Taylor Wimpey plc

Building for the future

Annual Report and Accounts 2023

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Our reporting suite

Our 2023 Annual Report is an integrated report which includes key sustainability and financial disclosures.

More information on our materiality process, sustainability activities and policies can be found in our Sustainability Summary 2023.

Scan to view our online Annual Report 2023

Scan for the full Sustainability Summary 2023

Building for **the future**

In 2023 we delivered a good performance in the face of challenging market conditions. Going forward, we remain focused on driving value and ensuring we are ready and able to take advantage of opportunities. We are **building for the future.**

2023 was a challenging year for the industry and our customers with rising interest rates and cost of living pressures impacting affordability.

Our clear purpose to build great homes and create thriving communities remains unchanged and is even more important today for our employees, customers, communities and partners.

With the benefit of a strong landbank and financial position and led by an experienced management team, Taylor Wimpey is well set to respond to changing market conditions in an agile way, building on momentum to ensure we optimise value and are poised for recovery and future growth from 2025, assuming supportive market conditions.

We have a compelling investment proposition:

A strong and resilient business, well positioned for all market conditions

see page 2

A high-quality landbank that differentiates us

see page 3

A sustainable and responsible business

see page 4

Reliable shareholder returns

see page 5

Our investment case

Strong and
resilient

Experienced senior leadership and highly engaged employees

Strong balance sheet

Tight control of cost and work in progress, ensuring build rates are aligned with sales rates at a site level

Leveraging Taylor Wimpey Logistics and our new timber frame facility to support security of supply, increase visibility and speed of build

Increased standardisation to drive quality, savings and incremental operational efficiencies

Increased use of technology on site and data monitoring to aid simplification and drive decision-making

Focused on operational excellence to optimise margin and drive attractive long term returns

4.89
Construction Quality Review average score (out of 6)
(2022: 4.81)

13.4%
Operating profit margin*
(2022: 20.9%)

Our investment case continued

We have a balance sheet light, **industry leading strategic pipeline** of c.142k potential plots (31 Dec 2022: c.144k)

£61bn

potential revenue in our landbank across both the short term landbank and strategic pipeline (31 Dec 2022: £61bn)

High-quality, well-located landbank in places people want to live

c.80k

plots in short term landbank
(31 Dec 2022: c.83k)

Differentiated by our landbank

c.8k

plots converted from strategic pipeline
(2022: c.4k)

Our **high-quality landbank** together with an industry-leading strategic land pipeline provides optionality throughout the cycle

We remain selective in acquiring new sites but will be **active where we see good opportunities** to create value for shareholders

Our investment case continued

We are driven by our **purpose** to build great homes and create thriving communities and by our core value to 'do the right thing'

98%

of our employees agree that we take health and safety seriously (2022: 98%)

Sustainable and responsible

ESG is embedded throughout the business for the benefit of all our stakeholders

Net Zero Transition Plan targets validated by Science Based Targets initiative (SBTi)

Read more about our commitment to the environment on **pages 50 to 52**

In 2023, we launched our zero carbon ready prototype homes trial in Sudbury, the **first trial of its kind on a live development site** testing low carbon technologies

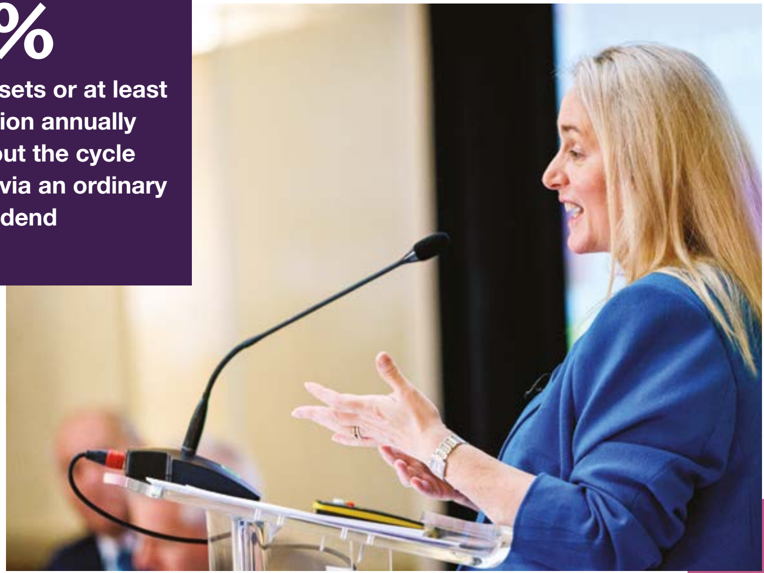
Read more on **page 36**

Reliable shareholder returns

We are committed to paying an **annual ordinary dividend** through the cycle, and returning surplus capital at the appropriate time

7.5%

of net assets or at least £250 million annually throughout the cycle paid out via an ordinary cash dividend



4.79p

2023 final ordinary dividend per share
(2022: 4.78p)

9.58p

2023 total ordinary dividend for the year
(2022: 9.40p)

Highly cash generative business – allows for investment for growth and attractive shareholder returns

Established, differentiated Ordinary Dividend Policy aimed at providing investors with visibility of the annual income stream they can expect throughout the cycle, including during a normal downturn

Read more about our capital allocation priorities on **page 37**

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Business overview

We built over 10,000 homes in 2023, making us **one of the UK's leading homebuilders.** We operate across **five divisions** and at a local level from **22 regional businesses** in the UK, with a small operation in Spain.

Where we operate

A national housebuilder operating at a local level.

Scotland, North East and North Yorkshire

4

regional businesses

North West and Yorkshire

3

regional businesses

Midlands and Wales

5

regional businesses

London and South East

5

regional businesses

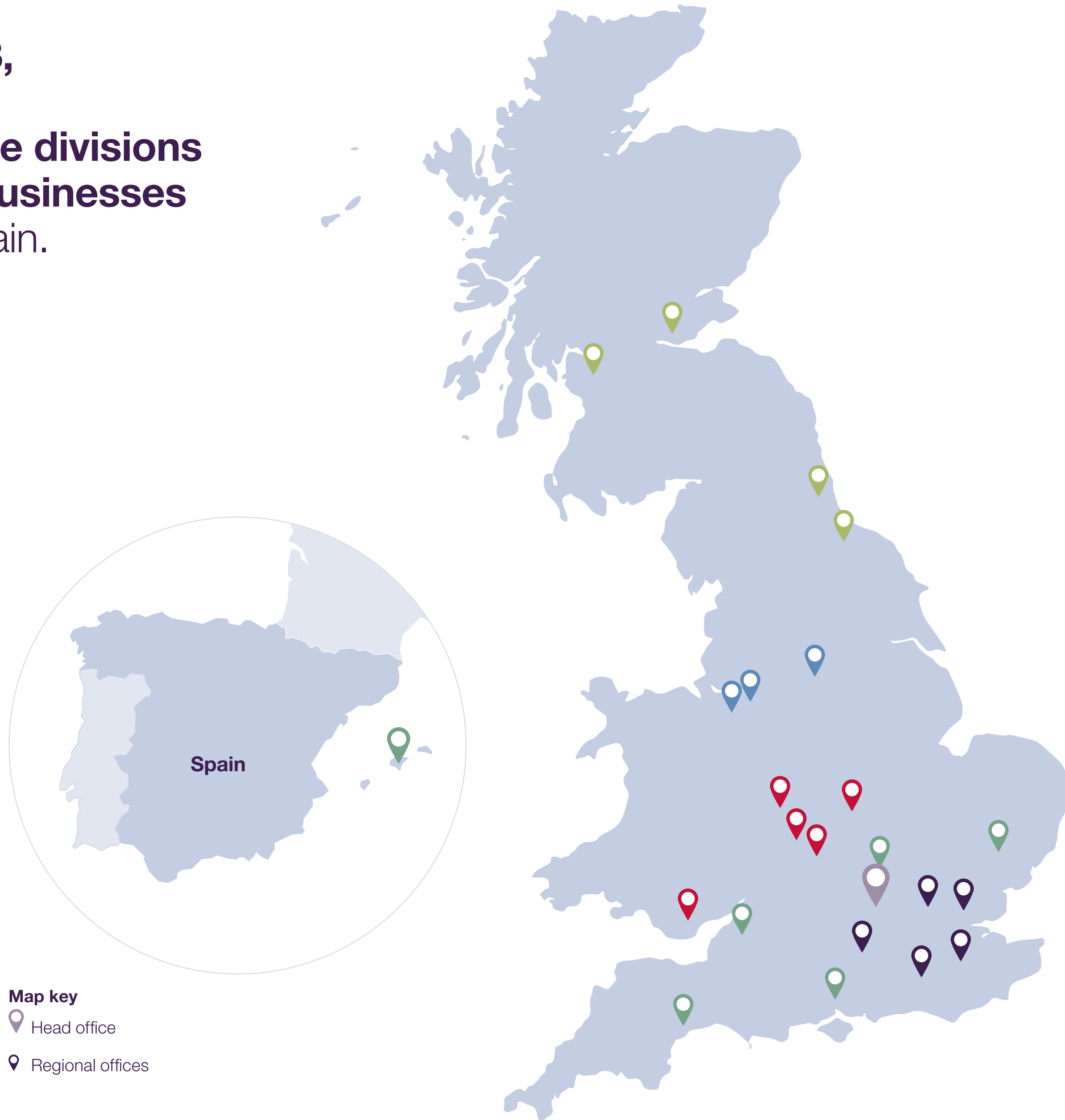
Central, South West and Spain

5

UK regional businesses

1

Spanish regional business



Net zero by 2045

Our net zero targets have been independently validated by the Science Based Targets initiative, and we were only the second UK housebuilder to achieve this

Read more about our Net Zero Transition Plan on **page 51**

ESG ratings and accreditations

More information about our approach to, and performance on, sustainability and ESG topics can be found throughout this report:

Built on a strong culture of doing the right thing

Respectful and fair

Take responsibility

Better tomorrow

Be proud

We are defined by our purpose

To build great homes and create thriving communities

To deliver superior returns for shareholders through our high-quality landbank and enhance value through sharper operational focus

Implemented through our strategic cornerstones

Read more about our strategic cornerstones on **pages 31 to 38**

Delivering a good performance by managing through the cycle

Group financial highlights

10,848

Group completions including joint ventures

2023	10,848
2022	14,154
2021	14,302

£3,514.5m

Revenue

2023	£3,514.5m
2022	£4,419.9m
2021	£4,284.9m

£470.2m

Operating profit*

2023	£470.2m
2022	£923.4m
2021	£828.6m

£473.8m

Profit before tax

2023	£473.8m
2022	£827.9m
2021	£679.6m

9.57p

Total dividend per share paid in the year

2023	9.57p
2022	9.06p
2021	8.28p

£677.9m

Year end net cash*

2023	£677.9m
2022	£863.8m
2021	£837.0m

127.1p

Tangible net assets per share*

2023	127.1p
2022	126.5p
2021	118.1p

13.4%

Operating profit margin*

2023	13.4%
2022	20.9%
2021	19.3%

12.6%

Return on net operating assets*

2023	12.6%
2022	26.1%
2021	24.7%

***Alternative Performance Measures**

The Group uses Alternative Performance Measures (APMs), such as those indicated above with a footnote symbol, as important financial performance indicators to assess underlying performance of the Group. The Group's two financial targets are operating profit margin and return on net operating assets. Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Business overview continued

UK highlights

92%
(2022: 90%)
Customer satisfaction 8-week score

151
(2022: 166)
Annual Injury Incidence Rate (per 100,000 employees and contractors)

35%
(2022: 26%)
Reduction in operational CO_2 emissions (absolute) since 2019

4.89
(2022: 4.81)
Construction Quality Review average score (out of 6)

47
(2022: 104)
New outlets opened in the year

93%
(2022: 93%)
Employee engagement score

£370k
(2022: £352k)
Average selling price on private completions

c.80k
(2022: c.83k)
Plots in short term landbank

£405m
(2022: £455m)
Contributions to local communities, via planning obligations

Optimising performance, investing in long term sustainability

We must optimise short term performance but continue to invest in areas that matter for the future sustainability of the business."

Robert Noel
Chair

Dear shareholder,

In 2023, customers' affordability was significantly reduced by increased mortgage rates. This directly impacted Taylor Wimpey and the wider housebuilding sector's volumes, and earnings. In my first year as Chair, I am very pleased to report that, despite this backdrop, we have delivered a good financial performance which was in line with expectations, with revenue of £3.5 billion (2022: £4.4 billion) and operating profit* of £470.2 million (2022: £923.4 million). We have also delivered a resilient performance across each element of ESG (environmental, social and governance) which is important to us and you can read more about this on page 7.

As my predecessor, Irene Dorner, wrote in her letter last year, it is in changing market conditions where the experience and strength of our team really count. I am pleased to say that we have reaped the benefit of a very experienced management team, led by CEO Jennie Daly, who have responded proactively and decisively with an unwavering focus on cost and operating efficiency. I would also like to thank all our people and our partners for their continued hard work and dedication.

You can read more about our 2023 financial performance in Group Finance Director Chris Carney's section and how this was achieved in Jennie Daly's section and throughout this report.

Health and safety

Health and safety remains our number one priority in all markets and it is the first topic covered in every Board, Group Management Team (GMT) and local regional management team meeting across the country. Building sites are inherently dangerous places and so it is essential that strict safety protocols are identified, embedded, monitored and enforced, and a clear, consistent and disciplined approach to safety is key throughout the organisation. I am therefore delighted that 98% of our employees agree that we take health and safety seriously.

The Board is also pleased to see another year of progress in this area, even against a strong comparator, with our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors down to 151 in 2023 (2022: 166), remaining well below both the HBF Home Builder Average AIIR of 241 and the Health and Safety Executive construction industry average AIIR of 296. Maintaining and improving standards requires constant vigilance and part of this is identifying areas where we can do better. We are therefore reiterating and reinforcing our focus on health, safety and environmental compliance across the business, to include additional training.

Building for the future

The theme of this report is 'Building for the future', which underscores that while we must optimise short term performance for today's market, we have a long term focus and continue to invest today in areas that matter for the sustainability and success of the Company. I am pleased to say that your Board has the confidence that Taylor Wimpey has both the resilience and fundamentals in place to weather all market conditions and to capitalise on future market opportunities.

This year, 'Building for the future' has another, more literal meaning, given we launched our zero carbon ready homes prototypes, the first of their kind on a live development site. We are pleased with our progress on this project and our preparedness well ahead of future regulation – you can read more about this throughout this report.

Chair's statement continued

Stakeholder engagement

During my time as Board employee representative, I was privileged to hear the views of many of our colleagues first hand and to represent the employee voice in the boardroom. We continue to promote the employee voice through our local and national employee forums.

This year the Board has visited a number of regional business units and sites, including our Sudbury prototypes, which you can read about in more detail on page 36, and the strong and positive culture, to do the right thing, that permeates our organisation remains very evident.

Following interviews with all our key stakeholders, we have updated our material impacts which show the areas that are most material for our business, valued by our stakeholders and where we can have the most positive impact through our approach to every element of ESG. You can read more about this on page 49.

The executives and I have also continued to have a high level of engagement with institutional shareholders. We look forward to continuing this level of engagement at the AGM and in future institutional shareholder meetings.

This year's AGM will take place in person at the Crowne Plaza Hotel, Gerrards Cross. Like last year, a live audiocast of our AGM will be available to qualifying shareholders, to further encourage shareholder engagement and accessibility. Shareholders will also be able to submit their vote in advance by proxy and email questions in advance of the meeting.

Governance

Whilst the Board's composition was unchanged during 2023 in terms of personnel, there were changes in April to a number of key roles and to the membership of the Remuneration Committee.

Following my appointment as Chair, my predecessor Irene Dorner continues on the Board as a non-independent Non Executive Director and continues to give us the benefit of her wide experience.

Humphrey Singer succeeded me as Senior Independent Director and has over eight years' experience of the Company and its Board, to draw upon when engaging with stakeholders.

Mark Castle took over my role as the Board's Employee Champion and has further developed the Board's interaction with employees at all levels across the Group and the promotion of their views into relevant Board discussions. Finally, Mark Castle and Clodagh Moriarty joined the Remuneration Committee.

Non Executive Directors visited an increased number of the Group's regional businesses and sites during the year. We enjoyed and learned from the interaction with employees across the business.

ESG engagement at Board level was enhanced during 2023 with more regular and expanded reporting, supported by the introduction of a tracker of progress against key metrics.

Dividend

We are pleased to be able to provide a reliable return to our shareholders in line with our Ordinary Dividend Policy to return 7.5% of net assets per annum to shareholders throughout the cycle.

In line with this, at the time of our full year results in February 2024, we announced a 2023 final ordinary dividend payment of 4.79 pence per share, which is subject to shareholder approval at the Annual General Meeting. With the 2023 interim dividend payment of 4.79 pence per share, the total ordinary dividend for the year is 9.58 pence per share or approximately £339 million.

Looking forward

We operate in an undersupplied market, and remain determined to play our part in building much needed quality homes and creating thriving communities. We have a strong balance sheet, excellent landbank and highly experienced and engaged teams. We have a clear strategy to respond to all market conditions and are well positioned for future growth.

Robert Noel
Chair

98%

of employees feel we take health and safety seriously

£339m

Total ordinary dividend for 2023

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Delivering on what we set out to do and **building for the future**

> **Having successfully navigated through an uncertain 18 months,** our focus remains on optimising value across all areas of the business while investing in our long term success."
>
> Jennie Daly
> Chief Executive

Scan to see Chief Executive Jennie Daly and Group Finance Director Chris Carney presenting our Full Year 2023 results

Dear shareholder,

We came into 2023 in a strong financial position, which stood us in good stead in what was a challenging year for the industry and for our customers, who were impacted by both cost of living challenges and significantly increased mortgage rates. With a strong balance sheet and landbank, experienced management team and a focus on execution and cost discipline, I am extremely pleased to report to you that we delivered a good set of results in these challenging market conditions.

We couldn't achieve this without the dedication of our employees and supply chain partners. Almost 60% of our staff are currently shareholders or are participating in one or more employee share plan, further directly aligning their interests with you, our shareholders.

Delivering in a challenging market

2023 saw UK total housing transactions reduce substantially due to higher mortgage costs, cost of living pressures and lower consumer confidence. To give you a sense of the change experienced by our customers, in 2023, the base rate was at its highest since 2007, more than 15 years ago, and we entered the year with energy costs at historic highs.

Trading in the first quarter of 2023 was encouraging as mortgage rates eased back from the peak of 2022. However, higher than expected inflation in the second quarter led to rate increases culminating in the base rate rising to 5.25%, well above initial market expectations. Whilst remaining high compared to recent years, mortgage rates started to fall towards the end of the year. You can read more about the market environment on pages 21 to 29.

Against that backdrop, I am pleased we delivered Group completions, including joint ventures, of 10,848 homes (2022: 14,154) and £470.2 million operating profit*, which was at the top end of guidance (2022: £923.4 million), with an operating profit margin* of 13.4% (2022: 20.9%). You can read more about our financial performance on pages 78 to 81.

We operate in a cyclical industry, therefore the ability to navigate changing economic conditions is central to our success and we are pleased that we have been able to perform strongly in a weaker market.

Our business and strategy is deliberately set up to perform through the cycle and our differentiated Ordinary Dividend Policy reflects this and I'm very pleased that shareholders continue to see the benefit of this. Due to the strength of the balance sheet and having been tested against our clear capital allocation framework and Ordinary Dividend Policy, I am delighted we have continued to pay a dividend returning £337.9 million to our shareholders in 2023.

2023 decisive management action

Given the challenging market conditions in 2023, our highly experienced teams focused on driving value through all the levers available to us. Cost discipline was a core focus, especially given the inflationary environment and we took appropriate action across all areas of operations. In particular, we tightened controls across our work in progress and restricted all discretionary spend, including recruitment.

In 2023, we conducted a detailed review to ensure our customer offering remains competitive which targeted cost savings.

In early 2023, we delivered annualised cost savings of £19 million with a one off cost to achieve these of £8 million.

Chief Executive's statement continued

We also significantly reduced land approvals. With our sector leading strategic land pipeline and the expertise of our teams, we benefitted from a high level of strategic conversion in the year at c.8k plots (2022: c.4k plots). Our strategic land pipeline is a key competitive advantage in a challenging planning environment and, accordingly, our short term landbank remains strong at c.80k plots (2022: c.83k plots).

Building for the future

While much of our focus in 2023 has rightly been on protecting value and optimising the here and now, a key priority has been to continue to invest in the things that matter for the long term success of the business and to ensure we are poised for recovery and future growth, when conditions allow. This includes continuing to invest in training our highly engaged workforce to ensure they have the appropriate skills to drive the business forward. This is reflected by the theme of this year's Annual Report and Accounts, 'Building for the future'.

We believe a holistic future focus is needed for success across every area of the business which includes the important area of ESG. Continuous business improvement also remains fundamental to how we protect stakeholder value against a backdrop of increasing regulatory and economic demands. This includes componentisation, standardisation and modern methods of construction such as timber frame. Our approach to standardisation and simplification, which I first set out in May 2022, will play a crucial role in allowing us to protect value and scale up at the appropriate time and we have continued to embed this in the business. During 2023, as part of our investment in the future, we opened our own timber frame facility located adjacent to our logistics function in Peterborough to drive efficiencies, environmental benefits and enhance security of supply. In combination with our existing suppliers, our own facility will help us in our goal to increase timber frame usage to 30% of our production by 2030. The first units will be delivered to our business in 2024.

We are also ensuring a positive approach to continued innovation and R&D and we are pushing ourselves to be more ambitious, than we have been historically, in some areas such as IT which will benefit the business in the longer term.

This year we have launched our zero carbon ready homes prototypes as we prepare for the Future Homes Standard, a generational step change in building regulations. At our site in Sudbury, we delivered a Future Homes Standard pilot, which was an industry first on a live development site. Five prototype zero carbon ready homes tested a range of innovative technologies and over 450 stakeholders from employees, investors to MPs and customers have visited our site to ask questions and provide feedback. We fundamentally believe we have a responsibility to do what we can to support the wider sector, particularly smaller homebuilders (SMEs). Accordingly, we have shared the lessons and insights learnt on Sudbury with the Future Homes Hub and held a separate SME call and presentation.

Delivering value through our purpose

Our purpose is to build great homes and create thriving communities. We believe having a shared purpose across our whole business and value chain is critical and I am delighted to say I see this in action every day on our sites and in our local businesses. While relatively simple, our purpose not only is vital for our customers but also has far reaching societal impacts of which we are extremely proud.

Delivering for our communities

In 2023, we invested £405m in the communities in which we build via planning obligations, including:

Education

£53.2m

(2022: £47.5m)

Public transport

£6.0m

(2022: £4.8m)

Public open space / sports pitches / play areas

£5.9m

(2022: £5.8m)

Highways

£7.0m

(2022: £9.3m)

We build much needed homes, create new and enhance existing communities, deliver much needed infrastructure and are a significant contributor to local economies across the UK.

We are part of an industry that has the opportunity to transform not just places but the privilege to directly improve lives. New housing can contribute to improved economic and social mobility, community cohesion and renewal, better health outcomes and increased educational attainment.

As a national builder operating at a local level throughout the UK, we want to be seen as a valuable partner to the communities we work in and welcome the responsibility that goes along with this. We work hand in hand with local residents and other businesses to not only demonstrate the value of what we can bring to a local area, but to hear their aspirations and concerns and, where we can, look to fulfil and address these. A key part of this is a commitment to deliver on our promises, and address the things that haven't gone as we hoped, promptly and in the right way.

During 2024, the UK will be holding local and mayoral elections across the country, in addition to a General Election expected in the second half of the year. We welcome the recognition from both main political parties of the importance of housebuilding to economic growth and prosperity in the UK and continue to engage with the full range of political stakeholders at every level of the business.

We have a strong culture at Taylor Wimpey which is very visibly demonstrated in our latest employee survey with a 93% engagement score. We can gain more insight through our local and national employee forums and all employee Q&A and engagement sessions which I personally run regularly with the senior team.

Chief Executive's statement continued

I have spent a lot of this year out and about in the business and on site and speaking to employees, and their feedback has been extremely valuable. We are proud of our approach to talent development at Taylor Wimpey. 45% of our regional business unit management teams have been promoted from within Taylor Wimpey and 62% of Site Managers were promoted from within the business. We have a low voluntary turnover level of 14.2% (2022: 17.7%). During 2023 we introduced a new employee recognition scheme, giving employees with long service additional holiday.

While I am very pleased with the performance of the business, there are areas we need to continue to work on. Customer service was a real focus for 2023 and while we have increased our 8-week 'Would you recommend score' to 92% (2022: 90%), we have not yet seen the same increase in our 9-month score and we will be ensuring that we address this area in 2024.

Strategy and 2024 priorities

Our strategy is to build a stronger and more resilient business and deliver superior returns. This has been a consistent strategy for the Group over several years as we seek to manage the business through the cycle for the benefit of all stakeholders. Our strategy is centred on four strategic cornerstones: land, operational excellence, sustainability and capital allocation. These strategic cornerstones guide our principles of working but allow us to be flexible and agile even during challenging and volatile market conditions.

This approach enables us to optimise value for our stakeholders and, through our differentiated Ordinary Dividend Policy, to provide a reliable income stream for our investors through the cycle.

Our strategic cornerstones

Land

An agile approach to optimising value

- Focused on progressing land through the planning system to open quality outlets
- Strong landbank a benefit in difficult planning environment and enables a selective approach to new land, balancing value and risk

Read more on **pages 31 to 32**

Operational excellence

Driving efficiency and execution

- Continued focus on driving performance
- Investing in the long term success and sustainability of business
- Advanced preparation for changing regulations
- Optimising value across all areas of the business

Read more on **pages 33 to 34**

Sustainability

Investing to protect long term value for stakeholders

- Continue to advance environment strategy
- Embed net zero plan in business
- Creating thriving communities through placemaking
- Prioritise value over volume

Read more on **pages 35 to 36**

Capital allocation

A clear and disciplined approach

- Maintain a strong balance sheet
- Funding business needs including land investment and WIP
- Clear and sustainable ordinary dividend to provide visibility to shareholders

Read more on **pages 37 to 38**

2024 priorities

As we look forward in 2024 and beyond, we will continue to prioritise value over volume. Driving increased operating efficiency, cost savings and value improvement will remain a key focus for our business, but we will also continue to invest in areas that matter for the long term success and sustainability of the business to ensure we are poised for growth from 2025, assuming a supportive market.

Chief Executive's statement continued

Having successfully navigated through an uncertain 18 months, our focus remains on optimising value across all areas of the business. Our strategy encompasses building greater discipline through each element of our business model to improve efficiency, protect value and ensure we are fit for the future. In this year's Annual Report, we have increased disclosure in this important area to give you a greater insight into how we create, enhance and realise value at every stage.

Our key performance indicators, which we use to measure success and progress, are aligned to our strategic cornerstones and you can read more on pages 31 to 38.

As we look forward in 2024 and beyond, we will continue to prioritise value over volume. Driving increased operating efficiency, cost savings and value improvement will remain a key focus for our business but we will also continue to invest in areas that matter for the long term success and sustainability of the business to ensure we are poised for future growth, from 2025, assuming a supportive market.

Competition and Markets Authority (CMA) housebuilding market study

Taylor Wimpey welcomes the CMA's final report, published on 26 February 2024, from its housebuilding market study with its focus on improving the planning system, adoption of amenities and outcomes for house buyers. Taylor Wimpey notes the new investigation opened by the CMA under the Competition Act 1998, and we will cooperate fully in relation to this.

Current trading and outlook

Whilst still early in the year and at the beginning of the Spring selling season, current trading shows some encouraging signs of improvement with reduced mortgage rates positively impacting affordability and confidence in our customer base.

The year-to-date net private sales rate (w/e 25 February 2024) is 0.67 per outlet per week (2023 equivalent period: 0.62).

The cancellation rate is 12% (2023 equivalent period: 17%) and the level of down valuations remains low.

Appointments and overall customer interest in our homes remain at good levels, supported by our quality product, site locations and focused sales and marketing efforts. However, conversions from enquiry to reservation continue to take longer when compared to pre Q2 2023.

As previously noted, we came into 2024 with a lower order book against a strong comparator. As at 25 February 2024, our total order book excluding joint ventures was £1,949 million (2023 equivalent period: £2,154 million), comprising 7,402 homes (2023 equivalent period: 8,078 homes).

Accordingly, and given prevailing market conditions, we remain focused on optimising value and currently expect 2024 UK completions (excluding JVs) to be in the range of 9.5k to 10k homes, with completions weighted 45/55% in favour of the second half of the year. First half operating profit margin will reflect slightly lower pricing in the order book, build cost inflation embedded in work in progress of around 4% and investment in IT and timber frame to drive operational efficiencies.

The prevailing underlying annualised build cost inflation on new tenders is c.1% and reduces to zero when taking into account the savings arising from our value improvement programme.

Despite significantly reduced land approvals over the last 18 months our landbank, as at 31 December 2023, remains very strong at c.80k plots (2022: c.83k plots) and is underpinned by the supply of our industry leading strategic land pipeline. We will remain selective in our approach to land but will be active where we see opportunities that balance risk, reward and returns to create shareholder value. We have approved an additional c.1k plots in the year-to-date as we have crystallised deals that our teams have been working on for some time.

While the constraining impact of planning on site openings is unlikely to abate in the near-term for the sector, our strong landbank and highly experienced teams who take a proactive approach to generating high-quality planning applications, ensure we are well positioned for growth from 2025, assuming supportive market conditions. As a business in a strong financial position, we also continue to provide a reliable income stream to our investors via our differentiated Ordinary Dividend Policy to return 7.5% of net assets per annum, or at least £250 million annually throughout the cycle.

Looking ahead, Taylor Wimpey is a strong and resilient company with a strategy to manage the cycle over the long term. We operate in an attractive market with significant underlying demand for the quality homes we build. We have a clear strategy focused on driving value and operational excellence, while investing in the long term success and sustainability of the business.

Jennie Daly
Chief Executive

> "Our strong landbank and proactive approach to planning ensures we are well positioned for growth from 2025, assuming supportive market conditions."

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

What we do

How we make money

Critical relationships

Key resources

We are one of the UK's leading homebuilders. We invest in land and develop high-quality homes and communities for customers in our 22 UK regional businesses and in our small Spanish operation.

We manage the homebuilding process through the value chain from original land investment decision to customer completion and after sales service.

We invest in our highly engaged and talented employees who are crucial to our success.

Our value chain

Creating
Make the right land investments

Enhancing
Manage the planning process

Protecting
Design and develop sustainable homes

Optimising
Build efficiently and deliver for our customers

Realising
Support customers through the homebuying process

Reinvesting and returning
Reinvest for growth or return value to shareholders

What we do

How we make money

Critical relationships

Key resources

1

Make the right land investments

We create value by buying land at the right price, using our longstanding land and planning expertise, enabling us to create high-quality developments in places customers want to live.

Our teams work to understand local housing needs in selecting the right locations and developing these through the planning system.

A detailed commercial assessment is established before we bid for land, including an assessment of local demographics, full costing of the site to development, and specific commercial and technical considerations. Site evaluation involves all areas of our regional business unit management teams, including land, sales and marketing, commercial, production, technical and finance.

Highly experienced teams

We invest in and develop our landbank and strategic land pipeline. There are two main types of land. Short term land, is land that has some form of planning for residential development, though it may still be months or years from attaining implementable planning allowing us to build.

We are also highly experienced in developing a second type, strategic land, which is land without any form of approval for residential development.

Our highly experienced strategic land teams often work on land long before it is earmarked for development. The majority of our strategic pipeline is not owned but is controlled by option agreements.

There can be no certainty that strategic land will achieve planning permission, but we only include plots in our pipeline where we see a greater than 50% probability of success. Our experienced team has a strong track record of identifying land that could become part of future local development plans, with over 50% of our landbank originating from the strategic pipeline.

This crucial first step in

creating

value

2

Manage the planning process

Our highly experienced land teams work closely with local authorities and other regulators to deliver our developments, meeting increasingly complex technical, environmental and health and safety requirements. We strive to open our sites as efficiently as possible. However, the time between acquiring land and opening our sites is dependent on the site-specific planning status and conditions.

Working with local authority partners

Short term land is land that has some form of residential planning permission. The type of permission can vary from 'resolution to grant' (RTG) status or 'outline planning', meaning it is permitted for residential development but the nature of that development (aesthetics, housing mix, density etc.) is still to be agreed. Progressing our land from those stages to 'implementable planning' (when we are permitted to start on site), can take months or even years. During this process our land, design, technical, production and legal teams consult with local authority partners and other interested parties to resolve issues and achieve the required permits to move our projects forward.

Preparation for infrastructure

Appropriately, there is a significant administrative burden to overcome before we can commence building. For example, we have to work with the Highways Agency, services such as electric, water and sewers, and establish infrastructure such as roads before we can start building homes on our sites.

Detailed planning

The final stages are achieving 'detailed planning', and after satisfying any pre-commencement conditions, we attain implementable planning, allowing us to start on site.

It is vital that we engage and consult with local communities to explain our plans throughout the planning process. Whilst we may not always achieve universal acceptance, we do our best to outline the benefits of our project and to minimise disruption to local residents.

Resolving issues

As stated, we engage with communities and key stakeholders on all of our proposed developments. However planning can be a contentious area. Our developments are sometimes challenged, and we may have to work with local residents and authorities to resolve issues and even appeal decisions through the legal process if a project has stalled and we believe we are fully meeting our obligations.

Affordable housing and community facilities

We create much needed housing and, as part of our planning obligations in 2023, 23% of our completions were affordable housing. We create significant local economic benefit, including employment, and through our planning obligations, build or fund the building of schools, leisure and recreational facilities.

Enhancing

our land assets and our strategic land pipeline

What we do

How we make money

Critical relationships

Key resources

3 Design and develop sustainable homes

We design homes to meet the needs of our customers today and in the future. We build energy efficient homes that meet or exceed the regulatory requirements and we now deliver sites with greater biodiversity than prior to our involvement.

We use a digital platform called LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability and technical risks associated with land during the acquisition and construction process. (Read more on page 55)

We focus on good placemaking which means that we consider how our developments work as a whole and how they will contribute to a thriving community. We design places where our customers can live well, feel part of a community and adopt an active, more sustainable lifestyle, establishing attractive landscaping, and shared communal and recreational areas. We design carefully considered street scenes and consider how our developments interact with existing nature and our nature enhancements.

Our plotting expertise and standard house types enable us to protect value. Good plotting means we are using our land resources efficiently and our standard house types helps us maintain high quality through contractor familiarity with our processes and materials and our ingrained quality control processes.

Our new house types were designed following extensive customer research and focus groups.

Protecting

land use via plotting and value through our efficient design and standard house types

4 Build efficiently and deliver for our customers

The health and safety of our employees and subcontractors is our number one priority.

Accurate budgeting and active management enable us to set up our sites to deliver on our targets. Our Taylor Wimpey Logistics and central procurement functions enable us to optimise our efficiency.

We focus on optimising the value of our investments by managing sites consistently.

We are delivering value by getting the basics right with right first time build leading to consistent delivery for customers and higher satisfaction. We are regularly one of the highest independently rated volume builders in terms of construction quality.

We aim to make Taylor Wimpey the partner of choice in our industry. Maintaining excellent supplier and subcontractor relationships is key to ensuring the highest standards on our sites.

Optimising

value, by working with our partners to focus on quality and efficiency

5 STAR HOME BUILDER CUSTOMER SATISFACTION HBF 2024 HOME BUILDERS FEDERATION

5 Support customers through the buying process

We realise the value created through the preceding stages and create future value by maximising our sales potential and protecting and building our brand and reputation.

Our large database and IT systems, enable our highly trained sales teams to identify customers and effectively manage our interactions throughout the buying journey.

This includes status reports, lead generation, and up to date management dashboards.

Our dedicated sales teams work with our customers to understand their needs, in relation to their preferred options that suit the way they want to live. This can include individually tailored incentives of home options or financial incentives to assist them in completing their homebuying journey.

Realising

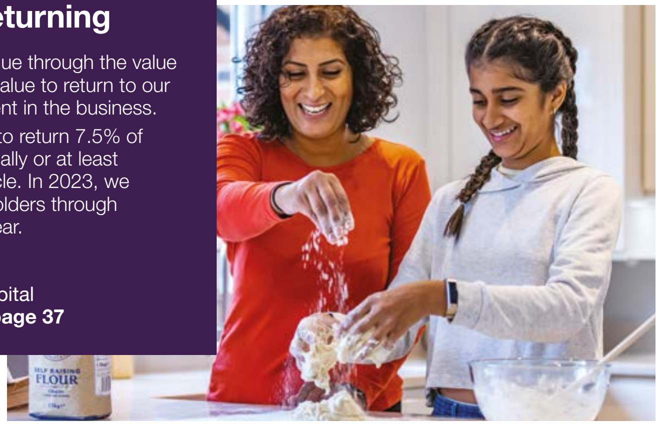
value created by focusing on creating a positive homebuying journey

Reinvesting and returning

By protecting and optimising value through the value chain we are able to maximise value to return to our shareholders and for reinvestment in the business.

Our Ordinary Dividend Policy is to return 7.5% of net assets to shareholders annually or at least £250 million, throughout the cycle. In 2023, we returned £338 million to shareholders through ordinary dividends paid in the year.

To read more about our capital allocation framework see **page 37**



Our business model continued

What we do

How we make money

Critical relationships

Key resources

A value mindset

We offer a high-quality standard product range which is adaptable to local planning requirements, to ensure a consistent high-quality offering for our customers. Our central logistics and procurement functions ensure we achieve the benefits our scale affords.

We have built up our expertise, national position and trusted reputation over many years.

In line with our culture of 'doing the right thing', our experienced teams and trusted partners – enabled by our capital and infrastructure – are focused on delivering a high-quality product for our customers.

We are focused on delivering quality homes for our customers and optimising value for our stakeholders.

As one of the UK's largest homebuilders, we have built a national presence via our 22 regional businesses, enabling us to deliver for customers in England, Scotland and Wales, with a small business in Spain.

Whilst our business model is straightforward, delivery involves the management of complex partnerships and processes throughout our value chain while maintaining the agility to adjust to varying market dynamics.

UK regional businesses

22

covering England, Scotland and Wales, providing truly national coverage for our customers

Upfront investment

Investing wisely in our land assets is the first step in establishing value, enabling us to use our expertise and tight operational controls to enhance and protect that value throughout the value chain.

We make our money when we complete a home, and our customer is able to move in. This can be several years on from our initial land investment decision.

Our ability to effectively deploy our balance sheet and retain our focus on value from initial land acquisition to home completion is vital.

We manage our investment closely to ensure we are maximising stakeholder value, staying alert to opportunities in the land market and adjusting our work in progress to meet market demand.

Ahead of bidding for land, we conduct a land purchase exercise (LPE), which involves the detailed costing of a proposed development, determining the margin profile and risk parameters that are acceptable to us.

Alongside our owned landbank, our strategic pipeline allows us to develop land in a balance sheet efficient way. We own around a quarter of our strategic pipeline and control the remainder. For the controlled portion we pay an option fee giving us the right to buy land at certain milestones rather than buying it outright. We then buy this land when we have achieved a certain planning status. This enhances our visibility of future years land supply and allows us to be selective in the short term land market.

Land value

£3.3bn

(2022: £3.4bn)

Key costs

Our key costs are land, building materials, labour and central overheads including design, finance, legal and administrative functions.

We operate with tight cost discipline and, over the past few years, have invested to improve management information systems, enabling us to keep close control on costs across our business.

We have also invested in a customer relationship management system to enable us to better target potential customers and better manage our relationships with existing customers and support them through their buying journey.

By developing excellent long term partner relationships with suppliers and subcontractors and deploying modern methods of construction, we are able to drive efficiencies across the business. Increasing subcontractor familiarity with our processes enables us to build right first time.

Utilising standard product helps us to achieve economies of scale from our suppliers. Standard product and procedures improve the efficiency of our build.

In 2023, we delivered

c.£19m

of annualised savings

Margins

We protect our margin throughout our value chain. However, current margin has been impacted by falling industry demand and rising costs.

We embed margin into our initial LPE and closely monitor our progress through the design and development stages to ensure we are meeting our targets and utilising our enhanced planning and management information.

Against a backdrop of rising regulatory costs, we work on continuous business improvement to identify efficiencies and cost savings across the business. This allows us to optimise margin in times of higher demand whist minimising margin impact in times of lower demand.

We have made significant reductions in our cost base over the past two years to reflect lower demand and protect margin. However, we have maintained a national footprint to enable us to capitalise on a stronger market in future years.

Upgrade options and financial incentives for our customers are a useful tool to cement interest, particularly in weaker markets. We carefully manage our offer in this regard since this directly impacts our profit margin. All reported selling prices are net of incentives.

Group operating margin*

13.4%

(2022: 20.9%)

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Read more about our performance through our KPIs on **pages 31 to 35** and about our Principal Risks on **pages 74 to 77**

Our business model continued

What we do

How we make money

Critical relationships

Key resources

Critical relationships across our value chain

Suppliers and subcontractors

Our suppliers and subcontractors play a major role in our business. We choose suppliers carefully, selecting partners that share our values. We have quarterly meetings with all UK national suppliers. We provide training and support for subcontractors in areas such as health, safety and environment and engage with them in product development.

Group suppliers are required to confirm compliance with our standards via our digital tender system. Our subcontractors sign up to Taylor Wimpey's code of conduct, agree to our quality standards and are added to our subcontractor portal to enable us to accurately monitor progress.

Government

We work with central government on issues connected to the UK housing and business agenda. We use our industry expertise to give central government our views on proposed legislation and policy changes.

We also engage with government agencies such as the Environment Agency and the Highways Agency.

Local authorities

We engage with local government across the UK as part of the planning process for our developments. We place significant importance on engaging with local government as it helps us reflect local priorities in our plans.

We engage with local authorities and parish councils and councillors and participate in the development of strategic frameworks, Local Plans and Neighbourhood Plans.

Wherever possible, we engage with planners through pre-application discussions.

Customers and communities

Our customer proposition is closely tied to our purpose and centres on building great homes and creating thriving communities.

We have a consistent and thorough community engagement process, with a framework in place that provides clear procedures for all of our regional businesses.

We engage with local communities at every site, from planning and throughout construction, including through meetings, exhibitions, workshops, newsletters, information boards, social media and our website. Engagement can be both face-to-face and virtual and helps us create developments that reflect local needs.

Key resources we rely on

Materials

Our key materials include brick, timber and roof tiles. Other items include external and internal doors, insulation and we increasingly use triple glazing and solar panels on our homes. We use a small amount of steel, mostly related to fixings. Other common materials include wiring, paint, gypsum (plasterboard), flooring and white goods. We seek to minimise supply chain disruption by operating at least a dual supplier strategy for key components.

Environment and climate

It is important that we work with our environment in the least disruptive way possible to provide attractive places to live for our customers and help preserve the UK's biodiversity. Building can be disruptive to the natural environment and construction is a major contributor to carbon emissions. We have targeted becoming net zero carbon by 2045, five years ahead of the Government target.

Our developments will now add to biodiversity (by at least 10% on site or via offsets where this is not achievable on site).

Workforce

Taylor Wimpey UK has around 4.5k employees. We have highly experienced and dedicated technical teams throughout our 22 regional businesses and in our head office, with expertise in land and planning, legal, commercial, production, technical, design and sales and marketing.

We manage each of our sites with our own team of Site Managers, health and safety personnel and Production and Technical Managers.

Regulatory and legal environment

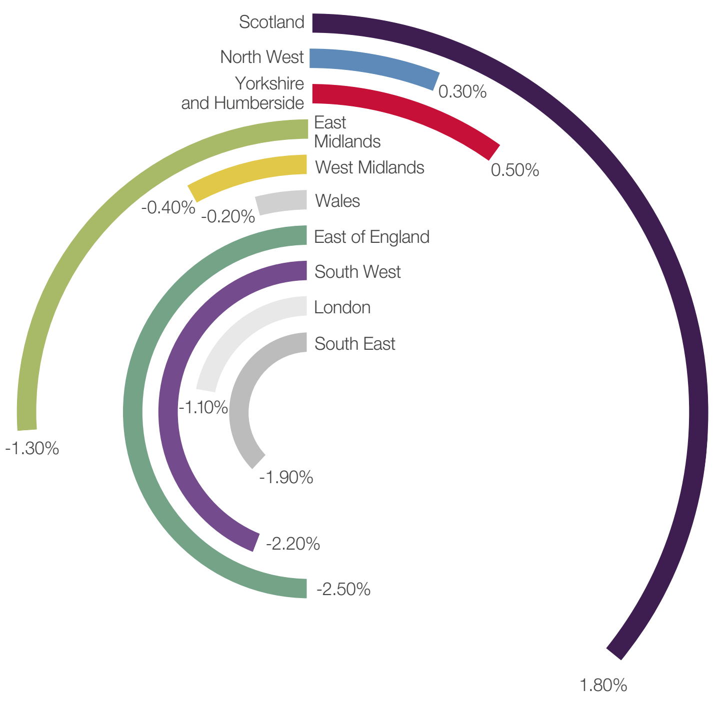
We recognise the need for updated regulation to tackle areas such as limiting climate change and we regularly cooperate with the Government on consultations around changing building regulations such as the Future Homes Standard.

We believe changes to the current planning system are required to ensure there is sufficient future land supply to meet the UK's housing needs.

Our market environment

The 2023 market demonstrates the cyclical nature of our sector and this is reflected in the way we manage our business

UK house prices were strongest in lower priced regions in Scotland and Northern England



Source: Zoopla, December 2023

We manage our business with the cycle in mind, maintaining a strong balance sheet, tight operational controls and an agile approach, and we entered the changing market from a position of strength.

A cyclical industry

The UK housebuilding sector is cyclical therefore we manage our business to navigate changing market conditions.

We have focused on optimising value as the sector experienced lower transactions in 2023.

It is, however, equally important to retain the ability to respond to a better market. There is a recognised UK housing shortage, estimated by some at over four million. Therefore, there is likely to be significant demand for the homes we build in the medium to long term.

Some of the key factors that influence our market are:

- **Interest and mortgage rates** – major factors in affordability and accessibility for customers
- **Employment and consumer confidence** – affects the ability and confidence of consumers to purchase houses
- **Planning backdrop and land availability** – impacts the supply and timing of land available for building, the industry's ability to meet housing demand and affects land prices
- **House prices and build costs** – impacts the affordability of housing and the profitability of housebuilding
- **Secondhand transactions** – set the price for the overall housing market
- **Population growth** – impacts the availability of housing and therefore the demand and pricing dynamics
- **Rental cost** – influences the relative attractiveness of ownership versus renting and therefore affects demand for new homes

Weaker market conditions in 2023

As a new build developer, we are part of a wider market where secondhand homes generally account for 80-85% of total UK housing transactions. Therefore, market pricing is generally led by the secondhand market.

Overall, UK house prices began to consistently fall on a month by month basis from the third quarter of 2022, and by October 2023 had fallen by 1.2% on a year on year basis (source: ONS). However, prices began stabilising towards the end of the year and recent trends have shown price recovery.

Our market environment continued

Regionally, prices fell more in areas of higher price such as London and the South East. Real house prices (adjusted for inflation) have fallen in the last two years (see chart opposite). However, cost of living pressures have offset some of the positive impact on affordability of this fall.

Underlying prices on our 2023 completions excluding mix impacts (relating to different house sizes as well as the geographic make up of sales) were 1% higher year-on-year.

Industry commentators have differing views on the house price outlook for 2024. Capital Economics now expects house price growth of up to 5% while Halifax predicts that house prices will fall by between 2-4% in 2024.

Given conditions in the land market and the economic backdrop in 2023, we were extremely selective in our landbuying, approving only c.3k plots, which was significantly below replacement levels.

Market change resulted in reduced transactions levels

While price declines have been moderate during this downturn, the fall in transactions has been more significant.

According to the ONS's provisional estimate, April to November 2023 saw a greater than 20% decline in UK residential property transactions to 687.3k, against 863.2k for the comparable period in 2022.

During 2023, we closely monitored our build rates to ensure our deliveries were matching market demand.

High build cost inflation moderated throughout 2023

Build costs are driven by several factors, chief amongst these being the availability of labour and materials. Industry volumes and sector profitability play a large part in determining the supply and demand characteristics that impact build cost inflation or deflation.

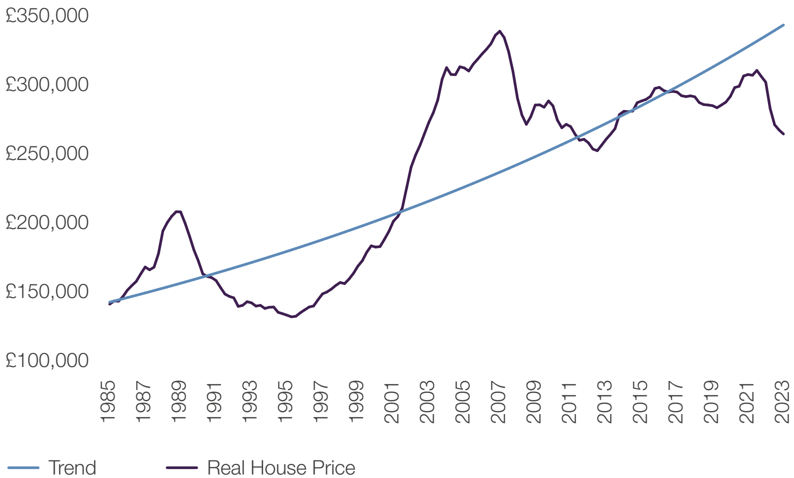
In times of strong industry growth, house price growth and tight labour and materials supply can drive build cost inflation, whilst surplus capacity, in times of downturn, can lead to lower inflation or deflation. However, the movement in labour and materials prices can often lag changing market conditions.

We experience housebuilding specific cost impacts as well as some in relation to the wider construction industry. For example, certain trades such as bricklayers and carpenters are more focused on new build whilst other trades such as groundworkers can have more of a crossover into commercial or infrastructure projects.

In terms of materials, timber, steel, sand and cement are also widely employed in commercial and infrastructure projects. Therefore, competing demands for labour and materials (e.g. infrastructure projects such as HS2, home refurbishment, DIY, etc.) can also impact our market.

Additionally, the last few years have demonstrated underlying inflation in other input costs such as energy, and global commodities can have a major bearing on our cost environment.

House prices have fallen in real terms (adjusted for inflation) in the last two years

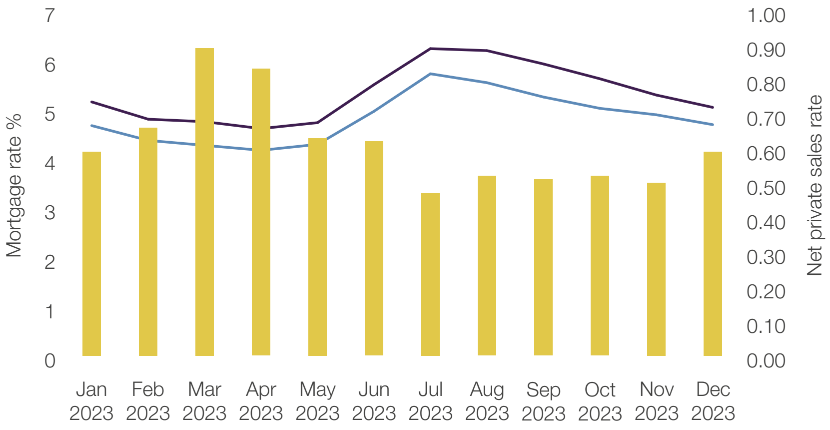


UK house prices adjusted for inflation

Source: Nationwide Building Society

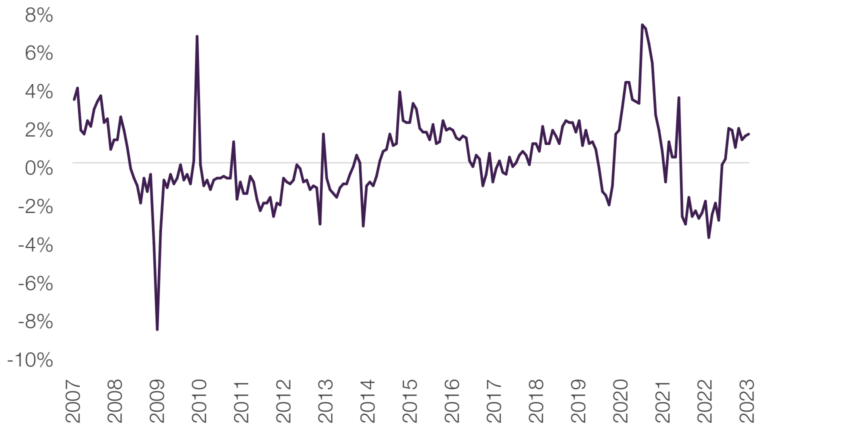
Our market environment continued

Mortgage rates impacted selling rates during 2023



Source: Bank of England, Taylor Wimpey

Under pressure household finances beginning to recover as pay growth exceeds inflation



Source: Monthly Wages and Salaries Survey, ONS

2023 started with double digit levels of general UK (CPI) inflation and the building sector was not immune. We experienced prevailing rates of build cost inflation of 9-10% in the initial months of 2023. As stated, changes in market conditions (house price and production rates) generally feed into changes in our input costs, albeit with a time lag. Last year, build cost inflation moderated to reflect sector trading conditions, in particular falling output. Consequently, the build cost inflation we experienced in our operations reduced to around 6% in the summer, around 2-3% in the final quarter, and, as we entered 2024, inflation was in the region of 0-1%.

Other key costs, such as the price at which we have bought land, are more permanent given that the land we build on today was typically purchased several years ago.

Given it takes around nine months to complete a standard home, there is a natural lag in between prevailing rates of build cost inflation / deflation and when these costs are reflected in our results.

Potential easing of the interest rate tightening cycle

The last two years have seen interest rates rising from below 0.25% to the current base rate of 5.25%. This led the average monthly mortgage rates for a five year fixed mortgage with a 75% loan to value (LTV) to increase from 1.6% in December 2021 to 5.7% by July 2023, before moderating to 4.68% in December 2023.

Interest rates have a significant bearing on the cost of borrowing and the affordability of homes for our customers. Therefore, it was unsurprising to see industry sales rates fall significantly, reflecting the higher cost of borrowing.

The Bank Rate was raised by the Bank of England five successive times in 2023, continuing the upward trend that began in December 2021, settling at 5.25%. On the last three occasions that the Monetary Policy Committee has met, the rate has been held at 5.25%.

Traditionally, performance in the UK housing market has been strongly correlated to the UK interest rate cycle. Mortgage rates reflect interest rate expectations so it was not surprising to see our own and industry sales reduce following mortgage rate increases (see chart: Mortgage rates impacted selling rates during 2023).

In 2023, sales rates across the industry were severely impacted by factors such as rising borrowing cost and consumer confidence. Uncertainty over house prices, the economic outlook, employment prospects and future interest rates are all areas of concern for consumers that are likely to impact their buying decisions.

Rising mortgage rates particularly impacted first time buyers who generally require larger LTV ratios. Reduced market activity as a result of rising mortgage rates and other factors (particularly first time buyers) has knock-on effects for chains, impacting the overall health of the market.

Our market environment continued

Easing inflation outlook

The Bank of England (BoE) has increased the interest rate primarily to combat inflation, which has been running significantly higher than its 2% target.

External factors such as global conflicts, supply chain issues, energy and food prices have had a major bearing on interest rate policy in this rate cycle. Domestically, and partly as a consequence of these external inflationary pressures, public and private sector wage increases have also added to inflation.

Inflation peaked at 11.1% in October 2022, reducing to 6.7% in the summer of 2023 and, as at February 2024, stands at 4%, mirroring earlier predictions by the BoE. Oxford Economics predicts that CPI inflation will reach 2% by April 2024, in line with BoE target.

4%

current rate of inflation

2%

estimate of inflation for April 2024

4.8%

average cost of a 75% LTV two year fixed term mortgage

Opinion amongst commentators varies as to whether a rate cut may occur in the first quarter, second half or at all. Ultimately, the BoE's mandate is to reach target inflation of 2%, and the inflationary backdrop is the key element in determining the future direction of interest rates.

Capital Economics now expects interest rate reductions to start in June in 2024 and reach 3% in 2025 and mortgage rates have already moved to reflect an expected reduction in interest rates. Opinion around timing on a potential cut varies and the Governor of the Bank of England, Andrew Bailey, has repeatedly cautioned the market that interest rates may need to stay higher for longer.

Interest rate and mortgage rate reductions could help more people access housing, which would be a positive for our market. However, the extent to which they will impact our trading depends on if and when rate cuts occur. For example, a first quarter rate cut could have an impact on 2024 sales, but a third quarter rate cut would likely mostly benefit 2025, given the time lag between sales in order book and completions.

Mortgage rates can, and often do, move ahead of the Bank Rate in anticipation of future moves. As Capital Economics points out, "the fall in some mortgage rates to below 4% means the effect of future cuts in Bank Rate are already being felt".

Challenged affordability beginning to ease

The fall in transactions shows rising interest rates, coupled with the cost of living pressures, stretched the affordability of housing for many over the past 18 months.

However, following the BoE's decision to hold interest rates at current levels, mortgage rates eased to their lowest levels in many months. According to Rightmove, as at 7 February 2024, the average cost of a two year fixed mortgage at a 75% loan to value (LTV) was 4.8%. On the same basis the average five year fixed mortgage rate was 4.55%.

Affordability and consumer confidence are also impacted by other factors such as wage growth, the general level of inflation and employment levels as well as the cost and availability of alternative rental properties.

Wage growth now exceeds the level of house price inflation, which together with falling overall inflation is offsetting the impact of increased borrowing costs. However, whilst all the factors outlined here will help determine overall affordability, interest rates will generally have the greatest impact.

Therefore, any rate decrease will offer the greatest benefit to our sector.

Consumer service Which? estimates that a 0.5% rise in rates is likely to add around £64 per month to the average mortgage cost on the basis of a 25-year mortgage with a £250k loan. It is worth noting that the cost is dependent on the homeowner's LTV ratio with the increase higher for a high LTV (low deposit) mortgage and lower for those with more equity, meaning that first time buyers with lower deposits are most affected.

Our market environment continued

Lack of distress in housing market

A lower level of transactions may mean that many people have chosen not to sell in a difficult market. However, there have been times, such as the global financial crisis, when people have been forced to sell owing to financial stress and indebtedness.

The Financial Conduct Authority expected around 1.7 million existing fixed rate deals to expire in 2023. This means many people will face higher mortgage payments this year than under their previous deals.

Up until August 2022, there was a mandatory mortgage stress test in place to ensure customers seeking a mortgage would be able to afford payments in the event of a 3% rise over the standard variable rate. Therefore, though likely to be challenging, the more stringent lending criteria of the last decade should mean that increased payments are affordable for the majority of mortgage holders.

Accordingly, there is good reason to believe that there should be relatively low levels of financial stress amongst homeowners and lower numbers of forced sellers than in previous downturns, which could be positive for house price stability.

High employment and real wage growth

UK unemployment was 3.8% in the three months to December 2023, a modest rise on the 3.7% in the three months to December 2022.

According to the ONS, annual growth in regular earnings was 7.3% in August to October 2023. This translated to annual growth in real terms (adjusted for inflation) of 1.3%.

Long term housing need

Notwithstanding our sector's cyclicality, the medium to long term fundamentals of the market remain strong. Data on UK population growth and changing demographics continue to underpin household formations and long term demand. There is a recognised housing shortage in the UK with new home completions significantly below the UK Government's desired levels. Government planning amendments suggest a move away from a specific top-down target, but continue to suggest that 300k new homes per year are needed to fulfil UK housing demand, a level last achieved in 1977 (source: Statista).

According to the think tank Centre for Cities, the UK has a 4.3 million housing shortfall that would take 50 years to fill even if the industry were to meet the 300k per year guidance for new housing. Given that this target has never been met, there is likely to be significant undersupply for some years.

Population growth

Demographics and population growth impact housing need. As the chart opposite shows UK population growth is not being matched by new housing.

The UK Government's English Housing Survey (EHS), suggests the home ownership rate is 65% in England. According the EHS, the average age of a first time buyer outside London is 33 (35 for a first time buyer in London), compared with 30.5 in 2007/08.

Therefore, having peaked at 71% in 2003 (source: EHS 2022-23) the current level of home ownership is below the aspirations of both the Conservative Government and the Labour Opposition.

Ageing housing stock

With 38% of our housing built pre-1946, the UK has the oldest housing stock in Europe. This is increasingly problematic when considering the UK's 2050 net zero carbon agenda, given only a small percentage of this old housing stock meets the highest energy efficiency ratings.

Existing housing stock is likely to require major retrofit of new technology. Statista estimates that around 78% of UK homes have gas central heating systems. The cost of converting this housing stock to electrical heating will be considerable.

Financial website This is Money estimates the cost of electrification for an existing home to be £26,000. In addition, consumer group Which? suggests the cost of an air source heat pump (one of the world's most widely used electric heating technologies) to be £10,000 on its own.

3.8%

UK unemployment, 3 months to December 2023

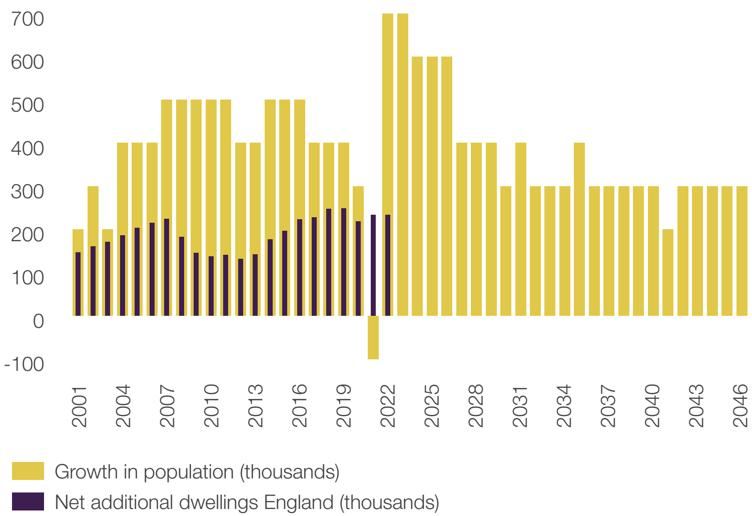
65%

UK home ownership rate, compared to 71% peak

33yrs

average age of first time buyer (excluding London)

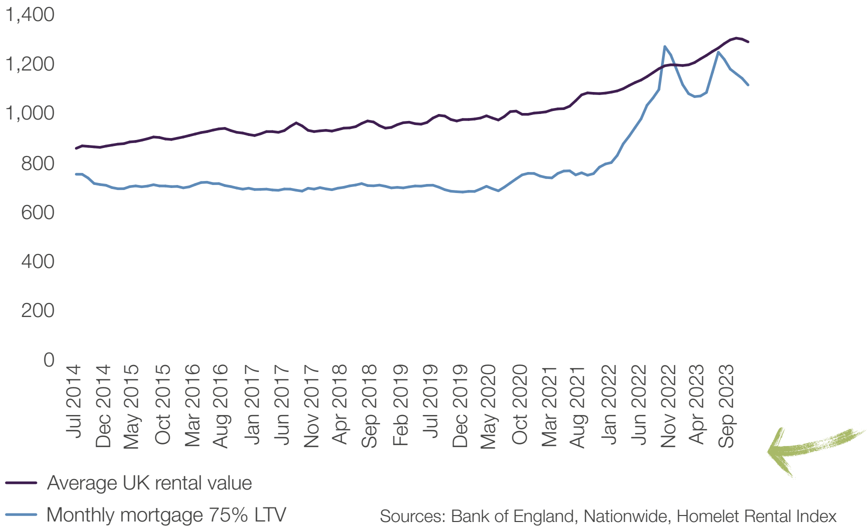
UK population growth continues to drive housing need



Source: ONS, DLUHC

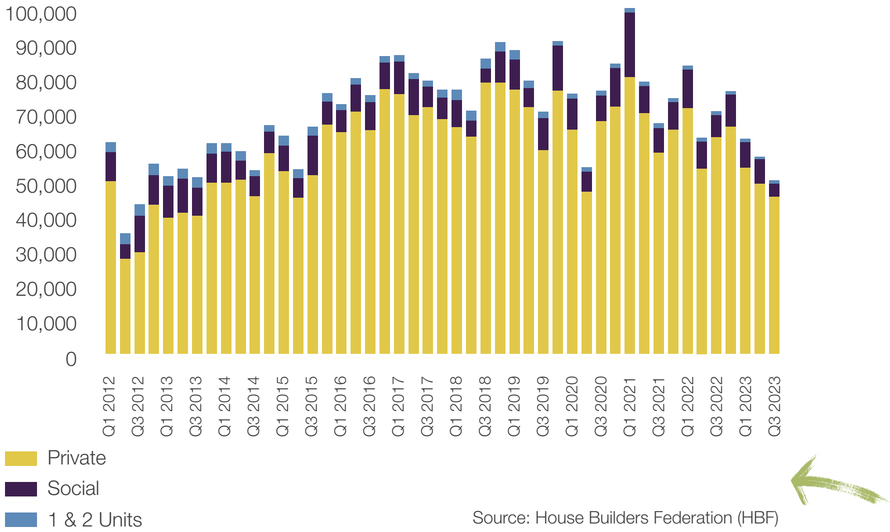
Our market environment continued

Monthly rental once again rising above monthly mortgage costs for 75% LTV loan



Sources: Bank of England, Nationwide, Homelet Rental Index

English residential planning approvals continue to fall from 2021 peak



Source: House Builders Federation (HBF)

The homes we build at Taylor Wimpey are already around twice as energy efficient as an average existing secondhand home and it remains the Government's intention that new build homes transition to be zero carbon ready from 2025.

At that point the homes we produce will be fully electric and would be zero carbon 'homes in use' once the UK's grid infrastructure is powered by renewable sources.

Rental market

With low interest rates over recent years, monthly mortgage costs have generally been either cheaper or broadly comparable to the average cost of rental, despite rising house prices. This changed when rates spiked in September 2022 when mortgage costs rose above rental comparators.

However, subsequent house price weakness and strong growth in rental costs now mean that the monthly cost of new homes is cheaper than the rental alternative for a number of our UK regions (see chart: Monthly rental once again rising above monthly mortgage costs for 75% LTV loan).

The land and planning backdrop remains a bottleneck

A healthy and functioning housing market requires a reliable supply of land for developers to plan and build. In 2023, there was a significant slowdown in planning approvals as shown in the chart: English Residential Planning approvals.

The latest HBF Housing Pipeline report for Q3 2023 shows planning permission grants are continuing to fall and are at the lowest levels since 2015, with c.246k plots approved in the 12-month period to September 2023. The HBF believes this could lead to as few as 200k plots being supplied in 2024.

In past markets, land prices have generally responded to changes in demand and industry output, rising in periods of high demand but reducing when industry output falls. In market downturns, it has often been possible to acquire cheaper land that benefited margin in future years.

However, over this period, given planning constraints, land has generally been in short supply and prices have not adjusted to reflect market conditions in the manner they have in previous downturns.

In December, the Government confirmed changes to the National Planning and Policy Framework (NPPF) that will place more emphasis on devolving planning decisions to a local authority level.

Whilst there was emphasis from the Government statement on enforcement measures, the success of the NPPF has traditionally relied on a level of top down scrutiny that may not be present in the current regulation. In addition, the absence of the requirement for a five-year housing land supply is a key concern.

Other problems faced by our planning system are more structural in nature. Data from Institute for Fiscal Studies suggests an almost 60% reduction in real planning budgets over the 10 years to 2019. This lack of resources has contributed to a backlog of applications and at Taylor Wimpey we have seen a major increase in the number of plots we have in the planning system.

Our market environment continued

Our teams have been extremely proactive and have tried, where possible, to ease the burden on the planning system.

Whilst progressing our land through planning remains a key priority for the business, a difficult planning system continues to impact our outlet openings and we currently have around 30k plots in the planning system, much higher levels than in prior years.

Improving planning may require further policy changes and greater resource allocation to local authority planning teams.

In 2024, scheduled local elections and the UK's General Election are likely to lead to further disruption in the planning system.

Nutrient Neutrality

The Nutrient Neutrality issue relates to excessive growth of algae in water that can disrupt ecosystems and impact wildlife. This growth is predominantly caused by nitrates and phosphates entering the water course.

The source of excess nutrients are wastewater and agricultural run-off (fertilisers and animal waste, which accounts for 70% of the overall nutrient load) with around 1% of the nutrient load relating to housing.

Prior to early 2022, this issue had been largely confined to the Solent and Somerset Levels. However, after March 2022 many additional catchments were added, resulting in development stops in 74 council areas and, in 2023, the HBF suggested this is affecting 150,000 homes at various stages in planning.

"Progressing our land through planning remains a key priority for the business, as a difficult planning system continues to impact our outlet openings."

Mark Skilbeck
Director of Planning

74

local councils affected by Nutrient Neutrality regulations

£1bn

paid by housebuilders to water authorities in three years

Recent studies commissioned by the HBF suggest new homes have a very low impact on Nutrient Neutrality. Therefore, Nutrient Neutrality is an issue that needs to be addressed by waste water authorities, to which, according to the HBF, homebuilders have paid £1 billion in the last three years to September 2023.

Evidence suggests relatively small movements in agricultural practices would offset the impact of new homes. 2023 saw a bill put forward by the Government in an attempt to unlock as many as 100,000 affected plots between 2023 and 2030. However, this was later rejected by the House of Lords, meaning Nutrient Neutrality remains an ongoing issue, that has the potential to impact industry build volumes in future years.

Market trends, opportunities and risks

	Interest rates and mortgage availability	Employment, skills and labour availability
Key driver	**Link to Principal Risks** B: Mortgage availability and housing demand C: Availability and costs of materials and subcontractors **Material impacts** Our homes and places Interest rates and mortgage availability are key factors determining housing affordability and accessibility for our customers. The Bank of England (BoE) is mandated by the Government to maintain a 2% inflation target. Interest rates are the BoE's main tool in managing economic demand to meet the inflation target. Mortgage providers use the Bank Rate as a base and charge an additional margin to their customers and often move ahead to factor in expectations of future interest rates.	**Link to Principal Risks** D: Attract and retain high-calibre employees **Material impacts** Our people and suppliers The UK employment rate has implications for consumer confidence and our customers' desire and ability to buy homes. A healthy employment outlook is important for general consumer confidence, the housing market, and the wider economy. In previous cycles, higher unemployment has been a factor in weaker demand for housing.
2023 backdrop	UK Consumer Price Index (CPI) inflation remained higher than expectations in the Q1 2023, prompting significant increases in mortgage rates from lenders in Q2 as lenders anticipated that rate rises would be higher and longer lasting. Interest rates peaked last year at 5.25% against initial expectation of around 4.5% (source: Capital Economics). However, inflation fell from 10.5% in December 2022 to 4.0% by December 2023 as the impacts of rising energy prices unwound and BoE's tightening policy took effect.	Having peaked at 4.3% for May to July 2023, UK unemployment was 3.8% for the three months to December 2023 (3.7% for the three months to December 2022). According to the ONS, annual growth in regular earnings was 7.3% in August to October 2023 which translated to annual real term growth (adjusted for inflation) of 1.3%. Wage increases have been a factor contributing to inflation. Labour market tightness meant pressure on both public and private sector wages with a number of high profile industrial actions, including in transport and the NHS. Job vacancy numbers fell from December 2022's 1.2 million but remain significant at 949k for September to November 2023. While there were still areas of tightness in the first half, labour cost inflation in the building sector was more moderate than materials cost inflation throughout the year. Construction labour availability improved because of falling industry output and, sector specific labour inflation was negligible by the end of the year.
Drivers, short term opportunities and risks	As lenders anticipate future interest rate cuts, we are seeing mortgage rates below the current base rate widely available. UK inflation of 4% remains higher than the UK target of 2% but is expected to fall sharply in 2024 with the Office of Budgetary Responsibility (OBR) predicting inflation of 1.5% in Q1 2024. Wage growth in excess of house price growth and general inflation should help affordability and there may be potential for interest rate cuts this year. Lenders are offering longer term mortgages (beyond 30 years) to improve monthly affordability. There is potential for fiscal stimulus in the UK budget on 6 March 2024.	Whilst there may continue to be some pressure on UK wages in 2024, there is potential that this lessens due to a number of multi-year settlements during 2023. Economic forecasts vary for 2024. Some view stagnation likely given weak economic conditions and a difficult global geopolitical backdrop. However, other commentators are more optimistic, given the potential end of the rate tightening cycle. The 2024 spring budget may have a bearing on the outlook for the year. Gov.uk predicts that unemployment will rise modestly to c.4.6% in 2024. This compares to a high of c.8.5% in 2011 following the global financial crisis.
Drivers, long term opportunities and risks	The Bank Rate is expected to moderate gradually downwards to 3% in 2025 (source: Capital Economics). This is a higher levels than most of the previous decade so the expense of monthly mortgage costs is also likely to remain higher. Wage growth may help improve affordability dependent on the level of future house price inflation.	The employment outlook will impact consumer confidence and is important for the housing sector and the wider economy. If the economic backdrop is benign then it is likely that future industry output could increase substantially to meet pent up demand, which offers both opportunity and risk. Attracting and retaining skilled workers to construction is key to the long term yet remains challenging. At Taylor Wimpey, a key focus is attracting new talent to the industry. We are increasingly seeking ways to mitigate risk, driving efficiencies through modern methods of construction and have recently established our own timber frame facility.

Market trends, opportunities and risks continued

Key driver	Climate change	Land and planning
	Link to Principal Risks A: Government policies, regulations and planning H: Natural resources and climate change **Material impacts** Our planet	**Link to Principal Risks** A: Government policies, regulations and planning E: Land availability **Material impacts** Responsible and resilient business
	The Future Homes Standard (FHS) outlines new regulations aimed at making new homes more energy efficient and is currently due to come into effect from 2025. At that point (and following any transitional arrangements) gas central heating systems will no longer be allowed in new developments.	Land is the key component for a housebuilder, therefore the availability of land suitable for development and the effectiveness of the planning system have a major effect on the medium to long term development of the industry and the supply of homes.
2023 backdrop	From 15 June 2023, parts L, F, S and O changes to the Building Regulations requiring 31% savings in carbon emissions (from a 2013 baseline) came into effect, following a one year transitional period. All of our homes started since then incorporate the material enhancements needed to meet the new standards. We progressed our work in preparedness for the Future Homes Standards (FHS) regulation that will require a 75% reduction in carbon emissions from 2025, successfully launching our zero carbon ready homes trial in June 2023. We also launched our Net Zero Transition Plan publicly in 2023 and will continue to work towards our science-based targets. The Government announced that it would no longer go ahead with the proposal that rental properties would require an average Energy Performance Certificate (EPC) rating of C by 2025 for new tenancies and by 2028 for existing tenancies. Any change could mean costly retrofits for private landlords.	We continued to limit our land spend given the tightness in the land market and the economic backdrop. The land market continued to be challenging in 2023 with limited land available at an attractive value and a slow planning system. Delays and resource constraints in the planning system are impacting the supply of land for housing, with some of our developments also impacted by Nutrient Neutrality legislation. Amendments to the National Planning Policy Framework announced by the Government in December 2023 removed the need for Planning Authorities to maintain a five-year supply of deliverable housing sites which could result in further delays and a shortfall in the supply of land available for development.
Drivers, short term opportunities and risks	The 2025 FHS marks a major change in the way we will build. The transitional period for moving to the standard is yet to be confirmed. However, after mid 2025 and a suitable transitional period the homes we build will be zero carbon ready. Whilst we have a good understanding of the technology options we can employ, there remain risks until the Government outlines the final results of the consultation, allowing us to refine the specification of our homes. Adjusting to this regulation will add further cost to our build process. This cost is generally reflected in residual land values.	The backdrop will depend on the intentions of the party/ies that form/s the next Government following the 2024 General Election. However, there is recognition in political parties of the importance of housing.
Drivers, long term opportunities and risks	Less than 2% of UK housing stock scores at the highest energy efficiency rating. We see potential for a competitive advantage and price premium for new, more energy-efficient homes. For example, we have already seen slightly cheaper 'Green mortgages' making new homes comparably cheaper to buy than less energy-efficient second-hand stock. Our future homes should benefit consumers who should not be exposed to the retrofit costs owners of older homes may face. In addition, depending on changes to energy tariffs, our customers could achieve meaningful savings in the cost of running their homes. A combination of these factors may mean that new homes can attract a future pricing advantage over older stock.	The long term backdrop is uncertain, and it is unclear whether resources will be allocated to enable the planning system to function better. However, current proposed changes have the potential to reduce medium to long term land supply. Following the 2024 General Election, there is potential for further changes to the planning regime by whichever party or parties form/s the next Government. With housing vital to growth in the UK economy we expect this to be a major focus during the next parliament and for the land and planning backdrop to improve, albeit from a low base.

Focused on creating value for our stakeholders

Our purpose

We are defined by our clear purpose to build great homes and create thriving communities.

We seek to deliver superior returns for shareholders through our high-quality landbank and enhance value through sharper operational focus.

Our values

Built on a strong culture of doing the right thing

Respectful and fair

Take responsibility

Better tomorrow

Be proud

Our strategy

Our strategic cornerstones allow us to be flexible and agile

Land

An agile approach to optimising value

Read more on **pages 31 to 32**

Sustainability

Investing to protect long term value for stakeholders

Read more on **pages 35 to 36**

Operational excellence

Driving efficiency and execution

Read more on **pages 33 to 34**

Capital allocation

A clear and disciplined approach

Read more on **pages 37 to 38**

Land

Our excellent landbank and strategic pipeline enabled us to be highly selective in the land market in 2023.

Key performance indicators

Land cost as % of average selling price on approvals

2023	15.2%
2022	19.0%
2021	16.1%

Objective
To maintain at current levels or reduce our average land cost.

Definition
Cost of land as a percentage of average selling price on approvals.

Why it is key to our strategy
Maintaining a sustainable land cost percentage increases value for our shareholders.

Landbank years

2023	c.7.7
2022	c.6.0
2021	c.6.1

Objective
To run an efficient landbank being mindful of the external environment such as planning environment.

Definition
The years of land supply in our short term landbank based at current completion levels.

Why it is key to our strategy
We seek to use our high-quality landbank more efficiently to deliver growth, both in the number and quality of homes built for a wider range of customers.

% of completions from strategically sourced land

2023	45%
2022	52%
2021	50%

Objective
We aim to source more than 40% of our completions from the strategic pipeline per annum in the medium term.

Definition
Number of completions on land which originally did not have a residential planning permission when we acquired a commercial interest in it, expressed as a percentage of total completions.

Why it is key to our strategy
The strategic pipeline enhances our ability to increase the contribution per legal completion because of the inherent margin uplift from strategic plots. It also allows us to take a long term view of sites.

2023 highlights

- Strong short term landbank of c.80k plots as at 31 December 2023 (2022: c.83k plots)
- Balance sheet light, industry leading strategic pipeline of c.142k potential plots as at 31 December 2023 (2022: c.144k plots)
- High level of strategic conversions with c.8k plots converted from the strategic land pipeline to the short term landbank (2022: c.4k plots)

Priorities going forward

Short term

- Remain highly selective in acquiring new sites but will be active where we see good opportunities
- Progressing planning in our short term landbank to open new outlets
- Securing delivery from our strategic land pipeline, transferring assets to the operational business

Medium term

- Continuing to invest in quality land at the right time
- Adding value by progressing land through the planning system and creating high-quality developments

Coronation Square, Leyton
This development is a regeneration project in partnership with Waltham Forest Council

Land
Strategic cornerstone in action

In 2023, we completed our first home compliant with new building regulations, Parts L and F

Herrington View, Penshaw

Located in the former mining village of Penshaw, near Sunderland, Herrington View is a good example of a site originating from Taylor Wimpey's strong strategic pipeline. The site demonstrates the hard work and expertise and high-quality planning applications needed to successfully progress a strategic site. Herrington View also highlights our strategy to develop desirable locations, close to major transport and employment hubs with the potential to deliver a resilient performance through changing markets.

We originally optioned the land in 2016 with the agreement running until 2024. The strategic land team worked with Sunderland City Council to progress the land to development status with the authority allocating Penshaw to its Core Strategy Development Plan in January 2020.

Working in partnership with Sunderland council

Sunderland council was early to recognise the benefits our development would bring to the area. Our teams meet regularly with the council to manage workload and expectations and, work together constructively to resolve any issues. The Decision Notice awarding hybrid planning was received in September 2022, allowing us to start work in January 2023, less than six years since the start of our option.

We began actively selling from the site in June 2023 having established show homes and our sales centre, and first legal completions took place in November the same year.

Comprising 34 net acres, Herrington View will provide 440 new homes, of which 66 will be designated affordable housing. The first phase of 116 homes has full planning permission, and the remaining 324 plots currently have outline planning.

Carefully designed landscaped corridors will allow customers views of the historic Penshaw Monument and natural play areas within the development will provide a safe place for children to play and neighbours to meet. The site is adjacent to the Herrington Country Park, allowing our customers to get closer to nature. We are fitting bird and bat boxes to 88 plots and we are contributing towards Biodiversity Net Gain enhancements in the Herrington Country Park.

Well-located site

The site is close to larger towns and cities with Chester le Street four miles to the west and Sunderland five miles to the east, while Durham and Newcastle are less than 12 miles away. Herrington View has excellent nearby road links including the A19 and the A1(M), connecting our customers to major transport networks and employment hubs.

The site is also close to a wide range of local amenities including Doxford shopping and Washington Galleries.

Our first completions incorporating revised Building Regulations

Working with Group Technical, the local team decided on the early implementation of Part L and F of the Building Regulations. As a result, Herrington View is responsible for our first UK legal completion built to the new building regulations, making our homes 31% more energy efficient than homes built to the previous standard.

Phase 1 of the site is expected to complete in 2026. Depending on the market and our sales rate future phases of the scheme will then give us a site presence into the early 2030s.

Operational excellence

We seek to drive continuous improvement and efficiency benefits through relentless focus on operational excellence throughout the business.

Key performance indicators

Construction Quality Review

(average score/6)

2023	4.89
2022	4.81
2021	4.67

2023 remuneration measure.
Read more on **page 143**

Objective

To achieve an average score of four out of six across Taylor Wimpey.

Definition

The average score, out of six, achieved during an in-depth annual review of construction quality on a site-specific basis.

Why it is key to our strategy

Right first time continues to be a key priority within our customer-focused approach. Construction Quality Reviews focus on construction quality and understanding 'why or how' given levels of quality have resulted.

Average reportable items per inspection

2023	0.28
2022	0.32
2021	0.26

Objective

Reduce defects found during build stages.

Definition

The average number of defects found per plot during National House Building Council (NHBC) inspections at key stages of the build.

Why it is key to our strategy

Reducing the number of defects per plot is crucial to ensuring we deliver consistently high-quality homes for our customers, whilst also minimising the cost of rectifications.

Health and Safety Injury Incidence Rate

(per 100,000 employees and contractors) rolling 12 months

2023	151
2022	166
2021	214

Objective

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

Definition

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

Why it is key to our strategy

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

Employee engagement

(annual survey)

2023	93%
2022	93%
2021	91%

Objective

We aim to maintain a high level of overall employee engagement.

Definition

Our employee engagement score measures a range of factors in terms of employees' sense of belonging, how proud they are to work for Taylor Wimpey and their willingness to go the extra mile for the business.

Why it is key to our strategy

As a key part of our employee engagement strategy, the survey provides an opportunity for employees to provide feedback on all aspects of working at Taylor Wimpey. This leads to clear action plans at both a national and local level where improvements can continue to be made. Ensuring that the employee voice continues to be heard remains an important part of our overall engagement strategy.

2023 highlights

- 98% of our employees agree that we take health and safety seriously (2022: 98%)
- Driving efficiencies through increased use of technology, data monitoring and trend analysis, and continued focus on defect prevention and continuous improvement
- Conducted a detailed value exercise to ensure our customer offering continues to be of high-quality and the specification valued by our customers whilst at the same time targeting cost savings

Priorities going forward

Short term

- Health and safety remains our number one priority in all markets
- Optimising value across all areas of the business and increasing efficiency
- Continue to ensure consistent high quality

Medium term

- Continuous business improvement including investment in technology to protect stakeholder value against a backdrop of increasing regulatory demands
- Continuing to invest in training our highly engaged workforce to ensure they have the appropriate skills to drive the business forward

Performance and strategy continued

Operational excellence
Strategic cornerstone in action

Developing our own timber frame production

We took possession of our 240,000 square foot timber frame facility in the summer of 2023 and have since completed an extensive fit out. The large facility is ideally located in Peterborough, close to our Taylor Wimpey Logistics business.

Alongside the efficiency benefits, increasing our use of timber frame will aid us in our carbon reduction goals, since the timber frame process produces less carbon than masonry construction. Timber frame construction is currently slightly higher cost than conventional brick and block construction but enables us to speed up build, allowing earlier commencement of all follow on trades whilst slightly reducing our reliance on bricklaying resources.

Increasing security and reliability of supply

In recent years, the supply and pricing of timber has been volatile due to global supply chain issues. In establishing our own facility, we can hold our own buffer stock enabling us to better manage any future supply chain challenges. As we progress, there is the potential to drive future savings for our businesses.

A measured roll out

Production commenced in early 2024 with first kits to be delivered to site in the first half of the year. We are taking a measured approach to rolling out our production. We have management with vast experience in timber frame to ensure that proper processes are in place before scaling up over the next two years.

Environment and efficiency benefits

Timber frame could reduce embodied carbon from the materials in a typical home by around 15%

Our skilled employees will be provided with the necessary training in the fundamentals of timber frame production and health and safety. When fully operational, we expect to run two shifts employing around 100 people.

This year, the facility will produce several hundred units, with first deliveries to our sites in the first half of the year. At full capacity in two to three years' time, we expect to produce around 3,000 kits per year which, in combination with our external suppliers, will support our goal of increasing timber frame usage to 30% of our production by 2030.

c.3k

kits per year once at full capacity

Performance and strategy continued

Sustainability

Investing to protect long term value for all stakeholders, prepare for regulatory change, continue to develop sustainable communities and play our part in limiting climate change.

Key performance indicators

Customer satisfaction 8-week score 'Would you recommend?'

2023	92%
2022	90%
2021	92%

2023 remuneration measure. Read more on **page 143**

Objective

We strive to achieve 90% or above in this question, which equates to a five-star rating.

Definition

Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC on behalf of the HBF eight weeks after legal completion.

Why it is key to our strategy

Identifying and serving the needs of our customers by delivering a high-quality product is key to our ambition to become a customer-focused homebuilder.

Customer satisfaction 9-month score 'Would you recommend?'

2023	77%
2022	78%
2021	79%

Objective

We strive to improve this score and to understand the reasons behind (and underlying drivers) of this customer feedback.

Definition

Percentage of customers who would recommend Taylor Wimpey to a friend as measured by the National New Homes Survey undertaken by the NHBC nine months after legal completion.

Why it is key to our strategy

We think about how customers live in the homes and places we build for longer than the first few months after they move in. Ensuring our customer satisfaction remains high in the months following completion is important.

Reduction in operational carbon emissions intensity

(measured at end of year)

2023	5%
2022	15%
2021	13%

2023 remuneration measure. Read more on **page 143**

Objective

Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline.

Definition

Our science-based carbon reduction target for scopes 1 and 2 emissions intensity tracks tonnes of emissions per 100 square metres of completed build. The target has been verified by the Science Based Targets initiative, and the data assured by the Carbon Trust.

Why it is key to our strategy

These are the emissions directly from our own business operations and as such are an indicator of our own performance and commitment.

2023 highlights

- Rated five-star for customer service in the Home Builders Federation (HBF) survey
- Published our Net Zero Transition Plan to reach net zero carbon emissions across our value chain by 2045, ahead of regulation
- Delivered the UK's first zero carbon ready scheme on a live site at Sudbury, including industry leading interactive models which will help communicate the benefits of the new technology to customers and sharing best practice with industry and SMEs
- Net zero targets independently validated by the Science Based Targets initiative and achieved certification to the Carbon Trust's Route to Net Zero Standard, Advancing level

Priorities going forward

Short term

- Continue to invest in the long term sustainability of the business including training our highly engaged employees
- Continue to prioritise value over volume and seek to increase volumes where market conditions allow in a value enhancing way

Medium term

- Investing to protect long term value for all stakeholders
- Further progress on our path to net zero

Cultivating biodiversity

We integrate hedgehog highways and bug hotels or bee bricks on new sites

Read more on **page 52**

Interactive models

Helping to communicate the benefits of new technologies to customers

Sustainability
Strategic cornerstone in action

An industry first

Taylor Wimpey installed the UK's first roof mounted air source heat pump on a live development site

Scan to hear more about our trial homes at Sudbury

Developing net zero ready homes with our Sudbury prototypes

The Future Homes Standard (FHS), is due to take effect in England from 2025 (with associated transitional arrangements). We expect the FHS to require a 75-80% reduction in carbon emissions from new homes. In Scotland, the New Build Heat Standard is being introduced in April 2024.

This will represent a step change in the way we build as well as the way customers live, with the key requirement to move from gas central heating and hot water to all electric homes.

Learning valuable lessons from the trials

In 2023, we completed our zero carbon ready homes trial at our Chilton Woods development in Sudbury, Suffolk. Zero carbon ready means the homes should be net zero in use once the UK energy grid is decarbonised.

The launch of the prototypes was a major milestone. The trial, comprising five multi-specification prototype homes, was the industry's first research concept testing low carbon technologies on a live development site.

The homes have allowed us to review construction methodologies, determine the design and technical implications of integrating into Taylor Wimpey homes, review the skills required to install the new technologies and share lessons learnt across the business.

The trials will continue once the homes are sold, allowing us to measure performance of the new technologies, obtain customer feedback enabling us to optimise our approach, and refine our approach ahead of and in response to final regulation.

We tested a combination of fabric and technology solutions to achieve zero carbon ready homes, designed to ensure they meet customers' living requirements.

In developing these homes, we adopted a 'fabric first' approach to raise the energy performance (addressing walls structure, doors, windows, insulation). Technology will continue to evolve, while the fabric will be there for the lifespan of the homes. Fabric enhancements include triple glazed windows, wider cavity walls to allow for greater thermal insulation and thermal lintels.

The five prototypes each tested different technology combinations such as air source heat pumps, underfloor heating, infrared panels, solar panels, battery storage and mechanical ventilation and heat recovery.

Preparing for the change

While innovative, these combinations are generally well established technologies that are widely used globally, so are relatively low risk. However, there remain significant educational challenges in terms of the supply, installation and importantly, customer readiness for these new solutions.

Apart from one home deliberately designed to push the boundaries of what is possible, the homes were completed within budget, including the costs to meet changes in line with updates to the building regulations that came into place in June 2023. We factor these costs into the residual value calculations when we make land acquisitions.

We are pleased these trials successfully delivered homes capable of meeting zero carbon ready status, within budget and well ahead of regulation.

Capital allocation

Our clear and disciplined capital allocation framework balances investment in our future with sustainable dividends and cash returns for investors at the appropriate time in the cycle.

Our capital allocation priorities

1. Maintain a strong balance sheet

Maintain low adjusted gearing* to reflect cyclical nature of the industry

2. Investment in land and work in progress (WIP) to drive future growth

Focus on funding business needs, including land investment and WIP to drive growth

3. Sustainable ordinary dividend

Ordinary Dividend Policy of 7.5% of net assets or at least £250 million annually throughout the cycle

4. Return excess cash

Excess cash returned after funding land investment, working capital, taxation and the ordinary dividend. The method of return (share buyback or special dividend) will be considered at the appropriate time

£677.9m
Net cash*
(2022: £863.8m)

£516.1m
Land creditors
(2022: £725.6m)

9.57p
Total ordinary dividend per share paid in the year
(2022: 9.06p)

Capital allocation
Strategic cornerstone in action

Consistently evaluating capital allocation

Every day we make capital allocation decisions when we assess our land and commit capital to work in progress on our sites (the investment in labour, materials and direct costs attributable to our developments that is held in inventory until completion, when it is recognised in cost of sales).

Our investment criteria are subject to a rigorous process and includes detailed land assessment against numerous financial metrics, subject to sign off by senior management levels including the Chief Executive.

In 2023, we reduced our land commitments due to conditions in both the land and the wider housing market. We also tightly controlled release of work in progress with each of our businesses working hard to closely match our build output to levels of customer demand.

Providing visibility to investors

Our Dividend Policy has been established to provide shareholders with a reliable dividend and surplus cash return via special dividend or buyback at the appropriate time in the cycle.

Our Ordinary Dividend Policy is to pay out 7.5% of net assets or at least £250 million annually throughout the cycle.

Our Ordinary Dividend Policy has been stress tested to withstand conditions beyond what we would consider a normal downturn, including up to a 20% fall in house prices and 30% decline in volumes.

In line with our policy, we announced a final Ordinary Dividend payment of 4.79 pence per share, which is subject to shareholder approval at the Annual General Meeting.

With the 2023 Interim Dividend payment of 4.79 pence per share, the total Ordinary Dividend for the year is 9.58 pence per share or approximately £339 million.

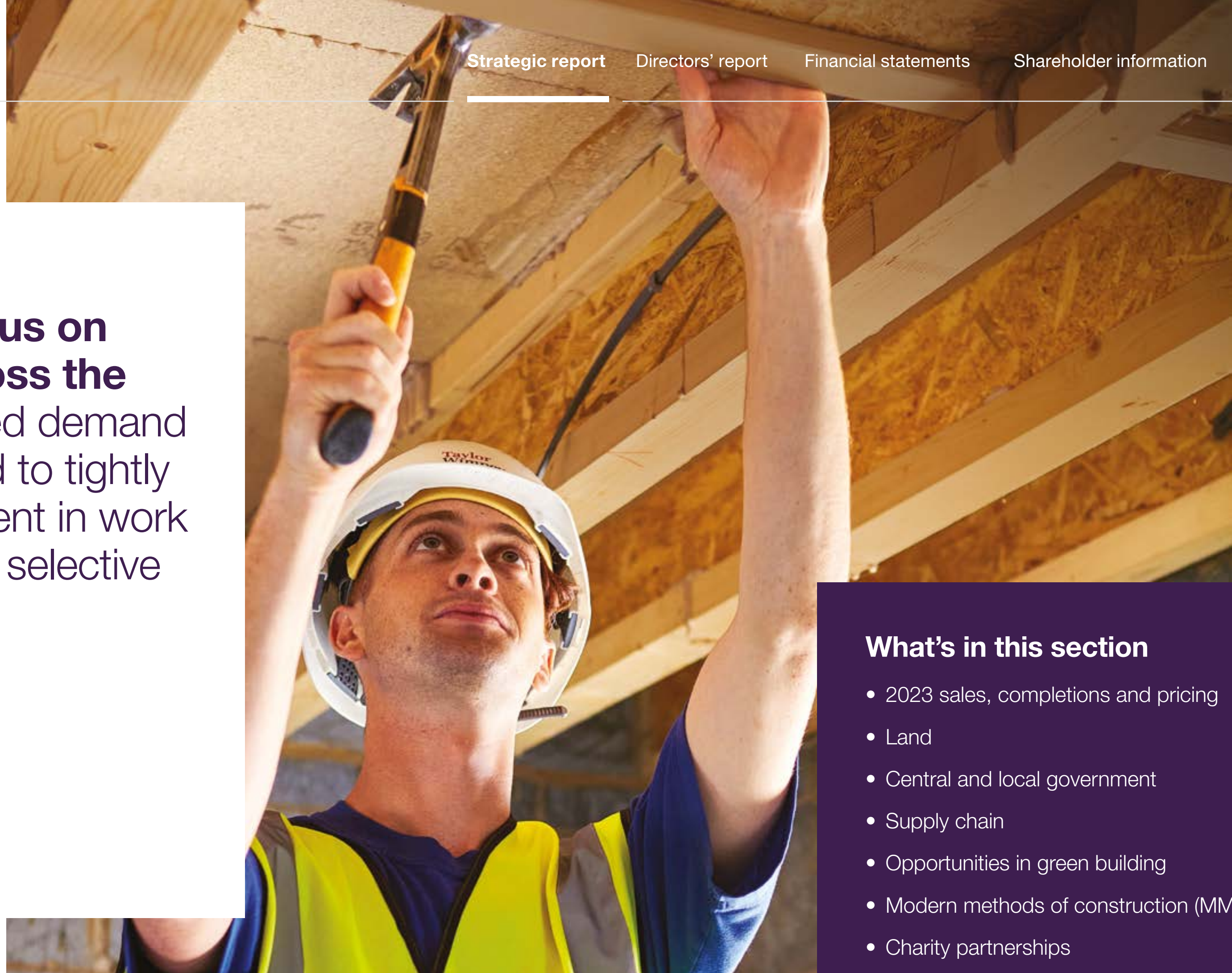
It remains our policy to return to shareholders surplus cash generated by the business, and which is in excess of that needed by the Group to fund land investment, working capital, taxation and other cash requirements, and after the ordinary dividend.

9.58p
2023 dividend pence per share

£339m
total dividend for the year

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements.
Please see page 81 for definitions.

Operational review



In 2023 we increased focus on operational controls across the business. In light of reduced demand in our market, we continued to tightly manage costs and investment in work in progress and were highly selective in our land investment.

What's in this section

- 2023 sales, completions and pricing
- Land
- Central and local government
- Supply chain
- Opportunities in green building
- Modern methods of construction (MMC)
- Charity partnerships

Highlights for 2023

UK completions including joint ventures

10.4k

(2022: 13.8k)

Reduction in absolute operational carbon emissions intensity since 2019

35%

(2022: 26%)

Group operating profit margin*

13.4%

(2022: 20.9%)

Operational review continued

Our operational review focuses on the UK (unless stated otherwise) 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.

2023 sales, completions and pricing

Total Group completions (including joint ventures) were 10,848 (2022: 14,154). UK home completions (including joint ventures) were 10,438 (2022: 13,773), which included 2,388 affordable homes (2022: 2,920) equating to 23% of total completions (2022: 21%). Completions from joint ventures in the year were 82 (2022: 222). Our net private reservation rate for 2023 was 0.62 homes per outlet per week (2022: 0.68). The cancellation rate for the full year was 18% (2022: 18%).

UK average selling prices on private completions increased by 5.1% to £370k (2022: £352k) with the overall average selling price increasing by 3.5% to £324k (2022: £313k).

We estimate that market-led house price growth for our regional mix was c.1% for completions in the 12 months to 31 December 2023 (2022: c.8%).

Underlying build cost inflation in 2023 was c.8.5% (2022: c.8%). At the start of 2024, prevailing build cost inflation is running at around 1% and reduces to zero when taking into account the savings arising from our value improvement programme.

During 2023, we continued to focus on using the levers within our control to reduce cost including retendering of site phases and a full review of specification to identify savings without impacting health and safety, quality or customer satisfaction.

We ended the year with an order book valued at £1,772 million (31 December 2022: £1,941 million), excluding joint ventures, which represents 6,999 homes (31 December 2022: 7,499 homes). In the UK, we traded from an average of 238 outlets in 2023 (2022: 232). We ended the year with 237 outlets (31 December 2022: 259).

Land

We have a strong short term landbank of c.80k plots as at 31 December 2023 (31 December 2022: c.83k). During 2023 we acquired 1,572 plots (2022: 7,716) for the short term landbank. The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 13.7% (2022: 14.0%).

The average selling price in the short term owned landbank in 2023 increased by 1.6% to £327k (2022: £322k). Our focus is on progressing planning in our short term landbank to open new outlets and secure delivery from our strategic pipeline, transferring assets to the operational business.

As at 31 December 2023, we were building on, or due to start in the first quarter of 2024, on 99.6% of sites with implementable planning.

Our strong land position has benefitted from conversions from our strategic pipeline. We saw fewer opportunities to buy land at attractive valuations in 2023 and accordingly were highly selective in land acquisition with approvals at c.3k plots (2022: c.7k). The quality of our strategic pipeline of c.142k potential plots (31 December 2022: c.144k), continues to provide differentiation offering optionality and flexibility for the foreseeable future.

Benefiting from a strong land position

Our short term landbank is supported by a strong strategic pipeline, with 54% of our short term landbank strategically sourced

Our success in developing our strong strategic pipeline means that 54% of our short term landbank has originated from this source (2022: 50%). In the year, 45% of our completions were sourced from the strategic pipeline (2022: 52%).

During 2023, we converted a further c.8k plots from the strategic pipeline to the short term landbank (2022: c.4k plots) and added a net c.6k new potential plots to the strategic pipeline (2022: c.3k).

Despite continuing delays in plan-making across the country, our high-quality strategic 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.

Central and local government

During 2024, the UK will be holding local elections across the country, in addition to a General Election expected in the second half of the year. We welcome the recognition from both main political parties of the importance of housebuilding to the country and continue to engage with all stakeholders at every level of the business.

Operational review continued

The planning environment continues to be very challenging with delays and resource pressures impacting housing land supply. Amendments to the National Planning Policy Framework (NPPF) announced by the Government in December include positive measures to support improved quality of design and placemaking.

However, other changes, including softening of the requirement to meet local planning targets, the relaxation of the soundness test for plan-making and the removal of the need for planning authorities to maintain a five-year supply of deliverable housing sites, could result in further delays and a shortfall in the supply of sites.

We continue to engage with industry, water authorities and central and local government on the issue of Nutrient Neutrality. We have established our internal Nutrient Working Group to help our regional businesses develop effective responses to this issue.

During 2023, Biodiversity Net Gain (BNG) requirements in England were published and came into effect in February 2024. We have published guidance and have held training sessions for our regional businesses to support them to manage the risks, costs and opportunities associated with Biodiversity Net Gain. BNG was effectively introduced via changes to the NPPF in 2018 so we have factored the associated costs into our land acquisition since that time.

We published guidance on Mandatory Net Gain and land contracts in 2021 and run training sessions for our regional businesses and land teams to support them to manage the risks, costs and opportunities associated with net gain.

Supply chain

We have worked on improving our supplier risk process for a number of years and, as a result, our visibility and understanding of our supply chain has increased considerably. This encompasses risks across the whole supply chain, rather than just our first-tier suppliers.

Supplier risk is measured as instability in the supply chain and can cover any number of scenarios, such as global or national shortages of products, supplier insecurity, including financial issues or supplier quality and delivery problems. Our supply chain strategy is to understand the risks at the various stages of the supply chain and put in place accordant strategies.

This work has resulted in a change to a number of our supply chain routes to improve material availability.

We are also developing our approach to environmental and social risks in our supply chain, integrating disclosure requirements into our tender processes for key group suppliers.

Taylor Wimpey Logistics (TWL)

TWL provides value added services to our regional businesses primarily by providing pre-kitted build packs of products when they are needed at each build-stage of production on-site.

"TWL provides value added services to our regional businesses primarily by providing pre-kitted build packs of products when they are needed at each build-stage of production on-site."

Nick Wright
Manufacturing and Supply Chain Director

This aids production, improves speed of build and significantly reduces site traffic. In addition to delivery of pre-kitted products to site, it provides services that support our regional businesses including:

- Take off and scheduling services
- Strategic stock holding with annual pricing to safeguard against fluctuating supplier performance and price volatility
- Ensuring adherence and alignment to our standardisation / stock keeping unit reduction procurement strategy

The benefit of TWL can be seen in our site deliveries. TWL supplies our businesses 99% on time in full (OTIF), compared to receiving its supplies 87% OTIF.

Operational review continued

Opportunities in green building

Over the next five years there will be significant changes to new build homes in the UK reflecting the UK's climate change targets. Our target is to reduce emissions from customer homes in use by 75% by 2030, and we are testing a range of technologies and enhanced fabric standards to achieve this.

Changes to Building Regulations

2023 was a transitional year for our build teams as we successfully adapted our production to meet the revised Building Regulations. Our homes have enhanced fabric standards following the phasing in of the Part L (conservation of fuel and power), and Part F (ventilation) of the Building Regulations in England from June 2022 (with a one year transitional period), Parts L & F from November 2022 for Wales, and Section 6 in Scotland from February 2023. Additional features in our homes include wastewater heat recovery systems, triple glazing and photovoltaic (solar) panels. Collectively, this will achieve a 31% reduction in carbon emissions compared with our previous specification across England and similar carbon reductions across Wales and Scotland.

Future Homes Standard 2025

We are also preparing for the phase-out of gas central heating and hot water systems from 2025 in England and Wales and 2024 in Scotland. In 2023, we delivered the UK's first zero carbon ready homes on a live development site at Sudbury to understand the opportunities and challenges posed by the Future Homes Standard.

"2023 was a transitional year for our teams as we adapted our designs, specifications and production to meet the revised building standards. We were also proud to deliver the UK's first zero carbon ready homes on a live development site."

Stephen Andrew
Group Technical Director

75%

target reduction in carbon emissions for homes in use by 2030

Over 450

stakeholders visited our future homes prototypes

This included industry leading interactive augmented reality models which will help communicate the benefits of the new technology to customers. Over 450 stakeholders have visited the site and we have shared best practice and our lessons learnt with small and medium enterprises (SMEs).

Feedback from the visits and a customer focus group showed that 81% of visitors felt that the use of low carbon technologies enhances the value of new homes.

Read more on **page 36**

Modern methods of construction (MMC)

Componentisation and other modern methods of construction also form part of our strategy for dealing with a skills shortage in our industry. Whilst products such as smart roofs (where the roof structure is manufactured off site and the components are craned into place on site), which we use for our 'room in a roof' homes, provide both health and safety and efficiency benefits.

Developing our own timber frame production

A key part of our strategy is to increase the use of timber frame in our construction, to 30% of our production by 2030. Alongside efficiency benefits, use of timber frame can reduce embodied carbon in materials by around 15%, compared to traditional brick and block building techniques, supporting progress towards our net zero target.

In 2023 we established our own timber frame facility that will enable us to increase security and reliability of supply. In combination with our existing suppliers, our own facility will help us in our goal to increase timber frame usage to 30% of our production by 2030.

Read more on **page 34**

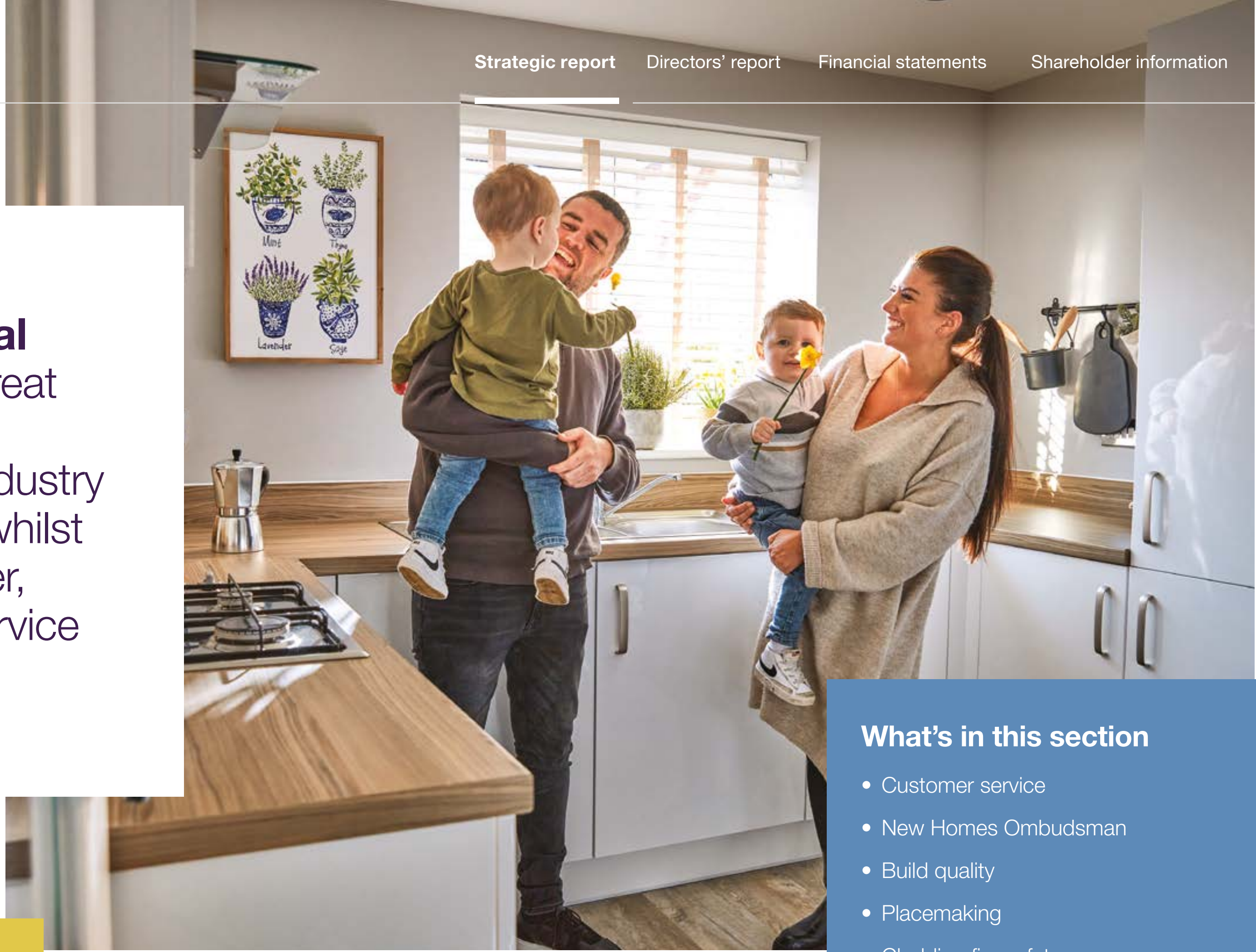
Charity partnerships

During 2023, we continued our partnership with our national charities as well as local charity partners across the UK. Our national partners are Youth Adventure Trust, Every Youth (previously End Youth Homelessness), Crisis, Magic Breakfast, and St Mungo's.

In total, during 2023, we donated and fundraised c.£1 million for registered charities (2022: c.£1 million). This included supporting St Mungo's Construction Skills Training Centres to help people recovering from homelessness to gain new skills and find employment in the construction industry.

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Building for our customers



Our customers are central to our purpose 'to build great homes and create thriving communities'. We are an industry leader in build quality and, whilst already a 5-star rated builder, enhancing our customer service was a key priority in 2023.

What's in this section

- Customer service
- New Homes Ombudsman
- Build quality
- Placemaking
- Cladding fire safety

Highlights for 2023

Customers in 8-week survey who would recommend us to a friend

92%

(2022: 90%)

Construction Quality Review average score (out of 6)

4.89

(2022: 4.81)

Trustpilot rating

4 out of 5

(2022: 4 out of 5)

Building for our customers continued

Customer service

Customer service was a major focus for 2023 and we are delighted to have increased our Home Builders Federation (HBF) 8-week 'would you recommend?' score to 92% (2022: 90%) and retained our five star rating. However, we have not yet seen the same increase in our 9-month score which gives us insight into how customers feel about the homes and places we build over the longer term. Our score for 2023 was 77% (2022: 78%) and we will be prioritising improvements in this area in 2024.

We encourage customers to leave reviews on Trustpilot. At the end of 2023, with 8,950 reviews, we had a 4 out of 5 star rating (end of 2022: 4 out of 5) with a trust score of 3.9 out of 5 (2022: 3.9 out of 5).

We have prioritised working with all our partners to deliver excellent customer service and leverage our customer database capabilities, in order to build a strong order book. In a more challenging market, understanding our customers is more important than ever.

We are using the data insights provided by our fully integrated customer relationship management system to better support our customers and align our marketing strategy.

Our systems enable us to identify potential new leads, be proactive with our current customers (with visibility of key customer and plot dates) and pre-empt potential issues.

As part of our drive to ensure we are delivering for our customers, in 2023 we have conducted more widespread and consistent follow up with customers to understand their views after they have moved into their new home.

New Homes Ombudsman

We signed up to the New Homes Quality Code in November 2022 and aligned our processes to its requirements. Customer-facing employees are trained on the Code as well as many colleagues in our commercial and technical functions and some of our subcontractors.

In 2023, we introduced a policy on how to support potentially vulnerable customers as part of our alignment to the Code requirements. This has now been rolled out to our businesses.

Build quality

We continue to see improvements in our build quality as measured by the NHBC Construction Quality Review (CQR) score, which measures build quality at key build stages. In 2023, we scored an average of 4.89 (2022: 4.81) from a possible score of six. This compares with an industry benchmark group average score of 4.67.

We aim to further improve this by ensuring our quality assurance processes are embedded at every stage of the build. We clearly communicate our quality standards to subcontractors and invest in training, process improvements and regular inspections throughout the build process to ensure consistently high standards and prevent quality issues from occurring.

Construction Quality Review scores (out of 6)

Quality is incentivised from the top of the organisation, with a proportion of our Executive Incentive Scheme linked to customer service and build quality, and this is also one of our Principal Risks. We also integrate customer service and quality into our all employee bonus scheme.

92%
five star customer service rating
(2022: 90%)

3.9
out of 5 trust score
(2022: 3.9 out of 5)

Building for our customers continued

Placemaking

Good placemaking ensures our teams plan, design, and deliver schemes that become successful and sustainable new communities, where our customers can enjoy a good quality of life.

We have clear placemaking standards based on Building for a Healthy Life and aligned with the National Design Guide and National Model Code. There is an internal design review process for all new schemes to ensure consistent design quality.

Our schemes are also reviewed more than once during design development by our Director of Design (a qualified architect and urban designer) and must be signed off before they can proceed to planning application.

Access to transport and local infrastructure and facilities contributes to the success of our schemes. In 2023, we contributed £405 million to local communities in which we build across the UK via planning obligations (2022: £455 million).

This funded a range of infrastructure and facilities including affordable housing, green space, community facilities, commercial and leisure facilities, transport infrastructure, heritage buildings and public art.

We aim to install infrastructure at an early stage of the build process to enhance our schemes and help the new community become established quickly. We also invest in public and community transport, walkways and cycle paths. In 2023, 70% of our UK completions were within 500 metres of a public transport node and 90% were within 1,000 metres.

Cladding fire safety

It is our long held view that leaseholders should not have to pay for the cost of remediation and our programme started several years prior to signing the Government Building Safety pledge. We voluntarily signed the Government's Building Safety Pledge for Developers in April 2022, the Welsh Government's Pact in September 2022, and the commitment letter to the Scottish Accord in June 2023.

In total, we have made provisions amounting to £245 million, which remains our best estimate of the cost of our commitments to bring affected buildings in line with the standards as set out in the agreements reached with the governments.

We have identified 214 buildings that are within the scope of our provisions, around half of which we have either remediated, started work on or expect to commence work on this year. To date, we have fully completed 38 buildings with another nine remediated and awaiting paperwork. A further 19 buildings had works underway at the end of 2023.

We have a dedicated team in place to manage our remediation programme, progress our work on these buildings as quickly as possible and to ensure high-quality delivery. It is expected, given the size and nature of the projects, the multiple stakeholders involved and the availability of appropriately qualified consultants and contractors, that work will take around five years to complete in its entirety.

70%

of UK completions within 500 metres of public transport node

90%

of UK completions within 1,000 metres of public transport node

Building for our people

Our people and culture are key to our progress. We have a highly talented and engaged workforce that continues to drive Taylor Wimpey forward for the benefit of all stakeholders.

What's in this section

Highlights for 2023

Employee engagement score

93%

(2022: 93%)

Quality awards

51

(2022: 62)

Voluntary employee turnover

14.2%

(2022: 17.7%)

Building for our people continued

Health and safety

Health and safety remains our number one priority in all markets and it is the first topic covered in every Board, Group Management Team (GMT) and local regional management team meeting across the country. Building sites are inherently dangerous places and so it is essential that strict safety protocols are identified, embedded, monitored and enforced and a clear, consistent and disciplined approach to safety is key throughout the organisation. 98% of our employees agree that we take health and safety seriously (2022: 98%).

Our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors was 151 in 2023 (2022: 166), remaining well below both the HBF Home Builder average AIIR of 241 and the Health and Safety Executive construction industry average AIIR of 296.

However, our commitment goes beyond industry benchmarks and we will continue to seek to improve this. Around 37% of accidents are slips, trips and falls. Our AIIR for major injuries per 100,000 employees and contractors was 65 in 2023 (2022: 68).

Culture and people

We have a strong culture at Taylor Wimpey which we and our employees are proud of. This is demonstrated in our latest employee survey with an overall employee engagement score of 93% (2022: 93%), with a 69% response rate. Our overarching value is 'do the right thing'. Our Taylor Wimpey Inspire Awards recognise our employees who go above and beyond.

We are proud of how committed our employees are to the long term success of the Company and we seek feedback from and engagement with all employees. This includes regular email updates from the Chief Executive as well as updates from the GMT and other senior management.

It is important that management is accessible and visible so in addition to regular visits to the regional businesses we operate a National Employee Forum, National Young Person's Forum and Local Employee Forums in our regional businesses, where employee representatives are able to feedback to and ask questions of members of the Board and other senior management directly.

During 2023, our voluntary employee turnover rate was 14.2% (2022: 17.7%).

We are pleased to report that Taylor Wimpey was once again recognised in the NHBC Pride in the Job Awards, achieving a total of 51 Quality Awards (2022: 62) and 13 Seal of Excellence Awards (2022: 15).

Skills

During 2023, we directly employed, on average, 4,618 people across the UK (2022: 5,140) and provided opportunities for, on average, a further 9.3k operatives (2022:11.1k) on our sites.

We are proud of our approach to talent development at Taylor Wimpey. 45% of our regional management teams have been promoted internally and 62% of Site Managers were promoted from within the business.

We recognise that building the skills of our current and future workforce is essential to address current and potential future skills gaps in our industry and subcontractor base.

> "I believe strongly that having a diverse workforce is crucial to strengthening our business for the future, and this becomes even more important in a challenging market."
>
> Anne Billson-Ross
> Group Human Resources Director

To support entry level Trainees, competency levelling was launched in April 2023. Competency levelling enables Trainees to have a clear path of progression into a target role, as well as rewarding them according to their experience and competence as they progress through their training.

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. In 2023, we strengthened our schools outreach programme working with a specialist company and developed our career converters programme for ex-service personnel.

Working with partners to promote industry skills

We continue to work closely with our partners, peer companies, industry associations and educational organisations to identify and address skills gaps and upskill our workforce, and also share best practice within the industry bodies.

In 2023, we led a collaboration with five other major housebuilders to identify tangible ways in which we could address the skills shortage facing our sector, leading to the creation of a Sector Skills Plan

Recognising that the majority of our trades on site are performed by our supply chain, Taylor Wimpey has been instrumental in developing a support model with the CITB whereby we provide free support to our subcontractors to enable them to recruit, train, manage and claim grant funding for their apprentices.

Building for our people continued

We have seen some early successes with subcontractors based in Exeter and the Midlands, where the plan has helped provide recruitment support as well as identifying colleges and signing apprentices up for courses. In addition, we have seen the plan has helped subcontractors to claim funding to offset the cost of their apprenticeship training – in some cases helping with backdated claims that they were unaware would be eligible.

The pilot will be extended to others in the Sector so that more subcontractors can take advantage of this free of charge support structure. We are proud of our approach to talent development at Taylor Wimpey.

Equality, diversity and inclusion (ED&I)

We remain committed to creating a more diverse workforce and will publish our second Diversity and Inclusion Report in 2024. We have set quantitative targets to improve gender balance at all levels and to increase ethnic minority representation. Our targets are aspirational, but we believe that it is important to be ambitious and hold ourselves to account.

Our aim is to create a workplace where colleagues feel championed and supported regardless of their background and identity. By truly embracing our colleagues' diverse perspectives we can deepen our understanding of our customers and stakeholders, enhance innovation and creative thinking and continue to drive the business forward and achieve success.

Investment in ED&I is a long term commitment for Taylor Wimpey, supported by our Board, and all levels of our leadership. Alongside our successes, we remain focused on the areas we still need to progress.

Our workforce is not yet reflective of the UK's ethnic diversity. As at 31 December 2023, 5.7% of our employees were from a Black, Asian or other minority ethnic background (2022: 5.0%) and 3.7% at regional business management level (2022: 2.5%).

We had a gender mix of 66% male (2022: 67%) and 34% female (2022: 33%) across the Company. Our GMT was 33% female (2022: 38%) and our Board of Directors was 44% female (2022: 44%). Women in the GMT and direct reports to GMT rose to 28% (2022: 21%). The proportion of women in management roles across the Group rose to 38% from 30% in 2022.

We have more work to do in our regional business management teams to address gender balance. Women made up 27% of these roles in 2023 (2022: 31%). Whilst the employment freeze impacted our efforts in terms of graduate and trainee manager recruitment, our pipeline is strong, with females accounting for 62% of our graduate programme (2022: 64%).

In line with the Gender Pay Gap regulations, we calculated our 2023 gender pay gap based on data at the 'snapshot date' of 5 April 2023 and bonuses paid over the preceding 12 months.

The calculations cover all staff employed by Taylor Wimpey UK Limited as at 5 April 2023. Our latest data shows that our mean gender pay gap was 6% in favour of men (2022: 2% in favour of women) and median pay gap 2% in favour of men (2022: 1% in favour of men).

The shift in our pay gap this year reflects a number of factors, including a reduction in the overall size of our workforce, more highly paid women than men leaving the business, and a reduction in commission due to market conditions which affects our sales function, which is 83% women.

We will continue to focus on our programmes to increase female representation across different functions and levels of the business which will reduce the pay gap over time.

More information on the programmes and our road map to further improvement can be found in our Diversity and Inclusion Report on our website.

62%

Female representation in our graduate programme

6%

Gender pay gap in favour of men

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements. Please see page 81 for definitions.

Materiality assessment

We have updated our materiality assessment, which helps us to identify the most relevant and significant impacts for our business and our stakeholders.

We have taken a 'double materiality' approach to identify the socio-economic and environmental issues that have most impact on the value of our business and those where our business activities have most impact on people or the environment.

Comparing the significance of different types of impacts is not straightforward, particularly where quantitative and comparable data is not available. We will continue to develop our approach to materiality and impact assessment and we will regularly update our assessment.

Our methodology

Key steps in our methodology include:

- **Identifying impacts** – we identified a long list of impact areas based on our previous materiality processes and a review of external reporting standards.
- **Evaluation and prioritisation** – we used stakeholder input and analysed a range of sources to prioritise the identified impact areas. This included stakeholder interviews, a media and policy review, reference to sector-specific standards, multi-stakeholder and corporate benchmarks, and alignment with our business strategy and risk management process.
- **Review and validation** – the findings were reviewed by members of our senior leadership, and some minor adjustments were made to reflect business priorities.

Key findings

Some of our most material impacts relate to our product – the new homes and communities we build. This reflects the significant impact that homes and communities have on the wellbeing and quality of life of customers and future residents, as well as people's ability to lead a more sustainable lifestyle. Our other most material impacts include the health and safety of people working on our sites, and our impact on the climate and nature.

We set targets for many of our material impacts and a full list can be found in our Sustainability Summary 2023

In recognising the important link between the Company's material impacts and risk management, our material impacts have been aligned to our Principal Risks, as set out on **pages 74 to 77**

Our material impacts

Stakeholder impact | Financial impact

High | Medium | **Material impacts** | Medium | High

1. Our homes and places

Customer wellbeing in our homes*

Quality and sustainability of new communities

Affordability and accessibility of new homes

2. Our people and suppliers

Health, safety and wellbeing

Inclusion and equality

Skills development

Employment practices

Responsible sourcing and human rights

3. Our planet

Climate change

Nature

Resource use and waste

Water quality and management

Site environmental impacts

4. Responsible and resilient business

Financial performance and economic contribution

Governance and transparency

Ethical and responsible business practices

* Includes customer service.

Our commitment to the environment

Our Environment Strategy, Building a Better World, sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, while reducing and mitigating environmental risks to our business.

It includes ambitious targets up to 2030 and we have committed to achieve net zero emissions by 2045, five years ahead of the Government's target.

What's in this section?

Highlights from 2023

Our net zero target was validated by the Science Based Targets initiative

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Reduced operational emissions by

35%

since 2019 (absolute)

3.5k

wildlife enhancements installed on our sites since 2021

279

sites with hedgehog highways since 2021

98%

of construction waste diverted from landfill

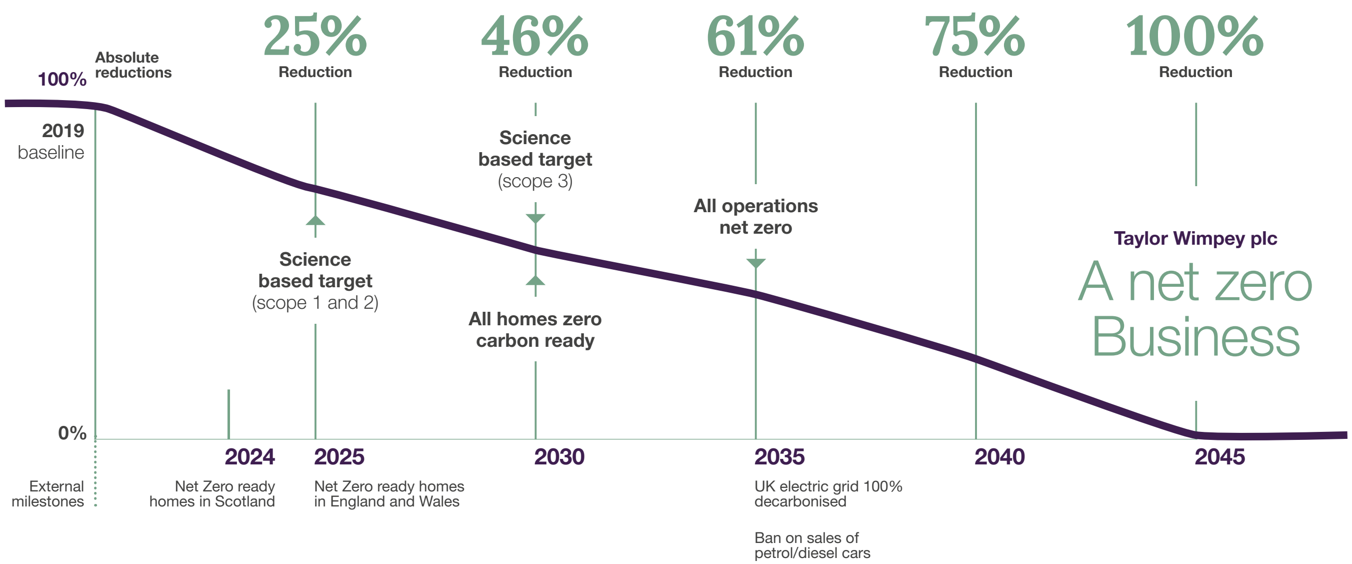
Our commitment to the environment continued

Climate change and net zero

We have set an ambitious target to be net zero aligned in our operations by 2035 and reach net zero across our value chain by 2045 – ahead of the UK's national target.

Our net zero target for 2045 has been independently validated by the Science Based Targets initiative (SBTi). It is supported by our Transition Plan and four-stage roadmap, detailing the actions we will take, including the construction of low and zero carbon homes, use of low carbon construction materials, transitioning to 100% renewable electricity, reducing and replacing fossil fuels and decarbonising our fleet. Our target and roadmap will enable us to reduce emissions in line with the 1.5°C ambition of the Paris Climate Agreement and support the wider transition to a low carbon economy through zero carbon ready homes for customers and collaboration with suppliers.

More detail and a summary of our roadmap is included in our Net Zero Transition Plan
www.taylorwimpey.co.uk/corporate/sustainability/net-zero



2035
operations will be net zero aligned

90%
reduction in value chain emissions by 2045 and neutralising 10% residual emissions

Our commitment to the environment continued

Nature

We want to create space for nature on our sites and contribute to improving biodiversity to benefit both our customers and the environment. Our approach starts with site design and layout, and encompasses use of green infrastructure, habitat improvements, wildlife enhancements and wildlife friendly planting.

We published our first biodiversity policy in 2023 and have prepared our teams for the Biodiversity Net Gain requirements which came into force in England in February 2024.

Wildlife enhancements can play an important role in supporting native species. We aim to integrate enhancements on all suitable new sites and have started with hedgehog highways, bee bricks, bug hotels, and bird and bat boxes.

We partner with nature organisations to ensure our actions reflect best practice. Our current partners are Hedgehog Street, a campaign by the British Hedgehog Preservation Society and People's Trust for Endangered Species, and Buglife – the Invertebrate Conservation Trust.

We recognise our business dependencies on nature and the ecosystem services provided by the natural world. We are reviewing the recommendations of the Taskforce on Nature-related Financial Disclosures and will publish our first disclosure against its recommendations in our sustainability reporting.

Resources and waste

Our Towards Zero Waste strategy and action plan sets out a three-year programme of action and capacity building across all stages of development from land acquisition to construction, occupancy and end of life. It focuses on:

- Achieve and build on the resource targets in our Environment Strategy
- Quantify value chain resources and waste to improve our data and enable us to adopt more circular approaches. This covers soils, demolition, packaging, materials and construction waste
- Other actions including setting targets, incentivising resource-efficient behaviours, supplier engagement and action plans for key waste streams

We are working with our suppliers to reduce waste from packaging, increase recycling and identify opportunities to increase use of sustainable and recycled materials.

We publish a Sustainability Summary with additional data which includes the Sustainability Accounting Standards Board (SASB) recommended disclosures for our sector.

57,800
paint cans recycled in 2023

105,180
pallets returned in 2023

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 2024. We are a part of FTSE4Good, have an AAA rating from MSCI and have received an ESG Risk Rating of Low from Sustainalytics and been included in its 2023 Top-Rated ESG Companies List. We are a member of Next Generation, the sustainability benchmark for UK housebuilders, and ranked joint third with a gold rating in 2023. We disclose our performance to CDP and scored: CDP Climate Change A- (2022: A-), CDP Water B (2022: B), and CDP Forests C for deforestation and forest risk commodities (2022: B-).

Task Force on Climate-related Financial Disclosures

We seek to understand and address the impacts of climate change on our business, and to build new homes and communities that enable customers to adopt a lower carbon lifestyle.

We use the Task Force on Climate-related Financial Disclosures and IFRS Sustainability Disclosure Standard 2 to report on our climate-related risks and opportunities.

A-

CDP Climate score

35%

reduction in operational carbon emissions since 2019 (absolute)

48%

reduction in operational carbon emissions since 2013 (absolute)

The Financial Conduct Authority requires UK premium listed companies to report against the Task Force on Climate-related Financial Disclosures (TCFD) framework in Listing Rule 9.8.6R.

We believe our disclosures in this section are consistent with the four recommendations and 11 recommended disclosures set out in the TCFD report 'Recommendations of the Task Force on Climate-related Financial Disclosures'. We have taken into account the guidance in the TCFD Annex including the Guidance for All Sectors and the Supplemental Guidance for Non-Financial Groups in relation to the Materials and Buildings Group. A summary is included on pages 66 to 67.

In 2023, we reviewed our reporting against the new IFRS Sustainability Disclosure Standard 2 – Climate-related Disclosures and believe our reporting covers the majority of its criteria. We will look to further increase our alignment over the next few years including in relation to the anticipated financial effects of climate-related risks and opportunities in the medium and long term.

In preparing our disclosures we have also referred to the SASB standards and drawn on the outcomes of our materiality process, our risk assessment process, our climate scenario analysis and stakeholder feedback.

Task Force on Climate-related Financial Disclosures continued

Board of Directors
Oversight of the business response to climate risks and opportunities

Group Management Team
Review and approve climate strategy, scrutinise performance, review progress on climate strategy and targets

Legacy, Engagement and Action for the Future (LEAF) Committee (functional oversight)
Analyse climate risk and opportunities and develop the business response, monitor progress

Managing Directors (operational implementation)
Drive implementation at local level

Cross-functional working groups
Road to Net Zero Carbon Working Group
Construction Waste Group
Groundworks Group

Governance for climate change

Board level: Our Board of Directors is responsible for oversight of our environmental, social and governance (ESG) initiatives including climate-related risks and opportunities. The Board receives an ESG update at every meeting, including a quarterly ESG scorecard with key performance indicators and progress towards climate targets. The Board visited our zero carbon ready trial homes in Sudbury in 2023. The Board has conducted a mapping exercise to ensure that all ESG matters are considered by the Board or one of its Committees. Board ESG competencies are indicated on page 94.

Executive level: Our Chief Executive 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. A scope 1 and 2 carbon reduction measure was included in the incentive plans for senior management and regional management in 2023, to support progress on our near term carbon reduction targets. We updated our Environment Policy in 2023, which covers climate change and is reviewed and approved by our Chief Executive.

LEAF Committee: Ingrid Osborne, Divisional Chair for London and South East and a member of our GMT, was executive sponsor for our Environment Strategy. In 2023, Ingrid chaired our LEAF Committee, which is responsible for reviewing climate strategy, risks and opportunities; it meets four times a year. LEAF members include the heads or senior leaders of our sustainability, technical, production, procurement, commercial, customer and design functions and representatives from our strategic land and 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 disclosures on climate change, and the assurance of our climate data. He reports to our Group Technical Director who has responsibility for low and zero carbon homes, leads our Road to Net Zero Carbon Working Group, and reports directly to our Chief Executive.

Cross-functional working groups, including 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 a nominated Sustainability Sponsor within their management team and a Sustainability Champion to assist with implementation and data collection. Each regional business has annual energy and carbon reduction targets up to 2025. Business Unit Management Teams receive a quarterly report on carbon, energy and resource use, which enables them to compare performance against targets and other regional businesses.

Task Force on Climate-related Financial Disclosures continued

The teams are kept updated about climate-related issues and we build knowledge and expertise through training workshops, masterclasses and briefings. A scope 1 and 2 carbon reduction measure was included in the medium term incentive plans for regional management from 2023.

We use a digital platform called LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability and technical risks associated with land during the acquisition and construction process. This draws on external environmental databases to help us manage risks associated with land, including climate-related risks such as flood risk. It includes a pre-acquisition screening and risk assessment process for potential new sites. Environmental risks during construction are managed through our environmental management system, including risks relating to climate change.

Stakeholder engagement

Our stakeholder engagement informs our approach to climate change. We collaborate with suppliers through the Supply Chain Sustainability School and our procurement processes, and with others in our industry through the Future Homes Hub (FHH). We chair and are involved in a number of FHH working groups including those on metrics, embodied and whole life carbon and zero-carbon ready homes. Read more about our stakeholder engagement on pages 84 to 86.

We participate in CDP Climate Change and publish our submission on our website. We received a score of A- for 2023 (2022: A-). We were included on the Financial Times Europe's Climate Leaders list 2023. Our Net Zero Transition Plan has been shortlisted in the Edie Awards for 2024.

We work with the Carbon Trust on many aspects of climate change. From 2017 to 2023 we held the Carbon Trust Standard for our overall approach to carbon management, including our policy, strategy and verification of our data and processes. We were the first volume homebuilder to achieve this. In early 2024, we achieved certification to the Carbon Trust's Route to Net Zero Standard, Advancing level, the only housebuilder to hold this new standard.

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. Sustainability is one of our four strategic cornerstones, reflecting the importance of climate change and other environmental matters to our business and stakeholders.

We assess climate risks and opportunities using short term (to 2025), medium term (to 2030) and long term (beyond 2030) 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. We also refer to industry-based guidance such as criteria set by the SASB Standard for the Home Builders sector, the Next Generation benchmark and the work of the Future Homes Hub, a collaboration for the UK new homes sector.

Climate risks and opportunities are relevant across our value chain and business model. In cases where risks and opportunities are concentrated on particular aspects of our business model or value chain, we have indicated this in the tables on pages 58 to 61 and in the metrics section on pages 62 to 63.

For example, some climate risks are more relevant to our supply chain, while others impact our construction sites or customers and homes in use.

Transition plan

We have published a detailed Net Zero Transition Plan setting out how we will respond to our identified climate risks and opportunities and achieve our net zero target. This includes our roadmap up to 2045 incorporating workstreams such as the construction of low and zero carbon homes, increasing the use of construction materials with lower embodied carbon such as timber frame, transitioning to 100% renewable electricity, reducing or replacing fossil fuels and decarbonising our fleet. The Transition Plan is available on our website at www.taylorwimpey.co.uk/corporate/sustainability/net-zero.

Climate scenario analysis

We have analysed the resilience of our business model and strategy, taking into consideration different climate-related scenarios. We conducted climate scenario analysis in 2022, commissioning WTW (formerly Willis Towers Watson) to conduct an assessment of climate transition risks and opportunities across short term (to 2025) and medium term (to 2030) horizons. The analysis considered our level of exposure to 15 transition risks in a low carbon economy where temperature rises would be limited to 1.5°C this century as well as modelling the physical impacts of climate change on our assets and supply chain in two temperature scenarios (1.5°C and 4°C warming). Impacts were estimated and likelihoods assessed and aligned to our ERM (Enterprise Risk Management) rating criteria. The process involved subject matter experts from across our key functions as well as members of our GMT.

ROUTE TO Net Zero STANDARD ADVANCING

New Carbon Trust Standard – In early 2024 we achieved certification to the Carbon Trust's Route to Net Zero Standard, Advancing level, and are the only housebuilder to hold this new standard.

Taskforce on Nature-related Financial Disclosures

We participated in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. Our first disclosure against the TNFD recommendations will be published on our website.

Task Force on Climate-related Financial Disclosures continued

In relation to transition risks, the analysis showed a moderate to high level of residual risk exposure in the short term, levelling out to moderate exposure in the medium term. This reflects, among other factors, the short term impact from complying with the UK's incoming Future Homes Standard, as well as from moving to lower emission technologies and securing sufficient electrical power supply. It also showed minor to moderate opportunities from the transition to a low carbon economy, including market share gains as demand for low carbon homes grows and potential reputational benefits with employees, investors and other stakeholders.

In relation to physical risks, it showed moderate exposure to risks relating to windstorms, flooding and drought. The analysis showed that the cost risk from the physical impacts of climate change will be mitigated by building to the standards of the day and including the additional build costs within the assessment of land values. In addition, we conducted modelling with the Carbon Trust of our scope 3 emission reductions, see page 68.

We used the findings to inform development of our Net Zero Transition Plan, including the cost of investment needed to achieve our targets. The findings have also been integrated into our risk assessment process.

Our analysis in 2022 built on our preliminary scenario analysis conducted with the Carbon Trust in 2020. This reviewed three scenarios: orderly transition (the goals of the Paris Climate Change Agreement are met), climate breakdown (warming of 4°C – 6°C), and disorderly transition (the goals of the Paris Agreement on Climate Change are not met in time but climate breakdown is avoided). Workshops looked in more detail at a 'disorderly transition' scenario and the impact of significant regulatory change, changes to interactions with customers, investors and planners, and to how and what we build.

Impact on financial statements

Climate-related risks and opportunities have not significantly affected our financial position, financial performance or cash flows during the year and we do not foresee any significant financial impact over the next annual reporting period. We are reviewing how we can enhance our reporting on the anticipated financial effects of climate-related risks and opportunities in the medium and long term.

Cost allocation and margin recognition

We include 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. See page 181 for further details of the accounting policies in relation to cost allocation and recognition.

Inventories

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. In particular, in relation 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 accounting policy for inventories is described on page 180 and the outcome of the net realisable value exercise is disclosed on page 191.

Delivered the

UK's first

multi-specification zero carbon ready scheme on a live development site in Sudbury

Future Homes

Taylor Wimpey

Goodwill and intangible assets

The Group does not have goodwill, or other intangible assets, that would be subject to an annual impairment assessment and thus the impact of climate change on the future cash flows required to perform this assessment are not required.

Going concern and viability

'Natural resources and climate change' is one of the Group's Principal Risks, but given the time frame over which both going concern and viability 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 costs (such as estimates for the Future Homes Standard) already included within the Group's forecasts, are not considered material.

In addition, the Group's viability assessment considers a reduction in volumes which, although not explicitly linked, could come about through tighter planning requirements to address the impact of climate change or through the reduced availability or increased cost of materials due to restrictions in the supply chain due to climate change.

Sustainability linked loan

In July 2023 Taylor Wimpey signed a new Revolving Credit Facility containing three sustainability linked performance targets which are to adjust the interest margin up or down by a small amount. The three performance targets are: (1) reductions in scope 1 and 2 GHG emissions; (2) reductions in waste; and (3) reductions in carbon emissions of the homes we build.

Task Force on Climate-related Financial Disclosures continued

Risk management

The Board has overall responsibility for risk management and holds formal risk reviews at least half yearly and routinely considers risk at each Board meeting as appropriate. Our risk management approach involves a top-down review of risks by senior management and the Board, combined with a bottom-up review by each individual function and regional business.

The assessment, mitigation and monitoring of sustainability and climate-related risks is included as part of our overall risk management process, which has remained unchanged since the previous reporting period. The individual sustainability and climate-related risks are considered through functional and regional business risk registers, our Climate Change and Sustainability Risk and Opportunity Register. Management consider 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.

In identifying risks, both internal and external factors are considered, and they are assessed using quantitative and qualitative (reputational, customer, health and safety, employees, environmental, operational, legal and regulatory and IT) criteria. The top-down review of key, Principal and emerging risks by our GMT considers their relative significance to the business, including climate-related risks. This process covers the whole of Taylor Wimpey Group.

The Group's Principal Risk 'Natural resources and climate change' (see page 77), recognises the increasing significance of the transition to a low carbon economy for both our operations and the world in which we live and conduct business. This Principal Risk is monitored by the Audit Committee and senior management, together with all other Principal Risks, as detailed on page 71, as part of our risk management process, assessing their impact on the Group's strategic objectives and ensuring appropriate mitigations are in place.

Our Environment Risk Register guides the climate change adaptation of our business practices and the homes we build. Our climate scenario analysis is one of the inputs into the risk register. For each climate-related risk and opportunity the register identifies: risk driver, description of risk, potential impact, time frame, whether the risk or opportunity is direct or indirect, likelihood and magnitude of impact. This is a standing item on every LEAF Committee agenda. The Committee makes recommendations to the GMT on how to mitigate, transfer, accept, or control climate-related risks.

During 2023, we have updated our process for monitoring scope 1 and 2 emissions to a quarterly basis for all our regional businesses to enable us to better monitor short term risks relating to our performance against our climate targets.

Read more about our risk management process on **pages 71 to 73**

Task Force on Climate-related Financial Disclosures continued

Our risks and opportunities

The table below summarises the findings from our latest climate scenario analysis which focused on transition risks in the short term (up to 2025) and medium term (up to 2030) in a 1.5°C scenario and physical risks in the medium and long term (up to 2030 and beyond) in a 1.5°C and a 4°C scenario. We have summarised the mitigating actions we are taking and shared the impact and likelihood for the more significant risks and opportunities that were identified. Residual risk after mitigation relates to a 1.5°C scenario unless stated. The impact and likelihood ranges and scores are based on Enterprise Risk Management rating scales.

Where we identified additional risks or opportunities that are not currently considered significant, we have listed these.

The table outlines our risks primarily in relation to our operations in the UK. We have also looked at risks in relation to our operations in Spain. We did not identify any material risks in relation to our Spanish operations but will keep this under review.

Policy and legal

Residual risks or opportunities (moderate to high):
Time frame analysed: Short term (up to 2025), **Medium term** (up to 2030)

Risk type: Transition (policy and legal)

	Description	Example risks / opportunities	Our mitigations	Residual risk after mitigation (1.5°C scenario unless stated)
R	**Increasingly stringent regulatory requirements (e.g. Future Homes Standard)**	Risk of delays and more expensive design in order to deliver homes in accordance with the Future Homes Standard (FHS) Potential for unexpected national policy actions to impact the value of strategic land pipeline	• We engage and consult regularly with government to understand its priorities • We have established a Research & Development (R&D) programme and internal Road to Net Zero Carbon Working Group to prepare our business for regulatory changes • We participate in Future Homes Hub to support the Future Homes Delivery Plan – a sector-wide plan to embed key environmental issues into housebuilding • We engage with land owners to ensure that the cost of regulation / compliance with latest standards is reflected in the assessment of land values	Short term moderate risk exposure and almost certain likelihood with the impact on the financial statements considered immaterial as costs associated with the known regulatory changes have been included in current costs and forecasts as appropriate. Medium term moderate risk exposure, balanced likelihood with any financial impact considered within the future cost of land and, where appropriate, sales price of new homes.
R	**Increasingly stringent local planning requirements (e.g. in relation to flooding and biodiversity) and potential for variation in standards between authorities**	Risk of delay and increased cost as local councils introduce additional local planning requirements or go beyond the requirements of the FHS	• We engage with planning authorities to understand and integrate their requirements, including participating in the development of strategic frameworks, Local Plans and Neighbourhood Plans • We engage with land owners to ensure that the cost of compliance with planning requirements is reflected in the assessment of land values • We have established guidance for our regional businesses in respect of biodiversity, flooding and other matters to address planning requirements. • We also engage with Future Homes Hub and UK government to encourage a consistent approach	Short term moderate risk exposure, likely with impact on the financial statements not considered material as risk impacts local areas rather than being nationwide. Medium term moderate risk exposure, balanced likelihood with any financial impact considered within the future cost of land.
R	**Climate change-related litigation claims bought by stakeholders**	Risk of claims relating to our approach to climate change adaptation, our disclosure of climate-related material financial risks or green marketing claims	• We disclose our climate change approach and performance and continually review and improve our data • We have asked our agencies to confirm their review process for validating green marketing claims	Short term moderate risk exposure, likelihood considered rare with impact on the financial statements considered immaterial as we build to latest regulations. Medium term moderate risk exposure, unlikely with impact on the financial statements considered immaterial as we comply with the latest building regulations and any associated costs would be embedded within the future cost of land.

Other residual risks or opportunities (currently identified as low):
- Enhanced emissions reporting obligations
- Potential future carbon pricing
- Cost of purchasing emissions offsets

Key
R Risk   O Opportunity

Task Force on Climate-related Financial Disclosures continued

Technology

Residual risks or opportunities (moderate to high):

Risk type: Transition (technology)

Time frame analysed: Short term (up to 2025), **Medium term** (up to 2030)

	Description	Example risks / opportunities	Our mitigations	Residual risk after mitigation (1.5°C scenario unless stated)
R	**Power supply and infrastructure – increasing focus on electricity as an energy source for homes, transport, machinery and infrastructure as the economy moves away from fossil fuels**	Risk of delays and costs due to insufficient power in the grid to service new homes and/or construction sites and/or lack of reliable lower emission infrastructure Risk of increased costs and delays associated with needing to build or upgrade primary sub-stations	• We integrate power supply and infrastructure into site planning accounting for the shift to lower emission alternatives • We are engaging with government on its efforts to address insufficient power supply and develop a smart network • We are exploring innovative local solutions to power supply storage such as the sustainable energy and heat hub at our development in Sudbury • Communicating risk to regional teams	Short term major risk exposure, almost certain likelihood with impact on the financial statements is not considered material as the risk is considered to be localised rather than national. Medium term major risk exposure, balanced likelihood with impact on financial statements mitigated through assessment of future land purchases and planning requirements.
R	**Substitution of existing technologies with lower emission alternatives (eg PV panels, EV charging infrastructure, all electric homes and construction equipment) to comply with the Future Homes Standard and emissions reduction targets**	Risk of increased costs associated with new technologies and potential availability challenges Risk that current new technology solutions quickly become outdated	• We have an ongoing R&D and programme supplier engagement to identify beneficial new technology and test its performance against our quality, safety, sustainability and technical standards	Short term moderate risk exposure, almost certain likelihood with the impact on the financial impacts considered immaterial as known costs associated with the regulatory change have been included in current costs and forecasts as appropriate. Medium term moderate risk exposure, balanced likelihood with impact on financial statements considered immaterial where any cost of change in regulation is included in the future cost of land or passed on through house prices.
R	**Skills shortages impacting ability to install low carbon technologies**	Risk of shortfall in supply of suitably qualified professionals	• We are mapping the expected skills profile for our business and subcontractor base and addressing potential skills gaps through training, recruitment and work with subcontractors • We have led a collaboration with housebuilders and the HBF to create a sector wide skills plan and are partnering with the Construction Industry Training Board, the Home Building Skills Partnership and some of our mid-sized sub-contractors to help more sub-contractors to recruit apprentices	Short term insignificant risk exposure, almost certain likelihood with impact on financial statements considered immaterial based on timing of implementation of current regulations. Medium term minor risk exposure, almost certain likelihood with impact on financial statements dependent on extent of skills shortage.

Key
R Risk O Opportunity

Task Force on Climate-related Financial Disclosures continued

Market and reputation (stakeholder)

Residual risks or opportunities (moderate to high):
Time frame analysed: Short term (up to 2025), **Medium term** (up to 2030)

Risk type: Transition (market, reputation)
Opportunity type: Products, markets

	Description	Example risks / opportunities	Our mitigations	Residual risk after mitigation (1.5°C scenario unless stated)
O	**Changing customer demands in relation to low carbon homes as sustainability awareness grows, green mortgages evolve, and existing building stock becomes comparatively more expensive to run**	Opportunity if more efficient and lower emission homes become more attractive to customers than secondhand market.	• We conduct regular research to monitor and understand changing customer attitudes to sustainability issues, including low carbon homes • We engage customer, sales and marketing teams and marketing agencies to ensure the benefits of new low carbon homes are communicated effectively • We partner with peers through the Future Homes Hub and engage with government to ensure the benefits of low carbon homes are communicated, and to support further development of green mortgages	Short term minor opportunity and considered likely with impact on financial statements potentially reflected in increased revenue which could be material, but is not possible to quantify reliably. Medium term major opportunity and considered balanced likelihood with impact on financial statements potentially reflected in increased revenue which could be material, but is not possible to quantify reliably.
R	**Changing customer demands in relation to low carbon homes**	Risk that customers may resist installation of new low carbon technologies or be dissatisfied with their performance Risk of reputational damage if low carbon homes are not delivered to customers in line with changing expectations	• We will be communicating with customers and training customer, sales and marketing teams to ensure customers are supported to use new technologies • We take a 'Fabric-first' approach to home energy efficiency to minimise complexity and maintenance for customers where possible • We invest in research and product trials to ensure quality, performance and ease of use, e.g. our FHS trial homes	Short term minor risk exposure, likely with impact on financial statements expected to be immaterial based on current regulatory changes. Medium term major risk exposure, unlikely with impact on financial statements dependent on extent customer demands change, which is not possible to reliably estimate.
R	**Increased cost of raw materials as carbon pricing and investment in low carbon plant, equipment and facilities impacts the cost of materials such as steel and cement**	Risk of increased development costs that the business will need to absorb	• We will be monitoring carbon pricing developments and engaging with suppliers on how carbon taxes and transition costs may affect raw material prices • We have an ongoing R&D programme into lower carbon materials and resource efficient ways of working • We are purchasing 100% Renewable Guarantee of Origin (REGO) backed green electricity for all new sites, reducing carbon taxation on energy consumption	Short term major exposure, balanced likelihood with impact on financial statements potentially material on existing developments. Medium term major exposure, unlikely with impact on financial statements dependent on ability to include costs in land valuations and/or pass onto customers via house prices.
R	**Increased investor expectations in relation to sustainability performance and disclosure**	Risk that failing to meet changing investor expectations affects revenue and investment streams	• We have made sustainability (including climate change) one of four strategic cornerstones for the business • We disclose climate strategy and ESG performance to investors through reporting, benchmarks, meetings and investor roadshows • We complete a regular materiality update (every three years) to ensure we focus on priority ESG topics	Short term minor exposure, unlikely and medium term major exposure, unlikely. Impact on financial statements considered to be indirect through potential reputational damage from poor performance which is not possible to quantify reliably.
O	**Increased investor expectations in relation to sustainability performance and disclosure**	Opportunities to attract increased investment by differentiating on sustainability performance	• We have made sustainability (including climate change) one of four strategic cornerstones for the business • We disclose climate strategy and ESG performance to investors through reporting, benchmarks, meetings and investor roadshows • We complete a regular materiality update (every three years) to ensure we focus on priority ESG topics	Short term minor opportunity and likelihood considered balanced, with medium term opportunity increasing to moderate and no change to likelihood. Impact on financial statements would be an opportunity of increased revenues through enhanced reputation in the market, but this is not possible to quantify reliably.

Other residual risks or opportunities (currently identified as low):
- Cost of capital impacted by sustainability performance
- Risks and opportunities associated with growing interest and expectations in relation to climate change performance among employees
- Risks and opportunities associated with meeting changing local authority and central government expectations on climate change

Key
R Risk   O Opportunity

Task Force on Climate-related Financial Disclosures continued

Physical impacts

Residual risks or opportunities (moderate to high):
Time frame analysed: Medium term (up to 2030), **Long term** – (beyond 2030)

Risk type: Physical (acute and chronic)

	Description	Example risks / opportunities	Our mitigations	Residual risk after mitigation (1.5°C scenario unless stated)
R	**Changing weather patterns and an increase in number and severity of extreme weather events, including issues relating to heat stress, flooding, drought, wildfire, windstorm, subsidence**	Risk of production delays or damage to construction sites from storms, floods, wildfires and droughts Risk of increased costs relating to adapting sites and homes to the changing climate (e.g. due to increased subsidence risk or impact of heat and water stress) Risk that climate change impacts sites in the strategic land pipeline which means that the carrying value of land may need to be written down and land costs may increase Risk of supply chain disruption and increased costs of materials due to climate-related impacts e.g. flooding of supplier facilities or shortages of raw materials	• We consider flood risk from the start of the landbuying process 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 integrate sustainable drainage features on our sites to manage water run off and reduce flow rates • We monitor weather conditions and have safety procedures in place to prevent injuries or damage to our sites due to windstorms • We are increasing the amount of sustainability related data from suppliers to inform our approach to mitigating material supply risks • We are updating our policies and processes to reflect climate change mitigation and adaptation of risks and opportunities • Longer term impacts, including flooding, heat, drought, and drought-related subsidence, are best managed through updating industry-wide standards. We are working and will continue to work collaboratively with organisations that set or influence standards	We did not categorise likelihood for physical risks. The assessment of the impact below shows an increasing exposure to physical risks as temperatures rise. Assets 1.5°C (medium and long term) – impact from windstorm considered moderate. Assets 4°C (long term) – impact from flooding, drought and windstorm moderate. Supply chain 1.5°C (medium and long term) – impact from flooding and windstorm moderate. Supply chain 4°C (medium and long term) – impact from flooding high, windstorm and drought moderate. Impact on financial statements to be mitigated through assessment of land viability and associated cost of land during acquisition and planning stages.

Other residual risks or opportunities (currently identified as low):

- Assets 1.5°C (2030 and beyond 2030) – flooding, heat stress, drought, wildfire, subsidence
- Assets 4°C (beyond 2030) – heat stress, wildfire, subsidence
- Supply chain 1.5°C (2030 and beyond 2030) – heat stress, drought, and wildfire
- Supply chain 4°C (2030 and beyond 2030) – heat stress and wildfire

Key
R Risk O Opportunity

Task Force on Climate-related Financial Disclosures continued

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. This includes our net zero commitment. Metrics and targets apply to the whole Group unless stated.

Our targets

Our net zero target for 2045 has been validated by the SBTi confirming that it is aligned with the SBTi's 1.5°C mitigation pathways for reaching net zero by 2050 or sooner. This is currently the most ambitious designation available through the SBTi process. The SBTi has also approved our scope 1 and 2 near term reduction target and determined that it is in line with a 1.5°C trajectory and determined that our long-term targets for scope 1, 2 and 3 are aligned with the SBTi's 1.5°C mitigation pathways for reaching net zero by 2050 or sooner.

Our net zero target was developed with the Carbon Trust in line with the requirements of the SBTi Corporate Net Zero Standard. In developing our target we have also taken into account the 'Metrics, Targets, and Transition Plans' guidance issued by TCFD. We have modelled the costs and investment required to reach our goals as well as our approach to neutralising residual emissions.

Our near term scope 1 and 2 science-based carbon reduction target is based on absolute emissions reduction and is expressed as an intensity reduction, which enables us to monitor progress more effectively during different stages of the housing cycle.

Our carbon and energy use data is externally assured by Carbon Trust Assurance to a limited assurance level. This includes verification to ISO 14064 for our scope 1 and 2 footprint, and three selected scope 3 categories (Purchased Goods and Services, Fuel and Energy-related Activities and Use of Sold Products).

We monitor performance on energy and carbon emissions for each of our regional businesses on a quarterly basis. Progress against our targets is reviewed by the GMT and Board of Directors at least annually.

Use of carbon credits

We do not currently use carbon credits. Once we have reduced our greenhouse gas emissions by at least 90% we will neutralise the remaining emissions through the removal and storage of carbon from the atmosphere, in line with SBTi requirements. There is a high likelihood that we will need to use carbon removal offsets from 2035 for operational emissions and 2045 for value chain emissions. In our Net Zero Transition Plan we have set out three principles to guide our approach to neutralising emissions. We will use standards such as the Verified Carbon Standard (VCS), Gold Standard Verified Emissions Reduction (GS VER), Voluntary Offset Standard (VOS) and Climate Community and Biodiversity Standards (CCB).

Our baseline

Our 2019 carbon footprint (used as our baseline) was calculated in accordance with the measurement requirements of the Carbon Trust Standard and in accordance with the principles of the World Resources Institute (WRI) / World Business Council for Sustainable Development (WBCSD) GHG Protocol.

We plan to re-baseline our Purchased Good and Services (supply chain) 2019 footprint using the more accurate measurement methodology that we implemented in 2022, which is based on the quantities of materials purchased. We will use this to adjust our overall scope 3 baseline and report progress against this. We were not able to complete this process in 2023 but plan to do so in 2024.

Measurement approach, inputs and assumptions

We measure progress against our targets by calculating emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). We use emission factors from the UK Government's GHG Conversion Factors for our corporate reporting and data from Environmental Product Declarations provided by our Group suppliers where these are available and up to date.

The majority of our footprint is CO_2 but N_2O and CH_4 are included in conversion factors, for example in relation to gas and diesel usage. We currently exclude refrigerants (HFCs, PFCs, SF_6) from our footprint as these are not material for our business.

More detail is included in the footnotes on **page 68**.
We also publish our carbon reporting methodology on our website www.taylorwimpey.co.uk/corporate/sustainability

Task Force on Climate-related Financial Disclosures continued

TCFD cross-sector metrics

Up to 100% of our business activities and revenues are aligned with climate-related opportunities in connection with the delivery of low carbon, energy-efficient homes. Up to 100% of business activities may be impacted by transition risks in relation to changing regulatory requirements, low carbon homes and increasing pressure on power generation and distribution during the net zero transition.

The proportion of business activities vulnerable to physical risks varies by impact. For example, any site could be impacted by windstorms and we estimate that around 42% of our plots are built in areas of high water stress, based on the World Resources Institute (WRI) Water Risk Atlas tool, Aqueduct. Our approach to mitigating physical risks is explained on page 61.

The nature of our business means that our main investment is in land. Our business model and financial forecasts take account of the latest regulatory requirements, including those directly linked to reducing the impact of climate change, to satisfy these regulations. Whilst we do not separately disclose the quantum of this investment, it is embedded within our build costs and land values reported in the financial statements and included within the annual budget and forecasting process. We believe this incorporates all known significant investments relating to the potential impacts of climate change.

We do not currently set an internal carbon price. Emissions data is included on page 64 and 68 and information on remuneration on page 143.

Industry-based metrics

We report against the criteria and metrics established by the Sustainability Accounting Standards Board (SASB) Standard for the Home Builders sector in our Sustainability Summary 2023.

We are active participants in the Future Homes Hub, an industry collaboration for the UK new homes sector, that is working to deliver the targets established in the Future Homes Delivery Plan – the UK homebuilding sector's climate and environment plan. Our Sustainability Director chairs the working group established to develop a shared set of metrics on climate change and sustainability performance for the industry.

Performance in 2023

In 2023, our absolute operational carbon emissions (scopes 1 and 2) reduced by 13.1% year on year but our operational emissions intensity increased by 12.2%. While we completed fewer homes, there was only a small reduction in the number of outlets which meant we continued to use energy for site compounds, street lighting and pumping stations as well as our fixed facilities such as offices, IT systems and our logistics warehouse.

Since 2019, our absolute operational emissions have fallen by 35.3% and operational emissions intensity has decreased by 5%. This reflects the drop in completions in 2023 and the impact of our carbon reduction measures, including increased use of renewable electricity, energy efficiency improvements, a reduction in diesel use on our sites and decarbonisation of the UK's national grid.

Our total carbon footprint (scopes 1, 2 and 3) was 1.94 million tonnes in 2023 (2022: 2.54 million tonnes). Total intensity was 187 tonnes per 100 sqm of build (2022: 190.0 tonnes per 100 sqm).

We are re-baselining our scope 3 emissions following an update to our methodology. This will enable us to report progress against our net zero and scope 3 target.

More detail on our performance is included in our Sustainability Summary.

72%
EV or hybrid cars in our fleet

79%
of electricity from REGO-backed renewable sources

20%
of homes included PV panels in 2023

Task Force on Climate-related Financial Disclosures continued

Progress against climate targets

Key climate targets	Progress	Link to TCFD risks and opportunities
By 2045 we will reach net zero greenhouse gas emissions (scopes 1, 2 and 3) across our value chain on a 2019 base year (comprising at least a 90% reduction and neutralising residual emissions)	We will re-baseline our Purchased Good and Services (supply chain) 2019 footprint using the more accurate measurement methodology that we implemented in 2022 based on the quantities of materials purchased. We will use this to adjust our overall scope 3 baseline and report progress against this target. We were not able to complete this process in 2023 but plan to do so in 2024. This target has been approved by the SBTi.	Policy and legal Technology Market and reputation Physical
Operational emissions (scope 1 and 2)		
36% reduction in operational carbon emissions intensity by 2025 from a 2019 baseline (based on a reduction of 25.8% in absolute emissions against the base year) and reach net zero emissions by 2035	Since 2019, our absolute operational emissions (scopes 1 and 2), have fallen by 35.3% and operational emissions intensity has decreased by 5%. The decrease in absolute emissions is due to a reduction in the number of completions in 2023 as well as carbon reduction measures including our use of green electricity and hybrid generators, and decarbonisation of the UK's national grid. Our emissions intensity increased by 12.2% year on year in large part due to the impact of challenging economic conditions. While we completed fewer homes, there was only a small reduction in the number of outlets which meant we continued to use energy for site compounds, street lighting and pumping stations as well as our fixed facilities such as offices, IT systems and our logistics warehouse. We remain focused on meeting our reduction target by 2025. The emissions reduction element of this target has been approved by the SBTi.	Policy and legal Technology Market and reputation Physical
32% reduction in operational energy intensity for UK building sites by 2025	Operational energy use on UK building sites was 77,215 MWh. This is a 21.4% reduction on 2019, however energy use intensity increased by 17.5% over the same period. This reflects the reduction in completions in 2023 but continued energy use needed to run our sites. We have further work to do to meet our target on energy efficiency.	Policy and legal Technology
Purchase 100% REGO-backed green electricity for all new sites	We purchased 100% REGO-backed renewable electricity for new sites during construction, offices, show homes, sales areas and plots before sale. This is around 79% of our total Group electricity consumption (2022: 70%).	Policy and legal Technology Market and reputation
50% reduction in car and grey fleet emissions by 2025	We have reduced company car and grey fleet emissions by 21.1% since 2019. Around 72% of vehicles in our company car fleet are now electric or hybrid (2022: 55%).	Policy and legal Technology
Homes in use and supply chain emissions (scope 3)		
By 2030 all our homes will be zero carbon ready (becoming truly net zero on decarbonisation of the electricity grid)	In 2023, we started to roll-out changes to our homes in line with the updates to Building Regulations Parts L and F. In England, these are, on average, 31% more carbon efficient in use compared to our previous specification, with similar reductions in Scotland and Wales. We are also piloting technologies to explore how we will move towards zero carbon ready homes from 2025 in England and Wales and 2024 in Scotland.	Policy and legal Technology Market and reputation
Reduce scope 3 emissions by 52.8% per 100 sqm of completed floor area from a 2019 base year (based on a reduction of 46.2% in absolute emissions against the base year)	We will report progress against this target once the re-baseline of our scope 3 footprint is complete. This target has been approved by the SBTi.	Policy and legal Technology
21% reduction in embodied carbon per home by 2030	We will report progress against this target once the re-baseline of our scope 3 footprint is complete. We are working with suppliers to identify and select products with a lower carbon footprint and have established our timber frame facility to increase our use of timber frame which can reduce embodied carbon from materials.	Policy and legal Technology
75% reduction in emissions from customer homes in use by 2030	We are developing our measurement systems to enable us to report progress against this target. Around 20% of our homes included PV panels in 2023.	Policy and legal Technology Market and reputation

Task Force on Climate-related Financial Disclosures continued

Key climate targets	Progress	Link to TCFD risks and opportunities
Adaptation and beyond our value chain		
Make it easier for 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	We are rolling-out our new standard house types which have a design principle to include at least one study area with space for a desk and easy access to broadband and electricity sockets, to enable working from home. We installed over 1,380 EV charging points in 2023, and over 3,700 since 2019. We expect the number of charging points installed to increase more quickly as we roll out the new specification for our homes.	Technology Market and reputation
Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022	We conducted scenario analysis in 2022 and have used the results to inform our Net Zero Transition Plan, our TCFD disclosure and risk management processes. We published an updated environment policy in 2023 and are working to further embed climate risks into our environmental management system. We will no longer report progress against this target from 2024.	Technology Market and reputation Physical
Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a 'towards zero waste' strategy for our sites	The volume of waste produced in 2023 was 28% lower than in 2019, however our waste intensity increased by 9.8% against our 2019 baseline. We believe the increase in intensity this year is partly due to disruptions in our build programme as a result of market challenges which led to materials being stored for longer on site. 98% of construction waste was diverted from landfill. We have further work to do to meet our target and will continue to focus on this in 2024. At the time of publication, our waste data was undergoing verification by the Carbon Trust. We will publish the final audited figures on our website on completion of this process which could differ from those reported here. We have launched our Towards Zero Waste Strategy and Action Plan to guide our progress on waste reduction and increased use of recycled materials.	Policy and legal
Reduce operational mains water intensity by 10% from a 2019 baseline by 2025	Water consumption has reduced by 28% since 2019, however, water intensity has increased by 9.3% over the same period. We believe the increase in intensity this year is due to the drop in number of completions. While we completed fewer homes there was only a small reduction in the number of outlets which meant we continued to use water for activities such as dust suppression and in our offices and site compounds.	Physical

Task Force on Climate-related Financial Disclosures continued

Implementing the TCFD recommendations – progress to date

	TCFD recommendation	Progress to date	Next steps
Governance Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities.	We have established and disclosed responsibility for climate risks at Board level. Key, Principal and emerging risks, including those related to climate change, are reviewed and approved twice a year by the Audit Committee and Board and inform strategic planning and business decision making. Read more on pages 71 to 73.	To further embed climate risks into business planning and decision making processes.
	Describe management's role in assessing and managing climate-related risks and opportunities.	We have established and disclosed responsibility for climate risks at Executive, Director and operational level, outlined on page 57. In 2023, a carbon reduction target was included in the incentive plans for senior management and regional management, read more on page 143. Climate change has been included within the Principal Risk 'Natural resources and climate change'. Read more on page 77.	A carbon reduction target will be included in senior and regional management incentive plans again in 2024. We will look to strengthen our governance on climate-related and other environmental risks and opportunities through reviewing the role of our LEAF group and improving operational integration through our working groups.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The tables on pages 58 to 61 include the risks and opportunities we have identified and reflects our updated climate scenario analysis from 2022. The table explores transition risks in the short and medium term in a 1.5°C scenario and physical risks in the medium and long term.	There remains considerable uncertainty about the physical and transition impacts of climate change so we will undertake regular scenario analysis.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	We have used the findings of our scenario analysis, summarised on pages 55 and 56, to enhance our understanding of the impact of climate risks on financial planning and business strategy. We have quantified some of these potential impacts and the costs of our net zero commitment to support our financial planning though we do not currently disclose these figures.	We will undertake further analysis to quantify the potential impacts of climate change on the business, strategy and financial planning and look to increase our disclosure in this area.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our scenario analysis in 2022 explored the resilience of our strategy to a 1.5°C scenario (transition risks) and 1.5°C and 4°C scenarios (physical risks). The findings are summarised on pages 55 and 56. We have previously considered the impacts of a disorderly transition scenario. Our first Net Zero Transition Plan outlines how we will decarbonise our business up to 2045. It is available on our website.	We will update our Transition Plan regularly and at least every three years. We will undertake regular scenario analysis.

Task Force on Climate-related Financial Disclosures continued

	TCFD recommendation	Progress to date	Next steps
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks.	This process is outlined in risk management on page 57 and in Principal Risks and uncertainties on page 77. We have linked our climate targets to the risks and opportunities as set out by TCFD, pages 64 and 65. The top-down review of key, Principal and emerging risks by our GMT considers their relative significance to the business, including climate-related risks.	We will continue to further strengthen our risk processes in relation to climate change.
	Describe the organisation's processes for managing climate-related risks.	This process, including our Climate Risk Register is outlined in risk management on page 57 and in Principal Risks and uncertainties on page 77. We have linked our climate targets to the risks and opportunities as set out by TCFD on pages 64 and 65. Our planned key actions are outlined in our Net Zero Transition Plan.	Continue to further strengthen our risk processes in relation to climate change.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change is fully integrated into our top-down and bottom-up risk management process and is included within the Principal Risk 'Natural resources and climate change'. The Principal Risk is monitored by the Audit Committee and senior management, assessing its impact on the Group's strategic objectives and ensuring appropriate mitigations are in place. Read more on page 57.	Climate risks will continue to be monitored and evaluated, and we will further enhance our approach as appropriate. The outputs from our scenario analysis have been used to develop our transition plan which will inform our business strategy going forward.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We publish a range of performance data and performance measures to support our Environment Strategy, including our net zero commitment and supporting targets page 51, and 64 to 65. We report against several of the cross-industry, climate-related metric categories recommended by TCFD. Industry-specific metrics are included in the SASB Index in our Sustainability Summary and ESG Addendum.	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.
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	We disclose greenhouse gas emissions data for scopes 1, 2 and 3 on page 68.	We are committed to continuous improvement in our data processes and data quality.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We published our net zero commitment in early 2023 and this has now been validated by the Science Based Targets initiative (SBTi). Our ambitious scopes 1 and 2 science-based carbon reduction target for 2025 has also been approved by the SBTi, see page 51. We have targets relating to energy and resource-efficiency, the carbon performance of our homes in use and embodied carbon.	We will continue to keep our climate targets under review and to disclose our progress against them. We will review the potential for including financial metrics in future reports.

For our SASB disclosure please see our Sustainability Supplement and ESG Addendum.

Task Force on Climate-related Financial Disclosures continued

Greenhouse gas emissions (tonnes of CO_2e) and energy use (MWh)

		2023	2022	2021	2020	2019
Scope 1 GHG emissions – combustion of fuel	tonnes CO_2e	**14,275**	15,975	17,464	16,522	21,018
Scope 2 GHG emissions – market based	tonnes CO_2e	**1,628**	2,331	2,272	1,981	3,563
Scope 2 GHG emissions – location based	tonnes CO_2e	**4,649**	4,279	5,406	5,272	6,172
Total scopes 1 and 2 – market based	tonnes CO_2e	**15,902**	18,306	19,736	18,503	24,581
Emissions per 100 sqm completed homes (scope 1 and 2)	tonnes CO_2e/100 sqm	**1.53**	1.37	1.41	1.96	1.62
Total scope 3 emissions**	tonnes CO_2e	**1,922,202**	2,519,103	2,383,398	–	–
Purchased goods and services	tonnes CO_2e	**852,593**	1,309,017	1,413,410	–	–
Waste generated in operations	tonnes CO_2e	**18,294**	15,089	15,446	–	–
Business travel	tonnes CO_2e	**2,087**	1,553	1,464	–	–
Fuel and energy-related activities	tonnes CO_2e	**4,591**	4,886	5,802	–	–
Downstream leased assets	tonnes CO_2e	**7,008**	6,399	6,592	–	–
Use of sold products	tonnes CO_2e	**914,417**	1,044,294	1,107,417	–	–
Upstream transport and distribution	tonnes CO_2e	**46,064**	34,351	39,891	–	–
End of life treatment of sold products	tonnes CO_2e	**24,627**	29,166	29,210	–	–
Employee commuting	tonnes CO_2e	**52,521**	74,348	13,189	–	–
Emissions per 100 sqm completed homes (scope 1, 2 and 3)	tonnes CO_2e/100 sqm	**187**	190	190	–	–
Total scope 3 emissions (previous methodology)**	tonnes CO_2e	**–**	–	2,632,421	1,961,431	3,869,583
Energy use						
Operational energy use (fuel and electricity consumption from sites, offices and fleet)	MWh	**85,741**	92,312	104,870	85,422	101,352
Operational energy intensity (site and office fuel and electricity intensity – MWh/100 sqm)	MWh/100 sqm	**8.27**	6.9	7.5	9.3	6.8

Our carbon and energy use data is externally assured by Carbon Trust Assurance to a limited assurance level. Our scopes 1 and 2 footprint, and three selected scope 3 categories (Purchased Goods and Services, Fuel and Energy-related Activities and Use of Sold Products) are verified to ISO 14064.

Data is provided as tonnes of carbon dioxide equivalent (CO_2e) for all operations. Scopes 1 and 2 emissions are from our sites, offices, show homes and sales areas, plots before sale and car fleet and other infrastructure such as feeder stations and streetlights where these have remained unadopted. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) for data gathered to fulfil 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 also disclose scope 2 emissions calculated using the location-based method. This reporting meets the SECR (Streamlined Energy and Carbon Reporting) requirements.

We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) 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 emissions sources that are not included in our consolidated statement. The following sources of emissions were excluded or part-excluded from this report:

1. Fugitive emissions (refrigerant gases): excluded on the basis of expected immateriality 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

See our Carbon Reporting Methodology Statement at www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change for more detail.

****Scope 3 emissions**

We report on nine of the 15 scope 3 categories identified in the GHG Protocol. The remaining six categories are not material to our business. In 2022, we developed a more accurate methodology for measuring scope 3 supply chain emissions (Purchased Goods and Services), using a combination of quantity-based data (drawing on data on the quantity of materials purchased and emissions data from environmental product declarations) as well as spend data. Our previous methodology relied on spend data only. Following the update, our data is no longer comparable with emissions calculated using the previous methodology. For transparency, we continue to report scope 3 emissions prior to 2021 using our previous methodology.

Energy data and energy efficiency measures

The energy consumption figure in the table is a Group figure. 98.4% of this total energy consumption is from the UK and offshore areas and 1.6% from Spain. 97.8% of total scope 1 and scope 2 emissions are from the UK and offshore areas and 2.2% from Spain. During the last year, we have worked to reduce energy and emissions through our purchase of green tariff electricity for our sites during construction, by using our Energy Dos and Don'ts Guide, setting energy use targets for each regional business and integrating carbon reduction targets into our PSP and MTIP schemes, trialling hybrid generators and through the efforts of our Sustainability Champions including working with Site Managers 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.

Based on advice from the Carbon Trust we updated our methodology for calculating emissions in relation to some joint ventures, joint projects and central London sites from 2023 onwards. Under the previous methodology the operational intensity figure for 2023 would be 1.56 tonnes CO_2e/100 sqm completed build.

Non-financial and sustainability information statement

The following table constitutes our Non-Financial and Sustainability Information Statement in compliance with Sections 414CA and 414CB of the Companies Act 2006. The information listed is included by cross-reference. Further Non-Financial Information is available in our Sustainability Summary and on our website.

Reporting requirement and key performance information	Relevant policies	Read more on pages
Environmental matters		
• Published our Net Zero Transition Plan and our net zero target was validated by the Science Based Targets initiative (SBTi) • 48% reduction in direct carbon emissions since 2013 • Published our 'Towards Zero Waste' strategy	**Environment Policy** – Outlines our commitment to the environment and incorporates our policies on climate change, nature, waste and resources, sustainable timber and water **Health Safety and Environmental (HSE) Policy** – Outlines our ongoing commitment to continual improvement of our HSE performance **Supply Chain Policy** – Sets out our commitment to work with trusted partners and ensure our homes are built using carefully sourced materials	**More information can be found within:** Strategic cornerstones – Sustainability 35 to 36 TCFD 53 to 68 Operational review 39 to 42 **Related Principal Risks:** H: Natural resources and climate change G: Health, safety and environment
Climate-related financial disclosures		
• Reported against the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and IFRS Sustainability Disclosure Standard 2 criteria	**Environment Policy**	**More information can be found within:** TCFD 53 to 68 **Related Principal Risks:** H: Natural resources and climate change
Employees		
• 96% of employees feel proud to work for Taylor Wimpey • 95% of employees feel that they can be their authentic self at work • 44% of plc Board positions held by women	**Equality, Diversity and Inclusion Policy** – Outlines our commitment to create an inclusive workplace and a workforce that reflects the diversity of the communities in which we operate **Grievance and Harassment Policy** – Ensures that any reports are investigated and addressed appropriately	**More information can be found within:** Stakeholder engagement and priorities 84 to 86 Building for our people 46 to 48 Nomination and Governance Committee report 107 to 112 **Related Principal Risks:** D: Attract and retain high-calibre employees
Human rights		
• Continue to train employees to identify signs of modern slavery and human trafficking for which we operate a zero tolerance policy	**Anti-Slavery, Human Trafficking and Human Rights Policy** – The measures we uphold to safeguard against modern slavery **Supplier Code of Conduct** – The principles that our suppliers, contractors and business partners are required to adhere to in ensuring human rights are respected and modern slavery is not taking place **Supply Chain Policy**	**More information can be found within:** Stakeholder engagement and priorities 84 to 86 Building for our people 46 to 48 **Related Principal Risks:** A: Government policies, regulations and planning C: Availability and costs of materials and subcontractors

Non-financial and sustainability information statement continued

Reporting requirement and key performance information	Relevant policies	Read more on pages
Social matters		
• Contributed £405 million to communities via our planning obligations • In 2023, around 23% of our completions were designated affordable	**Community Policy** – Outlines our commitment to be a responsible homebuilder, building homes and communities that enhance the local area to meet the needs of new and existing residents **Donations Policy** – Our approach to making charitable donations and our policy not to make political donations **Charity and Community Support Policy** – Our commitment to supporting charities and local community groups in the areas we operate	**More information can be found within:** Stakeholder engagement and priorities 84 to 86 Building for our customers 43 to 45 **Related Principal Risks:** B: Mortgage availability and housing demand
Anti-bribery and anti-corruption		
• Continue to train our employees and raise awareness of the procedures in place • Strict rules in relation to recording, giving or receiving of gifts	**Anti-Corruption Policy** – Our approach to combat risks of bribery, including the key principles employees should follow **Fraud Mitigation and Response Policy** – This policy formalises the Company's attitude to fraud and its response to instances, or allegations, of fraud against its employees or third parties **Whistleblowing Protected Disclosure Policy** – Includes the procedures to be followed in making a disclosure of wrongdoing within the Company or related to its business	**More information can be found within:** Board leadership 104 Audit Committee Report 113 to 124 **Related Principal Risks:** A: Government policies, regulations and planning
Business model		
• c.10.4k new homes completed for customers in the UK in 2023, including joint ventures • Strong short term landbank of c.80k plots, as at 31 December 2023	**Community Policy** **Environment Policy** **Customer Service Policy** – Our approach and commitments to provide excellent customer service	**More information can be found within:** Business model 16 to 20 **Related Principal Risks:** E: Land availability
Non-financial KPIs		
• Achieved a recommend score of 92% in the HBF 8-week survey which equates to a five-star rating • Our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors was 151 in 2023	**Customer Service Policy** **Health Safety and Environmental Policy** **Communications and Investor Relations Policy** – Sets out our commitment to conduct clear, open and accurate communication with all of the Company's stakeholder groups	**More information can be found within:** Performance and strategy 31 to 36 Stakeholder engagement and priorities 84 to 86 Board activities 100 Board leadership 104 **Related Principal Risks:** F: Quality and reputation G: Health, safety and environment

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.

The Board takes a proactive approach to the management of these and regularly reviews both internal and external factors to identify and assess the impact on the business and in turn identify the Principal Risks that would impact delivery of the Group strategy.

The Chief Executive is primarily responsible for the management of the risks, with the support of the Group Management Team (GMT) and other senior managers located in the business. In line with the 2018 UK Corporate Governance Code, the Board holds formal risk reviews, at least half yearly, and routinely considers risk at each Board meeting as appropriate.

The formal assessment includes a robust consideration of the Principal and emerging risks to ensure they remain appropriate as well as a review of the key risks identified by the business, their risk profiles and mitigating factors. At the Board meeting in February 2024, the Board completed its annual assessment of risks. This followed the Audit Committee's formal assessment of risks in December 2023, which was supported by a detailed risk assessment by the GMT and its review of the effectiveness of internal controls in mitigating the risks. The diagram on page 72 illustrates the internal governance process within the Group around risk management.

Risk management continued

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

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.

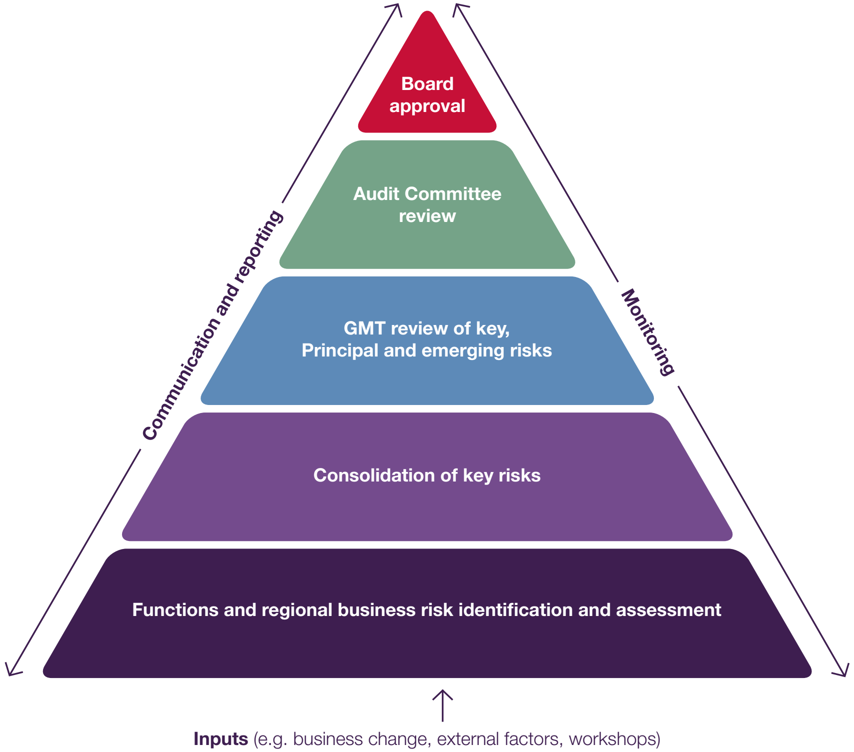
Identifying risks is a continual process and risk registers are maintained throughout the Group at an individual site level, at the regional business level and at Group-wide functional levels.

The regional business and functional registers are reviewed twice a year as part of our formal risk assessment process. 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 Committee before being presented to the Board, ensuring all significant 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



Risk management continued

Evaluation of risks

A risk scoring matrix is used to ensure risks are evaluated on a consistent basis. Our matrix considers likelihood based on probability of occurrence and impact based on financial, reputational, customer, health and safety, employees, environmental, operational, legal and regulatory and IT perspectives, to help determine those risks that are considered to be key in delivering our strategy. Key risks are defined as those with a residual score equal to or greater than 12 and these are reviewed and monitored by the Board as part of our bi-annual risk assessment process.

Each risk is evaluated at the inherent and residual levels, with consideration given to the target risk based on our risk appetite and tolerance levels. All identified risks are aligned to our Principal Risks to help validate the continuance of such or the identification of potential new Principal Risks.

Management of risks

Ownership and management of the Principal, key and emerging risks is assigned to members of the GMT or senior management as appropriate. They are responsible for reviewing the operating effectiveness of the internal control systems, for considering and implementing risk mitigation plans and for the ongoing review and monitoring of the identified risk. This includes the monitoring of progress against agreed KPIs as an integral part of the business process and core activities.

Risk appetite and tolerance

The risk appetite and tolerance levels for the Group are set by the Board. In setting these, the Board has considered the expectations of its shareholders and other stakeholders and recognises the distinction between those risks we can actively manage, for example around our landbank, and those against which the Group would need to be responsive as and when they became known, for example transitional arrangements for changes to building regulations.

As part of the risk management process, the risk appetite and tolerance levels were reviewed and approved by the Board in December 2023 to ensure they were still appropriate in the current operating climate. The conclusion was reached that no changes were required and that they represented an appropriate level of risk acceptance for the Group.

Approved risk appetite levels for each of our Principal Risks are detailed in the Principal Risk tables on pages 75 to 77. The residual risk ratings of all our Principal Risks continue to be within their respective established risk tolerance levels.

Emerging risks

Emerging risks are defined as those where the extent and implications are not yet fully understood, with consideration given to the potential time frame of occurrence and velocity of impact that these could have on the Group. As part of our risk management process, these are identified, monitored and reviewed on an ongoing basis and discussed with and agreed by the Board.

Our emerging risks are grouped into the categories listed in the table below, which also contains some narrative description against each category indicating example focus areas into which the identified emerging risks fall.

Specific risk areas other than the Principal Risks

The Group considers other specific risk areas, recognising the increasing complexity of the industry in which it operates, and which are in addition to its identified Principal Risks. We continue to monitor and mitigate the impacts on our supply chain and labour force and the overall economic market impacting mortgage availability and demand.

Housing and fire safety still remain high on the agendas of the Government and the main political parties, with the sector continuing to face increasing scrutiny and pressure from social media and pressure groups, together with greater oversight from the Government through a single New Homes Ombudsman. We endeavour to deliver both the letter and the spirit of regulations and maintain this same ethos in our relationships with our customers.

Emerging risks

Category	Example focus area
Environmental / climate	Unpredictable weather patterns
Operational / build	Adaptation of building methodologies
Political / economic	Geopolitical uncertainty
Technological	Artificial intelligence
Social	Customer demographics and preferences
Governmental	Changing government policies

Principal Risks and uncertainties

Principal Risks overview

The table below summarises the Group's Principal Risks and uncertainties, showing how each links to our corporate values, strategic cornerstones and our material impacts, which are detailed on page 49. Control of each of these Principal Risks 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 roles noted in the Principal Risks tables on pages 75 to 77.

During the year, three of our Principal Risks ('Government policies, regulations and planning', 'Mortgage availability and housing demand', and 'Quality and reputation') have seen an increase in their inherent and residual risk profiles, and our 'Cyber security' Principal Risk has seen an increase in its inherent profile, as reflected in the table below and on pages 75 to 77.

These movements are primarily driven by the ongoing economic, political and increasing regulatory environment we are operating in.

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

Category	Our values	Strategic cornerstones	Risk change in year: Inherent risk change in year	Risk change in year: Residual risk change in year	Material impacts
A Government policies, regulations and planning	Respectful and fair; Take responsibility; Better tomorrow	Land; Operational excellence; Sustainability	Increased risk	Increased risk	Our planet; Responsible and resilient business
B Mortgage availability and housing demand	Take responsibility; Better tomorrow	Land; Operational excellence; Sustainability; Capital allocation	Increased risk	Increased risk	Our homes and places; Responsible and resilient business
C Availability and costs of materials and subcontractors	Respectful and fair; Take responsibility; Better tomorrow	Operational excellence; Sustainability	No change	No change	Our people and suppliers
D Attract and retain high-calibre employees	Respectful and fair; Better tomorrow; Be proud	Operational excellence; Sustainability	No change	No change	Our people and suppliers
E Land availability	Respectful and fair; Take responsibility	Land; Capital allocation	No change	No change	Our homes and places
F Quality and reputation	Respectful and fair; Take responsibility; Better tomorrow; Be proud	Operational excellence; Sustainability	Increased risk	Increased risk	Our homes and places; Responsible and resilient business
G Health, safety and environment	Respectful and fair; Take responsibility	Operational excellence; Sustainability	No change	No change	Our people and suppliers; Our planet; Responsible and resilient business
H Natural resources and climate change	Take responsibility; Better tomorrow	Land; Sustainability	No change	No change	Our homes and places; Our planet
I Cyber security	Respectful and fair; Take responsibility; Better tomorrow	Operational excellence	Increased risk	No change	Responsible and resilient business

Key to our values
- Respectful and fair
- Take responsibility
- Better tomorrow
- Be proud

Key to our strategic cornerstones
- Land
- Operational excellence
- Sustainability
- Capital allocation

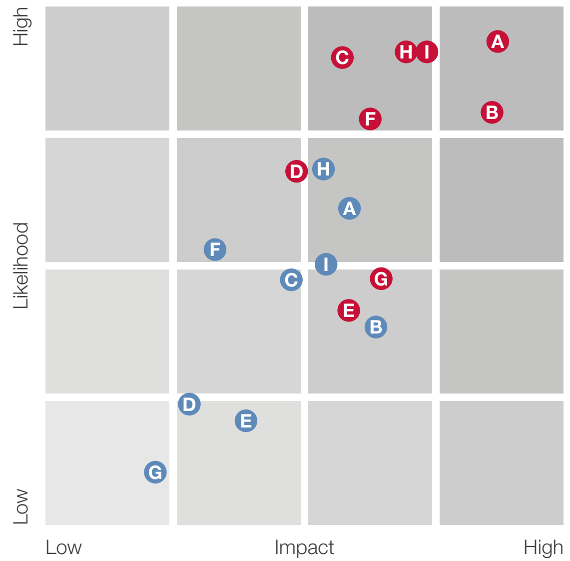
Key to risk change
- Increased risk
- No change
- Decreased risk

Key to material impacts
- Our homes and places
- Our people and suppliers
- Our planet
- Responsible and resilient business

Principal Risks heat map

The heat map below illustrates the relative inherent and residual positioning of our Principal Risks from an impact and likelihood perspective. Further information on our Principal Risks is detailed in the Principal Risk tables on pages 75 to 77.

Key
- Inherent
- Residual



Principal Risks and uncertainties continued

Principal Risk	A Government policies, regulations and planning	B Mortgage availability and housing demand	C Availability and costs of materials and subcontractors
Inherent risk change in year	Increased risk	Increased risk	No change
Residual risk change in year	Increased risk	Increased risk	No change
Residual rating	Moderate	Moderate	Moderate
Risk appetite	Low	Low	Low-moderate
Link to values	Respectful and fair; Take responsibility; Better tomorrow	Take responsibility; Better tomorrow	Respectful and fair; Take responsibility; Better tomorrow
Link to strategic cornerstones	Land; Operational excellence; Sustainability	Land; Operational excellence; Sustainability; Capital allocation	Operational excellence; Sustainability
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.	A decline in the economic environment, driven by sustained growth in interest rates, increased cost of living, 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.	Increase 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.
Key mitigations	• Research conducted to update technical specification of our new house type range, in preparation for the Future Homes Standard (FHS), including a trial of five FHS-compliant plots • Consultation with government agencies • Cladding fire safety remediation and signing of the Government's Building Safety Pledge for Developers • Engagement with national and local government • Working with HBF and other stakeholders • Member of Future Homes Hub	• Increase outlets to provide greater customer choice and flexibility to respond quickly to changing market conditions • Review of pricing and incentives offered • Monitor external market data (e.g. HBF and mortgage lenders) • Strong relationships with mainstream lenders • Work with financial services industry to ensure customers receive appropriate advice on mortgage products	• Central procurement and key supplier agreements • Supplier and subcontractor relationships • Disaster recovery and business continuity plans with all key suppliers • Buffer stock with key suppliers • Contingency plans for critical path products • Direct trade and apprenticeship programmes • Key commodity risk assessment matrix • Regular checks on all key suppliers • Monitoring of the supply chain
Example key risk indicators	• New government regulations (e.g. around planning and climate) • Delays in planning • Sentiment towards the industry (e.g. cladding fire safety remediation)	• Interest rate increases • Levels of unemployment • Volume of enquiries/people visiting our developments • UK household spending/levels of disposable income • Loan to value metrics	• Material and trade shortages • Material and trade price increases • Level of build quality and waste produced from sites • Longer build times • Number of skilled trades
Opportunities	• To build enhanced collaborative networks with stakeholders and peers, to monitor the implications of regulatory change • Lead the business in addressing pressing environmental issues, including reducing our carbon footprint and targeting biodiversity	• To continue to develop strong working relationships with established mainstream lenders and those wishing to increase volume in the new build market	• To develop and implement different build methods as alternatives to conventional brick and block
Link to material impacts	Our planet; Responsible and resilient business	Our homes and places; Responsible and resilient business	Our people and suppliers
Accountability	• Group Technical Director • Director of Planning • Regional Managing Directors	• UK Sales and Marketing Director • Regional Sales and Marketing Directors	• Supply Chain Director • Procurement Director • Group Commercial Director

Key to our values

Respectful and fair
Take responsibility
Better tomorrow
Be proud

Key to our strategic cornerstones

Land
Operational excellence
Sustainability
Capital allocation

Key to risk change

Increased risk
No change
Decreased risk

Principal Risks and uncertainties continued

Principal Risk	D Attract and retain high-calibre employees	E Land availability	F Quality and reputation
Inherent risk change in year			
Residual risk change in year			
Residual rating	Low	Low	Moderate
Risk appetite	Moderate	Moderate	Low
Link to values			
Link to strategic cornerstones			
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.	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.	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.
Key mitigations	• Production Academy and Production Manager succession development programme • Schools outreach strategy • Collaboration with major organisations on a sector skills plan • Graduate and apprenticeship programmes • Management training • Enhanced remote working procedures • Educational masterclasses • Salary benchmarking	• Critically assess opportunities • Land quality framework • Engagement with national and local government • Review of land portfolio • Obtaining specialist environmental and legal advice	• Customer-ready Home Quality Inspection • Consistent Quality Approach • Quality Managers in the business • Customer-driven strategy • Enhanced data analytics • Ombudsman readiness
Example key risk indicators	• Employee engagement score • Number of, and time to fill, vacancies • Employee turnover levels	• Movement in landbank years • Number of land approvals • Timing of conversions from strategically sourced land	• Customer satisfaction scores (8-week and 9-month) • Number of NHBC claims • Construction Quality Review (CQR) scores • Average reportable items per inspection found during NHBC inspections at key stages of the build
Opportunities	• To further develop in-house capability, expertise and knowledge	• A strong balance sheet allows us to invest when land market conditions are attractive	• To better understand the needs of our customers, enabling increased transparency of our build profile • To lead the industry in quality standards (our CQR score) and reduce the number of reportable items identified through monitoring defects at every stage of build
Link to material impacts	Our people and suppliers	Our homes and places	Our homes and places; Responsible and resilient business
Accountability	• Group HR Director • Every employee managing people	• Divisional Chairs • Regional Managing Directors • Regional Land and Planning Directors • Managing Director Group Strategic Land • UK Business, Land and Development Director	• Customer Director • UK Head of Production • Director of Design

Key to our values

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

Key to our strategic cornerstones

- Land
- Sustainability
- Operational excellence
- Capital allocation

Key to risk change

- Increased risk
- No change
- Decreased risk

Principal Risks and uncertainties continued

Principal Risk	G Health, safety and environment	H Natural resources and climate change	I Cyber security
Inherent risk change in year	No change	No change	Increased risk
Residual risk change in year	No change	No change	No change
Residual rating	Low	Moderate	Moderate
Risk appetite	Low	Low	Low-moderate
Link to values	Respectful and fair; Take responsibility	Take responsibility; Better tomorrow	Respectful and fair; Take responsibility; Better tomorrow
Link to strategic cornerstones	Operational excellence; Sustainability	Land; Sustainability	Operational excellence
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.	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.	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.
Key mitigations	• Embedded HSE system • HSE training and inductions • Mental health training and support for all employees • Robust monitoring and reporting procedures • Utilisation of certified operatives • Identification, review and evaluation of the impact of new construction methods and materials	• Net Zero Transition Plan • Published Environment Strategy • Adopted and verified science-based targets • Climate change governance, including LEAF Committee and sustainability champions • Achievement of Carbon Trust Standard • HBF and investor liaison • Training and development in-house and in our supply chain • External benchmarking • Collection and interpretation of data to drive relevant actions	• Complex passwords policy and multi-factor authentication for remote access • Regular security patching and penetration testing • Risky logins check • Intrusion detection and prevention systems • Suspected phishing emails process • Mandated cyber training for all staff • Cyber insurance • Dedicated Head of Cyber Security • Cyber security KPIs • Enhanced end-point protection software implemented across the IT estate • Blocked traffic originating from countries deemed a threat to the UK
Example key risk indicators	• Increase in near misses and fatalities • Health and safety audit outcomes • Number of reportable health and safety incidents	• Energy use and greenhouse gas emissions • Biodiversity net gain % • Construction waste generation and waste to landfill	• Number of devices with critical and high open vulnerabilities • Number of devices without latest patching in place • Phishing test results • Cyber training completion statistics • Number of users with administrative privileges to critical systems
Opportunities	• To lead the industry in health and safety and to reduce the amount and level of incidents	• Sustainable homes and developments attractive to customers • A sustainable business of choice for investors • Advantageous planning positions	• Together with our service partners, provide a level of security to reinforce our reputation as a trusted partner
Link to material impacts	Our people and suppliers; Our planet; Responsible and resilient business	Our homes and places; Our planet	Responsible and resilient business
Accountability	• Head of Health, Safety and Environment • Regional Managing Directors	• Director of Sustainability • Regional Managing Directors	• IT Director

Key to our values

Respectful and fair
Better tomorrow
Take responsibility
Be proud

Key to our strategic cornerstones

Land
Sustainability
Operational excellence
Capital allocation

Key to risk change

Increased risk
No change
Decreased risk

Focused on driving performance and protecting value

"I am pleased with the operational discipline our teams have shown in controlling costs and managing working capital to protect stakeholder value."

Chris Carney
Group Finance Director

Income statement

Group revenue was £3,514.5 million in 2023 (2022: £4,419.9 million), with Group completions, excluding JVs, being 22.7% lower at 10,766 (2022: 13,932). The UK average selling price on private completions increased by 5.1% to £370k (2022: £352k), due to both house price inflation and positive mix. The increase in the total UK average selling price was 3.5% to £324k (2022: £313k) as a result of the greater proportion of affordable housing in 2023 (23%) than the prior year (2022: 21%), and a small increase in the UK average selling price on affordable housing to £168k (2022: £166k).

Group gross profit decreased to £716.5 million (2022: £1,132.4 million), the impact of build cost inflation and fixed build and selling costs being absorbed over fewer completions, resulting in a gross margin of 20.4% (2022: 25.6%).

Net operating expenses were £248.7 million (2022: £304.9 million), the comparative including £80.0 million of exceptional costs relating to the cladding fire safety provision following the signing of the Government's Building Safety Pledge for Developers in April 2022, with no such amount in the current year. Excluding exceptional costs, the net operating expenses were £248.7 million (2022: £224.9 million), which was predominantly made up of administrative costs of £232.7 million (2022: £220.7 million). The increase in administrative costs over the comparative period was driven mainly by the non-recurring costs associated with the change programme announced at the start of the year and the annual pay review process, partially offset by a portion of the savings associated with the change programme. This resulted in a profit on ordinary activities before financing of £467.8 million (2022: £827.5 million), £467.8 million (2022: £907.5 million) excluding exceptional items.

Value distributed during 2023

Contribution to local communities via planning obligations

£405.2m

(2022: £454.6m)

Employment

£270.7m

(2022: £290.0m)

Dividends paid in year

£337.9m

(2022: £323.8m)

Group financial review continued

Completions from joint ventures in the year were 82 (2022: 222). The lower level was a result of both the current market and the status of the joint ventures' developments. As a result of the decreased joint venture completions, the share of joint ventures' profit in the period was £2.4 million (2022: £15.9 million). When including this in the profit on ordinary activities before financing, the resulting operating profit* was £470.2 million (2022: £923.4 million), delivering an operating profit margin* of 13.4% (2022: 20.9%). The total order book value of joint ventures as at 31 December 2023 decreased to £6 million (31 December 2022: £26 million), representing nine homes (31 December 2022: 56).

The net finance income of £3.6 million (2022: £15.5 million expense) represents interest earned on deposits in the current year, more than offsetting the imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme.

Profit on ordinary activities before tax decreased to £473.8 million (2022: £827.9 million). The total tax charge for the period was £124.8 million (2022: £184.3 million), a rate of 26.3% (2022: 22.3%); the prior year included a credit of £17.6 million in respect of the exceptional charge recognised in that year and a £1.7 million credit arising from the remeasurement of the Group's UK deferred tax assets following the introduction of the new Residential Property Developer Tax. The pre-exceptional tax charge was £124.8 million (2022: £201.9 million), representing an underlying tax rate of 26.3% (2022: 22.2%).

As a result, profit for the year was £349.0 million (2022: £643.6 million).

Basic earnings per share was 9.9 pence (2022: 18.1 pence). The adjusted basic earnings per share* was 9.9 pence (2022: 19.8 pence).

Spain

Our Spanish business primarily sells second homes to European and other international customers, with a small proportion of sales being primary homes for Spanish occupiers. The business completed 410 homes (2022: 381) with the average selling price increasing to €400k (2022: €383k), due to regional mix. The total order book as at 31 December 2023 increased to 490 homes (31 December 2022: 448 homes).

Gross margin decreased to 28.1% (2022: 29.7%), due to timing variances on the recognition of sales commissions that had a positive impact on the prior year; this flowed through to an operating profit* of £35.3 million (2022: £32.6 million) and an operating profit margin* of 24.7% (2022: 26.2%).

The total plots in the landbank stood at 2,755 (31 December 2022: 2,544), with net operating assets* of £94.0 million (31 December 2022: £89.8 million).

2023 Group results

	UK	Spain	Group
Completions including joint ventures	10,438	410	**10,848**
Revenue (£m)	3,371.7	142.8	**3,514.5**
Operating profit* (£m)	434.9	35.3	**470.2**
Operating profit margin* (%)	12.9	24.7	**13.4**
Profit before tax and exceptional items (£m)			**473.8**
Profit for the year (£m)			**349.0**
Basic earnings per share (p)			**9.9**
Adjusted basic earnings per share* (p)			**9.9**

Group financial review continued

Balance sheet

Net assets at 31 December 2023 increased marginally to £4,523.4 million (31 December 2022: £4,502.1 million), with net operating assets* increasing by £204.2 million, 5.6%, to £3,823.7 million (31 December 2022: £3,619.5 million). Return on net operating assets* decreased to 12.6% (31 December 2022: 26.1%) primarily due to the reduction in Group operating profit in the year, and to a lesser extent by the increase in average net operating assets. Group net operating asset turn* was 0.94 times (31 December 2022: 1.25), reflecting the decreased revenue in the year.

Land

Land as at 31 December 2023 decreased by £158.8 million in the year to £3,269.5 million as the highly selective approach to acquiring new land continued throughout the year, resulting in land creditors decreasing to £516.1 million (31 December 2022: £725.6 million). Included within the gross land creditor balance is £44.9 million of UK land overage commitments (31 December 2022: £43.0 million). £301.2 million of the land creditors is expected to be paid within 12 months and £214.9 million thereafter.

As at 31 December 2023, the UK short term landbank comprised 80,323 plots (31 December 2022: 82,830), with a net book value of £2.8 billion (31 December 2022: £2.9 billion). Short term owned land had a net book value of £2.7 billion (31 December 2022: £2.8 billion), representing 61,190 plots (31 December 2022: 63,088). The controlled short term landbank represented 19,133 plots (31 December 2022: 19,742).

The value of long term owned land decreased to £242 million (31 December 2022: £311 million), representing 34,319 plots (31 December 2022: 36,646), with a further total controlled strategic pipeline of 107,676 plots (31 December 2022: 107,739). Total potential revenue in the short and long term owned and controlled landbank was £61 billion (31 December 2022: £61 billion).

Work in progress (WIP)

Total WIP investment, excluding part exchange and other, increased to £1,871.0 million (31 December 2022: £1,725.9 million) due primarily to build cost inflation. This also resulted in average WIP per UK outlet to increase to £7.6 million (31 December 2022: £6.4 million).

Provisions and deferred tax

Provisions decreased to £286.7 million (31 December 2022: £290.3 million), primarily due to utilisation of the cladding fire safety provision (£16.8 million) as works have been carried out, which was offset by increases in other provisions which largely relate to remedial works on a limited number of sites around the Group.

Our net deferred tax asset of £23.4 million (31 December 2022: £26.0 million) relates to our pension deficit and UK and Spanish provisions that are tax deductible when the expenditure is incurred.

Pensions

As a result of the 31 December 2019 triennial valuation, a funding arrangement was agreed with the Trustee of the Taylor Wimpey Pension Scheme (TWPS) that committed the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024.

"As at 31 December 2023, the UK short term owned landbank comprised 61,190 plots, with a net book value of £2.7 billion."

Chris Carney
Group Finance Director

Pension contributions

£22.2m

(2022: £22.5m)

Taxes

£155.9m

(2022: £208.7m)

Following an initial contribution totalling £10.0 million, all further payments into the escrow account are subject to a quarterly funding test, effective from 30 September 2021. Should the TWPS Technical Provisions funding position at any quarter end be 100% or more, payments into the escrow account are suspended and would only restart should the funding subsequently fall below 98%. The funding test at 30 September 2021 showed a funding level of 103% and has remained above 100% since then and therefore escrow payments were suspended on, and from, 1 October 2021. The most recent funding test at 31 December 2023 showed a surplus of £54 million and a funding level of 103.3% and as a result no payment into escrow is due in the first quarter of 2024.

The Group continues to provide a contribution for Scheme expenses (£2.0 million per year) and also makes contributions via the Pension Funding Partnership (£5.1 million per year). Total Scheme contributions and expenses in the period were £7.1 million (2022: £7.1 million) with no further amounts paid into the escrow account (2022: nil). At 31 December 2023, the IAS 19 valuation of the Scheme was a surplus of £76.7 million (31 December 2022: £76.6 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore a deficit has been recognised on the balance sheet under IFRIC 14. The deficit is equal to the present value of the remaining committed payments under the 2019 triennial valuation. Retirement benefit obligations of £26.5 million at 31 December 2023 (31 December 2022: £29.9 million) comprise a defined benefit pension liability of £26.3 million (31 December 2022: £29.6 million) and a post-retirement healthcare liability of £0.2 million (31 December 2022: £0.3 million).

Group financial review continued

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The triennial valuation of the TWPS with a reference date of 31 December 2022 is in progress.

Net cash and financing position

Net cash decreased to £677.9 million at 31 December 2023 from £863.8 million at 31 December 2022, due to the settlement of land creditors and payment of dividends in the year. Average net cash for the year was £606.6 million (2022: £595.7 million).

The decrease in completions caused cash generated from operations to decrease in the year and resulted in a cash conversion* of 61.4% of operating profit for the year ended 31 December 2023 (2022: 76.3%).

Net cash, combined with land creditors, resulted in an adjusted gearing* of (3.6)% (31 December 2022: (3.1)%).

At 31 December 2023, our committed borrowing facilities were £687 million, of which the revolving credit facility was undrawn throughout the year. In July 2023, the Group renewed its revolving credit facility, increasing it to £600 million with a maturity of July 2028 and the option to request an extension for two further years. In December 2022, the Group entered into an agreement to refinance the €100 million 2.02% senior loan notes due June 2023 with €100 million 5.08% senior loan notes due June 2030. The weighted average maturity of the committed borrowing facilities at 31 December 2023 was 4.8 years (31 December 2022: 1.9 years).

The new revolving credit facility includes three sustainability-linked performance targets, which adjust the margin by a small amount. The three performance targets are: (1) reductions in scope 1 and 2 GHG emissions; (2) reductions in waste; and (3) reductions in carbon emissions of the homes we build.

Dividends

Subject to shareholder approval at the AGM scheduled for 23 April 2024, the 2023 final ordinary dividend of 4.79 pence per share will be paid on 10 May 2024 to shareholders on the register at the close of business on 2 April 2024 (2022 final dividend: 4.78 pence per share). In combination with the 2023 interim dividend of 4.79 pence per share, this gives total ordinary dividends for the year of 9.58 pence per share (2022 ordinary dividend: 9.40 pence per share).

The dividend will be paid as a cash dividend, and shareholders 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.

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 12 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.

Definitions of APMs

- Operating profit is defined as profit on ordinary activities before financing, exceptional items and tax, after share of results of joint ventures.
- Operating profit margin is defined as operating profit divided by revenue.
- Return on net operating assets (RONOA) is defined as rolling 12 months' operating profit divided by the average of the opening and closing net operating assets of the 12-month period, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
- Tangible net assets per share is defined as net assets before any accrued dividends excluding intangible assets divided by the number of ordinary shares in issue at the end of the period.
- Adjusted basic earnings per share represents earnings attributed to the 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.
- Net operating asset turn is defined as 12 months' rolling total revenue divided by the average of opening and closing net operating assets of the 12-month period.
- The Annual Injury Incidence Rate (AIIR) is defined as the number of incidents per 100,000 employees and contractors, calculated on a rolling 12-month basis, where the number of employees and contractors is calculated using a monthly average over the same period.
- Net cash is defined as total cash less total borrowings.
- Cash conversion is defined as operating cash flow divided by operating profit or loss on a rolling 12-month basis, with operating cash flow defined as cash generated by operations (which is before income taxes paid, interest paid and payments related to exceptional charges).
- Adjusted gearing is defined as adjusted net debt divided by net assets.
- Adjusted net debt is defined as net cash less land creditors.

A reconciliation of Alternative Performance Measures to statutory measures is disclosed in Note 32 of the financial statements.

* Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements.

Viability statement

Viability disclosure

In accordance with the 2018 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 purpose of the 'going concern' assessment.

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 based on the following:

- It is aligned with the Group's bottom-up five-year budgeting and forecasting cycle.
- 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 the economic cycle.
- Consideration of the impact of government policy, planning regulations and the mortgage market.
- Long term supply of land, which is supported by our strategic land pipeline.
- 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 achieved through delivering high-quality homes for our customers, in the locations where people want to live, whilst carefully managing our cost base and the Group's balance sheet.

In assessing the Group's prospects and long term viability, due consideration is given to:

- The Group's current performance and the Group's financing arrangements.
- The wider economic environment and mortgage market, as well as changes to government policies and regulations, including those influenced by sustainability, climate change and the environment, that could impact the Group's business model.
- Strategy and business model flexibility, including customer dynamics and approach to land investment.
- Principal Risks associated with 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

The Principal Risks, to which the Group are subject, have undergone a comprehensive review by the GMT 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 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 plausible 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).
- Cyber security (I).

A range of sensitivity analyses 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, as costs associated with the regulatory changes have been included in the modelling.

Assessment of viability

The Group adopts a disciplined annual business planning process involving the management teams of the UK regional businesses and Spain, and the Group's senior management, and is built on a bottom-up basis. This planning process covers a five-year period comprising a detailed budget for the next financial year, together with a forecast for the following four financial years ('forecast').

Viability statement continued

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. 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 over the life of the individual developments.
- Average selling prices achieved.
- Build costs and cost of land acquisitions, including the impact from the Future Homes Standard.
- Working capital requirements.
- Capital repayment plan, where we have assumed the payment of the ordinary dividend in line with the current policy, which is a minimum of £250 million or 7.5% of the Group's net assets per annum, throughout the period.

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 macroeconomic and industry-wide projections as well as matters specific to the Group.

The severe but plausible downside scenario reflects the aggregated impact of sensitivities, taking account of a further decline in customer confidence, disposable incomes and mortgage availability than has been experienced during 2023. To arrive at our stress test we have drawn on experience gained from managing the business through previous economic downturns and the COVID-19 pandemic.

We have applied the market dynamics encountered at those times, as well as the mitigations adopted, to our 2024 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 scenario, 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 (Principal Risk: A, B, C, F) – a further decline in total volumes of 10% in 2024 from 2023 levels, before recovering back to 2023 levels by 2026.

Price (Principal Risk: B) – a reduction to current selling prices of 10%, remaining at these levels across 2024 and 2025 before recovering to 2023 levels by 2026.

One-off costs (Principal Risk: A, F, I) – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in government regulations or financial penalty has been included in 2024.

Within the scenario, build costs are forecast to reduce across 2024 and 2025 with lower volumes reducing demand for materials and resources and land cost remaining broadly 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 continued reduction in land investment, a reduction in the level of production and work in progress held and further reducing our overhead base to reflect the lower volumes.

If this scenario were to occur, we also have a range of additional options to maintain our financial strength, including: a more severe reduction in land spend and work in progress, the sale of assets, reducing the dividend, and/or raising debt.

At 31 December 2023, the Group had a cash balance of £765 million and access to £600 million from a fully undrawn revolving credit facility, together totalling £1,365 million. The combination of both of these 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.

We believe **engaging with all our stakeholders and hearing their feedback** will make us a better business.

During 2023, we continued to engage with our stakeholders, seeking their views, listening to and responding to their feedback.

Read more about stakeholder engagement and climate change on **page 49**

Our customers

Buying a home is likely to be the biggest and most personal purchase any of us ever make.

Customer engagement, at all stages of the journey, is very important to ensure we are delivering the high-quality product and service our customers expect.

While we strive to deliver excellent customer service, we know we don't always get it right. Feedback is key to ensure we continue to improve.

How we engage

- We engage with customers throughout the customer journey – at our developments, over the phone, via email, letters, our customer portal (Touchpoint) and through social media
- We have a dedicated customer Hub
- We monitor customer views through focus groups, satisfaction surveys, Trustpilot reviews and customer research on specific issues
- We have a clear complaint process and are fully signed up to the New Homes Ombudsman
- Our website is updated with relevant information and 'how to' videos
- All customers receive a full 'From House to Home' pack with information on their home and contact details

Key challenges

- Maintaining high levels of customer satisfaction
- Increasing longer term customer satisfaction

Engagement performance metrics and highlights in 2023

- Updated our sales communication toolkit which is aligned to our Customer Journey key principles
- Industry first roll out of interactive QR codes in show homes to educate customers on new technology
- Customer research into views of FHS and implications

Priorities for 2024

- Embedding a consistent sales journey communication plan
- Customer education on the implications of new technology
- Increasing 9-month customer satisfaction

Material impacts

- Our homes and places
- Our planet
- Responsible and resilient business

Relevant KPIs

- Customer satisfaction 8-week score 'Would you recommend?'
- Customer satisfaction 9-month score 'Would you recommend?'
- Construction Quality Review
- Average reportable items per inspection

Strategic cornerstones

- Land
- Operational excellence
- Sustainability

Stakeholder engagement and priorities continued

Our employees

Our employees are key to our success and we strive to ensure all our employees have a voice, and feel supported and valued.

How we engage

- Annual employee survey
- Company-wide emails
- Regular Q&A Teams meetings with CEO and senior management
- Dedicated employee helpline available to all employees
- National Employee Forum, Local Employee Forums, Young Persons Forum
- System of employee networks sponsored by senior management to support employees and actively promote diversity

Key challenges

- Ensuring all employees across the business feel heard
- Attracting and retaining the best people in the industry
- Driving high engagement with site-based employees
- Increasing diversity

Engagement performance metrics and highlights in 2023

- Employee engagement score of 93% (2022: 93%)
- Low voluntary turnover of 14.2% (2022:17.7%)
- 51 Pride in the Job Quality Awards (2022: 62) and 13 Seals of Excellence (2022: 15)
- Published second Diversity and Inclusion Report

Priorities for 2024

- Continued commitment to diversity
- Continue to offer a number of engagement and communication channels including introducing monthly newsletter for all employees and site-specific quarterly newsletter
- Implementation of new HR system

Material impacts

- Our people and suppliers
- Responsible and resilient business

Relevant KPIs

- Health and Safety Injury Incidence Rate
- Employee engagement

Strategic cornerstones

- Operational excellence
- Sustainability

Our partners

We value collaboration with our partners and seek to support them.

How we engage

- Supply Chain Sustainability School
- Letters, emails, calls, meetings, conferences, site visits
- Training sessions
- Supporting our local and national charities, overseen by our Charity Committee
- Through membership of industry organisations such as HBF and the British Property Federation

Key challenges

- Understanding and highlighting risk across whole supply chain

Engagement performance metrics and highlights in 2023

- Introduced new subcontractor portal
- Donated or fundraised £1 million for national and local charities (2022: £1 million)
- Industry first zero carbon ready homes pilot testing new technology on a live site, using our own subcontractors and suppliers
- Led a collaboration with five other major housebuilders, helping create a Sector Skills Plan to provide free support to our subcontractors in relation to skills and training (in particular apprenticeships)

Priorities for 2024

- Further improve health and safety and environmental protection
- Continue to engage with suppliers and subcontractors
- Continue to engage with local and national stakeholders
- Continue to engage with government and across political parties
- Maintain engagement with industry bodies across key areas

Material impacts

- Our homes and places
- Our people and suppliers
- Our planet
- Responsible and resilient business

Relevant KPIs

- Health and Safety Injury Incidence Rate
- Reduction in operational carbon emissions intensity

Strategic cornerstones

- Land
- Operational excellence
- Sustainability

Stakeholder engagement and priorities continued

Our investors

Engaging with investors at regular intervals ensures they are well informed and have access to accurate information. We aim to be accessible and transparent.

How we engage

- Results presentations, meetings, roadshows, conferences
- Emails, calls and video conferences
- Site visits
- Website
- Benchmarks and disclosure initiatives

Key challenges

- Ensuring investors understand the investment proposition and what differentiates Taylor Wimpey

Engagement performance metrics and highlights in 2023

- Site visit with investors and analysts to Sudbury
- Stakeholder interviews
- Award-winning Annual Report and awarded Silver for our Sustainability Supplement

Priorities for 2024

- Continued commitment to best practice disclosure
- Continue to regularly engage with existing and prospective investors

Material impacts

- Our homes and places
- Our people and suppliers
- Our planet
- Responsible and resilient business

Relevant KPIs

- Land cost as % of average selling price on approvals
- Landbank years
- % of completions from strategically sourced land
- Customer satisfaction 8-week score 'Would you recommend?'
- Customer satisfaction 9-month score 'Would you recommend?'
- Employee engagement
- Construction Quality Review
- Average reportable items per inspection
- Reduction in operational carbon emissions intensity

Strategic cornerstones

- Land
- Operational excellence
- Sustainability
- Capital allocation

Accreditation

Chartered Governance Institute UK & Ireland

Our communities

Housebuilding can be disruptive but brings huge benefits to existing communities. Engaging with new and existing communities throughout the life cycle of a development enables us to hear their aspirations, concerns and, where possible, incorporate their feedback in our plans.

How we engage

- Meetings, exhibitions, workshops
- Newsletters, information boards
- Surveys
- Social media

Key challenges

- Ensuring communities understand the value that Taylor Wimpey can bring to their local area

Engagement performance metrics and highlights in 2023

- Invested £405 million in local communities via planning obligations
- Supported local community organisations
- Utilised our Engagement Academy to equip our land, planning and technical teams with best practice

Priorities for 2024

- Continued commitment to local engagement
- Remain focused on strong placemaking

Material impacts

- Our homes and places
- Our people and suppliers
- Our planet
- Responsible and resilient business

Relevant KPIs

- Customer satisfaction 8-week score 'Would you recommend?'
- Customer satisfaction 9-month score 'Would you recommend?'
- Reduction in operational carbon emissions intensity

Strategic cornerstones

- Land
- Sustainability

How the Board considered stakeholders during the year

Our Directors are bound by their duties under the Companies Act 2006 (the Act) to promote the success of the Company for the benefit of our shareholders as a whole, having regard to our other key stakeholders.

We believe that in order to progress our strategy and achieve long term sustainable success, the Board must consider all stakeholders relevant to a decision and satisfy themselves that any decision upholds our culture of 'doing the right thing'.

Our values, as set out on page 30, are key to how we do business and are closely aligned to the matters the Directors must consider as part of their Section 172 duties.

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 2023 and how this informed what the Board considers matters to them most can be found on pages 100 to 103.

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 were standing agenda items at each meeting to ensure that the Board received 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 had an annual schedule of 'teach-in' sessions with our key Heads of Function (such as Sales and Marketing, Land and Planning, Customer Service, Investor Relations, Sustainability and Supply Chain) where they received in-depth updates about each group of stakeholders. In addition, the Board regularly engaged directly with our investors and employees, and further information around the direct engagement that took place in 2023 can be found on pages 101 and 103.

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 Chair, ensures that as part of 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 table to the right 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.

Read more on **page 100**

Setting our culture, values and strategy

The Board sets our strategic direction, 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 our long term sustainable success for 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 comprehensive 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 Heads of Functions 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 100 to 103 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 reports submitted by Management to each Board meeting and verbal updates as necessary.

Section 172 (1) statement continued

Diversity and Inclusion Report

One of the key decisions made by the Board in the past year was to approve the Diversity and Inclusion Report, which outlined our progress and challenges in promoting diversity, equality and inclusion across our organisation.

Criteria considered

A, B, C, D, E, F

Relevant stakeholders

- Employees
- Customers
- Investors
- Communities

Decision making process

- The Board recognised the importance of this issue for our employees, customers, partners and society at large, and committed to taking further actions to improve our performance and culture in this area.
- The Group HR Director, prepared a draft Report, disclosing data from the Gender Pay Gap Report and the progress against key diversity and inclusion focus areas and targets.
- The draft Report was presented to the Nomination and Governance Committee which discussed the stretching nature of the targets and the initiatives to drive progress.
- The Committee agreed with the content of the draft Report, suggested some adjustments to the commentary and resolved to recommend the aspirational targets to the Board for approval, subject to the amendments.
- The draft Report, with the recommended amendments was presented to the Board and recommended for approval.
- The Board approved the Diversity and Inclusion Report, and it was published in March 2023.

Further information can be found on **page 108**

Audiocast at AGM

The Board decided to continue using an audiocast facility for the 2024 Annual General Meeting (AGM), enabling shareholders to join and participate remotely.

Criteria considered

A, B, D, E, F

Relevant stakeholders

- Employees
- Investors
- Regulators

Decision making process

- In response to changing circumstances and technological advancements, the Board deliberated on enhancing shareholder engagement at the AGM, with the aim of facilitating broader participation while maintaining transparency and compliance.
- The Board discussed the audiocast facility to be used and approved the implementation of using an audiocast for the AGM; a decision that allows shareholders to listen to proceedings and send in questions, virtually.
- The audiocast facility also enables employee shareholders, who would have otherwise been working, to access the meeting. This also includes the Share Incentive Plan (SIP) shareholders who are provided with login access to the meeting.
- The Board's decision to continue with audiocasting for the AGM reflects a commitment to modernising shareholder interactions and enhancing engagement.

Further information can be found on **page 227**

Board decision making: Market Conditions and Macroeconomic Context

The Board deliberated on critical decisions impacting our business. Informed by market dynamics and the broader economic landscape, discussions centred around strategic choices that would shape our future.

Criteria considered

A, B, C, D, E, F

Relevant stakeholders

- Employees
- Customers
- Investors
- Communities

Decision making process

- The Board discussed the market conditions and macroeconomic context in the UK and Spain, including challenges and opportunities faced by stakeholders, such as interest rate changes, government policies, and housing market developments.
- The Board deliberated on the company's performance and outlook, and approved various financial and operational decisions, such as the dividend payment, the timber frame strategy, the 2024 Budget and Business Plan, and the approach to cladding remediation.
- The Board reviewed and noted the progress and actions taken on the health, safety and environmental aspects of the business, and its impact on the communities we serve. Updates on the ESG balanced scorecard, investor feedback, and the external economic outlook were also received and deliberated on by the Board.

Further information can be found on **pages 97 to 98**

Key to decision criteria

A: The likely consequences of any decision in the long term

B: The interests of our employees

C: The need to foster our business relationships with suppliers, customers and others

D: The impact of our operations on the community and the environment

E: The desirability of maintaining a reputation for high standards of business conduct

F: The need to act fairly as between members

Approval of the Strategic report

This Strategic report on pages 1 to 88 was approved by the Board of Directors and signed on its behalf by

Jennie Daly
Chief Executive