeholders.

Building momentum to deliver improved operating margin and accelerating growth

Our purpose is to deliver great homes and create thriving communities. We seek to deliver growth with a sustainable and responsible approach and this is reflected in our landbuying strategy and the culture we have built and I will miss it greatly. Whilst there is always much more we can do and need to do, the

Our approach to land

Our approach to land differentiates Taylor Wimpey and has enabled us to build an excellent landbank which will underpin long volume and margin growth potential and returns to shareholders.

We have continued to operate efficiently and deliver value from our outstanding landbank and our talented and experienced team are working closely with land teams to create compelling propositions for customers.

I am particularly proud of the quality of our 2022 landbank which has increased by c.8k plots to 10,934 homes (2021 equivalent period: 10,004 homes). This has increased our short term owned and controlled landbank and strategic land bank, increasing forward momentum and providing a strong foundation for the medium term.

We have also increased our focus on ESG, which is increasingly a key consideration for customers.

We are focused on excellent operational delivery and increasing financial performance. This is visible at all levels in the business and reflected in our 2021 full year performance, with improved operating margin and operational efficiency. The 2020 equity ratio and our approach to landbuying has continued to differentiate Taylor Wimpey, as we added a significant amount of attractively valued land to our portfolio. This timely land acquisition and the hard work by our teams in bringing it through the planning system has positioned the business for high quality outlet last volume growth at a time when the land market has become increasingly competitive.

With the strength of our landbank and operational excellence we aim to grow annual completions to between 17,000 and 18,000 in the medium term whilst generating compelling returns.

In the following pages to 17, the GMS discuss our key priorities as we continue to build momentum. These underpin our confidence in future profit, margins and returns.

We support the UK’s commitment to reach net zero carbon by 2050. In 2022, we will develop our net zero transition plan and net zero target. We are reviewing the net zero criteria published by the BEIS and will use this to guide our approach. We expect to publish our target in 2023. For the housebuilding sector, the majority of emissions are associated with the production and manufacture of materials and the energy used by customers once they have moved into new homes (scope 3). This means achieving net zero emissions will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain.

We are committed to working with our peers, suppliers and others to help tackle this challenge. Our plan will include details of specific measures and key milestones designed to provide future measurable targets against which the delivery of the plan can be assessed. We have also introduced a carbon-reduction related measure into our Executive Incentive Scheme for 2023.

Upcoming regulatory changes

The industry has a number of planned, fundamental changes in this short term to medium term. Whilst these are obvious challenges, we believe that these changes offer an opportunity to further strengthen our customer proposition and drive value. We will see the first of those come into effect in 2022, with the private Home Ombudsman and a change in building regulations as well as the effective removal of Help to Buy for reservations this year ahead of the scheme’s closure in March 2023. We have been preparing for these changes for some time and this is reflected in our landbuying approach and in our processes. More information can be found on pages 12 and 13.

UK market environment and current trading

The 2022 spring selling season has started well, reflecting the underlying strength of demand for our homes, underpinned by low interest rates and good mortgage availability. The net private sales rate for the year to date (w/e 27 February 2022) was 1.02 per outlet per week (2021 equivalent period: 0.91). At that time, we were more than 60% forward sold for private completions in 2022 and have continued to grow our order book well into the second half of the year. As at 27 February 2022, our total order book excluding joint ventures was 2,859 million (2021 equivalent period: £2,796 million), comprising 10,084 homes (2021 equivalent period: 11,054 homes).

Our targets for 2022

Our current financial targets for 2022 are:

• to increase operational profit by at least 21.5% over the year to date (w/e 27 February 2022) of £977m (2021 equivalent period: £795m);
• to increase dividend per ordinary share by at least 21.5% over the year to date (w/e 27 February 2022) of 17.9p (2021 equivalent period: 14.7p).

We are confident in future delivery.

We see the Spring selling season as a critical period to develop our new homes and secure the highest quality locations for future housing developments. It is also a key period to strengthen our order book for the months ahead.

We are focused on delivering against our operating and capital expenditure targets.

We are focused on delivering against our operating and capital expenditure targets.
Our high-quality landbank remains a key competitive advantage and value driver and underpins our confidence in delivering our medium term target of 21-22% operating profit margin. We are a leader in maintaining focus on sustainability initiatives, with a commitment to the long-term; to enhance and generate sustainable returns, whilst always operating in a responsible and sustainable way which makes a positive contribution to all stakeholders. This underpins our confidence in delivering our medium term target of 21-22% operating profit margin. We are committed to a continued focus on delivery and sustainable growth. These additional land investments differentiate Taylor Wimpey and will result in increased outlet openings from late 2022 and material volume growth from 2023, generating additional value and competitive advantage.

We continue to believe this is an industry-wide issue involving many types of organisations and therefore needs an industry-wide solution. If accepted by Government, the HBF proposal would result in an additional commitment from the industry in resolving these issues as soon as possible. The Government which sets out proposed solution involving all industry stakeholders.

We are working closely with Government through the HBF to facilitate an equitable solution. If accepted by Government, the HBF proposal would result in an additional commitment from the industry in resolving these issues as soon as possible. The Government which sets out proposed solution involving all industry stakeholders. This underpins our confidence in delivering our medium term target of 21-22% operating profit margin.

The additional land we have secured over the last 18 months, has positioned the Group, our differentiated approach to land has created strong growth in late 2022 and to make further progress towards our 21-22% operating margin target. We expect affordability to remain good and the cost of servicing a mortgage to remain low single digit year on year completions growth in 2022 and to make further progress towards our 21-22% operating margin target. We will remain very focused on progressing new land market.

Delivering against our key priorities

Operational excellence and discipline driving an increase in operating margin

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

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

Guided by our clear purpose:

To build great homes and create thriving communities

Driven through our strategy to deliver for all stakeholders and as measured by our KPIs /p 24-27

Embedded ESG mindset in the business and decision making /p 16-17

Environment strategy and targets /p 28-29

Always engaging with our stakeholders /p 38-47

Underpinned by our strong culture of doing the right thing and our core values

Respectful and fair

Take responsibility

Better tomorrow

Be proud
1/ Operational excellence and discipline driving an increase in operating margin

Optimising performance

What is your operating margin target? Our operating profit margin target is 21-22%. This is the primary performance focus for the business 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.

What gives you confidence in achieving your medium term margin? We have a strong embedded margin in the landbank, and together with the new land acquisitions, this underpins our confidence in achieving our operating 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. This gives our Managing Directors an enhanced level of ownership. Going forward, we will continue to benefit from higher volumes and better margin land, as well as further operational improvements from our new house types and our recently rolled out customer relationship management (CRM) system.

Why is operating margin important? Operating margin is a measure of quality. It recognises the balance between strategic investments and operational efficiency and is set within a wider set of strategic objectives. What was your operating profit for 2021 and what is the guidance for operating margin in 2022? In 2021, we delivered an operating profit of £828.6 million (2020: £300.3 million), delivering an operating profit margin of 19.3% (2020: 10.8%). In 2022, we expect to continue to make progress towards our 21-22% target.

We believe that financial results must be achieved in the right way and as a responsible business we acknowledge both our obligations to the communities we operate in and the opportunity to work with our stakeholders to create value together. We believe that by doing this, we can deliver enhanced value through the housing cycle and benefit shareholders. This is also important in a heavily regulated and scrutinised sector.

Our trading performance reflects the strong momentum within the business and our confidence in achieving our target of returning the business to a 21-22% operating margin.

We are fully focused on long term, sustainable shareholder value with a clear and deliverable plan to grow volumes and drive improved margins.

We believe that financial results must be achieved in the right way and as a responsible business we acknowledge both our obligations to the communities we operate in and the opportunity to work with our stakeholders to create value together. We believe that by doing this, we can deliver enhanced value through the housing cycle and benefit shareholders. This is also important in a heavily regulated and scrutinised sector.

Our trading performance reflects the strong momentum within the business and our confidence in achieving our target of returning the business to a 21-22% operating margin.

We are fully focused on long term, sustainable shareholder value with a clear and deliverable plan to grow volumes and drive improved margins.

Medium term operating margin target

21-22%

2021: 19.3%

2020: 10.8%
Backed by last year’s equity raise, we stepped up our activity in the land market in mid-2020 when there was limited competition and successfully increased our land pipeline with high-quality sites that will deliver a strong financial performance.

What impact has the 2020 equity raise had?
We added c.29k new plots to the short term landbank over the last 18 months to the end of December 2021, including converting c.8k units from our strategic land pipeline. These sites have been acquired at attractive margins and returns in line with our medium term operating margin target of 21-22%. We also added c.16k potential new plots to our strategic pipeline in that period.

What kind of land did you buy?
These sites are across all regions of our business and are a healthy balance of large and small sites. Our focus across each area of the business is ensuring that this momentum is maintained through disciplined operational execution, progressing land through the planning stages and ensuring new outlets are opened, as expected.

How many plots are in the landbank?
As at 31 December 2021, we have 14,450 plots (2020: 7,644 plots). As at 31 December 2021, we were building on, or due to start in the first quarter of 2022, on 97% of sites with implementable planning.

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 14.6% (2020: 15.2%). The average selling price in the short term owned landbank in 2021 increased by 4.9% to £325k (2020: £316k).

What is strategic land and why is it important?
Strategic land is any land that doesn’t have a residential planning consent at the time we take a commercial interest. 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 have one of the largest strategic pipelines in the sector which stood at c.146k potential plots at the end of December 2021 (31 December 2020: c.139k potential plots). During 2021, we converted a further c.8k plots from the strategic pipeline to the short term landbank (2020: c.4k plots). We continue to seek new opportunities and added a net 8k new potential plots to the strategic pipeline in 2021 (2020: 3,700). In the year, 50% of our completions were sourced from the strategic pipeline (2020: 55%).

What’s next?
We have an excellent short term landbank with secure pipeline at attractive returns due to our strategic land pipeline and opportunistic landbuying.

We remain laser focused on efficiently progressing recently acquired land through the planning system, to facilitate outlet growth in late 2022 and volume growth in 2023. We are 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 as expected, providing excellent momentum for growth.

Please read about our investment case on page 6

Planning for growth

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

Group Operations Director and CEO Designate Jennie Daly, Andrew Wilkinson Divisional Chair and Lee Bishop, Group MD Strategic Land, discuss why Taylor Wimpey’s approach to landbuying positions the Company for profitable growth and creates a competitive advantage.
Continually raising our standards

Our Divisional Chairs
Shaun White, Nigel Holland and Group HR Director, Anne Billson-Ross, discuss our approach to build quality and people.

What is your top priority?
Health and safety is the number one priority at Taylor Wimpey. We will never compromise on this commitment to our people and everyone who works on or visits a Taylor Wimpey site. We embed a safety culture through training, awareness and visible health and safety leadership. This continued to be the top scoring area in our employee survey at 97% overall, with 96% of our employees agreeing we take health and safety seriously. This continues to be the first item discussed at every plc Board meeting and every regional management team meeting.

Continuing to deliver consistently great build quality and customer service
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, it also set the business up very well for upcoming changes in the New Homes Ombudsman and building regulations. We are delighted to have been confirmed as, once again, leading the sector in CQR scores and we have maintained our HBF 5 star rating.

How can you improve on quality?
We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build. 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 also publish a customer version, so it is clearer for customers what they can expect from us.

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 to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build. Subcontractors also attend training sessions run by our quality, site and safety teams, and by the NHBC.

Quality is incentivised from the top of the organisation.
Anne Billson-Ross
Group HR Director

“Quality is incentivised from the top of the organisation.”

Our key priorities continued

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

3.1/ Continue to deliver consistently great build quality

Continuing to deliver consistently great build quality and customer service
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, it also set the business up very well for upcoming changes in the New Homes Ombudsman and building regulations. We are delighted to have been confirmed as, once again, leading the sector in CQR scores and we have maintained our HBF 5 star rating.

How can you improve on quality?
We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build. 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 also publish a customer version, so it is clearer for customers what they can expect from us.

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 to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build. Subcontractors also attend training sessions run by our quality, site and safety teams, and by the NHBC.

Quality is incentivised from the top of the organisation. A significant proportion of our Executive Incentive Scheme is linked to customer service and build quality. We track progress and calculate bonus payouts using a combination of internal and independent measures: HBF 8-week and 9-month customer survey results. Construction Quality Review (CQR) scores conducted independently by the NHBC, and the average reportable items per inspection found during NHBC inspections at key stages of the build. We also integrate customer service and quality into our all-employee bonus scheme.

What are you doing to address the skills shortage?
With a well known industry skills shortage, we have taken a proactive approach to our early talent programmes and direct labour model. Building the skills of our current and future workforce is essential to address the skills shortage in our industry and also to set up the business to deal with future changes. With the introduction of the Future Homes Standard and other regulatory and technical changes, the types of skills we need are changing. For example, from 2025 we may need significantly more people qualified to install air source heat pumps but fewer gas engineers. We are working in our business, and with our peers, subcontractors, suppliers, industry associations and educational organisations to help address this.

How are you improving customer service?
We are very pleased to be rated once again as a 5 star homebuilder by our customers in 2021. During the year we introduced a Customer Director role which sits on the management team in each regional business to further elevate the voice of the customer. We also rolled out our new customer relationship management system across the business. You can read more information on this on page 38.

The sector continues to face scrutiny and pressure from social media and pressure groups, with the potential for greater oversight from Government through a New Homes Ombudsman. We are supportive of the introduction of an independent New Homes Ombudsman and will endeavour to deliver both the letter and the spirit of regulations and maintain this ethos in our relationships with our customers. We are aligning our processes to make sure we meet the expectations and timescales being set by the Ombudsman, as well as new consumer rights such as third party home inspections. We have signed the new code of conduct that supersedes the UK Consumer Code for Home Builders.
Our key priorities continued

“Success means building homes and places that enhance people’s quality of life and foster local community relationships, and which deliver outcomes that are measurably positive for nature.”

Ian Drummond Divisional Chair Scotland

16

“Success means strong culture at Taylor Wimpey at every level of the business, with a core principle to ‘do the right thing’.”

Alice Black Group General Counsel and Company Secretary

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

Creating a sustainable future

Alice Black, Group General Counsel and Company Secretary, Ingrid Osborne and Ian Drummond Divisional Chairs, discuss our approach to ESG at Taylor Wimpey.

What we do – building quality homes in which people can live happy, fulfilled lives, creating genuine places and providing skilled employment – truly matters. However, we believe how we do it matters just as much. We have a considerable environmental and societal footprint and so the way we go about building great homes and communities, our processes, our behaviours, our ambition, makes a big difference.

Success means building homes and places that enhance people’s quality of life and foster local community relationships, and which deliver outcomes that are measurably positive for nature. This means playing a significant role in the UK’s decarbonisation efforts. It means minimising waste and maximising biodiversity. It means reducing energy consumption and emissions in our, and our supply chain’s, processes, as well as downstream in our customers’ homes.

We exist to build great homes and create thriving communities and we aim to do so sustainably, making sure those communities are themselves sustainable for the future. We believe that by delivering on our purpose we will contribute to delivering UN Sustainable Development Goal 11: ‘making cities and human settlements inclusive, safe, resilient and sustainable’.

What have you done so far?

We were one of the first UK developers to set a carbon reduction target verified by the Science Based Targets initiative (SBTi), including a 1.5 degrees target for our operational emissions. Our environment strategy, launched in 2021, also includes ambitious targets for increasing nature on our developments, cutting waste and improving resource efficiency. We have made excellent progress towards our carbon reduction target. Against our 2019 baseline, we have achieved a 13% reduction in direct carbon emissions intensity (scope 1 and 2 emissions per 100 square metres of completed homes) and a 20% absolute reduction. Our current target was published last year but our commitment to climate action goes back much further. Since 2013, we’ve achieved a 60% reduction in our direct carbon emissions intensity. A full list of targets can be found on pages 28 and 29 and are included in our Sustainability Supplement 2021, available on our website.

We are committed to transparent disclosure of our ESG performance and are aligning our reporting with the recommendations of the TCFD and the SASB recommended disclosures for our sector, among other standards. You can see more on this on pages 50 to 57.

What is next?

We are committed to achieving net zero and in 2022 we will develop a plan to achieve this. For the housebuilding sector, the majority of emissions are associated with the production and manufacture of materials and the energy used by customers once they have moved into new homes (scope 3). This means achieving net zero emissions will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We are committed to working with our peers, suppliers and others to help tackle this challenge.

During 2021, this included contributing to the development of the Future Homes Delivery Plan for our sector and inputting into the work of the Future Homes Hub. In 2022 we will develop our net zero transition plan and a net zero target. We are reviewing the net zero criteria published by the SBTi in 2021 and will use this to guide our approach. We expect to publish our target in 2023. The plan will include details of specific measures and key milestones designed to provide future measurable targets against which the delivery of the plan can be assessed. We have also introduced a carbon-reduction related measure into our Executive Incentive Scheme for 2022.

New homes, designed for net zero and built sustainably, will play a critical role in helping the UK meet its decarbonisation targets, by reducing domestic energy usage – particularly for heating.

Our homes already integrate energy-efficient walls and windows; insulated loft spaces; 100% low energy light fittings and LED recessed downlights; and energy-efficient appliances. This reduces running costs for our customers and helps cut carbon emissions.

Over the next few years there will be significant changes to new build homes in the UK: reflecting the introduction of the Future Homes Standard and new regulations 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 zero carbon ready. 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. With the phasing in of the new Part L and F in England from June 2022, late summer 2022 in Wales and Section 6 in Scotland from October 2022, homes will have enhanced fabric standards with the additional features that may include heat recovery systems and PV panels. Collectively, this will achieve a meaningful reduction of 31% in carbon emissions from home energy use in line with emerging building regulations, compared with our current specification. We are also preparing for the phase-out of gas central heating systems from 2025 in England and Wales (2024 in Scotland) and will be running Future Homes Standard product trials during 2022.

Read more about how we support the SDGs at www.taylorwimpey.co.uk/sustainability

“Ingrid Osborne
Divisional Chair London and South East

“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.”

Read our investment case on page 6

Taylor Wimpey plc | Annual Report 2021
**The UK housing market**

**Recovered strongly in 2021**

This section considers our industry context, how supply, demand and external and regulatory factors influenced our year as well as their potential impact on the short and longer term.

**Undersupplied market**

There is a recognised housing shortage in the UK, with new home completions falling significantly below the UK Government's target of 300,000 homes per year. The Government has considered several means of addressing the housing shortage, from reform to the planning system, to methods of stimulating building and improving affordability, as help to Buy and its 95% mortgage guarantee scheme.

New homes construction was growing before the COVID-19 pandemic took hold in early 2020, albeit still significantly below the 300k target. Output has increased in 2021 but is below 2019 levels. Many housebuilders expect to recover to 2019 levels within the next couple of years, but even surpassing 2019 production will likely still fall well short of the 300k target meaning we are likely to see a structural undersupply of housing for some time. We intend to play our part in addressing the housing shortage and, assuming the market remains broadly stable, we expect to significantly increase our annual completions in the next few years.

**Our 2021 performance**

In 2021, total home completions increased by 47% to 143,887 (2020: 97,610) as we recovered volumes following 2020’s COVID-19 disruption. We delivered 2,501 affordable homes including joint ventures (2020: 1,904), equating to 18% of total completions (2020: 20%).

Our net private reservation rate for 2021 was 0.91 homes per outlet per week (2020: 0.75), with cancellations rates for the full year at normal levels of 14% (2020: 20%). Average selling prices on private completions increased by 3% to £232k (2020: £223k), with the overall average selling price increasing to £302k (2020: £289k).

We ended the year with a total order book valued at £2.55 million (31 December 2020: £2.684 million), excluding joint ventures, which represents 10,500 homes (31 December 2020: 10,685). We traded from an average of 328 outlets in 2020 (2021: 330) and entered 2022 with 228 outlets (31 December 2020: 239).

**House price growth, interest rates and affordability**

When considering our market context, it is important to look at the wider market. Activity in the second hand market has the greatest influence on pricing as second hand home sales make up the majority of housing transactions, with new build generally accounting for around 15–25%. 2021 saw significant increases in house prices led by the second hand market of c.10% in the year to November (Source: ONS).

While this was stronger than in recent years, it was partially offset by annual wage growth moderating during the pandemic. In November 2021, helping to maintain affordability. Growth was less pronounced for new build where the Stamp Duty Land Tax holiday had less of an impact. We estimate that market- led house price growth for our regional mix was c.4% in the 12 months to 31 December 2021 (2020: c.1.9%).

In December 2021, economic research group Capital Economics estimated that mortgage payments were equivalent to 39% of the medium full time salary which is below the historical average of 43%. The Bank of England (BoE) base rate rose from its historic low of 0.1% to 0.25% in December 2021 while a second rise in February 2022 saw it increase to 0.5%. Given rising inflation, it is widely expected that BoE interest rates will rise during 2022 to 3.5% according to some market commentators (Source: The Times). At 1% mortgage payments would rise to the base salary average of 43% of salary, suggesting homes will remain affordable for most of our customers (Source: Capital Economics). The Government’s 2014 Mortgage Market Review introduced affordability thresholds for mortgage providers including a stress test that factors in a 3% rise in interest rates.

**UK employment**

UK employment levels had better than many feared through the pandemic. The Government’s Coronavirus Job Retention Scheme helped safeguard many jobs during the crisis and since that scheme ended in September 2021, the economy has seen some improvement. The UK unemployment rate was 4.1% in the three months to November 2021 and there have been labour shortages in key areas, with a record 1.2 million vacancies (Source: ONS). By November 2021 UK GDP had surpassed its pre-crisis level (February 2020) for the first time by 0.7%.

**Fire safety**

We took early and proactive action, committing significant funding to address fire safety and cladding issues on our buildings, with total amounts provided up to March 2021 of £165 million. Tower Wimpney’s decision a year ago meant that funding was in place to bring all of our affected buildings, dating back 12 years from January 2021, up to current EWS1 standard.

In 2021, the UK Government introduced a new 4% tax on the profits of property developers to bring high rise buildings in line with the current EWS1 standard, that we will be paying from April 2022. In a recent letter to the homebuilding industry in February 2022, the Government suggested a further £4 billion may be required to bring potentially unsafe buildings up to the required standards. This raises the potential for additional costs for the industry. The Home Builders Federation (HBF) has since written to the Government with a proposal. We are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. We are committed to achieving net zero and, in 2022, we will set out a plan to achieve this. Achieving net zero will require wider structural changes beyond the control of the housing industry (for more information see page 16 and 17).

**Land and planning**

The land market was competitive in 2021 as many companies that had delayed purchase decisions during 2020 returned to the market. According to Savills data, in the third quarter UK greenfield land values had grown by 7.1% and urban values by 5.7% year on year. Having doubled our landbank since June 2020 and with the benefit of the largest strategic pipeline in the sector, we are able to operate selectively.

The planning system has faced challenges during the pandemic. In the 12 months to December 2019, there were 326k new planning consents but in 2020, planning was impacted by COVID-19 disruptions and consents for the comparable period fell to 271k. Benefits have continued with 2021 consent levels estimated at 272k. We are aware of difficulties in the planning system and have factored this into our expectations and budget for new outgoing openings.

**Help to Buy**

During 2021, approximately 19% of total sales used the Help to Buy scheme (2020: 46%) at an average price of £238k (2020: £218k). The scheme is due to end on 31 March 2023. The Government has confirmed that it will continue to have access to housing, the Government and industry have put in place the planning system and have moved to market prices and affordability to access 85% mortgages at affordable levels. This mirrors the 5% mortgage guarantee scheme currently needed to take part in Help to Buy.

**Supply chain**

2021 was a challenging year in which the industry faced well publicised supply constraints for certain materials such as timber and tiles. There were constraints for certain materials such as timber and tiles, as well as labour shortages. We managed these pressures effectively, benefiting from our scale and strong partner relationships. During 2021, house price inflation fully offset build cost increases across the wider industry. Pressure on the cost and availability of certain materials. Our national scale and strong partner relationships and agreements enabled us to effectively manage these pressures. Underlying build cost inflation in 2021 was c.4% (2020: c.3%).

[Graph showing house price inflation over time]
Interest rates and mortgage availability

Interest rates and mortgage availability determine housing affordability and accessibility for our customers. Interest rates remain at historically low levels and for customers able to access the housing market a 2021 study by Halifax found servicing mortgage payments was, on average, 33% cheaper than renting.

At 7.8% times median income for England and Wales in 2020 (Source: ONS), the house price to earnings multiple remains high. Stricter rules on mortgage lending were introduced in 2014, aimed at ensuring customers will be able to meet their mortgage payments if interest rates increase, including a stress test for an up to 5% increase on prevailing rates. In 2021, the average age of a first time buyer was 32 (Source: Nationwide), suggesting there remains considerable unmet demand.

Climate change

The Future Homes Standard (FHS) outlines new regulations and policies, including a stress test for an up to 3% increase on prevailing rates. During 2020 and 2021, we conducted a range of research to update the technical policies of the FHS. The FHS is designed to make new homes comparably cheaper than less energy efficient second homes. Making new homes more energy efficient will help to support town centre regeneration and re-use of brownfield land. Further detail on how this will be delivered is expected in a planning bill in 2022.

Key drivers

<table>
<thead>
<tr>
<th>2021 backdrop</th>
<th>Driver short term opportunities and risks</th>
<th>Driver long term opportunities and risks</th>
<th>Links to Principal Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>– The UK faced inflationary pressures from the second quarter of 2021 owing to disruption to global supply chains as a result of COVID-19 and other factors. In December 2021, the UK rate was raised to 0.25% from the historic low of 0.1%. A second rise in January 2022 saw the rate move to 0.5%. – Mortgage payments have been widely available at low interest rates but some ultra-low rates have ended.</td>
<td>– UK Consumer Price Index (CPI) Inflation rose to 4.8% in December 2021 leading some commentators to expect interest rates to rise to slightly above 1% by the end of 2022. – Mortgage payments are expected to continue to be affordable at around the medium term average of 4.3% (Source: Capital Economics) with monthly mortgage repayments highly competitive in comparison to rental payments.</td>
<td>– Interest rates expected to gradually rise at a modest rate and remain at affordable levels. – Government backed LTV mortgages could be offered to buyers of new build. – Deposit Unlock is a scheme developed by the housing industry in conjunction with mortgage providers that is intended to help customers with low deposits gain access to the housing market. The scheme will provide competitive rates mortgages to customers with a 5% deposit and is expected to be appealing to customers when Help to Buy ends in England in March 2023.</td>
<td>– D: Mortgages and housing demand</td>
</tr>
</tbody>
</table>
Creating value through our business model

Key strengths and resources

What we do

People
- High-experienced management team
- Talented, skilled and engaged workforce with strong performance training and in young talent

Financial position
- Robust balance sheet
- Establishing track record of generating cash and returning excess cash to shareholders

Approach to ESG
- Strong health and safety culture
- 5 star customer service
- National scale and well-placed

Key strengths
- Efficient supply chain
- Proven track record in adding value to the land we acquire

Our business model

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

Why we do it
- 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 2021, 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.

How we do it
- 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 planning with plan, design, layout and delivery 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.

The value we created in 2021
- Investors: £85k on our UK short term landbank (2020: c. £77k)
- Investors: £3.4bn land on the balance sheet (2020: c. £2.9bn)

Development
2. Protecting capital and adding value
Programming 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 business and our customers. We design 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, D, E, F, G, H

Relevant stakeholders: Customers, Investors, Employees

Why we do it
- 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.

How we do it
- In 2021, we contributed £418 million to local communities via planning obligations (2020: £287 million). This funded a range of infrastructures and facilities including: affordable housing, green spaces; commuter, commercial and leisure facilities; transport infrastructure; heritage buildings; and public art.

The value we created in 2021
- Customers, Communities: 77 planning applications granted (2020: 69)
- Partners: 11.1k subcontractors worked on average during 2021 (2020: 12.3k)

Realising value
3. Optimising stakeholder returns
We build quality homes safely and efficiently. We optimise processes, prioritising and making site improvements to our sites and operations. We build quality homes safely and efficiently. The way in which we work 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, stability 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

Relevant stakeholders: Customers, Investors, Employees, Partners

Why we do it
- We are working in our business and with suppliers and partners 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.

How we do it
- We are working in our business and with suppliers and partners 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
- Customers, Investors, Employees: £14.3k

Read more about our approach to identifying and managing risk on pages 59 to 60.

Read more on how we create value for all stakeholder groups on pages 34 to 47.
Performance in 2021

Priorities going forward

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.

We embedded our Customer Hub, where all initial customer calls are diverted to.

We rolled out our customer relationship management CRM system, using Microsoft Dynamics software, to all 23 regional businesses.

We will see the New Homes Ombudsman come into effect in 2022 and we are continuing to align our processes to meet expectations and timelines set by the Ombudsman.

We continue to embed CRM system into the business and generate insights and increased collaboration between departments.

We utilise our new standard house type range which reflects customer feedback and incorporates increased open-plan living, more natural light and improved storage.

– We continue to load 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.

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 specifications 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.

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 long-term 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.

Our strong landbank continues to be a key differentiator for us, and allows us to buy land selectively, choosing good quality at attractive returns.

We continue to utilise our strategic land pipeline to support the short-term landbank.

We continue to buy land selectively at returns that maximise value for our shareholders.

Our strong landbank enables us to focus our resources 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.

We seek to source more than 40% of our completions from the strategic pipeline in the medium term.

– Landbank years metric continues to run ahead of our target.
– 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.
– Strategic pipeline has increased our ability to increase the contribution per legal completion because of the internal margin uplift from strategic plot. It also allows us to take a long term view of ideas.

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

Principal Risks

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 regulation
G. Health, safety and environment
H. Natural resources and climate change
I. Cyber security
J. Link to remuneration

Customer satisfaction 8-week score ‘would you recommend?’

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>4.13</td>
<td>4.45</td>
<td>4.67</td>
</tr>
</tbody>
</table>

Customer satisfaction 8-month score ‘would you recommend?’

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
</tbody>
</table>

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 regulation
- G. Health, safety and environment
- H. Natural resources and climate change
- I. Cyber security
- J. Link to remuneration

Note: This 8-week ‘would you recommend?’ score for 2021 relates to customers who legally completed between October 2020 and September 2021, with the comparison relating to the same period in the prior years. The 8-month ‘would you recommend?’ score for 2021 relates to customers who legally completed between October 2019 and September 2020, with the comparison relating to the same period in the prior years.

Link to remuneration

KPIs

- Average reportable items per inspection
- Construction Quality Review
- Average reportable items
- Landbank years
- Strategically sourced completions
- Land cost as % of average selling price on approvals

Note:
- The years of land supply in our long-term plan for 2021 is 11.5 years.
- The years of land supply in our short-term landbank for 2021 is 2.1 years.
- The years of land supply in our long-term landbank for 2021 is 9.4 years.
- The years of land supply in our strategic pipeline for 2021 is 2.1 years.
- The years of land supply in our short-term landbank for 2021 is 2.1 years.
**Strategic pillar**

Be the employer of choice in our industry

**Performance in 2021**

- 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-recognized industry skills shortage.
- Due to the restructuring 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 AIM remains well below both the HBF Home Builder Average ARI of 264 and Health and Safety Executive construction industry average ARI of 335, 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.

**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 indulgent leadership coaching programme for Managing Directors in 2022.
- Benchmark our policies and practices against the Stonewall Diversity Benchmark.
- Offer training which progresses careers to drive business continuity and level of knowledge and experience in a highly competitive skills sector.

**Principal Risks**

- **Directly employed key tradespeople, including trade apprentices**
  - **Objective:** To improve quality, reduce foundational defects in key trade supply, reduce the impact of the industry skills shortages and future-proof the business.
  - **Definition:** The number of key tradespeople directly employed by Taylor Wimpey, including bricklayers, joiners, carpenters, painters, plasterers and trade apprentices.
  - **Why it is key to our strategy:** Against the backdrop of industry-wide skills shortages and uncertainty we aim to future-proof our workforce. We do this by having an adequate supply of skilled operatives and subcontractors that can work and our customers can rely on.
  - **Health and Safety Annual Injury Incidence Rate (per 100,000 employees and contractors)**

**KPIs**

- **Voluntary employee turnover**
  - **Objective:** We aim to attract and retain the best people in the industry and give them opportunities to develop their full potential.
  - **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.

- **Directly employed key tradespeople, including trade apprentices**
  - **Objective:** To improve quality, reduce foundational defects in key trade supply, reduce the impact of the industry skills shortages and future-proof the business.
  - **Definition:** The number of key tradespeople directly employed by Taylor Wimpey, including bricklayers, joiners, carpenters, painters, plasterers and trade apprentices.
  - **Why it is key to our strategy:** Against the backdrop of industry-wide skills shortages and uncertainty we aim to future-proof our workforce. We do this by having an adequate supply of skilled operatives and subcontractors that can work and our customers can rely on.

- **Net private sales rate**
  - **Objective:** Ensure an efficient sales rate that captures market demand and is balanced with achieving the right sales prices for our homes.
  - **Definition:** The average number of private sales rate per quarter for the year.
  - **Why it is key to our strategy:** We believe this is essential in an uncertain market to 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 whilst balancing our customer’s needs. This is particularly important in an uncertain market.
  - **Definition:** The total number of homes in our order book at the year end.
  - **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 market and industry recovery by improving efficiency across our sites.

- **Order book value**
  - **Objective:** We focus on building a strong order book for the future whilst balancing our customer’s needs. This is particularly important in an uncertain market.
  - **Definition:** The total value of homes in our order book at the year end.
  - **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.
Building a better world

Climate change and the biodiversity crisis are threatening the future of today’s young people and generations to come.

Our environment strategy, Building a Better World, is our response to this crisis. It sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, and reduce and mitigate environmental risks to our business.

Our environment strategy

Our strategy focuses on the key environmental impacts for our business: climate change, nature, resources and waste. It commits us to take action across our value chain – reducing the adverse environmental impacts of the goods and services we buy and helping customers reduce their own footprint and achieve their aspiration of a greener and healthier lifestyle.

Our carbon reduction target has been approved by the Science Based Targets initiative (SBTi). The SBTi has confirmed that our operational target is consistent with limiting the global warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi’s requirements for an ambitious value chain reduction, in line with current best practice. Development of our strategy has been informed by our materiality assessment, risk management processes and stakeholder feedback, including investor feedback and research with customers. It has been reviewed and approved by our Board of Directors.

Many environmental issues for our sector are systemic. Achieving net zero in households will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We work with others to tackle industry-wide challenges directly and through industry organisations. During 2021, we contributed to the development of the Future Homes Delivery Plan and into the work of the Future Homes Hub, including a project with Next Generation to develop a common set of sustainability metrics for the new homes sector.

Reducing operational carbon emissions

We are working on a range of projects to reduce energy use on our sites and are partnering with cabinet manufacturer, Danzer and the Carbon Trust to design and to trial new energy efficient warehouse practices. We are also developing an energy-efficiency approach to retrofitting our existing cabins. We purchase 100% renewable electricity for new sites under construction which is around 72% of our total electricity consumption (2020: 58%) and reduces our operational carbon footprint. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for on-site plant equipment and our flexible car programme.

We set a science-based carbon intensity reduction target of -36% by 2025 (SBTi) and have restated our waste data for the last three years. We have linked our performance bonus to progress on waste reduction.

Resources and waste

Protect the environment and improve efficiency for our business and our customers by using fewer and more sustainable resources.

Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a ‘towards zero waste’ strategy for our sites.

We have implemented a number of initiatives to reduce waste, including: reducing paint pot waste by specifying timber and recycled materials, giving customers the information they need to maintain good air quality and setting a reduction target, engaging with suppliers to meaningfully reduce plastic packaging on our sites, and increasing the number of bike stands. We have also reduced off cuts by specifying timber and set a reduction target.

A home for nature on our sites

As a major landowner, we can play a significant role across our developments in improving the UK’s biodiversity, making the communities of the future richer in ecological as well as economic terms.

We take a holistic approach starting with site design and layout, and encompassing use of green infrastructure, wildlife enhancements and wildlife friendly planting. We conduct an ecological impact assessment for all sites, that identifies protected species or habitats. We use ecologists’ reports to identify the measures needed, and these recommendations are embedded into the Site Specific Environmental Action Plan, part of our Environmental Management System. All new sites will integrate a biodiversity net gain approach from 2023, and some already do so.

We are partnering with nature organisations to help us apply best practice approaches and engage customers and colleagues. In 2021, we worked with Hedgehog Street, a campaign by the British Hedgehog Conservation Trust, to install up to 20 beehives and 30 hedgehog highways.

Climate change and the biodiversity crisis are threatening the future of today’s young people and generations to come.

Our environment strategy, Building a Better World, is our response to this crisis. It sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, and reduce and mitigate environmental risks to our business.

Our environment strategy

Our strategy focuses on the key environmental impacts for our business: climate change, nature, resources and waste. It commits us to take action across our value chain – reducing the adverse environmental impacts of the goods and services we buy and helping customers reduce their own footprint and achieve their aspiration of a greener and healthier lifestyle.

Our carbon reduction target has been approved by the Science Based Targets initiative (SBTi). The SBTi has confirmed that our operational target is consistent with limiting the global warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi’s requirements for an ambitious value chain reduction, in line with current best practice. Development of our strategy has been informed by our materiality assessment, risk management processes and stakeholder feedback, including investor feedback and research with customers. It has been reviewed and approved by our Board of Directors.

Many environmental issues for our sector are systemic. Achieving net zero in households will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We work with others to tackle industry-wide challenges directly and through industry organisations. During 2021, we contributed to the development of the Future Homes Delivery Plan and into the work of the Future Homes Hub, including a project with Next Generation to develop a common set of sustainability metrics for the new homes sector.

Reducing operational carbon emissions

We are working on a range of projects to reduce energy use on our sites and are partnering with cabinet manufacturer, Danzer and the Carbon Trust to design and to trial new energy efficient warehouse practices. We are also developing an energy-efficiency approach to retrofitting our existing cabins. We purchase 100% renewable electricity for new sites under construction which is around 72% of our total electricity consumption (2020: 58%) and reduces our operational carbon footprint. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for on-site plant equipment and our flexible car programme.

We set a science-based carbon intensity reduction target of -36% by 2025 (SBTi) and have restated our waste data for the last three years. We have linked our performance bonus to progress on waste reduction.

Resources and waste

Protect the environment and improve efficiency for our business and our customers by using fewer and more sustainable resources.

Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a ‘towards zero waste’ strategy for our sites.

We have implemented a number of initiatives to reduce waste, including: reducing paint pot waste by specifying timber and recycled materials, giving customers the information they need to maintain good air quality and setting a reduction target, engaging with suppliers to meaningfully reduce plastic packaging on our sites, and increasing the number of bike stands. We have also reduced off cuts by specifying timber and set a reduction target.

A home for nature on our sites

As a major landowner, we can play a significant role across our developments in improving the UK’s biodiversity, making the communities of the future richer in ecological as well as economic terms.

We take a holistic approach starting with site design and layout, and encompassing use of green infrastructure, wildlife enhancements and wildlife friendly planting. We conduct an ecological impact assessment for all sites, that identifies protected species or habitats. We use ecologists’ reports to identify the measures needed, and these recommendations are embedded into the Site Specific Environmental Action Plan, part of our Environmental Management System. All new sites will integrate a biodiversity net gain approach from 2023, and some already do so.

We are partnering with nature organisations to help us apply best practice approaches and engage customers and colleagues. In 2021, we worked with Hedgehog Street, a campaign by the British Hedgehog Conservation Trust, to install up to 20 beehives and 30 hedgehog highways.

Climate change and the biodiversity crisis are threatening the future of today’s young people and generations to come.
Understanding what matters most to our stakeholders

Our materiality assessment methodology

1. Issue identification
   A long list of issues was identified based on our current priorities, our previous materiality assessment, business strategy, our main impacts and risks, long-term and market trends, the UN Sustainable Development Goals and other external frameworks.

2. Stakeholder research
   We sought the views of investors, local government, non-governmental organisations (NGOs), academics, registered social landlords and sustainable business organisations. We also drew on consumer research, a Government policy review and a media scan.

3. Internal/interviews and research
   We carried out internal interviews and research with senior leaders, functional heads, and graduates.

4. Review
   The long list of issues were grouped and plotted on our materiality matrix. This was then reviewed and refined, including through meetings with our Chief Executive and members of our Group Management Team.

We conduct a regular material assessment to make sure we focus on the sustainability issues (environmental, social and economic) of most importance to our business and our stakeholders.

To determine materiality, we look at the impact or potential impact of an issue on our business strategy from a performance, cost or risk perspective. We also consider the impact of our business on the issue and the importance of the issue to our stakeholders such as colleagues, customers, investors and communities. This is sometimes known as a ‘duality materiality’ approach.

We use the results of our assessment to inform our reporting and disclosure, development of our environment strategy and our approach to ESG governance and risk management.

Our Legacy, Engagement and Action for the Future (LEAP) committee has reviewed the Goals and their relevance to our business. We used this analysis to inform our materiality process and in the development of our environment strategy. An index is included on our website, showing how we can support the goals.

Read more about how we support the SDGs at www.taylorwimpey.co.uk/corporate/sustainability

Highlights in delivering on stakeholder priorities

- Sustainable homes and communities
- Environment
- Customer service and quality
- People and skills
- Responsible sourcing
- Supplier Engagement score
- Health, safety and wellbeing
- Charitable giving
- Governance and management

Our materiality matrix

<table>
<thead>
<tr>
<th>Key to material issues</th>
<th>Responsible sourcing</th>
<th>People and skills</th>
<th>Charitable giving</th>
<th>Governance and management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable homes and communities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, planning and community engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer service and quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health, safety and wellbeing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The issues identified in our materiality matrix have been grouped to create a list of nine material issues. Corresponding colours have been used to show how the issues have been grouped.

We support the United Nations Sustainable Development Goals (SDGs), which aim to unite governments, businesses and the third sector to end poverty, fight inequality and address climate change.

We work in partnership with our suppliers to ensure responsible sourcing. This means we only work with suppliers who adhere to high ethical standards and comply with all relevant laws.

The CDP has offered us a score of 92% for our engagement strategy, indicating that we meet or exceed the expectations of our stakeholders.

Our annual report on sustainability is available online and includes our sustainability strategy and performance.

In 2021, we continued to support our local communities through initiatives such as the Taylor Wimpey Trust, which has donated over £1m to local community causes.

Want to learn more? Visit our website at www.taylorwimpey.co.uk/corporate/sustainability. All content is subject to our terms and conditions.
We focus on the sustainability issues that are most material for our business and the areas where we can have a positive impact. These are the same themes we build. They develop our people and our approach to the environment.

During 2021 we made good progress across many of our target areas including quality, customer service, carbon reduction and waste.

A summary of our new targets can be found in our Sustainability Supplement 2021.

In recognizing the important link between the Company’s material issues and risk management, our material issues have been aligned to our Principal Risks, as set out on pages E1 to E5.

---

**Sustainable homes and communities**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - Achieving our science-based carbon reduction target: reduce operational carbon emissions intensity by 95%, by 2050; reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030.
  - We set targets for each of our material issues to help focus our efforts and drive progress. This includes the targets which are part of our environment strategy.
  - Help 20,000 customers to increase recycling at home by 2025.
  - We are improving our data collection processes for this target and expect to report progress next year.
  - Make it easier for 20,000 customer households in water stressed regions to install a water butt by 2025.
  - We will be working on the target during 2022.
  - Continue to strengthen our engagement and support for our regional businesses will help us to improve performance.
  - Make it easier for close to 40,000 customers to work from home and enable more sustainable transport choices through 3,600 EV charging points and 5,000 additional bike stands by the mid 2020s.
  - We added information and advice to help customers maintain good internal air quality at home to our House-to-Home Manual, Maintenance Guide and Trustpilot online portal.
  - Absorb additional bike stands by the mid 2020s.

- **Land, planning and community engagement**
  - We have conducted climate scenario analysis and are further developing our approach in 2022 as we develop our net zero transition plan.
  - We've also developed concept designs for our standard apartment range that will be tested in 2022.

- **Customer service and quality**
  - We achieved a 4.5 star rating on Trustpilot We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Health, safety and wellbeing**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We began implementation during 2022.
  - Run a skill awareness campaign for subcontractors.
  - Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.
  - Improve our customer satisfaction surveys, which equates to a 4-star rating.
  - We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Environment**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - Achieve a 4.5 star rating on Trustpilot We maintained our 4 star rating but did not increase this to 4.5 star.
  - We achieved this for 75.9% of complaints in 2021. We were disappointed to miss this goal, which was attributed to the impact of COVID-19 and self-isolation rules on our teams’ ability to respond promptly to customer issues. Our CRM system and the introduction of Business Director roles in our regional businesses will help us to improve performance.
  - Continue to support St Mungo’s Construction Skills Training Centres in Brent and Camden. The centres help people who are black, Asian or from another ethnic minority and/or who identify as LGBTQ+.
  - We published our updated Equality, Diversity and Inclusion policy, Maternity and Adoption Leave policy, and first Menopause policy during 2021, and made a policy summary available to all employees explaining the changes.
  - Increase natural habitats by 10% on new sites from 2021 and include our priority wildlife enhancements from 2022.

- **People and skills**
  - We launched our updated Diversity, Equity and Inclusion policy, Maternity and Adoption Leave policy, and first Menopause policy.
  - We published our updated Equality, Diversity and Inclusion policy, Maternity and Adoption Leave policy.
  - We launched our Wellbeing Policy.

- **Charitable giving**
  - We held our Taylor Wimpey Challenge and participated in the Houses builds Challenge event.
  - Our donation of £134k in 2021 directly supported two Construction Skills Training Schools running in the St Mungo’s Construction Skills Training Centres in Brent and Camden. The centres help people recovering from homelessness to gain new skills and qualifications, build their confidence and find employment in the construction industry.
  - Run a graduate challenge to raise money for the Priests’ Trust.
  - We graduated one the Priests’ Trust ‘Million Maker’ challenge to raise money to support vulnerable young people. They raised over £47k through two initiatives.

---

**Medical outcomes**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintained or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We began implementation during 2022.
  - Run a skill awareness campaign for subcontractors.
  - Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.
  - Improve our customer satisfaction surveys, which equates to a 4-star rating.
  - We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Leisure outcomes**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We began implementation during 2022.
  - Run a skill awareness campaign for subcontractors.
  - Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.
  - Improve our customer satisfaction surveys, which equates to a 4-star rating.
  - We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Economic outcomes**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We began implementation during 2022.
  - Run a skill awareness campaign for subcontractors.
  - Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.
  - Improve our customer satisfaction surveys, which equates to a 4-star rating.
  - We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Strategic report**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We achieved at least a 4 rating in 2021 in each regional business and 91% of build stages scored at least four.
  - We continued to strengthen our engagement and support for our regional businesses will help us to improve performance.
  - Calculate our new standard house types and develop a range of standard apartments.
  - We built 10 pilot plots for our new standard house types in 2021, and gathered feedback from colleagues, customers and suppliers on the new designs. The range will be rolled out during 2022. We’ve also developed concept designs for our standard apartment range that will be tested in 2022.

---

**Annual Report 2021**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We continued to strengthen our engagement and support for our regional businesses will help us to improve performance.
  - We closed 40% of complaints or have agreed an action plan promptly to customer issues. Our CRM system and the introduction of Business Director roles in our regional businesses will help us to improve performance.
  - We achieved a 4.5 star rating on Trustpilot We maintained our 4 star rating but did not increase this to 4.5 star.

---

**Strategic report**

**Targets**  
**Progress**  
**Status**

- **Material issues progress and targets**
  - We maintain or lower our AIIIR, compared with 2020.
  - Our AIIIR increased slightly year on year but remains well below the average for the sector.
  - We began implementation during 2022.
  - Run a skill awareness campaign for subcontractors.
  - Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.
  - Improve our customer satisfaction surveys, which equates to a 4-star rating.
  - We maintained our 4 star rating but did not increase this to 4.5 star.
Stakeholder performance and priorities

Our stakeholders

Our customers
- Sustainable homes and communities
- Environment
- Health, safety and wellbeing
- Customer service and quality
- Land, planning and community engagement

- We engage directly with customers at our developments, via our customer (TrustPoint), through emails, letters and meetings and through social media.
- We monitor customer views through focus groups, satisfaction surveys, TrustPoint research.
- Our website is updated with relevant information.
- The Chief Executive wrote to all customers to update on our approach to restrictions throughout the pandemic.

- 5-star householder as measured by NHBC ‘would you recommend’ score.
- Significant feedback from customer research, interviewing prospective home buyers on our new house type range.
- Introducing a Customer Director role which sits on the regional businesses’ management team.
- During 2021, the Competition and Markets Authority’s investigation into the historical sale of leasehold properties with doubling ground rent clauses by the Company was closed, following the agreement of voluntary undertakings.

- We are aligning our processes to make sure we meet the expectations and feedback from our ‘Surrounded by Colour’ campaign which was launched in 2022.
- We continue to use technology.
- We are leveraging our competitive advantage to build a diverse and inclusive culture.
- During 2022, we will be exploring how we can increase flexibility for our stakeholders.
- We extend our Responsible Workplace training to all sites.

Our employees
- People and skills
- Customer service and quality
- Health, safety and wellbeing

- We engage with our employees and gather feedback through meetings, appraisals, focus groups, employee surveys, our internal magazine and newsletter, Company wide emails, and our national and regional employee forums.
- We encourage employees to share feedback and this can be sent to the Chief Executive via email.
- A member of the Board is an Employee Champion. They attend National Employee Forum meetings and are responsible for championing the employee voice in the boardroom and representing the views between the Board and employees.
- We engage with employees on the financial performance of the Company via employee emails following the release of the Company’s trading updates, full year and half year results.

- Completed a Tailback employee survey in 2021 captured views from 66% of employees. It showed an overall engagement score of 91% with 95% of employees being proud to work for Taylor Wimpey. Higher scoring areas included health and safety, diversity and inclusion, and our vision and strategy.
- Our technical academies cover production, sales and customer service, providing structured career and skills development, which often enable employees to gain a formal qualification. We also run online masterclass sessions for employees to hear from internal and external experts.
- We ran on site training academies for apprentices at two of our sites.
- We have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially.

- Continue to build a diverse and inclusive culture.
- During 2022, we will be exploring how we can increase flexibility for on-site stakeholders.
- Extend our Responsible Workplace training to all sites.
- Increase our development communities to ensure every location in which we work provides an inclusive environment. In 2022 we will extend our programme across nine further business units.
- In 2022, the Employee Champion will hold virtual meetings with small groups.
- We will hold ad hoc virtual meetings with investors throughout the year.

Our partners
- Charitable giving
- Responsible sourcing
- Environment
- Health, safety and wellbeing
- Sustainable homes and communities
- Land, planning and community engagement

- We engage with our subcontractors and suppliers on a wide range of matters and initiatives through meetings, workshops, working groups, engagement sessions and our membership of the Supply Chain Sustainability Council (SCSC).
- The Chief Executive wrote to suppliers to update on our approach to restrictions and other support during the pandemic.
- Our engagement with our local and national charity partners is overseen by our Charity Committee.
- We engage with local authorities, parish councils, Homes England, the Greater London Authority, the Department for Levelling Up, Housing and Communities and other public sector organisations to understand their priorities and share our views. We engage directly and through our membership of industry organisations such as the Home Builders Federation and the British Property Federation.

- In 2021, we award Group suppliers to complete a questionnaire covering policies, processes and performance on modern slavery, climate change, product embodied carbon, waste, packaging, environmental management systems and governance. The responses will help us identify gaps, establish a baseline and work with suppliers to improve performance.
- We fully support the HBP’s recent additional proposal to address fire safety improvement works, and are working closely with Government through the HBP to facilitate an equitable solution involving all industry stakeholders. We continue to believe this is an industry wide issue which needs an industry solution.
- 2021 saw 169 participants take part in the Taylor Wimpey Challenge raising over £103k of which over £75k was donated to the Youth Adventure Trust and over £28k to other charities.

- Continue to develop our sustainability programme.
- Continue to engage with investors regularly.
- Maintain high levels of customer service and a score of over 90% in the HBP 8-week survey which equates to a 5-star rating.
- Continue to foster a sense of community among all stakeholders.

Our investors
- Charitable giving
- Environment
- Health, safety and wellbeing
- Sustainable homes and communities
- Governance and management

- We engage with investors throughout the year through results presentations; meetings; roadshow; conferences; telephone and video calls.
- We engage via our regulatory reporting including the Annual Report and Accounts, our full year results, half year results, trading updates and our Annual General Meeting.
- When possible, we conduct visits to our sites and we participate in benchmarks and disclosure initiatives.

- As a result of the ongoing global pandemic, investor communications continue to use technology.
- Held virtual roadshows in the year with our investors.
- Chairman engaged with large investors via virtual meetings following announcement.
- Attended virtual conferences in the year.
- We continued to achieve this: focused on cost, process simplification and standardisation encouraging the core drivers of value for our business.

- Continue to engage with investors on sustainability.
- Continue to engage with investor engagements from COVID-19 such as engagement using technology to integrate with existing methods.
- Our primary performance focus is on returning the business to 21-22% operating margin and we continue to target a number of key areas to achieve this: focused on cost, process simplification and standardisation encouraging the core drivers of value for our business.

Our communities
- Charitable giving
- Environment
- Health, safety and wellbeing
- Sustainable homes and communities
- Responsible sourcing

- We engage with local communities at every stage, from planning and development through to construction, exhibitions, workshops, newsletters, information boards, social media and our websites.
- We collaborate with non-governmental organisations (NGOs), academia and expert organisations to learn from their insights.
- Our Community Transport Infrastructure, heritage buildings and public art.
- We aim to install infrastructure at an early stage of the build process to help the new communities become established quickly.
- In 2021 we ran our fourth internal placemaking competition adding a new Commendation for a best approach to Landscape and Biodiversity, shortlisted by our sustainability team.

- Due to the pandemic, most consultations took place online during 2021 and we used social media, online exhibitions and virtual forums to ensure a broad section of the community could participate.
- Contributed £416k to local communities via planning obligations, (2020: 267 million), to fund a range of infrastructure and facilities including affordable housing, green spaces, community, commercial and leisure facilities.
- We continue to work with the SCSS, an industry collaboration, to maximise investor engagement using learnings from the Ombudsman and the pandemic.
- We continued to build a diverse and inclusive culture.
- We are leveraging our competitive advantage to build a diverse and inclusive culture.

- Launch home welcome nature packs for customers.
- Continue to engage with investors regularly.
- Maintain high levels of customer service and a score of over 90% in the HBP 8-week survey which equates to a 5-star rating.
- Continue to foster a sense of community among all stakeholders.
- Continue to focus on strong placemaking.

Priorities for 2022

- Continue to focus on strong placemaking.
- Continue to focus on strong placemaking.
- Maintain high levels of customer service and a score of over 90% in the HBP 8-week survey which equates to a 5-star rating.
- Continue to foster a sense of community among all stakeholders.
- Continue to engage with investor engagements from COVID-19 such as engagement using technology to integrate with existing methods.
- Our primary performance focus is on returning the business to 21-22% operating margin and we continue to target a number of key areas to achieve this: focused on cost, process simplification and standardisation encouraging the core drivers of value for our business.

- Continue to engage with investors regularly.
- Maintain high levels of customer service and a score of over 90% in the HBP 8-week survey which equates to a 5-star rating.
- Continue to foster a sense of community among all stakeholders.
- Continue to engage with investor engagements from COVID-19 such as engagement using technology to integrate with existing methods.
- Our primary performance focus is on returning the business to 21-22% operating margin and we continue to target a number of key areas to achieve this: focused on cost, process simplification and standardisation encouraging the core drivers of value for our business.

- Continue to engage with investors regularly.
- Maintain high levels of customer service and a score of over 90% in the HBP 8-week survey which equates to a 5-star rating.
- Continue to foster a sense of community among all stakeholders.
- Continue to engage with investor engagements from COVID-19 such as engagement using technology to integrate with existing methods.
- Our primary performance focus is on returning the business to 21-22% operating margin and we continue to target a number of key areas to achieve this: focused on cost, process simplification and standardisation encouraging the core drivers of value for our business.
How the Board considered stakeholders during the year

The Board recognises that stakeholder engagement is essential to understand what matters most to our stakeholders and the likely impact of any key decisions. We have a long history of engaging with all of our stakeholders and the Board continues to highly value the feedback that this engagement provides. Details of how we engaged with our different groups of stakeholders during 2021 and how this informed what the Board considers matters to them must be found on pages 34 to 37.

The Board receives an update from the Executive Directors at each Board meeting which details any substantial engagement since the last meeting. In addition, there are standing agenda items at each meeting to ensure that the Board receive relevant updates on all of our key stakeholders; such as the regular reports from customer service, HR, investor relations and the Divisional Chairs. The Board has an annual schedule of ‘teach-ins’ with our key Health of Function (such as Sales and Marketing, Land and Planning, Customer Service, Investor Relations, Sustainability and Supply Chain) where they will receive in-depth updates about each group of stakeholders. In addition, the board regularly engages directly with our investors and employees, and further information around the direct engagement that took place in 2021 can be found on pages 84 and 85.

The Board is aware that in some situations, stakeholders’ interests will be conflicted and they may have to prioritise interests. The Board, led by the Chairman, ensures that its decision making process, the Directors assess the impact of the decision on our stakeholders and the likely consequences of any decision in the long term. The diagram below shows how the Board approaches its decision making.

On the next page, we have set out examples of key decisions made by the Board and provided further details about the decision making process.

Section 172 (1) Statement

Taylor Wimpey plc

Our values

- Respectful and fair
- Take responsibility
- Better tomorrow
- Be proud

Strategic report

Section 172 (1) statement

Our values

How the Board fulfils its Section 172 duties

Setting our values, culture and strategy

The Board sets our culture and values; and these are key to how we do business and how we achieve our purpose.

Diverse set of skills, knowledge and experience

The Directors collectively have a diverse set of skills, knowledge, experience and stakeholder expertise which assists the Board in making decisions. This contributes to their ability to make well informed decisions which promote the success of the Company for the benefit of all stakeholders.

As part of a Director’s induction, they receive a detailed briefing on their duties as a Director.

Board information

The Board receives detailed papers from Management which provide details on the likely long term impact of a decision and how stakeholders have been considered in the development of the proposal, including any relevant engagement.

The Board also has an annual schedule of ‘teach-ins’ where the functional heads of departments deliver updates on key activities during the year which feeds into the decision making process.

Board discussion and decision

As part of its discussion, the Board provides rigorous evaluation, risk management and challenge to ensure a decision promotes long term sustainable success. The Board uses the stakeholder engagement summarised on pages 34 and 35 to inform their decision making process.

Monitoring

The Board receives regular updates on key decisions and the actions taken in respect of them. This is done through regular reporting by each Board meeting and verbal updates as necessary.

Fire safety improvement works

In 2021, the Board approved an additional provision to fund fire safety improvement works for apartments built by the Company going back 20 years from January 2021.

Criteria considered

A: Customers
     - The impact of our operations on the community and the environment
     - The disability of maintaining a reputation for high standards of business conduct

D: The need to foster our business relationships
     - The interests of our employees
     - The need to act fairly as between members

Chief Executive succession

Following an extensive search and recruitment process Jennie Daly, our Group Operations Director, was announced as our next Chief Executive.

Criteria considered

A, B, C, D, E

Relevant stakeholders

- Customers
- Employees
- Investors
- Communities
- Partners

Decision making process

- The Chief Executive is responsible for developing, leading and managing the execution of the strategy, and is therefore instrumental in delivering long term value for all our stakeholders.
- The Nomination and Governance Committee led the search for our new Chief Executive, supported by a self-regulated executive search firm in order to assess both internal and external candidates.
- The key selection criteria included in the candidate profile required identification of an individual who leads with purpose, boldly drives operational performance and bolster the strong culture of the Company. These key areas are strongly aligned to our values and also the key criteria under Section 172 (1) of the Companies Act.
- Following a thorough recruitment and selection process that considered a long list of industry and non-industry candidates, along with extensive consultation with shareholders, the Board was designated to announce the appointment of Jennie Daly as Chief Executive.
- Jennie’s extensive sector and stakeholder expertise, her exceptional leadership and operational focus, the Board considers that she is the right person to promote the long term success of the Company for the benefit of all our stakeholders.

Land acquisition

Taylor Wimpey plc

Our values

- Respectful and fair
- Take responsibility
- Better tomorrow
- Be proud

Annual Report 2021

36

37
Our Customers

Our proposition is closely tied to our purpose and centres on delivering great homes and thriving communities. It is important that our customers can trust us to do the right thing.

Customers satisfaction
We track customer satisfaction using the HBF 8-week and 9-month survey results. In 2021, 92% of customers in the 8-week survey would recommend us to a friend (2020: 90%). This means we met our target to maintain a 5-star rating. We continue to believe that a wider range of customer care and quality measures are necessary to ensure we are delivering for our customers. Our 9-month satisfaction scores give us insight into how customers feel about the homes and places we build over the longer term. Our score for 2021 was 79.2% (2020: 78.4%).

We encourage customers to leave reviews on Trustpilot. At the end of 2021, with over 1,799 reviews, we had a 4 out of 5 star rating (and in 2020, 4 out of 5 with a 4.3 star score of 3.9 out of 5 (2020: 4 out of 5). We acknowledge that we do not always get it right and sometimes fall short of our targeted standards. Where this is the case, we remain committed to working closely with our customers to put this right and learn from our mistakes.

In 2021, we introduced a Customer Director role which sits on the management team in each regional business. This will further elevate the voice of the customer in our regions. We have also rolled out our new customer relationship management (CRM) system across the business. This provides clearer data on customer issues, complaints and defects which will help us to further improve quality and customer service. The results are reviewed by Customer Directors and used to identify any trends or recurring issues and put measures in place to address them. Our customers are rightly demanding more of us. As well as rolling out new house types designed to meet their changing needs, we continue to provide a high standard of training to our Sales Executives through our own Sales Academy. Our sales staff are further supported by our CRM system which is now live across all regional businesses and is designed to develop the expertise of our sales and service teams all have a consistent understanding of the finishing standards and the spirit of regulations and maintain this same ethos in our relationships with our customers. We are aligning our processes to make sure we meet the expectations and timescales being set by the Ombudsman, as well as our customers and third party home inspections. We have signed the new code of conduct that supersedes the UK Consumer Code for Home Builders.

New house type range
Our standard house types are designed to be high-quality, energy-efficient homes that are both effective and safe to build. They are designed to reflect local character and scheme design and are used for the majority of our homes.

We have worked with architects to integrate our standard house types and successfully piloted homes in the range in 2021. These new homes include at least one study house type of existing standard house type range. Our site designs have incorporated the new house types from October 2021 with the first site using new house types to go on sale in August 2022. The new range incorporates more open plan living, more natural light and improved storage, reflecting customer feedback and the results of our research and development. The new homes include at least one study area with space to desk and easy access to broadband and electricity sockets, to help support working from home.

Our design team has worked closely with our central procurement team and these new house types offer standardisation and plotting efficiency benefits. Most of our new house types will offer improved accessibility, meaning they can be adapted more easily for customers with disabilities. These new house types will also more readily accommodate the required changes as we transition to Minimum Public Homes Standards and we have established a clear timeline to adapt to the necessary changes.

Closure of the CMA process
During 2021, the Competition and Markets Authority’s (CMA) investigation into the historical sales of leasehold properties with ground rent lease expiry clauses by the Company was closed, following the Settlement Agreement approved by all leaseholders of Taylor-Wimpey-owned ten-year doubling ground rent leases, or those that have already gone through our Ground Rent Review Assistance Scheme (GRRAS) and succeeded their Taylor-Wimpey-owned lease to an RPI-based structure, or have opted for the option to convert to a fixed ground rent. The cost of implementing the understandings is expected to fall within the original provision made in 2017.

Fire safety improvement works
It has long been our view that our customers and leaseholders should not have to pay for the safety remediation works to ensure their buildings are safe and manageable. We took early and proactive action, committing significant funding to address fire safety and cladding issues on our buildings, with total amounts provided up to March 2021 of £165 million. Taylor-Wimpey’s decision a year ago meant that funding was in place to bring all our affected buildings, going back 20 years from January 2021, up to current EWS1 standard.

We have identified all Taylor-Wimpey buildings that may require works and are in active dialogue with building owners to undertake these as soon as possible for our customers. From April 2022, we will also be paying the new Residential Property Developer Tax (which is a 4% tax on profits) that will fund the Government’s Building Safety Fund for buildings over 18 metres. We are working closely with Government through the HBF to facilitate this solution involving all industry stakeholders. We fully support the HBF’s recent letter to the Government which sets out proposed additional commitments from the industry in relation to building safety and we continue to believe this is an industry-wide issue involving many types of organisations and therefore needs an industry-wide solution. If accepted by Government, the HBF proposal would result in an additional modest provision for Taylor-Wimpey.

Build quality
Since the introduction of the measure, we have led the volume housebuilders in build quality as measured by the NHBC COR score, which measures build quality at key build stages. In 2021, we scored an average of 6.47 (2020: 6.44) from a possible score of six, once again the highest score for a volume housebuilder. This compares with an industry benchmark group average score of 4.43. We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build. 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 also publish a customer version, so it is clearer for customers what they can expect from us. We updated our scope of operations for subcontractors in 2021, which sets out our expectations for the management and delivery of build quality. Key product suppliers provide training to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build.

Greener house types
Our new houses are designed to integrate the latest energy-efficient technology with the required to meet changing energy efficiency standards, including waste-heat heat recovery, heat pump design and the use of double glazing and air source heat pumps.

Our focus on build quality also ensures that our finished homes achieve the specified energy efficiency standards and that house types are designed to be installed correctly to provide good indoor air quality.

Opportunities in green building
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. 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 PFI.

New homes are already considerably more energy-efficient than older homes. The energy savings we will secure to meet the FHL 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.

SDGs

2021 highlights
– Achieved an average quality score of 4.67 compared with an industry benchmark group average score of 4.43.
– Achieved a recommdend score of 92% in the HBF 8-week survey which equates to a 5-star rating.
– Successfully launched pilot of our new house types incorporating several years of customer insights.
– Improved our 6-month customer satisfaction survey score.
– Provided for additional £15 million funding to support this safety improvement works for leaseholders in Taylor Wimpey apartment buildings, including those below 18 metres, built over the last 20 years, to ensure they meet current RICS EWS1 guidance.

2020 priorities
– Continue to target an average quality score of above 4 across the business. Maintain high levels of customer service and a score of over 90% in the HBF 8-week survey which equates to a 5-star rating.
– Continue to progress work on bringing historic buildings up to current standards.
– Continue to work on implementing our environment strategy and developing even more energy-efficient homes.
– Sign the new code of conduct that supersedes the UK Consumer Code for Home Builders.

Read more in relation to our KPIs on pages 2022 priorities 39 and 23.

Read more in relation to our KPIs on pages 24 and 2.

Read more in relation to our KPIs on pages 105 to 124.
We want to be known as the employer of choice in our sector and beyond, recruiting a diverse workforce and offering industry-leading development opportunities.

Health and safety
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. We embed a safety culture through training, awareness and visible health and safety leadership and we work closely with our contractors and subcontractors on this. Our Annual Injury Incidence Rate (AIR) was 214 in 2021 (2020: 151) and our AIR for reportable injuries per 100,000 employees and contractors remain below both the HRF Home Builder Average AIR of 264 and Health and Safety Executive construction industry average AIR 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. Around 38% of accidents are slips, trips and falls. Our AIR for major injuries per 100,000 employees and contractors was 73 in 2021 (2020: 58).

Culture and people
We have a very strong culture at Taylor Wimpey at every level of the business, with the core principle to ‘do the right thing’. This continued to benefit from a talented and engaged workforce, as reflected in our 2021 employee survey with an overall employee engagement score of over 90%, with a 6% increase year on year. Health and safety was once again our top scoring area in the survey at 97%, and 95% of employees are proud to work for Taylor Wimpey. The employee survey also outlined slightly lower scoring areas which we will work to improve, such as future development opportunities and career progression.

We are pleased to report that Taylor Wimpey was once again recognised in the NHS Confederation in the Job Awards, achieving a total of 72 Quality Awards (2020: 53), 25 Seal of Excellence Awards (2020: 19) and three Regional Awards in 2021 (2020: two), whilst Lisa Deaking, Sales Manager at our Whitelands development in Harlow, Essex, was awarded a Supreme Award.

During 2021 we were directly employed, on average, 5,771 people across the UK (2020: 5,549) and provided opportunities for, on average, a further 11,140 operatives (2020: 12,34) on our sites. Our voluntary employee turnover rate is higher than normal at 15.0% (2020: 9.4%). We believe this reflects a catch up from a lower than normal turnover rate in 2020 as a result of the pandemic.

Skills
With a well known skills shortage, we have taken a proactive approach to early talent and direct labour. Building the skills of our current and future workforce is essential to address the skills shortage in our industry and also to set up the business to deal with future changes. We offer a range of entry-level roles such as apprentices, trainees and graduates and encourage people into our business with these positions making up 0.9% of our workforce (2020: 14%). We support our regional businesses to develop local links with colleges, universities and schools and encourage a diverse range of candidates to consider careers in housebuilding. We currently directly employ 743 key trades including apprentices (2020: 1,038). The recruitment model reflects the restructuring of the business in 2020, as well as voluntary employee turnover. However, we remain committed to developing future talent and to working both internally and with the wider sector to attract future talent into our industry.

Training and development
We are focused on training and development of our employees. Key areas of focus include management and leadership, personal development skills (e.g. presentation, communication, negotiation and time management) and technical knowledge and capabilities. Our technical academies cover construction, sales and customer service, providing structured career and skills development, which often enables employees to gain a formal qualification. We also run online masterclasses sessions for employees to hear from internal and external experts.

We also run on-site training academies for apprentices at all levels of our business. We now assess the impact of our training and development using metrics such as productivity, retention, build quality and customer satisfaction scores and sales. We have updated our performance review process in response to feedback from our employee survey. Shorter term performance objectives are now set and reviewed multiple times throughout the year and line managers are being trained on the new approach.

Inclusion, diversity and gender
Diversity and inclusion is a key area we want to continue to strengthen, creating a workforce of colleagues who are motivated and supported regardless of their background, identity, age, sex, gender, attitude or disability. We see diversity as an opportunity to truly embrace our colleagues’ backgrounds and perspectives which in turn helps drive the business forward and achieve success. However, we are the Housebuilding Industry and can and need to do more. In 2021, we launched our new Equality, Diversity and Inclusion Policy and remain committed to equality of opportunity in all of our employment practices, policies and procedures across the business. Company-wide approach has focused on bringing our colleagues together through multiple diversity-focused networks, training and events. We have significantly advanced our leadership’s capabilities and understanding on diversity and inclusion with programmes like Respectful Workplace which commits our senior leaders to multiple practical steps and actions to help us achieve a more inclusive and respectful culture.

We ran reverse mentoring for 10 senior leaders in 2021 who were partnered with BAME colleagues and / or colleagues who identify as LGBT+. We recognise that building a diverse culture means embracing all aspects of diversity, including social, economic, cultural, physical ability, socio-economic backgrounds, sexuality, and more. In 2022, we will set clear internal goals to help accelerate measurable change and to ultimately drive accountability. We are pleased to have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially. In 2022 Gander Pay Gap Report, our median gender pay gap has narrowed, still in favour of women and the mean pay gap also remains small, below 1%. More information can be found in our Gander Pay Gap report on our website.

Employee engagement
We are proud of how committed our employees are to the long term success of the Company and we see feedback and engagement with all employees. This includes regular email updates from the Chief Executive as well as updates from the DMT and other senior management. It is important that management is accessible and visible so in addition to regular visits to the different businesses we operate employee forums including the National and Local employee forums where employee representatives are able to feedback and ask questions of members of the Board and other senior management directly. The Board also has an appointed Employee Champion to strengthen the Board’s engagement with employees. The Board’s Employee Champion, Gwyn Burr will be retiring from the Taylor Wimpey Board of Directors on 26 April 2022 and we are pleased that Robert Noel, Taylor Wimpey’s Independent Director, has agreed to take on this important role.

Read more about our employee networks in page 53.
Our partnerships

Our partnerships are very important to us and we take that responsibility seriously. We strongly believe that the best partnerships are fair and mutually beneficial.

Supply chain

Collaboration brings benefits and the potential for time and 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 adopt a collaborative forecasting approach with our supply chain aided by our internal logistics function. 'Taylor Wimpey Logistics (TWL)'. In 2021, the industry experienced pressures on the cost and availability of certain materials and a general shortage of drivers for haulage. Whilst challenging, we were able to effectively manage these pressures, aided by our scale and strong partner relationships and agreements and delivered 2021 completions in line with our expectations.

We collaborated with our supplier partners giving them good visibility of our build plans and product requirements, building trust and helping improve security of supply. Over the past several years as part of our Brexit preparations as well as our drive to continuously improve Group operational efficiency, we have worked hard to understand our supply chain, establishing highly detailed ‘root to tip’ knowledge of our material and component suppliers, to help identify early and mitigate potential bottlenecks.

Taylor Wimpey Logistics

We relocated our central logistics hub, TWL, to Peterborough last year, improving transport links with our suppliers and the rest of the business. TWL is central to our drive to optimise efficiency in our procurement and materials supply and distribution.

We provide a central hub for suppliers enabling us to consolidate supplies and provide them in build packs to our sites, on a just in time basis. This improves visibility and site efficiency and has certain practical advantages such as lessening frequency of large vehicles on smaller sites with limited road access. As TWL consolidates suppliers deliveries, it provides a buffer against supplier fluctuations and availability challenges and it centrally manages new product implementation alleviating availability gaps. TWL has direct access to site build programmes and scheduling of call-offs which helps us maximise the use of standard house type templates, again improving our efficiency. TWL leverages commercial relationships as a bulk purchaser and as a single point of delivery. This division also helps us ensure adherence to standard specification through strictly controlled build packs, with safety critical and cost sensitive items also managed by TWL.

Quality and training

During 2021, we rolled out a National Supplier Training programme focused on on-site training, competency and site-based audit programmes for site teams, direct trades and subcontractors. This is delivered by the suppliers’ technical representatives supporting ‘right first time’ build and improving quality and consistency to provide a better higher-quality customer experience.

We updated our scope of operations for subcontractors in 2021, which sets out our expectations for the management and delivery of build quality. Key product suppliers provide training to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build. The training means that teams understand the installation needs of the products they are working with and that these products will work effectively and safely. This is followed by an on-site audit. Subcontractors also attend training sessions run by our quality, safety and health teams, and by the NMBC.

Ethical sourcing

Our Supply Chain Policy explains our supplier standards for safety, quality, ethics, human rights and environment. Our Supplier Code of Conduct requires suppliers to respect workers’ human rights and covering policies, processes and performance on modern slavery, employment standards, modern slavery and other regulatory and technical standards for safety, quality, ethics, human rights and the environment. Our Supplier Code of Conduct requires suppliers to respect workers’ human rights and covering policies, processes and performance on modern slavery, employment standards, modern slavery and other regulatory and technical standards for safety, quality, ethics, human rights and the environment.

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.

Subcontractors

With the introduction of the Future Homes Standard and other regulatory and technical changes, the types of suppliers and subcontractors we require are changing. For example, from 2022, we may need significantly more people qualified to install air source heat pumps but fewer gas engineers.

Small and local suppliers

We work with 40 local and medium sized (SMBs) who provide labour, trades and services to our construction sites. Many of our partners are local and family-run businesses and working with them supports the local economy and our sites. We hold regular subcontractor engagement sessions in our regional business and other support to help local (SMBs) do business with us.

St. Mungo’s Construction Skills Training Hubs

St. Mungo’s Construction Skills Training Hubs helps disadvantaged people receiving from peer support to gain new skills and qualifications.

In 2021, we donated £100,000 working in the St Mungo’s Construction Skills Training Centre, running training in skills such as plumbing, decorating, driving, dry lining and stonework.

In 2021 we entered in to a three-year commitment with St Mungo’s to support the establishment of a third St. Mungo’s Construction Skills Training Programme in their new location in Southampton. We’re donating £150,000 over three years that will help train around 40 clients per year.

Central and local government

We engage with local authorities, parish councils, Homes England, the Greater London Authority (GLA), Department for Levelling Up, Housing and Communities (DLUHC) and other public sector organisations to understand their priorities and share our views. We engage directly and through our membership of industry organisations such as the HBF and the British Property Federation (BPF). Examples of how we engaged with central Government on issues relating to planning and sustainability in 2021 are included in our Sustainability Supplement.

Local planning authorities

We aim to work constructively with planning authorities to agree the details of our planning obligations for each development, including affordable housing, local infrastructure, and services. We use the results of our community engagement to help us develop planning proposals that are financially viable and meet local needs. Each planning application integrates a clear development plan, enabling planning authorities to monitor progress. Once planning permission is granted, our technical teams monitor compliance with planning agreements and obligations. We also track build rates to make sure that each site is being managed efficiently and our homes are delivered on time. This is overseen by the Managing Director in each regional business.

As at 31 December 2021, we were building on or due to start in the first quarter of 2022 on 97% of sites with implementable planning.

Charity partnerships

We focus on three priorities that are connected to our business: aspiration and education in disadvantaged areas, tackling homelessness and local projects that have a direct link to our regional businesses and developments. During 2021, we continued our partnership with our national charities as well as local charity partners across the UK albeit meetings were held virtually this year. Our national charities are the Youth Adventure Trust, End Youth Homelessness, Crisis, CPAHK, St. Mungo’s and Foundations Independent Living Trust. In 2021 colleagues raised £130,000 through the Taylor Wimpey Challenge and our graduates entered the Prince’s Trust Million Makers’ challenge to raise money to support vulnerable young people.

In total, during 2021, we donated and fundraised £1.21 million for registered charities (2020: over £868k).

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 strongly believe that responsibility seriously.

We strongly believe that responsibility seriously.

2021 highlights

– Received a CDP Supplier Engagement score of A for our strategy to engage suppliers on climate change.

– Nationwide Supplier Training programme rolled out in 2021.

– Donated and fundraised over £999,000 for registered charities (2020: over £868,000).

– Became an accredited Living Wage Employer, as set by the Living Wage Foundation which covers people working for us via subcontractor or supplier services.

– Updated our scope of operations for subcontractors in 2021 on our expectations for build quality.

2022 priorities

– Begin setting improvement targets for categories of suppliers in areas such as carbon footprint and to help engage our suppliers.

– Updated our scope of operations for subcontractors in 2021 on our expectations for build quality.

– Continue to work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers.

– Boost our training and resources.

– Work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers.

– Continue to work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers.

– Continue to work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers.
Our Investors

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 focus is our continuing to deliver a 22.1% 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 and optimise financial performance. In late 2020 and into 2021 we also completed a review and restructuring 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 COP25 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 interest of all of our stakeholders. Our focus is at the heart of the Board’s decision making process. We believe 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 pay our full address in 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 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 contractually with modest gearing after adjusting for land creditors.

Cash from the green nature of our business allows us to provide an income stream to our shareholders, throughout the cycle including a ‘normal downturn’. We are committed to maintaining an dividend. Our Ordinary Dividend Policy is to pay out 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 15 May 2022. The Group is committed to maintaining this policy in the future.

Our intention remains to return cash generated from the business in excess of that needed by the Group to fund land investment, all working capital, taxation and other obligations and 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 £150 million in 2022 through the implementation of a share buyback programme, with an initial tranche of £75 million expected to be completed by no later than 3 June 2022.

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 EEGR Risk Rating of Low from Sustainalytics. We are a member of Nest Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021. We disclose our performance against the criteria identified with its recommendations. We also disclose 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

Other projects for 2022 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, social and governance factors. 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.

In 2021, we signed up, with 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 changes to the building code and to move towards net zero ready homes.

During 2020 and 2021, we conducted research to establish the technical specification for our homes in preparation for changes to Building Regulations and the Future Homes Standard (see more details on pages 18 to 21). The energy savings we will secure to meet the Futures 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.

CEO succession

Following the announcement in late 2021 that Pete Rutter would be stepping down as CEO, the Board, led by the Nomination and Governance Committee, conducted a rigorous search and recruitment process. The Board is now confident that Peter Daly would be appointed as the new CEO, effective from the conclusion of the Company’s AGM on 29 April 2022. Jennie has over 30 years’ experience in the housebuilding and land and planning industries and is currently Group Operations Director.

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 identity, set her apart from the other candidates we were considering.

Irene Dermor
Chairman

2021 highlights

- Dividend of 6.88 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
- Chaired the Next Generation, the sustainability benchmark for UK housebuilders, and received a Gold Award for 2021, and an A- rating from CPD Climate Change
- Delivered annual savings of c£16 million in 2021 as a result of organisational and cost structure changes
- Made further progress towards medium term operating profit margin of 22.25%
- Spent £1 billion on land and grew balance sheet land position by £510 million

2022 priorities

- Continue to improve operating margin towards our 22-23 medium term target through new outlets for volume growth in 2022-24
- Run Future Homes Standard product trials during 2022
- Develop our net zero transition plan and target
- Hire new investors and analyst to meet our new CEO
We want communities to welcome Taylor Wimpey to their area and recognise the positive contribution we can make to their existing community, as well as trusting us with the responsibility of creating a new one.

Our approach
We focus on placemaking and design and invest in affordable homes, infrastructure and research and development to help us create great places to live. Increasingly we are focused on changes to our homes and communities that enable customers to live more sustainably.

In 2021, we contributed £418 million to the local communities in which we build across the UK via planning obligations (2020: £287 million).

Delivered 2,501 affordable homes including joint ventures (2020: 1,904)

Highly Commended in Sustainable Housebuilder Awards

2022 priorities
- Make it easier for close to 40,000 customers to work from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s
- Update our Placemaking Guide and Guide to Design and Access Statement to reflect the latest government guidance and best practice
- Update our guidance on nature and green space including our Green Infrastructure Guide
- Develop our technical specification for net zero carbon ready homes during 2022 and 2023

Road map to alignment to our business model on pages 22 and 23

We design walkable neighbourhoods where customers can enjoy an active, healthy lifestyle and make sustainable transport choices. This includes layouts that integrate paths and cycle routes that connect with existing networks and street design that encourages slower vehicle speeds and safer cycling conditions. 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% were within 1,000m.

Affordable homes
A lack of affordable housing is one of the biggest challenges facing people across the UK. We can play a part in addressing this problem by increasing the supply of new housing and making our homes affordable to a greater number and wider range of people.

Most of our developments include affordable social housing (homes made available at below market rates including social rent, affordable rent, low-cost home ownership and discount market sales tenures) which are negotiated as part of planning obligations. In 2021 we delivered 2,501 affordable homes including joint ventures (2020: 1,304), equating to 18% of total completions (2020: 20%).

Community engagement
We build in communities for years, making a significant impact on the area and its people. We aim to build good relationships with local people throughout this time by communicating proactively and consistently.

Every one of our sites has a tailored planning and community engagement strategy and a clear point of contact. We use a range of methods to inform local people about our plans, including community consultations.

We use a range of methods to inform local people about our plans, including our website, meetings, exhibitions, workshops and information boards.

We aim to reach a wide range of stakeholders, including neighbouring residents, BPRs, property owners, potential customers, local authorities, businesses, schools and other groups. Due to the pandemic, most consultations took place online during 2021 and we used social media, online exhibitions and virtual tours to ensure a broad section of the community could participate.

Our Political and Community Engagement Toolkit helps our teams to consistently engage a wide range of stakeholders in the planning process. In addition, our Community Communications Plan, guides teams on actions they can take throughout the development process to help foster a sense of community among new residents.

Economic impacts
Our developments provide a boost to the local economy, both during construction and once new residents move in. Our Economic Benefits Toolkit identifies and helps us understand and communicate the social and economic benefits our sites will generate; the number of direct jobs and indirect supply chain jobs that our developments will create and their economic value; expected revenue gains for local businesses; the impact of new infrastructure and amenities; and new revenue for local authorities, including from council tax and business rates.

We often transform previously developed, derelict or contaminated land into new communities, which helps support urban redevelopment and regeneration. Around 21% of our homes in 2021 were built on brownfield land (2020: 25%) which includes infill development. All our developments, including those on greenfield sites, are built to our environmental standards and comply with the UK’s environmental and planning regulations and any additional standards set by the local planning authority.

Engagement with nature
Integrating green spaces, nurses and wildlife into our developments makes them more attractive places to live and can have a positive impact on residents’ wellbeing and customer satisfaction.

Our environment strategy targets, launched in 2021, include biodiversity net gain requirements and go beyond regulator to deliver priority wildlife enhancements, including hedgerow highways, bug hotels, bird boxes and wildlife-friendly planting. New sites will integrate our priority improvements that encourage wildlife to make a home on our developments.

In 2021, we worked with Hedgiging Street, a campaign by the British Hedgehog Preservation Society and People’s Trust for Endangered Species to integrate hedgerow highways across 100 new sites. We also worked with Buglife – The Invertebrate Conservation Trust, to install bee bricks and bug hotels.

We’ve added user-friendly guides on nature-friendly gardening to our website and will launch home welcome nature packs for customers during 2022.

Engagement with nature
Integrating green spaces, nurses and wildlife into our developments makes them more attractive places to live and can have a positive impact on residents’ wellbeing and customer satisfaction.

Our environment strategy targets, launched in 2021, include biodiversity net gain requirements and go beyond regulator to deliver priority wildlife enhancements, including hedgerow highways, bug hotels, bird boxes and wildlife-friendly planting. New sites will integrate our priority improvements that encourage wildlife to make a home on our developments.

In 2021, we worked with Hedgiging Street, a campaign by the British Hedgehog Preservation Society and People’s Trust for Endangered Species to integrate hedgerow highways across 100 new sites. We also worked with Buglife – The Invertebrate Conservation Trust, to install bee bricks and bug hotels.

We’ve added user-friendly guides on nature-friendly gardening to our website and will launch home welcome nature packs for customers during 2022.
Climate change will affect our business from increased regulation to changing stakeholder expectations and physical impacts such as increased risks from flooding and overheating. Almost three-quarters of the UK’s local authorities have now declared a climate emergency and are increasingly subject to additional climate-related requirements through the planning process.

Our purpose is to build great homes and create thriving communities. Climate change and the biodiversity crisis are part of our operating context – they impact our ability to achieve our purpose and are threatening the future of today’s young people and generations to come.

Our environment strategy, Building a Better World, is our response to the environmental crisis and the physical and transition risks posed by climate change. It sets out how we will play our part in creating a more prosperous and healthier future for our customers, colleagues and communities, with ambitious targets up to 2050. It is summarised on pages 26 and 27.

Responding to the Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is a framework for Companies to report climate-related risks and opportunities. In 2020, The Financial Conduct Authority (FCA) introduced a requirement for UK premium listed companies to report against the TCFD framework, for periods beginning on or after 1 January 2021.

The framework consists of four themes – governance, risk management, strategy, and metrics and targets, and has 11 disclosure recommendations for reporting on the financial impact of climate change. We support the aims of the TCFD, disclose consistently with its recommendations, and aim to improve the quality of our disclosure year on year.

We have made progress on aligning our reporting to the TCFD recommendations as set out by the FCA in Lineage 9.66 and will further develop our approach during 2022. Our progress against the recommendations of TCFD can be found on page 50.

Governance for climate change

Board level: Our Board of Directors is responsible for oversight of our environmental, social, governance (ESG) initiatives and this includes climate-related risks and opportunities. From 2022, they will receive an ESG update twice a year, which will include updates on progress made towards climate change targets during the period. The Chair of the Legacy, Engagement and Action for the Future (LEAF) Committee and our Director of Sustainability will also attend the Board on at least one separate occasion during the year. Board ESG competencies are indicated on page 79. During 2021, the Board reviewed and approved our environmental strategy and climate targets and established ‘Natural resources and climate change’ as a new Principal Risk.

Executive level: Our CEO has ultimate responsibility for achieving our climate targets. Sustainability (including climate change) is a standing agenda item for GMT meetings and members receive a monthly update from the Director of Sustainability. The GMT members have received briefings on climate change risks and opportunities to deepen their understanding of this topic. LEAF Committee: Ingrid Osborne, Divisional Chair for London and South East and a member of our GMT, oversaw implementation of our climate change programme. Ingrid chairs our LEAF committee, which is responsible for reviewing climate strategy, risks and opportunities. It meets four times a year. LEAF members include the heads of our sustainability, technical, production, customer and design functions and representatives from our regional businesses.

The Director of Sustainability is responsible for monitoring climate-related issues and updating our Climate Change and Sustainability Risk and Opportunity Register. He oversees our reporting and discloses on climate change, and the assurance of our climate data and reports to the Board. Cross-functional working groups, including our Environmental Strategy Working Group and our Road to Net Zero Carbon Working Group, support effective governance of climate change.

Operational level: The Managing Director in each regional business has responsibility for achieving our climate change targets at the local level. They have nominated a Sustainability Sponsor within their management team and a Sustainability Champion to assist with implementation and data collection. Each regional business receives a quarterly report on resource use (including energy use) and from 2022 will be set a resource use reduction target. They are kept updated about climate-related issues via workshops, masterclasses and briefings.

Stakeholder engagement

Our stakeholder engagement informs our approach to climate change. This includes customer research and collaborating with suppliers through the Supply Chain Sustainability School and our procurement processes. We work with others to tackle industry-wide challenges including through the HBF. During 2021, we contributed to the development of the Future Homes Delivery Plan and input into the work of the Homes Hub. Read more about our stakeholder engagement on pages 34 and 35.

We participate in CDLP Climate Change and publish our submission on our website. We received a score of A- for 2021 (2020: B). We were also included on the Financial Times European Climate Leaders list during 2021. We work with the Carbon Trust on many aspects of climate change. Since 2017, we have held the Carbon Trust Standard for our overall approach to carbon management, including our policy, strategy and verification of our data and processes. We are the first housebuilder to achieve this.

Strategy

Climate change presents risks and opportunities for our business including those related to the transition to a lower carbon economy and those associated with the physical impacts of climate change. We assess climate risks and opportunities using short (0-2 years), medium (3-10 years) and long-term (10+ years) horizons looking at their potential impacts on our business, strategy and financial planning. Our approach is informed by our materiality assessment and climate scenario analysis.

The results of this analysis and other risk assessment are presented in the risks and opportunities section. Our materiality analysis will be undertaken in the future.
Implementing the TCFD recommendations – progress to date

<table>
<thead>
<tr>
<th>TCFD recommendation</th>
<th>Progress to date</th>
<th>Next step</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the Board’s oversight of climate-related risks and opportunities.</td>
<td>We have established and disclosed responsibility for climate risks at Board level. The Board has conducted an ESG mapping exercise to ensure that all ESG matters are considered by the Board or one of its Committees.</td>
<td>During 2022, the Board will be further developing its oversight of our ESG priorities and determining how ESG progress can be assessed more consistently.</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</td>
<td>The table on pages 52 and 53 includes an initial assessment of the possible impact of climate risks and opportunities on the business over the short, medium and long term.</td>
<td>Further scenario analysis is planned to deepen our understanding of climate risk.</td>
</tr>
<tr>
<td>Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.</td>
<td>As part of future scenario analysis exercises we will be further exploring and aiming to quantify the potential impacts of climate change on the business, strategy and financial planning.</td>
<td></td>
</tr>
<tr>
<td>Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td>
<td>We have conducted our first scenario analysis focusing on a disorderly transition scenario. Further scenario analysis is planned to deepen our understanding of climate risk.</td>
<td></td>
</tr>
<tr>
<td><strong>Risk management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the organisation’s processes for identifying and assessing climate-related risks.</td>
<td>This process is outlined in Risk management on pages 59 and 60. We have established a Principal Risk following a review of the Group’s Principal Risks, and are therefore considering as part of the going concern and viability assessment. Given the timeframe over which both are considered (12 months and five years respectively) the future impact of climate change on the operating costs of the business and its supply chain, beyond those known costs already included within the Group’s forecasts, are not considered material.</td>
<td>As part of this process, the individual sustainability and climate-related risks are considered through functional and business unit risk registers, our climate change and sustainability risk and opportunity register and on a regular basis by senior management, assessing the impact they may have on the Group’s strategy, looking at short, medium and in particular longer term emerging risks which may arise as the area continues to evolve. The Group’s new Principal Risk ‘Natural resources and climate change’ (see page 65), recognises the increasing significance a transition to a low carbon economy has on both our operations and the world in which we live and conduct business.</td>
</tr>
<tr>
<td>Describe the organisation’s processes for managing climate-related risks.</td>
<td>This process is outlined in Risk management on pages 59 and 60, and in the section on Principal Risks on page 65. We have included our climate targets to the risks and opportunities as set out by TCFD, on page 54.</td>
<td>During 2022 we will be updating our climate strategies and processes to reflect climate change mitigation and adaptation risks and opportunities.</td>
</tr>
<tr>
<td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.</td>
<td>Climate change is fully integrated into our top down and bottom up risk management process and during 2021 has been added as a Principal Risk within ‘Natural resources and climate change’. The newly established Principal Risk will be monitored by the Audit Committee and senior management, assessing its impact on the Group’s strategic objectives and ensuring appropriate mitigations are in place.</td>
<td></td>
</tr>
<tr>
<td><strong>Metrics and targets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</td>
<td>We publish a range of performance data to support our environment strategy, see pages 28 and 29. We will continue to keep our climate reporting under review and to develop additional metrics where needed to support disclosure to investors and other stakeholders.</td>
<td></td>
</tr>
<tr>
<td>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</td>
<td>We disclose greenhouse gas emissions data for scopes 1, 2, and 3 on page 55. We have contributed to continuous improvement in our data processes (1, 2, and 3 on page 55).</td>
<td></td>
</tr>
<tr>
<td>Disclose the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</td>
<td>Our ambitious science-based carbon reduction target has been approved by the Science Based Targets initiative (SBTi), see pages 28 and 29.</td>
<td>During 2022 we will be developing our net zero transition plan and target.</td>
</tr>
</tbody>
</table>

Impact on financial statements
Reported balance sheet, income statement and cash flow
We disclose known costs associated with regulation designed to affect the impact of climate change (e.g. building regulations Part L (conservation of fuel and power) and Part F (ventilation)) within the assessment of the value of inventory charged to cost of sales. Where a forecast site margin is affected by a change in estimated costs to complete, the impact is recognised across all plots completed on that site in the current and future years. The carrying value of work in progress and land is assessed via a net realisable value exercise and any adjustments required are made within the financial statements. Specifically, relating to land and the possible impact from climate change, the Group uses the latest environmental reports to assess the impact from flooding on the viability of the land. The Group does not have intangible assets, such as goodwill, that require an annual impairment assessment and thus the impact of climate change on future cash flows required to perform this assessment are not required.

Risk management
The Board has overall responsibility for risk management and our approach to risk combines a top-down and bottom-up review of the assessment, mitigation and monitoring of sustainability and climate-related risks is included as part of our overall risk management process, the outcomes of which are formally reported once a year and reviewed at two other times during the year. As part of this process, the individual sustainability and climate-related risks are considered through functional and business unit risk registers, our climate change and sustainability risk and opportunity register and on a regular basis by senior management, assessing the impact they may have on the Group’s strategy, looking at short, medium and in particular longer term emerging risks which may arise as the area continues to evolve. The Group’s new Principal Risk ‘Natural resources and climate change’ (see page 65), recognises the increasing significance a transition to a low carbon economy has on both our operations and the world in which we live and conduct business.

Transition to net zero carbon
We were one of the first UK developers to set Science Based Targets across our value chain, including a 1.5 degrees target for operational emissions. This is our first step on the road to net zero carbon. During 2021 we will deliver our net zero transition plan and net zero target. This will reduce regulatory, policy, taxation and associated climate risks by aligning us with the UK’s net zero commitment.

We are in the process of developing a Corporate Net Zero Standard published in 2021, and use this to guide our approach. We will also take account of the ‘Market-Ready, and Transition Plans’ guidance issued by TCFD. We intend to publish our net zero target and plan in 2023.

Our new homes will be net zero ready from 2023 as we phase out gas boilers and switch to all electric homes.
### Our risks and opportunities

The table below builds on our disclosure from last year and includes an initial assessment of the possible impact of these risks and opportunities on the business and financial statements.

<table>
<thead>
<tr>
<th>Description</th>
<th>What are the risks?</th>
<th>What are the opportunities?</th>
<th>Our response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulation, policy, taxation</strong></td>
<td>Changes to how sites and homes are designed affect land values and increased costs. Increased demand for new skills and products (e.g. air source heat pumps) impacts the supply chain resulting in increased build costs and shortages of materials, products and skills.</td>
<td>As policy requirements around heating and insulation impact the second hand market, new build homes will become increasingly attractive. Meeting regulatory requirements in a more efficient way than our competitors makes us a better investment case. Meeting Local Planning Authority requirements in relation to climate change results could result in being more competitive in land acquisitions.</td>
<td>Prepare for regulatory changes through our research and development. Our R&amp;D programme focuses on opportunities in green building (see page 39 and skills training (see page 43). Our Road to Net Zero Carbon working group is leading our response. We conducted energy-efficiency research to update our home specification in 2021 (see page 17). We share our views with the Government on proposed regulatory changes both directly and via industry organisations such as the HBF. We are supporting the Future Homes Delivery Plan – a sector wide plan to embed key environmental issues into home building up to 2050. We work closely with supply chain partners and use our scale to ensure reliable and cost appropriate access to the skills and materials we need today and in the future (see page 42). We have been recognised by the CDP as a Supplier Engagement Leader and received a Supplier Engagement score of A for our approach to engaging suppliers on climate change. We work closely with planning authorities to understand and integrate their requirements, and with land owners to ensure that constraints are reflected in land values.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>Not meeting changing customer and stakeholder expectations in relation to climate change reduces demand for our homes and impacts our reputation. Not meeting changing investor expectations results in reduced valuation impacting market capitalisation and access to capital.</td>
<td>Reputational benefits from meeting and exceeding customer expectations in relation to climate change and home energy efficiency makes homes more attractive to customers. Growth in green mortgages drives increased demand for new built homes. There may also be marketing opportunities to positively differentiate new build homes as climate regulation impacts the second hand homes market. Enhanced access to capital from meeting investor expectations and accessing new sources of green finance. Recruitment and retention of staff.</td>
<td>Our environment strategy has been established to help us meet and exceed changing stakeholder expectations, with a clear governance structure in place. This includes targets specifically related to enabling customers to live a more sustainable lifestyle. We regularly update our materiality assessment (see pages 10 and 31) and integrate sustainability into our customer research. Climate change and sustainability are integrated into our marketing strategy. We regularly engage with investors on ESG matters and participate in a range of disclosure initiatives including CDP, TCFD, SASB and DJSI (see page 2).</td>
</tr>
<tr>
<td><strong>Physical impacts</strong></td>
<td>Changing weather patterns and extreme weather events cause production delays, materials shortages and increased costs, as well as increased overheating and poor indoor air quality risks in highly insulated homes. Increased flood risk and biodiversity concerns impact our land bank and restrict future land supplies which mean that the carrying value of land may need to be written down and land costs may increase.</td>
<td>Warmer, drier summers enable increased output. Integration of additional landscaping features to mitigate flood risk and other climate concerns enhance placemaking.</td>
<td>We are increasing the amount of sustainability related data we collect from suppliers and using this to develop our approach to mitigating material supply risks. Sustainability issues including flood risk are considered from the start of the land buying process. We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We do not buy land unless we can mitigate flood risk. We use the Environment Agency’s flood mapping tools and a digital platform for assessing and managing sustainability and technical risks associated with land, that draws on external environmental databases. We integrate sustainable drainage features on our sites to manage water run off and reduce flow rates. We are developing our approach to biodiversity net gain to enable us to manage biodiversity risks. We will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities during 2022 which will help us respond to physical climate risks.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Changes in home design to accommodate technology impacts procurement and skills strategies. Customers’ understanding of the use and benefit of some sustainable solutions and technologies may be inconsistent with their performance resulting in complaints.</td>
<td>Efficiency improvements and cost savings for the business and customers.</td>
<td>Our R&amp;D programme helps us to identify beneficial new technology and test its performance to ensure it meets our quality, safety and technical standards. We already integrate many lower carbon materials and off-site construction techniques and components into our homes, and will increase this. We prioritise customer communication with the introduction of new technology and will be training our sales and marketing teams to support customers.</td>
</tr>
<tr>
<td><strong>Regulatory changes and updates to building regulations (e.g. Future Homes Standard), variation in local planning requirements (e.g. in relation to flood immunity and biodiversity), expected net zero related policy changes and increases in tax and insurance premiums.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Time frame:</strong> Short, medium and long term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materiality:</strong> High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk type:</strong> Transition (policy and legal)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunity type:</strong> Products, markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>Not meeting changing customer and stakeholder expectations in relation to climate change reduces demand for our homes and impacts our reputation. Not meeting changing investor expectations results in reduced valuation impacting market capitalisation and access to capital.</td>
<td>Reputational benefits from meeting and exceeding customer expectations in relation to climate change and home energy efficiency makes homes more attractive to customers. Growth in green mortgages drives increased demand for new built homes. There may also be marketing opportunities to positively differentiate new build homes as climate regulation impacts the second hand homes market. Enhanced access to capital from meeting investor expectations and accessing new sources of green finance. Recruitment and retention of staff.</td>
<td>Our environment strategy has been established to help us meet and exceed changing stakeholder expectations, with a clear governance structure in place. This includes targets specifically related to enabling customers to live a more sustainable lifestyle. We regularly update our materiality assessment (see pages 10 and 31) and integrate sustainability into our customer research. Climate change and sustainability are integrated into our marketing strategy. We regularly engage with investors on ESG matters and participate in a range of disclosure initiatives including CDP, TCFD, SASB and DJSI (see page 2).</td>
</tr>
<tr>
<td><strong>Physical impacts</strong></td>
<td>Changing weather patterns and extreme weather events cause production delays, materials shortages and increased costs, as well as increased overheating and poor indoor air quality risks in highly insulated homes. Increased flood risk and biodiversity concerns impact our land bank and restrict future land supplies which mean that the carrying value of land may need to be written down and land costs may increase.</td>
<td>Warmer, drier summers enable increased output. Integration of additional landscaping features to mitigate flood risk and other climate concerns enhance placemaking.</td>
<td>We are increasing the amount of sustainability related data we collect from suppliers and using this to develop our approach to mitigating material supply risks. Sustainability issues including flood risk are considered from the start of the land buying process. We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We do not buy land unless we can mitigate flood risk. We use the Environment Agency’s flood mapping tools and a digital platform for assessing and managing sustainability and technical risks associated with land, that draws on external environmental databases. We integrate sustainable drainage features on our sites to manage water run off and reduce flow rates. We are developing our approach to biodiversity net gain to enable us to manage biodiversity risks. We will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities during 2022 which will help us respond to physical climate risks.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Changes in home design to accommodate technology impacts procurement and skills strategies. Customers’ understanding of the use and benefit of some sustainable solutions and technologies may be inconsistent with their performance resulting in complaints.</td>
<td>Efficiency improvements and cost savings for the business and customers.</td>
<td>Our R&amp;D programme helps us to identify beneficial new technology and test its performance to ensure it meets our quality, safety and technical standards. We already integrate many lower carbon materials and off-site construction techniques and components into our homes, and will increase this. We prioritise customer communication with the introduction of new technology and will be training our sales and marketing teams to support customers.</td>
</tr>
<tr>
<td><strong>Regulatory changes and updates to building regulations (e.g. Future Homes Standard), variation in local planning requirements (e.g. in relation to flood immunity and biodiversity), expected net zero related policy changes and increases in tax and insurance premiums.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Time frame:</strong> Short, medium and long term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Materiality:</strong> High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk type:</strong> Transition (policy and legal)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opportunity type:</strong> Products, markets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**52 Taylor Wimpey plc: Annual Report 2021**

---

**53 Taylor Wimpey plc: Annual Report 2021**
Metrics and targets

We have established metrics and targets to enable us to manage and mitigate our identified climate risks and ensure we capitalise on opportunities relating to the transition to a low carbon economy. We have published a science-based carbon reduction target which has been approved by the Science Based Targets Initiative (SBTi). This covers emissions from our operations (1% of total), supply chain (59% of total) and homes in use (40% of total). The SBTi has confirmed that our operational target is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi’s criteria for ambitious value chain reduction targets, in line with current best practices. Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level.

More detail on our performance in 2021 is included in our Sustainability Supplement.

Our climate targets

Our targets on nature, waste and resource efficiency are included on pages 28 and 29.

<table>
<thead>
<tr>
<th>Targets - climate</th>
<th>Progress</th>
<th>Links to TCFD risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve our science-based carbon reduction target:</td>
<td>- Reduction operational carbon emissions intensity by 36% by 2025 from a 2019 baseline</td>
<td>- Regulation, policy, tax legislation reduction factors</td>
</tr>
<tr>
<td>- Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline</td>
<td>- Physical impacts</td>
<td></td>
</tr>
<tr>
<td>- Reduce carbon intensities from our supply chain and customer homes by 24% by 2030 from a 2019 baseline</td>
<td>- Technology</td>
<td></td>
</tr>
<tr>
<td>Reduce operational energy intensity by 32% for UK building sites by 2025.</td>
<td></td>
<td>- Regulation, policy, physical impacts</td>
</tr>
<tr>
<td>There was a 1% increase in UK energy intensity on our 2019 baseline. We believe this is due to a small change in the average fuel mix used.</td>
<td>- Regulation, policy, physical impacts</td>
<td></td>
</tr>
<tr>
<td>Purchase 100% REGO backed green electricity for all new sites.</td>
<td>- Regulation, policy, stakeholders</td>
<td></td>
</tr>
<tr>
<td>We purchased 100% REGO backed renewable electricity for new sites during construction, offices, show homes, sales areas and plots before sale. This is around 72% of our total electricity consumption.</td>
<td>- Stakeholders</td>
<td></td>
</tr>
<tr>
<td>Reduce embedded carbon per home by 21% by 2030.</td>
<td>- Regulation, policy, tax legislation</td>
<td></td>
</tr>
<tr>
<td>We are developing our measurement systems and expect to start reporting progress on this target next year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce emissions from customer homes in use by 75% by 2030.</td>
<td>- Regulation, policy, tax legislation</td>
<td></td>
</tr>
<tr>
<td>We are developing our measurement systems and expect to start reporting progress on this target next year.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce car and grey fleet emissions by 50% by 2025.</td>
<td>- Stakeholders</td>
<td></td>
</tr>
<tr>
<td>We have reduced company car fleet emissions (excluding grey fleet) by 36.5% since 2019. Around 45% of vehicles in our company car fleet are now EV or hybrid (2020-2030).</td>
<td>- Technology</td>
<td></td>
</tr>
<tr>
<td>Make it easier for 40,000 customers to switch from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s.</td>
<td>- Physical impacts</td>
<td></td>
</tr>
<tr>
<td>We are improving our data collection process for this target and expect to report progress next year.</td>
<td>- Technology</td>
<td></td>
</tr>
<tr>
<td>Uncover policies and processes to reflect the risks and opportunities from a changing climate by 2022.</td>
<td>- Physical impacts</td>
<td></td>
</tr>
<tr>
<td>We will be working on this target during 2022 and have added ‘Natural resources and climate change’ as a new Principal Risk.</td>
<td>- Technology</td>
<td></td>
</tr>
</tbody>
</table>

Our carbon and energy use data is externally assured by the Carbon Trust to a limited assurance level.

Data is provided as tonnes of carbon dioxide equivalent (CO2e) for all operations. Scope 1 and 2 emissions are from our sites, offices, show homes and sales areas, plots before sale and car fleet. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) for data gathered to fulfill our requirements under the Mandatory Carbon Reporting (MCR) requirements, and emission factors from the Government’s GHG Conversion Factors for our corporate reporting. We use the market-based method of the revised version of the GHG Protocol Scope 2 Guidance for calculating our scope 2 emissions. We have also included our scope 2 emissions calculated using the location-based method.

We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 apart from the exclusions noted. The reported sources fall within our Consolidated Financial Statements and are for emissions over which we have financial control. We do not have responsibility for any other sources that are not included in our consolidated statement. The following sources of emissions are marked with an asterisk (*), and are excluded from this report:
1. Fugitive emissions (refrigerant gases) excluded on the basis of expected immediately and difficulty in acquiring data
2. Gas and electricity of part-exchange properties: excluded on the basis of immateriality due to very few completions of this type
3. Certain emissions from District Heating Schemes where we are receiving a rebate from customers prior to handover to the long term operator
4. Certain joint venture properties, where Taylor Wimpey was not part of the handover process. In cases however different contractors have explored MEB-related data.

See our Carbon Reporting Methodology Statement at https://www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change-and-nature for more detail on our calculations.

Energy data and energy efficiency measures

The energy consumption figure in the table is a Group figure. 98.74% of this total energy consumption is from the UK and offshore areas and 1.26% from Spain. 98.24% of total scope 1 and scope 2 emissions are from our sites and offshore areas and 1.76% from Spain. During the last year, we have worked to reduce energy and emissions through our purchases of green tariff electricity for our sites during construction, by publishing our Energy Use and Discs Guide and running masterclass sessions for our teams, partnering with cabin manufacturer Danzer and the Carbon Trust to design and trial new energy efficient portacabins, and through the efforts of our Sustainability Champions. We have worked with Sitemanages to increase the use of natural ventilation methods for drying out homes and checking thermostats in show homes to ensure heating is only used when necessary. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for plant on site and plan to extend to use during 2022. The reporting meets the SECR (Streamlined Energy and Carbon Reporting) requirements.

Scope 3 data for 2018 and prior years includes fewer categories of emissions. It therefore cannot be directly compared with data for 2019 onwards.

Greenhouse gas (GHG) emissions (tonnes of CO2e) and energy use (MWh)

<table>
<thead>
<tr>
<th>Scope</th>
<th>Year</th>
<th>CO2e</th>
<th>MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GHS emissions – combustion of fuel</td>
<td>2021</td>
<td>17,464</td>
<td>16,522</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>21,018</td>
<td>20,328</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>18,889</td>
<td></td>
</tr>
<tr>
<td>2. GHS emissions – market based</td>
<td>2021</td>
<td>2,272</td>
<td>1,981</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>3,563</td>
<td>4,509</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>4,734</td>
<td></td>
</tr>
<tr>
<td>3. GHS emissions – location based</td>
<td>2021</td>
<td>5,406</td>
<td>5,272</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>6,172</td>
<td>6,892</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>8,236</td>
<td></td>
</tr>
<tr>
<td>Total scope 1 and 2</td>
<td>2021</td>
<td>19,738</td>
<td>18,506</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>24,581</td>
<td>24,837</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>25,683</td>
<td></td>
</tr>
<tr>
<td>Emissions per 100sqm completed homes</td>
<td>2021</td>
<td>1.41</td>
<td>1.96</td>
</tr>
<tr>
<td>scope 1 and 2</td>
<td></td>
<td>1.62</td>
<td>1.73</td>
</tr>
<tr>
<td>Total scope 3 emissions</td>
<td>2021</td>
<td>2,632,421</td>
<td>1,961,431</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>3,869,583</td>
<td>3,217,073</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>3,862,163</td>
<td></td>
</tr>
<tr>
<td>Purchased goods and services</td>
<td>2021</td>
<td>1,434,410</td>
<td>1,114,587</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2,242,225</td>
<td>2,134,976</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2,177,286</td>
<td></td>
</tr>
<tr>
<td>Waste generated in operations</td>
<td>2021</td>
<td>15,446</td>
<td>11,255</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>17,550</td>
<td>15,845</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>15,703</td>
<td></td>
</tr>
<tr>
<td>Business travel</td>
<td>2021</td>
<td>1,464</td>
<td>6,593</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>6,363</td>
<td>6,405</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>6,812</td>
<td></td>
</tr>
<tr>
<td>Fuel and energy related activities</td>
<td>2021</td>
<td>5,802</td>
<td>4,503</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>5,679</td>
<td>5,748</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>6,200</td>
<td></td>
</tr>
<tr>
<td>Downstream leased assets</td>
<td>2021</td>
<td>6,592</td>
<td>6,178</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2,656</td>
<td></td>
</tr>
<tr>
<td>Use of sold products</td>
<td>2021</td>
<td>1,107,417</td>
<td>754,825</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>1,476,068</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Upstream transport and distribution</td>
<td>2021</td>
<td>39,891</td>
<td>29,815</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>64,827</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>End of life treatment of sold products</td>
<td>2021</td>
<td>29,210</td>
<td>20,105</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>33,242</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Employee commuting</td>
<td>2021</td>
<td>13,189</td>
<td>13,771</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>21,034</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Operational energy use (fuel and electricity consumption from sites, offices, sales and fleet)</td>
<td>2021</td>
<td>104,870</td>
<td>96,195</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>116,207</td>
<td>111,085</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>105,123</td>
<td></td>
</tr>
<tr>
<td>Operational energy intensity (sites, offices and fleet) – MWh / 100 sqm completed homes</td>
<td>2021</td>
<td>7.5</td>
<td>10.2</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>7.6</td>
<td>7.7</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>7.7</td>
<td></td>
</tr>
</tbody>
</table>
SASB index

The following table discloses our performance against the criteria set by the Sustainability Accounting Standards Board (SASB) Standard for the Home Builders sector. Data relates to the period 1 January 2021 – 31 December 2021.

A note on terminology: Our sites are single pieces of land which typically gain outline planning permission as a single entity. They range in size from 50-3,500 hectares. Outlets are also eligible with sales centres. ‘Plot’ is a term used to accommodate for lots (the term used in the SASB standard). Responses do not cover our businesses in Spain which accounts for less than 2% of total completions.

<table>
<thead>
<tr>
<th>Code</th>
<th>SASB criteria</th>
<th>Our approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-HB-160a.1</td>
<td>Number of (1) lots and (2) homes delivered on rededicated sites</td>
<td>In 2021, 21% of completions (excluding joint venture) were on brownfield land (2020: 25%).</td>
</tr>
<tr>
<td>F-HB-160a.2</td>
<td>Number of lots located in developments with High or Extremely High Baseline Water Stress</td>
<td>We estimate that around 43% of our plots are built in areas of high water stress, around 55% of our homes are built in areas of extremely high water stress. This is based on the baseline water stress map reported by the World Resources Institute’s (WRI) Water Risk Atlas tool. Aqueduct.</td>
</tr>
<tr>
<td>F-HB-160a.3</td>
<td>Total amount of monetary compensation associated with High or Extremely High Baseline Water Stress</td>
<td>We received an Environment Agency notice that a small fine would be payable in relation to silt run-off due to a failed water management after-works at a development at our Eastercliff business.</td>
</tr>
<tr>
<td>F-HB-410a.1</td>
<td>Number of homes that required flood risk assessment</td>
<td>We take a number of measures to help reduce our environmental footprint across our value chain focusing on climate change and energy, nature and biodiversity, waste and water. Environmental factors are integrated into our processes, including:</td>
</tr>
<tr>
<td>F-HB-410a.2</td>
<td>Description of climate change risk exposure assessment, analysis of systematic portfolio exposure, and strategies for mitigating risks</td>
<td>We take a number of measures to help reduce our environmental footprint across our value chain focusing on climate change and energy, nature and biodiversity, waste and water. Environmental factors are integrated into our processes, including:</td>
</tr>
<tr>
<td>F-HB-410b.1</td>
<td>Description of how the strategic report incorporates resource efficiency into home design, and how benefits are communicated to customers</td>
<td>We trade from an average of 225 outlets in 2021 (2020: 242). Our net private sales rate per outlet per week for the year was £0.91 (2020: £0.76).</td>
</tr>
</tbody>
</table>

**Land use and ecological impacts**

- **IF-HB-000.A**: Number of controlled lots. As at 31 December 2021, our short term landbank stood at c.85k plots (2020: c.77k plots). Our short term landbank is owned or controlled land with planning permission or a resolution to grant planning permission. |
- **IF-HB-000.B**: Number of homes delivered. Total home completions in the UK were 14,087 in 2021, including joint ventures. |
- **IF-HB-410a.3**: Description of risks and opportunities relating to home energy and resource efficiency. Risks and opportunities relating to home energy and resource efficiency are considered as part of our climate change risk management processes which are outlined in our Materiality Framework (see IF-HB-410a.4) and the Future Homes Standard (see page 17). We communicate the resource efficiency benefits of our new homes to potential customers, via our Sales Executives, our websites, marketing materials, ‘From home to home’ manual, Maintenance Guides and Touchpoint TV. |
- **IF-HB-410b.2**: Number of homes delivered in compact developments. In 2021, 21% of completions (excluding joint venture) were on brownfield land (2020: 25%). |
- **IF-HB-410c.1**: Number of new homes delivered on brownfield land. We don’t currently collate this data but expect to be able to do so in the future as we roll out our LEAP system for managing environmental site risks. |
- **IF-HB-410c.2**: Number of homes located in 100-year flood zones. We don’t currently collate this data but expect to be able to do so in the future as we roll out our LEAP system for managing environmental site risks. |
- **IF-HB-420a.1**: Number of lots located in sites that are part of a brownfield opportunity area (BOA). We take a number of measures to help reduce our environmental footprint across our value chain focusing on climate change and energy, nature and biodiversity, waste and water. Environmental factors are integrated into our processes, including: |
- **IF-HB-420a.2**: Description of climate change risk exposure assessment, analysis of systematic portfolio exposure, and strategies for mitigating risks. |

**Climate change adaptation**

- **IF-HB-430a.1**: Number of homes delivered in high flood risk areas. We don’t currently collate this data but expect to be able to do so in the future as we roll out our LEAP system for managing environmental site risks. |
- **IF-HB-430b.1**: Number of homes delivered in areas designated for flood risk management. We don’t currently collate this data but expect to be able to do so in the future as we roll out our LEAP system for managing environmental site risks. |
- **IF-HB-430c.1**: Number of active welling communities. Our environment strategy includes targets to reduce our environmental footprint across our value chain focusing on climate change, nature and biodiversity, waste and water. Environmental factors are integrated into our processes, including: |

**Design for resource efficiency**

- **IF-HB-410a.1**: Number of homes that obtained a certified Watermark certificate or Waterwise specification. Our water efficiency is covered by Building Regulations Part G – Sanitation, hot water safety and water efficiency. This focuses on the expected performance of the whole home. Compliance is assessed on water consumption fittings provided by product manufacturers including for WCs, taps, baths, showers and appliances. |
Non-financial information statement

Our Annual Report contains a range of non-financial information. The following table summarises where this can be found in our reporting.

<table>
<thead>
<tr>
<th>Performance Overview</th>
<th>Our policies</th>
<th>Our limited and principal Risks</th>
<th>Read more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental matters</td>
<td>Sustainability Policy – Our commitment to balance long-term growth with our responsibilities to the environment, society and the communities in which we operate.</td>
<td>More information can be found within Building a better world 28 to 29</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Climate Policy – Outline our approach to reduce greenhouse gas emissions from our operations, supply chain and homes.</td>
<td>More information can be found within Climate change risks and opportunities 48 to 55</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health Safety and Environmental (HSE) Policy – Outlines our ongoing commitment to continual improvement of our HSE performance.</td>
<td>More information can be found within Building a better world 28 to 29</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supply Chain Policy – Sets out our commitment to work with trusted partners and ensure our homes are built using carefully sourced materials.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste and Resource Policy – Outlines our approach to using materials efficiently and minimise waste.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>Equality, Diversity and Inclusion policy – Outline our commitment to create an inclusive workplace and a workforce that reflects the diversity of the communities in which we operate.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grievance and Harassment Policy – Ensure that any reports are investigated and addressed appropriately.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td>Anti-Slavery, Human Trafficking and Human Rights Policy – The measures we upholds to safeguard against modern slavery.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supplier Code of Conduct – The principles that our suppliers, contractors and business partners are required to adhere to ensuring human rights are respected and modern slavery is not taking place.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Social matters</td>
<td>Community Policy – Outlines our commitment to be a responsible household, building homes and communities that enhance the local area to meet the needs of new and existing residents.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donations Policy – Our approach in making charitable donations and our policy not to make political donations.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Charity and Community Support Policy – Our commitment to supporting charities and local community groups in the areas we operate.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Human trafficking</td>
<td>Anti-Corruption Policy – Our approach to combat risks of bribery, including key principles and employees should follow.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td>Fraud Mitigation and Response Policy – This policy formalises the Company’s attitude to fraud and its measures to detect, investigate, or allegations, of fraud against its employees or third parties.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Anti-bribery and anti-corruption</td>
<td>Whistleblowing Protected Disclosure Policy – Includes the procedures to followed in making a disclosure of wrongdoing within the Company or related to its business.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Business model</td>
<td>Community Policy</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainability Policy</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer service Policy – Our approach and commitments to provide excellent customer service.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td>Non-financial KPIs</td>
<td>Customer Service Policy</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health Safety and Environmental Policy</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communications and Investor Relations Policy – Sets out our commitment to be open and accessible communication with all of the Company’s stakeholders.</td>
<td>More information can be found within</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Policy embedding, due diligence and outcomes</td>
<td>More information can be found within</td>
<td></td>
</tr>
</tbody>
</table>

Risk management

As with any business, Taylor Wimpey faces risks and uncertainties in the course of its operations. It is only by timely identification, effective management and monitoring of these risks that we are able to deliver our strategy and strategic goals.

Governance

The Board has overall responsibility for risk oversight, for maintaining a robust risk management and internal control system and for determining the Group’s appetite for exposure to the Principal Risks to the achievement of its strategy.

The Audit Committee supports the Board in the management of risk and is responsible for reviewing the effectiveness of the risk management and internal control processes during the year.

The Board recognises the importance of identifying and actively monitoring our strategic, reputational, financial and operational risks, and other longer term threats, trends and challenges facing the business.

Risk Management Framework

Our risk management approach involves a top-down review of risks by senior management and the Board, conducted with a bottom-up review by each individual function and business unit.

Identification of risks

Our risk management and internal control frameworks define the procedures to manage and mitigate risks facing the business, rather than eliminate risk altogether and can only provide reasonable and not absolute assurance against material misstatement or loss.

Identifying risk is a continual process and risk registers are maintained throughout the Group at an individual site level, at the business unit level and at Group-wide functional levels. The business unit and functional registers are reviewed twice a year as part of our formal risk assessment processes. In determining the risk, consideration is given to both internal and external factors. The registers document both the inherent risks before consideration of any mitigations and residual risks after consideration of effective mitigations.

A consolidated view of the risk environment, including potential emerging risks, is discussed, challenged and approved by the GMT and Audit Committees before being presented to the Board, ensuring all key risks known to the Group are being actively monitored and appropriate mitigations / actions are in place to ensure each risk falls within the tolerance set by the Board.

Risk Management Framework
Our Principal Risks and uncertainties

The table opposite summarises the Group’s Principal Risks and uncertainties, showing how each links to our corporate values and strategic objectives. Control of each of these is critical to the ongoing success of the business. As such, their management is primarily the responsibility of the Chief Executive and the GMT, together with the risks noted in the Principal Risks tables on pages 62 to 65. During the year, two new Principal Risks have been added, reflecting an increase in their risk profile, as reflected in the table opposite and for which further details can be found on page 65.

Three of our existing Principal Risks have seen an increase in their residual rating following a review of the current industry and market dynamics and the introduction of the New Homes Ombudsman.

The Board has finalised its assessment of these risks and of any changes to the residual risk profile during the year.

Link to material issues
The Board recognises the importance of stakeholder engagement, the material issues that matter the most to them and the need for a strong linkage to risk management. To demonstrate this linkage, an exercise was performed during the year to align each of our material issues (as disclosed on page 31) to our Principal Risks, which is further detailed in the Principal Risks tables on pages 62 to 65.

Key to strategic pillars

A. Build quality
B. Be the employer of choice in our industry
C. Be proud
D. Be responsible
E. Be resilient and fair
F. Be sustainable
G. Best in class efficient engine room
H. Be the employer of choice in our industry
I. Be the employer of choice in our industry
J. Best in class efficient engine room
K. Best in class efficient engine room
L. Best in class efficient engine room

Key to risk change

A. Increased risk
B. No change
C. Decreased risk
D. Increased risk
E. Increased risk
F. Increased risk

Principal Risks heat map
The heat map opposite illustrates the relative inherent and residual positioning of our Principal Risks from an impact and likelihood perspective, including the two new Principal Risks. Further information on our Principal Risks is detailed in the Principal Risks tables on pages 62 to 65.
A. Government policies, regulations and planning

Risk description
The industry in which we operate is becoming increasingly regulated. Failure to adhere to Government regulations could impact our operational performance and our ability to meet our strategic objectives.

Changes to the planning system or planning delays could result in missed opportunities to optimise our landbank, affecting profitability and production delivery.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Link to material issues | Link to strategy | Link to values | Example key risk indicators | Opportunities |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Mortgage availability and housing demand

Risk description
A decline in the economic environment, driven by sustained growth in interest rates, low wage inflation or increasing levels of unemployment, could result in tightened mortgage availability and challenge mortgage affordability for our customers resulting in a direct impact on our volume targets.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Link to material issues | Link to strategy | Link to values | Example key risk indicators | Opportunities |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C. Availability and costs of materials and subcontractors

Risk description
Increases in housing demand and production or a breakdown within the supply chain may further strain the availability of skilled subcontractors and materials and put pressure on utility firms to keep up with the pace of installation resulting in increased costs and construction delays.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Link to material issues | Link to strategy | Link to values | Example key risk indicators | Opportunities |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D. Attract and retain high-calibre employees

Risk description
An inability to attract, develop, motivate and retain high calibre employees, together with a failure to consider the retention and succession of key management could result in a failure to deliver our strategic objectives, a loss of corporate knowledge and a loss of competitive advantage.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Moderate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Link to material issues | Link to strategy | Link to values | Example key risk indicators | Opportunities |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. Land availability

Risk description
An inability to secure land at an appropriate cost, the purchase of land of poor quality or in the wrong location or the incorrect timing of land purchases in relation to the economic cycle could impact future profitability.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Moderate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Link to material issues | Link to strategy | Link to values | Example key risk indicators | Opportunities |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the fiscal year, 62% of Taylor Wimpey plc’s land cost was produced from sites historically sourced land.

- A strong balance sheet allows us to invest when land market conditions are attractive.

- To further develop in-house capability, expertise and knowledge.

- To continue to develop strong existing relationships with established mainstream lenders and those wishing to increase volume in the new build market.

- To build enhanced collaborative networks with stakeholders and peers, to monitor the implications of regulatory changes.

- Lead the business in addressing pressing environmental issues, including reducing our carbon footprint and targeting biodiversity.

- To establish localised collaborative networks with stakeholders and peers, to monitor the implications of regulatory changes.

- To build enhanced collaborative networks with stakeholders and peers, to monitor the implications of regulatory changes.

- To develop and implement different build methods as alternatives to conventional brick and block.
**F. Quality and reputation**

**Risk description**

The quality of our products is key to our strategic objective of being a customer-focused business and in ensuring that we do things right first time. If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased costs.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Residual risk change in year</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td>Customer Director</td>
<td></td>
<td>Customer-ready, Home-Quality Inspection (HQI)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director of Design</td>
<td></td>
<td>Consistent Quality Approach (CQA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality Managers in the business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Link to material issues**

- Link to strategy
- Link to values
- Example key risk indicators
- Opportunities

**G. Health, safety and environment**

**Risk description**

The health and safety of all our employees, subcontractors, visitors and customers is of paramount importance. Failure to implement and monitor our stringent health, safety and environment (HSE) procedures and policies across all parts of the business could lead to accidents or site-related incidents resulting in serious injury or loss of life.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Residual risk change in year</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td>Head of Health, Safety and Environment</td>
<td></td>
<td>HSE training and inductions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group Operations Director</td>
<td></td>
<td>COVID-19 protocol</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director of Design</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Every employee and subcontractor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Link to material issues**

- Link to strategy
- Link to values
- Example key risk indicators
- Opportunities

**H. Natural resources and climate change (NEW)**

**Risk description**

An inability to reduce our environmental footprint, the challenges of a degraded environment including the impacts of climate change, nature loss and water scarcity on our business, supply chain scarcity due to environmental change and the increasing desire of our customers to live more sustainably could impact our reputation, ability to attract investment and obtain planning permission and the delivery of our strategic targets.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Residual risk change in year</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td></td>
<td>Director of Sustainability</td>
<td></td>
<td>Published environment strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regional Managing Director</td>
<td></td>
<td>Climate change governance, including LEAF committees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Achievement of Carbon Trust Standard</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HBF and Investor liaison</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Training and development in-house and in our supply chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Data collection and management</td>
</tr>
</tbody>
</table>

**Link to material issues**

- Link to strategy
- Link to values
- Example key risk indicators
- Opportunities

**I. Cyber security (NEW)**

**Risk description**

The Group places increasing reliance on IT to conduct its operations and the requirement to maintain the accuracy and confidentiality of its information systems and the data contained therein. A cyber-attack leading to the corruption, loss or theft of data could result in reputational and operational damage.

<table>
<thead>
<tr>
<th>Residual rating</th>
<th>Residual risk change in year</th>
<th>Risk appetite</th>
<th>Accountability</th>
<th>Key mitigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td></td>
<td>IT Director</td>
<td></td>
<td>Complex passwords policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Multi-factor authentication for remote access</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Regular security patching and penetration testing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Regular security patching and penetration testing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Regular security patching and penetration testing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Intrusion detection and prevention systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Suspected phishing emails process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mandated cyber training for all staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Embedding security in new project deliverables</td>
</tr>
</tbody>
</table>

**Link to material issues**

- Link to strategy
- Link to values
- Example key risk indicators
- Opportunities

---

**Principal Risks and uncertainties continued**
In 2021, we have continued to prioritise returning the business to c.21-22% operating margin through focusing on cost, process simplification and standardisation.

Group financial review of operations

Income statement

The numbers referenced below are statutory numbers unless otherwise stated.

Group revenue increased to £4,284.9 million in 2021 (2020: £2,790.2 million), reflecting the increase in completions in the UK (excluding joint ventures) to 13,929 (2020: 9,310) with the comparative period impacted by site closures due to COVID-19. UK average sales prices rose 4.5% to £299.8k (2020: £288.3k) and average selling prices rose 4.0% to £299.8k (2020: £282.4 million), £823.2 million (2020: £282.4 million), £823.2 million (2020: £25.9 million) principally includes deferred terms, bank interest and interest on land bank, which in 2020 reflected the full draw down of the previously unutilised £550 million credit facility. The value of long term owned land increased to £4,314.0 million (31 December 2020: £3,264.8 million). Return on net operating assets over the year, compared with the prior year, was more than offset by the increase in operating profit over the same period. Group net operating asset turnover was 1.28 times (2020: 0.50).

Balance sheet

Net assets at 31 December 2021 increased by £4,016.8 million for net operating assets** increasing by £185.8 million to £3,450.6 million (31 December 2020: £3,264.8 million). Return on net operating assets** increased to 24.7% (2020: 9.9%) as the increase in average net operating assets over the year, compared with the prior year, was more than offset by the increase in operating profit over the same period. Group net operating asset turnover was 1.28 times (2020: 0.50).

Net investment in land and WIP

Value distributed during 2021

Contribution to local communities via planning obligations

£417.7m

2020: £286.6m

£293.2m

2020: £264.9m

Pension contributions

£31.5m

2020: £52.3m

Taxes

£151.9m

2020: £136.4m

Dividends

£301.5m

2020: (nil)

"During 2021, we have positioned the business for outlet-led volume growth from 2023, generating additional value and compelling investor returns."

Chris Carney
Group Finance Director

of sales commissions incurred following the greater number of reservations compared with the prior year, and this flowed through to an operating profit of £14.6 million for 2021 (2020: £15.6 million) and an operating profit margin of 19.0% (2020: 25.0%).

The plots in the landbank stood at 2,779 (31 December 2020: 2,816), with net operating assets at £1,045.9 million (31 December 2020: £1,115.9 million).

Value distributed during 2021

Contribution to local communities via planning obligations

£417.7m

2020: £286.6m

£293.2m

2020: £264.9m

Pension contributions

£31.5m

2020: £52.3m

Taxes

£151.9m

2020: £136.4m

Dividends

£301.5m

2020: (nil)
2021 Group results

<table>
<thead>
<tr>
<th>UK</th>
<th>Spain</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completions including joint ventures</td>
<td>14,087</td>
<td>215</td>
</tr>
<tr>
<td>Revenue (£m)</td>
<td>4,208.1</td>
<td>76.8</td>
</tr>
<tr>
<td>Operating profit (£m)</td>
<td>814.0</td>
<td>14.6</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>19.3</td>
<td>19.0</td>
</tr>
<tr>
<td>Profit before tax and exceptional items (£m)</td>
<td>804.6</td>
<td></td>
</tr>
<tr>
<td>Profit for the year (£m)</td>
<td>555.5</td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (p)</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>Adjusted basic earnings per share (p)</td>
<td>18.0</td>
<td></td>
</tr>
</tbody>
</table>

Pensions

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the Trustee to pay deficit reduction contributions of up to £140.3 million for the period from April 2018 to December 2020. During 2020 and in response to the site shutdowns, a temporary suspension of the agreed deficit reduction contributions was agreed with the Trustee for the three months between April and June 2020 and as a result, the recovery plan period was extended to 31 March 2021. During 2020, the Group engaged with the Taylor Wimpey Pension Scheme (‘TWPS’) Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that commits the Group to paying £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 were guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow are suspended should the TWPS Technical Provisions funding position be such that no payment into escrow is due in the first quarter of 2022.

At 31 December 2021, the IAS 19 valuation of the Scheme was a surplus of £149.9 million (31 December 2020: deficit of £89.1 million). Due to the rules of the TWPS, any surplus cannot be recovered on the balance sheet under IFRIC14. The deficit being equal to the present value of the remaining committed payments under the 2019 triennial valuation.

No such adjustment was recognised at 31 December 2020 since the deficit on an IFRS19 accounting basis exceeded the present value of committed payments at that time. Retirement benefit obligations of £17.3 million at 31 December 2021 (31 December 2020: £69.5 million) comprise a defined benefit pension liability of £37.0 million (31 December 2020: £29.1 million) and a post-retirement healthcare liability of £0.3 million (31 December 2020: £0.4 million).

At 31 December 2021 our committed borrowing facilities were £303.4 million of which £30.0 million was undrawn. The average maturity of the committed borrowing facilities at 31 December 2021 was 2.9 years (31 December 2020: 3.8 years).

Dividends

Subject to shareholder approval at the AGM scheduled for 26 April 2022 the 2021 final ordinary dividend of 4.44 pence per share will be paid on 13 May 2022 to shareholders on the register at the close of business on 1 April 2022. The 2022 final dividend of 4.14 pence per share will be paid as a cash dividend, and shareholders in the United Kingdom have the option to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available on our website www.taylorwimpey.co.uk/corporate.

Our intention remains to return capital 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.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures (APMs) as key financial performance indicators to aid the understanding of performance of the Group. The APMs are widely used industry measures and form the measurement basis of the key strategic KPIs (operating margin, return on net operating assets, and cash conversion). A portion of executive remuneration is also directly linked to some of the APMs. Definitions and reconciliations to the equivalent statutory measures are included in note 33 of the financial statements.

Going concern

The Directors remain of the view that the Group’s financing arrangements and balance sheet strength provide both the necessary liquidity and covenant headroom to enable the Group to conduct its business for at least the next 15 months. Accordingly, the financial statements are prepared on a going concern basis, see note 1 of the financial statements for further details of the assessment performed.

Chris Carney
Group Finance Director
Viability disclosure

In accordance with the 2019 UK Corporate Governance Code, the Directors and the senior management team have assessed the prospects and financial viability of the Group for a period longer than the 12 months required for the purposes of the ‘going concern’ provision.

**Time period**

The Directors have assessed the viability of the Group over a five-year period, taking account of the Group’s current financial position, current market circumstances and the potential impact of the Principal and Emerging Risks facing the Group. The Directors have determined this as an appropriate period over which to assess the viability of the Group on the following:

- It is aligned with the Group’s bottom-up five-year budgeting and forecasting cycle; and
- Five years represents a reasonable estimate of the typical time between purchasing land, its progression through the planning cycle, building out the development and selling homes to customers from it.

Five years is also a reasonable period for consideration given the following broader external trends:

- The cyclical nature of the market in which the Group operates, which tends to follow recessions and recoveries.
- Consideration of the impact of Government policy, planning regulations and the mortgage market.
- Long-term supply of land, which is supported by our strategic landbank.
- Changes in technology and customer expectations.

**Assessment of prospects**

We consider the long-term prospects of the Group, in light of our business model. Our strategy to deliver sustainable value is underpinned by our experience in managing the business, together with the effectiveness of our business model including the leadership of our senior management team. The Group adopts a disciplined annual business planning process during which the model factors in strategic scenarios, including build quality, customer dynamics and approach to land investment. Further detail is provided on pages 22 to 27 and includes the Group’s strategy and business model including those which have the most impact on our ability to remain in operation and meet our liabilities as they fall due.

**Principal Risks**

To the Group, which the Group are subject, have undergone a comprehensive review by the GM and Board in the current year. Consideration is given to the risk likelihood based on the probability of occurrence and potential impact on our business, together with the effectiveness of mitigations. The full list of Principal Risks, including mitigations, can be found on pages 62 to 65 and are referenced ‘A’ to ‘I’.

The Directors identified the Principal Risks that have the most impact on the longer-term prospects and viability of the Group, and as such these have been used in the modelling of a severe but probable downside scenario, as:

- Government policies, regulations and planning (A);
- Mortgage availability and housing demand (B);
- Availability and costs of materials and subcontractors (C);
- Quality and reputation (F); and
- Cyber Security (I).

A range of sensitivity analysis for these risks together with likely mitigating actions that would be adopted in response to these circumstances were modelled, including a severe but plausible downside scenario in which the impacts were aggregated together. The impact from ‘Natural resources and climate change’ (H) is not deemed to be material within the five-year forecast period, albeit known costs from regulation have been included in the modelling (e.g. updates to Parts L & F of the building regulations in England and Future Homes Standard).

**Assessment of viability**

The Group adopts a disciplined annual business planning process during which the management team of the 23 UK business units and Spain, and the Group’s senior management, and is built on a bottom-up basis. This planning process comprises a budget for the next financial year, together with a forecast for the following four financial years (‘forecast’). The financial planning process considers the Group’s profitability and Income Statement, Balance Sheet including landbank, gearing and debt covenants, cash flows and other key financial metrics over the forecast period. The forecast also incorporates the likely market impact of the planned changes to the tax rate to be applied and considers the impact of the Government announcements for example on transitional arrangements for the Future Homes Standard and the Building Safety Levy. These financial forecasts are based on a number of key assumptions, the most important of which include:

- Timing and volume of legal completions of new homes sold, which includes annual production volumes and sales rates, as well as the life of the individual developments;
- Average selling prices achieved;
- Build costs and costs of land acquisitions, including the impact from the updates to Parts L & F of the building regulations in England and the Future Homes Standard;
- Working capital requirements;
- Capital repayment plan, where we have assumed the payment of the ordinary dividend in line with the previous policy, which is a minimum of £225 million or 7.5% of the Group’s net assets, throughout the period as well as the distribution of excess capital to shareholders in 2022 via a share buyback.

**Stress testing our risk resilience**

The assessment considers sensitivity analysis on a series of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these we have included macro-economic and industry-wide projections as well as matters specific to the Group. The severe but plausible downside scenario reflects the aggregated impact of the sensitivities, taking account of a sharp decline in customer confidence, disposable incomes, and mortgage availability. To arrive at our stress test we have drawn on experience gained managing the business through previous economic downturns and the COVID-19 pandemic. We have applied the sensitivities encountered at those times, as well as the mitigations adopted, to our 2022 expectations in order to test the resilience of our business. As a result, we have stress tested our business against the following severe but plausible downside scenarios which can be attributed back to the Group’s Principal Risks that have been identified as having the most impact on the longer-term prospects and viability of the Group.

**Volume**

Volume (Principal Risk: A, B, C, F, I) a decline in total volumes of 20% from 2021, recovering by the end of the forecast period.

**Price**

Principal Risk: E) a reduction to current selling prices of 20%, recovering by the end of the forecast period.

**Costs**

Principal Risk: A, F, I) a one-off exceptional charge and cash of £150 million for an unanticipated event, change in Government regulations or financial penalty (e.g. from a Cyber Security breach).

Within the scenario build costs are forecast to reduce to lower levels reducing pressure on the availability of materials and resources and land cost remains flat as the possible increase in availability due to lower volumes is offset by a restriction in supply. An estimate for the cost of the Future Homes Standard has been assumed.

The mitigating actions considered in the model include a reduction in land investment, a reduction in building capacity and work in progress held and reducing our overhead base to reflect the lower volumes. If these scenarios were to occur, we also have a range of additional options to maintain our financial strength, including: a reduction in capital expenditure, the sale of assets, reducing the dividend, and raising debt.

The Group’s liquidity (defined as cash and undrawn committed facilities) was £1.471 billion at 31 December 2021. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis, individually and in aggregate.

**Confirmation of viability**

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

**Definitions**

* Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.
* Return on net operating assets (RONOA) is defined as net operating profit divided by the average of the opening and closing net operating assets, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
* Net operating asset turn is defined as 12-month rolling total revenue divided by the average of opening and closing net operating assets.
* Operating profit is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

**Approval of the Strategic report**

This Strategic report on pages 2 to 71 was approved by the Board of Directors and signed on its behalf by Pete Redfern, Chief Executive.
Governance at a glance

The 2018 UK Corporate Governance Code statement of compliance

For the year ended 31 December 2021, the Company complied with:
- All of the provisions of the 2018 UK Corporate Governance Code (the Code), except for Provision 38 (Executive Director pension contributions) which we will comply with by 1 April 2024. The Code can be found at www.frc.org.uk
- The Financial Conduct Authority’s Disclosure and Transparency Rules sub-chapters 7.1-7.2 and Listing Rules 9.8.6R, 9.8.7R and 9.8.7AR
- The BEIS Directors’ Remuneration Reporting Regulations and Narrative Reporting Regulations

In accordance with Section 4, Principle N, Provision 27 of the Code, the Board considers that, taken as a whole, this Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position, performance, business model and strategy. The Board was able to reach this conclusion after receiving advice from the Audit Committee. More information can be found on page 154.

How we comply with the Code

The Corporate Governance section of this Annual Report and Accounts explains how the Code principles have been applied, as set out below:

1. Board leadership and Company purpose
2. Division of responsibilities
3. Composition, succession and evaluation
4. Audit, risk and internal control
5. Remuneration

Implemented a revised Equality, Diversity and Inclusion Policy

Highlights

- Undertook a formal, rigorous and transparent recruitment and selection process for the role of Chief Executive
- Reported on the likely impact of the Company’s activities on the climate
- Further developed the Company’s succession and contingency plans
- Completed the annual internal evaluation of the Board, its Committees, the Chairman and individual Directors
- Met the FTSE Women Leaders Targets in relation to Board diversity
- Met the Parker Review ‘Beyond One by 21’ recommendation

Board composition (as at 31 December 2021)

Non Executive Directors’ tenure

<table>
<thead>
<tr>
<th>1-2 years</th>
<th>3-4 years</th>
<th>5-6 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>

Board independence

<table>
<thead>
<tr>
<th>30% Independent</th>
<th>60% Independent</th>
<th>100% Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>7</td>
<td>1</td>
</tr>
</tbody>
</table>

Board meetings via Microsoft Teams

| 2 | 7 |

2022 AGM

The Board is pleased to be able to hold the AGM in person after two years of COVID-19 restrictions, and is looking forward to meeting shareholders, hearing their views and answering their questions.

More information about the 2022 AGM is available on page 184.
Annual Report 2021

1. Irene Dorner, Chairman (a)

2. Pete Redfern, Chief Executive (a)

3. Chris Carney, Group Finance Director

4. Jennie Daly, Group Operations Director and CEO designate (a)

5. Robert Noel, Independent Non-Executive Director (a)

6. Gwyn Burr, Independent Non-Executive Director (a)

7. Lord Jitesh Gadhia, Independent Non-Executive Director (a)

8. Scilla Grindle, Independent Non-Executive Director (a)

9. Angela Knight, Independent Non-Executive Director (a)

10. Humphrey Singer, Independent Non-Executive Director (a)

Chairman

Irene Dorner

Chairman

Pete Redfern

Chief Executive

Chris Carney

Group Finance Director

Jennie Daly

Group Operations Director and CEO designate

Robert Noel

Independent Non-Executive Director

Gwyn Burr

Independent Non-Executive Director

Lord Jitesh Gadhia

Independent Non-Executive Director

Scilla Grindle

Independent Non-Executive Director

Angela Knight

Independent Non-Executive Director

Humphrey Singer

Independent Non-Executive Director

Executive Directors

Jennie Daly

Chairman

Pete Redfern

Chief Executive

Chris Carney

Group Finance Director

Jennie Daly

Group Operations Director and CEO designate

Independent Non-Executive Directors

Gwyn Burr

Independent Non-Executive Director

Lord Jitesh Gadhia

Independent Non-Executive Director

Scilla Grindle

Independent Non-Executive Director

Angela Knight

Independent Non-Executive Director

Humphrey Singer

Independent Non-Executive Director

Company Secretary

Alice Black

Group General Counsel and Company Secretary

Jennie Daly

Chairman

Pete Redfern

Chief Executive

Chris Carney

Group Finance Director

Jennie Daly

Group Operations Director and CEO designate

Gwyn Burr

Non-Executive Director

Jitesh Gadhia

Non-Executive Director

Scilla Grindle

Non-Executive Director

Angela Knight

Non-Executive Director

Humphrey Singer

Non-Executive Director

Key to committees

Audit Committee

Nominations and Governance Committee

Chairmanship of the Committee

Number of meetings attended in 2021

Irene Dorner, Chairman

Pete Redfern, Chief Executive

Chris Carney, Group Finance Director

Jennie Daly, Group Operations Director and CEO designate

Robert Noel, Senior Independent Director

Gwyn Burr, Non-Executive Director

Jitesh Gadhia, Non-Executive Director

Scilla Grindle, Non-Executive Director

Angela Knight, Non-Executive Director

Humphrey Singer, Non-Executive Director

Upcoming Board changes

At the conclusion of the AGM on 26 April 2022:

(a) Pete Redfern will step down as Director and Chief Executive.

(b) Irene Dorner will become Chief Executive.

(c) Robert Noel will become the Board’s Employee Champion.

(d) The Group Remuneration Committee will be replaced by a Nominations Committee.

(e) Angela Knight will step down from the Board.

(f) Jeni Dorer will become Chair of the Nominations Committee.

(g) Angela Knight will step down from the Board.

Taylor Wimpey plc • Annual Report 2021

75
The challenge of maintaining good governance during this period of change has been effectively met.

Dear shareholder

My second year as Chairman featured almost as many new challenges as the first year, when we worked our way through the impact of a global pandemic. Our Board has overseen the gradual rebuilding of our operations towards pre-COVID-19 levels and the actions taken to ensure land acquired following the equity raise progresses through the planning system to deliver stalled residential growth, whilst undertaking an in-depth external and internal search for the Company’s new Chief Executive. The challenge of maintaining good governance during this period of increasing activity on a number of different fronts has, I believe, been effectively met. This Governance report sets out the key areas we have considered as a Board, the Board Committees, and the processes established throughout the Group’s businesses and operations, the influence of stakeholder engagement in our thinking, debate and decision-making and how that has been both challenging and maintaining strong governance throughout 2021 and present a robust outlook for 2022 and beyond.

Culture

Underpinning the Group’s corporate governance is the culture embedded at every level of the business of “doing the right thing”. This has continued to be the cornerstone of our leadership and of the Group Management Team (GMT), who work together to ensure this is reflected in our everyday business practices and our engagement with stakeholders.

We hold ourselves accountable to a similar high standard in our approach to governance, whereby we seek to comply with and exceed, to the extent reasonably possible and appropriate, our corporate governance standards in advance of their formal application to subsequent reporting periods.

Information on the Group’s cultural principles and the ways in which we monitor their application and continued appropriateness, appears on pages 40 and 63.

Stakeholder engagement

The Board leads the Company’s stakeholder engagement programme and ensures that the views of different categories of stakeholders, and consideration of how the Group’s current activities and future proposals may impact upon those stakeholders, are considered by the Board and the GMT on a regular basis.

A key area of focus for us is shareholder communication, including soliciting their views and taking them into account in our decision making. I have continued my direct engagement with our shareholders, in addition to our planned investor relations programme undertaken each year.

Equally important is maintaining, and seeking to further improve, two-way communication between the Board and our employees. Whilst this remains a priority for the entire Board, the appointment during 2020 of Gwyn Burr as the Board’s Employee Champion has further improved this process of inclusion, consultation, and information. I am confident that when Gwyn leaves the Board after the Annual General Meeting (AGM) in 2022, the relationship between the Board and our employees will have improved.

Environment, social and governance

Environmental, social and governance (ESG) considerations have consistently featured on the Board’s and its Committees’ agendas through the year and are built into the Company’s strategy, planning and day to day business operations. We have responsibility for driving progress towards the Company’s ESG initiatives and this report sets out how the Company has addressed the key areas during 2021 and our plans to continue doing so during 2022, benefiting from the learnings from an external assessment of our work in this area to date.

Please see pages 7 and 79 for more information.

Climate change

We all agree that climate change has rightly received greater attention worldwide during 2021 and that efforts continue to reduce the pace of that change. To that end, the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. This reporting became mandatory for UK listed companies for 2021 reporting and beyond, in accordance with Listing Rule 9.8.1. The Company’s reporting in this area, including additional disclosures around risks and opportunities, is set out on pages 48 to 57, together with details as to how this reporting has been overseen by the Audit Committee on page 99.

Equality, diversity and inclusion

Further improving equality, diversity and inclusion across the Group is embedded in our reporting process. The progress made in these areas during 2021 and for 2022 are set out on page 95.

In 2021, the Company continued to exceed the FCA Women Leaders Review target on gender, namely, to have at least 35% female representation on the Board and has also met the Parker Review target of having at least one person of colour on the Board by the end of 2021.

We have made further progress below Board level, with female representation on the GMT and their direct reports combined; having increased from 23% in 2020 to 24% as at 31 December 2021. However, this progress needs to continue and the Company’s revised Equality, Diversity and Inclusion Policy, together with details of the progress made during 2021 and plans for 2022, appears on pages 93 to 97.

Succession planning for key Board positions is regularly reviewed by the Nomination and Governance Committee, with training and development plans for Board members and their potential successor focused on likely timescales for future change. Details of training and development activities undertaken by the Board, individually and collectively, during 2021 is set out on page 78.

The Board continues to recognise the importance of its committees, and individual Directors, each being subject to a rigorous performance evaluation every year. This annual evaluation is externally facilitated at least every three years, in accordance with the Code. The 2021 evaluation was internally facilitated, and details of the process followed, the outcomes, and proposed actions to be taken to address potential areas of improvement or further enhancement, are set out on page 92.

2022 AGM

I am pleased to be able to announce that the Company’s 2022 AGM will be held in person at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1JU. I hope you will be able to attend and I want the other Board members look forward to meeting shareholders, hearing their views, and answering their questions. In the event that shareholders are unable to attend the AGM, they are invited to submit questions in advance to be answered at the AGM. More details of the AGM and the business to be considered, are set out on pages 194 to 191.

Conclusion and outlook

As demonstrated in the results of our internal Board evaluation, your Board continues to be effective and to work well as a team, having been further strengthened by the appointment of Angela Knight as Chair of our Remuneration Committee, with training and development plans for Board members and their potential successor focused on likely timescales for future change. Details of training and development activities undertaken by the Board, individually and collectively, during 2021 is set out on page 78.

We were delighted to announce on 7 February 2022 that Jennie Daly, our current Group Operations Director, will succeed Pete Redfern as Chief Executive on 31 December 2021. However, this progress needs to continue and the Company’s revised Equality, Diversity and Inclusion Policy, together with details of the progress made during 2021 and plans for 2022, appears on pages 93 to 97.

Succession planning for key Board positions is regularly reviewed by the Nomination and Governance Committee, with training and development plans for Board members and their potential successor focused on likely timescales for future change. Details of training and development activities undertaken by the Board, individually and collectively, during 2021 is set out on page 78.

The Board continues to recognise the importance of its committees, and individual Directors, each being subject to a rigorous performance evaluation every year. This annual evaluation is externally facilitated at least every three years, in accordance with the Code. The 2021 evaluation was internally facilitated, and details of the process followed, the outcomes, and proposed actions to be taken to address potential areas of improvement or further enhancement, are set out on page 92.

2022 AGM

I am pleased to be able to announce that the Company’s 2022 AGM will be held in person at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1JU. I hope you will be able to attend and I want the other Board members look forward to meeting shareholders, hearing their views, and answering their questions. In the event that shareholders are unable to attend the AGM, they are invited to submit questions in advance to be answered at the AGM. More details of the AGM and the business to be considered, are set out on pages 194 to 191.

Conclusion and outlook

As demonstrated in the results of our internal Board evaluation, your Board continues to be effective and to work well as a team, having been further strengthened by the appointment of Angela Knight as Chair of our Remuneration Committee, with training and development plans for Board members and their potential successor focused on likely timescales for future change. Details of training and development activities undertaken by the Board, individually and collectively, during 2021 is set out on page 78.

50% Gender board diversity

95% of employees are proud to work for the Company

50% reduction in direct (scope 1 and 2) carbon emissions intensity since 2013

Chairman

Irene Dorner

2 March 2022
The Board and its Committees
At the statutory acts as Secretary to the Board and its Committees and attends all meetings. The Chairman holds a meeting with the Non-Executive Directors at the conclusion of each formal Board Meeting, without the Executive Directors being present, and, as required by the Code, the Senior Independent Director, held a meeting with the Non-Executive Directors without the Chairman being present.

Directors without the Chairman being present.

Appointments and succession
During 2021 the Nomination and Governance Committee considered the Board composition and, together with the process to date on recruiting new Non-Executive Directors, can be found on pages 90 to 91.

Board attendance
During 2021 the Board held eight formal meetings and one informal update call in January in order to update the Board on the previous year and performance and provide an initial trading update in the new year. The Board regularly considers the number and frequency of Board meetings that take place each year and has concluded that nine meetings is appropriate. There are processes in place to give the non-executive Board meetings as and when necessary. The Chairman held a meeting with the Non-Executive Directors at the conclusion of each formal Board Meeting, without the Executive Directors being present, and, as required by the Code, the Senior Independent Director, held a meeting with the Non-Executive Directors without the Chairman being present.

There was full attendance at all meetings by all Directors, except the Chairman who was not available for one meeting which was instead chaired by Robert Nellis as the Company’s Senior Independent Director. After the meeting, both Rob Noel and Alice Black, in her role as Secretary, briefed Irene Dorner on the business of the meeting and any decisions that were taken. In addition, prior to the meeting, Irene’s views on the business proposed in the meeting agenda were sought and shared with the other Board members during the meeting. Details of the attendance of each Director at Board and Committee meetings are set out on the tables on pages 75, 95, 96 and 105.

Board responsibilities
The Board discharges its responsibilities by providing strategic and entrepreneurial leadership of the Company, within a framework of strong governance, effective controls and a strong culture emphasising openness and transparency, which enables opportunities and risks to be assessed and managed appropriately. In addition, the Board sets the Company’s strategic direction, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. More information about each member of the Board’s role can be found on page 87.

Information and professional development
In normal business conditions, all Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. The role of the National Employee Forum (NEF) has been steadily enhanced over the past four years enabling a representative of the employees to foster and maintain an understanding of the Company’s strategy and operations. Irene Black, in her role as Secretary, briefed Irene Dorner on the business proposed in the meeting agenda and prior to the meeting, in order to allow sufficient time for detailed review and consideration. Formal minutes are prepared in respect of all Board and Committee meetings.

Succession
The Chairman considers regular briefings to the Board on relevant regulatory and governance matters, supplemented by briefings from independent advisers where necessary.

During 2021, the Board received briefings on topics including ESG. These were delivered by independent experts and the Board will continue to include additional topics on the agenda for future information briefings.

The Chairman, Chief Executive and Secretary meet sufficiently in advance of each Board meeting in order to ensure action points from previous meetings have been implemented and to prepare the agenda and matters to be covered at the next and all future Board meetings as appropriate.

A similar process is undertaken by each Committee Chair with relevant members of Management.

An annual plan for the following year’s meetings is prepared by the Board and each Committee in the final meeting of each year.

The Company’s purpose is to build great homes and create thriving communities. This purpose is described in more detail, together with the way it links to the Group’s strategy, is strongly supported by our values, and is underpinned by our commitment to our key stakeholders and the ways in which we consider the impact of our strategies in our annual report. The Board has always been an important part of working for Taylor Wimpey and our approach is set out on page 7. The Board receives regular briefings and updates on the progress of the Group’s ESG initiatives. These briefings allow the Board to assess the significant ESG risks to the Company’s short and long-term value. They also informed the Board as to the Company’s compliance with the new requirements effective for this reporting year.

How progress is driven and performance overseen
In light of the increasing focus on ESG matters by stakeholders, and its importance in relation to Group strategy and operations, the Board decided during the year that ESG oversight would be the responsibility of the full Board, in order to ensure that all of the Executive Directors are involved in the considerations and can then drive the necessary action and any change through the organisation. The Nomination and Governance Committee still has an important role to play in some key areas of ESG and these are described more fully in the Nomination and Governance Committee report on pages 89 and 93.

The financial implications for the Company of ESG are overseen by the Audit Committee as part of its review of the annual financial statements, as described in more detail on pages 98 to 104. This includes financial risks from climate change which are reported in compliance with the TCFD, as set out on page 50.

The implementation of ESG initiatives across the Group is led by the Chief Executive and the CLO.

Social and governance aspects of ESG are considered ‘business as usual’ and this is evident in our key performance indicators and stakeholder interaction.

The Company’s purpose is to build great homes and create thriving communities. This purpose is described in more detail, together with the way it links to the Group’s strategy, is strongly supported by our values, and is underpinned by our commitment to our key stakeholders and the ways in which we consider the impact of our strategies in our annual report. The Board has always been an important part of working for Taylor Wimpey and our approach is set out on page 7. The Board receives regular briefings and updates on the progress of the Group’s ESG initiatives. These briefings allow the Board to assess the significant ESG risks to the Company’s short and long-term value. They also informed the Board as to the Company’s compliance with the new requirements effective for this reporting year.

How progress is driven and performance overseen
In light of the increasing focus on ESG matters by stakeholders, and its importance in relation to Group strategy and operations, the Board decided during the year that ESG oversight would be the responsibility of the full Board, in order to ensure that all of the Executive Directors are involved in the considerations and can then drive the necessary action and any change through the organisation. The Nomination and Governance Committee still has an important role to play in some key areas of ESG and these are described more fully in the Nomination and Governance Committee report on pages 89 and 93.

The financial implications for the Company of ESG are overseen by the Audit Committee as part of its review of the annual financial statements, as described in more detail on pages 98 to 104. This includes financial risks from climate change which are reported in compliance with the TCFD, as set out on page 50.

The implementation of ESG initiatives across the Group is led by the Chief Executive and the CLO.

Social and governance aspects of ESG are considered ‘business as usual’ and this is evident in our key performance indicators and stakeholder interaction.

The Board welcomed the Policy Statement and associated guidance issued by the Financial Conduct Authority setting out details of how greater reporting in this area is mandatory for future reporting periods under the Listing Rules. The Company’s new reporting in this area is set out on pages 48 to 55 of this Annual Report; and our continued disclosure of performance against criteria identified for our sector by the Sustainability Accounting Standards Board, applicable to our sector.

Further details of ESG risks and values enhancement pursuit appear on pages 15 and 40 of the Sustainability Supplement and ESG Addendum 2021, while reassessment of risk and asset values to reflect this in revised capital allocations. It is therefore pleasing to be able to report that the Company’s commitment to ESG and progress, particularly in respect of our sustainability initiatives, is being recognised, as the Company: – is a constituent of the Dow Jones Sustainability Europe Index and FTSE4Good – is included in the S&P Sustainability Yearbook 2022 – has received an AA rating from MSCI – has received an ESG Risk Rating of Low from Sustainalytics – is a member of Next Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021 – decreases performance to CDP and received the following scores: CDP Climate Change A (2020: B), CDP Water Security B (2020: B), and CDP Forests B- for forest commodities and deforestation (2020: B) – is assessed to be at level 2 in the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company’s ESG performance, indicating a low level of comparative risk for governance, including the lowest level of comparative risk for the key areas of Board structure, compensation, and shareholder rights.
Advice available to the Board
All Directors have access to the advice and services of the Secretary and Company Secretariat team. The Board has an established procedure whereby Directors may take independent professional advice at the Company’s expense where they judge it necessary to do so in order to discharge their responsibilities as Directors.

Health, safety and environment
The Board’s continuing commitment to conducting its operations to high standards of health, safety and environmental management is demonstrated by receipt of detailed reports on health, safety and environmental matters as the first substantive item at each Board meeting. More details, on these and other initiatives in these areas, can be found in the stakeholders section on pages 34 to 47, in our Sustainability Supplement and ESG Addendum for 2021 and the Company’s detailed carbon reporting, as set out on page 55.

Diversity
As part of our ESG agenda, the Company is committed to supporting diversity and our policy is to appoint or promote, as appropriate, the best person for the role in question, without taking account of factors such as background, age, gender or disability. The policy has been reinforced by business training sessions on unconscious bias for management teams throughout the organisation and its head office functions. More information can be found on page 93.

Management
Progress in achieving the Group’s strategy is reviewed at appropriate Board meetings throughout the year and is reported on pages 24 to 27. The Chief Executive has responsibility for preparing, reviewing and executing the strategic plans for the Group and the annual budgetary process. These are subject to formal review and approval by the Board. The Chief Executive and the Board conduct regular reviews of actual results and future projections with comparisons against budget and prior year performance, together with various treasury reports. Disputes that may give rise to significant litigation or contractual claims are monitored at each Board meeting, with specific updates on any material developments or new matters presented by the Group General Counsel and Company Secretary.

The Group has clearly defined policies, processes and procedures governing all areas of the business, which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances.

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board, within which individual responsibilities of senior executives of Group companies are identified and can be monitored. These are set out in the Operating Framework, which is available for review online by any employee through the Company’s intranet.

Defined authority limits continue to be closely monitored in response to prevailing market conditions.

Every employee should have a set of performance objectives agreed for each year in addition to a personal development plan. The annual employee performance appraisal process is competency based, with individual objectives cascaded down from the appropriate business objectives. The process also identifies training needs to support achievement of objectives.

Our governance related documents
The following documents are available to view on the Company’s website. These were reviewed during the year, updated where necessary, and relevant reporting against these is provided to the Board or relevant Committees.

Schedule of matters reserved for the Board
Division of responsibilities
Articles of Association
Terms of Reference of the Nominations and Governance Committee
Terms of Reference of the Audit Committee
Terms of Reference of the Remuneration Committee

A number of further Board mandated policies can be found on our website www.taylorwimpey.co.uk/corporate/our-company/governance/our-policies

Operational oversight
Operational oversight of the Company’s business is undertaken by the Chief Executive leading the GMT. The GMT is the most senior executive committee and its membership is set out on pages 10 to 17. The GMT is responsible for the day to day management of the Company’s operations and is responsible for making key strategic decisions.

The Board also reviews regular reports and minutes from the meetings of the Company’s Treasury Committee which is chaired by the Group Finance Director. The Treasury Committee is responsible for monitoring and reviewing the Company’s financial risks, financial and treasury policies, financial facilities, covenant compliance and insurance programme in light of current and proposed strategic and operational requirements. The Treasury Committee is also responsible for making recommendations to the Board or GMT, as appropriate, regarding policy or operational changes in these areas.

The Treasury Committee also continuously monitors the operation of the Group’s supplier payment policy and practices and advises the Board of any significant variances, together with remedial actions proposed or taken.

Risk
During 2021, the continued embedding of previous enhancements made to the Group’s risk management process around enhanced reporting, tracking and monitoring of risks, together with additional enhancements made during the year, has further strengthened the effective management of the Principal, key and emerging risks, which led to the addition of two new Principal Risks as set out on page 101. The management of this risk and mitigation actions and plans were reviewed and assessed by Internal Audit as part of its programme of work during the year. To achieve its objectives in respect of risk management and internal control for the year, the Audit Committee undertook a number of actions as set out in more detail in the Audit Committee Report on page 101.

Anti-bribery and anti-corruption
In line with the Bribery Act 2010, the Company has written policies on its zero-tolerance approach to bribery and corruption. These policies are available for review externally on the Company’s website and internally on the intranet. The risk to the Company of non-compliance would be significant reputational damage, potential financial penalties and the possible exclusion from certain approved partner arrangements. These risks are mitigated by training for senior managers and by issuing an annual reminder, which includes the current versions of the policies, to all businesses and key departments, which requires written confirmation of continuing compliance and maintaining the gifts and hospitality register.

As part of the annual reminder, senior managers are required to review training videos on anti-corruption, anti-money laundering and competition law.

Whistleblowing
The Company’s Whistleblowing Policy is supported by a clear process that includes an independent, third party whistleblowing hotline that any person, including employees of the Company, may, in confidence, raise concerns about improprieties in financial reporting, other operational matters or inappropriate behaviour in the workplace. All whistleblowing cases are investigated by the Head of Internal Audit, GMT Director and/or the Group General Counsel and Company Secretary depending on the nature of the issue, and where appropriate the Head of HSE.

Whistleblowing incidents and their outcome are reported to the Board, on an anonymous basis, in line with the Code. Whistleblowing feedback is regularly on the Board’s agenda during 2021, with formal half yearly reviews and interim updates on specific matters, which allowed the Board to regularly review the adequacy of the Policy in line with the requirement to do so under the Code.

The anonymous report that is provided to the Board of concluded investigations is also shared with the GMT.

The Policy includes the ability for workers to make protected disclosures with regard to matters arising under the Modern Slavery Act with regard to the business and its supply chain. Following a review of the process and its administration, and the continuing high-profile awareness campaign around the Company’s businesses and offices, the Board is satisfied that the Policy and its administration remain effective.

Ensuring there is no conflict of interest
In order to assist Directors in complying with their duty to avoid conflicts of potential conflicts of interest the Board must first give its clearance to potential conflicts of interest which includes directorships or their interests in outside companies and organisations following which an entry is then made in the statutory register which the Company maintains for this purpose.

Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is or may be a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Company’s Articles. In such cases, unless allowed by the Articles, a Director is not permitted to participate in any discussions or decisions relating to the contract or arrangement. The Board undertakes a regular review of each Director’s interests, if any, outside the Company. In addition, all proposed new appointments and interests of Directors are discussed with the Independent Director who also considers the impact on the time commitments of the Director concerned.

Following these reviews, the Board remains satisfied that all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively, and that any current external appointments do not detract from the extent or quality of time that the Director is able to devote to the Company.
Our Board considers that good governance should not only be focused on how our Board operates, but also on the culture within which the Company’s employees operate on a day to day basis in order to achieve our purpose. We are proud of the culture to ‘do the right thing’ at Taylor Wimpey and see it as a key strength of the organisation.

A healthy culture is important and we fully agree with the Financial Reporting Council (FRC) that it both ‘protects and generates value’ and that culture should be the subject of a continuous focus rather than only in times of a crisis. Our Board is responsible for defining and setting the Company’s culture, values and standards from the top. Culture is established by leadership and by example, but this also needs to be underpinned by clear policies and codes of conduct which ensure that the Company’s obligations to its shareholders and other stakeholders are clearly understood and met.

The principles of good governance are embedded throughout Taylor Wimpey and manifest themselves in a number of different ways, including the following:

- An absolute and non-negotiable requirement throughout our business to ensure the health and safety of all of our stakeholders that work at, or visit our development sites.
- The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business.
- The provision of mandatory training to all of our businesses on key legislation and its dealings with all stakeholders. The observance of that culture to ‘do the right thing’ at Taylor Wimpey.
- The Board’s Employee Champion, Gwyn Burt, Non Executive Director, continued to strengthen the availability and frequency of communication between the Board and employees. Gwyn attended three NEF meetings throughout the year and reported back to the Board on topics discussed, as described in more detail on page 85.

Our Annual Injury Incidence Rate per 100,000 employees and contractors was 214 (2020: 215), well below the HSE Home Builder and Health and Safety Executive construction industry averages. The Board reviewed health, safety and environmental matters as the first substantive item at each Board meeting. During 2021, our health and safety team delivered training to over 2,500 individuals on sites and rolled out a new HSE reporting system, improving data records and insight into likely root causes of incidents.

Our Board monitors culture

The Board is led in these respects by the Chairman, who ensures our Board operates correctly, setting its own culture and, by extension, that of the Company in its operations and its dealings with all stakeholders. The observance of that culture throughout business operations is led by the Chief Executive and the DMT. The Board reviews several important indicators of the Company’s culture, including those set out below.

Employee perception and retention

Our voluntary employee turnover of 19.0% (2020: 9.4%) has increased following a very low year in 2020 as a result of the uncertainty during the COVID-19 pandemic.

Employee surveys

Following the results of the Company’s latest employee survey, a benchmarking exercise was undertaken, resulting in salary increases for 1,307 employees in addition to the 2% general salary increase for all employees. We will continue to benchmark key metrics throughout the year when necessary, to ensure that we continue to offer a market-competitive remuneration package.
Shareholders

The Board actively seeks and encourages engagement with investors, including its major institutional shareholders and shareholder representative bodies throughout 2021, representing 22.3% of our issued share capital. A variety of key themes were discussed such as ESG and succession.

2021 Annual General Meeting

Shareholders were not able to attend the 2021 AGM in person as a result of the COVID-19 pandemic. In a similar way to the 2020 AGM, the Board put in place arrangements for shareholders to listen to the business of the meeting by dialling into an audiocast facility. Shareholders were also given the opportunity to ask questions in real time on the call. Alternatively, they were able to submit questions in advance of the meeting to the Company Secretary by email and these were answered during the meeting. The Company also took the opportunity to amend its Articles of Association to allow hybrid meetings in the future, so that if shareholders are unable to attend meetings again in the future, they will be able to vote in real time. The Board is looking forward to reverting to an ‘in person’ AGM in 2022, which will allow our Board members to meet and speak directly with our shareholders.

Investor relations programme

The Company operates a structured investor relations programme, based around formal announcements and publications of the full year and half year results. The Board is kept regularly apprised on the investor relations programme and receives a detailed report at each meeting.

The Company’s brokers also attend Board meetings from time to time as required to give their perspective on institutional shareholder sentiment.

Remuneration consultation

The Remuneration Committee also wrote to 14 shareholders and three institutional shareholder advisers, holding in aggregate 52% of our issued shares, to ask for feedback and offered the opportunity for a conversation on the proposed remuneration arrangements for the Executive Directors for 2022 and the proposed remuneration arrangements for Pete Redfern when he leaves the business.

Employees

The Board recognises the importance of engaging with the workforce and has therefore adopted two of the methods set out in Provision 5 of the Code. The Board’s Employee Champion ensures that the voice of employees is heard, and is chaired by Tim Bettis, regional Managing Director of our South East business unit, who has confirmed that there continues to be a healthy level of debate which has led to key changes in key processes and procedures, such as providing input on proposed action plans following the employee survey. At NEF meetings participated in a number of training courses aimed at building their confidence in encouraging them to look beyond their region and consider issues from a national perspective.

The NEF

The NEF has been in place for over four years and continues to be effective. The NEF is chaired by Tim Bettis, regional Managing Director of our South East business unit, who has confirmed that there continues to be a healthy level of debate which has led to key changes in key processes and procedures, such as providing input on proposed action plans following the employee survey.

During 2021 the following key activities took place:

- Received briefings on key development areas in the business, including an update on land acquisition following the equity raise, implementation of the Environmental Strategy, and the employee survey.

Employee Consultative Committees had been established for over 10 years at each business unit and to feed any areas of concern up to the NEF. This will strengthen the input into the NEF and the Board from the Company’s employees.

More information on how the Board engaged with our other stakeholders and key decisions made by the Board which considering our stakeholders can be found on pages 38 and 39.

How the Board engaged with shareholders and employees during the year
A clear and effective structure

There is a clear and effective division of responsibilities between the Board and the Group Management Team (GMT) which is a key foundation of the Company’s strong governance. We believe that a successful company is led by an effective and entrepreneurial board, whose role is to promote the long term sustainable success of the company, generating value for all of the company’s stakeholders. To support this principle, the Board has established a framework of delegated financial, commercial and operational authorities which define the scope and powers of the Chief Executive and the GMT.

In line with the Code, the clearly defined roles and responsibilities of the Chairman, Chief Executive and Senior Independent Director have been reviewed during 2021 and have been signed by Irene Dorner, Pete Reid and Robert Noel in their respective capacities. In addition, the main activities of the Board’s Employee Champion have been included in the document in 2021.

How we are governed

**The Board**

- Provides strategic and entrepreneurial leadership within a framework of strong governance and effective controls
- Responsible for defining and setting the Company’s purpose and values which in turn influence its culture
- Defines which matters are reserved for the decision of the Board
- Oversees the Company’s ESG initiatives
- Establishes the Company’s risk appetite and oversees processes designed to ensure compliance
- Reviews the Whistleblowing Policy and associated investigations and outcomes
- Ensures effective engagement with shareholders and other stakeholders

**Audit Committee**

Chaired by Humphrey Singer

- Monitors, reviews and advises the Board on the Company’s financial reporting and related announcements
- Undertakes a detailed review of the Board’s risk assessment and mitigation procedures and makes recommendations to the Board
- Oversees the relationship with the Company’s external Auditors
- Oversees the reporting of Internal Audit investigations and reviews the implementation of any changes required
- Monitors the continuous improvements in information technology, data protection and resilience to cyber attacks

**Nomination and Governance Committee**

Chaired by Irene Dorner

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the candidate profile shortlisting process and appointment of new Directors to the Board
- Revises the succession and contingency planning for the Board, its Committees, and across the Company’s senior positions
- Reviews the training and development plans for the Board, its Committees, and across the Company’s senior positions
- Reviews, sets targets for and drives the Company’s equality, diversity, and inclusion strategy
- Reviews the Company’s corporate governance practices and procedures
- Reviews AGM resolutions and makes related recommendations to the Board for approval

**Remuneration Committee**

Chaired by Gwyn Burr

- Advises the Board on remuneration policy at executive and senior management levels
- Ensures that remuneration is geared to the enhancement of shareholder value
- Ensures that targets are appropriate and support the delivery of the strategic vision, with appropriate limiting risk taking and reflecting ESG considerations
- Ensures that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the alignment of executive interests with those of the Company’s shareholders and with the Company, including by setting executive shareholding guidelines and regulating post-employment holding requirements for certain employees
- Reviews the remuneration arrangements available to the wider workforce and considers these when setting the executive remuneration

**Chief Executive and the GMT**

- Responsible for the day to day management of the Company’s key strategic and operational activities

More information about our GMT members can be found on pages 10 to 17 on our website.

Role of the Board

Whilst all Directors share collective responsibility for the activities of the Board, we have defined the roles in more detail as governance considerations have developed over time. These roles and responsibilities are:

**Chairman**

- Lead the Board effectively to direct the Company
- Chair Board meetings and set Board meeting agendas
- Ensure high standards of corporate governance
- Demonstrate objective judgement
- Build a well balanced and highly effective Board
- Promote a Board culture of openness and debate to encourage constructive challenge
- Facilitate and promote constructive Board relations and communication
- Ensure Directors receive accurate, timely and clear information
- Set the Company’s cultural tone from the top
- Enable an annual review of the Board’s effectiveness
- Engage individually with the Directors, as required

**Chief Executive**

- Develop and implement the Company’s strategy
- Recommend the strategic plan and related annual budget
- Ensure the effective day to day running of the Company
- Ensure coherent leadership of the Company
- Regularly review the organisational structure, including developing the GMT and planning for succession
- Manage the Group’s risk profile and establish effective internal controls
- Ensure the Chairman and the Board are kept advised and updated regarding any key matters
- Maintain relationships with investors and advise the Board accordingly

**Senior Independent Director**

- Advise the Board on matters of corporate governance
- Chair meetings in the absence of the Chairman
- Oversee the finance, information technology and pension departments
- Oversee the Company’s risk profile, in conjunction with the GMT
- Serve on Board Committees
- Review, set targets for and drive the Company’s strategy
- Oversee the commercial department, operational supply chain and logistics support
- Oversee the Company’s risk profile, in conjunction with the GMT
- Ensure the Chairman and the Board are kept advised and updated regarding any key matters
- Oversee the customer service, sales and marketing, and sustainability functions
- Agreed the Board’s annual budget proposal from a financial perspective, prior to formal agreement with the Chief Executive and then this Board

**Group Finance Director**

- Manage the Company’s operational financial affairs, including any treasury and tax matters
- Oversee the finance, information technology and pension departments
- Oversee the Company’s risk profile, in conjunction with the GMT
- Agree the Company’s annual budget proposal from a financial perspective, prior to formal agreement with the Chief Executive and then this Board

**Group Operations Director**

- Manage the Company’s operational development process, from land acquisition, through planning applications, to design and production
- Oversee the small department, operational supply chain and logistics support
- Oversee the Company’s risk profile, in conjunction with the GMT
- Agree the Company’s annual budget from an operational perspective, prior to formal agreement with the Group Finance Director, Chief Executive and then the Board

**Group General Counsel and Company Secretary**

- Advise the Board on matters of corporate governance, compliance and legal issues
- Recommend the CEO’s replacement
- Responsible for legal and compliance matters relating to the Company
- Provide support to the Chairman and the Non Executive Directors
- Ensure effective support to the Board during meetings and whilst setting agendas
- Maintain relationships with investors and advise the Board accordingly
- Set the Company’s culture from the top, particularly with regard to compliance and sustainability
- Agree the Company’s annual budget proposal, prior to formal agreement with the Board
- Oversee the customer service, sales and marketing, and sustainability functions
Nomination and Governance Committee report

Nomination and Governance Committee summary
The Committee is chaired by Irene Dorner, Chairman of the Board. The Committee consists of six Non Executive Directors and the Chairman of the Board.

Committee meetings were also attended, by invitation, by the Chief Executive, Group Finance Director, Group Operations Director, Group General Counsel and Company Secretary, Deputy Company Secretary, Assistant Company Secretary, Group HR Director, Head of HR (Strategy), and the National Employee Forum (NEF) Chairman.

Composition, succession and evaluation Committee activities during 2021
Topic Activity / review
February 2021
May 2021
June 2021
October 2021
November 2021

Irene Dorner
Chairman of the Nomination and Governance Committee
2 March 2022
89

The appointment of Solla Gimbble and Jitesh Gadhia as Non Executive Directors on 1 March 2021 enhanced the range of skills and diversity on our Board and Committees. More information about Solla and Jitesh’s recruitment and induction process can be found on page 91.

Dear Shareholder
As Chairman of the Nomination and Governance Committee (the Committee), I am pleased to present the 2021 report of the Committee on behalf of the Board.

Board composition
2021, and the beginning of 2022, have introduced a new period of transition for our Board and the Company following the announcement that Pete Redfern, our Group Operations Director, as the Company’s next Chief Executive following nearly 15 years of outstanding service. We have undertaken a formal, rigorous and transparent appointment process to select a successor and we are very pleased to announce the appointment of Janess Daly, our Group Operations Director, as the Company’s next Chief Executive following the conclusion of the Annual General Meeting (AGM) on 26 April 2022. More information about this process can be found on page 90.

The Committee’s annual performance evaluation concluded that the Committee remains effective at fulfilling its Terms of Reference. The Committee’s Terms of Reference will be found on our website.

Corporate governance
The Committee’s objectives include oversight of the Company’s corporate governance processes, and we have successfully undertaken this role during 2021 through regular updates to the Committee and monitoring of the proper operation of the Company’s governance processes. Throughout 2022 we will continue to develop these processes to ensure that corporate governance best practice is complied with at all levels of the organisation.

Board evaluation
During 2021, the Board’s annual internally facilitated evaluation was successfully undertaken by myself with the assistance of the Group General Counsel and Company Secretary. The Committee assessed the progress made towards addressing the key points raised as part of the 2020 externally facilitated Board evaluation. Following the conclusion of the 2021 Board evaluation, a number of key actions to be taken during 2022 were identified and progress towards these will be reported in the 2022 Annual Report and Accounts.

I am proud of the results of the evaluation and consider our Board to be operating well with a healthy balance of discussion, debate and expertise. More information about the Board evaluation process, key actions and progress made can be found on page 92.

The Committee looks forward to supporting Jennie as she takes on the role of the Company’s Chief Executive during 2022 and also to the recruitment and induction process of our new Non Executive Directors. I believe these new appointments to the Board will further enhance our strong culture of corporate governance and ensure our Board and Committees continue to operate effectively for the benefit of our stakeholders.

Irene Dorner
Chairman of the Nomination and Governance Committee
2 March 2022

The appointment of Solis Gimbble and Jitesh Gadhia as Non Executive Directors on 1 March 2021 enhanced the range of skills and diversity on our Board and Committees. More information about Solis and Jitesh’s recruitment and induction process can be found on page 91.

However, following our announcement that both Gayn Burr and Angela Knight, Non Executive Directors, will be stepping down on the Board on 26 April 2022 due to changes in their commitments to other Boards, a recruitment process is underway to identify new Non Executive Directors to join our Board. Further details of the process and the skills and expertise we are seeking can be found on page 91.

During 2021, the Committee considered the balance of skills and experience of the Non Executive Directors, their time commitments and succession plans and at that time considered the balance to be appropriate. This balance has been reassessed whilst preparing for the recruitment of the new
I am delighted that, following a thorough recruitment and selection process, the Board has appointed Jennie Daly as the Company’s new Chief Executive. 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. I look forward to working closely with her as we execute our next phase of growth.

In December 2021, it was announced that Pete Redfern would be stepping down from his role as the Company’s Chief Executive after nearly 15 years of outstanding service in the role.

The Committee, led by Irene Dorner as the Committee Chairman, undertook the search and recruitment process for Pete’s successor. An additional Committee meeting, outside of the usual meeting calendar, was held in December 2021 to ensure the careful management and execution of the recruitment process. A small working hub was formed at the outset consisting of the Chairman, Senior Independent Director, Group HR Director and Group General Counsel and Company Secretary. The working hub was responsible for the day to day oversight of the recruitment process to ensure progress was being made against the agreed plan.

The Committee appointed Egon Zehnder to conduct an internal and external market scanning exercise and produce a diverse shortlist of candidates for consideration against the role profile by the Committee. After considering the shortlist the Committee produced a shortlist of preferred candidates. A four phased approach to the interview process was agreed, consisting of an interview with the Chairman and Senior Independent Director, a separate interview with the Audit and Remuneration Committee Chair, an additional interview with the Chairman, and finally a presentation to, and a Q&A opportunity for, the Committee.

The external candidates were also invited to meet with the Group Finance Director. Following each interview, feedback was provided to the Chairman and working hub, and discussed by the whole Committee at its meetings during the process. A final meeting was held in February 2022 for the Committee to discuss their views and agree a recommendation to the Board.

Following approval by the Board, on 7 February 2022 it was announced that Jennie Daly would be appointed as the Company’s new Chief Executive from the conclusion of the AGM on 28 April 2022. More information about Jennie, her experience and previous roles can be found on pages 6 and 74.

Jennie and Pete will work closely on a thorough handover process ahead of Jennie’s formal appointment. More information on the handover process will be reported in the Company’s 2022 Annual Report and Accounts.

Board balance and skills

As at 31 December 2021, six out of ten Board members were Non Executive Directors, and the other members of the Board were the Chairman and three Executive Directors. The Committee confirmed that the balance was appropriate and will be kept under review to ensure continued compliance with corporate governance best practice.

The Committee considered the diversity, size, division and composition of the Board, as well as the skills, knowledge and experience of each Board member and confirmed that the appropriate balance has been maintained to provide constructive challenge as well as guidance and support in order to continue to deliver the Company’s strategy.

As announced in early 2022, Anglia Knight and Gwyn Breret will be stepping down from the Board at the conclusion of the 2022 AGM. The Committee is leading the recruitment process, with an experienced executive search firm, for additional Non Executive Directors to join the Board. The Committee recognises this as an opportunity to replace Gwyn’s customer expertise and insights and to add to the Board’s operational experience. Further information about the recruitment and appointment process will be included in the 2022 Annual Report and Accounts.

Board appointments

The Committee has agreed that all appointments to the Board are subject to formal, rigorous and transparent procedures, are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths.

On 1 March 2021, Solla Grimblit and Jitesh Gadhia were appointed as Non Executive Directors and more information about the appointment process followed can be found in the 2020 Annual Report and Accounts.

More information about the recruitment process for the Chief Executive role can be found opposite.

Succession planning

In order to ensure there are effective succession plans in place for the Board, the GMT and heads of functions within the Company, the Committee has a visibility of a wide range of employees who have been identified as potential succession candidates in the short, medium and long term. The Committee reviews the Company’s development programmes for these individuals to ensure they have appropriate development plans in place.

The appointment of Jennie Daly as the Company’s new Chief Executive is a good example of our succession plans in action. More information about Jennie’s recruitment process can be found opposite.

One aspect of individuals’ development plans is for individuals below Board level to be given the opportunity to attend Board meetings to present on specialist topics, project work and specific divisions’ performance. This not only provides valuable exposure to the Board for these individuals, but it also valuable to the Board and Committee when assessing the strength of the succession plans in place.

During 2021, a number of individuals were invited to present to the Board on topics such as customer service, supply chain, and the sales and marketing team’s all of our new customer relationship management system.

The Committee recognises this as an example of our succession plans in action and the opportunity to replace Gwyn’s customer relations focus. Her strong focus on customer relationship management system.

Chief Executive succession planning and recruitment process

The Committee is responsible for:

- Maintaining formal, rigorous and transparent procedures for Board appointments
- Ensuring all Board appointments are made on merit and assessed against objective criteria.
- Overseeing and advising the Board on the identification, assessment and selection of candidates for appointment to the Board.
- Regularly reviewing the succession planning for senior levels and contingency planning and procedures across the Company.
- Guiding the Board on diversity considerations and driving the Company’s equity, diversity and inclusion agenda.
- Regularly assessing the Board’s composition, balance, diversity, experience, skill sets and individual Directors’ time commitments.
- Leading the annual Board evaluation process.
- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.

The Committee is responsible for:

- Regularly briefing the Board on corporate governance and compliance considerations and developments.
Board evaluation

In line with the Code, there should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman and individual Directors. As the 2020 Board evaluation was undertaken externally, during 2021 the annual evaluation was undertaken internally by the Chairman and the Group General Counsel and Company Secretary.

The 2021 Board evaluation focused on the following areas:
- Board leadership
- Strategy, culture and purpose
- Board composition and succession planning
- The Board’s Committees
- Stakeholder engagement
- Support for the Board

The following process was followed to complete the 2021 Board evaluation:
1. Each Director was asked to participate in the Board evaluation by completing a questionnaire.
2. Five members of senior management who regularly present to the Board or one of its Committees were invited to provide feedback to the Board.
3. Responses to the questionnaire were collected by the Group General Counsel and Company Secretary and shared with the Chairman on a non-attributable basis.
4. Any comments specifically relating to the Chairman were shared with the Senior Independent Director.
5. The Non Executive Directors met without the Chairman to review the Chairman’s performance based on the non-attributable feedback.
6. Each Non Executive Director was invited to have an one to one discussion with the Group General Counsel and Company Secretary to provide more detailed feedback.
7. Feedback was shared and discussed by the Board at one of its meetings.
8. The Board approved an action plan to be implemented during 2022 which will address the key comments made throughout the evaluation process.

The overall conclusion of the internal Board evaluation was that the Board is considered to be operating well with a healthy balance of discussion, debate and expertise.

2020 recommendations

Actions taken during 2021

Regular Board training / information sessions. During 2021, several Board training and teach-in sessions were held, on topics including:
- ESG
- Customer service
- Sales and marketing, including a demonstration of the Company’s new Dynamics customer relationship management system

2021 recommendations

Actions to be taken during 2022

Gouvernance

Following the expansion in 2020 of the Committee’s responsibilities to take the lead in respect of the Board’s corporate governance, during 2021 the Committee has continued to oversee the embedding of good governance practices at all levels of the Company and its operations. The Committee also acts as the first filter on all governance developments, and continues to make the appropriate corporate governance related recommendations to the Board. This additional responsibility has been embraced by the Committee and has been considered a positive change which has allowed the Committee to dedicate time and attention specifically to governance matters.

More information about the Committee’s activities in relation to corporate governance can be found in the Committee activities table on page 89.

During 2021 a working party, comprising representatives from the Company Secretariat and Internal Audit departments, undertook a number of activities in order to support the Committee to evolve the Company’s governance processes to become more resident, efficient and effective. These activities included:
- Reviewed and completed a gap analysis on the Matters Reserved for the Board.
- Reviewed the Company’s policies and publication of them on the Company’s website.
- Confirmed that the Committee’s delegated authority frameworks remain appropriate.

Annual re-election to the Board

In line with the Code, each Director is required to seek election or re-election, as appropriate, at each year’s AGM. The Committee is satisfied that each Non Executive Director remains independent in nature and did not identify any circumstancess that are likely to impair, or could impair their independence. In addition, the Committee is satisfied that the Chairman met the independence criteria as set out in the Code when she became Chairman.

The Committee also considers that each Director is able to allocate sufficient time to discharge their responsibilities to the Company effectively. This not only included Board and Committee meeting attendance, but also preparation time for meetings, visits to our operating businesses and other additional time commitments that were required during the year.

Accordingly, at the 2022 AGM, each Director, except Pete Redfern, Angela Knight and Gwyn Burr, irrespective of the date of their appointment, will be submitted for re-election.

Details of the resolutions to be proposed, alongside supporting biographical data, can be found in the Notice of Meeting on pages 184 to 191.

Equality, diversity and inclusion

Equality, diversity and inclusion remained a key focus area of the Company in 2021 and this will continue in 2022.

Board diversity

It is recognised that boards generally perform better when they include the best people from a range of backgrounds and experiences. When assessing the composition of the Board, the Committee recommends appointments and the Board makes appointments based on skills, experience and merit, but equality, diversity and inclusion will continue to be key considerations.

The Committee and the Board fully support the FTSE Women Leaders Review which seeks to improve the diversity of boards and senior leadership and sets the target of 33% of female representation on the Board and the Leadership Team (comprised of the GMT and their direct reports).

As at 31 December 2021

<table>
<thead>
<tr>
<th>Percentage of Board positions held by women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
</tr>
<tr>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of GMT positions held by women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
</tr>
<tr>
<td>60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Leadership Team positions held by women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
</tr>
<tr>
<td>24%</td>
</tr>
</tbody>
</table>

Note: The definition of our Leadership Team is our GMT and their direct reports.

We recognise the need to make further progress in the gender diversity of our Leadership Team (as can be seen in the graph below), however we are pleased to note that female representation in the GMT is 36%.

The Committee and the Board also welcomes the Parker Review’s ‘Beyond One by 21’ recommendation and can confirm that the Company is in compliance with this recommendation as at 31 December 2021.

Mere information about the Committee’s consideration of equality, diversity and inclusion when considering the succession of the Chief Executive can be found on page 90.

Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we will better understand how people’s differences and similarities can be harnessed for the benefit of all of our stakeholders and improve the Company’s ability to deliver the strategy.

Equally, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

The Company’s Compliance and Harassment Policies are strong and well embedded in the organisation, ensuring that any reports are investigated and addressed appropriately and the Company's Whistleblowing Policy enables employees to raise concerns internally or via an external whistleblowing hotline if preferred, to give confidence that there is no risk of suffering any form of retribution as a result.

The Company has announced the appointment of Jennie Daly as the Company’s Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction since Jennie Daly has started in her new role.

Review the role of the Board’s Employee Champion and consider ways to further strengthen engagement with employees.

The Board’s Employee Champion role has been reviewed and the Board has approved the role’s main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board’s Employee Champion outside of the NEF and without senior management being present to further encourage openness.

Further develop the Board’s oversight of the Company’s ESG priorities and determine ways to measure ESG progress consistently.

The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders.

Arrange additional site visits for Board members.

Additional site visits will be offered to Board members, both on a group and individual basis as appropriate.

The Committee and the Board also welcomes the Parker Review’s ‘Beyond One by 21’ recommendation and can confirm that the Company is in compliance with this recommendation as at 31 December 2021.

Mere information about the Committee’s consideration of equality, diversity and inclusion when considering the succession of the Chief Executive can be found on page 90.

Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we will better understand how people’s differences and similarities can be harnessed for the benefit of all of our stakeholders and improve the Company’s ability to deliver the strategy.

Equally, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

The Company’s Compliance and Harassment Policies are strong and well embedded in the organisation, ensuring that any reports are investigated and addressed appropriately and the Company's Whistleblowing Policy enables employees to raise concerns internally or via an external whistleblowing hotline if preferred, to give confidence that there is no risk of suffering any form of retribution as a result.

The Company has announced the appointment of Jennie Daly as the Company’s Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction since Jennie Daly has started in her new role.

Review the role of the Board’s Employee Champion and consider ways to further strengthen engagement with employees.

The Board’s Employee Champion role has been reviewed and the Board has approved the role’s main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board’s Employee Champion outside of the NEF and without senior management being present to further encourage openness.

Further develop the Board’s oversight of the Company’s ESG priorities and determine ways to measure ESG progress consistently.

The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders.

Arrange additional site visits for Board members.

Additional site visits will be offered to Board members, both on a group and individual basis as appropriate.

The Committee and the Board also welcomes the Parker Review’s ‘Beyond One by 21’ recommendation and can confirm that the Company is in compliance with this recommendation as at 31 December 2021.

Mere information about the Committee’s consideration of equality, diversity and inclusion when considering the succession of the Chief Executive can be found on page 90.

Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we will better understand how people’s differences and similarities can be harnessed for the benefit of all of our stakeholders and improve the Company’s ability to deliver the strategy.

Equally, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

The Company’s Compliance and Harassment Policies are strong and well embedded in the organisation, ensuring that any reports are investigated and addressed appropriately and the Company's Whistleblowing Policy enables employees to raise concerns internally or via an external whistleblowing hotline if preferred, to give confidence that there is no risk of suffering any form of retribution as a result.

The Company has announced the appointment of Jennie Daly as the Company’s Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction since Jennie Daly has started in her new role.

Review the role of the Board’s Employee Champion and consider ways to further strengthen engagement with employees.

The Board’s Employee Champion role has been reviewed and the Board has approved the role’s main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board’s Employee Champion outside of the NEF and without senior management being present to further encourage openness.

Further develop the Board’s oversight of the Company’s ESG priorities and determine ways to measure ESG progress consistently.

The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders.

Arrange additional site visits for Board members.

Additional site visits will be offered to Board members, both on a group and individual basis as appropriate.
During 2021, the Company’s new Equality, Diversity and Inclusion Policy (the Policy) was launched, providing information about the Policy and the key areas of focus can be found in the table opposite. The Company took the opportunity to enhance the previous Policy and ensure it remains in line with best practice to drive equality, diversity and inclusion across the Company. The Policy is supported by the work undertaken by the Diversity and Inclusion Committee (D&I Committee). The D&I Committee is made up of a variety of members from across the Company and is responsible for monitoring the Company’s progress towards operating in a truly diverse and inclusive manner.

The Company celebrated a number of equality, diversity and inclusion related initiatives and campaigns throughout 2021, including:

- **International Women’s Day:** The Company celebrated International Women’s Day for the third consecutive year. Employees took part in talks, databases and activities to encourage females across the Company and consider some of the barriers and challenges preventing women progressing. Women from Henpicked, the leaders in advising on maternity, paternity and adoption leave, are henpicked.

- **Men’s Mental Health Month and International Men’s Day:** Webinars on men’s health and panel discussions on what it means to be a man, masculinity, health and vulnerability helped employees to understand and appreciate men’s issues in the workplace.

- **LGBTQ+ Pride Month:** In addition to signs and visual signage being displayed on sites during Pride Month, awareness sessions were run for employees to attend. This LGBTQ+ network was also launched which has encouraged positive discussions and given our colleagues the confidence to feel they are supported and listened to.

- **National Inclusion Week:** This enabled topics such as disability, neurodiversity, sexuality, gender and ethnicity to be brought to the forefront of employees’ conversations to help raise awareness and build an inclusive culture.

- **Black History Month:** The Company’s proactive recognition of black history helps our employees become more knowledgeable about race in the workplace and have greater understanding of and empathy for each other.

To help ensure the Company represents society, the D&I Committee, GM1 and the Nomination and Governance Committee are in the process of setting a number of aspirational targets. Once set, progress will be regularly reported to the Committee which will monitor progress made towards them.

To support the Company’s objectives in relation to equality, diversity and inclusion all senior leaders undertake training to build their knowledge, awareness and understanding of inclusion and are supported by our regional Diversity Champions who work with the regional Managing Directors to develop and deliver a local Diversity and Inclusion Action Plan. Each of these Diversity Champions, the Divisional Chairs and the regional Managing Directors attended the third annual Diversity and Inclusion Conference held in July 2021 at which topics including privilege, allyship, intersectionally, employee networks and neurodiversity were discussed.

We recognise the importance of gaining insight, knowledge and awareness from relevant external organisations and experts in equality, diversity and inclusion. During 2021, the Company became a member of the Employees Network for Equality and Inclusion, a non-profit organisation and leading employee network to promote equality and inclusion in the workplace.

As well as working with others to help accelerate our plans, we have hosted raised awareness and understanding on equality, diversity and inclusion matters throughout the Company and will continue to do so. Our actions during 2021 and plans for 2022 can be found on pages 95 to 97.

**New and revised policies in 2021**

The Company introduced a Menopausal Support Policy which has raised awareness and understanding of how the menopause can affect people, both at work and at home. The Company is working towards becoming a menopause friendly accredited company by Henpicked, the leaders in advising on menopause at work.

A revised Maternity, Paternity and Adoption Leave Policy was published, enhancing the Company’s competitive maternity offer. More information can be found in the table opposite.

The Company’s new Wellbeing Policy, published in 2021, is designed to support employees and create a healthy and happy workplace where all employees feel appreciated and are treated fairly.

Our Equality, Diversity and Inclusion Policy

The Company’s Equality, Diversity and Inclusion Policy is set out below in sections based on the key objectives of the Policy which are to be an employer of choice, offer 21st century leadership and to expand our reach.

**Employer of choice**

Ensure that our working environment, policies, procedures and development and progression opportunities support greater diversity and inclusion.

**Respectful workplace programme**

This programme involves webinar training for regional Managing Directors to understand the part they play in driving a respectful and inclusive site and office culture. The programme has resulted in visual signage reminding employees about their role in embedding a respectful workplace and how they can report any concerns. An updated site induction details our expectations of behaviour on site and there is a zero tolerance approach which has led to subcontractors being removed from site due to inappropriate comments or behaviours. Two business units took part in the first phase of the programme during 2021 and have seen positive changes.

**Parent returns programme**

The Company’s Maternity, Paternity and Adoption Policy was updated to make it easier to understand and navigate, and it now includes an enhanced maternity leave offer including a guaranteed phased return to work and a comprehensive ‘leading your journey on parental leave’ guide and support from the parent returns network. This programme includes coaching by executive coaching company, The Tell Wall, before, during and after parental leave for all employees returning after taking parental leave.

**Health and wellbeing**

Each business unit has a Wellbeing Champion and a Mental Health First Aider who are responsible for driving wellbeing events and providing support to colleagues throughout the year. Wellbeing Champions received training through two online modules which covered topics such as the role of an effective Wellbeing Champion, defining the difference between pressure and stress, identifying both internal and external signposting and supporting the wellbeing strategy. There have been a number of events and activities available for all employees and their families to join which have received high levels of engagement. Site teams have been given training on topics including stress, fatigue, resilience and managing mental health. These training sessions were attended by over 500 members of the site management teams.

**Reverse mentoring programme**

This programme involves senior management building further understanding of the challenges faced by individuals from backgrounds different to their own whilst also providing under-represented individuals with access to senior leaders to discuss development and progression opportunities. Ten senior leaders undertook the programme with 112 individuals. Ninety-five percent of mentees and 100% of participants agreed that they had benefited from the programme and would recommend it.

As at 31 December 2021

| Percentage of the workforce that are women | 32% | 2020: 33% |
| Percentage of new starters during 2021 that are BAME(a) | 31% | 2020: 33% |
| Percentage of the workforce that are BAME(a) | 5% | 2020: 4% |

Please find our latest Gender Pay Gap report on our website.

(a) This term BAME Black, Asian, Ethnic Minorities has been used when referring to demographic groups that are BAME(a) as the definition varies in different contexts.

As our actions during 2021 and plans for 2022 can be found on pages 95 to 97. For incorrect context.

As at 31 December 2021

<table>
<thead>
<tr>
<th>Progress made during 2021</th>
<th>Future actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two business units took part in the first phase of the programme during 2021.</td>
<td>The programme will be made available for the customer service, sales and office based teams at the business units which have undertaken the first phase of the programme during 2021.</td>
</tr>
<tr>
<td>Nine additional business units are scheduled to take part in the programme during 2022.</td>
<td>Continue to provide guidance and support to those on and returning from maternity, paternity and adoption leave.</td>
</tr>
<tr>
<td>Ten senior leaders and 100% of participants agreed that they had benefited from the programme and would recommend it.</td>
<td>Mental Health First Aiders will be given refresher training and offered quarterly supported facilitation sessions to ensure regular feedback and support in understanding and addressing mental health issues, so that can be identified and dealt with effectively.</td>
</tr>
</tbody>
</table>
Diversity and training

Diversity in their team.

Ensure that all data collected regarding applicants and those hired is reviewed and scrutinised to prevent any bias and take positive action throughout the hiring process. Expand our reach by advertising via more job boards to encourage further diversity of applicants.

Future actions

Future talent

Recruitment processes have been adjusted to be more inclusive. We continue to use Prospects.co.uk as our main online recruitment platform as they register more candidates from minority backgrounds compared to any other job board. Recruitment directly from universities has been focused on universities with a higher proportion of BAME® students. We continue to have a balanced gender split and for 2021 46% of our graduate intake were women and 34% of our management trainee intake where women. We have also increased the ethnic diversity of both our graduate and management trainee intake.

Focus on scrutinising hiring data to understand where further action is required.

Interview conversion

There has been an improvement in reaching a more diverse pool of candidates for roles advertised, however there is further progress to be made in translating this into a sufficiently diverse candidate pool being invited for interviews.

Focus on scrutinising hiring data to understand where further action is required.

Attraction channels

We introduced an employer profile on Working Mums to promote the Company’s status as a flexible employer, and added further content to Indeed, Glassdoor and LinkedIn profiles to promote our diversity and inclusion initiative. Furthermore, we worked with Black Professionals in Construction to promote roles to an exclusively BAME(a) candidate audience, and through the HiB’s Careers and Skills Partnership Attract group, we can partner with Women in Construction to provide basic career conversion training and work placements for women getting into the construction industry.

Offer a placement scheme with Women in Construction to provide work experience for this under-represented population in production-based roles.

Inclusion leadership coaching

Piloted coaching with a selection of regional Managing Directors focusing on enabling leaders to explore the attributes, mindset and skills required of an inclusive leader. This coaching aims to enable individuals to identify and understand what behaviours and beliefs may be preventing them from being inclusive and explore how to mitigate behaviours and beliefs and create an actionable diversity and inclusion plan to drive results.

Continue to provide training throughout 2022.

Hiring and inclusion training

Training has been provided to all regional Directors and middle management roles focusing on attracting, selecting and retaining diverse teams. This training explores the challenges in hiring and retaining diverse talent, unconscious bias, privilege and action planning to drive results. The programme has been well received and positive action has been taken, leading to an increase in the diversity of applicants.

Continue to provide training throughout 2022.

Diversity and inclusion e-learning

This e-learning topic has been made available for all employees and focuses on ensuring everyone in the Company understands equality, diversity, inclusion, our strategy, values and their role in supporting positive change.

To be followed by further e-learning modules in 2022 and 2023 to focus on embracing and respecting differences, bias, stereotypes, microaggressions and prejudices in actions, psychological safety and belonging, privilege and allyship.

Race and ethnicity network

The race and ethnicity employee resource network (the network) meets on a regular basis and every employee, regardless of race and background is welcome to join. The purpose of the network is to promote awareness of race and ethnicity in the workplace, be inclusive and deliver objectives in a light but meaningful approach and to align objectives and activities with the Company's values and strategy.

This network provides employees with a safe environment to talk about positive and negative experiences, and enables them to question, challenge and support others. The network celebrates the cultural diversity of our employees, customers and communities and creates a culture of genuine inclusion through regular events centered around the celebration of cultural diversity and by encouraging positive conversations about race and ethnicity with everyone.

In addition, the network empowers our employees to reach their potential and elevates the voices of employees of all ethnicities. It also helps to identify specific barriers to retention and progression and support the development of an action plan to combat any issues identified.

Expanding our reach

Develop broader recruitment channels and take positive action to expand the diversity of candidates we attract to the Company, including designing development programmes to attract and support new employees.

Social media

There have been focused posts on promoting the Company as an inclusive employer and there has been an encouraging level of engagement with diversity and inclusion related posts.

Focus on posting authentic content, tailored to the audience to encourage engagement.

Attraction channels

We introduced an employer profile on Working Mums to promote the Company’s status as a flexible employer, and added further content to Indeed, Glassdoor and LinkedIn profiles to promote our diversity and inclusion initiative. Furthermore, we worked with Black Professionals in Construction to promote roles to an exclusively BAME® candidate audience, and through the HiB’s Careers and Skills Partnership Attract group, we can partner with Women in Construction to provide basic career conversion training and work placements for women getting into the construction industry.

Offer a placement scheme with Women in Construction to provide work experience for this under-represented population in production-based roles.

21st century leadership

Flexible working for site management teams

Following feedback including concerns about the culture, working hours and impact that having a family could have on female employees' ability to remain in the site management team, there have been trials advertising part time Assistant Site Manager vacancies in the anticipation that more female site managers would apply. The COVID-19 pandemic has changed employees' mindsets on ways of working and spending time with their families, so this is an important trial to see if more part time work can be facilitated on site.

Flexible working for site management teams

Each network is sponsored by a member of the GMT.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

21st century leadership

Flexible working for site management teams

Following feedback including concerns about the culture, working hours and impact that having a family could have on female employees' ability to remain in the site management team, there have been trials advertising part time Assistant Site Manager vacancies in the anticipation that more female site managers would apply. The COVID-19 pandemic has changed employees' mindsets on ways of working and spending time with their families, so this is an important trial to see if more part time work can be facilitated on site.

Flexible working for site management teams

Each network is sponsored by a member of the GMT.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.

Race and ethnicity network

This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.

Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.

This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners.

Proud2B LGBTQ+ network

This network helps to create an environment where LGBTI+ colleagues can be their authentic selves. The Company’s status as a Stonewall Diversity Champion has been facilitated by the work of the network.
Audit Committee report

Audit Committee summary
The Committee is chaired by Humphrey Singer. All members of the Committee are independent Non-executive Directors as required by the UK Corporate Governance Code (the Code). The Board has determined that Humphrey Singer has recent and relevant financial experience as required by the Code.

Committee meetings were attended by, invitation, by the Chairman, Chief Executive, Group Financial Director, Group Operations Director, other Non-executive Directors, Group General Counsel and Company Secretary, Assistant Company Secretary, Group Financial Controller, Head of Internal Audit, Senior Internal Audit Manager, Head of Tax, Head of Group Reporting, Head of Risk, Group IT Director, Head of IT Services, and the external Auditors.

Main objective
– To assist the Board in fulfilling its corporate governance responsibilities relating to the Group’s management and internal control framework, internal audit process; financial reporting practices including the key accounting judgements and estimates; and external audit process

2022 key areas of focus
– Continue to ensure that IT operating environment remains robust, supporting the business needs in a year of planned changes to core systems and also that key systems are protected against cyber and other threats
– Gain assurance on required changes to key processes and controls that may be affected by known legislative changes impacting the industry through 2022 and 2023, in particular the New Homes Ombudsman Service and the Future Homes Standard
– Oversee the adoption of any financial governance changes in 2022 resulting from the ongoing Department for Business, Energy and Industrial Strategy (BEIS) consultation

Corporate governance

Audit, risk and internal control

Scilla brings significant financial and risk-related experience, as described in more detail on page 75, which has added to the Committee’s skill set and further enhanced the quality of its work on behalf of shareholders. Angela Knight will step down from the Committee when she steps down from the Board at the conclusion of the AGM on 26 April 2022. I would like to thank Angela for her valued service and wise counsel during her membership of the Committee.

Key areas of focus
The Committee’s key areas of focus during 2021 were:
– To oversee the External Quality Assessment of the Internal Audit function
– To give continued focus to the resilience and protection of key business systems to cyber and other threats

2021 was a year in which the Company’s financial reporting and governance around the Committee’s remit was enhanced by the Code reforms and new processes designed to improve communications and engagement between Boards, Audit Committees and shareholders. The Committee will monitor the progress of these proposals and will report on their outcome and the implications for the Company at the appropriate time.

Committee activities during 2021
The March 2022 meeting concluded the Committee’s activities with regard to the Company’s 2021 reporting cycle which have been included in the table below.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Activity / review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial reporting</td>
<td></td>
</tr>
<tr>
<td>Reviewed year end matters including the draft Annual Report and Accounts (and assessed the processes which assures it is fair, balanced and understandable), significant accounting and audit issues, the draft full year results announcement and the going concern statement</td>
<td></td>
</tr>
<tr>
<td>Reviewed the draft half year statement, including significant accounting issues, materially and the external Auditor’s report on the statement</td>
<td></td>
</tr>
<tr>
<td>Reviewed Accounting Issues and Accounting Standards in preparation for year end reporting</td>
<td></td>
</tr>
<tr>
<td>Reviewed the proposed TCDF reporting</td>
<td></td>
</tr>
<tr>
<td>External audit</td>
<td></td>
</tr>
<tr>
<td>Reviewed the terms of business and audit engagement letter for PwC’s audit of 2021 reporting</td>
<td></td>
</tr>
<tr>
<td>Recommended to the Board the appointment of PwC as external Auditors</td>
<td></td>
</tr>
<tr>
<td>Reviewed PwC’s plan for the audit of the 2021 accounts and the progress of the audit to date</td>
<td></td>
</tr>
<tr>
<td>Reviewed PwC’s report on the scope of the audit of the 2021 accounts, including key audit risks and regional checks conducted around the business</td>
<td></td>
</tr>
<tr>
<td>Disclosed relevant audit information to the external Auditors and the required evidence in support of it</td>
<td></td>
</tr>
<tr>
<td>Reviewed the final report from PwC following completion of the audit of the 2021 accounts</td>
<td></td>
</tr>
<tr>
<td>Internal control and risk</td>
<td></td>
</tr>
<tr>
<td>Reviewed the fraud incident and response report</td>
<td></td>
</tr>
<tr>
<td>Concluded the prior year’s risk review including assessing Principal Risks, consideration of emerging risks, and monitoring progress on mitigation actions</td>
<td></td>
</tr>
<tr>
<td>Completed a detailed review of Principal, key and emerging risks, together with mitigation and assessment against the Company’s risk appetite</td>
<td></td>
</tr>
<tr>
<td>Conducted the half year risk review</td>
<td></td>
</tr>
<tr>
<td>Reviewed the viability model</td>
<td></td>
</tr>
</tbody>
</table>

Continuing compliance
Throughout the year the Committee met the Financial Reporting Council (FRC) guidance on Audit Committees which was incorporated into the Code. The aim of the guidance is to further improve good governance around the Committee’s competence; induction for new members; audit rotation; independent assessment of areas of judgement; and sufficiency of resourcing for the Committee; all with the aim of ensuring that the Committee is able to perform its primary function of protecting shareholders’ interests in relation to the Company’s financial reporting and internal control.

Potential new compliance areas
A significant development during 2021 was the BEIS consultation, entitled ‘Restoring Trust in Audit and Corporate Governance’. The consultation proposed a number of reforms and new processes designed to improve communications and engagement between Boards, Audit Committees and shareholders. The Committee will monitor the progress of these proposals and will report on their outcome and the implications for the Company at the appropriate time.

The Committee will continue to ensure that all applicable regulations are complied with, and we remain confident that the business continues to operate in a controlled and well-managed way.

Humphrey Singer
Chair of the Audit Committee
2 March 2022
Committee activities during 2021 continued

<table>
<thead>
<tr>
<th>Topic</th>
<th>Activity/review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>Referred the Committee's performance against its Terms of Reference and objectives for the previous year and set objectives for the next year</td>
</tr>
<tr>
<td></td>
<td>Reviewed progress on the Committee's areas of focus</td>
</tr>
<tr>
<td></td>
<td>Reviewed and agreed the Committee's annual plan for the next year, designed to ensure it met its objectives and Terms of Reference</td>
</tr>
<tr>
<td>Internal audit</td>
<td>Received activity reports from Internal Audit</td>
</tr>
<tr>
<td></td>
<td>Agreed Internal Audit's programme of work for the next year</td>
</tr>
<tr>
<td></td>
<td>Reviewed progress against Internal Audit priorities and work plan for the year</td>
</tr>
<tr>
<td></td>
<td>Reviewed and considered the External Quality Assessment report on the Internal Audit Department and processes and agreed the resulting actions</td>
</tr>
<tr>
<td>Data and systems security</td>
<td>Received an update on the Company's data and systems security, technology, cyber resilience and further protective measures in relation to key business systems</td>
</tr>
<tr>
<td>Distributions</td>
<td>Advised the Board regarding the appropriateness of the proposed final dividend for 2021</td>
</tr>
<tr>
<td></td>
<td>Advised the Board regarding the appropriateness of the proposed interim dividend for 2021</td>
</tr>
<tr>
<td>Compliance</td>
<td>Received an update on legal and regulatory compliance requirements across the business and confirmation that these continued to be met</td>
</tr>
</tbody>
</table>

In carrying out these activities, the Committee relied on regular reports from Management, Internal Audit and from the external Auditors. In monitoring the financial reporting practices, the Committee reviewed accounting policies, areas of judgement by Management and the external Auditors, the going concern assumptions and compliance with accounting standards and the requirements of the Code.

Committee competence

A key requirement of the FRC’s guidance on Audit Committees is that each Committee member should have sufficient knowledge, training and expertise to contribute effectively to the Committee’s deliberations.

- Scilla Grimble has over 15 years’ executive experience in corporate finance; is currently the Chief Financial Officer of Monksupermarket.com Group plc; and holds an executive non-executive director role.
- Angela Knight has extensive financial services and banking experience and has extensive non-executive director experience.
- Robert Noel has considerable experience of the property sector and wide commercial experience as Chair of Harman plc; and previously as Chief Executive of Land Securities Group PLC.

As announced on 31 January 2022, Angela Knight will be stepping down from the Board and the Committee at the conclusion of the AGM. The search process for new Non Executive Directors is underway and an assessment of their suitability to join the Committee upon appointment will be undertaken.

The Committee is confident that its members collectively have the necessary competence relevant for the housebuilding sector and that the composition, balance, and expertise of the Committee can give shareholders confidence that the financial, reporting, risk, and control processes of the Company are subjected to the appropriate level of independent, robust and challenging oversight.

As described in the Nomination and Governance Committee report on page 91, there is a formal process of induction for new Directors which includes specific reference to supporting competence in recent Committee areas through exposure to the appropriate areas of the Company’s operations and performance. Scilla Grimble’s induction included meetings with the Committee Chair, the Group Finance Director and the other Executive Directors; members of the GMT; both the former and current external Auditors; the Head of Internal Audit; the IT Director; and appropriate external bodies such as the Company’s Brokers in relation to financial reporting. The same thorough induction process will be undertaken by any new Non Executive Directors appointed to the Committee.

Committee evaluation

The Board-approved plan for 2021, which is described more fully on page 92, included an appraisal of the performance of the Audit Committee and individually of its Chair and other members.

The outcomes of the appraisal was that the Committee was continued to operate effectively, with the necessary level of expertise and independent challenge, and with no specific actions arising requiring further improvement.

It was also noted that Humphrey performs his role of Chair of the Audit Committee particularly effectively, with members noting that he manages each Committee meeting in a way that ensures a good level of debate and positive challenge.

Risk management and internal control

The Group has an established ongoing process of risk management, which is detailed further on pages 59 to 65 and which was in place from the start of the financial year to the date of which the 2021 Annual Report and Accounts were approved and is consistent with the FRC’s Guidance on Risk Management, Internal Control and Related Business Reporting. This process monitors the Group’s risk management and internal control systems, including their effectiveness, on behalf of the Board and provides advice to the Board in connection with the Board’s own risk review. The Committee reviews the Company’s risk management and internal control systems, including their effectiveness, on behalf of the Board, and considers any changes to the Company’s risk profile.

As announced on 31 January 2022, Angela Knight will be stepping down from the Board and the Committee at the conclusion of the AGM. The search process for new Non Executive Directors is underway and an assessment of their suitability to join the Committee upon appointment will be undertaken.

The Committee’s objectives in relation to risk are:

- To ensure the Group’s risk profile remains within its agreed risk appetite and tolerance levels and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- To give early consideration to the Government’s proposals in relation to a new regime for internal controls over financial reporting.

To achieve these objectives, the Committee undertakes the following during 2021:

- Detailed risk reviews were conducted during 2021.
- The Committee agreed the addition of two new Principal Risks (details on page 61) to reflect the changing risk landscape.
- Consideration was given to the continued impact of COVID-19 on the Principal Risks of the Group, together with the mitigations implemented to address the specific issues identified.
- Regular updates were received on the continuing review of relevant historic and current developments and actions taken by the Company to comply with recent changes to the Government guidance on fire safety. This included assessing and advising the Board on the proposed additional provision, made and announced during 2021 of £125 million, and reviewing updates on usage and the balance of the provision during the year.

- To continue to develop the Group’s risk processes in light of evolving best practice.
- To consider emerging risks that could impact on the Group’s longer-term strategy.

- To ensure that the Group’s risk profile remains within its agreed risk appetite and tolerance levels and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- To give early consideration to the Government’s proposals in relation to a new regime for internal controls over financial reporting.
During 2021, the Group Finance Director has led the GIMT in undertaking a review of the Government’s developing proposals for further enhancement to UK companies' internal controls through proposals set out in the BEIS consultation document for reforming the UK’s corporate governance, audit and reporting regime. Since it is generally expected that these will become legal or regulatory requirements to some extent, the Company has been undertaking necessary and appropriate preparatory actions in order to be able to comply with the expected time frame for changes. These actions have been formally monitored by the Committee during 2021 and will continue to be monitored into 2022, when we expect to be able to report in greater detail as to their scope and impact upon the Company. Its assurance processes; and its future financial reporting.

At its meeting in March 2022, the Board, having conducted its own review and after reviewing more detailed assessments from the Audit Committee, remained satisfied that the systems of internal control continued to be effective in identifying, assessing, and ranking the various risks facing the Company; and in monitoring and reporting progress in mitigating their potential impact on the Company. The Board also approved the statement of the Principal Risks and uncertainties set out on pages 61 to 65.

**External Auditors**

**Re-appointment of PwC**

Last year’s Annual Report advised that the Company’s external Auditors were to change, in accordance with statutory legislation and guidance issued by the Financial Reporting Council (FRC) as to the maximum duration of an external auditor’s appointment. Full details of the tender process and the proposal to appoint PwC were set out in the 2020 Annual Report and Accounts, which can be found on the Company’s website.

That proposal was subsequently approved by shareholders at the Company’s 2021 AGM and PwC succeeded the Company’s former external Auditors, Deloitte LLP (Deloitte), for the audit of the Company’s 2021 and future reporting.

The Committee considers that the relationship with PwC is well established and is satisfied with the effectiveness of the overall external audit process. PwC’s performance during the course of the audit had been carried out in full compliance with its engagement letter, and in undertaking the full first year’s audit, for 2021, has been kept under regular review by the Committee and reported to this Board.

As was the first year of PwC’s appointment as external Auditors, a full evaluation of their performance was not undertaken during 2021 and instead the Committee considered the key work performed by PwC to date and confirmed that the audit process continues to be effective and the quality and sufficiency of the resources provided by the engagement team remains appropriate.

The Committee intends to undertake a formal assessment during 2022 of the performance of PwC, as the external Auditors, as set out above and to continue to evaluate the effectiveness of the external audit process.

In addition, the Committee considered whether PwC had appropriately challenged the management of the Company as required by their continuing effectiveness of this policy, is satisfied that it meets the Standard, and will be conducive to the maintenance of good governance, effective audit and audit independence and objectivity.

PwC undertook non-audit services in the form of a limited and well-defined work performed in connection with the announcement of the Company’s 2021 half year results, which is of direct benefit to shareholders although it is not regarded as audit work for reporting purposes. PwC also made available access to their subscription service providing online technical resources such as articles and changes to applicable law, regulation, and accounting and auditing standards, at a notional value of £2,000.

The Committee recognises and supports the importance of the independence of external Auditors. It reviewed PwC’s performance of non-audit services during 2021 and is satisfied that it did not, and will not going forward, impair the independence of the external Auditors. As a result, the value of non-audit services work by PwC was £0.1 million in 2021 (2020: £0.2 million by former external Auditors, Deloitte) which represents approximately 13.2% of the fee as set out in Note 10 to the Accounts on page 149.

**Internal Audit**

Internal Audit’s primary role is to support the Board and the GIMT to protect the assets, reputation and success of the Group. The function is led by the Head of Internal Audit who directly reports to the Chair of the Committee, with a secondary reporting line to the Group Finance Director, and has regular direct contact with the Chairman of the Board, the Chief Executive and other Executive Directors, as appropriate. The reporting line to the Chair of the Committee protects the function’s independence. In addition, the Chair of the Committee, and the independent evaluation was that Internal Audit conforms to the CIIA’s professional practice and industry-wide forums and other initiatives aimed at combating fraud within the housing/building and construction industry. The Internal Audit function also reviews proposed related party transactions, including employees’ house purchases from the Company, to provide assurance that the formal policy and proper procedures are followed.

Internal Audit works with the Company Secretarial Department to consider longer-term revisions to the governance processes and controls and to ensure that improvements from this activity are being woven into the ongoing control and risk processes and this activity will continue through 2022.

Read more about cyber security risks and our response and mitigation processes on pages 61 and 65.
Audit, risk and internal control

The Committee reviewed the funding position of the Taylor Wimpey Pension Scheme and discussed and agreed the market-based assumptions used to establish the net assets and liabilities of the scheme on the balance sheet as at 31 December 2021.

Cielding the safety and health provision

The Committee reviewed Management’s assessment of the costs to bring all Taylor Wimpey apartment buildings constructed in the twenty year period to January 2021 into line with current EWS1 guidance, covering cladding and the whole of the external wall systems including balconies. The Committee also reviewed updates on the progress of the rectification of buildings identified with Aluminium Composite Material cladding, together with utilisation and estimates of the remaining provision. In addition the Committee reviewed the level of applications received in respect of the Ground Rent Relief Scheme and the health of the provision and the outcome of the CMA investigation, and the assessment of the costs of the undertakings entered into.

Definite Benefit Pension valuations

The Committee reviewed the funding position of the Taylor Wimpey Pension Scheme and discussed and agreed the market-based assumptions used to establish the net assets and liabilities of the scheme on the balance sheet as at 31 December 2021.

Recommendation to the Board

The outcome of the above processes, together with the views expressed by PwC, was that the Committee recommended, and in turn the Board confirmed, that the 2021 Remuneration Report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts.

Statement of compliance

The Committee has compiled the fair presentation of the results and position of Taylor Wimpey plc, and of the Group to conduct its business for the year ended 31 December 2021, in compliance with the Companies Act 2006 and in accordance with the applicable accounting framework set out in the Financial Reporting Council’s Issue 12 of the UK’s Corporate Governance Code. The operations of the Company and of the Group have each been prepared in accordance with the applicable financial reporting framework.

Gwyn Burr
Chair of the Remuneration Committee

Main objectives

- Establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company’s strategy and value for shareholders; and to agree, monitor and report on the remuneration of Executive Directors and senior executives
- Review wider workforce remuneration and other policies in accordance with the 2018 Corporate Governance Code (the Code)

2022 objectives

- Determine the remuneration arrangements for the incumbent Chief Executive
- Review the existing Remuneration Policy and consider an update including plan for shareholder consideration at the 2023 Annual General Meeting (AGM)
- Review wider workforce remuneration arrangements and take into account as part of the Remuneration Policy review
- Ensure there is an effective induction process for the new Remuneration Committee Chair

Remuneration Committee report

Recommendation to the Board

The outcome of the above processes, together with the views expressed by PwC, was that the Committee recommended, and in turn the Board confirmed, that the 2021 Remuneration Report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts.

Statement of compliance

The Committee has compiled the fair presentation of the results and position of Taylor Wimpey plc, and of the Group to conduct its business for the year ended 31 December 2021, in compliance with the Companies Act 2006 and in accordance with the applicable accounting framework set out in the Financial Reporting Council’s Issue 12 of the UK’s Corporate Governance Code. The operations of the Company and of the Group have each been prepared in accordance with the applicable financial reporting framework.

Gwyn Burr
Chair of the Remuneration Committee

Main objectives

- Establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company’s strategy and value for shareholders; and to agree, monitor and report on the remuneration of Executive Directors and senior executives
- Review wider workforce remuneration and other policies in accordance with the 2018 Corporate Governance Code (the Code)

2022 objectives

- Determine the remuneration arrangements for the incumbent Chief Executive
- Review the existing Remuneration Policy and consider an update including plan for shareholder consideration at the 2023 Annual General Meeting (AGM)
- Review wider workforce remuneration arrangements and take into account as part of the Remuneration Policy review
- Ensure there is an effective induction process for the new Remuneration Committee Chair

Remuneration Committee report

Recommendation to the Board

The outcome of the above processes, together with the views expressed by PwC, was that the Committee recommended, and in turn the Board confirmed, that the 2021 Remuneration Report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts. The Committee also strongly recommended that the Remuneration Committee report be included in the Annual Report and Accounts.

Statement of compliance

The Committee has compiled the fair presentation of the results and position of Taylor Wimpey plc, and of the Group to conduct its business for the year ended 31 December 2021, in compliance with the Companies Act 2006 and in accordance with the applicable accounting framework set out in the Financial Reporting Council’s Issue 12 of the UK’s Corporate Governance Code. The operations of the Company and of the Group have each been prepared in accordance with the applicable financial reporting framework.
Executive Director remuneration decisions and outcomes

Executive Incentive Scheme (EiS)

As detailed on page 2, we delivered an excellent performance in 2021. Throughout 2021 we experienced strong demand for our homes, with strong sales growth, strong interest rates and good mortgage availability. The business performed very well in 2021, with significant improvement in operating profit, as we focused on optimising sales prices, alongside increased volume, delivering strong growth in operating profit. Importantly our excellent performance was not just financial but also in delivering quality homes and in our levels of customer service. The quality of our homes, as recognised through the independent NHBC Construction Quality Score, is an area where we continue to lead the volume industry. We are also delighted to see that, following the delivery of our first new Taylor Wimpey build site in 2021, our Group has been accredited with the kite mark for healthy homes under the new government’s commitment to improve the energy efficiency and health quality of our homes, as recognised through a five-star rating for our homes. As detailed on page 2, we delivered an excellent performance in 2021. Throughout 2021 we experienced strong demand for our homes, with strong sales growth, strong interest rates and good mortgage availability. The business performed very well in 2021, with significant improvement in operating profit, as we focused on optimising sales prices, alongside increased volume, delivering strong growth in operating profit. Importantly our excellent performance was not just financial but also in delivering quality homes and in our levels of customer service. The quality of our homes, as recognised through the independent NHBC Construction Quality Score, is an area where we continue to lead the volume industry. We are also delighted to see that, following the delivery of our first new Taylor Wimpey build site in 2021, our Group has been accredited with the kite mark for healthy homes under the new government’s commitment to improve the energy efficiency and health quality of our homes, as recognised through a five-star rating for our homes.

We consulted with our major shareholders (representing almost 50% of our share register) and their advisors, and with other major shareholders and their advisors, to ensure that they were satisfied with the framework and arrangements under the EiS and the EiS Report. The Committee is pleased to report that through this engagement, in particular with the Independent Directors, the Group has achieved the following three important milestones:

1. The Committee has consulted the major shareholders and their advisors, and other major shareholders and their advisors, to ensure that they were satisfied with the framework and arrangements under the EiS and the EiS Report. The Committee is pleased to report that through this engagement, in particular with the Independent Directors, the Group has achieved the following three important milestones:

2. The Committee has consulted the major shareholders and their advisors, and other major shareholders and their advisors, to ensure that they were satisfied with the framework and arrangements under the EiS and the EiS Report. The Committee is pleased to report that through this engagement, in particular with the Independent Directors, the Group has achieved the following three important milestones:

3. The Committee has consulted the major shareholders and their advisors, and other major shareholders and their advisors, to ensure that they were satisfied with the framework and arrangements under the EiS and the EiS Report. The Committee is pleased to report that through this engagement, in particular with the Independent Directors, the Group has achieved the following three important milestones:

Performance Share Plan (PSP)

The PSP awarded in 2019, measuring performance in the 2019 to 2021 period, will vest at 80% for the period of achievement and therefore the outturn for the 2021 EiS is 95% of the maximum following the stretch target being achieved for four of the five measures.

The Committee has considered the business against the targets and the business performance more generally and is satisfied that the payment received by the Executive Directors is aligned with the Group’s performance during the year and also the bonus outcomes for the business as a whole. Full disclosure of the targets and the outturn calculation is published on pages 2 and 3.

Shareholder engagement

We believe that we are now sufficiently advanced in relation to the Board’s environmental, social and governance (ESG) strategy to establish an environmental measure to be included in the 2022 EiS and have included an environmental measure for 10% of the overall annual bonus opportunity. In setting an environmental measure this year, the principal measure for 2022 will be to continue to step down the environmental measure, measuring performance against the ‘Road to Zero Carbon Plan’ which will be submitted to the Science Based Targets initiative for approval, leading to a published commitment to achieve net zero carbon emissions for our direct operations. In addition, for this year we have also incorporated a tangible and stretching target for a reduction in our carbon intensity.

Our continued focus on build quality and customer service has enabled us to further raise standards whilst maintaining the right level of production and to retain the overall split between financial and ESG measures and targets for the year. We also fully support this approach. At our 2021 AGM over 98% of shareholders voted in favour of the measure, which we regard as a good outcome.

Chairman and Non Executive Director remuneration decisions

During the year, to the satisfaction of the Committee, our Chairman, Chris Carney, who had been with the Group since 1986, took the decision to step down from the role of Chairman, following the conclusion of the 2022 AGM. As announced in the 2018 Directors’ Remuneration Report, at the time of his appointment the Committee initially set Chris Carney’s salary below that of his predecessor and positioned it between the lower quartile and median of comparable market data, recognising that this was his first appointment as a plc Director. The Committee also stated then that it intended to keep his salary under periodic review as he developed further into the role.

Given the continued impact of the pandemic providing material uncertainty at the time of the 2020 and 2021 salary reviews, a prudent approach was taken in respect of Chris’s salary, with inflationary salary increases cancelled in 2020 and then an inflationary increase of 2% in 2021, in line with the wider Executive Directors and the wider corporate sector. The Committee announced in the 2020 Directors’ Remuneration Report that it would undertake a review of Chris Carney’s salary during 2021. The Committee recognised the development of Chris’s role since his appointment, particularly where it has broadened to support the revised Divisional Chairman structure introduced in 2020. This has been particularly focused on control, cost, strategy and our data management systems to further enhance our customer strategy. More generally the Committee considered that this increase was appropriate to recognise his strong performance over the three years since his first appointment as a plc Director. The Committee has therefore determined that his salary should be increased from £447,372 to £490,000 with effect from 1 July 2021.

We consider that this represents a sensible progression of Chris’s base salary, effectively double his base fee had not been reviewed since 2016. The Chairman’s contractual entitlements, including base salary, pension and benefits are payable in full until the expiry of his notice period on 8 December 2022. Further details of his remuneration arrangements can be found on page 118.

The Committee also considered the appropriate remuneration package for Jennie Daly when she assumes the role of Chief Financial Officer. This includes an increase in her salary from £60,000 to £65,000 effective from 1 July 2021.

The Committee, at the request of the Board, reviewed and approved the remuneration arrangements for Pete on his departure. Pete’s remuneration package is aligned with our shareholder approved Policy for the purpose of incentive plan pay outs. He will be paid for 2022 for the proportion of the year he will be employed, in line with the AGM, subject to the achievement of the performance conditions measured at the end of the year.

Outcomes linked to performance

The Committee has reviewed the EiS and PSP outcomes and consider that they are aligned with the key performance indicators (KPIs) and strategic priorities being used across the business. As set out in the Strategic report on pages 9 to 11, our focus remains on returning the business to a 21-22% operating profit margin in the medium term, increasing returns for shareholders over this long term and delivering sustainable growth.

The measures also support our commitment to run the business in the long term interests of all our stakeholders. The performance measures also align with our delivering quality homes, providing the highest level of customer satisfaction and social impact we have on climate change and protecting the planet for future generations.

Approach to executive pension provision

During the year the Committee reviewed our Policy approach to reducing the Executive Directors’ pensions over time so that they will align to the percentage rate applicable to the most of the workforce by 1 April 2024, which was agreed in line with guidance at that time. Our pension rate over 98% of shareholders voted in favour of the measure, which we regard as a good outcome. At our 2021 AGM over 97% of shareholders approved the Directors’ Remuneration Report, which reiterated this approach to pensions alignment.

As referenced above, and in line with the Policy, on appointment as Chief Executive Jennie Daly will receive a pension provision in line with the rate applicable to the majority of the workforce, of 10% of salary. The pension rate will gradually reduce over time so that it will continue to step down to this workforce rate in line with the previously stated approach.

Committee changes

I will step down from the Board following the conclusion of the 2022 AGM. I wish to thank the Committee and the Board for the opportunity to serve on the Board during the year ahead. As part of this review, the Committee will consult with shareholders and employees to gain input on any proposed changes. The Policy will be tabled for approval by shareholders at our 2023 AGM.

Closing remarks

On behalf of the Committee, I would like to thank our shareholders for their continued support during the year. On a personal note, I would like to also express my gratitude for the support and engagement from our shareholders and also our employees, who has taken place during my tenure as Chair of the Remuneration Committee.
### Remuneration at a glance

#### EIS in respect of 2021 (audited)

The chart below shows the performance against the 2021 EIS measures.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold</th>
<th>Summary of targets</th>
<th>Result</th>
<th>% of maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weighting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>Entry (10% vesting)</td>
<td>£700m</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>target (25% vesting)</td>
<td>£780m</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>stretch (50% vesting)</td>
<td>£820m</td>
<td>20%</td>
</tr>
<tr>
<td>Capacitor</td>
<td></td>
<td></td>
<td>£860m</td>
<td>25%</td>
</tr>
<tr>
<td>Cash conversion (%)</td>
<td>15%</td>
<td>50%</td>
<td>170%</td>
<td>10%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>80%</td>
<td>4,25</td>
<td>8%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>100%</td>
<td>4,4</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>120%</td>
<td>4,6</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>130%</td>
<td>4,67</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>140%</td>
<td>4,9</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>150%</td>
<td>4,97</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>4%</td>
<td>160%</td>
<td>5,1</td>
<td>120%</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>170%</td>
<td>5,3</td>
<td>140%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>180%</td>
<td>5,5</td>
<td>160%</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>190%</td>
<td>5,7</td>
<td>180%</td>
</tr>
<tr>
<td></td>
<td>90%</td>
<td>200%</td>
<td>5,9</td>
<td>200%</td>
</tr>
<tr>
<td></td>
<td>91%</td>
<td>210%</td>
<td>6,1</td>
<td>210%</td>
</tr>
<tr>
<td></td>
<td>92%</td>
<td>220%</td>
<td>6,3</td>
<td>220%</td>
</tr>
<tr>
<td></td>
<td>93%</td>
<td>230%</td>
<td>6,5</td>
<td>230%</td>
</tr>
<tr>
<td></td>
<td>94%</td>
<td>240%</td>
<td>6,7</td>
<td>240%</td>
</tr>
<tr>
<td></td>
<td>95%</td>
<td>250%</td>
<td>6,9</td>
<td>250%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>260%</td>
<td>7,1</td>
<td>260%</td>
</tr>
</tbody>
</table>

**One third of any EIS amount payable will be deferred into shares for three years.**

#### 2019 PSP Award (audited)

The 2019 PSP Award performance period ended on 31 December 2021 and the chart below shows the outcomes.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
<th>Summary of targets</th>
<th>Result</th>
<th>% of maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20%</td>
<td>Entry (10% vesting)</td>
<td>£700m</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>target (25% vesting)</td>
<td>£780m</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>stretch (50% vesting)</td>
<td>£820m</td>
<td>20%</td>
</tr>
<tr>
<td>TSR v FTSE 100</td>
<td>25%</td>
<td>Median</td>
<td>TW: 20.7%</td>
<td>Median: 20.3%</td>
</tr>
<tr>
<td>TSR v peer group</td>
<td>30%</td>
<td>Median</td>
<td>TW: 20.7%</td>
<td>Median: 19.3%</td>
</tr>
<tr>
<td>RONOA (2021)</td>
<td>25%</td>
<td>Median</td>
<td>23%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Cash conversion (2019-2021)</td>
<td>15%</td>
<td>Median</td>
<td>23%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Cash conversion (2019-2021)</td>
<td>15%</td>
<td>Median</td>
<td>23%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Cash conversion (2019-2021)</td>
<td>15%</td>
<td>Median</td>
<td>80%</td>
<td>70.9%</td>
</tr>
<tr>
<td>Operating profit margin (2021)</td>
<td>15%</td>
<td>Median</td>
<td>17%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>10%</td>
<td>80%</td>
<td>18%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>100%</td>
<td>4,25</td>
<td>8%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>120%</td>
<td>4,4</td>
<td>16%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>140%</td>
<td>4,6</td>
<td>32%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>160%</td>
<td>4,8</td>
<td>48%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>180%</td>
<td>4,9</td>
<td>64%</td>
</tr>
<tr>
<td>Customer service</td>
<td>25%</td>
<td>200%</td>
<td>4,98</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>220%</td>
<td>5,1</td>
<td>220%</td>
</tr>
</tbody>
</table>

**The peer group is comprised of Barratt Developments, Bellway, Berkeley Homes, Countryside Partnerships, Crest Nicholson, Galliford Try, Persimmon, Redrow and Vistry Group.**

**The RONOA and cash conversion measures were assessed on the basis that the impact of the equity raise in 2020 was neutralised.**

#### Executive Directors’ total remuneration (audited)

The chart below compares the 2021 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2020. During 2020, and in light of the COVID-19 pandemic, the Executive Directors took a voluntary 30% reduction in base salary and pension from 1 April 2020 to 31 July 2020 and the 2020 ESI was cancelled.

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>Single total remuneration figure (£’000)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jermyn Bay (Group Operations Director)</td>
<td>£1,270</td>
<td>15%</td>
<td>45%</td>
<td>40%</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>Chris Carney (Group Finance Director)</td>
<td>£1,427</td>
<td>10%</td>
<td>50%</td>
<td>45%</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Pete Dudley (Chief Executive)</td>
<td>£2,704</td>
<td>40%</td>
<td>60%</td>
<td>55%</td>
<td>50%</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Proposed application of the Policy in 2022**

<table>
<thead>
<tr>
<th>Policy element</th>
<th>Award timeline</th>
<th>Purpose</th>
<th>Measure</th>
<th>Medium term goals</th>
<th>KPI</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td></td>
<td>To recruit and reward executives of a suitable calibre for the role and duties required</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td>To provide a competitive package of benefits to assist with recruitment and retention of staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td></td>
<td>To provide competitive retirement benefits to assist with recruitment and retention of staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Governance**

- Read more about our medium term goals on page 29
- Read more about our stakeholders on pages 24 to 27
- Read more about our financial definitions on page 71
- Read more about our KPIs on pages 24 to 27
- Read more about our stakeholders on pages 34 to 47
Remuneration Policy Report

Remuneration Policy Report (Unaudited information)

Our Policy was subject to binding shareholder vote at the AGM of the Company on 23 April 2020 and was approved by over 98% of shareholders who voted. The three-year life of our Policy will expire at the 2023 AGM when we will be required to seek binding shareholder approval for a new Policy.

The Policy has been included within this report for readers to assess how we have implemented remuneration arrangements during 2021 and how we intend to implement arrangements in 2022. Factual and implementation data has been updated where relevant (e.g. scenario charts and details of service contracts). The Policy, as approved by shareholders, can be found on pages 112 to 120 of the 2019 Annual Report and Accounts.

The Policy is designed to ensure that the remuneration framework will support and drive forward the Taylor Wimpey strategy by both challenging and motivating the Executive Directors and the senior management team to deliver it, and this will in turn drive value for our shareholders whilst having due regard to our other stakeholders. The Policy is set out in this report and is also available to view on the Company’s corporate website.

When the Committee designed the Policy, they considered the factors in Provision 40 of the Code. Full details on how clarity, simplicity, risk, predictability, proportionality, and alignment to culture are addressed in the Policy can be found on page 121.

Policy overview

A key part of the Committee’s role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company’s strategic objectives. It is key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Company’s strategic objectives within a framework that is aligned with the long term interests of the Company’s shareholders. This alignment is achieved through a combination of:

- Deferral into shares of a percentage of the EIS.
- A two year retention period for vested PSP Awards.
- Share ownership guidelines which require executives to build up holdings of Taylor Wimpey shares, either directly or by retaining vested PSP Awards and deferring EIS amounts.
- Post-employment shareholding requirement.

The above requirements ensure that a significant percentage of the overall remuneration package of our Executive Directors and senior management is subject to performance. With all packages for our Executive Directors substantially geared towards meeting challenging targets set under the EIS and PSP, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately balance reward and risk.

In line with best practice, the Committee structures the incentives for Executive Directors and senior management in a way that ensures they will not raise ESG risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its Terms of Reference may, where it considers appropriate, take ESG matters into account when considering the overall remuneration structure and as part of its overall discretion.

Illustration of the Remuneration Policy for 2022

The charts below illustrate the level and mix of remuneration based on the Policy depending on the achievement of below target, target and maximum for the Executive Directors under the Policy.

Table: Remuneration Policy

<table>
<thead>
<tr>
<th>Element</th>
<th>Purpose and risk to strategy</th>
<th>Operation</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>To recruit and reward executives of a suitable calibre for the roles and duties required.</td>
<td>Salaries are normally reviewed annually to ensure that they remain appropriately set. There is no automatic entitlement to an increase each year. Salary level and increases take into account the following:</td>
<td>The maximum annual salary increase will not normally exceed the average increase which applies across the wider sector. However, larger increases may be awarded in certain circumstances including but not limited to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Increase in scope or responsibilities of the role.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- To apply, salary progression for a newly / recently appointed executive.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Where the Director’s salary has fallen by more than 10% in any one year, a 10% increase will be awarded.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chairman of the Board and Non Executive Director fees

The Chairman and Non Executive Director fees should be in line with recognised best practice and aligned to relevant high calibre non-executives. Fees consist of a single consolidated fee for the Chair of an annual fee for other Non Executive and additional fees for roles such as the Chair of the Audit Committee, Chair of the Remuneration Committee and/or Senior Independent Director.

Set by reference to the responsibilities undertaken by the non-executive, taking into account that each Non Executive Director is expected to be a member of the Nomination Committee and/or the Audit Committee and/or Remuneration Committee.

Reviewed periodically but generally annually and at least every other year. Takes into account levels in comparable companies and other major householders. Non Executive Directors do not participate in any interests, share scheme, benefits-in-kind or pension arrangements.

Other benefits, including benefits-in-kind

- Where the Director’s salary has fallen by more than 10% in any one year, a 10% increase will be awarded. |

Our Remuneration Policy

- The maximum EIS opportunity for Executive Directors is set at 10% of salary. Target is set at 75% of salary and threshold at 0% performance targets fail to be achieved. If an entity’s level of performance is achieved up to 10% of maximum is payable under each metric. |

Performance targets

- The EIS measure is a scoreboard of designated annual financial, operational and environmental measures. |

Table: Remuneration Policy

<table>
<thead>
<tr>
<th>Element</th>
<th>Purpose and risk to strategy</th>
<th>Operation</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>To recruit and reward executives of a suitable calibre for the roles and duties required.</td>
<td>Salaries are normally reviewed annually to ensure that they remain appropriately set. There is no automatic entitlement to an increase each year. Salary level and increases take into account the following:</td>
<td>The maximum annual salary increase will not normally exceed the average increase which applies across the wider sector. However, larger increases may be awarded in certain circumstances including but not limited to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Increase in scope or responsibilities of the role.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- To apply, salary progression for a newly / recently appointed executive.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Where the Director’s salary has fallen by more than 10% in any one year, a 10% increase will be awarded.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chairman of the Board and Non Executive Director fees

The Chairman and Non Executive Director fees should be in line with recognised best practice and aligned to relevant high calibre non-executives. Fees consist of a single consolidated fee for the Chair, an annual fee for other Non Executive and additional fees for roles such as the Chair of the Audit Committee, Chair of the Remuneration Committee and/or Senior Independent Director.

Set by reference to the responsibilities undertaken by the non-executive, taking into account that each Non Executive Director is expected to be a member of the Nomination Committee and/or the Audit Committee and/or Remuneration Committee.

Reviewed periodically but generally annually and at least every other year. Takes into account levels in comparable companies and other major householders. Non Executive Directors do not participate in any interests, share scheme, benefits-in-kind or pension arrangements.

Other benefits, including benefits-in-kind

- Where the Director’s salary has fallen by more than 10% in any one year, a 10% increase will be awarded. |

Our Remuneration Policy

- The maximum EIS opportunity for Executive Directors is set at 10% of salary. Target is set at 75% of salary and threshold at 0% performance targets fail to be achieved. If an entity’s level of performance is achieved up to 10% of maximum is payable under each metric. |

Performance targets

- The EIS measure is a scoreboard of designated annual financial, operational and environmental measures. |
Our Remuneration Policy continued

Executive directors and other designated senior executives can receive annual PSP awards. PSP awards provide alignment with shareholders as they deliver subject to meeting performance conditions and rules to the full value of the shares, which can increase and decrease in value over the three year performance period.

The Committee may vary any of the measures that are included in the plan and the weightings between the measures from year to year, Awards vest at 20% for threshold performance.

Shareholding guidelines

Encourage greater levels of shareholding and align employees’ interests with those of shareholders.

Executive Directors are expected to achieve and maintain a holding of the Company’s shares at least equal to 200% of salary and until this level is achieved, are required to retain no less than 50% of the value of any vested EIS or PSP awards, after tax.

A post-employment shareholding requirement will require Executive Directors to hold 50% of salary, or their shareholding level at the time of cessation if their 200% shareholding requirement has not yet been met, for at least two years. This requirement be reduced by the Committee in exceptional circumstances, such as serious ill-health.

Shareholders through the operation of all-employee share plans such as the HMRC-tax advantaged Sharesave plan and a Share Incentive Plan (SIP).

The Committee regularly engages with the Company’s largest shareholders and other stakeholders. The Committee recognises that the exercise of discretion must be undertaken in a careful manner, in the interests of the shareholder representative bodies regarding the ongoing Policy and its implementation, and will take into account any feedback when determining any changes that might apply.

The variable pay elements that may be offered will subject to the maximum levels described in the Policy table on pages 111 and 112. The Company may also consider applying different performance measures if it feels these more appropriately meet the strategic goals and aims of the Company whilst incentivising the new appointees.

The Committee will continue to review the choice of performance measures and the appropriateness of the performance targets each year. Targets are set based on a sliding scale that takes account of internal planning and external market expectations for the Company. Maximum rewards require substantial out-performance of our challenging plans approved at the start of each year, with a significantly lower level of rewards available for delivering threshold performance levels.

The proposed measures for the 2022 EIS and PSP are set out on pages 110 and 117.

External non executive director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board and the Executive Director), Executive Directors are permitted to take on one non executive position with another company, Executive Directors are permitted to retain their fees in respect of such positions. Details of any external positions held by the Executive Directors can be found in their biographies on pages 74 and 75.

Remuneration Policy on recruitment or promotion

Base salary levels will be set in accordance with the Policy, taking into account the experience and calibre of the individual.

Pension

The Committee may amend this shareholder approved Policy to take account of changes to legislation, taxation and other supplemental and administrative matters without the necessity to seek shareholder approval for those changes.
Corporate governance: Remuneration continued

As previously announced Pete Readfern will be stepping down from the Board on 26 April 2022 and will remain available to ensure the smooth transition until the end of his notice period on 8 December 2022. Pete’s leaving arrangements are in line with the Policy and further details are provided on page 118.

The terms of engagement of the Chairman of the Board and the Non Executive Directors are regulated by letters of appointment over a term of three years, which are reviewed annually. Both the Company and the aforementioned Directors (including the Chairman) have a notice period on 8 December 2022. Jennie will have at that date an unexpired service contract of one year.

With regard to long term incentive plan awards, the rules of the PSP provide that, other than in certain good leaver circumstances, awards lapse on cessation of employment. Where an individual is a good leaver, the Committee's normal policy is for the award to vest at the normal rate for the period the application of performance targets and a pro-rata reduction to take account of the proportion of the applicable performance period outstanding post the cessation. The Committee also has discretion for both early exit and reducing the impact of pro-rata. In doing so, it will take account of the reason for the departure and the performance of the individual through to the time of departure.

In situations where an Executive Director is dismissed, the Committee reserves the right to make additional exit payments where such payments are made in good faith:

- in discharge of an existing legal obligation (for example, for payment of breach of such an obligation);
- by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

- To contribute towards the individual's legal fees and fees for outplacement services.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM.

Legacy arrangements
Any commitment which is consistent with the approved Remuneration Policy in force at the time that the commitment was made will be honoured, even where it is not consistent with the Policy prevailing at the time such commitment is fulfilled.

In the case of an external hire, the Company may choose to buy-out any incentive pay or benefit arrangements which would be forfeited on leaving the previous employer. This will only occur where the Company feels that it is a necessary requirement to assist with recruitment. The replacement value would be provided for, taking into account the form (cash or shares), timing and expected value at likelihood of meeting any existing performance criteria of the remuneration being forfeited. Replacement share awards, if used, will be granted using Taylor Wimpey’s existing share plans wherever and to the extent possible, although in exceptional circumstances awards may also be granted outside of those plans if necessary and permitted under the Listing Rules. To ensure alignment from the outset with shareholders, make and breakdown provisions may also apply where appropriate and the Committee may require new Executive Directors to acquire Company shares up to a pre-agreed level. Shareholders will be informed of any new buy-out payments at the time of appointment.

In the case of an internal hire including a promotion, as previously received, the Company will honour any commitments entered into prior to their appointment to the Board even where it is not consistent with the Policy prevailing at the time such commitment is fulfilled.

Directors’ contracts and policy on payments for loss of office
It is the Company’s policy that Executive Directors should have contracts of employment providing for a maximum of one year’s salary, which is consistent with Provision 39 of the Code.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of appointment</th>
<th>Notice period by Company</th>
<th>Total fixed remuneration</th>
<th>Total variable remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pete Readfern</td>
<td>3 July 2007</td>
<td>12 months</td>
<td>£891,644</td>
<td>£2,764</td>
</tr>
<tr>
<td>Chris Carney</td>
<td>20 April 2018</td>
<td>12 months</td>
<td>£703,579</td>
<td>£2,088</td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>20 April 2018</td>
<td>12 months</td>
<td>£703,579</td>
<td>£2,088</td>
</tr>
</tbody>
</table>

The Company has the right to terminate the contracts of engagement of the Chairman of the Board and the Directors on notice of six months and the Directors are not entitled to compensation on termination other than for the normal notice period if not worked out.

The table below sets out the total single figure of remuneration received by each Executive Director for their service and performance in 2021 for the performance period ending 31 December 2021 in respect of the PSP) and 2020 comparison, and total fees received by the Chairman and each Non Executive Director in 2021 and 2020.

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>Year</th>
<th>Executive Director Salary at 1 April 2021</th>
<th>Salary at 1 April 2022</th>
<th>Increase</th>
<th>Bonus / share awards</th>
<th>Kemp / benefits</th>
<th>Other fees or payments</th>
<th>Total single figure of remuneration</th>
<th>Total variable remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pete Readfern</td>
<td>2021</td>
<td>£891,644</td>
<td>£891,644</td>
<td>0%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£1,766</td>
<td>£1,104</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>£891,644</td>
<td>£891,644</td>
<td>0%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£1,766</td>
<td>£1,104</td>
</tr>
<tr>
<td>Chris Carney</td>
<td>2021</td>
<td>£805,984</td>
<td>£805,984</td>
<td>0%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£1,610</td>
<td>£883</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>£805,984</td>
<td>£805,984</td>
<td>0%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£1,610</td>
<td>£883</td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>2021</td>
<td>£447,372</td>
<td>£525,700</td>
<td>19%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£773</td>
<td>£667</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>£447,372</td>
<td>£525,700</td>
<td>19%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>£773</td>
<td>£667</td>
</tr>
</tbody>
</table>

Salaries (audited)
As explained on page 106, during 2021 the Committee reviewed Chris Camay’s salary and in light of his excellent performance and the expanded remit of his role, increased his salary from £447,372 to £525,700, with effect from 1 July 2021. This Committee reviewed the Executive Directors’ salaries and decided to award an increase of 13% to Chris Camay, with effect from 1 April 2022, in line with general workforce increases. Pete Readfern will not receive this increase given he is currently serving his notice period. Assuming the role of Chief Executive on 26 April 2022, Jennie Day’s salary will be set at £750,000.

The salaries of the Executive Directors as at 1 April 2022 will therefore be as follows:

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>Salary at 1 April 2021</th>
<th>Salary at 1 April 2022</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pete Readfern</td>
<td>£891,644</td>
<td>£891,644</td>
<td>0%</td>
</tr>
<tr>
<td>Chris Carney</td>
<td>£805,984</td>
<td>£980,484</td>
<td>22%</td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>£447,372</td>
<td>£525,700</td>
<td>19%</td>
</tr>
</tbody>
</table>
Executive Incentive Scheme (Annual bonus) (EIS) (audited)

EIS in 2021

The outcome of the 2021 EIS is 95% of the maximum and detailed disclosure of the targets and performance against them can be found on page 110. One third of this amount will be paid in shares and be required to be retained in the Company’s Employees’ Benefit Trust for three years. These shares will not be subject to any further performance or non-performance measures.

EIS for 2022

In line with the Policy, the Directors will have the opportunity to earn up to 150% of salary under the 2022 EIS. The opportunity for Jennie Daly will be based on her pro-rata salary following her promotion to Chief Executive from 26 April 2022. Pete Redfern will be eligible to participate in the 2022 EIS for the period he is actively employed in the business up to 26 April 2022 and further details can be found on page 118.

The EIS performance measures and their weightings for 2022 are shown in the table below. The precise details of the targets themselves are designed to be adapted to the current financial year. However, detailed retrospective disclosure of the targets and performance against them will be provided next year in the usual way. The targets for the financial measures have been set so that entry performance is well ahead of 2021 outturn and achieving target will be at the top end of market expectations; the achievement of the stretch targets will demonstrate outperformance in favourable market conditions. The Committee is satisfied that the targets are sufficiently challenging. The Committee has introduced an environmental measure which will focus the business on the delivery of a credible plan and committed date to reduce carbon intensively from our operations by 10% from the 2019 baseline data.

Corporate governance: Remuneration continued

Performance Share Plan (PSP) (audited)

PSP awards included in the 2021 and 2020 total remuneration figures

The outcome for the 2019 PSP Award can be found on page 108. The table below sets out the number of shares each Executive Director received after the vesting of the 2018 and 2019 PSP Awards.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares granted</th>
<th>Value of share at grant (£’000)</th>
<th>Value of shares at vesting (£’000)</th>
<th>End of performance period</th>
<th>Value of shares attributable to performance (%)</th>
<th>Value of shares attributable to maximum performance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pete Redfern</td>
<td>941,769</td>
<td>9,174</td>
<td>2,21%</td>
<td>2019,416</td>
<td>334</td>
<td>56</td>
</tr>
<tr>
<td>Chris Carney</td>
<td>475,532</td>
<td>9,880</td>
<td>9,21%</td>
<td>2019,416</td>
<td>183</td>
<td>28</td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>442,355</td>
<td>9,200</td>
<td>9,21%</td>
<td>2019,416</td>
<td>116</td>
<td>20</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pete Redfern</td>
<td>896,429</td>
<td>8,172</td>
<td>8,6%</td>
<td>2020,416</td>
<td>98</td>
<td>20</td>
</tr>
<tr>
<td>Chris Carney</td>
<td>794,749</td>
<td>8,576</td>
<td>8,6%</td>
<td>2020,416</td>
<td>255</td>
<td>41</td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>725,845</td>
<td>8,000</td>
<td>8,6%</td>
<td>2020,416</td>
<td>255</td>
<td>41</td>
</tr>
</tbody>
</table>

(a) The 2019 PSP Award is included in the 2021 total remuneration figure. The performance against each of the performance measures are set out on page 108. A share price of £134.86 per share was used to calculate the value of the award vesting on 23 March 2022 as this was the average share price for the dealing days in the last three months of the performance period. This figure will be recalculated in the 2022 Annual Report and Accounts. The closing share price on the date the Award was granted is £134.86 per share. Dividend equivalents were paid in cash.

(b) The 2019省级P PSP Award is included in the 2020 total remuneration figure. The overall performance of the award can be seen on page 114 of the 2020 Annual Report and Accounts. The closing share price on the date the Award was granted is £134.86 per share. Dividend equivalents were paid in cash.

PSP awards granted during 2021

<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>% of salary</th>
<th>Share price of award (£’000)</th>
<th>Number of shares</th>
<th>End of performance period</th>
<th>Performance measure</th>
<th>Weighting (20%)</th>
<th>Threshold (20%)</th>
<th>Maximum (20%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pete Redfern</td>
<td>Nil-cost options</td>
<td>200%</td>
<td>1,748</td>
<td>1,004,677</td>
<td>31/12/2023</td>
<td>TSR v peer group (40%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Carney</td>
<td>Nil-cost options</td>
<td>200%</td>
<td>877</td>
<td>503,400</td>
<td>31/12/2023</td>
<td>RONA (2022-2024) (20%)</td>
<td>18%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Jennie Daly</td>
<td>Nil-cost options</td>
<td>200%</td>
<td>800</td>
<td>459,726</td>
<td>31/12/2023</td>
<td>Customer service (20%)</td>
<td></td>
<td>75%</td>
<td></td>
</tr>
</tbody>
</table>

(a) The share price used to determine the number of shares awarded was based on the average closing share price (174.02p) over the three days prior to grant (3, 5, and 6 March 2021).
Executive Directors’ interests in the Company’s share schemes (audited)

Details of the options and conditional awards over shares held by the Executive Directors who served during the year are as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Sharesave Plan</th>
<th>Sharesave Plan</th>
<th>PSP</th>
<th>Sharesave Plan</th>
<th>Sharesave Plan</th>
<th>Sharesave Plan</th>
<th>Sharesave Plan</th>
<th>Sharesave Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares held</td>
<td>Options held</td>
<td></td>
<td>Shares held</td>
<td>Options held</td>
<td>Shares held</td>
<td>Options held</td>
<td>Shares held</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pete Redfern</td>
<td>22,921</td>
<td>21,091</td>
<td></td>
<td>22,921</td>
<td>21,091</td>
<td>22,921</td>
<td>21,091</td>
<td>22,921</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Carney</td>
<td>20,891</td>
<td>10,545</td>
<td></td>
<td>10,545</td>
<td>10,545</td>
<td>10,545</td>
<td>10,545</td>
<td>10,545</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irene Dorner</td>
<td>125,440</td>
<td>125,440</td>
<td></td>
<td>125,440</td>
<td>125,440</td>
<td>125,440</td>
<td>125,440</td>
<td>125,440</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gwyn Burr</td>
<td>17,241</td>
<td>17,241</td>
<td></td>
<td>17,241</td>
<td>17,241</td>
<td>17,241</td>
<td>17,241</td>
<td>17,241</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrew Cairns</td>
<td>136,855</td>
<td>100,115</td>
<td></td>
<td>84,700</td>
<td>63,200</td>
<td>59,833</td>
<td>44,180</td>
<td>38,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Remuneration continued

Corporate governance: Remuneration continued

Chairman and Non Executive Director Fee (audited)

Fee review in 2021
During the year the fees for the Chairman of the Board and Independent Non Executive Directors were reviewed and increased, recognising the increased time commitment required since the last reviews took place in 2018 and 2016 respectively. The increases noted below took effect on 1 July 2021.

<table>
<thead>
<tr>
<th>Director</th>
<th>2021 Fee</th>
<th>2022 Fee</th>
<th>2023 Fee</th>
<th>2024 Fee</th>
<th>2025 Fee</th>
<th>2026 Fee</th>
<th>2025 Fee</th>
<th>2026 Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board</td>
<td>£35,000</td>
<td>£35,500</td>
<td>£36,000</td>
<td>£36,500</td>
<td>£37,000</td>
<td>£37,500</td>
<td>£38,000</td>
<td>£38,500</td>
</tr>
<tr>
<td>Independent Non Executive Director</td>
<td>£30,000</td>
<td>£32,000</td>
<td>£34,000</td>
<td>£36,000</td>
<td>£38,000</td>
<td>£40,000</td>
<td>£42,000</td>
<td>£44,000</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>£17,000</td>
<td>£17,500</td>
<td>£18,000</td>
<td>£18,500</td>
<td>£19,000</td>
<td>£19,500</td>
<td>£20,000</td>
<td>£20,500</td>
</tr>
<tr>
<td>Audit Committee Chair</td>
<td>£15,500</td>
<td>£16,000</td>
<td>£16,500</td>
<td>£17,000</td>
<td>£17,500</td>
<td>£18,000</td>
<td>£18,500</td>
<td>£19,000</td>
</tr>
<tr>
<td>Remuneration Committee Chair</td>
<td>£15,500</td>
<td>£16,000</td>
<td>£16,500</td>
<td>£17,000</td>
<td>£17,500</td>
<td>£18,000</td>
<td>£18,500</td>
<td>£19,000</td>
</tr>
<tr>
<td>The Board’s Employee Champion</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
<td>£15,000</td>
</tr>
</tbody>
</table>

Directors’ share interest register (audited)
In line with the approved Policy, Executive Directors’ shareholding requirements are 200% of their base salary. They are required to retain at least 50% of their net of taxes gain arising from any shares vested or acquired pursuant to the Company’s PSP, until such time as the guidelines have been met. Beneficially owned shares count toward the guidelines, together with the portion of the EIS deferred into shares (on a net of tax basis) and any vested but unlisted PSP awards.

A post-employment shareholding guideline requires Executive Directors to retain shares worth 200% of their base salary, or their shareholding at the time of cessation if their shareholding requirement has not yet been met, for at least two years. Any shares that vest from either the PSP or the EIS deferred shares must be held within the Company’s Employee Benefit Trust until the required shareholding level has been achieved.

The shares will then be released from the Employee Benefit Trust two years from the date of cessation of employment.

The Chairman and the Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

Pete Redfern’s remuneration arrangements in relation to his departure
On 8 December 2021 the Company announced that Pete Redfern would be stepping down from the Board as Chief Executive in 2022 once a suitable successor had been found following a full handover.

Following a thorough recruitment and selection process Jennie Carney had been appointed as Pete’s successor with effect from the 2022 AGM. As such Pete will step down from the Board on 26 April 2022 and will remain available to the business to ensure an orderly transition until his notice period ends on 8 December 2022.

On behalf of the Board, the Committee considered his remuneration arrangements and can confirm that they are in line with his contractual entitlements and the shareholder approved Policy.

Base salary, benefits and pension
Pete will continue to receive salary, benefits and pension in accordance with his contractual entitlements until he leaves the business. He will not receive the 3% salary increase for 2022 which was approved for the wider workforce and Chris Carney, and his pension contributions will reduce to 15.62% of salary, on 1 April 2022 as previously agreed. Outstanding interests in all-employee share plans will be vested in line with standard leaver terms.

EIS
He will be treated as a ‘good leaver’ in respect of the EIS and may receive a bonus for 2022 performance pro-rated to the time he is actively employed in the business up to 26 April 2022 and subject to the achievement of the performance measures. Any award made will be paid at the usual time in March 2023, with one-third being paid at the normal time in March 2024, subject to the requirement to retain any shares that vest for the two year holding period.

No EIS Award will be made for 2022.

Post employment shareholding requirements
Pete will be required to retain shares worth at least 200% of his salary for two years post employment. The number of shares will be calculated based on the share price on his last day of employment.

Clawback and malus
Clawback and malus provisions will continue to apply post cessation of employment.

Details of Jennie Carney’s remuneration package as Chief Executive are set out on page 106.

Payments for loss of office and to former Directors
No payments have been made for loss of office or to former Directors during 2021.
Remuneration Committee Remit

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and senior management which will attract and retain leaders who are focused and incentivised to deliver the Company’s strategic business priorities within a framework which is aligned with the interests of our shareholders and designed to promote the long term success of the Company. It is also responsible for reviewing wider workforce remuneration practices and policies.

Details of Committee membership and attendance at meetings can be found on page 105.

The Committee reviewed its Terms of Reference in 2021 and evaluated its own performance against them. Following this review, the Committee confirmed that they remain appropriate. The Terms of Reference can be found on the Company’s corporate website.

No Director is involved in any decisions about their own remuneration and a conflicts of interest register is maintained by the Company Secretary in accordance with the Company’s Conflicts of Interest Policy. The Remuneration Committee’s activities during 2021 are set out in the table below:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Activity / review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive and senior management remuneration</td>
<td>Reviewed benchmarking data for various groups of senior management; reviewed the forecasts for in-flight EIS and PSP awards; considered the performance measures and targets for the 2022 EIS and PSP scheme; considered the remuneration arrangements for Pete Redfern when he leaves the business.</td>
</tr>
<tr>
<td>Wider workforce remuneration</td>
<td>Reviewed and approved the Group-wide salary review; considered the Company’s 2021 Gender Pay Gap Report; considered the Company’s Ethnicity Pay Gap data.</td>
</tr>
<tr>
<td>Committee governance</td>
<td>Reviewed and agreed the Committee’s annual plan for 2022; reviewed a market update from Korn Ferry; reviewed and approved the 2020 Directors’ Remuneration Report; reviewed the Committee’s performance and compliance with its Terms of Reference.</td>
</tr>
</tbody>
</table>

Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and during the year it continued to retain the services of Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct. During 2021 Korn Ferry also provided other ad hoc remuneration services outside the scope of the Committee to the Company. Korn Ferry were appointed following a comprehensive tender process. The Committee reviews the performance and independence of its advisers on an annual basis and is satisfied that the advice provided is objective and independent. Korn Ferry do not have any connection with the Company or any of the individual Directors.

The Committee also receives legal advice from Slaughter and May in accordance with the Company’s Compliance and Business Ethics Policy. The Committee considers that all employees receive a reward package that is aligned to the Company’s purpose and culture; and is market competitive, transparent and fair.

How the Committee addresses the requirements under Provision 40 in the Code

<table>
<thead>
<tr>
<th>Principle</th>
<th>Committee approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity</td>
<td>– We have operated a consistent approach which is well reported in our Directors’ Remuneration Reports. Our approach is understood internally by employees and externally with strong levels of shareholder support.</td>
</tr>
<tr>
<td>Simplicity</td>
<td>– Executive Director remuneration arrangements have been designed, in accordance with best practice, to be as simple as possible.</td>
</tr>
<tr>
<td>Risk</td>
<td>– We mitigate risk through careful plan design, including long-term performance measurement, deferral, and shareholding requirements (including pool covenants) and discretion and clawback provisions.</td>
</tr>
<tr>
<td>Predictability</td>
<td>– We take care at the range of likely performance outcomes when setting performance target ranges for entry, target and maximum payouts and use discretion where necessary.</td>
</tr>
<tr>
<td>Proportionality</td>
<td>– Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements.</td>
</tr>
<tr>
<td>Alignment to culture</td>
<td>– Performance conditions are aligned to the business strategy and shareholder experience.</td>
</tr>
<tr>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Wider workforce remuneration

Key highlights in 2021

- **5.5%** average salary increase
- **1,307** employees received salary increases during the year following benchmarking outside of the annual review
- **61%** of employees are either already shareholders or participate in one of our all-employee share plans

Maternity and Paternity Leave Policy enhancements made during the year

- **5.5%** increase in the pay rate for maternity and paternity leave
- **10%** increase in the pay rate for adoption leave

Real Living Wage Employer accreditation in November 2021

- **10%** pension contribution available for the majority of the workforce

Wider workforce remuneration in 2021

The Committee regularly monitors and reviews the Company-wide remuneration arrangements to ensure that they are aligned to incentives and rewards across the Company.

The Committee reviewed, by employee level, the different elements of pay and benefits across the Company. Following this review, the Committee considers that all employees receive a reward package that is aligned to the Company’s purpose and culture; and is market competitive, transparent and fair.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Water Workforce</th>
<th>Senior Managers</th>
<th>Executive Directors and GMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive salary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred bonus in shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Incentive Plan / Medium Term Incentive Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholding requirements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid holiday</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employee share plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Engagement with the workforce

As Remuneration Committee Chair and Employee Champion, Gwyn Burr attended three National Employee Forum (NEF) meetings during the year. At one of these meetings, the NEF discussed pay policies and practices across the Group and how they align with the Executive Directors’ remuneration arrangements. The performance measures in variable pay arrangements across the Group were discussed in detail to explain how the Executive Directors’ remuneration was aligned to that of the wider workforce and our strategy.

Under Option B, using the hourly rate from our 2021 gender pay gap data, three employees have been identified as the best equivalents of our lower quartile, median and upper quartile.

Option B provides a clear methodology involving less adjustments to calculate full-time equivalent earnings and is more likely to produce more robust reporting year on year. The Committee reviewed the results of the calculations and is satisfied that they continue to be representative of the respective percentiles.

Total pay and benefit figures, during the respective percentiles.

As a result of the COVID-19 pandemic the CEO single figure for 2020 was significantly lower than in 2019. The CEO single figure was impacted by the voluntary 30% reduction in Executive Directors’ salaries and pension contributions from 1 April to 31 July 2020, no cash bonus being paid to Executive Directors in response to 2020 performance and a low level of vesting in the Executive Directors’ remuneration policy for the 2018 PSP award.

Total share return

The graph below shows the value of £100 invested in Taylor Wimpey plc, on 31 December 2011, at 31 December 2021. The percentages of the maximum award that could have been paid or received.

Performance measures in variable pay arrangements across the Group were discussed in detail to explain how the Executive Directors’ remuneration was aligned to that of the wider workforce and our strategy.

Total shareholder return graph and Chief Executive historic remuneration

The graph below shows the value of £100 invested in Taylor Wimpey plc, on 31 December 2011, at 31 December 2021. The percentages of the maximum award that could have been paid or received.

As has been noted on page 105, the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages are the payout for each year as a percentage of the maximum award that could have been paid or received.

According to page 105, the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages are the payout for each year as a percentage of the maximum award that could have been paid or received.

The Committee is satisfied that there is a correlation between the Executive Directors’ total pay and benefit figures and how they align with the Executive Directors’ remuneration arrangements. The performance measures in variable pay arrangements across the Group were discussed in detail to explain how the Executive Directors’ remuneration was aligned to that of the wider workforce and our strategy.

As a result of the COVID-19 pandemic the CEO single figure for 2020 was significantly lower than in 2019. The CEO single figure was impacted by the voluntary 30% reduction in Executive Directors’ salaries and pension contributions from 1 April to 31 July 2020, no cash bonus being paid to Executive Directors in response to 2020 performance and a low level of vesting in the Executive Directors’ remuneration policy for the 2018 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

<table>
<thead>
<tr>
<th>Year ending 31 December</th>
<th>Chief Executive historic remuneration (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>3,009</td>
</tr>
<tr>
<td>2020</td>
<td>6,724</td>
</tr>
<tr>
<td>2019</td>
<td>6,250</td>
</tr>
<tr>
<td>2018</td>
<td>6,888</td>
</tr>
<tr>
<td>2017</td>
<td>4,072</td>
</tr>
<tr>
<td>2016</td>
<td>3,967</td>
</tr>
<tr>
<td>2015</td>
<td>3,247</td>
</tr>
<tr>
<td>2014</td>
<td>1,120</td>
</tr>
<tr>
<td>2013</td>
<td>2,764</td>
</tr>
<tr>
<td>2012</td>
<td>5,072</td>
</tr>
<tr>
<td>2011</td>
<td>5,072</td>
</tr>
</tbody>
</table>

| 2021                    | 2,957                                       |
| 2020                    | 2,957                                       |
| 2019                    | 2,957                                       |
| 2018                    | 2,957                                       |
| 2017                    | 2,957                                       |
| 2016                    | 2,957                                       |
| 2015                    | 2,957                                       |
| 2014                    | 2,957                                       |
| 2013                    | 2,957                                       |
| 2012                    | 2,957                                       |
| 2011                    | 2,957                                       |

| 2021                    | 1,120                                       |
| 2020                    | 1,120                                       |
| 2019                    | 1,120                                       |
| 2018                    | 1,120                                       |
| 2017                    | 1,120                                       |
| 2016                    | 1,120                                       |
| 2015                    | 1,120                                       |
| 2014                    | 1,120                                       |
| 2013                    | 1,120                                       |
| 2012                    | 1,120                                       |
| 2011                    | 1,120                                       |

| 2021                    | 3,009                                       |
| 2020                    | 6,724                                       |
| 2019                    | 6,250                                       |
| 2018                    | 6,888                                       |
| 2017                    | 4,072                                       |
| 2016                    | 3,967                                       |
| 2015                    | 3,247                                       |
| 2014                    | 1,120                                       |
| 2013                    | 2,764                                       |
| 2012                    | 5,072                                       |
| 2011                    | 5,072                                       |

| 2021                    | 1,120                                       |
| 2020                    | 1,120                                       |
| 2019                    | 1,120                                       |
| 2018                    | 1,120                                       |
| 2017                    | 1,120                                       |
| 2016                    | 1,120                                       |
| 2015                    | 1,120                                       |
| 2014                    | 1,120                                       |
| 2013                    | 1,120                                       |
| 2012                    | 1,120                                       |
| 2011                    | 1,120                                       |

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.

As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors’ remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

For 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.1% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP award.
Change in Company performance relative to change in remuneration (audited)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit(a)</td>
<td>£300.3m</td>
<td>£828.6m</td>
<td>176%</td>
</tr>
<tr>
<td>Dividends paid per ordinary share</td>
<td>0.00p</td>
<td>8.28p</td>
<td>n/a</td>
</tr>
<tr>
<td>Employee pay average per employee(b)</td>
<td>£46,459</td>
<td>£54,517</td>
<td>17%</td>
</tr>
</tbody>
</table>

(a) Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. Operating profit has been chosen as it is one of the Company’s primary measures of performance.
(b) See note 7 to the financial statements on page 149.

Statement of shareholder voting

Votes cast by proxy and at the meeting in respect of the Directors’ remuneration were as follows:

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Votes for %</th>
<th>Votes against %</th>
<th>Total votes cast (excluding withheld votes)</th>
<th>Votes withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ Remuneration Report for 2020 (2021 AGM)</td>
<td>97.67</td>
<td>2.33</td>
<td>2,269,603,271</td>
<td>n/a</td>
</tr>
<tr>
<td>Directors’ Remuneration Policy (2020 AGM)</td>
<td>98.65</td>
<td>1.35</td>
<td>2,028,961,100</td>
<td>583,978</td>
</tr>
</tbody>
</table>

Approved by the Board

Gwyn Burr
Chair of the Remuneration Committee

2 March 2022

Corporate governance: Statutory, regulatory and other information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Annual Report and Accounts. Certain matters which are required to be reported on appear in other sections of this Annual Report and Accounts, as detailed below:

<table>
<thead>
<tr>
<th>Matter</th>
<th>Page(s) in this Annual Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic report</td>
<td>2 to 11</td>
</tr>
<tr>
<td>Likely future developments in the business of the Company</td>
<td>2 to 71</td>
</tr>
<tr>
<td>Carbon footprint reporting</td>
<td>48 to 57</td>
</tr>
<tr>
<td>Greenhouse gas emissions reporting</td>
<td>95</td>
</tr>
<tr>
<td>Shareholder engagement</td>
<td>34 and 47</td>
</tr>
<tr>
<td>A description of the company’s employee engagement practices</td>
<td>34 and 47</td>
</tr>
<tr>
<td>A statement of the company’s engagement with employees in relation to the financial and economic factors that affect the performance of the Company</td>
<td>34</td>
</tr>
<tr>
<td>Charitable donations</td>
<td>43</td>
</tr>
<tr>
<td>Research and development activities</td>
<td>85</td>
</tr>
<tr>
<td>Remuneration committee report</td>
<td>105 to 124</td>
</tr>
<tr>
<td>Profit before taxation and profit after taxation</td>
<td>106 to 124</td>
</tr>
<tr>
<td>Changes in asset values</td>
<td>138 and 141 to 178</td>
</tr>
<tr>
<td>Statement on the Group’s treasury management and funding including information on the exposure of the Company in relation to the use of financial instruments</td>
<td>157 to 170</td>
</tr>
<tr>
<td>Subsidiaries and associated undertakings, including branches outside the UK</td>
<td>179 to 182</td>
</tr>
<tr>
<td>Directors’ dividend recommendation</td>
<td>184 to 181</td>
</tr>
<tr>
<td>Web communications with shareholders</td>
<td>191</td>
</tr>
<tr>
<td>Register</td>
<td>192</td>
</tr>
<tr>
<td>Specific disclosures required under Listing Rule 9.8.4 as appropriate to the Company</td>
<td>n/a</td>
</tr>
<tr>
<td>Details of the Company’s long term incentive schemes</td>
<td>105 to 124</td>
</tr>
<tr>
<td>Shareholder waiver of future dividends</td>
<td>125</td>
</tr>
</tbody>
</table>

Qualifying third party indemnity

In accordance with Section 234 of the Companies Act 2006 and following advice from Slaughter and May, the Company has granted an indemnity in favour of its Directors and Officers and those of its Group companies, including the Trustee Directors of its Pension Trustee Company, for this financial year and at the date of this report. The indemnity is against the financial exposure that they may incur in the course of their professional duties as Directors and Officers of the Company and / or its subsidiaries / affiliates.

Audit and Auditors

Each Director has, at the date of approval of this report, formally confirmed that:

- To the best of their knowledge there is no relevant audit information of which the Company’s external Auditors are unaware.
- They have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s external Auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of Sections 418 of the Companies Act 2006.

More information can be found on page 127.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 10.30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza, Marlow, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LJ.

Formal notice of the AGM is set out in the Notice of Annual General Meeting on pages 154 to 159 and on the Company’s website.

Capital structure

Details of the Company’s issued share capital, together with information on movements in the Company’s issued share capital during the year, are shown in Note 23 on pages 165 to 166.

The Company has two classes of shares: Ordinary Shares of 1p, each of which carries the right to one vote at general meetings of the Company and other such rights and obligations as are set out in the Company’s Articles of Association; and Deferred Shares, which carry no voting rights.

The powers of the Company’s directors in relation to issuing or buying back the Company’s shares are limited to those approved by shareholders at the AGM.
We have announced the Company’s intention to return excess capital to its shareholders in 2022 of up to £150 million through the implementation of a share buyback programme. An initial tranche of up to £75 million commenced on 3 March 2022 and is expected to end no later than 3 June 2022. The initial tranche of the share buyback programme is being carried out by the Company using the authority to purchase its own ordinary shares as approved by shareholders at the 2021 AGM, and in order to retain the flexibility to complete the initial tranche and continue to return value to shareholders, we are asking shareholders to renew the authority for the Company to purchase its own ordinary shares. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares. Pursuant to the share buyback programme, the Board has the right to buyback the relevant proportion of the shares that are repurchased in treasury and the remaining shares will be cancelled. The Board currently intends that the shares to be held in treasury will be used for future obligations of the Company in respect of its employee share schemes. The Board will ask the authority to purchase shares only after careful consideration (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company).

Subject to shareholder approval at the 2022 AGM, the final ordinary dividend of 4.44 pence per share will be paid on 13 May 2022 to shareholders on the register at the close of business on 1 April 2022. More information can be found on pages 69 and 186. The Company will be operating a Dividend Re-Investment Plan (DRIP) for shareholders in the United Kingdom and more information can be found on page 187. The right to receive any dividend has been waived in part by the Trustee of the Company’s ESOT, over that Trust’s combined holding of 9,112,873 shares, as at 28 February 2022. More information about the ESOT can be found in Note 26 on page 167.

Important events since the year end
There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2021.

Political donations
The Company has a policy of not making donations to political parties, and has not made any during 2021 and does not intend to going forward. More information can be found on page 189.

Agreements
The Company’s borrowing and bank facilities contain the usual change of control provisions which could potentially lead to prepayment and cancellation by the other party upon a change of control of the Company. There are no other significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Modern Slavery Act
The Company welcomes the aims and objectives of the Modern Slavery Act 2015 (MSA) and continues to take its responsibilities under the MSA with the seriousness it deserves and requires. The Company will shortly be publishing its first statement under the MSA which will be available on the Company’s website.

Employee share ownership
The Company promotes employee share ownership as widely as possible across the Company. The Company has two all-employee share plans, the Save As You Earn share option plan and the Share Incentive Plan, which are offered to all UK-based employees once they have worked for the Company for three months. The Company also offers a scheme whereby employees who do not participate in the Executive Incentive Scheme (cash bonus schemes) are offered the opportunity to exchange any cash bonus awarded for shares in the Company, offering a 20% enhancement to the value if taken entirely in shares and retained for one year. The scheme has operated since 2012 and in 2021 resulted in 233,335 shares (2020: 574,817) being acquired by 225 employees (2020: 234). The relatively lower number of shares awarded in 2021 reflected the lower bonus level for 2020 performance realised by employees.

The percentage of our employee who hold shares in the Company, either through all-employee share plans, the bonus exchange scheme, or any other method is 61% (2020: 64%).

Employment of people with disabilities
The Company is committed to ensuring that people with disabilities are treated fairly, supported and encouraged to apply for employment and to progress and receive training once employed. Working with key partners, we hope to increase permanent and secondment opportunities for people with disabilities. In addition, every reasonable effort is made for people with disabilities to be retained in the employment of the Company by investigating reasonable adjustments to the role, workplace or equipment.

Statement of Directors’ responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

– Select suitable accounting policies and then apply them consistently;
– State whether applicable UK-adopted international accounting standards have been followed for the Company financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
– Make judgements and accounting estimates that are reasonable and prudent;
– Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business;

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors’ Remuneration Report comply with the Companies Act 2006. The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations
Each of the Directors, whose names and functions are listed in the Board of Directors pages of the Corporate Governance report confirm that, to the best of their knowledge:

– The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
– The Group financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company;
– The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the Principal Risks and uncertainties that it faces;

This Directors’ report and responsibility statement was approved by the Board of Directors on 2 March 2022 and is signed on its behalf by:

Alice Black
Group General Counsel and Company Secretary, Taylor Wimpey plc
2 March 2022
Independent auditors’ report to the members of
Taylor Wimpey plc

Report on the audit of the financial statements

Opinion
In our opinion:
– Taylor Wimpey plc’s Group financial statements and Company financial statements (the “financial statements”) give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2021 and of the Group’s profit and the Group’s cash flows for the year then ended;
– the Group financial statements have been properly prepared in accordance with UK-adapted international accounting standards;
– the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice for United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law;
– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the “Annual Report”), which comprise: the Consolidated and Company cash flow statements as at 31 December 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided. Other than those disclosed in note 6, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context
Taylor Wimpey is a listed housebuilder, predominantly operating in the UK, also with a presence in Spain. The Group focuses on the sale of private dwellings, which comprised 91% of total revenue in 2021, with the majority of the remaining revenue generated through delivery of partnership housing contracts.

The Group’s consolidated financial statements are primarily an aggregation of the 23 UK Business Units, representing the regional UK housebuilding businesses encompassed in Taylor Wimpey UK Limited, consolidated with the Group’s Spanish operations, Taylor Wimpey de España S.A.U., the Company and the shares of the Group’s interest in joint ventures. For the purposes of our audit, we considered Taylor Wimpey UK Limited, Taylor Wimpey de España S.A.U. and the Company to be separate components.

The context of our audit is underpinned by 2021 being our first year as external auditors of the Group. As part of our audit transition, we performed specific procedures over opening balances by shadowing the prior year audit undertaken by the predecessor auditors, reviewing the predecessor auditors working papers and risk assessment, both in the UK and Spain, and re-evaluating the predecessor auditors conclusions in respect of key sources of estimation uncertainty in the opening balance sheet at 1 January 2021.

We performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group and, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, a review of the half year financial information. Following this work, we performed a significant amount of early audit procedures in advance of the year-end, covering each of the Business Units and the Group functions. The objective of this audit work was:
– to perform initial testing in relation to the design and operating effectiveness of the controls we planned to place reliance on;
– to ensure that we had a clear plan as to what work needed to be done when and where at year-end;
– to perform initial substantive testing, particularly where larger samples were required; and
– to enable early consideration of the key sources of estimation uncertainty before the year-end.

The audit transition, half year review and pre year-end audit work were important in determining our 2021 Group audit scope, areas of focus and detailed testing approach. As we undertook each phase of this first year audit, we regularly reconsidered our risk assessment to reflect audit findings, including our assessment of the Group’s control environment and the impact on our planned audit approach.

In terms of risk assessment:
– given the nature of the Group’s operations and the methodology for recognising margin on units sold, we considered margin recognition and forecasting to be the most significant area and therefore have included this as a key audit matter; and
– we considered current Government legislation and announcements, particularly in relation to cladding and fire safety, and hence also included a key audit matter in relation to this.

As part of our audit we also made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact in the current year and we used our knowledge of the Group and the industry to evaluate management’s assessment. We particularly considered the potential impact on forecast build costs, and therefore margins, of new climate related regulations, such as Part L & F of the Building Regulations.

Overview
Audit scope
Our Group audit included full scope audits of Taylor Wimpey UK Limited (which includes the Group’s 23 UK Business Units), Taylor Wimpey plc (the “Company”) and Taylor Wimpey de España S.A.U. We also performed audit procedures over specified balances and transactions across a number of the Group’s joint ventures. Finally we audited the consolidation, including consolidation adjustments. Taken together, the above procedures included operations covering 100% of revenues, 96% of profit before tax, 90% of profit before tax and exceptional items and 97% of net assets.

Key audit matters
– Margin recognition and site forecasting (Group)
– Cladding the safety provision (Group)
– Valuation of investments in Group undertakings and amounts due from Group undertakings (Company)

Materiality
– Overall Group materiality: £40.0 million based on 5% of profit before tax and extraordinary items.
– Overall Company materiality: £36.0 million based on 1% of net assets capped at 90% of overall Group materiality.
– Performance materiality: £30.0 million (Group) and £27.0 million (Company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.
We consider the accuracy and completeness of forecasting and the appropriateness of margin recognition across the life of the site to assess the actual margin recognised or forecast margin to be materially inapplicable.

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin recognition and site forecasting (Group)</td>
<td>Our audit procedures focused in particular on assessing the judgmental elements used to determine an accurate margin, being forecast costs and forecast revenues. Our procedures included, but were not limited to:</td>
</tr>
<tr>
<td></td>
<td>– We tested a number of key controls within the build cycle, such as:</td>
</tr>
<tr>
<td></td>
<td>‒ management’s review meetings, where the performance of sales and expected outcomes are updated, reviewed and challenged for each site on a bi-monthly basis;</td>
</tr>
<tr>
<td></td>
<td>‒ review, approval and recognition of cost variations against the original site budgets;</td>
</tr>
<tr>
<td></td>
<td>‒ reviewer valuations assessing the stage of completion of individual plots across all sites; and</td>
</tr>
<tr>
<td></td>
<td>‒ review and approval of initial site budgets.</td>
</tr>
<tr>
<td></td>
<td>We assessed management’s historical forecasting accuracy on all active sites in 2021, through comparison to historical forecasts from 2020 and 2019, as well as the initial site budget. We investigated significant differences or trends to understand whether they were driven by items that could reasonably have been forecast or predicted rather than items outside of management’s control such as build cost inflation;</td>
</tr>
<tr>
<td></td>
<td>– We tested a sample of forecast costs to third party evidence, such as tender documents, or other appropriate support;</td>
</tr>
<tr>
<td></td>
<td>– We tested a sample of forecast sales prices to the actual sales prices attained on similar properties;</td>
</tr>
<tr>
<td></td>
<td>– We understood risks and opportunities identified in relation to sites to ensure completeness of costs within the site forecast, including consideration of the impact of future climate related regulation and requirements;</td>
</tr>
<tr>
<td></td>
<td>– We tested a sample of actual costs incurred to third party evidence, as well as testing the allocation of costs to the correct sites;</td>
</tr>
<tr>
<td></td>
<td>– We tested a sample of actual revenue recognised in the period to third party contracts, completion statements and bank statements;</td>
</tr>
<tr>
<td></td>
<td>– We verified, by recalculating the margins, that the system correctly recalculates the margins following each cost or sales price amendment made by management; and</td>
</tr>
<tr>
<td></td>
<td>– We tested that the system appropriately apportions the cost of sales associated with each plot when a sale is made.</td>
</tr>
<tr>
<td></td>
<td>Based on the procedures performed, we did not identify any sites where we considered the actual margin recognised or forecast margin to be materially inapplicable.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cladding fire safety provision (Group)</td>
<td>Our audit procedures included, but were not limited to, the following:</td>
</tr>
<tr>
<td></td>
<td>– We enquired with management, including the Group Management Team, to understand the rationale behind the provision and whether it met the requirements of IAS 37 for the recognition of a constructive obligation;</td>
</tr>
<tr>
<td></td>
<td>– We recalculated and checked the integrity of management’s model, to assess the accuracy of the calculation;</td>
</tr>
<tr>
<td></td>
<td>– We tested the completeness of the disclosures included by reference to publicly available information on Taylor Wimpey ASB's constructed buildings;</td>
</tr>
<tr>
<td></td>
<td>– We tested the completeness of the provision by considering whether, for buildings where there was no provision, that conclusion was appropriate by inspecting supporting information including the results from any surveys undertaken;</td>
</tr>
<tr>
<td></td>
<td>– We tested the valuation of the remediation costs included within the provision back to third party evidence, to corroborate the inputs into the provision calculation. Examples of audit evidence included external valuations to determine the extent of works required and third party evidence such as external quantity surveyor quotes.</td>
</tr>
<tr>
<td></td>
<td>– We assessed the technical capabilities and expertise of the Group’s employees and external consultants involved in assessing the expected work and costs;</td>
</tr>
<tr>
<td></td>
<td>– We understood and assessed the estimated impact of potential contributions from the Building Safety Fund to the overall expected remediation costs;</td>
</tr>
<tr>
<td></td>
<td>– We assessed the ability of management to forecast remediation costs by comparing original internal estimates to tendered works;</td>
</tr>
<tr>
<td></td>
<td>– We read recent government guidelines to confirm that management’s assumptions and interpretations were appropriate; and</td>
</tr>
<tr>
<td></td>
<td>– We reviewed the disclosures included in the financial statements, including those on estimation uncertainty required by IAS 1 and those required by IAS 37.</td>
</tr>
<tr>
<td></td>
<td>Overall, we found that, based on the audit evidence that we obtained, management’s assessment of the provision was appropriate given the commitment made and the conditions that existed at the balance sheet date. We also considered the disclosures made in the financial statements to be in line with the requirements of IAS 37 “Provisions, contingent liabilities and contingent assets.”</td>
</tr>
</tbody>
</table>
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the financial statements as a whole. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group’s consolidated financial statements are primarily an aggregation of the 23 UK Business Units, representing the regional UK housebuilding businesses, consolidated with the Group’s Spanish operations, Taylor Wimpey de España S.A.U., the Company and the share of the Group’s interest in joint ventures. The 23 UK Business Units operate under a common control environment, underpinned by the Group’s Operating Framework. The Group engagement team’s initial testing focused on the effectiveness and consistency of the design and implementation of the controls and processes, and based on this, we determined that the aggregated Business Units could be treated as one population for further testing purposes. In addition, we performed detailed audit work over the consolidated journals and specific financial statement line items within the Group’s joint ventures. We instructed PwC Spain to perform procedures over Taylor Wimpey de España S.A.U.’s financial information, which forms part of the financial statements.

Our work covered 100% of revenue, 99% of profit before tax, 99% of profit before tax and exceptional items and 97% of net assets. We performed specific audit testing over the exceptional item, relating specifically to the cladding fire safety provision. We also performed a full scope audit of the Company financial statements which was considered a separate component for the purposes of our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<table>
<thead>
<tr>
<th>Financial statements – Group</th>
<th>Financial statements – Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall materiality</td>
<td>£90.0 million</td>
</tr>
<tr>
<td>How we determined it</td>
<td>5% of profit before tax and exceptional items</td>
</tr>
<tr>
<td>Ratios for benchmark applied</td>
<td>5% of profit before tax and exceptional items capped at 5% of Group materiality</td>
</tr>
</tbody>
</table>

For each component in the scope of our audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £12.5 million to £38.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of balance, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £30.0 million for the Group financial statements and £27.0 million for the Company financial statements.

In determining the performance materiality, we considered a number of factors relating to the misstatements, risk assessment and aggregate risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2.0 million (Group and Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors’ assessment of the Group’s and the Company’s ability to continue to adopt the going concern basis of accounting included:

- We tested the accuracy and integrity of the underlying model used by management in developing their going concern forecasts, and checked the approval of the forecasts by the Board.
- We tested the key assumptions used in the model, including a comparison to third-party market information where appropriate and checking that the assumptions used in the “severe but plausible” scenario were sufficiently severe to model potential future economic downturn, in line with those observed in the global financial crisis in 2007/8.
- We considered the historical reliability of management forecasting by comparing budgeted results to actual performance, and
- We reviewed the covenants applicable to the Group’s borrowings and facility and checked that the forecasts supported ongoing compliance with the covenants in the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group’s and the Company’s ability to continue as a going concern.

In relation to the Directors’ reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors’ statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors’ report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors’ report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors’ report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors’ report.

Directors’ Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.
Corporate governance statement

The Listing Rules require us to review Directors’ statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the contents of the Annual Report as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

– The Directors’ confirmation that they have carried out a robust assessment of the emerging and principal risks;

– The disclosures in the Annual Report that describe those principal risks, what processes are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

– The Directors’ statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group’s and Company’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

– The Directors’ explanation as to their assessment of the Group’s and Company’s prospects, the period this assessment covers and why the period is appropriate; and

– The Directors’ statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors’ statement regarding the longer-term viability of the Group has been scoped in accordance with the Listing Rules in alignment with the relevant provisions of the UK Corporate Governance Code, and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

– The Directors’ statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group’s and Company’s position, performance, business model and strategy;

– The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

– The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors’ statement relating to the Company’s compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors’ responsibilities in respect of the preparation of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to building regulations, including fire and building safety legislation, health and safety legislation, tax and pension legislation, environmental regulation and employment law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Listing Rules and the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and obtained information related to artificial inflation of reported results via the posting of fraudulent journals, primarily as part of the consolidation process at Group, and bias in the assumptions underpinning significant provisions.

The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

– Discussion with the Group Management Team, Business Unit Management, Internal Audit and the Audit Committee, review of internal audit reports and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

– Evaluation and testing of the operating effectiveness of management’s controls designed to prevent and detect irregularities, in particular their controls around margin recognition and site forecasting;

– Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to margin recognition, site forecasting and provisions;

– Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the Consolidated income statement.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you, in our opinion:

– we have not obtained all the information and explanations we require for our audit; or

– adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

– certain disclosures of Directors’ remuneration specified by law are not made; or

– the Company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 23 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.1R, these financial statements form part of the ESEF–prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard (ESEF RTS). This auditors’ report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Sonja Copeland (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

2 March 2022

Taylor Wimpey plc Annual Report 2021
## Consolidated income statement

for the year to 31 December 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>£ million</th>
<th>Before exceptional items</th>
<th>Exceptional items</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Continuing operations

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4,284.9</td>
<td>2,790.2</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3,257.9</td>
<td>2,293.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,027.0</td>
<td>496.7</td>
</tr>
<tr>
<td>Net operating expenses</td>
<td>203.8</td>
<td>204.3</td>
</tr>
<tr>
<td>Profit on ordinary activities before net finance costs</td>
<td>823.2</td>
<td>292.4</td>
</tr>
<tr>
<td>Finance income</td>
<td>2.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Finance costs</td>
<td>26.4</td>
<td>29.4</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>5.4</td>
<td>7.9</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>804.6</td>
<td>274.4</td>
</tr>
<tr>
<td>Taxation (charge)/credit on items taken directly to other comprehensive income</td>
<td>37.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Other comprehensive income/(expense) for the year</td>
<td>30.4</td>
<td>27.0</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>656.7</td>
<td>255.3</td>
</tr>
</tbody>
</table>

### Basic earnings per share

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>15.3p</td>
<td>6.3p</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>15.2p</td>
<td>6.2p</td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>18.0p</td>
<td>6.5p</td>
</tr>
<tr>
<td>Adjusted diluted earnings per share</td>
<td>18.0p</td>
<td>6.5p</td>
</tr>
</tbody>
</table>

All of the profit for the year is attributable to the equity holders of the Parent Company.

## Consolidated statement of comprehensive income

for the year to 31 December 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>% of revenue</th>
<th>2021 (LB)</th>
<th>2020 (LB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that may be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>25</td>
<td>[6.9]</td>
<td>5.2</td>
</tr>
<tr>
<td>Movement in fair value of hedging instruments</td>
<td>25</td>
<td>4.8</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain/(loss) on defined benefit pension schemes</td>
<td>21</td>
<td>37.9</td>
<td>36.6</td>
</tr>
<tr>
<td>Tax (charge)/credit on items taken directly to other comprehensive income</td>
<td>14</td>
<td>(6.4)</td>
<td>8.6</td>
</tr>
<tr>
<td>Other comprehensive income/(expense) for the year</td>
<td></td>
<td>30.4</td>
<td>27.0</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>556.5</td>
<td>217.0</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td>586.9</td>
<td>190.0</td>
</tr>
</tbody>
</table>

All of the comprehensive income for the year is attributable to the equity holders of the Parent Company.

Note: The figures in the table above are based on the company’s annual financial statements, which provide a comprehensive overview of the company’s financial performance and position. The statements include detailed information on income, expenses, and financial ratios that are essential for understanding the company’s financial health and management. The data is presented in a clear and tabulated format to facilitate easy analysis and interpretation.
Consolidated balance sheet
at 31 December 2021

£ million

Non-current assets
Intangible assets 11 6.6 8.1
Property, plant and equipment 12 21.7 24.0
Right-of-use assets 19 26.5 27.5
Interests in joint ventures 13 85.4 82.2
Trade and other receivables 16 27.5 26.3
Other financial assets 21 19.0 –
Deferred tax assets 14 26.2 33.7
Lease liabilities 19 203.5 201.8

Current assets
Inventories 15 4,945.7 4,534.7
Trade and other receivables 16 168.2 191.9
Tax receivables 1.0 –
Cash and cash equivalents 16 921.0 823.0

Intangible assets 11
Non-current assets
Inventories 15
Trade and other receivables 16
Tax receivables 1.0
Cash and cash equivalents 16

Total assets 6,239.6 5,746.6

Current liabilities
Trade and other payables 18 (901.9) (913.3)
Lease liabilities 19 (7.0) (6.4)
Bank and other loans 17 – (13.5)
Tax payables 0.8 (1.1)
Provisions 22 (125.4) (70.6)

Net current assets 5,000.8 4,535.9

Non-current liabilities
Trade and other payables 18 (629.3) (409.8)
Lease liabilities 19 (20.4) (21.6)
Bank and other loans 17 (84.0) (90.1)
Retirement benefit obligations 21 (37.3) (89.5)
Provisions 22 (119.7) (53.9)

Total liabilities (1,925.8) (1,731.8)

Net assets 4,314.0 4,016.8

Equity
Share capital 23 292.2 292.2
Share premium 24 777.6 773.1
Own shares 26 (14.6) (11.5)
Other reserves 25 541.6 543.7
Retained earnings 2,717.3 2,419.3

Total equity 4,314.0 4,016.8

The financial statements of Taylor Wimpey plc (registered number: 296805) were approved by the Board of Directors and authorised for issue on 2 March 2022. They were signed on its behalf by:

P Redfern
Director

C Cornley
Director

Consolidated statement of changes in equity
for the year to 31 December 2021

£ million

Share Share Share Other Retained Total
capital premium shares reserves earnings

Total equity at 1 January 2020 292.2 777.6 (14.6) 541.6 2,717.3 4,314.0

Other comprehensive (expense)/income for the year
Profit for the year – – – – 217.0 217.0
Total comprehensive income for the year – – – – 217.0 217.0
New share capital subscribed – – – 3.6 10.2 10.2 499.1 – (512.9)
Utilisation of own shares – – – – 6.1 – – 6.1
Cash cost of satisfying share options – – – – (8.0) (8.0)
Share-based payment credit – – – – 7.0 7.0
Tax credit on items taken directly to statement of changes in equity – – – – 1.0 1.0

Total equity at 31 December 2020 292.2 777.6 (14.6) 541.6 2,717.3 4,016.8

Other comprehensive (expense)/income for the year
Profit for the year – – – – 32.5 32.5
Total comprehensive (expense)/income for the year – – – – 359.5 359.5
New share capital subscribed – – – – 4.4 – – 4.4
Own shares acquired – – – (4.3) – (4.3)
Utilisation of own shares – – – – 1.1 – – 1.1
Cash cost of satisfying share options – – – – (1.9) (1.9)
Share-based payment credit – – – – 13.2 13.2
Tax credit on items taken directly to statement of changes in equity – – – – 0.2 0.2
Dividends approved and paid – – – – (301.9) (301.9)

Total equity at 31 December 2021 292.2 777.6 (14.6) 541.6 2,717.3 4,314.0

Taylor Wimpey plc Annual Report 2021
Consolidated cash flow statement 
for the year to 31 December 2021

<table>
<thead>
<tr>
<th>Million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on ordinary activities before net finance costs</td>
<td>698.2</td>
<td>282.4</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>15.6</td>
<td>16.4</td>
</tr>
<tr>
<td>Pension contributions in excess of charge to the income statement</td>
<td>(15.0)</td>
<td>(33.4)</td>
</tr>
<tr>
<td>Share-based payment charge</td>
<td>13.2</td>
<td>7.0</td>
</tr>
<tr>
<td>Increase in provisions excluding exceptional payments</td>
<td>130.0</td>
<td>19.6</td>
</tr>
<tr>
<td>Operating cash flows before movements in working capital</td>
<td>841.9</td>
<td>297.0</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(293.3)</td>
<td>(362.2)</td>
</tr>
<tr>
<td>Decrease/(increase) in receivables</td>
<td>32.1</td>
<td>(19.5)</td>
</tr>
<tr>
<td>Decrease in payables</td>
<td>0.0</td>
<td>(21.7)</td>
</tr>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>574.7</td>
<td>(165.0)</td>
</tr>
<tr>
<td>Payments related to exceptional charges</td>
<td>(15.1)</td>
<td>(17.7)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(123.0)</td>
<td>(107.7)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(4.7)</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Net cash generated from/(used in) operating activities</td>
<td>431.9</td>
<td>(301.2)</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>8.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Dividends received from joint ventures</td>
<td>8.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>12.0</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Purchase of software</td>
<td>11.0</td>
<td>(4.9)</td>
</tr>
<tr>
<td>Investment in pension scheme escrow</td>
<td>(10.0)</td>
<td>–</td>
</tr>
<tr>
<td>Amounts invested in joint ventures</td>
<td>(9.6)</td>
<td>(19.8)</td>
</tr>
<tr>
<td>Net cash in used in investing activities</td>
<td>(10.3)</td>
<td>(23.9)</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease capital repayments</td>
<td>(8.1)</td>
<td>(8.0)</td>
</tr>
<tr>
<td>Proceeds from the issue of own shares</td>
<td>–</td>
<td>510.1</td>
</tr>
<tr>
<td>Cash received on exercise of share options</td>
<td>3.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Purchase of own shares</td>
<td>(4.2)</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(12.7)</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>–</td>
<td>13.5</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>31.0</td>
<td>–</td>
</tr>
<tr>
<td>Net cash used/(generated) from financing activities</td>
<td>(521.7)</td>
<td>516.4</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>99.5</td>
<td>191.3</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>823.0</td>
<td>630.4</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
<td>(1.8)</td>
<td>1.3</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>27.0</td>
<td>825.0</td>
</tr>
</tbody>
</table>

Notes to the consolidated financial statements

1. Significant accounting policies
Basis of preparation
The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except as otherwise stated below.

The principal accounting policies adopted, which have been applied consistently, except as otherwise stated, are set out below.

Adoption of new and revised standards
On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group has transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

The Group has adopted and applied the following standards and amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) – interest rate benchmark reform – phase 2

At this date of authorisation of these financial statements, the Group has not applied the following new or revised standards and interpretations that have been issued but are not yet effective:

- IFRS 16 ‘Leasing’ (amendments) – definition of lessee

The forecasts were subject to sensitivity analysis together with the likely effectiveness of mitigating actions.

The assessment considers sensitivity analysis on a series of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these the Group has included macro-economic and industry-wide projections as well as matters specific to the Group.

The scenario build costs are forecast to reduce with lower volumes reducing pressure on the availability of materials and resources and land cost remains flat as the possible increase in availability due to lower volumes is offset by a restriction in supply. An estimate for the cost of the future Homes Standard has been assumed.

The mitigating actions considered in the model include a reduction in land investment, a reduction in the level of production and work in progress held and reducing our overhead basis to reflect the lower volumes. If these scenarios were to occur, the Group also has a range of additional options to maintain its financial strength, including: a reduction in capital expenditure, the sale of assets, reducing the dividend, and/or raising debt.

Going concern
Group forecasts have been prepared that have considered the Group’s current financial position and current market circumstances. The forecasts were subject to sensitivity analysis together with the likely effectiveness of mitigating actions.

The Group has not applied the following new or revised standards and interpretations listed above with a material impact on the financial statements of the Group:

1. Basis of accounting
The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) as adopted by the UK.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.
1. Significant accounting policies continued

On acquisition, the assets and liabilities of the target and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

The interest of non-controlling shareholders is stated at the non- controlling interest’s proportion of the fair value of the assets and liabilities recognised. Subsequently, all comprehensive income is attributed to the owners and the non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statement from the effective date of acquisition up to the effective date of disposal, as appropriate. Where a subsidiary in which a joint venture has a major line of business, it is disclosed as a discontinued operation.

In addition, each Division builds and delivers residential homes, uses

2. Significant accounting policies continued

Joint ventures

Team. In addition, there are central operations covering the

1. Joint ventures

Understandings are deemed to be a joint venture when the Group has

The Group operates in the United Kingdom and Spain. The United

1. Joint ventures

Understandings are deemed to be a joint venture when the Group has

The Group operates in the United Kingdom and Spain. The United

1. Joint ventures

Understandings are deemed to be a joint venture when the Group has

The Group operates in the United Kingdom and Spain. The United

1. Joint ventures

Understandings are deemed to be a joint venture when the Group has

The Group operates in the United Kingdom and Spain. The United

1. Joint ventures

Understandings are deemed to be a joint venture when the Group has

The Group operates in the United Kingdom and Spain. The United
1. Significant accounting policies continued

Property, plant and equipment
Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Buildings are depreciated over their useful lives. Plant and equipment is stated at cost less depreciation. Depreciation is charged to expense or valuation of assets over their estimated useful lives. Other assets are depreciated using the straight-line method, on the following bases:

- Plant and equipment: 20-33% per annum
- Leasehold improvements: over the term of the lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset. This difference is recognised in the income statement.

Impairment of tangible and intangible assets
At each balance sheet date, the Group revises the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is determined to estimate the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.

The recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is charged as an expense immediately in the income statement.

Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset’s recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, provided that it does not exceed the original carrying value prior to the impairment being recognised. A reversal of an impairment loss is recognised as income immediately in the income statement.

Financial instruments

Financial assets
Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- Measured at amortised cost
- Measured at fair value through profit or loss (FVTPL)
- Measured at fair value through other comprehensive income (OFCOCI)

The classification of financial assets depends on the Group’s business model for managing the asset and the contractual terms and conditions of the cash flows from the asset. Financial assets are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the income statement using the effective interest rate method.

Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Group as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the income statement and presented within net operating expenses.

The Group currently has no financial assets measured at FVOCI.

Trade and other receivables
Trade and other receivables are measured at amortised cost, less any loss allowance.

Share equity loans
Share equity loans were provided to certain customers to facilitate a house purchase. The contractual cash flows on shared equity loans are linked to a national house price index. Under IFRS 9, financial assets with embedded derivatives are considered in their entirety, when assessing whether their cash flows are solely payment of principal and interest. Accordingly, shared equity loans are classified as FVTPL.

Changes in the fair value of the shared equity loan are included as part of other comprehensive income in the income statement.

Impairment of financial assets

A financial asset’s credit risk is reassessed at each reporting date. An impairment loss is recognised as an expense immediately in the income statement.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the consolidated income statement. Gains or losses from remeasuring the derivative, or any non-derivatives, are recognised in the income statement as they arise.

Hedging relationships are discontinued if the hedged item is sold or no longer qualifies for hedge accounting at which point any cumulative gain or loss on the hedging instrument accumulated in other comprehensive income is transferred to the income statement for the period.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors’ best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Inventories
Inventories are initially stated at cost and held at the lower of its initial amount and net realisable value. Costing. The Group uses the first-in, first-out (FIFO) method and applies the weighted average price for purposes of valuation.

Financial liabilities
Financial liabilities are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- Measured at amortised cost
- Measured at fair value through profit or loss (FVTPL)
- Measured at fair value through other comprehensive income (OFCOCI)

Leasehold improvements: over the term of the lease

Leasehold improvements are stated at cost and amortised over the period of the lease on a straight-line basis.

Taxation

The Group’s income tax charge for the year is based on the taxable profit for the year. The Group’s tax charge is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferral tax

Deferred tax is the tax expected to be payable or receivable on the basis of income and expenditure items appearing in the profit and loss account. Deferred tax assets are recognised for all taxable temporary differences and deferred tax liabilities are recognised for all temporary differences that are not deductible for tax purposes. The tax effect of individual items of income and expense is recognised in the income statement as they arise. Deferred tax assets are recognised for the tax relief on deductible temporary differences, to the extent that it is probable that the future reversal of the temporary differences will result in the Group being able to utilise the related tax relief. Deferred tax assets are written-off when it is no longer probable that the future reversal of the temporary differences will result in the Group being able to utilise the related tax relief.
2. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Management have considered whether there are any such sources of estimation or accounting judgements in forming the financial statements and highlight the following areas. In identifying these areas, management have considered the size of the associated balance and the potential likelihood of changes due to macro-economic factors.

Critical accounting judgements

Management have not made any individual critical accounting judgements that are material to the Group.

Key sources of estimation uncertainty

Key sources of estimation uncertainty are those which present a significant risk of potential material misstatement to carrying amounts of assets or liabilities within the next financial year.

Employee benefits

The value of the defined benefit plan liabilities is determined by using various assumptions, including discount rate, future rates of inflation, growth, yields, returns on investments and mortality rates. As actual changes in these values may differ from those assumed, this is a key source of estimation uncertainty within the financial statements. Changes in these assumptions over time and differences to the actual outcome will be reflected in the statement of comprehensive income. Note 21 details the main assumptions in accounting for the Group’s defined benefit pension scheme, along with sensitivities of income. Note 21 details the main assumptions in accounting for the Group’s defined benefit pension scheme, along with sensitivities of income. Reasonable possible changes would lead to a material adjustment in the value of this provision held. See Note 22 for further details on the provision.

Other sources of estimation uncertainty

Change in these assumptions over time and differences to the actual outcome will be reflected in the statement of comprehensive income. Note 21 details the main assumptions in accounting for the Group’s defined benefit pension scheme, along with sensitivities of the liabilities to changes in these assumptions.

Other sources of estimation uncertainty

Cost allocation

In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete, including those driven by climate related regulation such as the implementation of Parts L & F, on such developments, and make estimates relating to future sales price margins on those developments and units. In making these assessments, there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and the appropriateness of estimates made.

Cladding the safety provision

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in the current year the Group announced an additional £125.0 million provision to fund cladding fire safety improvements. The Group has estimated the provision based on the number of buildings that may require works under EWS1 requirements, costs to carry out the identified works and eligibility of buildings for the UK Government’s Building Safety Fund. In determining the total cost of works across a number of different buildings, management initially used internal Q6 estimates, which have increasingly been supported by externally sourced quotations, where available, of both which contain inherent estimation uncertainty, however it is not anticipated that any reasonable possible changes would lead to a material adjustment in the value of the provision. The scope of works may also be impacted by future industry guidance or regulations.

Provision for leasehold

The value of this provision has been established using information available to management at 31 December 2021, together with a range of assumptions including the number of units which have been sold by the original Taylor Wimpey customer and as such are not eligible for the original OPPRAS scheme, and the final date of variation valuations for those freeholders with whom the Group has not yet granted a settlement. Following the agreement of voluntary undertakings with the CMA, the level of uncertainty of assumptions has decreased. Whilst, as at 31 December 2021, final outcomes are not known with absolute certainty it is not anticipated that any reasonable possible changes would lead to a material adjustment in the value of this provision held. See Note 22 for further details on the provision.

3. General information

Taylor Wimpey plc is a public company limited by shares, incorporated and domiciled in the United Kingdom, the Companies Act and is registered in England and Wales. The Company’s registered office is Taylor Wimpey plc, Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 2NR. The nature of the Group’s operations and its principal activities are set out in the Strategic Report on pages 2 to 71.

These financial statements are presented in pounds Sterling as the currency of the primary economic environment in which the Group operates.

4. Revenue

An analysis of the Group’s continuing revenue is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sales</td>
<td>£3,800.3 million</td>
<td>£3,567.9 million</td>
</tr>
<tr>
<td>Partnership housing</td>
<td>363.1 million</td>
<td>269.3 million</td>
</tr>
<tr>
<td>Land &amp; other</td>
<td>31.5 million</td>
<td>13.0 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£4,204.9 million</strong></td>
<td><strong>£4,284.9 million</strong></td>
</tr>
</tbody>
</table>

Other revenue includes income from the sale of commercial properties developed as part of larger residential developments. The Group’s revenue includes revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. All other revenue is recognised at a point in time once control of the property is transferred to the customer.

The aggregate amount of the transaction price allocated to unsatisfied performance obligations on construction contracts was £594.3 million (2020: £573.3 million), of which approximately half is expected to be recognised as revenue during 2022.

5. Operating segments

The Group operates in two countries, the United Kingdom and Spain. The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. All the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each Division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain. Revenue in Spain arises entirely on private sales.

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in Note 1.

Segment information about those businesses is presented below.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td><strong>£ million</strong></td>
<td><strong>£ million</strong></td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td><strong>76.8 million</strong></td>
<td><strong>63.3 million</strong></td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td><strong>5,238.1 million</strong></td>
<td><strong>4,284.9 million</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,314.9 million</strong></td>
<td><strong>4,284.9 million</strong></td>
</tr>
</tbody>
</table>

### Income statement

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>£2,726.9 million</td>
<td>£2,790.2 million</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>£1,591.7 million</td>
<td>£1,558.8 million</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>£1,135.2 million</td>
<td>£1,231.4 million</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>£928.0 million</td>
<td>£917.4 million</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>£207.2 million</td>
<td>£334.0 million</td>
</tr>
<tr>
<td><strong>Exceptional items (Note 6)</strong></td>
<td>£125.0 million</td>
<td>–</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>£72.2 million</td>
<td>£334.0 million</td>
</tr>
<tr>
<td><strong>Taxation charge</strong></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>£72.2 million</td>
<td>£334.0 million</td>
</tr>
</tbody>
</table>

### Notes to the consolidated financial statements

The Group operates in two countries, the United Kingdom and Spain. The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. All the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each Division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain. Revenue in Spain arises entirely on private sales.

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in Note 1.
### 5. Operating segments continued

<table>
<thead>
<tr>
<th>Segment operating assets</th>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>5,013.6</td>
<td>192.6</td>
<td>5,206.2</td>
<td>4,635.1</td>
<td>174.6</td>
<td>4,809.7</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>854</td>
<td>–</td>
<td>85.4</td>
<td>–</td>
<td>82.2</td>
<td>–</td>
</tr>
<tr>
<td>Segment operating liabilities</td>
<td>(1,757.3)</td>
<td>(83.7)</td>
<td>(1,841.0)</td>
<td>(1,056.0)</td>
<td>(63.1)</td>
<td>(1,627.1)</td>
</tr>
<tr>
<td>Net operating assets</td>
<td>3,255.7</td>
<td>108.9</td>
<td>3,360.6</td>
<td>3,579.1</td>
<td>111.5</td>
<td>3,564.9</td>
</tr>
<tr>
<td>Net current taxation</td>
<td>0.2</td>
<td>(1.1)</td>
<td>0.2</td>
<td>(1.1)</td>
<td>0.2</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Net deferred taxation (Note 14)</td>
<td>26.2</td>
<td>–</td>
<td>26.2</td>
<td>–</td>
<td>33.7</td>
<td>–</td>
</tr>
<tr>
<td>Net cash (Note 27)</td>
<td>837.0</td>
<td>–</td>
<td>719.4</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>4,314.0</strong></td>
<td><strong>4,016.8</strong></td>
<td><strong>4,072.2</strong></td>
<td><strong>3,972.2</strong></td>
<td><strong>3,838.6</strong></td>
<td><strong>3,897.3</strong></td>
</tr>
</tbody>
</table>

### 6. Net operating expenses and profit on ordinary activities before net finance costs continued

**Profit on ordinary activities before net finance costs has been arrived at after charging/(crediting):**

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration expenses</td>
<td>211.0</td>
<td>206.8</td>
</tr>
<tr>
<td>Other expenses</td>
<td>19.1</td>
<td>7.2</td>
</tr>
<tr>
<td>Other income</td>
<td>(20.3)</td>
<td>(9.7)</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>125.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Other income and expenses include profits on the sale of property, plant and equipment and the revaluation of certain shared equity mortgage receivables, pre-acquisition and abortive costs, and profit/loss on the sale of part exchange properties.

During 2021 positive contribution of £4.1 million was recognised (2020: £4.6 million).

### Cladding fire safety

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. During 2021 the Group announced its intention to support building owners and leaseholders with investment to ensure their apartment buildings are safe and meet current EWS1 (External Wall Fire Review) requirements. This applies to Taylor Wimpey apartment buildings constructed going back 20 years from January 2021, including apartment buildings below 18 metres. As a result the Group has recognised an additional £125.0 million provision and, in line with Group policy, recognised it as an exceptional item. This is a complex and exceptional situation, but Taylor Wimpey is focused on doing the right thing for its customers. The Board has determined that the Group will fund and oversee the improvement works of apartment buildings in its ownership, regardless of eligibility for the UK Government Building Safety Fund, to make them safe and mortgageable by achieving EWS1 certification. Taylor Wimpey no longer owns the building and it is not eligible for the Building Safety Fund, or similar support that may be announced in the future, where a freeholder produces a fair and proportionate plan for fire safety improvement works following EWS1 assessment, the Group will contribute funding to bring those buildings up to the standards required by current Royal Institution of Chartered Surveyors (RICS) EWS1 guidance. Whilst the legal responsibility continues to rest with the building owner, the Group will also provide advice and other assistance where appropriate.

### 6. Net operating expenses and profit on ordinary activities before net finance costs continued

**Profit on ordinary activities before net finance costs has been arrived at after charging:**

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of inventories recognised as an expense in cost of sales</td>
<td>3,135.0</td>
<td>2,094.2</td>
</tr>
<tr>
<td>Property, plant and equipment depreciation (Note 12)</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Right-of-use asset depreciation (Note 19)</td>
<td>7.3</td>
<td>7.9</td>
</tr>
<tr>
<td>Amortisation of intangible assets (Note 11)</td>
<td>3.6</td>
<td>3.8</td>
</tr>
</tbody>
</table>

During 2020 the Group identified and expensed £62.7 million of costs relating to the COVID-19 pandemic, with £36.3 million charged to gross profit and £2.4 million to administrative costs. These costs included unproductive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to WIP and expensed as plots legally completed of £39.9 million, additional costs incurred by the business due to extended site durations resulting from the reduced productivity levels as the Group implemented its operational processes under the COVID-secure guidelines totalling £1.7 million, and incremental costs incurred by the business in responding to COVID-19, including to meet its health and safety requirements and complying with Government guidelines, of £15.4 million. No costs in relation to COVID-19 have been separately identified in 2021.

The remuneration paid to the Group’s external auditors, PricewaterhouseCoopers LLP (2020: Deloitte LLP), is as follows:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees payable for the audit of the Company’s annual accounts and consolidated financial statements</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Fees payable to the Company’s auditors and its associates for other services to the Group: The audit of the Company’s subsidiaries pursuant to legislation</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Total audit fees</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Other assurance services</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Total non-audit fees</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total fees</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.7</strong></td>
</tr>
</tbody>
</table>

Non-audit services in 2021 and 2020 predominantly relate to work undertaken as a result of PricewaterhouseCoopers LLP’s (2020: Deloitte LLP’s) role as auditors, or work resulting from knowledge and experience gained as part of the role. In 2021 the fees relating to other assurance services primarily related to the review of the interim statements and also included £2,000 for a subscription service providing factor analysis and changes to applicable law, regulation or accounting and auditing standards. In 2020, non-audit fees predominantly related to the review of the interim statements and also included £50,000 of other services related to enhanced assurance.

### 7. Staff costs

<table>
<thead>
<tr>
<th>Million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly average number employed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5,271</td>
<td>5,948</td>
</tr>
<tr>
<td>Spain</td>
<td>87</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,358</strong></td>
<td><strong>6,029</strong></td>
</tr>
</tbody>
</table>

### Remuneration

<table>
<thead>
<tr>
<th>Million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>278.0</td>
<td>264.9</td>
</tr>
<tr>
<td>Redundancy costs</td>
<td>0.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Social security costs</td>
<td>28.9</td>
<td>28.7</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>14.1</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>321.4</strong></td>
<td><strong>314.3</strong></td>
</tr>
</tbody>
</table>

The information relating to Director and Senior Management remuneration required by the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority is contained in Note 30 and pages 105 to 124 in the Directors’ Remuneration Report.
8. Finance income and finance costs

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable</td>
<td>2.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>–</td>
<td>0.4</td>
</tr>
<tr>
<td>Finance income</td>
<td>2.4</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Deferred tax:

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK: Current year</td>
<td>(5.0)</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(0.8)</td>
<td>–</td>
</tr>
<tr>
<td>Unwinding of discount on land creditors and other items</td>
<td>(19.2)</td>
<td>(19.3)</td>
</tr>
<tr>
<td>Interest on lease liabilities (Note 19)</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Net interest on pension liability (Note 21)</td>
<td>(1.0)</td>
<td>(1.4)</td>
</tr>
<tr>
<td></td>
<td>(26.4)</td>
<td>(29.3)</td>
</tr>
</tbody>
</table>

9. Taxation charge

Tax (charged)/credited in the income statement is analysed as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK: Current year</td>
<td>(122.0)</td>
<td>(38.5)</td>
</tr>
<tr>
<td>Adjustment in respect of prior years</td>
<td>2.3</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Overseas:</td>
<td>(2.5)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Adjustment in respect of prior years</td>
<td></td>
<td>(122.3)</td>
</tr>
</tbody>
</table>

Deferred tax:

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK: Current year</td>
<td>(2.7)</td>
<td>(5.5)</td>
</tr>
<tr>
<td>Adjustment in respect of prior years</td>
<td>(0.3)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Overseas:</td>
<td>1.2</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Adjustment in respect of prior years</td>
<td></td>
<td>(1.8)</td>
</tr>
<tr>
<td></td>
<td>(124.1)</td>
<td>(147.4)</td>
</tr>
</tbody>
</table>

10. Earnings per share

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>15.3p</td>
<td>6.3p</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>15.2p</td>
<td>6.2p</td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>18.0p</td>
<td>6.5p</td>
</tr>
<tr>
<td>Adjusted diluted earnings per share</td>
<td>18.0p</td>
<td>6.5p</td>
</tr>
<tr>
<td>Weighted average number of shares for basic earnings per share – million</td>
<td>3,639.3</td>
<td>3,471.2</td>
</tr>
<tr>
<td>Weighted average number of shares for diluted earnings per share – million</td>
<td>3,649.0</td>
<td>3,473.6</td>
</tr>
</tbody>
</table>

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and any associated net tax amounts, are presented to provide a measure of the underlying performance of the Group. A reconciliation of earnings attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below:

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings for basic and diluted earnings per share</td>
<td>555.5</td>
<td>217.0</td>
</tr>
<tr>
<td>Adjust for exceptional items (Note 6)</td>
<td>125.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Adjust for tax on exceptional items</td>
<td>(33.8)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Earnings for adjusted basic and adjusted diluted earnings per share</td>
<td>656.7</td>
<td>225.3</td>
</tr>
</tbody>
</table>

11. Intangible assets

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2020</td>
<td>140.2</td>
<td>172.4</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>4.9</td>
</tr>
<tr>
<td>At 31 December 2020</td>
<td>140.2</td>
<td>162.3</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>2.1</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(0.9)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>140.2</td>
<td>163.2</td>
</tr>
</tbody>
</table>

Accumulated amortisation

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2020</td>
<td>(140.2)</td>
<td>(102.2)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>–</td>
<td>(5.8)</td>
</tr>
<tr>
<td>At 31 December 2020</td>
<td>(140.2)</td>
<td>(108.0)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>–</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>0.9</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>(140.2)</td>
<td>(115.9)</td>
</tr>
</tbody>
</table>

Carrying amount

<table>
<thead>
<tr>
<th>Component</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2021</td>
<td>–</td>
<td>6.6</td>
</tr>
<tr>
<td>At 31 December 2020</td>
<td>–</td>
<td>8.1</td>
</tr>
</tbody>
</table>

The amortisation of software is recognised within administration expenses in the income statement.
12. Property, plant and equipment

<table>
<thead>
<tr>
<th>£ million</th>
<th>Freehold land and buildings</th>
<th>Plant, equipment and improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2020</td>
<td>16.5</td>
<td>24.9</td>
<td>41.4</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Exchange movements</td>
<td>–</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>At 31 December 2020</td>
<td>16.5</td>
<td>28.1</td>
<td>44.6</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(0.7)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Exchange movements</td>
<td>–</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>16.5</td>
<td>29.8</td>
<td>46.3</td>
</tr>
</tbody>
</table>

Exchange movements in excess of the investment in ordinary shares.

Carrying amount in excess of the investment in ordinary shares.

Non-current assets

Disposals

Exchange movements

13. Interests in joint ventures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>46.5</td>
<td>73.0</td>
<td>61.3</td>
<td>27.4</td>
<td>32.8</td>
<td>197.6</td>
</tr>
<tr>
<td>Current assets</td>
<td>22.4</td>
<td>37.1</td>
<td>2.6</td>
<td>(6.4)</td>
<td>(3.3)</td>
<td>65.4</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>(6.4)</td>
<td>(43.8)</td>
<td>(5.4)</td>
<td>(6.0)</td>
<td>(65.1)</td>
<td></td>
</tr>
<tr>
<td>Current other liabilities</td>
<td>(2.4)</td>
<td>(0.8)</td>
<td>(0.8)</td>
<td>(0.8)</td>
<td>(3.4)</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(27.8)</td>
<td>(56.3)</td>
<td>(73.4)</td>
<td>(60.3)</td>
<td>(192.0)</td>
<td></td>
</tr>
<tr>
<td>Net assets/liabilities (100%)</td>
<td>32.3</td>
<td>15.2</td>
<td>12.6</td>
<td>2.8</td>
<td>2.6</td>
<td>39.3</td>
</tr>
<tr>
<td>Group share of net assets/liabilities</td>
<td>15.2</td>
<td>5.1</td>
<td>6.3</td>
<td>1.4</td>
<td>1.3</td>
<td>17.7</td>
</tr>
<tr>
<td>Loans to joint ventures</td>
<td>7.5</td>
<td>27.4</td>
<td>31.4</td>
<td>–</td>
<td>0.6</td>
<td>64.4</td>
</tr>
<tr>
<td>Total interests in material joint ventures</td>
<td>25.7</td>
<td>32.5</td>
<td>36.1</td>
<td>1.4</td>
<td>1.4</td>
<td>84.1</td>
</tr>
<tr>
<td>Revenue</td>
<td>38.9</td>
<td>66.0</td>
<td>11.2</td>
<td>21.7</td>
<td>26.0</td>
<td>170.8</td>
</tr>
<tr>
<td>Interest (expense)/income</td>
<td>(6.5)</td>
<td>–</td>
<td>(3.7)</td>
<td>(0.6)</td>
<td>0.9</td>
<td>(3.9)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1.7)</td>
<td>–</td>
<td>(0.8)</td>
<td>(0.2)</td>
<td>(2.7)</td>
<td></td>
</tr>
<tr>
<td>Profit/loss for the year</td>
<td>7.2</td>
<td>4.8</td>
<td>(4.6)</td>
<td>3.2</td>
<td>0.6</td>
<td>11.0</td>
</tr>
<tr>
<td>Group share of profit/(loss) for the year</td>
<td>3.6</td>
<td>2.3</td>
<td>(2.3)</td>
<td>1.6</td>
<td>0.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>

* Non-current financial liabilities include amounts owed to joint venture partners.

The Group considers a joint venture to be material when it is financially or strategically important to the Group. The particulars of the material joint ventures for 2021 are as follows:

- Greenwich Millennium Village Limited
  - United Kingdom
  - 50%

- Chobham Manor Limited Liability Partnership
  - United Kingdom
  - 50%

- Winstanley and York Road Regeneration LLP
  - United Kingdom
  - 50%

- Whitehill & Bordon Development Company Phase 1a Limited
  - United Kingdom
  - 50%

- Whitehill & Bordon Regeneration Company Limited
  - United Kingdom
  - 50%

Further information on the particulars of joint ventures can be found on page 180.
### 13. Interests in joint ventures continued

<table>
<thead>
<tr>
<th>£ million</th>
<th>Greenwich Millennium Village</th>
<th>Chobham</th>
<th>Milton Keynes Village</th>
<th>Whitehall &amp; Greenwich Regeneration</th>
<th>Whitworth &amp; Bordon Regeneration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>39.0</td>
<td>57.0</td>
<td>59.8</td>
<td>16.0</td>
<td>2.1</td>
<td>173.9</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>19.5</td>
<td>12.2</td>
<td>12.8</td>
<td>1.8</td>
<td>0.6</td>
<td>46.9</td>
</tr>
<tr>
<td>Current financial liabilities</td>
<td>(10.0)</td>
<td>(13.9)</td>
<td>(12.2)</td>
<td>(7.1)</td>
<td>(9.2)</td>
<td>(52.4)</td>
</tr>
<tr>
<td>Credit/(charge) to income</td>
<td>(2.8)</td>
<td>–</td>
<td>–</td>
<td>(2.8)</td>
<td>–</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Non-current financial liabilities*</td>
<td>(10.0)</td>
<td>(49.7)</td>
<td>(68.4)</td>
<td>(7.8)</td>
<td>(40.9)</td>
<td>(176.8)</td>
</tr>
<tr>
<td>Credit to statement of changes in equity</td>
<td>0.8</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.8</td>
</tr>
<tr>
<td>Credit to other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>8.6</td>
<td>–</td>
<td>8.6</td>
</tr>
<tr>
<td>Group share of profit/(loss) for the year</td>
<td>17.9</td>
<td>2.8</td>
<td>4.0</td>
<td>1.6</td>
<td>1.1</td>
<td>19.4</td>
</tr>
<tr>
<td>Loans to joint ventures</td>
<td>2.5</td>
<td>22.6</td>
<td>29.7</td>
<td>–</td>
<td>3.3</td>
<td>58.1</td>
</tr>
<tr>
<td>Total interests in material joint ventures</td>
<td>29.4</td>
<td>25.4</td>
<td>25.7</td>
<td>1.8</td>
<td>4.4</td>
<td>77.5</td>
</tr>
<tr>
<td>Revenue</td>
<td>72.7</td>
<td>23.3</td>
<td>22.6</td>
<td>23.8</td>
<td>19.7</td>
<td>192.1</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(0.1)</td>
<td>–</td>
<td>(5.2)</td>
<td>(1.1)</td>
<td>–</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(3.6)</td>
<td>–</td>
<td>–</td>
<td>(0.5)</td>
<td>(0.2)</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Income/(loss) for the year</td>
<td>16.3</td>
<td>(1.6)</td>
<td>3.6</td>
<td>2.3</td>
<td>0.2</td>
<td>20.3</td>
</tr>
<tr>
<td>Group share of profit/(loss) for the year</td>
<td>7.6</td>
<td>(0.5)</td>
<td>1.8</td>
<td>1.2</td>
<td>0.1</td>
<td>10.2</td>
</tr>
</tbody>
</table>

* Non-current financial liabilities include amounts owed to joint venture partners. During the current and prior year, no entity charged depreciation or amortisation. No entity had discontinued operations or items of other comprehensive income.

### Aggregated amounts relating to share of individually immaterial joint ventures:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Total assets</td>
<td>13.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>13.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Interest in individually immaterial joint ventures</td>
<td>1.3</td>
<td>4.7</td>
</tr>
</tbody>
</table>

The aggregate loss relating to individually immaterial joint ventures was £0.1 million (2020: £2.3 million).

### 14. Deferred tax continued

Closing deferred tax on UK temporary differences has been calculated at the tax rates that are expected to apply (based on currently enacted law) for the period when the asset is realised, or the liability is settled. Accordingly, the temporary differences have been calculated at rates between 10% and 25% (2019: 10%), depending on when the asset will unwind.

The net deferred tax balance is analysed into assets and liabilities as follows:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>27.6</td>
<td>35.1</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(1.4)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Total</td>
<td>26.2</td>
<td>33.7</td>
</tr>
</tbody>
</table>

In the Autumn Budget 2021, a new 4% residential property developer tax (RPDT) was announced which will be effective from 1 April 2022. Although now enacted, at the balance sheet date, the legislation for the RPDT had not been substantively enacted and therefore measurement of the Group’s UK deferred tax assets do not reflect this change. From 1 April 2023, the UK Corporation Tax rate is legislated to increase to 25%. This increase in rate had been enacted by the balance sheet date so has been reflected in the measurement of the Group’s closing UK deferred tax assets.

The Group has not recognised temporary differences relating to tax losses carried forward and other temporary differences amounting to £1.9 million (2020: £2.4 million) in the UK and £27.4 million (2020: £38.7 million) in Spain. The UK temporary differences have not been recognised as they are predominantly non-trading in nature and insufficient certainty exists as to their future utilisation. The temporary differences in Spain have not been recognised due to uncertainty of sufficient taxable profits in the future against which to utilise those amounts.

At the balance sheet date, the Group has unused UK capital losses of £269.5 million (2020: £269.5 million). No deferred tax asset has been recognised in respect of the capital losses at 31 December 2021 because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future.

### 15. Inventories

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>3,385.7</td>
<td>3,073.7</td>
</tr>
<tr>
<td>Development and construction costs</td>
<td>1,548.1</td>
<td>1,638.8</td>
</tr>
<tr>
<td>Part exchange and other</td>
<td>11.9</td>
<td>20.2</td>
</tr>
<tr>
<td>Total</td>
<td>4,945.7</td>
<td>4,934.7</td>
</tr>
</tbody>
</table>

The markets in our core geographies, which are the primary drivers of our business, continue to trade positively. At 31 December 2021, the Group completed a net realisable value assessment of land and development inventory, considering each site individually and based on estimates of sales price, costs to complete and costs to sell. At 31 December 2021 the provision held in the United Kingdom was £19.3 million (2020: £25.5 million) and £35.5 million (2020: £36.9 million). The table below details the movements on the inventory provision recorded in the year:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January</td>
<td>64.4</td>
<td>68.6</td>
</tr>
<tr>
<td>Net utilised</td>
<td>(7.0)</td>
<td>(6.6)</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>(2.4)</td>
<td>–</td>
</tr>
<tr>
<td>31 December</td>
<td>54.8</td>
<td>64.4</td>
</tr>
</tbody>
</table>

### 16. Other financial assets

#### Trade and other receivables

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade receivables</td>
<td>105.7</td>
<td>127.5</td>
</tr>
<tr>
<td>Other receivables</td>
<td>62.5</td>
<td>61.6</td>
</tr>
<tr>
<td>Total</td>
<td>168.2</td>
<td>189.1</td>
</tr>
</tbody>
</table>

Included within trade receivables are mortgage receivables of £17.9 million (2020: £26.7 million), including shared equity loans. Shared equity loans were provided to certain customers to facilitate their house purchase and are measured at fair value through profit or loss.

#### Cash and cash equivalents

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>927.0</td>
<td>823.0</td>
</tr>
</tbody>
</table>

Further information on financial assets can be found in Note 20.
17. Bank and other loans

<table>
<thead>
<tr>
<th>Amount recognised in the Income Statement</th>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and other loans</td>
<td>£100.0 million 2.02% Senior Loan Notes 2023</td>
<td>84.0</td>
</tr>
<tr>
<td></td>
<td>£16.0 million 1.65% Loan 2021</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>97.5</td>
</tr>
</tbody>
</table>

Completed site accruals

<table>
<thead>
<tr>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount due for settlement within one year</td>
<td>84.0</td>
</tr>
<tr>
<td>Amount due for settlement after one year</td>
<td>90.1</td>
</tr>
<tr>
<td>Total</td>
<td>174.1</td>
</tr>
</tbody>
</table>

Further information on loan facilities can be found in Note 20.

18. Trade and other payables

<table>
<thead>
<tr>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>274.3</td>
</tr>
<tr>
<td></td>
<td>275.0</td>
</tr>
<tr>
<td></td>
<td>19.3</td>
</tr>
<tr>
<td></td>
<td>21.4</td>
</tr>
<tr>
<td>Land creditors</td>
<td>314.2</td>
</tr>
<tr>
<td></td>
<td>347.9</td>
</tr>
<tr>
<td></td>
<td>492.2</td>
</tr>
<tr>
<td></td>
<td>328.0</td>
</tr>
<tr>
<td>Social security and other taxes</td>
<td>8.8</td>
</tr>
<tr>
<td></td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>82.4</td>
</tr>
<tr>
<td></td>
<td>82.8</td>
</tr>
<tr>
<td></td>
<td>20.9</td>
</tr>
<tr>
<td></td>
<td>7.4</td>
</tr>
<tr>
<td>Completions site accruals</td>
<td>122.6</td>
</tr>
<tr>
<td></td>
<td>115.0</td>
</tr>
<tr>
<td></td>
<td>40.9</td>
</tr>
<tr>
<td></td>
<td>46.1</td>
</tr>
<tr>
<td>Accrued expenses and deferred income</td>
<td>92.3</td>
</tr>
<tr>
<td></td>
<td>77.9</td>
</tr>
<tr>
<td></td>
<td>44.7</td>
</tr>
<tr>
<td></td>
<td>43.2</td>
</tr>
<tr>
<td>Other payables</td>
<td>7.3</td>
</tr>
<tr>
<td></td>
<td>12.1</td>
</tr>
<tr>
<td></td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>13.7</td>
</tr>
<tr>
<td>Total</td>
<td>901.9</td>
</tr>
<tr>
<td></td>
<td>919.3</td>
</tr>
<tr>
<td></td>
<td>629.3</td>
</tr>
<tr>
<td></td>
<td>459.8</td>
</tr>
</tbody>
</table>

Revenue recognised in the current year that was included in the customer deposit balance brought forward at the beginning of the period was £66.8 million (2020: £85.0 million). Other payables include £13.9 million (2020: £19.4 million) of repayable grants.

Land creditors are denominated as follows:

<table>
<thead>
<tr>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land creditors</td>
<td>523.1 million</td>
</tr>
<tr>
<td></td>
<td>430.4 million</td>
</tr>
</tbody>
</table>

Further information on financial liabilities can be found in Note 20.

19. Leases

The Group as a lessee

<table>
<thead>
<tr>
<th>Office premises</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>16.4</td>
<td>9.1</td>
</tr>
<tr>
<td>31 December 2021</td>
<td>17.6</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Additions during the year:

<table>
<thead>
<tr>
<th>£ million 2021</th>
<th>£ million 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>7.0</td>
</tr>
<tr>
<td>Non-current</td>
<td>20.4</td>
</tr>
<tr>
<td>Total</td>
<td>27.4</td>
</tr>
</tbody>
</table>

19. Leases continued

The Group has designated the carrying value of €79.0 million of foreign currency borrowings (2020: €79.0 million foreign currency borrowings) as a net investment hedge, equating to £66.4 million (2020: £71.2 million).

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.
20. Financial instruments and fair value disclosures continued

Forward contracts have been entered into to offset the foreign exchange movements on intra-Group loans to buy(sell) against Sterling: £9.5 million (2020: £21.0 million), equivalent to £8.0 million (2020: £18.9 million). The fair value of the forward contracts is not material as they were entered into on or near 31 December in each year and mature no later than one month after, hence the value of the derivative is negligible.

Market risk

The Group’s activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage these risks using fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

(a) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds, when required, at variable interest rates. The exposure to variable rate borrowings can fluctuate during the year due to the seasonal nature of cash flows relating to housing sales and the less certain timing of land payments. Group policy is to manage the variability of interest rate risk by a combination of fixed rate borrowings and interest rate swaps such that the sensitivity to potential changes in variable rates is within acceptable limits. Group policy does not allow the use of derivatives to speculate against changes to future interest rates and they are only used to manage exposure to volatility. Interest rate hedging using derivatives has not taken place in the current or previous year. This policy has not changed during the year.

To measure the risk, variable rate borrowings and the expected interest cost for the year are forecast monthly and compared to budget using management’s expectations of a possible change in interest rates. Interest expense volatility remained within acceptable limits throughout the year.

Interest rate sensitivity

The effect on both income and equity, based on exposure to non-derivative floating rate instruments and cash and cash equivalents at the balance sheet date, is shown in the table below. The Group does not currently have any outstanding interest rate derivatives. The 0.25% change represents a reasonably possible change in interest rates over the next financial period. The table assumes all other variables remain constant in accordance with IFRS 7.

<table>
<thead>
<tr>
<th>£ million</th>
<th>Present value of income statement</th>
<th>Equity sensitivity</th>
<th>Income sensitivity</th>
<th>Equity sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income sensitivity (0.25%)</td>
<td>Equity sensitivity (0.25%)</td>
<td>Income sensitivity (0.25%)</td>
<td>Equity sensitivity (0.25%)</td>
</tr>
<tr>
<td></td>
<td>2.3</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

0.25% increase in interest rates

(b) Foreign currency risk management

The Group’s overseas activities expose it to the financial risks of changes in foreign currency exchange rates. Its Spanish subsidiary is the only foreign operation of the Group.

The Group is not materially exposed to transaction risks as all Group companies conduct their business in their respective functional currencies. Group policy requires that transaction risks are hedged to the functional currency of the subsidiary using foreign currency borrowings or derivatives where appropriate.

The Group is exposed to the translation risk from accounting for both the income and the net investment held in a functional currency other than Sterling. The net investment risk may be hedged using foreign currency borrowings and derivatives. Assets and liabilities denominated in non-functional currencies are retranslated each month using the latest exchange rates. Income is also measured monthly using the latest exchange rates and compared with a budget held at historical exchange rates. Other than the natural hedge provided by foreign currency movements, the translation risk of income is not hedged using derivatives. The policy is kept under periodic review and has not changed during the year.

Hedge accounting

Hedging activities are evaluated periodically to ensure that they are in line with Group policy.

The Group has designated the carrying value of £79.0 million of foreign currency borrowings (2020: £79.0 million borrowings) held at the balance sheet date as a net investment hedge of part of the Group’s investment in Euro denominated assets, equating to £56.4 million (2020: £71.2 million).

The change in the carrying value of £4.8 million (2020: £4.2 million) of the borrowings designated as a net investment hedge offset the exchange movement on the foreign currency net investments and are presented in the statement of other comprehensive income.

Foreign currency sensitivity

The Group is exposed to the Euro due to its Spanish operations. The following table details how the Group’s income and equity would increase/(decrease) on a before-tax basis following a 10% (2020: 10%) change in the currency’s value against Sterling, all other variables remaining constant. The 10% change represents a reasonably possible change in the specified Euro exchange rates in relation to Sterling,
21. Retirement benefit obligations

Total retirement benefit obligations of £37.3 million (2020: £95.5 million) comprise a defined benefit pension liability of £37.0 million (2020: £91.1 million) and a post-retirement healthcare liability of £0.3 million (2020: £0.4 million).

The Group operates the Taylor Wimpey Pension Scheme (TWPS), a defined benefit pension scheme, which is closed to both new members and to future accrual. The Group also operates defined contribution pension arrangements in the UK, which are available to new and existing UK employees.

**Defined contribution pension plan**

A defined contribution plan is an arrangement under which the Group pays contributions to an independently administered fund or policy, such contributions are based on a fixed percentage of employees’ pay. The Group has no legal or constructive obligations to pay further contributions to the fund/policy once the contributions have been paid. Employees’ benefits are determined by the amount of contributions paid by the Group and the employee, together with investment returns earned on the contributions arising from the performance of each individual’s chosen investments and the type of pension the employee chooses to buy at retirement. As a result, actual returns that benefits will be lower than expected and investment risk that invested assets will not perform in line with expectations fall on the employee.

The Group’s contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group’s defined contribution plan, the Taylor Wimpey Personal Choice Plan (TWPCP), is offered to all new and existing monthly paid employees and is provided by Scottish Widows. The People’s Pension is used for auto enrolment purposes for all weekly paid employees and those monthly paid employees not participating in the TWPCP. The People’s Pension is provided by B&CE, one of the UK’s largest providers of financial benefits to construction industry employers and individuals.

The Group made contributions to its defined contribution arrangements of £14.1 million in the year (2020: £15.2 million), which is included in the income statement charge.

**Defined benefit pension schemes**

The Group’s defined benefit pension scheme in the UK is the TWPS. The TWPS is a funded defined benefit pension scheme which provides benefits to beneficiaries in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on an individual member’s length of service and their salary in the final years leading up to retirement or date of ceasing active accrual earlier. Pension contributions are generally increased in line with inflation. The TWPS is closed to new members and future accrual.

The Group operates the TWPS under the UK regulatory framework. Benefits are paid to members from a Trustee-administered fund and the Trustee is responsible for ensuring that the TWPS is well-managed and that members’ benefits are secure. Scheme assets are held in trust.

The TWPS’ Trustee’s other duties include managing the investment of scheme assets, administration of scheme benefits and exercising of discretionary powers. The Group works closely with the Trustee to manage the TWPS. The Trustee of the TWPS owes fiduciary duties to the TWPS’ beneficiaries. The appointment of the Directors to the Trustee Board is determined by the TWPS’ trust documentation.

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the TWPS Trustee to pay deficit reduction contributions of £40.0 million per annum for the period from April 2016 to December 2028. During the period, the TWPS was in a Technical Provisions deficit. During April 2020 and in response to the site shutdowns, it was agreed with the TWPS Trustee that there would be a temporary suspension of the agreed deficit reduction contributions for the three months between April and June 2020. Those suspended contributions were instead paid between January 2021 and March 2021 in the amount of £10.3 million.

During 2020, the Group engaged with the TWPS Trustee on the triennial valuation of the TWPS with a reference date of 31 December 2019. The table below sets out the key assumptions agreed as part of this valuation.

**Assumptions**

<table>
<thead>
<tr>
<th>Discount rate (pre-retirement)</th>
<th>2.35% per annum above the yield on the nominal gilt yield curve. Illustrative rate of 3.81% using the 15-year spot rate from the curve.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate (post-retirement)</td>
<td>0.50% per annum above the yield on the nominal gilt yield curve. Illustrative rate of 1.66% using the 15-year spot rate from the curve.</td>
</tr>
<tr>
<td>RPI inflation</td>
<td>Implied inflation yield curve. Illustrative rate of 3.40% using the 15-year spot rate from the curve.</td>
</tr>
<tr>
<td>CPI inflation</td>
<td>RPI less 0.8%. Illustrative rate of 2.60% using the 15-year spot rate from the curve.</td>
</tr>
<tr>
<td>Mortality</td>
<td>104% of S3PXA tables, CMI 2019 improvements with 1.50% long-term trend rate, a smoothing factor of 1 and an initial add-on parameter of 0.35.</td>
</tr>
</tbody>
</table>

The result of this valuation was a Technical Provisions deficit at 31 December 2019 of £36.0 million. In March 2021, a new funding arrangement was agreed with the TWPS Trustee that commits the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions (£10.0 million between 1 April 2021 and 30 September 2021) were guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow are suspended should the TWPS Technical Provisions funding level at any quarter-end be 100% or more and would restart only if the funding level subsequently falls below 98%. The Group continues to contribute £5.1 million per annum from the Pension Funding Partnership and £2.0 million per annum to cover scheme expenses.

21. Retirement benefit obligations continued

The escrow account, over which the TWPS Trustee holds a fixed charge, is recognised in other financial assets and as at 31 December 2021 was £10.0 million (31 December 2020: nil). Transfers out of the escrow account (other than to TWPS or the Group) are subject to the 2019 triennial funding arrangement entered into between the Group and the Trustee and as such the funds are restricted from use by the Group for other purposes and are therefore not classified as cash or cash equivalents. Interest earned by the escrow account is retained in the escrow account.

On an IAS 19 accounting basis the underlying surplus in the TWPS at 31 December 2021 was £149.9 million (2020: deficit of £89.1 million). The terms of the TWPS are such that the Group does not have an unconditional right to a refund of surplus. As a result, in 2021, the Group recognised an adjustment to the underlying surplus in the TWPS on an IAS 19 accounting basis of £186.3 million, resulting in an IFRIC 14 deficit of £37.0 million, which represented the present value of future contributions under the funding plan. No such adjustment was recognised as of 31 December 2020 since the TWPS deficit on an IAS 19 accounting basis exceeded the IFRIC 14 deficit.

In 2020, the Group introduced a £300.0 million Pension Funding Partnership that utilises the Group’s show homes, as well as six offices, in a sale and leaseback structure. This provides an additional £5.1 million of annual funding for the TWPS. The assets held within the Pension Funding Partnership do not affect the IAS 19 figures (before IFRIC 14) as they remain assets of the Group, and are not assets of the TWPS. At 31 December 2021 these was £31.9 million of property and £31.0 million of cash held within the structure (2020: £30.3 million of property and £21.9 million of cash). The terms of the Funding Partnership are such that, should the TWPS be in a Technical Provisions deficit at 31 December 2020, then a bullet payment will be due to the TWPS equal to the lower of £100.0 million or the Technical Provisions deficit at that time.

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The TWPS assets are approximately 95% hedged against changes in both interest rates and inflation expectations on the scheme’s long-term funding basis that is currently used for investment strategy purposes. The TWPS also benefits from a bulk annuity contract which covers some of the largest liabilities in the scheme, providing protection against interest rate, inflation and longevity risk.

The duration, or average term to pay for the benefits due, weighted by liability, is approximately 16 years.

**Accounting assumptions**

The assumptions used in calculating the accounting costs and obligations of the TWPS, as detailed by the Directors after consultation with independent actuaries. The basis for these assumptions is prescribed by IAS 19 and they do not reflect the assumptions that may be used in future funding valuations of the TWPS.

The discount rate used to determine the present value of the obligations is set by reference to market yields on high-quality corporate bonds with a duration equal to the duration to the liabilities. The assumption for PPI inflation is set by reference to the Bank of England’s implied inflation curve with regard to the duration of the TWPS liabilities, with appropriate adjustments to reflect distortions due to supply and demand for CPI-linked securities. CPI inflation is set by reference to PPI inflation as no CPI-linked bonds exist to render implied CPI inflation directly observable.

The life expectancies have been derived using mortality assumptions that were based on the results of a Medically Underwritten Mortality Study conducted by the Group during 2021, combined with experience data. Using the results from this study, the mortality assumption is based on 106% of S3PXA tables, CMI 2020 improvements with a 1.25% long-term trend rate, a smoothing factor of 7, an initial add-on parameter of 0.25% and a w2020 parameter of 15%. The mortality assumption used in 2020 was 106% of S3PXA tables, CMI 2019 improvements with a 1.25% long-term trend rate, a smoothing factor of 7 and an initial add-on parameter of 0.25%.

The table below sets out the key assumptions agreed as part of this valuation.

**Accounting valuation assumptions**

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate for scheme liabilities</td>
<td>1.85</td>
<td>1.30</td>
</tr>
<tr>
<td>General pay inflation</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Deferred pension increases</td>
<td>2.50</td>
<td>2.15</td>
</tr>
<tr>
<td>Pension</td>
<td>2.15%-3.70%</td>
<td>2.05%-3.80%</td>
</tr>
</tbody>
</table>

* Pension increases depend on the section of the TWPS of which each member is a part.

The current life expectancies (in years) underlying the value of the accrued liabilities for the TWPS are:

<table>
<thead>
<tr>
<th>Life expectancy</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>88</td>
<td>87</td>
</tr>
<tr>
<td>45</td>
<td>88</td>
<td>90</td>
</tr>
</tbody>
</table>
21. Retirement benefit obligations continued

The table below shows the impact of the present value of scheme liabilities of movements in key assumptions, measured using the same method as the defined benefit scheme.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change in assumption</th>
<th>Impact on scheme liabilities</th>
<th>Impact on scheme liabilities net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>Decrease by 0.1% p.a.</td>
<td>Increase by £20m</td>
<td>1.4</td>
</tr>
<tr>
<td>Price of inflation</td>
<td>Increase by 0.1% p.a.</td>
<td>Increase by £20m</td>
<td>0.8</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Membership fees</td>
<td>Increase by £30m</td>
<td>3.7</td>
</tr>
</tbody>
</table>

* Assumed to reflect deferred revaluation and pension increases in payment.

The sensitivity of increasing life expectancy has been reduced by the medically underwritten buy-in. See the section on risks and risk management at the end of this note.

<table>
<thead>
<tr>
<th>31 December 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 £ million</td>
</tr>
<tr>
<td>Equity*</td>
</tr>
<tr>
<td>Dividend growth funds#</td>
</tr>
<tr>
<td>Hedges funds* #</td>
</tr>
<tr>
<td>Property</td>
</tr>
<tr>
<td>Multi-asset credit</td>
</tr>
<tr>
<td>Direct lending</td>
</tr>
<tr>
<td>Fixed income</td>
</tr>
<tr>
<td>Liability-driven investment**</td>
</tr>
<tr>
<td>Insurance policies in respect of certain members</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>(241.2) 2,154.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 £ million</td>
</tr>
<tr>
<td>Equity*</td>
</tr>
<tr>
<td>Dividend growth funds#</td>
</tr>
<tr>
<td>Hedges funds* #</td>
</tr>
<tr>
<td>Property</td>
</tr>
<tr>
<td>Multi-asset credit</td>
</tr>
<tr>
<td>Direct lending</td>
</tr>
<tr>
<td>Liability-driven investment**</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>(241.2) 2,154.2</td>
</tr>
</tbody>
</table>

The value of the annuities held by the TWPS is set equal to the value of the liabilities which these annuities match. All other fair values are provided by the fund managers and quoted by Northern Trust as custodian, who independently price the securities from their preferred vendor sources where the data is publicly available and rely on investment manager data where this information is not available. Where available, the fair values are quoted prices (e.g. listed equity). Unlisted investments (e.g. private equity) are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs.

There are no investments in respect of the Group’s own securities.
21. Retirement benefit obligations continued

Risks and risk management

The TWPS, in common with the majority of such defined benefit pension schemes in the UK, has a number of areas of risk. These areas of risk, and the ways in which the Group has sought to manage them, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group’s financial statements.

Although investment decisions in the UK are the responsibility of the TWPS Trustee, the Group takes an active interest to ensure that the pension scheme risks are managed efficiently. The Group has regular meetings with the Trustee to discuss investment performance, regulatory changes and proposals to actively manage the position of the TWPS.

### Table: Retirement benefit obligations continued

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding risk</td>
<td>The TWPS is exposed to changes in bond yields, which can affect the funding status of the TWPS.</td>
<td>25.0 (10.8)</td>
<td>22.3 (8.6)</td>
</tr>
<tr>
<td>Accounting risk</td>
<td>The TWPS is exposed to changes in bond yields, which can affect the accounting status of the TWPS.</td>
<td>18.9 (7.8)</td>
<td>16.3 (6.3)</td>
</tr>
<tr>
<td>Actuarial risk</td>
<td>The TWPS is exposed to changes in life expectancy, which can affect both the funding and accounting status of the TWPS.</td>
<td>9.2 (3.9)</td>
<td>8.8 (3.5)</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>The TWPS is exposed to changes in the ability to meet its obligations, which can affect both the funding and accounting status of the TWPS.</td>
<td>20.4 (8.9)</td>
<td>19.6 (7.7)</td>
</tr>
<tr>
<td>Climate risk</td>
<td>The TWPS is exposed to changes in climate-related risks, which can affect both the funding and accounting status of the TWPS.</td>
<td>14.2 (6.2)</td>
<td>12.9 (5.3)</td>
</tr>
</tbody>
</table>

In 2020, the TWPS Trustee recognises that climate change is a financial risk affecting the TWPS assets. The TWPS Trustee continues to monitor and report on its exposure to climate-related risks.

### Notes to the consolidated financial statements


**Table:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Element</th>
<th>Selling or disposal provision</th>
<th>Other provision</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In June 2020 the Company issued 360,265,001 ordinary shares of 1p each at a price of 145p to raise total net proceeds of £51.0 million after expenses. 355,000,000 of these shares were placed via a cash box structure (the "Placing") in which the cash box entity issued redeemable preference shares in consideration for the receipt of the net cash proceeds arising from the placement of those shares. Taylor Wimpey plc ordinary shares were issued in consideration for the transfer of the redeemable preference shares, that did not already own, of the cash box entity. It was therefore determined that the placing of those shares qualified for merger relief under section 612 of the Companies Act 2006 such that the excess of the value of the acquired shares in the cash box entity over the nominal value of the ordinary shares issued by Taylor Wimpey plc was credited to Other Reserves. The remainder of the shares issued, 5,265,001, were issued via a Retail Offer open to employees and other retail investors and a Directors’ Subscription. The Placing was performed to allow the Group to pursue additional near term land acquisition opportunities.
23. Share capital continued

The Company has two classes of shares:

- Ordinary shares of 1p, which carry the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company’s Articles of Association.
- Deferred ordinary shares of 24p, which carry no voting rights and no entitlement to any dividend. The deferred ordinary shares were issued as part of a capital reorganisation in 2009 and have not subsequently changed.

24. Share premium

£ million

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>773.1</td>
<td>762.9</td>
</tr>
<tr>
<td>Shares issued in year</td>
<td>4.4</td>
<td>10.2</td>
</tr>
<tr>
<td>At 31 December</td>
<td>777.5</td>
<td>773.1</td>
</tr>
</tbody>
</table>

25. Other reserves

£ million

<table>
<thead>
<tr>
<th></th>
<th>Capital redemption reserve</th>
<th>Translation reserve</th>
<th>Other</th>
<th>Total other reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2020</td>
<td>31.5</td>
<td>7.2</td>
<td>4.9</td>
<td>43.6</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>–</td>
<td>5.2</td>
<td>5.2</td>
<td>10.4</td>
</tr>
<tr>
<td>Shares issued in year</td>
<td>–</td>
<td>–</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Shares issued in year</td>
<td>–</td>
<td>–</td>
<td>499.1</td>
<td>499.1</td>
</tr>
<tr>
<td>Balance at 31 December 2020</td>
<td>31.5</td>
<td>8.2</td>
<td>504.0</td>
<td>543.7</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>–</td>
<td>(6.9)</td>
<td>(6.9)</td>
<td></td>
</tr>
<tr>
<td>Movements in fair value of hedging instruments</td>
<td>–</td>
<td>–</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Balance at 31 December 2021</td>
<td>31.5</td>
<td>6.1</td>
<td>504.0</td>
<td>541.6</td>
</tr>
</tbody>
</table>

Capital redemption reserve

The capital redemption reserve arose on an historic redemption of the Company’s shares and is not distributable.

Translation reserve

The translation reserve consists of exchange differences arising on the translation of overseas operations. It also includes changes in the fair value of hedging instruments where such instruments are designated and effective as hedges of investment in overseas operations.

Other reserves

£499.1 million of other reserves arose on the cash box placing that occurred in June 2020 and qualified for merger relief under section 612 of the Companies Act 2006 (see Note 23).

26. Own shares

£ million

<table>
<thead>
<tr>
<th></th>
<th>Balance at 1 January 2020</th>
<th>Disposed of on exercise of options</th>
<th>Shares acquired</th>
<th>Disposed of on exercise of options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares held</td>
<td>17.6</td>
<td>(6.1)</td>
<td>4.2</td>
<td>(1.1)</td>
</tr>
</tbody>
</table>

The own shares reserve represents the cost of shares in Taylor Wimpey plc purchased in the market, those held as treasury shares and those held by the Taylor Wimpey Employee Share Ownership Trusts to satisfy options and conditional share awards under the Group’s share plan.

Employee Share Ownership Trusts (ESOTs) are used to hold the Company’s shares which have been acquired on the market. These shares are used to meet the valid exercise of options and/or vesting of conditional awards and/or award of shares under the Executive Incentive Scheme, Bonus Deferral Plan, Performance Share Plan, Savings-Related Share Option Schemes and the matching award of shares under the Share Incentive Plan. During the year, Taylor Wimpey plc purchased £4.2 million of its own shares to be held in the ESOTs (2020: none).

The ESOTs’ on behalf of shares at 31 December 2021 was covered by outstanding options and conditional awards over shares at that date.

27. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less.

Movement in net cash

<table>
<thead>
<tr>
<th></th>
<th>Cash and cash equivalents</th>
<th>Bank and other loans</th>
<th>Total net cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2020</td>
<td>630.4</td>
<td>(84.7)</td>
<td>545.7</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>191.3</td>
<td>(13.5)</td>
<td>177.8</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>1.3</td>
<td>(5.4)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Balance at 31 December 2020</td>
<td>823.0</td>
<td>(103.6)</td>
<td>719.4</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>99.9</td>
<td>12.7</td>
<td>112.6</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>(1.3)</td>
<td>6.9</td>
<td>5.6</td>
</tr>
<tr>
<td>Balance at 31 December 2021</td>
<td>521.9</td>
<td>(94.0)</td>
<td>427.9</td>
</tr>
</tbody>
</table>

For movements in lease liabilities in the year see Note 19.

28. Contingent liabilities and capital commitments

The Group in the normal course of business has given guarantees and entered into counter- indemnities in respect of bonds relating to the Group’s own contracts and has given guarantees in respect of the Group’s share of certain contractual obligations of joint ventures. The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds.

Provision is made for the Directors’ best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed.

The Group has no significant capital commitments at 31 December 2021 (2020: none).
29. Share-based payments

Equity-settled share option plan

Details of all equity-settled share-based payment arrangements in existence during the year are set out in the Directors’ Remuneration Report on pages 105 to 124. The tables below show the movements in the schemes in the year as well as their weighted average exercise price (WAEP).

The conditional awards outstanding at 31 December 2021 had a weighted average remaining contractual life of 1.35 years (2020: 1.70 years).

The average share price at the date of exercise across all options exercised during the period was £1.68 (2020: £1.80).

For share plans granted during the current and preceding year, the fair value of the awards at the grant date was determined as follows:

- **Share Incentive Plan (SIP): Options WAEP (in £)**
  - Outstanding at the beginning of the year: 28,381,982 at £1.79
  - Granted during the year: 4,400,388 at £1.87
  - Forfeited during the year: 5,995,692
  - Exercised during the year: 6,876,632 at £1.28
  - Outstanding at the end of the year: 24,020,334 at £1.70
  - Exercisable at the end of the year: 1,189,180 at £1.50

- **Performance Share Plan (PSP): Options WAEP (in £)**
  - Outstanding at the beginning of the year: 6,722,389 at £1.88
  - Granted during the year: 1,967,613 at £1.74
  - Forfeited during the year: 2,810,423
  - Exercised during the year: 1,504,748 at £1.48
  - Outstanding at the end of the year: 1,189,180 at £1.31
  - Exercisable at the end of the year: 6,496,507 at £1.31

The remaining Sharesave options outstanding at 31 December 2021 had a range of exercise prices from £0.97 to £1.59 (2020: £0.97 to £1.59) and a weighted average remaining contractual life of 2.89 years (2020: 3.40 years).

The Group recognised a share-based payment expense of £13.3 million in the year (2020: £8.2 million), which was composed of £13.2 million used in the model was based on historical exercise patterns.

Expected volatility was determined by calculating the historical volatility of the Group’s share price over the expected term. The expected life used in the model was based on historical exercise patterns.

The Group recognised a share-based payment expense of £13.3 million in the year (2020: £8.2 million), which was composed of £13.2 million in relation to equity settled schemes and £0.1 million in relation to cash settled elements (2020: £7.0 million and £1.2 million).

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in Note 21. Transactions between the Group and its joint ventures are disclosed below. The Group has loans with joint ventures that are detailed in Note 13.

Trading transactions

During the year, Group sales to joint ventures totalled £23.9 million (2020: £19.9 million) and purchases totalled £24.3 million (2020: £6.7 million).

At 31 December 2021 receivables from joint ventures were £69.0 million (31 December 2020: £63.9 million) and payables were £6.7 million (31 December 2020: £3.3 million).

Remuneration of key management personnel

The key management personnel of the Group are the members of the Group Management Team (GMT) as presented on pages 10 to 17. The remuneration information for the Executive Directors is set out in the Remuneration Report on page 115. The aggregate compensation for the other members of the GMT is as follows:

Total (excluding share-based payment charge) £2.9 million

In addition to the amounts above, a share-based payment charge of £1.7 million (2020: £0.5 million) related to share options held by members of the GMT.

31. Dividends

Proposed

Interim dividend 2021: 4.14p (2020: nil) per ordinary share of 1p each

Final dividend 2021: 4.4p (2020: 4.14p) per ordinary share of 1p each

Final dividend charge of c.£162.0 million based on the total ordinary share capital.

The Directors recommend a final dividend for the year ended 31 December 2021 of 4.44 pence per share (2020: 4.14 pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£162.0 million based on the number of shares in issue at the end of the year (2020: £150.7 million). The final dividend will be paid on 13 May 2022 to all shareholders registered at the close of business on 1 April 2022.

In accordance with IAS 10 ‘Events after the Reporting Period’, the proposed final dividend has not been accrued as a liability at 31 December 2021.
32. Alternative performance measures

The Group uses a number of alternative performance measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside IFRS measures. The following APMs are referred to throughout the year and results.

Profit before taxation and exceptional items and profit for the period before exceptional items

The Directors consider the removal of exceptional items from the reported results provides more clarity on the performance of the Group. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

Operating profit and operating profit margin

Throughout the Annual Report and Accounts operating profit is used as one of the main measures of performance. Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. The Directors consider this to be an important measure of the underlying performance of the Group. Operating profit margin is calculated as operating profit divided by total revenue.

Operating profit (€m) 828.6
Operating profit margin 18.3%

Return on net operating assets

This is calculated as rolling 12-month operating profit divided by the average of opening and closing net operating assets of the 12-month period. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

Return on net operating assets

Table: Return on net operating assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic net assets (€m)</th>
<th>Adjusted for:</th>
<th>Average basic net assets (€m)</th>
<th>Average net operating assets (€m)</th>
<th>Return on net operating assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>4,314.0</td>
<td>4,016.8, 3,307.8</td>
<td>4,169.4</td>
<td>3,697.7</td>
<td>24.7%</td>
</tr>
<tr>
<td>2020</td>
<td>4,016.8</td>
<td>(823.0), (630.4)</td>
<td>3,862.3</td>
<td>3,032.5</td>
<td>9.9%</td>
</tr>
<tr>
<td>2019</td>
<td>3,307.8</td>
<td>84.7, 38.1</td>
<td>3,264.8</td>
<td>2,800.2</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted gearing

This is defined as adjusted net debt divided by basic net assets. The Directors consider this to be a more representative measure of the Group’s gearing levels. Adjusted net debt is defined as net cash less land creditors.

Cash conversion

This is calculated as earnings attributed to shareholders of the parent, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares in issue during the period. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 10 shows a reconciliation from basic and diluted earnings per share to adjusted basic and diluted earnings per share.

Net operating asset turn

This is defined as 12 month rolling total revenue divided by the average of opening and closing net operating assets. The Directors consider this to be a good indicator of how efficiently the Group is utilizing its assets to generate value for shareholders.

Tangible net assets per share

This is calculated as net assets before any accrued dividends, excluding goodwill and intangible assets, divided by the number of ordinary shares in issue at the end of the period. The Directors consider this to be a good measure of the value intrinsic within each ordinary share.

Table: Tangible net assets per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic net assets (€m)</th>
<th>Adjusted for:</th>
<th>Tangible net assets (€m)</th>
<th>Tangible net assets per share (pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>4,314.0</td>
<td>Intangible assets (€m) (Note 11)</td>
<td>4,307.4</td>
<td>118.1</td>
</tr>
<tr>
<td>2020</td>
<td>4,016.8</td>
<td>(8.1)</td>
<td>4,008.7</td>
<td>103.0</td>
</tr>
</tbody>
</table>

33. Post balance sheet events

There were no material subsequent events affecting the Group after 31 December 2021 that need to be disclosed.
## Company balance sheet

at 31 December 2021

<table>
<thead>
<tr>
<th>£ million</th>
<th>2021</th>
<th>2020</th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in Group undertakings</td>
<td>4</td>
<td>2,446.2</td>
<td>2,433.0</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5</td>
<td>2,243.0</td>
<td>2,239.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,689.2</td>
<td>4,672.9</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>5</td>
<td>609.2</td>
<td>687.3</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>877.1</td>
<td>791.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,486.3</td>
<td>1,478.9</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>6</td>
<td>(1,439.3)</td>
<td>(1,640.3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,439.3)</td>
<td>(1,640.3)</td>
</tr>
<tr>
<td><strong>Net current assets/(liabilities)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,736.2</td>
<td>4,511.5</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,736.2</td>
<td>4,511.5</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,736.2</td>
<td>4,511.5</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,650.6</td>
<td>4,419.9</td>
</tr>
</tbody>
</table>

### Equity

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Share premium</th>
<th>Own shares</th>
<th>Other reserves</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>8</td>
<td>292.2</td>
<td>292.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td>9</td>
<td>777.6</td>
<td>773.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total share capital</td>
<td>17</td>
<td>1,069.8</td>
<td>1,065.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own shares</td>
<td>10</td>
<td>(14.6)</td>
<td>(14.6)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reserves</td>
<td>11</td>
<td>535.1</td>
<td>535.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>12</td>
<td>3,060.4</td>
<td>2,830.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>30</td>
<td>4,650.6</td>
<td>4,419.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Certain balances in the comparative balance sheet have been restated as explained in Note 5.

As permitted by Section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own income statement. The profit of the Company for the financial year was £519.3 million (2020: £36.3 million). The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022. They were signed on its behalf by:

P Redfern
Director

C Carney
Director
Notes to the Company financial statements
for the year to 31 December 2021

1. Significant accounting policies

The following accounting policies have been used consistently, unless otherwise stated, in dealing with items which are considered material.

**Basis of preparation**

The Company meets the definition of a qualifying entity under Financial Reporting Standard (101) (FRS 101) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 ‘Reduced Disclosure Framework’ as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The principal accounting policies adopted are set out below:

**Going concern**

The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks identified on pages 61 to 65. Having considered these forecasts, the Directors remain of the view that the Group’s financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the Company financial statements have been prepared on a going concern basis.

**Critical accounting judgements and key sources of estimation uncertainty**

Management have not made any individual accounting judgements that are material to the Company and does not consider there to be any key sources of estimation uncertainty.

**Investments in Group undertakings**

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately. Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset’s recoverable amount, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, so long as it does not exceed the original carrying value prior to the impairment being recognised.

The Company values its investments in subsidiary holding companies based on a comparison between the net assets recoverable by the subsidiary company and the investment held. Where the net assets are lower than the investment an impairment is recorded. For trading subsidiaries, the investment carrying value in the Company is assessed against the net present value of the cash flows of the subsidiary. Borrowing costs

Capitalised finance costs are held in other receivables and amortised over the period of the facility.

**Provisions**

Provisions are recognised as the Directors’ best estimate when the Company has a present obligation as a result of a past event and it is probable that the Company will have to settle the obligation.

**Taxation**

The tax charge represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Any liability or credit in respect of group relief in lieu of current tax is also calculated using corporation tax rates that have been enacted or substantively enacted by the balance sheet date unless a different rate (including a nil rate) has been agreed within the Group.

**Deferred tax**

Deferred tax is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded in Sterling at actual rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are restated at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates after the date of the transaction is included as an exchange gain or loss in profit and loss.

**Trade and other receivables**

Trade and other receivables are measured at amortised cost, less any loss allowance based on expected credit losses. The measurement of expected credit losses is based on the probability of default and the magnitude of the loss in the event of default. The assessment of probability of default is based on historical data adjusted for any known factors that would influence the future amount to be received in relation to the receivable.

**Share-based payments**

The Company issues equity-settled share-based payments to certain employees of its subsidiary companies. Equity-settled share-based payments are measured at fair value at the grant date. The fair value is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will vest. The cost of equity-settled share-based payments granted to employees of companies in the Group is borne by the employing company, without recharge. As such the Company’s investment in the subsidiary is increased by an equivalent amount.

**Owens shares**

The cost of the Company’s investment in its own shares, which comprise shares held in treasury by the Company and shares held by employee benefit trusts for the purpose of funding certain of the Company’s share option plans, is shown as a reduction in shareholders’ equity.

**Dividends paid**

Dividends are charged to the Company’s retained earnings reserve in the period of payment in respect of an interim dividend, and in the period in which shareholders’ approval is obtained in respect of the Company’s final dividend.

2. Particulars of employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

The Executive Directors received all of their remuneration, as disclosed in the Remuneration Report on pages 105 to 124, from Taylor Wimpey UK Limited. This remuneration is reflective of the Directors’ service to the Company and all its subsidiaries.

3. Auditor’s remuneration

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total audit fees</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Non-audit fees</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

A description of other services is included in Note 6 of the Group financial statements.

4. Investments in Group undertakings

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£ million</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>5,244.3</td>
<td>13.2</td>
</tr>
<tr>
<td>Provision for impairment</td>
<td>(2,811.3)</td>
<td>(2,811.3)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>2,446.2</td>
<td>2,433.0</td>
</tr>
<tr>
<td>Due from Group undertakings</td>
<td>607.8</td>
<td>685.7</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Due to Group undertakings</td>
<td>606.4</td>
<td>683.6</td>
</tr>
<tr>
<td>Total</td>
<td>2,240.9</td>
<td>2,238.8</td>
</tr>
</tbody>
</table>

5. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£ million</td>
<td>£ million</td>
</tr>
<tr>
<td>Due to Group undertakings</td>
<td>1,439.3</td>
<td>1,640.3</td>
</tr>
<tr>
<td>Other payables</td>
<td>1.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Corporation tax creditor</td>
<td>1.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>1,439.3</td>
<td>1,640.3</td>
</tr>
</tbody>
</table>

6. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£ million</td>
<td>£ million</td>
</tr>
<tr>
<td>Due to Group undertakings</td>
<td>1,439.2</td>
<td>1,635.8</td>
</tr>
<tr>
<td>Other payables</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Corporation tax creditor</td>
<td>1.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>1,439.3</td>
<td>1,635.8</td>
</tr>
</tbody>
</table>

All investments are unitised and information about all subsidiaries is listed on pages 179 to 182.

7. Other receivables

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£ million</td>
<td>£ million</td>
</tr>
<tr>
<td>Due to Group undertakings</td>
<td>1,439.3</td>
<td>1,640.3</td>
</tr>
<tr>
<td>Other payables</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Corporation tax creditor</td>
<td>1.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>1,439.3</td>
<td>1,640.3</td>
</tr>
</tbody>
</table>

Amounts due from Group undertakings are repayable on demand and are predominantly interest bearing.

8. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non-current</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£ million</td>
<td>£ million</td>
</tr>
<tr>
<td>Due to Group undertakings</td>
<td>1,439.2</td>
<td>1,635.8</td>
</tr>
<tr>
<td>Other payables</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Corporation tax creditor</td>
<td>1.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>1,439.3</td>
<td>1,635.8</td>
</tr>
</tbody>
</table>

Amounts due to Group undertakings are repayable on demand and are predominantly interest bearing.
7. Bank and other loans

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>£100.0 million 2.0% Senior Loan Notes</td>
<td>84.0</td>
<td>90.1</td>
</tr>
</tbody>
</table>

These loans are repayable as follows:

Amounts due for settlement after one year

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>£100.0 million 2.0% Senior Loan Notes</td>
<td>84.0</td>
<td>90.1</td>
</tr>
</tbody>
</table>

8. Share capital

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>Shares issued in year</td>
<td>3,174,532</td>
<td>3,174,532</td>
</tr>
<tr>
<td>Shares held in trust for bonus, options and performance award plans</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Shares held at 31 December 2021</td>
<td>3,040,591,179</td>
<td>1,065,565,274</td>
</tr>
</tbody>
</table>

The Company has two classes of shares:
- Ordinary shares of 1p, each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company’s Articles of Association.
- Deferred ordinary shares of 24p, which carry no voting rights and no entitlement to any dividend. The deferred ordinary shares were issued as part of a capital reorganisation in 2009 and have not subsequently changed.

In June 2020, the Company issued 360,265,901 ordinary shares of 1p at a price of 145p to raise total net proceeds of £50.1 million after expenses. 355,000,000 of these shares were placed via a cash box structure (the ‘Placing’) in which the cash box entity issued redeemable preference shares in consideration for the receipt of the net cash proceeds arising from the placement of those shares. Taylor Wimpey plc ordinary shares were issued in consideration for the transfer of the redeemable preference shares, that it did not already own, of the cash box entity. It was therefore determined that the placing of those shares qualified for merger relief under section 612 of the Companies Act 2006 such that the excess of the value of the acquired shares in the cash box entity over the nominal value of the ordinary shares issued by Taylor Wimpey plc was credited to Other Reserves. The remaining of the shares issued, 5,265,931, were issued via a Retail Offer open to employees and other retail investors and a Directors’ Subscription. The Placing was performed to allow the Group to pursue additional near term land acquisition opportunities.

The Placing, Retail and Subscription shares placed rank pari passu in all respects with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

During the year, the Company issued 3.2 million (2020: 2.0 million) ordinary shares to satisfy option exercises.

The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group’s own contracts.

Notes to the Company financial statements continued
The Directors recommend a final dividend for the year ended 31 December 2021 of 4.44 pence per share (2020: 4.14 pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£162.0 million based on the number of shares in issue at the end of the year (2020: £150.7 million). The final dividend will be paid on 13 May 2022 to all shareholders at 31 December 2021.

The entities listed below are companies incorporated in the United Kingdom and the registered office is Gate House, Tunkiple Road, High Wycombe, Buckinghamshire, HP12 3NQ. Of the below are 100% subsidiaries of the Group, either directly or indirectly held by Taylor Wimpey plc, and only have ordinary share capital.

Admiral Developments Limited
Admiral Homes Limited
Admiral Homes (Eastern) Limited
BGS (Pointon Gear) Holdings Limited
Bryant Developments Limited
Bryant Country Homes Limited
Bryant Group Services Limited
Bryant Homes Central Limited
Bryant Homes East Midlands Limited
Bryant Homes Limited
Bryant Homes North East Limited
Bryant Homes Northern Limited
Bryant Homes South East Limited
Bryant Homes South West Limited
Bryant Homes Southern Limited
Bryant Properties Limited
Candlemakers (TW) Limited
Clipper Investments Limited
Compass Developments (Woodton) Limited
Dormant Nominees One Limited
Dormant Nominees Two Limited
Farrods Water Engineers Limited
Fyvor House Limited
George Wimpey Limited
George Wimpey Bristol Limited
George Wimpey City Limited
George Wimpey City 2 Limited
George Wimpey East Anglia Limited
George Wimpey East London Limited
George Wimpey East Midlands Limited
George Wimpey Manchester Limited
George Wimpey Midland Limited
George Wimpey North East Limited
George Wimpey North London Limited
George Wimpey North Midlands Limited
George Wimpey North West Limited
George Wimpey North Yorkshire Limited
George Wimpey South East Limited
George Wimpey South Midlands Limited
George Wimpey South West Limited
George Wimpey South Yorkshire Limited
George Wimpey Southern Counties Limited
George Wimpey West London Limited
George Wimpey West Midlands Limited
George Wimpey West Yorkshire Limited
Globe Road Limited
Grand Union Vision Limited
Grovestone Homes Limited
Hamme Construction Limited
Hanger Lane Holdings Limited
Hassall Homes (Chesham) Limited
Hassall Homes (Molescroft) Limited
Hassall Homes (Mossley) Limited
Hassall Homes (Wrexham) Limited
Haverhill Developments Limited
J.R. Young (Assam) Limited
Jim 1 Limited
Jim 3 Limited
Jim 4 Limited
Jim 5 Limited
Laing City of London Limited
Laing Homes Limited
Laing Land Limited
LandTrust Developments Limited
Limbrook Manor LLP
MCA Developments Limited
MCA East Limited
MCA Holdings Limited
MCA Land Limited
MCA Leicester Limited
MCA London Limited
MCA Northumbria Limited
MCA Partnership Housing Limited
MCA South West Limited
MCA West Midlands Limited
MCA Yorkshire Limited
McLean Homes Bristol & West Limited
McLean Homes Bristol & South Limited
McLean Homes Southern Limited
McLean TW (Chester) Limited
McLean TW (Yorkshire) Limited
McLean TW (South) Limited
McLean TW (Northern) Limited
McLean TW (Wrexham) Limited
Melbourne Developments Limited
Melbourne Investments Limited
Pangbourne Developments Limited
Prestoplan Limited
River Farm Developments Limited
South Bristol (Aiston Park) Limited
Spinks & Deren Limited
St. Katharine By The Tower Limited
St. Katharine Haven Limited
Tawneywood Developments Limited
Taylor Wimpey 2007 Limited
Taylor Wimpey Capital Developments Limited
Taylor Wimpey Commercial Properties Limited
Taylor Wimpey Developments Limited
Taylor Wimpey Garage Nominees No 1 Limited
Taylor Wimpey Garage Nominees No 2 Limited
Taylor Wimpey Holdings Limited
Taylor Wimpey International Limited
Taylor Wimpey Property Company Limited
Taylor Wimpey Property Management Limited
Taylor Wimpey Sh Capital Limited
Taylor Wimpey UK Limited
Thamesway Homes Limited
The Garden Village Partnership Limited
The Wilson Connolly Employee Benefit Trust Limited
This is G2 Limited
Thomas Lowe and Sons Limited
Thomas Lowe Homes Limited
TW NCA Limited
TW Springboard Limited
Tywynman Regent Limited
Valley Park Developments Limited
Whalmer (Chester) Limited
Whalmer (Lancashire) Limited
Whalmer (North Wales) Limited
Whalmer Developments Limited
Wilcon Homes Anglia Limited
Wilcon Homes Eastern Limited
Wilcon Homes Midlands Limited
Wilcon Homes Northern Limited
Wilcon Homes Southen Limited
Wilcon Homes Wrexham Limited
Wilcon Lifestyle Homes Limited
Wiltshire Homes Limited
Wilson Connolly Holdings Limited
Wilson Connolly Investments Limited
Wilson Connolly Limited
Wilson Connolly Properties Limited
Wilson Connolly Quest Limited
Wingrove Developments Limited
Wingrove Property Trading Limited
Wimpey Construction Developments Limited
Wimpey Construction Overseas Limited
Wimpey Corporate Services Limited
Wimpey Dorman Investments Limited
Wimpey Geotech Limited
Wimpey Group Services Limited
Wimpey Gulf Holdings Limited
Wimpey Overseas Holdings Limited

Note: The financial statements for the year ended 31 December 2021 are in accordance with IAS 10 'Events after the Reporting Period', the proposed final dividend has not been accrued as a liability at 31 December 2021.
### The entities listed below are companies incorporated in the United Kingdom and the registered office is Gate House, Tumplin Road, High Wycombe, Buckinghamshire, HP12 3NR.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>% Owned</th>
<th>Company Name</th>
<th>% Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academy Central LLP</td>
<td>62%</td>
<td>Thrapleddell Limited</td>
<td>50%</td>
</tr>
<tr>
<td>Bordon Developments Holdings Limited</td>
<td>50%</td>
<td>Vumpile Limited</td>
<td>50%</td>
</tr>
<tr>
<td>Chobham Manor LLP</td>
<td>50%</td>
<td>Whiteh &amp; Bordon Development Company BV Limited</td>
<td>50%</td>
</tr>
<tr>
<td>Chobham Manor Property Management Limited</td>
<td>50%</td>
<td>Whiteh &amp; Bordon Development Company Phase 1a</td>
<td>50%</td>
</tr>
<tr>
<td>DFE TW Residential Limited</td>
<td>50%</td>
<td>Whiteh &amp; Bordon Regeneration Company Limited</td>
<td>50%</td>
</tr>
<tr>
<td>Falcon Wharf Limited</td>
<td>50%</td>
<td>Wmpye Laing Overseas Limited</td>
<td>50%</td>
</tr>
<tr>
<td>GINW City Developments Limited</td>
<td>50%</td>
<td>Wmpye Laing Limited</td>
<td>50%</td>
</tr>
<tr>
<td>Paycause Limited</td>
<td>66.67%</td>
<td>Whstnley &amp; York Road Regeneration LLP</td>
<td>50%</td>
</tr>
<tr>
<td>Taylor Wimpey Pension Trustees Limited</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other entities incorporated in the United Kingdom, unless otherwise stated, and the Group’s ownership share are shown below.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>% Owned</th>
<th>Company Name</th>
<th>% Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bryant Homes Scotland Limited</td>
<td>100%</td>
<td>Taylor Wimpey Kincaid &amp; Partners Limited</td>
<td>100%</td>
</tr>
<tr>
<td>George Wimpey East Scotland Limited</td>
<td>100%</td>
<td>Taylor Wimpey Initial LLP Limited</td>
<td>100%</td>
</tr>
<tr>
<td>George Wimpey West Scotland Limited</td>
<td>100%</td>
<td>Taylor Wimpey Scottish Limited Partnership</td>
<td>100%</td>
</tr>
<tr>
<td>London and Clyde sophistication Estates Limited</td>
<td>100%</td>
<td>Whatcho England Limited</td>
<td>100%</td>
</tr>
<tr>
<td>London and Clyde sophistication Holdings Limited</td>
<td>100%</td>
<td>Wilco Homes Scotland Limited</td>
<td>100%</td>
</tr>
<tr>
<td>Stadia Developments Limited</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### The following entities are Management Companies that are limited by guarantee (unless otherwise stated) and are temporary parts of the Group. All are incorporated in the United Kingdom and their assets are not held for the benefit of the Group.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Reference</th>
<th>Company Name</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbotsford Park (No.3) Residents Association Limited</td>
<td>1</td>
<td>Humberside Residents Estate Management Company Limited</td>
<td>9</td>
</tr>
<tr>
<td>Abbotsford Gardens Management Company Limited</td>
<td>2</td>
<td>Jasmin Park (Mkshire) Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Ayn Meadows Management Company Limited</td>
<td>3</td>
<td>K Reach (EA) Management Company Limited</td>
<td>4</td>
</tr>
<tr>
<td>Ashpalm Grange (Topsfield) Management Company Limited</td>
<td>4</td>
<td>Kentmere Phase Residents Association Limited</td>
<td>1</td>
</tr>
<tr>
<td>Barlker Butts Lane Management Company Limited</td>
<td>5</td>
<td>Kesgrave K Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Battersea Exchange Management Company Limited</td>
<td>6</td>
<td>Kingsbourne (Nantwich) Community Management Company Limited</td>
<td>11</td>
</tr>
<tr>
<td>Baulieu Grange Residents Association Limited</td>
<td>7</td>
<td>Biggleswade Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Billington Grove (SM) Management Company Limited</td>
<td>8</td>
<td>Ladbroke Grove Apartment Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Brantham Residential Estate Management Company Limited</td>
<td>9</td>
<td>Lark View (Thetford) Residents Association Limited</td>
<td>1</td>
</tr>
<tr>
<td>Broadal Park (Rownham) Management Company Limited</td>
<td>10</td>
<td>Leaswood (Mmanagement) Limited</td>
<td>1</td>
</tr>
<tr>
<td>Broadway Fields Residents Management Company Limited</td>
<td>11</td>
<td>Leybourne Grange Management Community Interest Limited</td>
<td>1</td>
</tr>
<tr>
<td>Broughton Galt (Milton Keynes) Management Company Limited</td>
<td>11</td>
<td>Lion Mills (EA) Management Company Limited</td>
<td>4</td>
</tr>
<tr>
<td>Brunswick Dock J Leverpool Management Company Limited</td>
<td>11</td>
<td>Manor Court (Passcot) Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Berkshire Park Residents Management Company Limited</td>
<td>11</td>
<td>Manor Park St Ewarton Residents Management Company Limited</td>
<td>11</td>
</tr>
<tr>
<td>Oldfield Reach Management Company Limited</td>
<td>11</td>
<td>Nelson Manor (Milton Woodrow) Residents Company Limited</td>
<td>9</td>
</tr>
<tr>
<td>Concept (EA) Management Company Limited</td>
<td>11</td>
<td>Milers Bros Management Company Ltd</td>
<td>1</td>
</tr>
<tr>
<td>Copcios Place Management Company Limited</td>
<td>11</td>
<td>Morenor Granie Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Cotswold View Residents Association Limited</td>
<td>11</td>
<td>Natheron Grange Residents Management Company Limited</td>
<td>4</td>
</tr>
<tr>
<td>Darron Road Management Company Limited</td>
<td>11</td>
<td>Newbridge Gardania Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Digby Water Estate Management Company Limited</td>
<td>11</td>
<td>Newbridge Gardania Management Company Limited</td>
<td>2</td>
</tr>
<tr>
<td>Dunton Green Management Company (No.1) Limited</td>
<td>11</td>
<td>NGO Management Company (Cell A Limited)*</td>
<td>1</td>
</tr>
<tr>
<td>Dunton Green Management Company (No.2) Limited</td>
<td>11</td>
<td>NGO Management Company (Cell C Limited)*</td>
<td>17</td>
</tr>
<tr>
<td>Edingh Wth Community Interest Company</td>
<td>11</td>
<td>NGO Management Company (Cel E Limited)*</td>
<td>17</td>
</tr>
<tr>
<td>Emberton Grange Management Company Limited</td>
<td>11</td>
<td>NGO Management Company (Cell F Limited)*</td>
<td>17</td>
</tr>
<tr>
<td>Gladir Management Company Limited</td>
<td>11</td>
<td>NGO Management Company (Cell G Limited)*</td>
<td>17</td>
</tr>
<tr>
<td>Great Hall Park Residents Association Limited</td>
<td>11</td>
<td>NGO Management Company (Commercial) Limited</td>
<td>17</td>
</tr>
<tr>
<td>Greenfields Park (EA) Management Company Limited</td>
<td>11</td>
<td>NGO Management Company (Town Centre Limited)*</td>
<td>17</td>
</tr>
<tr>
<td>Hanley Gardens Management Division</td>
<td>11</td>
<td>Nightingale Park Residents Association Limited</td>
<td>11</td>
</tr>
<tr>
<td>Harwell Fields 3B Management Company Limited</td>
<td>11</td>
<td>North Whall Gardens Management Company Limited</td>
<td>11</td>
</tr>
<tr>
<td>Hastings Manor (Hugglescote) Residents Management Company Limited</td>
<td>11</td>
<td>Nunrey Fields (Management No.1) Limited</td>
<td>7</td>
</tr>
<tr>
<td>Haybridge (Wells) Management Company Limited</td>
<td>11</td>
<td>Nunrey Fields (Management Limited)</td>
<td>7</td>
</tr>
<tr>
<td>Haynys Graven Head Management Limited</td>
<td>11</td>
<td>Onyx Apartments Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Heston Gardens Management Company Limited</td>
<td>11</td>
<td>Orchard Grove (Cotswode) Management Company Limited</td>
<td>6</td>
</tr>
<tr>
<td>Heritage Park Greatness Residents Association (No.1) Limited</td>
<td>11</td>
<td>Orsett Villages Residents Association Limited</td>
<td>11</td>
</tr>
<tr>
<td>Heritage Park Greatness Residents Association (No.2) Limited</td>
<td>11</td>
<td>Pagets Priory Phase Two (Saffron Blizzard Management Company Limited</td>
<td>11</td>
</tr>
<tr>
<td>Heritage Park Greatness Residents Association (No.3) Limited</td>
<td>11</td>
<td>Palace View Apartments Management Company Limited</td>
<td>1</td>
</tr>
<tr>
<td>Heritage Park Greatness Residents Association (No.4) Limited</td>
<td>11</td>
<td>Parc Nedd Residents Association Limited</td>
<td>11</td>
</tr>
<tr>
<td>Heritage Park Greatness Residents Association (No.5) Limited</td>
<td>11</td>
<td>Parklands (Wisdon) Two Management Company Limited</td>
<td>11</td>
</tr>
<tr>
<td>Hotherton Greatness Management Company Limited</td>
<td>11</td>
<td>Pleasen Village Management Company Limited</td>
<td>11</td>
</tr>
</tbody>
</table>

---

**Taylor Wimpey plc Annual Report 2021**

---

**Taylor Wimpey plc Annual Report 2021**
2022 Annual General Meeting

Dear Shareholder

Annual General Meeting (AGM)

The 2022 AGM of Taylor Wimpey plc (the Company) will be held in the Wintertake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1DJ on Tuesday 26 April 2022 at 10:30am.

The Board is looking forward to meeting the Company’s shareholders again in person. As we no longer have an office in central London, we have taken the decision to move our AGM to a venue closer to our Head Office in High Wycombe and will be serving light refreshments both before and after the meeting, rather than a full luncheon.

Attending the AGM

If you wish to attend and vote at the AGM in person, please bring with you the shareholder attendance card or notice of availability letter. It will help to authenticate your right to attend, speak and vote, and will help us to register your attendance without delay.

For the safety and comfort of those attending the AGM, large bags, cameras, recording equipment and similar items will not be allowed into the building and in the interests of security, by attending the AGM you hereby agree to be searched, upon request, together with any bags and other possessions.

There is wheelchair access to the venue for shareholders who require it or those with reduced mobility. However, where required, attendees are strongly advised to bring their own carers to assist with their general mobility around the venue. An induction loop system operates in the meeting room. Directions to the venue can be found on the reverse of your attendance card or notice of availability.

Light refreshments comprising of tea, coffee and pastries will be available from 9:30am and after the end of the AGM.

How to vote

If you would like to vote on any resolutions and are an existing member, please log into the CREST system by completing and transmitting a CREST proxy instruction as described in the procedural notes on page 190.

Shareholder questions

The answers provided will be made available on the Company’s website as soon as practicable following the conclusion of the AGM.

Group General Counsel and Company Secretary

Yours faithfully,

you to vote in favour of them. Each Director will be doing so in respect of all of their own beneficial shareholding.

Your Directors are of the opinion that the resolutions are in the best interests of the Company and its shareholders as a whole and recommend

Ordinary resolutions:

2. To declare due and payable on 13 May 2022 a final dividend of 4.44 pence per ordinary share of the Company for the year ended 31 December 2021 to shareholders on the register at close of business on 1 April 2022.
3. To re-elect as a Director, Irene Dorner.
4. To re-elect as a Director, Jennie Daly.
5. To re-elect as a Director, Chris Carney.
6. To re-elect as a Director, Robert Noel.
7. To re-elect as a Director, Humphrey Singer.
8. To re-elect as a Director, Lord Janner (Gadzia).
9. To re-elect as a Director, Scilla Grimble.
10. To appoint PriceWaterhouseCoopers LLP (PwC) as external Auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
11. Subject to the passing of resolution 10, to authorise the Audit Committee to determine the remuneration of the external Auditors on behalf of the Board.
12. That the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
   a. up to a nominal amount of £12,163,069 (such amount to be reduced by any allotments or grants made under paragraph b below, in excess of £12,163,069) and
   b. comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £24,326,138 (such amount to be reduced by any allotments or grants made under paragraph a above) in connection with an offer by way of a rights issue:
      i. to ordinary shareholders in proportion (as nearly as practicable) to their existing holdings; and
      ii. to holders of other equity securities as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 25 July 2023) but, in each case, so that the Company may make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends; and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Ordinary business

13. That if resolution 12 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:
   a. to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph b of resolution 12, by way of a rights issue only):
      i. to ordinary shareholders in proportion (as nearly as practicable) to their existing holdings; and
      ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matters; and
   b. in the case of the authority granted under paragraph a of resolution 12, or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph a above) up to a nominal amount of £1,824,465. Such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 25 July 2023) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

This Notice of Meeting is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, bank manager, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all or any of your shares in Taylor Wimpey plc, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so that they can pass these documents to the person who now holds the shares. If you have sold or transferred part only of your holding of shares in this Company, please consult the person who arranged the sale or transfer.
14. That if resolution 12 is passed, the Board be given the power in addition to any power granted under resolution 13 to allot equity securities (as defined in the Companies Act 2006) for cash or for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disposing of Pre-Election Rights most recently published by the Pre-Election Group prior to the date of this notice or for the purposes of refinancing such a transaction within six months of its taking place.

15. That the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its ordinary shares of 1 pence each of the Company (ordinary shares), provided that:

- a. the maximum number of ordinary shares hereby authorised to be purchased shall be 364,892,070;
- b. the minimum price (exclusive of expenses) which may be paid for ordinary shares is 1 pence per ordinary share; and
- c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the highest of
  - an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London (Stock Exchange Official List) for the five business days immediately preceding the date on which such ordinary share is purchased; and
  - the higher of the price of the last traded independent and the highest independent bid on the trading venue where the purchase is carried out;

- d. the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company and 25 October 2023 unless such authority is renewed prior to such time; and
- e. the Company may enter into contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contracts, as if the authority conferred by this resolution had not expired.

Special business

Ordinary resolutions:

16. That the Directors’ Remuneration Report for the year ended 31 December 2021, as set out on pages 115 to 124 of the Annual Report and Accounts for the financial year ended 31 December 2021, be approved in accordance with Section 439 of the Companies Act 2006.

17. That in accordance with Sections 366 and 367 of the Companies Act 2006, the Company, and all companies which are its subsidiaries when this resolution is passed are authorised to:

- a. make political donations to political parties and/or independent election candidates not exceeding £250,000 in aggregate;
- b. make political donations to political organisations other than political parties not exceeding £250,000 in aggregate; and
- c. incur political expenditure not exceeding £250,000 in aggregate, during the period beginning with the date of passing this resolution and the conclusion of the next Annual General Meeting of the Company.

For the purposes of this resolution the terms ‘political donations’, ‘political parties’, ‘independent election candidates’, ‘political organisations’ and ‘political expenditure’ have the meanings given by Sections 363 to 365 of the Companies Act 2006.

18. That a general meeting other than an Annual General Meeting of the Company may continue to be called on not less than 14 clear days’ notice.

By order of the Board

Alice Black
General Counsel and Company Secretary
Taylor Wimpey plc
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 1JR
Registered in England and Wales No. 290805
2 March 2022

Explanatory notes to the resolutions

Ordinary business

Ordinary resolutions

Ordinary resolutions require more than half of the votes cast to be in favour.

Resolution 1: To receive the Annual Report and Financial Statements

English company law requires the Directors to lay the Financial Statements of the Company for the year ended 31 December 2021 and the reports of the Directors, namely the Strategic report, Directors’ Report, Directors’ Remuneration Report, and Auditor’s Report (the Annual Report), before a general meeting of the Company.

Resolution 2: To declare a final dividend

The Directors recommend the payment of a final dividend of 4.44 pence per ordinary share in respect of the year ended 31 December 2021. If approved at the AGM, the dividend will be paid on 13 May 2022 to shareholders who are on the Register of Members at the close of business on 1 April 2022.

Dividend Re-Investment Plan

Subject to shareholders approving the dividend as set out in resolution 2 at the AGM held on 26 April 2022, the Company will be offering residents in the United Kingdom a Dividend Re-Investment Plan (DRIP). The DRIP is provided and administered by the DRIP plan administrator, Link Market Services Trustees Limited, which is authorised and regulated by the Financial Conduct Authority (FCA). The DRIP offers shareholders the opportunity to invest in cash dividends received on their ordinary shares, in purchasing further ordinary shares of the Company. These shares would be bought in the market, on competitive dealing terms.

The DRIP operates automatically in respect of the final dividend for 2021 (unless varied beforehand by shareholders) and all future dividends, including any special dividends, until such time as you withdraw from the DRIP, which is suspended or terminated in accordance with its terms and conditions.

Shareholders are again reminded to check their position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or to discontinue or vary any participation, as existing mandate instructions will not be overridden.

CREST

For shares held in uncertificated form (CREST), please note that elections continue to apply only to one dividend and a fresh election must be made, via CREST, for each dividend.

Full details of the terms and conditions of the DRIP and the actions required to make or revoke an election, both in respect of ordinary dividends (i.e. in this case, the 2021 final dividend) and any special dividends, are available at www.signalshares.com or on request from the Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, London, L81 4DL; email shares@linkgroup.co.uk or call +44 (0)371 664 0381. Calls are charged at the standard geographic rate and will vary by provider.

Details of the Directors’ contracts, remuneration and interests in the Company’s shares are set out in the Directors’ Remuneration Report to shareholders on pages 115 to 124 of this Annual Report and Accounts. Full biographical information concerning each Director can be found on pages 74 and 75.

The following summary information is given in support of the Board’s proposal for each Director standing for re-election.

Irene Dorner – offers herself for re-election

Irene was appointed as a Non Executive Director and Chairman designate on 1 December 2019. Irene formally assumed the position of Chairman on 26 February 2020. Irene’s strong leadership skills, coupled with her deep commercial experience, provide strong leadership of the Board and the effective challenge of the Non Executive Directors; and the further development of the Group’s strong cultural principles. Irene also Chairs the Nomination and Governance Committee.

Jennie Daly – offers herself for re-election

Jennie has been the Group Operations Director since 20 April 2016 and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Chris Canny – offers himself for re-election

Chris has been the Group Finance Director since 20 April 2018.

Robert Nelor – offers himself for re-election

Robert has been a Non Executive Director since 1 October 2019. Rob became the Company’s Senior Independent Director on 21 April 2020. The Board is satisfied that he is independent in character and judgement in applying his expertise and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Humphrey Singer – offers himself for re-election

Humphrey has been a Non Executive Director since 29 December 2019. The Board is satisfied that he is independent in character and judgement in applying his expertise and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Remuneration Committee

Details of the Directors’ contracts, remuneration and interests in the Company’s shares are set out in the Directors’ Remuneration Report to shareholders on pages 115 to 124 of this Annual Report and Accounts. Full biographical information concerning each Director can be found on pages 74 and 75.

The following summary information is given in support of the Board’s proposal for each Director standing for re-election.

Irene Dorner – offers herself for re-election

Irene was appointed as a Non Executive Director and Chairman designate on 1 December 2019. Irene formally assumed the position of Chairman on 26 February 2020. Irene’s strong leadership skills, coupled with her deep commercial experience, provide strong leadership of the Board and the effective challenge of the Non Executive Directors; and the further development of the Group’s strong cultural principles. Irene also Chairs the Nomination and Governance Committee.

Jennie Daly – offers herself for re-election

Jennie has been the Group Operations Director since 20 April 2016 and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Chris Canny – offers himself for re-election

Chris has been the Group Finance Director since 20 April 2018.

Robert Nelor – offers himself for re-election

Robert has been a Non Executive Director since 1 October 2019. Rob became the Company’s Senior Independent Director on 21 April 2020. The Board is satisfied that he is independent in character and judgement in applying his expertise and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Humphrey Singer – offers himself for re-election

Humphrey has been a Non Executive Director since 29 December 2019. The Board is satisfied that he is independent in character and judgement in applying his expertise and will become the Company’s Chief Executive following the conclusion of the 2022 AGM.

Remuneration Committee

Details of the Directors’ contracts, remuneration and interests in the Company’s shares are set out in the Directors’ Remuneration Report to shareholders on pages 115 to 124 of this Annual Report and Accounts. Full biographical information concerning each Director can be found on pages 74 and 75.
Resolution 10: Re-appraisal of PwC as external Auditors of the Company

The Company is required to appoint external auditors at each general meeting at which accounts are laid before the shareholders. It is therefore proposed that the external Auditors are appointed from the conclusion of the current Annual General Meeting to the next general meeting at which accounts are laid before shareholders. The Board recommends the reappointment of PwC as the Company’s external Auditors.

Resolution 11: Authorisation of the Audit Committee to agree on behalf of the Board the remuneration of PwC as external Auditors

The Board seeks shareholders’ authority for the Audit Committee to determine on behalf of the Board the remuneration of the external Auditors for their services. The Board has adopted a procedure governing the appointment of the external Auditors to carry out annual audit and other services permitted under the Audit Committee report. Details of non-audit services performed by the external Auditors in 2021 are given in Note 6 on page 149 of the Annual Report.

Resolution 12: Authority to allot shares

The Directors wish to renew the existing authority to allot unissued shares in the Company. Accordingly, resolution 12 would give the Directors the authority to allot unissued shares in the Company for cash without first offering them to existing shareholders in proportion to their holdings or granting rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount of £12,163,069 (representing 1,216,306,900 ordinary shares). This aggregate amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 28 February 2022, the latest practicable date prior to publication of this Notice.

In respect of the power under paragraph 6 of resolution 13, the Directors confirm their intention to follow the provisions of the Pre-Emption Group’s Statement of Principles regarding cumulative usage of authorities within a rolling three year period where the Company provides that usage in excess of 5% of the issued ordinary share capital of the Company (excluding treasury shares) should not take place prior to consultation with shareholders.

Resolution 14: Authority to make market purchases of shares

Any purchases under this authority would be made in one or more blocks of 2,000,000 ordinary shares or in the capital of the Company as at 28 February 2022, the latest practicable date prior to publication of this Notice.

The Board does not hold any shares in treasury, purchased pursuant to these authorities could be held as treasury shares, which the Company can re-issue quickly and cost-effectively, and provides the Company with additional flexibility in the management of its capital. The maximum number of shares held under this resolution shall not at any time exceed 10% of the Company’s issued share capital (excluding all treasury shares) and any shares purchased under this resolution will be cancelled. As at 28 February 2022, the Company holds no shares in treasury.

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings.

We have announced the Company’s intention to return excess capital to its shareholders in 2022 of up to £150 million through the implementation of a share buyback programme. An initial tranche of up to £75 million commenced on 3 March 2022 and is expected to end no later than 3 June 2022. The initial tranche of the share buyback programme is being carried out by the Company using the authority to purchase its own ordinary shares as approved by shareholders at the 2021 AGM, and in order to retain the flexibility to complete the initial tranche and continue to return value to shareholders, we are asking shareholders to renew the authority for the Company to purchase its own ordinary shares. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares.

Pursuant to the share buyback programme, the Board intends to hold 25 million of the shares that are repurchased in treasury and the remaining shares will be cancelled. The Board currently intends that the shares to be held in treasury will be used for future obligations of the Company in respect of its employee share schemes.

The Board will use this authority to purchase shares only after careful consideration (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company).

The total number of options and conditional share awards to subscribe for ordinary shares outstanding as at the close of business on 28 February 2022 was 25,608,764, representing approximately 0.7% of the Company’s issued ordinary share capital. This represents an exercise of the January 2019 plan and the March 2020 plan.

Following the exercise of options, the Board considers the share buyback programme to be in the best interests of shareholders and in line with the Company’s commitment to return value to shareholders.

Resolution 15: Authority to make market purchases of shares

The Board has no present intention to purchase any ordinary shares in treasury.

The powers under resolutions 13 and 14 will expire at the earlier of 25 July 2023 and the conclusion of the next Annual General Meeting of the Company.

Resolution 16: Notice of general meetings

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings.

The Companies Act 2006 requires this authority to be divided into two heads (as set out in resolution 17) with a separate amount specified as permitted for each. An amount not exceeding £250,000 (representing the aggregate voting power of all shareholders) may be allocated in respect of each of the resolutions.

Special resolution

Resolution 17: Authority to make political donations

In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of that Act, the Board have proposed a resolution (resolution 17) to enable the Company to make political donations and incur political expenditure.

The Companies Act 2006 requires this authority to be divided into three heads (as set out in resolution 17) with a separate amount specified as permitted for each. An amount not exceeding £250,000 (representing the aggregate voting power of all shareholders) may be allocated in respect of each of the resolutions.
6. Any person to whom this notice is sent who is a person

5. If you require a paper proxy form, or if you require additional

3. A shareholder entitled to attend and vote at the AGM may

2. To be valid, any proxy appointment must be received by Link
Group at PXS 1, 10th Floor, Central Square, 29 Wellington
Street, Leeds, LS1 4DL, or by fax or phone +44 (0)371 664 0300 (calls are charged at the standard
rate). Lines are open between 9:00am and 5:30pm, Monday to
Friday excluding public holidays in England and Wales.

11. Any corporation which is a member can appoint one or more

12. Under Section 527 of the Companies Act 2006 members
meeting the threshold requirements set out in that section have the
right to require the Company to publish on a website a
statement setting out any matter relating to:

can request information to enable them to

14. Shareholders have the right to request information to enable
them to determine that their vote on a poll was validly recorded

15. A copy of this Notice, and other information required by

16. This document is also available on our

17. A copy of the Company’s Articles of Association will be available
after the AGM.

Dividend Re-Investment Plan
Residents in the United Kingdom can choose to invest their cash dividends, including any special dividends, in purchasing Taylor Wimpey shares on the market under the terms of the Dividend Re-Investment (DRIP) Plan. For further information on the DRIP and how to join, contact Link Group.

Shareholders are again reminded to check their position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or discontinue or vary any participation, as existing mandates will apply to all dividend payments (including any special dividends) unless or until revoked.

CREST
The Company offers shareholders who hold their Taylor Wimpey shares in CREST a facility for the receipt of dividends through the CREST system.

For shares held in uncertificated form (CREST), please note that elections continue to apply only to one dividend and a fresh election must be made, via CREST, for each dividend.

Full details of the terms and conditions of the DRIP and the actions required to make or revoke an election, both in respect of ordinary dividends (i.e. in this case, the 2021 final dividend) and any special dividends, are available at www.signalshares.com or in respect of the Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, email: shares@linkgroup.co.uk, tel: +44 (0)371 664 0381. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am and 5:30pm Monday to Friday excluding public holidays in England and Wales.

Dividend mandates
We strongly encourage all shareholders to receive their cash dividends by direct transfer to a bank or building society account. This ensures that dividends are credited promptly to shareholders without the cost and inconvenience of having to pay in dividend cheques at a bank. If you wish to use this cost-effective and simple facility please provide the share registrar who will then instruct your bank to transfer the appropriate amount of dividend directly to your bank account. Additional mandate forms may be obtained from Link Group.

Duplicate share register accounts
If you are receiving more than one copy of our Annual Report and Accounts, it may be that your shares are registered in two or more accounts on our Register of Members. You might wish to consider merging your accounts into one single account. Please contact Link Group on +44 (0)371 664 0381. Lines are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am and 5:30pm Monday to Friday excluding public holidays in England and Wales.

Electronic communications
The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an email. Shareholders can sign up for this facility by registering on our website at www.taylorwimpey.co.uk/investors/shareholder-centre.

Online facilities for shareholders
You can access our Annual Report, half year and full year statements, and copies of recent shareholder communications online via our corporate website.
You can manage your sharesholding in Taylor Wimpey via Link Group’s shareholder portal, which can be accessed online at www.signalshares.com.

The share registrar is Link Group (Registered Office: Hallam House, 38-40 Hallam Street, Leeds LS1 4DH, United Kingdom. Tel: +44 (0)371 664 0300 (calls are charged at the standard rate). Lines are open between 9:00am and 5:30pm, Monday to Friday, excluding public holidays in England and Wales).
Shareholder facilities

Taylor Wimpey plc

Taylor Wimpey shares can be held in CREST accounts, which do not require share certificates. This may make it quicker and easier for some shareholders to settle stock market transactions. Shareholders who deal infrequently may, however, prefer to continue to hold their shares in certificated form and this facility will remain available for the time being, pending the likely general introduction of dematerialised shareholdings in due course.

Taylor Wimpey share price

Our share price is available on our corporate website.

Gifting shares to charity

If you have a small holding of Taylor Wimpey shares, you may wish to consider gifting them to charity. You can do so through ‘ShareGIFT’, which is administered by a registered charity, Orf Mackintosh Foundation Limited. Shares gifted are re-registered in the name of the charity, combined with other donated shares and then sold through stockbrokers who charge no commission. The proceeds are distributed to a wide range of recognised charities. For further details, please contact Link Group or approach ShareGIFT directly at www.sharegift.org or telephone them on +44 (0)20 7930 3737.

Unsolicited approaches to shareholders and ‘Boiler Room’ scams

We receive reports from time to time from Taylor Wimpey shareholders who have received what appear to be fraudulent approaches from third parties with respect to their shareholding in the Company. In some cases these are ‘cold calls’, and in others correspondence. They generally purport to be from a firm of solicitors or an investment company and offer, or hold out the prospect of, large gains on Taylor Wimpey shares or other investments you may hold.

The approaches normally include the seeking of an advance payment from the shareholder, the disclosure of the shareholder’s bank details or the sale of an unrelated investment. Shareholders are advised to be extremely wary of such approaches. More information is available on our website www.taylorwimpey.co.uk/corporate/shareholder-information/boiler-room-scams and you can check whether an enquirer is properly authorised and report scam approaches by contacting the FCA on www.fca.org.uk/consumers or by calling 0800 111 6768. This is a freephone number from the UK and lines are open Monday to Friday, 8:00am to 6:00pm and Saturday 9:00am to 1:00pm.

Stockbrokers

Our share price is available on our corporate website.

Stockbrokers

Taylor Wimpey UK Limited

Gale House
Tunbridge Road
High Wycombe
Buckinghamshire
HP12 3JR
Tel: +44 (0)1494 558323
Website: www.taylorwimpey.co.uk
Registered in England and Wales number 206805
Details of all our operating locations are available on our website www.taylorwimpey.co.uk

Taylor Wimpey de España S.A.U

C/Aragón 223-223A
07008 Palma de Mallorca
Mallorca - Spain
Tel: +34 971 706570 / Fax: +34 971 706566

Please see the full contact details in the Annual Report 2021.