Taylor Wimpey plc

Emerging Stronger

Annual Report and Accounts 2020

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Taylor Wimpey plc is a customer-focused residential developer building and delivering homes and communities across the UK and in Spain.

Our equity raise
See pages 12 and 13

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

We are a constituent of the Dow Jones Sustainability Europe Index and the FTSE4Good Index series, the leading responsible investment indices. We are also included in the S&P Global Sustainability Yearbook. We participated in CDP Climate, scoring B; CDP Water, scoring B; CDP Forests, in relation to timber sourcing, scoring B; and Supplier Engagement where we scored A-.

Alternative Performance Measures

The Group uses Alternative Performance Measures (APMs) as key financial performance indicators to assess underlying performance of the Group. Definitions and reconciliations of our APMs to the equivalent statutory measures are included in Note 32 of the financial statements.

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

This is what our teams come to work to do each and every day and is where the core drivers of value for all our stakeholders ultimately lie.

2020 has not been a normal year. We have taken a careful approach to the pandemic, putting the health and safety of our employees, customers, subcontractors and partners first, while setting the business up in a responsible and sustainable way to emerge stronger from this crisis. Key to this is renewing our focus on driving further operational and financial improvement by aligning our actions and priorities even more closely to our purpose, which will benefit all our stakeholders.

Chairman's statement

Committed to our purpose

Irene Dorner
Chairman

98%
Employees felt positive about how the Company supported them whilst on furlough

£2.7bn
Order book as at 31 December 2020

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

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

Acting decisively for our stakeholders

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

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

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

2020 financial performance

During the year, we completed 9,799 new homes across the Group (2019: 16,042) including joint ventures, a reduction of 39% due to the impact of our shutdown in the second quarter of 2020, followed by the steady build up of our operations to ensure the effective adoption of COVID-secure ways of working. Group operating profit* reduced to £300.3 million (2019: £850.5 million), reflecting the reduction in completions. However, demand for our homes remained encouraging and we entered 2021 with a strong UK order book amounting to 10,685 homes (31 December 2019: 9,725 homes) excluding joint ventures, valued at £2,684 million (31 December 2019: £2,176 million) and were more than 50% forward sold for private completions for 2021.

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

Ordinary dividend

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

Stakeholder engagement

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

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

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

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

Our purpose

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

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

Board changes

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

Annual General Meeting

The safety and security of our shareholders and colleagues remains our priority. As a result of the measures announced by the UK Government on 22 February 2021, unfortunately shareholders will not be permitted to attend the AGM in person. Each year the Board looks forward to engaging with shareholders at the AGM, therefore we are pleased to offer shareholders the opportunity to follow the AGM remotely and submit questions. Further details can be found on page 182 and on our website.

Looking forward

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

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

Irene Dorner
Chairman

Developing our purpose

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

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

See page 74

Chief Executive's statement

Emerging stronger

Pete Redfern
Chief Executive

2020 has been an eventful year, to say the least… At the time of writing last year's Annual Report letter, we could not have known how the year would turn out or how quickly the, then relatively unknown COVID-19 would escalate, with increasing impact on lives and businesses.

We entered the COVID-19 pandemic with a well capitalised balance sheet, strong landbank and net cash position which gave us increased levels of resilience and confidence. This, together with the benefit of a strong culture and a shared core value of doing the right thing, meant we had two very clear priorities. The first was to do all we reasonably could to support and protect our employees, customers, subcontractors, suppliers and communities. This included a focus on those financially vulnerable and on health and wellbeing. Our second priority was on ensuring that we positioned the business to emerge stronger from this crisis. On pages 10 and 11, you can read more information on the steps we took during the year.

We were the first major homebuilder to stop construction on sites and close sales centres in the wake of the pandemic and the lockdown restrictions in March 2020, as we implemented new working practices to adhere to strict social distancing requirements and developed the Taylor Wimpey COVID-19 Code of Conduct. This meant a seven week shutdown of construction sites and nine week shutdown of our sales centres as we put in place our enhanced safety measures and processes and adjusted to COVID-secure ways of working. You can see more information on the impact on our financial performance in Chris Carney's section on pages 54 to 59.

Given it was clear that we were entering a period of uncertainty, with no finite end, we took steps to conserve cash and increase our flexibility, by controlling working capital very tightly. Whilst our Ordinary Dividend Policy has been stress tested and is payable through a 'normal' downturn, the global COVID-19 pandemic goes beyond normal and even severe cyclical swings and represents an exceptional case. Accordingly, the Board took the decision to cancel the 2019 final dividend of 3.80 pence per share (c.£125 million) that was due to be paid on 15 May 2020 and the planned special dividend payment of 10.99 pence per share (c.£360 million) that was due to be paid on 10 July 2020.

2020 has posed a number of challenges, and opportunities, for our business and the wider industry. Within this section, I will highlight how we are emerging stronger through…

Our market environment
See pages 6 and 7

Our response in 2020
See pages 10 and 11

Our equity raise
See pages 12 and 13

Our management
See pages 14 and 15

Our robust investment case
See pages 16 and 17

Whilst 2020 was a very challenging year, we were able to drive positives including benefiting from prior investments in IT, training and development which allowed us to continue to support customers through this time and protect and grow our order book, at a time of great uncertainty. During each week of 2020, including through the various levels of restrictions, we continued to sell homes and progress purchases. We also continued to progress sites through the planning process and open new sales outlets, which provides a strong platform for 2021. We have been able to adapt our ways of working including digitising our whole sales process from reservation through to completion, with only the signing of contracts required to be done by hand, and expanding and extending our approach to flexible working to benefit our employees and customers.

Our Pay It Forward Scheme, as well as weekly updates to suppliers and subcontractors, helped the process of returning to work on Taylor Wimpey sites and further strengthened those relationships. Our approach to health and safety and our COVID-secure site protocols enabled us to accommodate subsequent restrictions, both local and national, with the support of our employee, subcontractor and supplier base. We are particularly pleased that customer feedback and scores during and after the lockdown period continued to be very positive and we have been recognised by our employees via Glassdoor for our leadership during the pandemic, including being named in the Glassdoor top 50 places to work in the UK for 2021, as voted for by employees, for the fourth consecutive year and rated in its top ten UK firms for work-life balance during COVID-19.

We have been very grateful for the support from our shareholders during this period. It continues to be our aim to provide a reliable income stream to our shareholders, throughout the cycle, including during a 'normal downturn'.

Ordinary Dividend Policy

Our Ordinary Dividend Policy is to pay out to shareholders approximately 7.5% of net assets, which will be at least £250 million per annum, paid in two equal instalments in May and November.

We propose to resume ordinary dividend payments in May 2021, starting with the 2020 final dividend payment of 4.14 pence per share equating to c.£151 million, subject to shareholder approval at the AGM.

This means that, in the 2021 calendar year, we intend to return c.£301 million in cash (c.8.28 pence per share) via the payment of the 2020 final dividend in May subject to shareholder approval and the 2021 interim dividend in November.

Approach to return of excess capital

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

We are not proposing to return excess capital in 2021. We will review the level of excess capital and potential return in respect of 2021 at the time of the 2021 full year results in February 2022, for payment in 2022.

This represents a shorter period between proposing and distributing excess capital returns and we expect to continue with this timing going forward.

The method of returning excess capital, either by way of special dividend or share buyback, will be considered at the appropriate time.

Taking the opportunities to emerge stronger

The key objective of our actions throughout the pandemic has been to protect the business in the short term while ensuring we position ourselves to take advantage of opportunities that will strengthen the business for the future and increase shareholder returns.

With a strong balance sheet and cashflow, coupled with resilient underlying demand and confidence in the long term outlook, we were able to be proactive and opportunistic. The pandemic materially reduced the level of competition for land and created a disconnect in the land market, resulting in significant short term opportunities to acquire land from a broad range of sources at attractive returns. On 17 June 2020, we announced an equity raise where we raised net proceeds of £510 million to take advantage of these near term opportunities. Between re-entering the land market and 31 December 2020, we had agreed terms on and authorised c.£1.3 billion of gross land purchases, comprising 93 sites and c.22,600 plots, significantly ahead of our normal rate of acquisition. These sites have been secured at attractive returns in line with our medium term operating profit margin target of c.21-22% and with an average return on capital employed[‡‡*] of c.34%. We expect the land spend already committed will lead to outlet growth from late 2022 and completions from 2023. Having approved significant incremental new land in the past nine months we expect new land approvals to revert to a more normal replacement level. You can read more about this on pages 12 and 13.

Sustainability in the widest sense

We run our business for the long term and so sustainability in the widest sense has always been a key element of our culture and way of doing business. In 2021, we will implement our new environmental strategy, which strengthens our environmental, social and governance framework which is well integrated into the business. The environmental strategy focuses on both our macro impact on issues like climate change and carbon footprint, and also aims to enhance our local engagement on issues like biodiversity and customer environmental engagement. In the social sphere, building on the lessons learnt through the pandemic, we are also aiming to strengthen our engagement and relationship with the local communities in which we operate.

Doing the right thing for customers and communities

Doing the right thing for our customers is a key priority for the Group.

Fire safety provision

At the time of our 2020 full year results, we announced our intention to support building owners and leaseholders with fire safety investment to ensure their apartment buildings are safe and meet current EWS1 (External Wall Fire Review) requirements. This applies to Taylor Wimpey apartment buildings constructed over the last 20 years, including apartment buildings below 18 metres. We announced an additional £125 million provision, to be booked in 2021, to cover this cost.

This is a complex and exceptional situation, but Taylor Wimpey is focused on doing the right thing for its customers. The Board has determined that we will fund and oversee the improvement works of apartment buildings in our ownership, regardless of eligibility for the UK Government Building Safety Fund, to make them safe and mortgageable by achieving EWS1 certification. If Taylor Wimpey no longer owns the building and it is not eligible for the Building Safety Fund, or similar support that may be announced in the future, where a freeholder produces a fair and proportionate plan for fire safety improvement works following EWS1 assessment, we will contribute funding to bring those buildings up to the standards required by current RICS EWS1 guidance. Whilst the legal responsibility continues to rest with the building owner, we will also provide advice and other assistance where appropriate.

CMA investigation

The CMA's investigation into leasehold remains open and we understand that the CMA will continue to proceed with its investigation. We will continue to cooperate with the CMA and will formally respond to the CMA at the appropriate point in its process. More information can be found on pages 30 and 31.

Chief Executive's statement
continued

A very resilient UK housing market

After an unusual and volatile year, our 2020 results were in line with market expectations. Our teams and partners responded with dedication and professionalism to the pandemic and their resolve to continue to deliver high-quality homes and exceptional service for our customers was outstanding. The UK housing market has remained resilient, despite the shutdown period in the second quarter. The market recovered strongly in the second half, ahead of expectations, and demonstrated the underlying strength of demand in the UK and the importance of low interest rates and stable mortgage lending.

We are pleased to note the Government's ongoing support for the housing market, home ownership and, specifically, first time buyers, and the recognition that housebuilding is a key part of the economy.

In 2020, total home completions (including joint ventures) decreased by 39% to 9,609 (2019: 15,719), due primarily to the impact on production capacity during the second quarter shutdown and we delivered 1,904 affordable homes including joint ventures (2019: 3,548), equating to 20% of total completions (2019: 23%). Our net private reservation rate for 2020 was 0.76 homes per outlet per week (2019: 0.96). Cancellation rates for the full year were above normal levels at 20% (2019: 15%), but normalised in the final quarter, at 16% (2019: 16%). Average selling prices on private completions increased by 6% to £323k (2019: £305k), with the overall average selling price increasing to £288k (2019: £269k), driven mostly by change in mix.

375k

items of personal protective equipment (PPE) delivered to care homes, GP surgeries and local care organisations during the pandemic

Our market environment

This section looks at our industry context, how supply and demand underpin our market and how other external factors have influenced our year as well as their potential impact on the short and longer term.

Industry context

- Demand and supply imbalance with undersupply of new housing in the UK
- Just over 200k new homes built in a normal year
- Estimated requirement to build c.300k homes per year
- 2020 volume materially impacted by COVID-19 delays

Part of a larger market

There are generally in excess of one million housing transactions per year in the UK, with new homes accounting for between 15-20% of total completions in a normal year.

This means we are part of a larger market and prices of new homes are closely aligned to second hand homes of a similar size and location. One important point of difference is in the Government's Help to Buy scheme that is only available for new builds, making our homes more desirable for many first time buyers.

Industry key drivers

The key drivers for the housing market are affordability and consumer confidence. Affordability is determined by interest rates and mortgage availability and consumer confidence is closely aligned to the employment outlook.

A number of external factors determine our ability to operate successfully. For example, the availability of land with planning and ease of the planning process, the regulatory backdrop and the availability of skilled labour and materials.

The COVID-19 pandemic led to industry-wide site closures and our sites closed for a seven week period with our sales centres closed for nine weeks. Unsurprisingly, overall second quarter market completions reduced significantly but they recovered strongly in the third quarter of 2020. According to the Ministry of Housing Communities and Local Government (MHCLG) completions in England from October 2019 to September 2020 were 145k, around 18% lower than the comparable period a year earlier.

Whilst output fell, customer demand remained strong and transactions rebounded strongly after the second quarter lockdown, underpinned by pent up demand, continued low interest rates, a wide choice of mortgage products and the Government's Help to Buy scheme, as well as the Stamp Duty Land Tax Holiday.

Supply demand imbalance

In October 2020, the UK Government reiterated its intention to target the building of c.300k new homes per year. With the new build industry delivering just over 200k new dwellings in a normal year, there remains a significant gap between current output and the Government target.

The UK Government plans to introduce further reforms to the planning system that it hopes will help encourage more building. As a homebuilder we have an important part to play in providing much needed high-quality new homes and expect continued strong demand for our homes in the years ahead and are supportive of any improvements in the planning system.

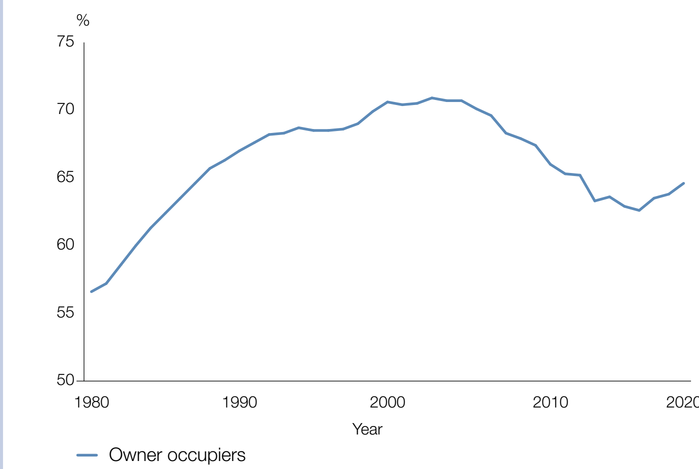
Labour and materials

Build cost inflation in 2020 was lower than in recent years where we have tended to experience inflation of c.3-4%. We believe the fall in output across the industry has resulted in spare capacity for our subcontractors reducing inflationary pressure on labour and materials.

As demand for build materials and labour returns, we anticipate a more normal inflationary environment. The extent of build cost inflation is dependent on industry-wide production levels as well as the strength of the housing market.

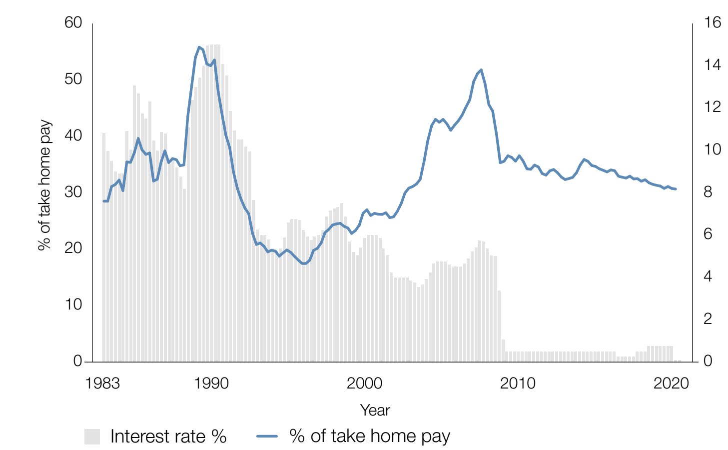
Key market data

The home ownership rate in England
At just under 65%, home ownership rates in England are much lower than the mid 2000s peak of c.71%.



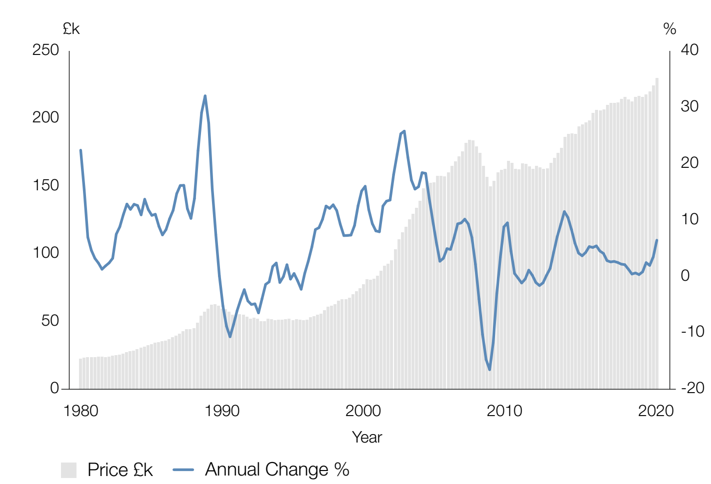
Source: MHCLG.

UK first time buyers mortgage payments as a percentage of take home pay / interest rates
Low interest rates mean that for many the monthly servicing of mortgage payments is cheaper than renting a comparable property.



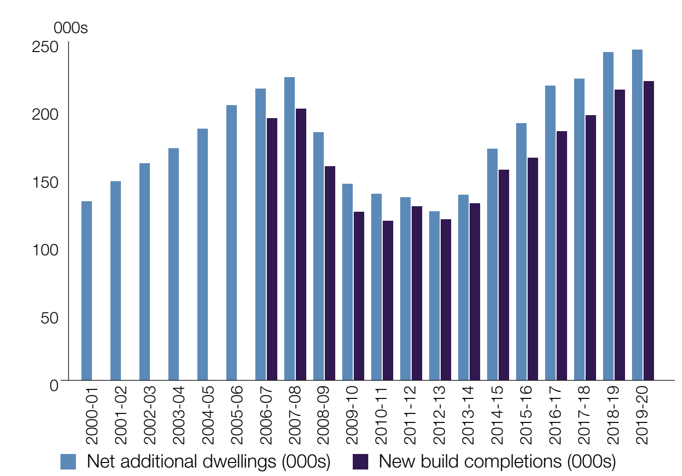
Sources: Nationwide, Bank of England.

UK house price development
House price inflation has been more modest in recent years than in previous cycles.



Source: Nationwide.

England net additional dwellings and new build completions
While the data below covers England only, it demonstrates overall supply was much lower than the Government's national target of 300k new homes per year, prior to COVID-19 related reductions in output.



Source: MHCLG.

Chief Executive's statement
continued

Our market environment continued

Key drivers	2020 backdrop	Short term implications	Long term implications	Links to Principal Risks
Interest rates and mortgage availability Interest rates and mortgage availability determine housing affordability and accessibility for our customers. Interest rates are at an historic low and for customers able to access the housing market currently, servicing mortgage payments is, on average, cheaper than renting (source: Bank of England, Nationwide). At 7.7 times median income for England and Wales in 2019 (source: ONS), the house prices to earnings multiple remains high. Stricter rules on mortgage lending were introduced in 2014, aimed at ensuring customers will be able to meet their mortgage payments if interest rates increase. The average age of a first time buyer is 34 (source: Money.co.uk), suggesting there remains considerable unmet demand.	– The bank rate was reduced to an historic low of 0.1% on the 19 March – Initially as the pandemic hit, some mortgage products were withdrawn, particularly high loan to value (LTV) – Whilst widespread lending has returned, there is still a reduction in the higher LTV products	– Expect interest rates to remain low and mortgage payments to continue to be affordable and generally lower than rental payments – May take time for high LTV mortgage products to return, which could foster increased demand for new homes where Help to Buy is available for first time buyers	– Interest rates expected to remain low and mortgage payments to remain affordable – We expect to see higher LTV mortgage products return to market	Impact of the market environment on mortgage availability and housing demand **Key stakeholder concerns**
Employment The UK employment rate has implications on the number of customers able and willing to buy new houses. A healthy employment outlook is important for general consumer confidence in the housing market and the wider economy. In previous cycles, higher unemployment has been a contributory factor to a weaker housing market.	– UK unemployment rose to 5.0% in November 2020 (1.2% higher than the prior year (source: ONS)), with the Coronavirus Job Retention Scheme (CJRS) preventing a larger rise – The CJRS is due to end in April 2021, which may lead to a further rise in unemployment	– The Office of Budgetary Responsibility estimates that UK unemployment will increase to 7.75% in mid 2021 – High unemployment can impact housing market sentiment – Unlike other periods of high unemployment, this is most concentrated amongst specific sectors such as leisure	– A long term healthy employment outlook is important for housing as well as the rest of the economy – If unemployment rebounds quickly and remains concentrated in certain industries, it seems likely that the housing market will remain robust, but if this results in longer term unemployment of a more structural nature this could pose a threat to our sector and the wider economy	Impact of the market environment on mortgage availability and housing demand **Key stakeholder concerns**
Help to Buy Help to Buy has been popular with our customers, supporting them to get onto the housing ladder and in moving up the housing ladder. Under the current scheme the Government will lend up to 20% of the value of a new build home (40% within Greater London) via an equity loan (interest free for five years) to homebuyers able to meet certain criteria, including raising a 5% deposit. From April 2021, the scheme moves into its next phase, limited to first time buyers and has introduced regional maximum price caps with the scheme due to end 31 March 2023. We believe that the changes announced are appropriate and are in the best long term interests of the housing market and homebuyers.	– In 2020, a technical build extension of two months for the first scheme of Help to Buy was granted to compensate for delays caused by COVID-19	– Scheme changes from April 2021 which will restrict Help to Buy to first time buyers and there will be maximum regional price caps – Changes have been well flagged giving us the opportunity to prepare for the change	– The Government has made housing a continued priority, and expressed the desire for some form of private sector mechanism to support first time buyers after Help to Buy ends in 2023	Government policy and planning regulations **Key stakeholder concerns**
Climate change / regulation The Future Homes Standard outlines new regulations aimed at making new homes more energy-efficient. Part L relates to the conservation of fuel and power, and Part F covers ventilation. These measures were originally planned for 2020 but were delayed due to the COVID-19 pandemic and will now come into force in June 2022 and will allow for a one year transitional period. The new rules have cost implications for our sector. Where possible we are factoring the potential costs into our land purchases. We are also awaiting the outcome of the Government's EV (electric vehicle) charging regulations consultation expected in April 2021, which could have important implications in relation to charging points on developments, which may raise potential issues regarding the overall capacity of the grid to serve future developments.	– In 2020, there were delays to the implementation of new regulation including the Future Homes Standard – This has given us additional time to prepare and to purchase land that factors in these new costs	– Adjustment in implementing the Future Homes Standard – Opportunity to produce more energy-efficient homes – We plan to increase natural habitats on new sites from 2023 – Introduction of red diesel and plastic taxes	– The pending Environment Act will accelerate the environmental agenda nationally – The Government has committed to net zero UK emissions by 2050. This will ultimately necessitate an overhaul of the UK's energy infrastructure to move away from our reliance on gas – Housing remains high on the political agenda, with the shortage of housing recognised as a priority by the Government and we expect there to remain strong political support	Government policy and planning regulations **Key stakeholder concerns**
Land and planning COVID-19 has also led to some delays in the planning system this year, impacting the timing of our outlet openings and the level of conversions from the long term landbank. We also await the final outcomes of consultations on the Government's land and planning proposals. The Government is assessing the planning system, with the aim of streamlining processes and ensuring each area has a local plan.	– White Paper on wide ranging planning reform – Revisions to the Standard Housing Methodology	– Building our land position increases our range of options moving into a planning environment undergoing change	– Improved speed in planning could lead to further efficiencies in our process and speed of build once land is acquired – More readily available land could, in some instances, lead to greater competition	Government policy and planning regulations **Key stakeholder concerns**

Read more about key issues for our stakeholders on pages 26 to 41
Read more about our Principal Risks and material issues on pages 26 to 27 and 49 to 53

> "The quick recovery of the housing market in the second half of this year, ahead of expectations, is evidence of the underlying strength of demand."

We estimate that market-led house price growth for our regional mix was c.1.9% in the 12 months to 31 December 2020 (2019: c.1%).

During 2020, approximately 46% of total sales used the Help to Buy scheme and we worked with 4,800 households to take the first step to home ownership or to move up the housing ladder (2019: 34% and 5,693). Approximately 80% of sales through Help to Buy in 2020 were to first time buyers (2019: 76%) at an average price of £286k (2019: £277k). From 16 December, we began taking reservations under the new phase of the Help to Buy scheme and, up to 31 December, took 650 reservations under the new scheme for completions from the second quarter of 2021.

With demand for our homes remaining strong, we ended the year with a total order book valued at £2,684 million (31 December 2019: £2,176 million), excluding joint ventures, which represents 10,685 homes (31 December 2019: 9,725 homes). We traded from an average of 240 outlets in 2020 (2019: 250) and entered 2021 with 239 outlets (31 December 2019: 240). As previously guided, we expect to end 2021 with outlet numbers broadly similar to the end of 2020.

Underlying build cost inflation in 2020 was c.3.0% (2019: c.4.5%). Since the final quarter of 2020, we have seen a softening in the cost pressures experienced earlier in 2020.

A renewed focus on margin and cost discipline

We came into 2020 with a renewed focus on reducing costs and increasing efficiency, after a period of margin pressure and increased investment in the long term future of the business which is now substantially complete. Operating through the challenges of the pandemic has further sharpened that focus and highlighted opportunities for ongoing efficiency and operational and financial performance improvement to benefit shareholders. Our clear primary performance focus is on returning the business to c.21-22% operating profit margin in the medium term.

Chief Executive's statement
continued

Our response in 2020

2020

February

Irene Dorner adopts position of Chairman

After joining the plc Board as Chair-designate in December 2019, Irene Dorner adopted the position of Chairman on 26 February, bringing a wealth of financial and commercial experience.

March

Closure of show homes, sales centres and construction sites

Following the start of the first nationwide lockdown, we took the decision to close all of our show homes and sales centres on 23 March, and construction sites on 24 March, while we put in place the safety measures necessary to operate in a COVID-secure manner.

Employee wellbeing

A small challenge was set each day for employees, with the aim of providing a focus for all and encouraging colleagues to stay connected and engaged. A total of 44 challenges were set between March and May and almost 1,000 entries were shared using the Group's internal social network, Yammer.

April

Pay It Forward Scheme

Taylor Wimpey Pay It Forward Scheme launched offering interest-free loans to support self-employed subcontractors.

PPE donations

Following the closure of our construction sites, surplus PPE was donated to local care organisations which highlighted a widespread need. TW Logistics was able to procure face masks, gloves and aprons which were distributed by employees to care homes across the country.

Isolation Challenge

As the annual TW Challenge was unable to take place, employees instead took part in an Isolation Charity Challenge to complete as many miles as possible during their daily exercise, raising over £70k for charity.

Board changes

Kate Barker stepped down from the Board after just over nine years with Taylor Wimpey. Robert Noel took up the position of Senior Independent Director on 21 April.

May

Reopening of construction sites and sales centres

The phased reopening of Taylor Wimpey construction sites in England and Wales began on 4 May and in Scotland from 28 May.

Following Government guidance which removed restrictions on non-essential home moves and supported the return of activities related to the sale and purchase of homes, Taylor Wimpey's sales centres reopened by appointment only in England from 22 May.

NHS and care worker discount

Discount scheme for NHS and care worker employees launched, offering 5% discount of the purchase price of a new home, as a thank you for their heroic efforts during the COVID-19 pandemic.

June

Equity raise

Successfully completed an equity raise, raising net proceeds of £510 million in order to take advantage of attractive opportunities in the land market.

Scotland and Wales sales centres reopen

Sales centres in Wales reopened by appointment only for customers from 22 June, and in Scotland from 29 June.

Educational masterclasses

Between April and June, a series of masterclass sessions were held for employees, covering a range of topics with over 2,500 attendees.

July

Diversity and Inclusion

Taylor Wimpey's second diversity and inclusion conference was held virtually on 6 July, with over 110 attendees including our D&I Champions, Managing Directors and Divisional Chairs.

Furlough subsidies returned

All employees returned to work from furlough and all furlough subsidies returned to Government.

October

Work-life balance during COVID-19

Taylor Wimpey was named in Glassdoor's top 10 companies for work-life balance, based on employee reviews left between March and September 2020.

November

New national restrictions

The Government confirmed that the housing market should remain open for business during the period of new restrictions in England announced in November, and construction was encouraged to continue.

Construction sites also remained open in Scotland and Wales.

Cost and organisational review

A detailed review of organisational and cost structures resulted in management changes, a rationalisation of the London operating structure and a series of reductions in central and business unit overhead levels.

December

Housebuilder Award for care home initiative

Taylor Wimpey received the Housebuilder Star Award at the Housebuilder Awards 2020, for the Company's care home initiative, which supplied over 50 care organisations with much needed PPE and other supplies.

New Non Executive Directors

The Board announced that Scilla Grimble and Jitesh Gadhia will be appointed as Independent Non Executive Directors with effect from 1 March 2021.

As previously announced, in 2020 we undertook a detailed organisational review and made changes to our cost structure to ensure that we continue to operate efficiently in a changing market. This resulted in annualised cost reductions that will deliver savings in the region of £16 million in 2021, with the costs to achieve these of £12.1 million incurred in 2020.

These changes included the removal of one tier of operational management, the rationalisation of our London operating structure to focus on affordable price points that meet the affordability needs of Londoners, and a series of reductions in central and business unit overhead levels. As part of these changes, we have reorganised our divisional structure into Scotland; North West, North East and Yorkshire; Midlands and Wales; Central, South West and Spain; and London and South East. Each region is headed by a Divisional Chair, who is also a member of the Group Management Team. As a result, each business unit will now report directly to a member of the Group Management Team.

Our focus will remain on reducing cost, process simplification and enhancing the core drivers of value for our business to achieve this. We will continue to ensure our overheads are appropriate to the operating environment and we are focused on extracting the benefits of workstreams already in place.

A long term, sustainable business

Our purpose must guide us in all that we do: we build great homes and create thriving communities. Whilst short term performance is very important, we run the business for the long term to enhance and generate more value and mitigate risk. We will deliver on our priorities in a responsible and sustainable way, which makes a positive contribution to all stakeholders. This approach is integrated into our business decision making, including our commitment to health and safety and prior investments in build quality and in developing our people.

Environmental, social and governance (ESG) has always been an important part of working for Taylor Wimpey. Our teams see the social and governance aspects as 'business as usual', including our contributions to, and involvement in, local communities and our strong culture. In 2020, we identified that in the area of the environment we could and should be doing more, and in February 2021 we launched a new environmental strategy, as we play our part in tackling climate change and respond positively to changes in our regulatory environment. We delayed the timing of the launch of our environmental strategy to ensure our targets reflected the requirements of the new Future Homes Standard.

Chief Executive's statement
continued

"As a result of the equity raise in June, we were able to confidently and assertively re-enter the land market."

Our strategy includes ambitious science-based targets approved by the Science Based Target Initiative to reduce our operational carbon emissions intensity by 36% by 2025 from a 2019 baseline, and to reduce the carbon emissions intensity from our supply chain and customer homes by 24% by 2030 from a 2019 baseline. We will also make it easier for close to 40,000 customers to work from home and enable more sustainable transport choices through 36,000 electric vehicle (EV) charging points and 3,000 additional bike stands by the mid 2020s. Biodiversity is another key focus area and, in 2020, we adopted a biodiversity net gain approach in a number of our planning applications and from 2021 we will also integrate our priority nature enhancements on all suitable new sites. A full outline of our targets can be found in our Sustainability Report and on our website. We are also disclosing our performance against the criteria identified for our sector by the Sustainability Accounting Standards Board in our Sustainability Report for the first time this year.

Our equity raise

In June 2020, we raised net proceeds of £510 million through issuing new shares in order to take advantage of attractive opportunities in the land market. This was a front footed raise aimed at building the long term sustainability of our business and the response from our investors and employees was positive.

Where are we buying?
New land acquisitions span all our regions. Between re-entering the land market and 31 December 2020, we had agreed terms on and authorised gross land purchases of c.£1.3 billion comprising 93 sites. Though this includes sites we would have progressed without the capital raise, it is significantly more than what we would have normally transacted to replace land built on during the year. Overall, the timing of land spend is 'opportunity-led' as we seek to maximise value. Having invested in recent years to improve site teams, quality and customer service, we are well placed to deliver these additional outlets without adding meaningfully to our existing structure of 23 regional businesses, generating long term value and helping us emerge in a strong competitive position. We have continued to progress land buying this year, as land market conditions have begun to normalise and competition has returned in most areas.

What are we buying?
At the beginning of 2020, we flagged our intention to increase the proportion of smaller sites in our portfolio to help us raise outlet numbers and increase our optionality. Over recent years, we have faced greater competition for smaller sites which generally attract a larger number of bidders, such as smaller housebuilders. This has made it more challenging to acquire smaller sites at our high margin and return hurdle rates. Since the equity raise, we have been able to increase our number of smaller sites with less competition and at expected returns, in line with our hurdle rates. We remain good at developing large sites where we often have a competitive advantage and these remain an important part of our mix.

Adding to our strong landbank
As at 31 December 2020, our short term landbank stood at c.77k plots (2019: c.76k plots). 50% of this short term landbank has been strategically sourced (2019: 54%) since 2009. During 2020 we acquired 7,644 plots (2019: 7,268 plots). The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 15.2% (2019: 14.9%). The average selling price in the short term owned landbank in 2020 increased by 1.1% to £288k (2019: £285k). A key strength of Taylor Wimpey is our strategic land pipeline. This is an important input to the short term landbank and provides an enhanced supply of land with greater control over the planning permissions we receive. We have one of the largest strategic pipelines in the sector which stood at c.139k potential plots as at 31 December 2020 (31 December 2019: c.140k potential plots). During 2020, we converted a further c.4k plots from the strategic pipeline to the short term landbank (2019: c.8k plots). We continue to seek new opportunities and added a net 2.4k new potential plots to the strategic pipeline in 2020 (2019: 21.2k). In the year, 55% of our completions were sourced from the strategic pipeline (2019: 56%).

Behind our equity raise

Last year, we set out our ability to grow at the right time in the cycle, without compromising on quality or adding meaningful market risk. We have added to our excellent land position whilst maintaining a strong balance sheet and tightly controlling cash.

The equity raise was completed in three ways:

1. An equity placing to existing and new institutional shareholders
2. A subscription, to allow Taylor Wimpey Directors to participate
3. A retail offer for employees and retail shareholders

March
At the beginning of the crisis, when the extent of the UK lockdown was unknown, we placed discretionary land spending on hold to conserve our cash resources.

April to May
As we prepared to remobilise sites and began assessing land deals in late April 2020, we saw a marked increase in the number and the attractiveness of opportunities with much reduced competition.

June
We recognised this period as a time limited opportunity in the land market.

At all times maintaining a strong balance sheet was a priority. The Board signed off the equity raise and we raised net funds of £510 million. The equity raised allowed us to increase our investment in land over and above the land we would normally purchase whilst maintaining a very strong balance sheet, a key differentiator.

June to December
Our teams progressed deals in the pipeline which were assessed by management and those that met our target returns were approved. We agreed terms and authorised gross land purchases of c.£1.3 billion by 31 December, significantly more than our usual rate.

We expect our short term landbank to grow by over 10k plots over the next 12-18 months. We expect the land spend already committed will lead to outlet growth from late 2022 and completions from 2023.

c.£1.3bn
of agreed terms and authorised gross land purchases

Chief Executive's statement
continued

"Operating through the challenges of the pandemic has also highlighted opportunities for ongoing efficiency and performance improvement."

We continue to develop our interactions with our communities. Our Community Communications Plan launched in 2019 is ensuring a consistent approach to relationships with new and existing communities and we have signed the Social Mobility Pledge to boost opportunity and social mobility.

UK current trading and outlook
The 2021 selling season has started well, following on from the stronger than expected recovery of the housing market in the second half of 2020 and reflecting the underlying strength of demand, underpinned by low interest rates and stable mortgage lending. The net private sales rate for the year to date (w/e 21 February 2021) was 0.89 (2020: 0.94).

We started the year over 50% sold for 2021 private completions and have continued to grow our order book. As at 21 February 2021, our total order book excluding joint ventures was £2,793 million (2020 equivalent period: £2,584 million), comprising 11,013 homes (2020 equivalent period: 10,880). Our order book includes a healthy profile of sales extending into the second quarter and beyond when the Stamp Duty Land Tax holiday is due to end and into the next phase of Help to Buy. With the benefit of a strong order book, we have tested sales pricing across our developments, and have achieved selling price growth in the first two months of the year.

We are mindful of the changing regulatory environment for the sector in the short to medium term and have put the steps in place to enable us to respond appropriately. While Brexit related friction and the ongoing implications of COVID-19 may cause some disruption in housing market sentiment in the near term, with the process now agreed, we expect the clearer political outlook to provide a longer period of stability for our customers.

Our management

The Group Management Team (GMT) is our most senior management group, below the Board, comprising the three Executive Directors and eight other senior management roles across regional and central leadership.

Q How was the GMT involved in decision making in 2020?

A The GMT is key to enacting the decisions of the Board, and GMT feedback and input is key to aiding the Board's decision making processes. The GMT meets formally on a monthly basis and met very frequently via video conference during the early stages of the pandemic to assist the Board in its decision making processes, take key operational decisions and to enact necessary changes quickly and effectively. For example, the GMT were charged with creating, implementing and overseeing the detailed procedural changes necessary to satisfy the Board that it would be safe to return to site in a COVID-secure way; this programme of work was led by Group Operations Director, Jennie Daly.

Q What are the recent changes to the GMT?

A We have removed one layer of operational management that was in place between the GMT and the regional business units. This streamlines our operational structure, giving more ownership and accountability to the Managing Directors of our 23 business units. We have expanded the GMT to include two new Divisional Chairs: Ian Drummond, Divisional Chair Scotland and Shaun White, Divisional Chair Midlands and Wales. This means our regional business units report directly into a member of the GMT.

Our Group Management Team

1. Pete Redfern
Chief Executive

2. Chris Carney
Group Finance Director

3. Jennie Daly
Group Operations Director

4. Alice Marsden
Group General Counsel and Company Secretary

5. Anne Billson-Ross
Group Human Resources Director

6. Lee Bishop
Managing Director, Group Strategic Land

7. Ingrid Osborne
Divisional Chair, London and South East

8. Nigel Holland
Divisional Chair, Central, South West and Spain

9. Ian Drummond
Divisional Chair, Scotland

10. Shaun White
Divisional Chair, Midlands and Wales

Daniel McGowan left his role as Divisional Chair, North East, North West and Yorkshire at the end of January 2021. Whilst a comprehensive recruitment process is conducted to appoint a new Divisional Chair, this role is held by Jennie Daly, on an interim basis, with some of her other responsibilities temporarily shared with Chris Carney.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Chief Executive's statement
continued

Our robust investment case

Our culture and values have shone through in 2020

- First major homebuilder to announce the closure of sites to ensure safety
- Our employees played an important role supporting the NHS and care homes
- Supported vulnerable subcontractors through our Pay It Forward Scheme

Our culture and values have been put to the test in this challenging year and our dedicated employees have risen to the challenge. We have acted decisively and responsibly in the interests of our stakeholders and the wider society, including going above and beyond to support the NHS and care homes. We closed our sites early to put in place COVID-secure ways of working and supported our colleagues and partners financially and through added support, communication and online training. We were rated by Glassdoor in the top 10 UK firms for work-life balance during COVID-19.

Not only is this the right thing to do, which is our core value, but protecting and supporting our customers, employees and subcontractors is in the long term interest of our business and the industry, reputationally and operationally. Acting responsibly has been key to keeping construction open.

Read more on pages 30 to 41

We maintained our focus on sustainability

- Continued to open new outlets and progress build, not just run the business for short term
- Progressed our ESG goals, particularly in relation to environmental targets and diversity
- New environmental strategy in February 2021 with ambitious carbon reduction targets

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

This was demonstrated this year as we progressed our ESG goals including environmental targets and diversity, our rigorous approach to health and safety as well as our decision to invest in the future by increasing our investment in land.

We have captured opportunities to maintain our well-invested, quality landbank and strong balance sheet. We also made some difficult decisions to streamline our operational structure and refocus our London business on more affordable and sustainable pricing points.

SR Read more in our Sustainability Report

Added to our high-quality landbank and maintained strong balance sheet

- Between re-entering the land market and 31 December 2020, agreed terms on and authorised c.£1.3 billion of gross land
- Ended year with strong balance sheet with net cash‡ of £719.4 million as at 31 December 2020

We began the year with one of the strongest land positions in the sector, with high-quality land in our core areas. The equity raise allowed us to grow our land position whilst maintaining a strong balance sheet. We agreed terms on and authorised gross land spend of c.£1.3 billion by 31 December comprising 93 sites and c.22,600 plots.

We believe that our decision to take opportunities to progress land investment will provide us with strong momentum going into the medium term.

We have a strong short term landbank of c.77k, as at 31 December 2020. Our strategic land pipeline is an important input to the short term landbank and provides an enhanced supply of land with greater control over the planning permissions we receive. We have one of the largest strategic pipelines in the sector which stood at c.139k potential plots as at 31 December 2020.

c.£1.3bn

Agreed terms on and authorised gross land purchases

Read more on pages 12 to 13

Driving growth at the right time in the cycle

- Expect growth in our outlets in late 2022 and 2023 as a result of additional land buying
- Expect to add over 10,000 plots to our landbank as a result of the equity raise
- Assertive land buying providing strongest momentum in the sector

We see potential for some medium term volume growth, assuming a supportive market. We continue to view timing as key to our investment decisions. In June 2020, we were able to take advantage of a disconnect in the land market with much reduced competition. We raised additional equity which enabled us to confidently and assertively re-enter the land market, adding plots that meet our strict criteria in terms of location, value and margin hurdle rates.

This additional investment has helped us to re-balance our landbank by adding a slightly higher proportion of smaller sites into the mix. In normal years, stepping up land buying at such a rate would not be possible without impacting the market and causing land prices to rise. The quality of the pipeline we have coming through means we feel we will emerge stronger from this crisis, with the best momentum in the sector heading into the medium term. The additional investments made in land in 2020 and in 2021 are expected to result in outlet openings from late 2022 and increased volume from 2023, generating additional value and investor returns.

Read more on pages 6 to 7

On track to generate significant and reliable shareholder returns

- We have paid £2.3 billion in total dividends over the last seven years
- Cancelled 2019 final and planned 2020 special dividend due to COVID-19
- We have resumed the payment of ordinary dividends with the 2020 final dividend

In order to conserve cash and increase our flexibility, we took proactive measures to protect the balance sheet in the short term, including cancelling the 2019 final dividend and the planned special dividend payment.

It continues to be our aim to provide a reliable income stream to our shareholders, throughout the cycle, including during a 'normal downturn'. With a strong balance sheet and performance, we propose to resume ordinary dividend payments in May 2021, starting with the 2020 final dividend payment of 4.14 pence per share equating to c.£151 million, subject to shareholder approval at the AGM.

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

We are not proposing to return excess capital in 2021. We will review the level of excess capital and potential return in respect of 2021 at the time of the 2021 full year results in February 2022, for payment in 2022.

£2.3bn

Total dividends paid over the last seven years

Read more on page 5

We are focused on the performance objectives of reducing underlying costs, process simplification and driving value across the business, with operating profit margin the primary financial measure for the Group. We continued to prioritise opening new outlets throughout 2020 and remain focused on developing our new land acquisitions through the planning system and opening new outlets efficiently. In 2021, assuming the market remains broadly stable, we expect to deliver 85-90% of 2019 volumes and make further progress towards our medium term operating profit margin target of c.21-22%.

We expect to record a smaller proportion of affordable homes than usual in 2021, (c.17%), influenced by site mix and a revision to the way we contract land sold to Housing Associations, with revenue and profit realised slightly later. The private / affordable mix will return to more normal historic levels from 2022. At this stage, we anticipate overall build cost inflation in 2021 to be marginally lower than in 2020, (c.2-3%), though this is dependent on industry-wide production levels as well as the strength of the housing market.

As our completion volumes recover, we expect 2021 operating profit margin to increase to between 18.5% and 19%. At this stage we anticipate 2021 year end net cash of broadly £500 million, subject to timing of land acquisitions and payments.

Having approved significant incremental new land in the past nine months, we expect new land approvals to revert to a more normal replacement level. Between re-entering the land market in 2020 and up to 26 February 2021, we agreed terms on and authorised gross land purchases comprising 30,956 plots and expect our short term landbank to grow by over 10k plots over the next 12-18 months.

The Group has a robust balance sheet and a growing high-quality landbank, which will enable us to grow the business whilst generating compelling returns. The actions we have taken in 2020, and the strong embedded margin in the landbank, underpin our confidence in achieving our medium term target to deliver operating profit margins of c.21-22%. Our focus on retaining momentum in outlet openings and our incremental land acquisitions leave us well positioned to deliver strong volume growth in the medium term. With a continued focus on costs and efficiency, the Board believes the Group is well positioned for strong progress and to deliver enhanced shareholder value in the years ahead.

Pete Redfern
Chief Executive

Our purpose

A purpose-led homebuilder

Achieving our purpose takes an integrated approach…

Our purpose is to build great homes and create thriving communities

Our values are key to how we do business:

Respectful and fair

Take responsibility

Do the right thing

Better tomorrow

Be proud

…where an ESG mindset is embedded in the business and decision-making…

Environmental

- New environment strategy to reduce our environmental impact and improve efficiency
- Ambitious science-based target for carbon reduction approved by the Science Based Targets initiative
- Enhancing nature on our sites, reducing waste, and using fewer and more sustainable resources

Social

- Our Community Communications Plan ensures a consistent approach to working with communities and we aim to improve this engagement
- Creating connected, sustainable communities through placemaking, benefiting customers and existing residents
- Significant contributors to local communities through our planning obligations

Governance

- Strong culture of doing the right thing with health and safety as our number one priority
- Refined our purpose following consultations with our stakeholders
- Strive to improve diversity and, in 2021, we will be launching our new Equality, Diversity and Inclusion Policy

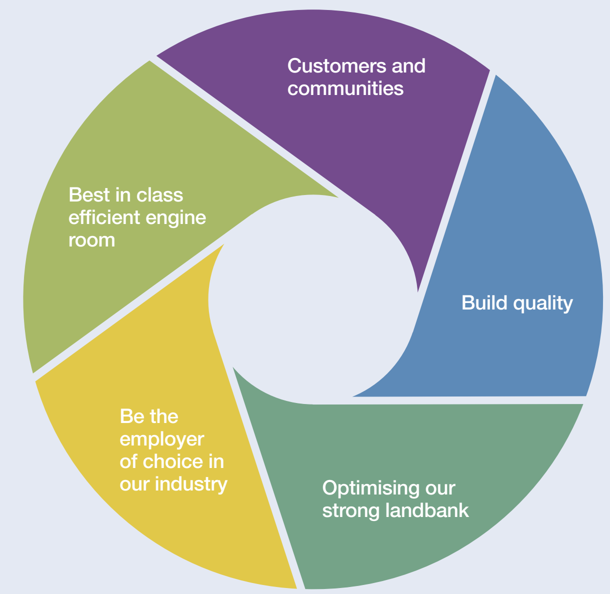
Achieved through our optimised business model
BM See pages 20 to 21

Key performance indicators
See pages 22 to 25

Environmental targets
See page 42

Read more about our strategy and targets in our Sustainability Report
SR www.taylorwimpey.co.uk/corporate/sustainability

…which enables us to deliver on our long term strategy and achieve our medium term goals (2018-2023) and short term priorities…



Priorities in 2021:

- Margin delivery – optimisation of selling price and an enhanced cost mindset
- Bringing through new land acquisitions for volume growth in 2023/24
- Delivering customer service and consistently great build quality
- Building on our strengths in Social and Governance areas and new Environmental strategy

Medium term goals (2018-2023):

Return on net operating assets**
35%
9.9% in 2020
(2019: 31.4%)

Operating profit* margin
c.21-22%
10.8% in 2020
(2019: 19.6%)

Cash conversion‡‡
70-100%
(54.9)% in 2020
(2019 : 82.6%)

Short term landbank
4-4.5 years
c.8.1 years in 2020
(2019: c.4.8 years)

Due to the impact of COVID-19 on the 2020 financial results, none of our medium term strategic objectives were met in the year.

Remuneration report
See pages 112 to 115

…whilst delivering long term value for our stakeholders.

Our customers

Our employees

Our partners

Our investors

Our communities

Our business model

Principal Risks key:
- **A:** Government policy and planning regulations
- **B:** Impact of the market environment on mortgage availability and housing demand
- **C:** Material costs and availability of subcontractors
- **D:** Ability to attract and retain high-calibre employees
- **E:** Land purchasing
- **F:** Quality and reputation
- **G:** Site and product safety

How our business model delivers on our purpose...

What we do

1. Investment
Selecting land

2. Development
Managing the community and planning process

3. Realising value
Optimising the housebuilding process

Reinvesting

1. Investment

Why we do it

Shareholder capital management
Ensuring long term sustainability of the business model through securing a quality land pipeline, located in places people want to live, with good planning prospects.

Our strong land position comprises both short term land (land with some form of planning permission) and strategic land pipeline (land with no residential planning at the time we take a commercial interest).

How we do it

We continue to look for opportunities in the right locations that optimise our value and meet our returns criteria. We continue to focus on being responsive to land market conditions. In 2020, we completed an opportunity-led equity raise.

At this stage in the business model we seek to manage the following Principal Risks:
A, E

The value we created in 2020

c.77k
Plots in our UK short term landbank
(2019: 76k)

c.£2.9bn
Land on the balance sheet
(2019: c.£2.7bn)

2. Development

Why we do it

Protecting capital and adding value
Progressing land through the planning system is the key way we add value to the land we acquire. Securing good quality planning permissions benefits both our land portfolio and the communities in which we build, providing much needed new homes, affordable housing, infrastructure and community facilities through planning obligations. We engage extensively with communities, before and during the lifetime of each development.

How we do it

We do this through factoring in stakeholders' needs, addressing environmental and other local issues and building community facilities to create developments that meet their wider needs.

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

The value we created in 2020

68
Planning applications granted
(2019: 81)

97
Community events and meetings
(2019: 187)

3. Realising value

Why we do it

Optimising stakeholder returns
Key to this is building quality homes which are attractive to customers. Health and safety is our first priority and is not an area we will compromise. We seek to do the right thing, and deliver our strategy in a way that benefits all our stakeholders. As a national housebuilder we benefit from our scale and look to maximise and optimise the efficiency of our operations.

How we do it

We work with our subcontractors to make improvements to our processes and operations. We have implemented additional checks and driven higher standards of build quality across our business. We have taken further tangible measures to remove unnecessary costs and ensure we are operating efficiently to maximise stakeholder returns.

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

The value we created in 2020

c.9.8k
New homes completed for our customers
(2019:16.0k)

6.0k
Directly employed on average during 2020
(2019: 5.9k)

Worked with
12.3k
subcontractors on average during 2020
(2019: 14.6k)

Read more about our risk management on pages 46 to 53

S Read more on how we create value for all stakeholder groups on pages 28 to 41

Our strategy and key performance indicators

Measuring our progress

Principal Risks key:
A: Government policy and planning regulations
B: Impact of the market environment on mortgage availability and housing demand
C: Material costs and availability of subcontractors
D: Ability to attract and retain high-calibre employees
E: Land purchasing
F: Quality and reputation
G: Site and product safety

Customers and communities

Strategic priority

Principal Risks
A, B, C, D, E, F, G
PR Read more on pages 49 to 53
£ Read more on pages 112 to 115
S Read more on pages 30 to 33 and 40 to 41

Performance in 2020

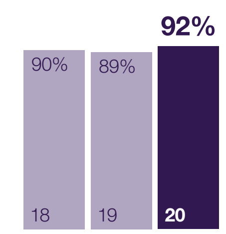
- We are pleased that our 8-week 'would you recommend' score is back up to a five-star level after narrowly missing this last year.
- We maintained a high level of customer satisfaction, despite the challenges of managing customer expectations in the face of build delays caused by COVID-19.
- We retained a sales presence even while sales centres and show homes were closed during the national lockdown and leveraged our IT systems to support our customers digitally and on the phone.
- Our focus on longer term customer satisfaction is beginning to be reflected in an improved 9-month 'would you recommend' score.
- We launched our new, user friendly customer-facing website which is smart phone friendly.

Priorities going forward

- During 2020, we learnt many valuable lessons on how our customers interact with us via technology and the benefits of holding appointments outside of traditional opening hours. Taking on board these learnings will enable us to continue to improve the ease of doing business with us.
- Our focus in 2021 will be to continue to deliver good quality homes. Quality is key to a customer's first impressions, minimises the need for future remediation and improves long term customer satisfaction.
- We continue to prioritise strong customer service and aim to maintain a five-star rating.
- Providing reliable move in dates continues to be a priority for us.

KPI

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



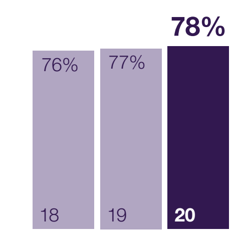
Objective: We strive to achieve 90% or above in this question, which equates to a five-star rating.

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

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

£ Read more on pages 112 to 115

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



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

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

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

£ Read more on pages 112 to 115

Note: The 8-week 'would you recommend' score for 2020 relates to customers who legally completed between October 2019 and September 2020, with the comparators relating to the same period in the prior years. The 9-month 'would you recommend' score for 2020 relates to customers who legally completed between October 2018 and September 2019, with the comparator relating to the same period in the prior years.

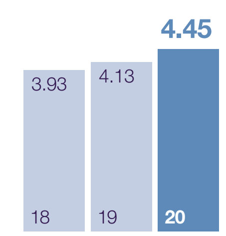
Build quality

Principal Risks
A, C, D, F, G
PR Read more on pages 49 to 53

- Over the last few years, we have focused on enhancing build quality and are pleased with our National House-Building Council (NHBC) Construction Quality Review (CQR) score of 4.45 out of 6.
- Average reportable items per inspection have fallen in the year as we continue to improve processes and systems.
- Published a customer version of our Consistent Quality Approach guidelines so it is clearer for customers what they expect from us.

- We continue to consider build quality as key and aim to maintain the level and consistency of quality throughout the business.
- We aim to continue to ensure our quality assurance processes are embedded at every stage of build.
- Improving quality reduces the need for remediation, reduces costs and waste, and drives additional value for our stakeholders.

Construction Quality Review



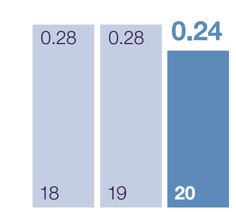
Objective: To achieve an average score of four out of six across Taylor Wimpey by 2020.

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

Why it is key to our strategy: Right first time continues to be a key priority within our customer-focused approach. CQRs focus on construction quality and understanding 'why or how' given levels of quality have resulted.

£ Read more on pages 112 to 115

Average reportable items per inspection



Objective: Reduce defects found during build stages.

Definition: The average number of defects found per plot during NHBC inspections at key stages of the build.

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

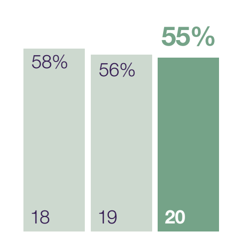
Optimising our strong landbank

Principal Risks
A, D, E
PR Read more on pages 49 to 53

- We continue to exceed our target of sourcing more than 40% of completions from the strategic pipeline.
- We saw opportunities in 2020 to invest in the land market for the medium term. This, together with the reduction in completions in the year, as a result of COVID-19, has resulted in our landbank years exceeding the medium term target.
- In the year, land cost as a percentage of average selling price on approvals has increased against a low comparator, but still remains strong. The increase is partly due to the mix of sites with an increased proportion in the South East as well as a higher proportion of smaller sites.

- Continue to convert land from the strategic pipeline into the short term landbank to provide visibility, optionality and aid long term planning.
- We continue to invest in land to support future growth and returns with a pipeline of future quality outlets.
- We remain focused on progressing our new land acquisitions through the planning system and opening new outlets efficiently.
- We will continue to drive value from acquiring land at high contribution margins in places where customers want to live both now and in the future.

Strategically sourced completions

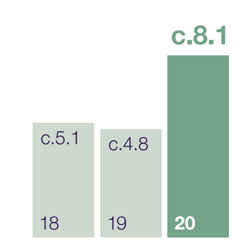


Objective: We aim to source more than 40% of our completions from the strategic pipeline per annum in the medium term.

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

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

Landbank years



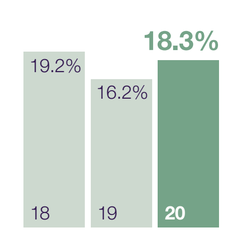
Objective: Increase landbank efficiency – reduce length of short term owned and controlled landbank years by c.1 year to 4-4.5 years.

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

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

% Read more on page 19

Land cost as % of average selling price on approvals



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

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

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

Our strategy and key performance indicators continued

Strategic priority	Performance in 2020	Priorities going forward

Be the employer of choice in our industry

Principal Risks
D, F, G

PR Read more on pages 49 to 53
S Read more on pages 34 to 35

Performance in 2020

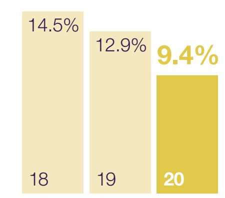
– We are pleased that our Annual Injury Incidence Rate (AIIR) reduced again to 151 in 2020 (2019: 156). Our AIIR for reportable injuries per 100,000 employees and contractors remains well below both the HBF and Health and Safety Executive Construction Industry averages.
– Our dedicated teams have demonstrated the ability to quickly adapt to new working practices through the pandemic.
– To gain feedback we ran three 'pulse' surveys in 2020 which were designed to provide a 'temperature check' on employee engagement. These showed our employees to be highly engaged as well as aligned to the Group's actions during the COVID-19 crisis.
– We continue to have one of the lowest rates of voluntary employee turnover in the industry.
– With a well known shortage of skills, we have taken a proactive approach to our early talent programmes and direct labour model. In 2020, we reviewed the structure of the business and engaged with employees throughout the process.

Priorities going forward

– We continue to use research and development to test and implement measures on site in order to make our sites as safe as possible.
– We continue to value a stable workforce using surveys and feedback to understand our employees' views and continue to develop our employee offering.
– In 2021, we plan to run a 'Talkback' survey, as we did in 2019. We undertake an engagement survey periodically and it forms an important part of how we involve, gain feedback from and communicate with our employees.
– We continue to improve our recruitment strategy and diversity road map with supportive training and working practices. We aim to reach a wider talent pool through different attraction channels to increase BAME representation in our workforce and establish a more gender balanced workforce which is more representative of the communities we serve.

KPI

Voluntary employee turnover

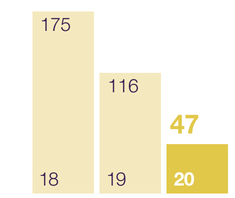


Objective: We aim to attract and retain the best people in the industry and give them opportunities to develop to their full potential. We aim to keep this within a range of 5-15%.

Definition: Voluntary resignations divided by number of total employees.

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

Number recruited into early talent programmes

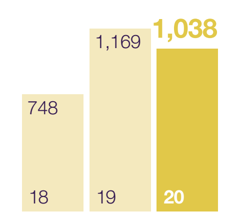


Objective: To reduce the impact of the industry skills shortage and future-proof our business.

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

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

Directly employed key tradespeople, including trade apprentices

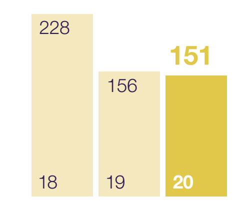


Objective: To improve quality, reduce bottlenecks in key trade supply, reduce the impact of the industry skills shortage and future-proof the business.

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

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

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



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

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

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

Best in class efficient engine room

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

PR Read more on pages 49 to 53
S Read more on pages 36 to 37

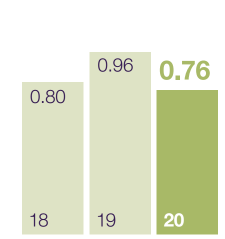
Performance in 2020

– In the year, sales rates have been constrained by the impact of COVID-19, and in particular our second quarter shutdown when COVID-secure practices and socially distanced operations were implemented. By the end of 2020 we had returned to near normal capacity whilst operating in a COVID-secure way.
– Sales recovered strongly in the second half and our net private sales rate remains strong in the context of historic rates. We have been able to adapt our ways of working including digitising our whole sales process from reservation through to completion, with only the signing of contracts required to be done by hand, and expanding and extending our approach to flexible working to benefit our employees and customers.
– Our order book both by value and volume is at an historic high, this is partly due to build delays extending the order book but also reflects strong underlying demand.
– In 2020, we undertook a detailed organisational review and made changes to our cost structure to ensure that we continue to operate efficiently in a changing market including the removal of one tier of operational management, the rationalisation of our London operating structure and a series of reductions in central and business unit overhead levels. We are now operating from 23 regional businesses.

Priorities going forward

– Through 2021, we aim to optimise our operations under COVID-secure conditions.
– We aim to work efficiently through our strong order book and continue to meet sales demand.
– We worked with architects to update our standard house types which we will start using in 2021. We have reduced our number of different house types which provides a number of operational and procurement benefits that will help ensure quality and consistency. However, we have not reduced the specification of our homes.
– We continue to focus on cost and efficiency, process simplification, and extracting the benefits of workstreams already in place.

Net private sales rate

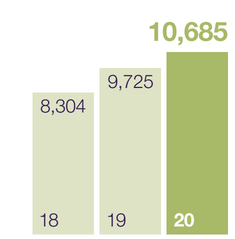


Objective: We want to break our historic sales rate barrier by thinking differently about how we deliver a home and to better capture demand.

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

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

Order book volume

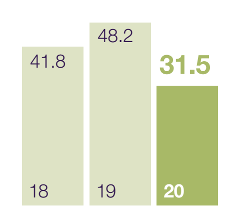


Objective: We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

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

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

Private legal completions per outlet

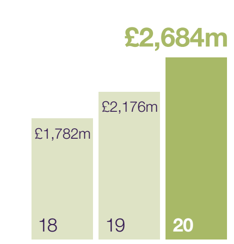


Objective: To improve efficiency on our sites and increase the number of legal completions per outlet.

Definition: The number of private legal completions per outlet.

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

Order book value



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

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

Materiality assessment

Key issues for our stakeholders

Our materiality assessment helps us to identify and focus on the sustainability (environmental, social and economic) issues and impacts that matter most to our business and our stakeholders, including customers, communities, investors, our employees and partners.

The assessment takes into account a range of factors including our business priorities, stakeholder views, the UN Sustainable Development Goals, long term and market trends and government policy.

We updated our materiality assessment in 2019 and early 2020 to ensure we remain focused on the key issues for our business and stakeholders.

We use the results of our materiality assessment to inform our approach to managing ESG risks and opportunities including the development of our environmental strategy.

SR Read more in our Sustainability Report

S Read more in emerging stronger for our stakeholders on pages 28 to 41

United Nations Sustainable Development Goals

We support the United Nations Sustainable Development Goals (SDGs), which aim to unite governments, businesses and the third sector to end poverty, fight inequality and address climate change. Our Legacy, Engagement and Action for the Future (LEAF) committee has reviewed the Goals and their relevance to our business.
This process identified 12 goals and 32 targets where we can make a contribution towards a more sustainable future.
We use the Goals to inform our materiality process and in the development of our sustainability strategy and targets.
An index is included on our website, showing how we can support the goals.

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

SUSTAINABLE DEVELOPMENT GOALS

Identifying our material issues

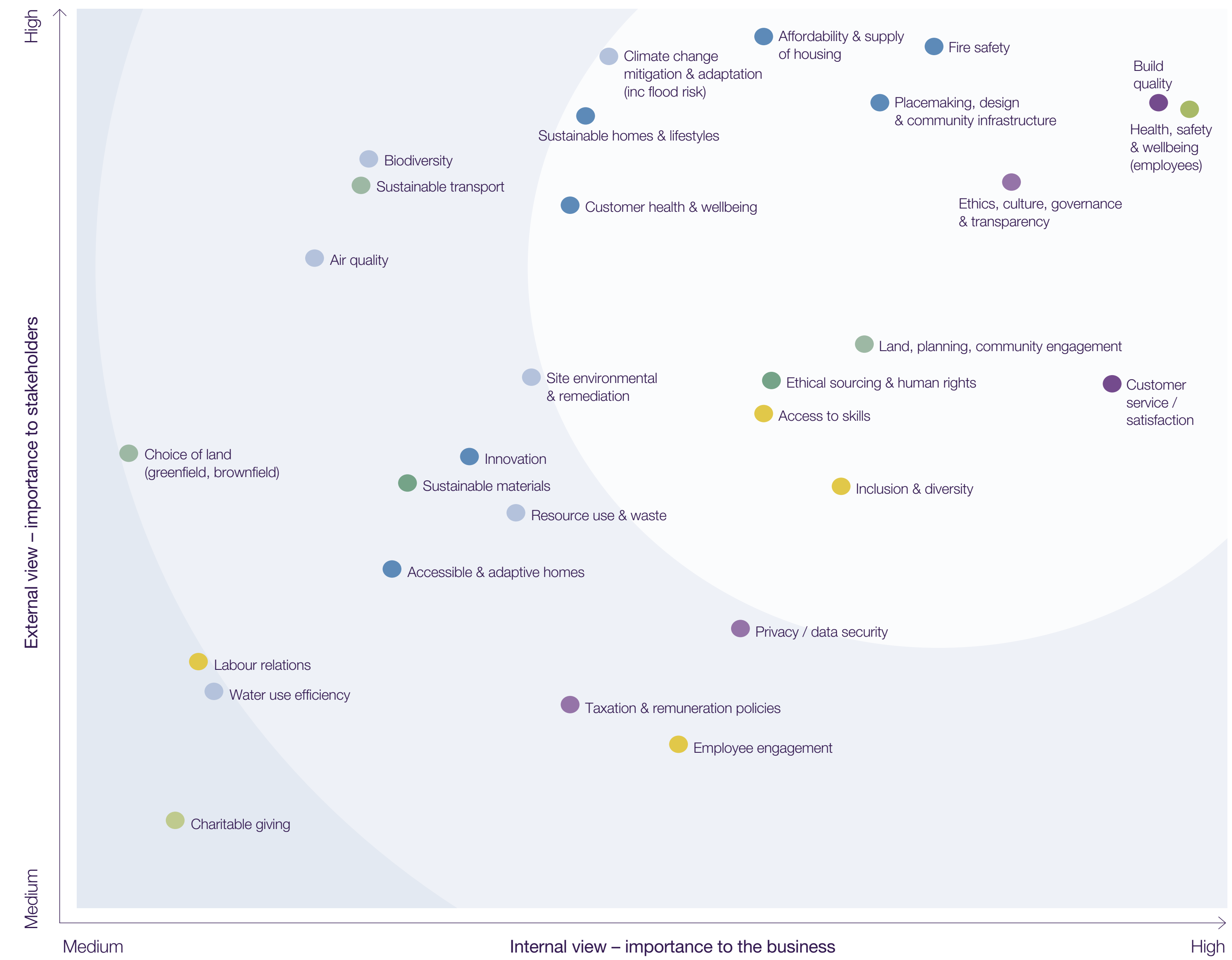
1. Issue identification
A long list of issues was identified based on our current priorities, our previous materiality assessment, business strategy, our main impacts and risks, long term and market trends, the UN Sustainable Development Goals and other external frameworks.

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

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

4. Review
Our materiality matrix was reviewed by our Chief Executive and members of our Group Management Team.

Our materiality matrix



Our material issues

- Sustainable homes and communities
- Health, safety and wellbeing
- People and skills
- Land, planning and community engagement
- Environment
- Charitable giving
- Customer service and quality
- Responsible sourcing
- Governance and management

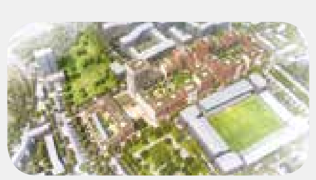
The issues identified in our materiality matrix have been grouped to create a list of nine material issues. Corresponding colours have been used to show how the issues have been grouped.

Our stakeholders

Emerging stronger for our stakeholders

Section 172(1) Directors' Duty

The Directors continue to have regard to the interests of the Company's wider stakeholders, in accordance with s172 of the Companies Act. Details of how the Directors have fulfilled their duties can be found throughout the Strategic and Governance reports. The content below on stakeholder engagement and on pages 30 to 41 highlight key actions in this area. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the Governance section on pages 72-77.

Stakeholders	Key issues from our materiality matrix	How we engage	Actions and outcomes	Value created
Our customers 	Affordability and supply of housing Air quality Biodiversity Build quality Climate change mitigation and adaptation (inc flood risk) Customer service / satisfaction Placemaking, design and community infrastructure Sustainable homes and lifestyles Sustainable transport Fire safety	We engage directly with customers at our developments, via our customer portal (Touchpoint) and through social media. We monitor customer views through focus groups, satisfaction surveys, Trustpilot reviews and post-occupancy research. In 2020, we surveyed customers on their attitudes to the environment. Our CEO wrote to all customers upon closing and reopening of sites as well as to update them on subsequent changes throughout the pandemic.	– Moved efficiently to online appointments through the pandemic to support our customers – 8-week 'would you recommend' score back up to a five-star level – In response to customer insights, updated standard house types to be rolled out in 2021 – Provided an NHS and care worker discount scheme	**92%** (2019: 89%) 8-week 'would you recommend' score
Our employees 	Access to skills Employee engagement Ethics, culture, governance and transparency Health, safety and wellbeing Inclusion and diversity Labour relations	We engage with our employees and gather feedback through meetings, appraisals, focus groups, employee surveys, our internal magazine and newsletter, Company wide emails, and our national and regional employee forums. We encourage employees to share feedback and this can be sent directly to the Chief Executive via email. Our updated induction now includes both pre- and post-start content to help new employees quickly become familiar with how we work. In 2020, we completed a detailed review of the business which resulted in some areas of restructure. Throughout, we engaged with employees, encouraged them to feedback to senior management, including our CEO and, where appropriate, entered formal consultation and ensured that Employee Representatives were briefed.	– Based on feedback, named in Glassdoor's top 10 companies for work life balance during COVID-19 and, for the fourth year running, in Glassdoor's top 50 UK employers for 2021 – Ran three pulse surveys to keep up to date with our employee views and input with 98% of furloughed employees feeling positive about the support they received during the pandemic – Provided health and wellbeing support, information and educational resources with over 2,000 employees attending health and wellbeing masterclasses and 'wellbeing in lockdown' sessions	**9.4%** (2019: 12.9%) voluntary employee turnover
Our partners 	Charitable giving Climate change mitigation and adaptation Ethical sourcing and human rights Health, safety and wellbeing Land, planning, community engagement Innovation Sustainable materials	We engage with our subcontractors and suppliers on a wide range of matters and initiatives through meetings, workshops, working groups, engagement sessions and our membership of the Supply Chain Sustainability School. Our engagement with our local and national charity partners is overseen by our Charity Committee. We engage with local authorities and parish councils and councillors and participate in the development of strategic frameworks, Local Plans and Neighbourhood Plans. We also interact with central Government including the MHCLG, Homes England, and the Department for the Environment, Food & Rural Affairs, the Scottish and Welsh Governments, to understand their priorities and share our views. We engage directly and through trade associations such as the HBF.	– Through the first national lockdown, we supported our subcontractors through our Pay It Forward scheme, as well as weekly updates to suppliers and subcontractors – We continued to progress planning through the shutdown period and were pleased to achieve the UK's first significant planning permission remotely – Employees supported local communities by donating, packing and delivering PPE to local NHS and care organisations	**12.3k** (2019: 14.6k) operatives that we provided work for
Our investors 	Climate change mitigation and adaptation Customer service / satisfaction Employee engagement Ethics, culture, governance and transparency Health, safety and wellbeing Inclusion and diversity Innovation Taxation and remuneration policies	We engage with investors throughout the year through results presentations, meetings, roadshows, conferences, telephone and video calls. We engage via our regulatory reporting including the Annual Report and Accounts, our full year results, half year results, trading updates and our Annual General Meeting. When possible, we conduct visits to our sites and we participate in benchmarks and disclosure initiatives.	– Investors welcomed our structured communications programme to keep investors updated on steps to manage and protect the business, and consideration for the health and safety of customers, employees and partners through the pandemic – Our Chairman conducted a virtual investor roadshow which received positive feedback	**c.£151m** (2019: nil) final dividend
Our communities 	Affordability and supply of housing Air quality Biodiversity Charitable giving Choice of land (greenfield, brownfield) Climate change mitigation and adaptation (inc flood risk) Health, safety and wellbeing Land, planning, community engagement Placemaking, design and community infrastructure Site environmental and remediation Sustainable homes and lifestyles Sustainable transport	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. We collaborate with non-governmental organisations (NGOs), academia and expert organisations to learn from their insights.	– Continued to run community meetings virtually during the pandemic – Ran third internal placemaking competition – We have signed up to the Construction Logistics and Community Safety initiative and committed to developing our traffic management systems	**£287m** (2019: £447m) contributions to local communities, via planning obligations

Emerging stronger for our stakeholders

Our customers

We want every customer to receive a great service and for every new home to meet our quality standards.

Material issues

Progress for 2020

- Achieved an average quality score of 4.45 compared with an industry benchmark group average score of 4.32
- Achieved a recommend score of 92% in the HBF 8-week survey which equates to a five-star rating
- Enhanced our digital offering to customers to complete their homebuying journey remotely, from registering their interest through to completion of purchase
- Published a customer version of our Customer Quality Assurance document, so it is clearer for customers what they can expect from us
- Customer research carried out into environmental issues, with over 1,000 people taking part

Priorities for 2021

- Improve our 9-month customer satisfaction survey score
- Roll out the new house type range across our regional businesses
- Maintain our five-star customer satisfaction rating
- £125 million in funding to support fire safety improvement works for leaseholders in Taylor Wimpey apartment buildings, including those below 18 metres, built over the last 20 years, to ensure they meet current RICS EWS1 guidance

BM Read more on pages 20 and 21

Read more on pages 22 and 23

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

Fire safety provision

Background

The safety of our customers is of paramount importance and we have always been guided by this principle. Following the tragic fire at Grenfell Tower, Taylor Wimpey moved quickly to identify where action was needed to remove ACM cladding on legacy high rise apartment buildings, even though the buildings concerned met the requirements of building regulations at the time construction was approved. We announced a £40 million provision to cover the cost of removing and replacing ACM cladding on those buildings, and to date we have completed work on 12 out of 19 of the apartment buildings identified in this review.

Over the past three years there have been multiple updates to regulation and advice on implementation, and the number of buildings and scope of issues under review has widened materially, to include apartment buildings below 18 metres and those with other forms of cladding. Many leaseholders have been left with unreasonably large bills to ensure their properties are safe and in line with post-Grenfell fire safety standards.

Latest RICS EWS1 Guidance

In January 2021, the Royal Institution of Chartered Surveyors (RICS) issued proposed guidance for public consultation to improve consistency in EWS1 (External Wall Fire Review) requests. This consultation clarified the circumstances in which an EWS1 form is required.

The UK Government announcement on 10 February 2021 endorsed this updated guidance, which has made fire safety improvement requirements clearer and enabled us to focus on resolving issues for leaseholders using EWS1 forms as an independent framework. Whilst we await a further update from RICS, we believe that it is right to provide as much clarity as possible for customers at this point.

Provision scope

As a result of this clarified guidance, we have announced an additional £125 million provision, to be booked in 2021, to fund fire safety improvement works for leaseholders in Taylor Wimpey apartment buildings constructed over the last 20 years. We will provide funding to make apartment buildings safe and mortgageable in line with the latest RICS EWS1 guidance.

For buildings we own, Taylor Wimpey will both fund and oversee the improvement of apartment buildings, regardless of eligibility for the UK Government Building Safety Fund, including apartment buildings below 18 metres. If Taylor Wimpey no longer owns the building and it is not eligible for the Building Safety Fund, or similar support that may be announced in the future, where a freeholder produces a fair and proportionate plan for fire safety improvement works following EWS1 assessment, we will contribute funding to assist freeholders in bringing those buildings up to the standards required by EWS1 assessment.

We have identified 232 apartment buildings that may require fire safety works under EWS1 requirements.

We expect building owners to contact Taylor Wimpey following completion of the required EWS1 assessment on the relevant buildings they own. If the apartment building is eligible for the UK Government's Building Safety Fund, we would expect building owners to apply for this funding, which is expected to be partly funded by an Industry levy.

This provision will be reflected as a non-adjusting post balance sheet event, disclosed as such in the 2020 accounts, and the provision will be booked in the 2021 accounts as an exceptional charge.

Ground Rent Review Assistance Scheme

During 2007-2011, ten-year doubling ground rent clauses were generally included in customer leases on some of our developments. We ceased using such clauses on new developments from January 2012 onwards. In April 2017, following a detailed review, we launched a voluntary Ground Rent Review Assistance Scheme (GRRAS) to help affected customers. Under GRRAS, Taylor Wimpey covers the cost of converting our customers' lease terms into an industry standard RPI-based lease, comparable to that used in the majority of residential leases in the UK.

GRRAS is available to all of our customers and also to subsequent purchasers on those developments where we still own the freehold.

We have reached agreement with freeholders representing 99% of the leases concerned, with the other 1% in negotiations. All of our customers that currently have the option of converting their ten-year doubling lease to an RPI-based structure have been contacted in connection with this matter.

The CMA's investigation into leasehold remains open and we understand that the CMA will continue to proceed with its investigation. We will continue to cooperate with the CMA and will formally respond to the CMA at the appropriate point in its process.

May

Supporting NHS and care workers

In May we announced a discount scheme for NHS and care workers, as a thank you for their heroic efforts during the COVID-19 pandemic. The scheme, which ran between May and December, offered care workers a special 5% discount off the purchase price of a new home. We are pleased that over 3,000 NHS and care workers used the scheme, saving a combined c.£46 million on reservations made in the year.

"We were fortunate enough to qualify for Taylor Wimpey's Care Worker Discount, which has taken some of the pressure off saving money to pay for the optional extras that we wanted in our new home."

Taylor Wimpey customer

March

Communicating with our customers
Increased communications with our customers throughout the pandemic ensured they were kept updated, starting with the closure of sales centres and construction sites.

April

Moving our sales online
An enhanced digital offering, including remote appointments and video tours allowed customers to complete their entire homebuying journey remotely while our sales centres were closed.

July

Safe customer service
Created a video for customers to clearly show the safety protocols we have in place for when our teams visit customers' homes.

August

Dynamics
Launched trials of our new customer relationship management system, Dynamics, in two regional businesses.

Emerging stronger for our stakeholders continued

NHS and care workers discount scheme

In May we announced a discount scheme for NHS and care workers, as a thank you for their heroic efforts during the COVID-19 pandemic. The scheme, which ran between May and December offered NHS and care workers a special 5% discount off the purchase price of a new home. We are pleased that over 3,000 NHS and care workers used the scheme, saving a combined c.£46 million on reservations made in the year.

New house type range

We worked with architects to update our standard house types which we will start using in 2021. These have been designed to reflect four years of customer insights. The standard designs with fewer house types also provide a number of operational and procurement benefits that will help ensure quality and consistency. However, we have not reduced the specification of our homes.

The new range incorporates more open plan living, more natural light and improved storage, reflecting customer feedback and the results of our research and development. Our new house types include more flexible living with adaptable work study spaces, with at least one study area per home that will make it easier for customers to work and study from home and help reduce their travel footprint.

Build quality

Since the introduction of the measure, we have led the volume housebuilders in build quality as measured by the NHBC CQR score, which measures build quality at key build stages. In 2020, we scored an average of 4.45 (2019: 4.13) from a possible score of six, once again the highest score for a volume housebuilder. This compares with an industry benchmark group average score of 4.32. We are fifth nationally when ranked against all housebuilders that have more than 100 build stages (which excludes self build and very small housebuilders).

We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build.

Our Consistent Quality Approach (CQA) guidelines ensure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We are developing specific guidance within the CQA for the different trades working on our sites that will form part of our framework agreements with contractors in the future. In 2020, we published a customer version, so it is clearer for customers what they can expect from us.

Build quality on site is overseen by our UK Head of Production who works closely with our Customer Director. Progress is reviewed monthly by our Group Management Team. We agree a quality improvement plan for any sites not meeting our standards and work with commercial and production teams to implement improvements.

Getting things right first time also reduces costs and is important from an environmental perspective as fewer mistakes mean less waste, fewer deliveries to site and homes perform to the energy-efficiency standards we expect.

Customer insight and communication

In 2020 we designed and piloted a new customer relationship management system using Microsoft Dynamics software. This will be rolled out across our business in 2021 and will build on the progress we have made in digital communications with our customers over the past few years. As well as the customer service and efficiency benefits of better, more targeted communication, we expect the system to provide better insight led decision making, enhancing revenue and margin. The system will bring customer service benefits such as real time online issue resolution, delivering greater visibility and faster responses. Operationally, there are a number of benefits, for example, the system will enable end to end workflows for legal processes, with online notifications and approvals ensuring customers, solicitors and our legal teams are aligned, helping to reduce time to completion.

We want customers to receive clear information and prompt service throughout the homebuying process. During the year, and mindful of the uncertainty and impact on our customers and their house moves, we increased the level of communication, with our CEO writing to all customers upon closing and reopening of sites and throughout the subsequent changes. We also ensured that throughout the lockdown, we retained a core sales presence to communicate with customers and who were on hand, digitally, to answer any questions.

Customer satisfaction

We are pleased to have achieved a 5-star rating in the year and a score of 92% for the year ending September 2020, as measured by the Home Builders Federation survey reflecting customer satisfaction becoming embedded into the way we work. We are particularly pleased to have improved customer service during the lockdown. We acknowledge that we do not always get it right for our customers and sometimes fall short of our targeted standards. Where this is the case, we remain committed to working closely with our customers to put this right and learn from our mistakes. We encourage customers to leave reviews on Trustpilot. At the end of 2020, with over 4,500 reviews, we had a 4 out of 5 star rating (end of 2019: 4 out of 5) with a trust score of 4 out of 5 (2019: 3.9 out of 5).

We are supportive of Government plans to introduce an independent ombudsman service for the new build sector. We expect this to be introduced in 2021 and we will sign up to its code of conduct. We have been working with the HBF and others in our industry to align to the expected new requirements in areas such as complaints handling and customer rights to pre-inspection of new properties.

Greener living

We conducted research with over 1,000 consumers around the UK in 2020 to explore attitudes to the environment and sustainable living. Our research shows that environmental issues are becoming increasingly important.

New house type range

Our new standard house types have been designed to reflect four years of customer insights. The range includes a reduced number of house types which will provide operational and procurement benefits and help improve quality and consistency for our customers.

The new range incorporates more open plan living, more natural light and improved storage, reflecting customer feedback and the results of our R&D. The house types also offer more flexible living with adaptable work study spaces and at least one study area per home, which will make it easier for our customers to work and study from home and reduce their travel footprint.

Emerging stronger for our stakeholders continued

Our employees

We want to be known as the employer of choice in our sector and beyond, recruiting a diverse workforce and offering industry-leading development opportunities.

Material issues

Progress for 2020

- Named in the Glassdoor top 50 places to work for the fourth year running
- Many of our employees have stepped forward to volunteer for the NHS and support local communities and charities
- Launched our new Code of Conduct
- Once again recognised in the NHBC Pride in the Job Awards, achieving a total of 53 Quality Awards (2019: 66), 19 Seal of Excellence Awards (2019: 16) and two Regional Awards in 2020 (2019: two)
- Launched our updated two part induction process 'Laying the Foundations' including content on our commitment to customers, and diversity and inclusion
- Introduced new measures to support our colleagues' health and wellbeing throughout the pandemic
- Retained commitment to equality of opportunity in all employment practices
- 92% of employees agreed that their Line Manager values different perspectives, beliefs, values and abilities

Priorities for 2021

- Launch our updated Equality, Diversity and Inclusion policy, Maternity, Paternity and Adoption Leave policy, and first Menopause policy
- Remain committed to equality of opportunity in all of our employment practices, policies and procedures across the business
- Introduce reverse mentoring with LGBTQ+ colleagues

BM Read more on pages 20 and 21

Read more on pages 24 and 25

Link to SDGs

During 2020 we have continued to implement our people strategy while adapting how we work in response to the pandemic.

Health and safety
Health and safety is a shared responsibility and always comes first at Taylor Wimpey. Whilst cost and process simplification is a key priority for our business in 2021, health and safety is not an area that we are prepared to compromise on. Building sites are, by their very nature, dangerous and so we do everything we possibly can to minimise those risks. We embed a safety culture through training, awareness and visible health and safety leadership. We are pleased that our Annual Injury Incidence Rate (AIIR) has reduced further to 151 in 2020 (2019: 156) and our AIIR for reportable injuries per 100,000 employees and contractors remains well below both the HBF Home Builder Average and Health and Safety Executive Construction Industry Average, but we will continue to seek to improve this. Our AIIR for major injuries per 100,000 employees and contractors was 58 in 2020 (2019: 44). There were no health and safety prosecutions or improvement notices in 2020.

Our Health, Safety and Environmental (HSE) Management System covers all business activities, and we have specific HSE plans for every site.

Our culture and people
We aim to create a strong, positive work culture at Taylor Wimpey, guided by our purpose and values. Our updated Code of Conduct was launched in 2020, setting out the high standards of integrity and conduct we expect. Our culture makes us stand out and we aspire to be the employer of choice in our sector, offering a unique and valued employee experience, and something different to the rest of the industry. We were pleased to have been named in the top 50 places to work in the UK for 2021, by Glassdoor, as voted for by employees, for the fourth consecutive year and in the top 10 companies for work-life balance during the pandemic.

We are very proud of the efforts of our teams through this testing time. Many of our employees have stepped forward to volunteer for the NHS and support local communities and charities.

During 2020, we directly employed, on average, 5,948 people across the UK (2019: 5,796) and provided opportunities for, on average, a further 12.3k operatives on our sites (2019: 14.6k). Our voluntary employee turnover rate remained low at 9.4% (2019: 12.9%).

In 2020, we undertook a detailed review of our organisational and cost structure to ensure that we continue to operate efficiently in a changing market. More information can be found on pages 9 to 11. Throughout this time we continued to engage with employees and remained committed to ensuring everyone was treated fairly and with respect.

Skills and development
With a well known shortage of skills, we have taken a proactive approach to our early talent programmes and direct labour model. We have reviewed this in line with our cost and efficiency approach. We have a strong talent pipeline balanced with an efficient engine room. We currently directly employ 1,038 key trades including apprentices (2019: 1,169). Entry level positions make up around 14% of our total workforce (2019: 16%).

We provide a wide range of training focusing on three areas: management and leadership; personal development skills and technical knowledge; and capabilities. The pandemic provided an opportunity to change how we deliver training, using technology and new formats to reach more people and introducing more bite size content. Over 2,500 employees attended online masterclasses and over 4,000 viewed our how-to videos during 2020.

Our technical academies cover production, sales and customer service providing structured career and skills development, and enable employees to gain a formal qualification. Over 1,500 employees have enrolled on or completed academy courses.

Building a diverse workforce
Diversity and inclusion (D&I) is a key area we want to actively improve. This will enable us to better understand our customer base, widen our potential talent pool and makes for productive and effective teams.

Our D&I Steering Committee is chaired by a member of our GMT. Each regional business has a Diversity Champion who works with the Managing Director to develop and deliver a local D&I action plan. All new employees are required to complete our online Diversity & Inclusion e-learning and it is mandatory for senior leaders to complete Open Minds unconscious bias training.

The Company is committed to ensuring that people with disabilities are treated fairly, supported and encouraged to apply for employment and to progress and receive training once employed. Working with key partners, we hope to increase permanent and secondment opportunities for people with disabilities.

We released our 2021 Gender Pay Gap Report which showed a negative gender pay gap of -6%, meaning that females received more pay than males at our snapshot date of 5 April 2020, though the data was impacted by employees on furlough.

Overall we have a gender mix of 70% male and 30% female across the Company. As at 31 December 2020, the Board is 50% female and GMT is 40%. We are making some progress increasing diversity in recruitment. For example, for our management trainee programme we reached 36% women and 14% black, Asian and minority ethnic (BAME) among new recruits. Among graduate recruits 55% were women and 9% were BAME.

We ran our second D&I conference virtually in 2020 with over 110 attendees including our D&I Champions, Managing Directors and Divisional Chairs. This reviewed our progress to date, our plans for the year ahead and included a panel discussion on Black Lives Matter and how Taylor Wimpey can be a consciously anti-racist organisation. We began a Reverse Mentoring pilot for eight senior leaders who were partnered with BAME employees.

We retained our commitment in 2020 to equality of opportunity in all of our employment practices, policies and procedures across the business. In 2021, we will be launching our new Equality, Diversity and Inclusion policy and remain committed to equality.

Supporting employees during the pandemic
During the pandemic, we introduced new measures to support colleagues to look after themselves whether they remained at work, were on furlough or working from home. This included a free digital GP service for all employees. We also provided wellbeing training for line managers to help them support staff working remotely and launched wellbeing coaching sessions covering topics such as work-life balance, healthy lifestyles and goal setting.

We supported our colleagues on furlough with their full base pay and implemented revised remuneration arrangements for colleagues who usually receive high levels of variable pay, such as sales staff. Colleagues who were not furloughed through the lockdown were given extra time off in-lieu to make up for their work during the crisis. We also extended emergency leave and introduced special leave for those unable to work their full hours, for example due to family commitments. We were able to emerge from the shutdown in a strong financial position and paid back all of the funds we received through the Government's Job Retention Scheme.

The Board took a voluntary 30% cut in salary and pension during the early stages of the COVID-19 pandemic in April until the end of July, when our sites, which reopened in May, returned to more normal levels of production.

We are proud of how committed our employees are to the long term success of the Company and we strive to listen and engage with all employees. During 2020 we ran three 'pulse' surveys which were designed to provide a temperature check on employees' engagement on key topics.

2020

National Employee Forum

Our National Employee Forum (NEF) continues to meet regularly, with three meetings held in 2020 chaired by a senior leader. In 2020, the Chair of the Remuneration Committee was appointed the Board's NEF Champion and now attends NEF meetings and feeds back to the Board. Our Chairman Irene Dorner also attended the NEF in 2020.

Following the success of the NEF, Local Employee Forums will be formed in 2021 to facilitate two-way communication and collective consultation at a local level.

Read more in corporate governance on page 76

91% of employees feel they can share their thoughts and give honest feedback to management.

Pulse employee survey, June 2020

March
Regular and open communication
Employees received regular communications from the outset of the pandemic, including updates from our CEO on key business decisions, Q&A sessions and a dedicated email address for employees to share their views and ideas with management.

April
Learning and development
A series of masterclasses which took place between April and June covered a range of topics and proved popular with employees across the business, with over 2,500 attendees.

May
New careers site
As part of the redevelopment of the Company's website, we re-launched the careers section, making it easier for candidates to learn about the culture and explore career opportunities at Taylor Wimpey.

July
Diversity and inclusion
Our second D&I conference was held virtually with over 110 attendees and covered a range of topics including remote and flexible working and the Company's Reverse Mentoring scheme.

Our partners

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

Material issues

Progress for 2020

- Launched the Taylor Wimpey Pay It Forward Scheme for subcontractors
- Provided clear and regular communications for our suppliers and subcontractors during the pandemic
- Our colleagues raised over £70k for charity by taking part in the Taylor Wimpey Isolation Charity Challenge
- Introduced a COVID-19 Code of Conduct to keep our partners safe on site

Priorities for 2021

- Continue to develop on site training, competency and site-based audit programme in collaboration with our supply chain to have full nationwide coverage by spring 2021
- Integrate sustainability compliance into the tender process for central suppliers
- Hold our Taylor Wimpey Challenge and participate in the Housebuilders Challenge event, COVID-19 restrictions permitting

BM Read more on page 21

Link to SDGs

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supporting subcontractors in the pandemic
During the first stages of the COVID-19 pandemic we introduced our 'Taylor Wimpey Pay It Forward Scheme', providing advance payments for future work done by subcontractors where we have a long-term relationship. This was aimed at self-employed individuals who either did not benefit from the Government's Self-employment Income Support Scheme or may have experienced significant hardship before that scheme started to make payments. This helped us to maintain strong links with our subcontractors and quickly begin working with them again once the crisis eased. We also made our employee helpline available so subcontractors could get support and guidance on a range of topics including finances, budgeting, stress and anxiety, or use our mental health and wellbeing app.

Supply chain
We want to work in collaboration with our supply chain to deliver greater quality and efficiency, with national agreements a key tool to optimise our purchasing power. Collaboration brings benefits and the potential for cost savings for both Taylor Wimpey but also our suppliers. This includes increasing efficiency by reducing stock items and improving visibility on programming for material demands.

We continue to work to improve our relationships with our supply chain, both in procurement and via Taylor Wimpey Logistics, to deliver solutions to build quality and efficiency issues on an ongoing basis. Taylor Wimpey Logistics plays an important part in our supply chain management, providing us with an alternative route to delivery and aiding efficiency with the preparation of 'just in time' build packs for each stage of the build process.

We have been reviewing how we train people by leveraging technology, firstly with online supplier masterclasses hosted by our Supply Chain partners throughout 2020, and by launching a Nationwide Supplier Training programme with site and installation teams to provide expert supplier knowledge and information to the workforce. We have engaged with our incumbent suppliers to develop a focused on-site training, competency and site-based audit programme for site teams, direct trades and subcontractors, that will be delivered by the suppliers' technical representatives supporting 'right first time' and improving quality which enables us to provide a better-quality customer experience. We will continue to develop this platform in collaboration with our supply chain to have full nationwide coverage by spring 2021.

Charity partnerships
During 2020, we continued our partnership with our national charities as well as local charity partners across the UK albeit meetings were held virtually this year. The Charity Committee oversees and prioritises our national charity donations and includes a variety of employees across the business. Our six national charities are the Youth Adventure Trust, End Youth Homelessness, Crisis, CRASH, St Mungo's and Foundations Independent Living Trust. When the COVID-19 crisis hit we contacted our charity partners to understand how it was affecting them and ask how we could best support them.

In total, during 2020, we donated and fundraised over £668,000 for registered charities (2019: over £1.1 million). We held a number of virtual fundraising challenges and made donations to support our charity partners through this difficult year. This included a company-wide Isolation Challenge that raised over £70,000. The money was shared between NHS charities, Crisis and Childline. More information about our charity partnerships and local sponsorships can be found within our Sustainability Report.

When the pandemic struck the UK in early 2020, our colleagues across the business got involved to support those affected in their local communities. We donated our surplus supplies of PPE to local NHS and care organisations, which were packed and delivered by employees. Taylor Wimpey Logistics also used its supplier contacts to purchase additional PPE for hospitals and care homes. In total we were able to buy and deliver 150,000 aprons, 75,000 pairs of gloves and 150,000 masks to over 50 care homes and hospitals.

Local Planning Authorities
We aim to work constructively with planning authorities to agree the details of our planning obligations for each development, including affordable housing, local infrastructure and facilities.

We use the results of our community engagement to help us develop planning proposals that are financially viable and meet local needs. Each planning application integrates a clear development plan, enabling planning authorities to monitor progress. As at 31 December 2020, we were building on 96% of sites with implementable planning.

Working with local and central Government
We engage with local authorities, parish councils, Homes England, the Greater London Authority (GLA), the MHCLG and other public sector organisations to understand their priorities and share our views.

As well as site-specific engagement, we participate in the development of strategic frameworks, Local Plans and Neighbourhood Plans, which consider broader development needs and enable local people to shape new developments in their area.

We engage with central Government on issues relating to planning and sustainability. In 2020, this included: the Planning for the Future White Paper, COVID-19 impact on the planning system, Building a Safer Future, and the Future Homes Standard. More information is included in our Sustainability report.

We engage with Government through our membership of industry organisations such as the HBF and the British Property Federation.

We are members of five Homes England regional Delivery Partner Panels.

Working with suppliers on HSE
We work closely with suppliers and subcontractors on safety. Our approach includes risk assessment and vetting procedures to confirm that all subcontractors have the right knowledge, skills, resources and experience to manage health and safety to our standards. Our 'Operative's Journey' process includes our HSE site induction, regular poster campaigns and site safe briefings and we have HSE site support teams that participate in monitoring and improving site safety.

Our Supply Chain Policy and Supplier Code of Conduct summarise our supplier standards for safety, quality, ethics, human rights and the environment. In 2020, we established a Sustainable Procurement Working Group to further develop our approach to engaging suppliers on sustainability issues.

Human rights and modern slavery
We respect the human rights of our employees, workers in our supply chain, customers, people in the communities in which we operate and others affected by our business activities. We are guided in our approach by international standards such as the United Nations' Universal Declaration of Human Rights and the European Convention on Human Rights.

We respect the rights of our employees and those working on our behalf, including the rights to freedom of assembly and association and non-discrimination. Our work on issues such as health, safety, diversity and the environment supports our commitment to uphold human rights.

We do not tolerate any form of slavery, forced labour, child labour or human trafficking in our business or supply chain. We have established our Modern Slavery Act multidisciplinary working party, to oversee our approach to due diligence and our work with suppliers to reduce modern slavery risks.

More information is available in our Modern Slavery Act Statement.

April

Pay it Forward

The Taylor Wimpey Pay it Forward Scheme offered support to self-employed subcontractors who lost income during the lockdown.

As well as providing support for trusted subcontractors, the scheme also helped the Company to maintain strong relationships with trusted partners and ensured we were able to swiftly re-mobilise our construction sites with sufficient resource and support.

"It's not a 'them' and 'us' culture with subcontractor relationships, but very much a team approach to achieve the best possible outcomes, at all times."

Contractor

April

Open and honest communications
Communications from a Group and regional level, including weekly calls with suppliers and subcontractors ensured our partners were kept up to date with key messages, including our re-mobilisation strategy and new ways of working.

May

Taylor Wimpey Isolation Challenge
A Company-wide isolation activity challenge raised over £70,000 for charity. The money was shared between NHS Charities Together, Crisis and Childline.

June

Engaging our suppliers
A Sustainable Procurement Working Group was established to further develop our approach to engaging suppliers on sustainability issues.

July

Working with Government
We engaged with local and central Government on issues relating to planning and sustainability, including the Planning for the Future White Paper, the Future Homes Standard and Building a safer future.

Emerging stronger for our stakeholders continued

Our investors

Our focus has been to protect the business in the short term while ensuring we position ourselves to take advantage of opportunities which will strengthen the business for the future and increase shareholder returns.

Material issues

Progress for 2020

- Successfully completed an equity raise of £510 million by issuing new shares in order to take advantage of attractive opportunities in the land market
- Made progress in aligning with the SASB disclosure framework and will disclose our performance against most of the criteria identified for our sector in our Sustainability Report for the first time this year
- Completed a detailed review of our organisational and cost structure which will result in annualised savings from 2021
- Included in Standard & Poor's Sustainability Yearbook 2021

Priorities for 2021

- Implement our new environmental strategy
- Deliver annualised savings of c.£16 million from 2021 as a result of organisational and cost restructure (with the costs to achieve these of £12 million incurred in 2020)
- Make progress towards our medium term operating profit margin of c.21-22%
- Move towards integrated reporting supported by an ESG Addendum, reflecting the Company's increased focus on ESG

BM Read more on page 21

Read more on pages 24 and 25

Read more about our investment case on pages 16 and 17

We run our business for the long term and so sustainability in the widest sense has been always been a key underpin to our culture and way of doing business. The Group has a robust balance sheet and a growing high-quality landbank, which will enable us to grow the business whilst generating compelling returns.

Our primary performance focus is on returning the business to c.21-22% operating profit margin and we continue to target a number of areas to achieve this; focused on cost, process simplification and enhancing the core drivers of value for our business. In November 2020, we announced that we had undertaken a detailed review of our organisational and cost structure in addition to cost reduction and management programmes already in place. We have delivered the planned savings outlined in November 2020, which will be realised from the beginning of 2021. These changes will not affect the ability of the business to generate future growth or to deliver a high-quality product and service to our customers.

We continued to prioritise opening new outlets throughout 2020 and remain focused on developing our new land acquisitions through the planning system and opening new outlets efficiently.

More information on guidance for 2021 can be found on page 17.

Equity raise

Our focus has been to protect the business in the short term while ensuring we position ourselves to take advantage of opportunities which will strengthen the business for the future and increase shareholder returns. This includes significant investment in land, given the short term opportunity, and investing in and opening new sales outlets, which we expect to continue to grow in the medium term.

On 17 June 2020 we announced an opportunity-led equity raise where we raised net proceeds of £510 million to take advantage of near term opportunities. These investments, which are continuing to meet our returns criteria, will support sustainable future growth and deliver long term value to shareholders. More information can be found on pages 12 to 13.

Shareholder returns

It continues to be our aim to provide a reliable income stream to our shareholders, throughout the cycle, including during a 'normal downturn'.

Ordinary Dividend Policy

Our Ordinary Dividend Policy is to pay out to shareholders approximately 7.5% of net assets, which will be at least £250 million per annum, paid in two equal instalments in May and November.

We propose to resume ordinary dividend payments in May 2021, starting with the 2020 final dividend payment of 4.14 pence per share equating to c.£151 million, subject to shareholder approval at the AGM.

This means that, in the 2021 calendar year, we intend to return c.£301 million in cash (c.8.28 pence per share) via the payment of the 2020 final dividend in May subject to shareholder approval and the 2021 interim dividend in November.

Approach to return of excess capital

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

We are not proposing to return excess capital in 2021. We will review the level of excess capital and potential return in respect of 2021 at the time of the 2021 full year results in February 2022, for payment in 2022.

This represents a shorter period between proposing and distributing excess capital returns and we expect to continue with this timing going forward.

The method of returning excess capital, either by way of special dividend or share buyback, will be considered at the appropriate time.

Approach to ESG

We maintain a dialogue with investors on our approach to managing environmental, social and governance risks, including implementing the recommendations of the Task Force on Climate-related Financial Disclosures. More information can be found on page 44. We are also disclosing our performance against the criteria identified for our sector by the Sustainability Accounting Standards Board, in our Sustainability Report for the first time this year. More detail on our approach to ESG risks is included in the risk section and our Sustainability Report.

Reflecting the importance of ESG issues, we are moving towards integrated reporting. We have increased disclosure of ESG topics in our Annual Report and Accounts this year. In 2022, our goal is to publish an integrated report supported by our sustainability web pages and an ESG Addendum for social and environmental performance data.

We are a constituent of the Dow Jones Sustainability Europe Index and the FTSE4Good Index series, the leading responsible investment indices.

We participate in the CDP Climate report and received a score of B in 2020 (2019: B) and in CDP Water, scoring B (2019: B). We also participate in CDP Forests, disclosing our approach to timber sourcing and received a B rating in 2020 (2019: C). We received a Supplier Engagement rating of A- from CDP for our approach to engaging suppliers on climate change.

We are a member of Next Generation, a rigorous and detailed sustainability performance benchmark of the UK's largest homebuilders, and were awarded silver in 2020.

Research and development

Our R&D initiatives span our Supply Chain, HSE, Design and Production and the Sustainability functions and are responsible for introducing technology advancements and process efficiencies that improve quality and operational delivery and seek to add value through continuous improvement.

In 2020, the focus was on quality improvements and regulatory changes such as the impacts of the Future Homes Standard. We committed to funding a PhD with the University of Birmingham to investigate cost-effective scalable construction solutions and strategies to overcome overheating and improve the indoor environmental quality of future new homes as the regulatory changes drive increased thermal efficiency and air tightness.

Throughout the year we worked with universities and experts to explore the impacts of future regulatory requirements to design, specification, and health and wellbeing in new homes. The R&D teams are currently trialling a range of energy efficient and low carbon technologies including energy efficient lintels, Wastewater Heat Recovery, and Flue Gas Heat Recovery systems. This will help us to meet our climate change targets and comply with expected changes to building regulations.

We continually assess modern methods of construction (MMC) trialling those that meet regulations, deliver quality, are safe and comfortable for our customers and can deliver at scale with a robust and reliable supply chain. In the short to medium term, combining traditional construction with panellised MMC components and panellised construction such as Timber Frame will continue to fuel practical innovation.

2021

Engaging with our investors on sustainability

A major investor engaged with us over our approach to sustainability reporting. The investor wanted to see reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) metrics.

We continue to align our climate reporting to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) but had not previously formally reported against SASB standards.

Management requested a review, led by our Director of Sustainability, to establish our ability to report against SASB requirements and establish the processes necessary for data collection.

We also engaged directly with SASB to ensure we correctly understood its requirements and are now reporting against the majority of its disclosure criteria for our sector in our 2020 Sustainability Report and will work to further improve our alignment over time.

SR Read more in our 2020 Sustainability Report

March

Cash preservation

Implemented measures early in the pandemic to manage our working capital, including pausing discretionary land spend, cancelling the ordinary and special dividends and drawing down our Revolving Credit facility.

June

Equity raise

Raised net proceeds of £510 million by issuing new shares to take advantage of near term opportunities in the land market.

October

Chairman's roadshow

The Chairman met a number of key investors during a virtual roadshow. Topics discussed included ESG and the Board's involvement in strategic decisions.

November

Organisational review

Completed detailed review of our organisational and cost structure. Removed a tier of operational management and rationalised our London structure delivering annual cost savings of c.£16 million.

Emerging stronger for our stakeholders continued

Our communities

We want communities to welcome Taylor Wimpey to their area and recognise the positive contribution we can make to their existing community, as well as trusting us with the responsibility of creating a new one.

Material issues

Progress for 2020

- Supplied and delivered PPE to over 50 care organisations in our local communities
- Signed the Social Mobility Pledge, signalling our commitment to boost opportunity and social mobility
- Adopted virtual consultation methods so community engagement could continue safely during the pandemic
- Developed our new environmental strategy and set a science-based carbon reduction target

Priorities for 2021

- Update our placemaking training and review our placemaking guidance on cycling
- Continue to strengthen our engagement and relationship with the local communities in which we operate

BM Read more on page 21

Link to SDGs

We know housebuilding, particularly in its early stages, can be disruptive. In order to mitigate this, we seek to engage, consult and work in partnership with communities and all interested stakeholders on each and every site, both before we submit a planning application and throughout the life of the development. It has been increasingly important to be more innovative in seeking ways to engage and connect with communities. We continued to progress planning through the shutdown period and run community meetings virtually. We were pleased to have achieved the UK's first significant planning permission remotely.

We seek to engage, consult and work in partnership with communities and all interested stakeholders on each and every site, both before we submit a planning application and throughout the life of our developments. Our Community Communications Plan launched in 2019 covers the whole development process from planning to after construction finishes. It ensures we take a consistent approach across our sites and helps our teams organise activities and events that foster relationships between the new and existing community.

Community engagement

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

Every one of our sites has a tailored planning and community engagement strategy and a clear point of contact. We use a range of methods to inform local people about our plans, including our website, meetings, exhibitions, workshops and information boards. We aim to reach a wide range of stakeholders including neighbouring residents and property owners, potential customers, local authorities, businesses, schools and other groups.

During 2020, we issued guidance to our planning teams on how to use virtual consultation methods to allow engagement to continue safely during the pandemic.

Infrastructure and facilities

We invest in infrastructure and facilities that help make our developments great places to live. This includes affordable housing, green spaces, community and leisure facilities, transport infrastructure, educational funding, jobs for local people and public art. In 2020, we contributed £287 million to the local communities in which we build across the UK via planning obligations (2019: £447 million), the reduction reflecting the lower building activity due to COVID-19. Our teams across the business get involved in local life, organising competitions with primary schools, and sponsoring local sports clubs, as part of their daily working life. In addition, we contributed over £94k to other organisations, such as scout groups, local football teams and various local community causes (2019: £129k).

Affordable homes

A lack of affordable housing is one of the biggest challenges facing people across the UK with rising house prices and rents and younger generations waiting longer to get on the housing ladder. We work with local authorities and registered provider partners (housing associations) to integrate high-quality social housing on our developments.

We can a play a part in addressing these problems, by creating quality homes for a wide range of people and exploring new initiatives to improve affordability and encourage homeownership.

The majority of our developments include affordable social housing (homes made available at below market rates including social rent, affordable rent, low-cost home ownership and discount market sale tenures) which are negotiated as part of planning obligations. In 2020, around 20% of our completions were designated affordable (2019: 23%).

Social mobility

We have signed the Social Mobility Pledge, an initiative by former MP Justine Greening, signalling our commitment to boost opportunity and social mobility. We have developed an Opportunity Action Plan setting out how we do this focusing on four areas: helping to tackle homelessness; building employability for disadvantaged people; developing construction skills; and diversity and inclusion.

Placemaking

Good placemaking is important, both for long term customer attraction and long term satisfaction. Our customer research shows a clear relationship between good placemaking and long term customer satisfaction.

Increasingly, we aim to install infrastructure at an early stage. This can help in the successful development of a new community, increase sales by making new developments more desirable to prospective buyers and provide new facilities to benefit existing residents. We are equipping our teams to plan, design and deliver schemes that promote social, environmental and economic sustainability and the wellbeing of future residents.

Our placemaking standards are based on best practice such as the Building for a Healthy Life framework, and incorporate criteria to help us create attractive, successful and healthy communities for the long term. We have an Urban Designer and a Director of Design who work with our teams on placemaking. We have appointed a Design Lead in each of our regional businesses. Our e-learning Design Academy covers the core principles of urban design and how to create sustainable communities. Our third internal competition recognised colleagues for best practice placemaking.

Two of our schemes were shortlisted at the National Housing Design Awards, which promote excellence, innovation and sustainability in housing scheme design. Our Whitehill & Bordon development won a National Planning Award and a second scheme was shortlisted.

Sustainable homes and lifestyles

We conducted research with over 1,000 consumers around the UK in 2020 to explore attitudes to the environment and sustainable living. 43% said that environmental performance was an important factor in choosing who to buy a new home from. Our homes already integrate features to help customers reduce their environmental footprint and live a more sustainable lifestyle and with our new environment strategy we'll be helping customers to reduce waste, save water and encourage nature in their garden. More information can be found in our Sustainability Report.

Enabling sustainable travel

We aim to design walkable neighbourhoods that prioritise pedestrians and cyclists and where customers can enjoy an active lifestyle and make sustainable transport choices. Our placemaking standards encourage layouts that integrate paths and cycle routes that connect with existing networks and street design that encourages slower vehicle speeds and safer cycling conditions. We invest in public and community transport, walkways and cycle paths through our planning obligations and aim to install this infrastructure at an early stage.

April

Virtual planning success

A planning application submitted by Taylor Wimpey became one of the first major schemes to be approved using the virtual planning committees and rules brought in during the pandemic.

The plans for Coronation Square in Waltham Forest include 750 new homes, of which 50% will be affordable, a range of new community facilities as well as shops, cafes and flexible commercial facilities.

Taylor Wimpey is working with Waltham Forest Council to revitalise the area as part of a major joint regeneration project in Leyton, London.

April	May	June	July
Social Mobility Pledge	**Virtual consultations**	**Assessing sustainability**	**Greener living**
Signed the Social Mobility Pledge, signalling our commitment to boost opportunity and social mobility.	Adopted virtual consultation methods so community engagement could continue safely during the pandemic.	Rolled out our new digital platform LEADR (Land and Environment Assessment of Development Risk) for assessing and managing sustainability risks at site level.	Conducted research with consumers around the UK to help us engage customers on environmental issues and explore how we can make it easier for customers to adopt sustainable habits.

Environmental strategy

Building a better world

Our environment strategy

Our business has a significant environmental footprint through the resources we use and the emissions associated with our operations, supply chain and the homes we build. We will also be affected by the physical impacts of climate change and new legislation. We know from our research that customers are increasingly engaged on environmental subjects and many have a desire to live more sustainably.

Most importantly, climate change, declining nature and other environmental problems are increasingly becoming a threat to the wellbeing of people today and future generations. We want to play our part in addressing these challenges and we have a great opportunity to do so. Through our operations we can positively impact the local environment in hundreds of locations around the UK and, through the homes and places we build, we can enable our customers to live more sustainably.

In 2020, we have reviewed our approach to the environment and developed a new set of challenging targets. The launch of our environment strategy, which was delayed until 2021 as we waited for the details of the new Future Homes Standard regulation to ensure our compliance, will allow us to play our part in creating a greener, healthier future for our customers, colleagues and communities.

Development of our strategy has been informed by our materiality assessment, risk management processes and stakeholder feedback, including investor feedback and the research with our customers. It has been reviewed and approved by our Board of Directors.

A full list of our supporting targets can be found in our 2020 Sustainability Report.

Read more about our strategy and targets in our Sustainability Report at www.taylorwimpey.co.uk/corporate/sustainability

Vision and commitment

Building a better world

Our world – our home – is in trouble and we aren't standing on the side lines watching. We want to be part of the solution – working together to minimise the impact we have on climate change and protecting our planet for future generations. We're committing to challenging, measurable targets based on science, to making changes in the way we work and to reducing our footprint. By thinking globally and acting locally, we will play our part to create a greener, healthier home for us all. Let's build a better world together.

Our priorities

Climate change	Nature	Resources and waste
Protect our planet and our future by playing our part in the global fight to stop climate change.	Improve access to and enable enjoyment of nature for customers and communities by regenerating the natural environment on our developments.	Protect the environment and improve efficiency for our business and our customers by using fewer and more sustainable resources.

Strategic objectives

Climate change	Nature	Resources and waste
Achieve our science-based carbon reduction target: – Reduce operational carbon emissions intensity by 36% by 2025 from a 2019 baseline – Reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030 from a 2019 baseline	Increase natural habitats by 10% on new sites from 2023 and include our priority wildlife enhancements from 2021.	Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a 'towards zero waste' strategy for our sites.

Climate and energy

Climate change is the most significant global environmental threat and we are determined to play our part in tackling it.

In early 2021, we published our ambitious science-based carbon reduction target which has been approved by the Science Based Targets initiative (SBTi) and replaces our previous carbon reduction target. The SBTi has confirmed that our operational target is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi's criteria for ambitious value chain goals, in line with current best practice.

We have achieved an absolute reduction in emissions of 39% since 2013, and reduced our carbon emissions intensity by 30% since 2013. The pandemic and lockdown affected our year on year performance with absolute emissions falling but emissions intensity increasing. While we completed less floor space than the previous year, we continued to use energy on our sites even when construction was halted, for example to run IT systems, street lighting and pumping stations. On return to sites, homes took on average longer to complete and sell due to the need for social distancing measures and other factors meaning that energy use per plot increased. We expect to see a downward trend in 2021 as we return to more normal operating conditions and implement our environmental strategy. More information on our greenhouse gas emissions data can be found below.

Giving nature a home on our sites

We want to improve access to nature for our customers and communities by regenerating the natural environment on our developments. Developments can contribute to biodiversity loss but with the right approach, we can use our sites to protect, enhance and even increase biodiversity. Our new target is to increase natural habitats by 10% on new sites and include our priority wildlife enhancements from 2021.

In 2021, we will be partnering with Hedgehog Street, a campaign by the British Hedgehog Preservation Society and People's Trust for Endangered Species, to introduce hedgehog highways on all suitable new sites. We are also working with Buglife, to support their B-Lines campaign and ensure our sites include pollinator and wildlife friendly planting. We will be piloting our first B-Line site in 2021.

Resources and waste

We aim to protect the environment and improve efficiency for our business and our customers by using fewer and more sustainable resources. Our new target is to reduce waste intensity by 15% by 2025. We engage our teams on waste reduction through: our Waste Dos and Don'ts guide and induction process for site teams; a waste league table for our regional businesses; and 15% of the potential production bonus for Site Managers is linked to performance on waste reduction.

The materials we purchase have a significant environmental impact from extraction and processing, to manufacturing and transport. We want to work with suppliers to reduce these impacts and promote the use of recycled and renewable materials. Integrating sustainability into our sourcing strategy can also improve resilience to future resource shortages and price rises.

Sustainability and landbuying

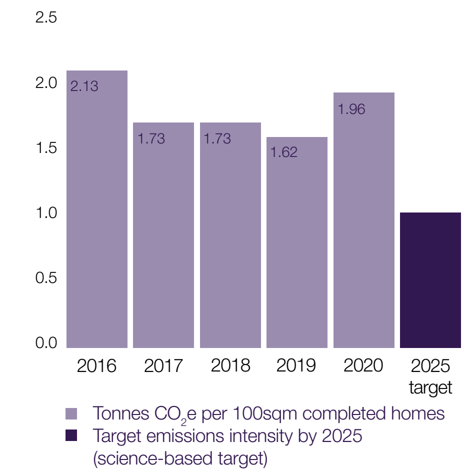
We take account of sustainability issues from the start of the landbuying process including flood risk, sustainable transport and promoting local economic development.

We review each potential piece of land against the Government's National Planning Policy Framework (NPPF), which aims to ensure that developments are economically, socially and environmentally sustainable. We also have our own internal processes and guidance documents that help our teams identify and address relevant sustainability issues for each site.

We transform derelict or contaminated land into new communities, which helps support urban regeneration. Around 25% of our homes in 2020 were built on brownfield land (2019: 29%).

We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We use the Environment Agency's flood mapping tools, and take account of their input during our planning consultations. We do not buy land unless we can mitigate flood risk.

Greenhouse gas emissions intensity (scope 1 and 2 emissions per 100 sqm of completed homes)



Greenhouse gas emissions (scope 1, 2 and 3) and energy use for the period 1 January 2020 – 31 December 2020

		2020	2019	2018	2017	2016
Scope 1 GHG emissions – combustion of fuel	tonnes CO_2e	**16,522**	21,018	20,328	18,889	17,983
Scope 2 GHG emissions – market based	tonnes CO_2e	**1,981**	3,563	4,509	4,794	10,827
Scope 2 GHG emissions - location based	tonnes CO_2e	**5,272**	6,172	6,892	8,236	10,417
Total scopes 1 and 2 – market based	tonnes CO_2e	**18,503**	24,581	24,837	23,683	28,809
Emissions per 100 sqm completed homes (scope 1 and 2)	tonnes CO_2e/100 sqm	**1.96**	1.62	1.73	1.73	2.13
Total scope 3 emissions	tonnes CO_2e	**1,961,431**	3,869,583	2,171,973	1,826,183	1,963,775
Operational energy use (fuel and electricity consumption from UK sites and offices)	MWh	**85,442**	101,352	95,170	89,550	92,236
Operational energy intensity (UK site and office fuel and electricity intensity – MWh / 100 sqm completed homes)	MWh / 100 sqm	**9.3**	6.8	6.8	6.5	6.8

Data is provided as tonnes of carbon dioxide equivalent (CO_2e) for all operations. Scope 1 and 2 emissions are from our sites, offices, show homes and sales areas, plots before sale and car fleet. Data on scope 3 emissions categories is included in our Sustainability Report.
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 have also included our scope 2 emissions calculated using the location-based method.
We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' 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
4. Certain joint venture properties: where Taylor Wimpey was not part of the handover process. In these cases other homebuilders have captured MCR-related data

See our Carbon Reporting Methodology Statement at www.taylorwimpey.co.uk/corporate/sustainability for more detail on our calculations.
The energy consumption figure in the table relates to UK sites and offices only. If energy use from our fleet and our Spanish sites and offices is included the figure is 96,195 MWh (2019: 116,207 MWh).
98.9% of this total energy consumption is from the UK and offshore areas and 1.1% from Spain. 98.3% of total scope 1 and scope 2 emissions are from the UK and offshore areas and 1.66% 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, 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. This reporting meets the SECR (Streamlined Energy and Carbon Reporting) requirements.

Task Force on Climate-related Financial Disclosures

Responding to our climate risks

Climate change will affect where and how we build our homes with increased risks from flooding and over heating. Increased regulation on climate change will affect our business and, with almost three-quarters of the UK's local authorities declaring a climate emergency, we expect additional requirements through the planning process.

Responding to the Task Force on Climate-related Financial Disclosures (TCFD)
We have governance and risk management systems in place to help us achieve our carbon reduction target and reduce climate-related risks to the business. We support the aims of the TCFD and aim to increase our disclosure in line with its recommendations, see table below. We will provide an enhanced summary of our approach in our 2021 Annual Report and Accounts, and we will also publish a separate detailed TCFD supplement.

We have achieved the Carbon Trust Standard for our overall approach to carbon management, including our policy, strategy and verification of our data and processes. We are the first homebuilder to achieve this.

Further information on our approach to climate risk is included in our submission to the CDP Climate report, which we publish on our website. We received a score of B for 2020.

We received a Supplier Engagement rating of A- from CDP in 2020 for our approach to engaging suppliers on climate change.

Our approach to managing climate change-related risk and opportunity

Governance

Our Legacy, Engagement and Action for the Future (LEAF) committee, chaired by a member of our Group Management Team (GMT), is responsible for reviewing climate strategy, risks and opportunities and meets four times a year. The LEAF Chair and Director of Sustainability attend Board meetings at appropriate times during the year, either to discuss strategic direction, request specific approvals, or to update on progress being made. Ultimate responsibility for our approach to climate change resides with our Chief Executive. Below Board level, the Director of Sustainability is responsible for monitoring climate-related issues as part of the overall risk management process. He reports to our CEO and updates the GMT monthly on risk and progress against targets.

Our Audit Committee reviews financial and non-financial risks included in the Group Risk Register, which includes climate change. They receive an update on sustainability risks every six months. In addition, ESG is currently the responsibility of the Nomination and Governance Committee.

Strategy

Climate change risks have the potential to impact our business strategy through increased costs, reduced productivity and reputational damage. We assess climate risks to the business using short (0-5 years), medium (6-10 years) and long term (11-100 years) horizons. We conducted a climate scenario analysis during 2020, and have included a summary of the results in our 2020 Sustainability Report.

The most material short-term risks relate to regulation. Updates to Part L and F Building Regulations (the first step towards the ambitious 2025 goals of the Future Homes Standard), will change the way homes are powered and heated. Requirements for electric vehicle (EV) charging will require design for charging points and upgrades to site electrical infrastructure. In the medium-term regulatory risks may extend to require zero carbon homes, and potentially zero or very low carbon supply chain and operations. The longer-term risks include changes in weather patterns and an increase in severe weather events which could affect the availability and cost of resources and raw materials or activities on sites; and adaptation risks such as flooding and overheating in homes.

There are significant short and medium-term opportunities from meeting and exceeding the expectations of our stakeholders on climate. This includes the financial benefits associated with our use of low carbon goods and services as well as shifts in consumer preference to favour low carbon homes and products. We will better meet the expectations of local planning authorities who have declared climate emergencies and ESG requirements of investors. Being a responsible business is important for the recruitment and retention of staff. There are short, medium- and longer-term opportunities around technology. For example off site construction methodologies; building more homes from timber which sequesters carbon from the atmosphere; and use of renewable energy and digital technologies. In the longer term, the most material opportunity relates to improved business resilience due to implementation of climate change transition and adaptation measures.

Risk management

Climate change is included as a risk in our consolidated Group Risk Register. Sustainability risks are also integrated into our corporate risk management framework, through functional risk registers and our Climate Change and Sustainability Risk and Opportunity Register.

Our Climate Change Register guides the climate change adaptation of our business practices and the homes we build. For each climate-related risk and opportunity the register identifies: risk driver, description of risk, potential impact, timeframe, 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. We prioritise our climate change risks and opportunities based on their materiality to our business, measured in % of profit before tax (PBT). A % of PBT greater than 20% is considered a major impact. A large risk in terms of likelihood is a greater than 50% chance.

Metrics and targets

We have published a science-based carbon reduction target which has been approved the Science Based Targets initiative. This commits us to reduce scope 1 and 2 GHG emissions by 36% per 100 sqm of completed floor area by 2025 from a 2019 base year and reduce scope 3 GHG emissions 24% per 100 sqm of completed floor area by 2030 from a 2019 base year. We report progress on a range of metrics, see page 42 and our Sustainability Report.

Non-financial information statement

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

Overview	Our policies	Our impact and related Principal Risks	Read more
Environmental matters			
Our performance In 2020, we have reviewed our approach to the environment and developed a new set of challenging targets 30% reduction in direct carbon emissions intensity since 2013 97% of construction waste recycled	**Sustainability Policy –** Outlines our approach to balance the long term growth of our Company with our responsibilities to the environment, society and the communities in which we operate **Climate Policy –** Outlines our approach to reduce greenhouse gas emissions from our operations, supply chain and homes **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 **Waste and Resource Use Policy –** Outlines our approach to using materials efficiently and minimising waste	More information can be found within: Building a better world Responding to our climate risks	 42 to 43 44
Employees			
Our performance 98% of employees feel positive about how the company supported them whilst on furlough Included in Glassdoor's top 50 places to work in the UK for 2021, as voted for by employees	**Diversity Policy –** Confirms our commitment to creating a workforce that reflects the diversity of the communities in which we operate	More information on our employees can be found within: Our strategy and key performance indicators Emerging stronger for our stakeholders – our employees Principal Risks and uncertainties	 24 to 25 34 to 35 51
Human rights			
Our performance 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 individuals' human rights are respected and modern slavery is not taking place **Supply Chain Policy**	More information on our approach to human rights can be found within: Emerging stronger for our stakeholders – our partners	 36 to 37
Social matters			
Our performance Contributed £287 million to communities via our planning obligations In 2020, around 20% of our completions were designated affordable	**Community Policy –** Outlines our commitment to be a responsible housebuilder, 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 **Sustainability Policy**	More information on how we engage with our communities and social matters can be found within: Emerging stronger for our stakeholders – our communities	 40 to 41
Anti-bribery and anti-corruption			
Our performance 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 on anti-bribery and anti-corruption can be found within: Corporate governance – Board activities	 68 to 69
Business model			
Our performance c.9.8k new homes completed for customers in 2020 Strong short term landbank of c.77k plots, as at 31 December 2020	**Community Policy** **Sustainability Policy** **Customer service policy –** Our approach and commitments to provide excellent customer service	More information on our business model and the value created for our stakeholders can be found within: Our business model	 20 to 21
Non-financial KPIs			
Our performance 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 2020	**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	Our non-financial KPIs can be found within: Our strategy and key performance indicators	 22 to 25

Our approach to identifying and managing risk

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 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 consideration of the Principal Risks to ensure they remain appropriate as well as a review of the key and emerging risks identified by the business, their risk profile and mitigating factors.

At the Board meeting in February 2021, the Board completed its annual assessment of risks. This followed the Audit Committee's formal assessment of risk in December 2020, which was supported by a detailed risk assessment by the GMT and their review of the effectiveness of internal controls in mitigating the risks.

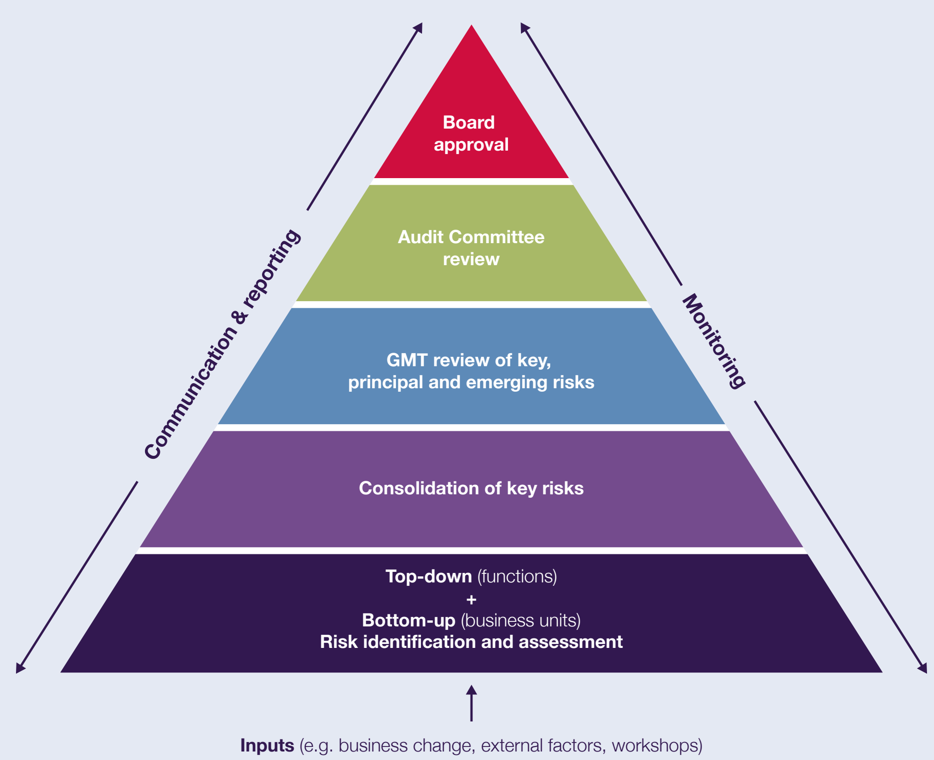
The diagram below illustrates the internal governance process within the Group around risk management.

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 business unit level and at Group-wide functional levels. The business unit and functional registers are reviewed twice a year as part of our formal risk assessment 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.

Risk Management Framework



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 key risks to the Group are known, are being actively monitored and appropriate mitigations / actions are in place to ensure each risk falls within the tolerance set by the Board.

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 residual risk levels based on our risk appetite and tolerance. 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 and key 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.

Approved risk appetite and tolerance levels for each of our Principal Risks are detailed in the Principal Risk tables on pages 50 to 53. The residual risk ratings of all our Principal Risks continue to be within their respective established risk tolerance levels.

COVID-19

A global health pandemic was identified in 2019 as one of our emerging risks but the speed with which it materialised and the direct and indirect impact it has had on our business has demonstrated the fundamental importance of having a robust risk management process in place.

The Group implemented a number of measures to ensure the continued health and safety of our employees, customers, suppliers and contractors; this included closure of our construction sites and sales centres during the initial lockdown phase, and the creation of a COVID-19 working group to provide guidance, support and direction from the onset of the pandemic. We engaged with the Government and sector specific bodies to develop COVID-19 working protocols that met the Government guidance. To assist the wider sector, we made these available to other housebuilders.
The Group continues to monitor Government guidance carefully, including the impact of localised lockdowns and further national lockdowns, and where needed will adapt its operational protocols and processes to continue to safeguard our employees, customers, suppliers and subcontractors.

The Board's latest risk assessment has considered both the specific consequences of COVID-19 and its effect on the underlying Principal Risks managed by the business.
A new Principal Risk for the COVID-19 pandemic has not been established; instead, due to its pervasive nature, we recognise the impact it has had and will continue to have on our entire risk landscape. We will continue to closely monitor the situation over the coming period, especially as new variants are being identified and will take any required action to maintain control over the impact.

Our approach to identifying and managing risk continued

Emerging risks

Emerging risks are defined as those where the extent and implications are not yet fully understood, with consideration given to the potential timeframe of occurrence and velocity of impact that these could have on the Group. These are monitored and reviewed as part of the ongoing risk assessment process and the annual emerging risk workshop was held in November 2020 with the GMT. Demonstrating the continuing maturity of this process, the aims of the workshop were to review and challenge previously identified emerging risks and make formal assessments on their anticipated timelines and velocity, along with any identifiable mitigations currently in place or planned. As part of our risk management process, these were discussed 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. These include widespread emerging health risks and risks from a wider technology, cyber and climate perspective. We continue to improve and invest in our information technology to mitigate ever-increasing cyber threats and data loss, theft or corruption, especially given the heightened risk in this area as we have increased the level of 'remote working' in response to COVID-19.

As an organisation, we continue to recognise the risks associated with leaving the EU. The Board views these potential risks as an integral part of our Principal Risks rather than as separate standalone risks. We have identified a potential impact on our supply chain, labour force and overall economic market impacting mortgage availability and demand. We will continue to monitor the impact of leaving the EU and the deal which has been agreed and implement any further required mitigations.

Our Sustainability and Climate Change Risk and Opportunity Register highlights the material risks and opportunities facing the Group in relation to sustainability and climate change as well as those monitored in the Group Risk Register. In addition, our climate change related risks and opportunities are available as part of our 2020 CDP submission. More information is available at www.taylorwimpey.co.uk/corporate. We support the aims of the Task Force on Climate-related Financial Disclosures and you can read more on page 44.

Together these support both the Audit Committee and the Board in their evaluation of the identified risks facing the Group.

Housing and fire safety remains high on the agendas of the Government and the main political parties. The sector continues to face increasing scrutiny and pressure from social media and pressure groups, together with greater oversight from 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	Supply chain issues related to regulation changes
Political / economic	Continuing impact of Brexit and COVID-19 on the economic landscape and the potential for devolution
Technological	Artificial intelligence
Social	Customer demographics and preferences
Governmental	Changing Government policies

Principal Risks and uncertainties

Our Principal Risks and uncertainties

Robust risk management underpins our strategic approach, with each risk area identified and carefully monitored by the Board and GMT.

Principal Risks overview

The table opposite summarises the Group's Principal Risks and uncertainties, showing how each links to our corporate values and strategic objectives. Control of each of these is critical to the ongoing success of the business. As such, their management is primarily the responsibility of the Chief Executive and the GMT, together with the roles noted in the Principal Risks tables on pages 50 to 53. The Board has finalised its assessment of these risks and how the residual risk profile has changed in the year.

	Principal Risk	Our values	Strategic objectives	Risk change in year
A.	Government policy and planning regulations			
B.	Impact of the market environment on mortgage availability and housing demand			
C.	Material costs and availability of subcontractors			
D.	Ability to attract and retain high-calibre employees			
E.	Land purchasing			
F.	Quality and reputation			
G.	Site and product safety			

Key to our values

Respectful and fair

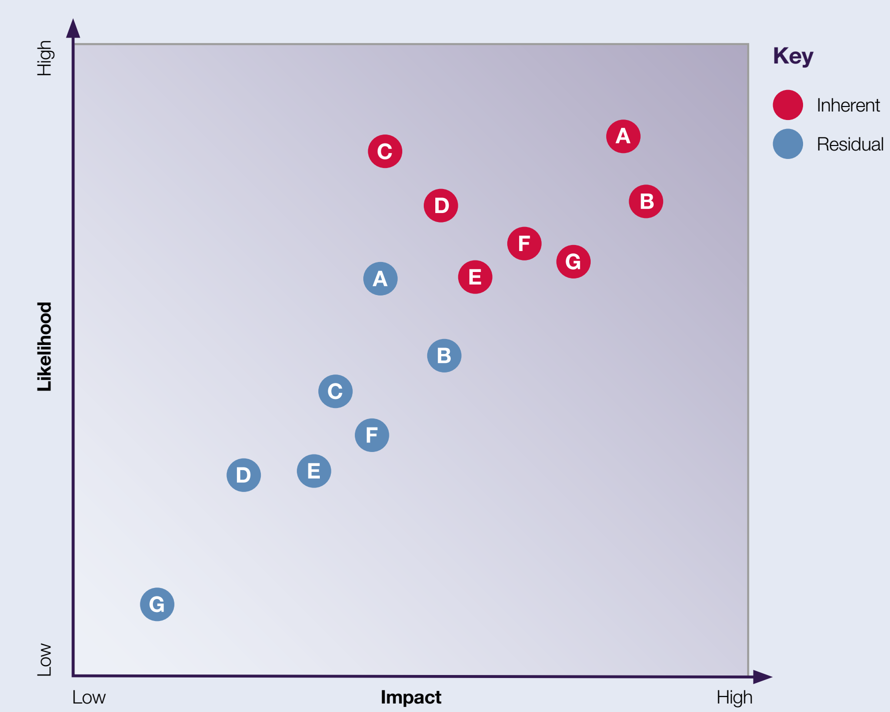
Take responsibility

Better tomorrow

Be proud

Principal Risks heat map

The heat map opposite illustrates the relative inherent and residual positioning of our Principal Risks from an impact and likelihood perspective. The increasing regulatory climate and current economic uncertainty we are experiencing driven largely by COVID-19 and leaving the EU has resulted in an increase in the residual rating of two of our Principal Risks (Government policy and planning regulations and Impact of the market environment on mortgage availability and housing demand). Further information is detailed in the Principal Risk table above and on pages 50 to 53.



Principal Risks and uncertainties continued

A. Government policy and planning regulations

Risk description

The industry in which we operate is becoming increasingly regulated. Any adverse changes to Government policy, for example around changes to building regulations, could impact our ability to effectively meet our strategic objectives.

Planning delays could result in missed opportunities to optimise our landbank, affecting profitability and production delivery.

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
We operate in an increasingly regulatory and compliance-based environment impacting all aspects of our business operations. We are committed to ensure we 'do the right thing' in this respect and as such we have a low risk appetite in this area, using this to set us apart from competitors.	The UK Government encouraged the construction industry to continue on the basis that it operates in a COVID-secure way. Customers have benefited from the short term extension to the current phase of the Government's Help to Buy scheme and the Stamp Duty Land Tax holiday.	– Group Operations Director – Regional Managing Directors	– Ongoing and regular review of building regulations – Consultation with Government agencies – New house type range – COVID-19 risk assessments for all operations – Ground Rent Review Assistance Scheme	The impact of regulatory changes, such as Future Homes Standard 2025 and Government's continued focus on housing, together with the ongoing developments in regulation and guidance around fire safety and planning, has resulted in an increase in both the inherent and residual risk levels.	Moderate

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Low-moderate	Low			– Removal of Help to Buy – New Government regulations (e.g. with stakeholders and peers, to monitor around planning and climate) – Delays in planning	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.

B. Impact of the market environment on mortgage availability and housing demand

Risk description

Sustained growth in interest rates, together with low wage inflation or reduced confidence in continued employment, could challenge mortgage affordability resulting in a direct impact on our volume targets.

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
Heightened economic uncertainty and the short-medium term implications remain unknown. We continue to keep a watching brief over the situation and we have a low risk appetite in this area, due to the impact changes could have on the business.	The macro-economic impact of COVID-19 could reduce mortgage affordability, impacting on demand for housing, as uncertainty and unemployment may affect customer confidence and mortgage availability.	– UK Sales and Marketing Director – Regional Sales and Marketing Directors	– Evaluation of new outlet openings based on local market conditions – Pricing and incentives review (e.g. NHS and care workers discount scheme) – Review of external data (e.g. HBF, mortgage lenders)	Throughout 2020 we were encouraged by the continued resilience of the UK housing market, underpinned by low interest rates and strong customer demand, with interest levels remaining strong. Although the outlook for the UK housing market appears robust, the continued economic uncertainty driven by the ongoing impact of COVID-19 and leaving the EU, results in an increase in both the inherent and residual risk levels.	Moderate

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Low-moderate	Low			– Interest rate increases – Levels of unemployment – Volume of enquiries / people visiting our developments – UK household spending – Loan to value metrics	To continue to develop strong working relationships with established mainstream lenders and those wishing to increase volume in the new build market.

C. Material costs and availability of subcontractors

Risk description

Increase in housing demand and production 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.

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
Economic and political factors impact this risk but we believe the actions we have put in place provide us with strong foundations going forward, therefore we have a low to moderate risk appetite in this area.	COVID-19 has increased the pressure on the availability of certain materials in the short term and the continuation of the pandemic could result in further disruptions to the supply chain.	– Group Operations Director – Head of Procurement – Regional Commercial Directors	– Central procurement and key supplier agreements – Supplier and subcontractor relationships (Pay It Forward scheme) – Contingency plans for critical path products – Confirmation by suppliers of plans to address withdrawal from EU – Direct trade and apprenticeship programmes	There continues to be pressure on the availability of certain build materials and skilled labour in the housebuilding industry. This has resulted in an increase in the inherent risk level but as a result of additional mitigations implemented we see no significant increase in the residual risk level.	Moderate

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Moderate	Low-moderate			– 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	To develop and implement different build methods as alternatives to conventional brick and block.

D. Ability to attract and retain high-calibre employees

Risk description

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

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
People are the foundation of our organisation. To deliver our objectives we need the right calibre of employees and we have implemented a number of initiatives in this area. These and other existing mechanisms to retain and develop our employees leads us to having a moderate risk appetite in this area.	We have retained a stable workforce during the pandemic with staff attrition rates lower than normal. Therefore, the need to attract new employees has reduced. This is viewed as a short term effect with the expectation of a more 'normal' pattern resuming in the future.	– Group HR Director – Every employee managing people	– Production Academy – Management training – Graduate programme – Apprenticeship programme – Enhanced remote working procedures – Educational masterclasses – Isolation challenge	We have seen a slight reduction in the inherent rating of this risk due to competitiveness for employees falling in the current economic uncertainty; however the availability of site-based labour continues to present a challenge and consequently there is no change in the residual risk level.	Low

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Moderate	Moderate			– Employee engagement score – Number of, and time to fill, vacancies – Employee turnover levels	To further develop in-house capability, expertise and knowledge.

Principal Risks and uncertainties continued

E. Land purchasing

Risk description

The purchase of land of poor quality, at too high a price, or the incorrect timing of land purchases in relation to the economic cycle could impact future profitability.

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
We continue to have a strong landbank, including our strategic pipeline. We continue to look for opportunities in the right location that optimise our value and we have a moderate risk appetite in this area.	Disruption in the land market as a result of the pandemic created short term opportunities to acquire land at attractive returns and prices.	– Divisional Chairs – Regional Managing Directors – Regional Land and Planning Directors – Managing Director Group Strategic Land	– Critically assess opportunities – Land quality framework	Following our June 2020 equity raise we have agreed terms on and authorised land purchases significantly ahead of our normal rate of acquisition. These sites have been secured at attractive returns and this investment provides us with a route to high-quality growth in the medium term from our strong landbank. Balancing this with the current economic environment we see no change in the residual risk level.	Low

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Moderate	Moderate			– Movement in landbank years – Number of land approvals – Timing of conversions from strategically sourced land	A strong balance sheet allows us to invest when land market conditions are attractive

F. Quality and reputation

Risk description

The quality of our products is key to our strategic objective of being a customer-focused business and in ensuring that we do things right first time.

If the Group fails to deliver against these standards and its wider development obligations, it could be exposed to reputational damage, as well as reduced sales and increased costs.

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
Fundamental to our business model is the quality of our build and maintaining our strong reputation. Conscious that there are an ever-increasing number of sources that could have a detrimental impact on our reputation, starting with build quality, we have a low risk appetite in this area.	COVID-19 increases the risk of reputational damage if we are not recognised to be doing the right thing for our employees, customers and suppliers; for example adapting to the ways in which our customers wish to communicate.	– Customer Director – UK Head of Production – Director of Design	– Customer-ready Home Quality Inspection (HQI) – Consistent Quality Approach (CQA) – Quality Managers in the business – NHS and care worker discount scheme	The climate in which we currently operate means it is even more important to deliver on our fundamental of quality. As we continue to adapt the risk of reputational damage is heightened but the additional measures we have implemented, for example around quality reviews, results in there being no change to the residual risk level.	Moderate

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Low-moderate	Low			– Customer satisfaction metrics (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	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.

G. Site and product safety

Risk description

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

Risk Appetite	COVID-19 Impact	Accountability	Key Mitigations	Residual Risk Change in Year	Residual Rating
Safety of our staff, indirect and direct, and in the products we supply and fit is of paramount importance not only to our business but also to our values, therefore we have a very low risk appetite in this area.	There is an increased inherent risk from any personal interaction given the nature of COVID-19, in particular as lockdown measures are eased.	– Head of Health, Safety and Environment – Group Operations Director – Director of Design – Every employee and subcontractor	– Embedded HSE system – HSE training and inductions – COVID-19 protocols	The COVID-19 pandemic has and continues to present significant challenge in this area and we are committed to ensuring we continue to conduct business in the safest way possible. Our response to the pandemic in terms of implementing additional measures to mitigate the risk was swift and effective, resulting in there being no change to the residual risk level.	Low

Risk Tolerance	Risk Appetite	Link to Strategy	Link to Values	Example Key Risk Indicators	Opportunities
Low	Low			– Increase in near misses and fatalities – Health and safety audit outcomes – Number of reportable health and safety incidents	To lead the industry in health and safety and to reduce the amount and level of incidents.

Group financial review

Focused on protecting value and margin

Chris Carney
Group Finance Director

> "Our primary performance focus is on returning the business to 21-22% operating profit margin in the medium term and we continue to target a number of areas to achieve this; focus on cost, process simplification and the incremental growth as a result of the equity raise."

Q&A with Chris Carney, Group Finance Director

Q What are the key financial priorities for the group?

A Our primary performance focus is on returning the business to 21-22% operating profit margin in the medium term and we continue to target a number of areas to achieve this; focus on cost, process simplification and the incremental growth as a result of the equity raise.

Q What will help drive margin performance?

A We have strong embedded margins in the landbank which, together with the recovery in our completion levels, gives us confidence in achieving our medium term margin targets, assuming stable market conditions.

Q What costs savings have you made this year?

A In 2020, we undertook a detailed review of our organisational and cost structure to ensure that we continue to operate efficiently in a changing market. This resulted in a series of actions, including the removal of one layer of management, a rationalisation of our London operating structure to focus on affordable price points that meet the affordability needs of Londoners, and a series of other reductions in central and business unit overhead levels. These changes will generate savings in the region of £16 million annually from 2021, with the £12 million costs to achieve these savings already incurred in 2020.

Q What is new for 2021?

A In 2020 we designed and piloted a new customer relationship management system using Microsoft Dynamics software. This will be rolled out across our business in 2021 and will build on the progress we have made in digital communications with our customers over the past few years. As well as the customer service and efficiency benefits of better, more targeted communication, we expect the system to provide better insight led decision making, enhancing revenue and margin. The system will bring customer service benefits such as real time online issue resolution, delivering greater visibility and faster responses. Operationally, there are a number of benefits, for example, the system will enable end to end workflows for legal processes, with online notifications and approvals ensuring customers, solicitors and our legal teams are aligned, helping to reduce time to completion.

Group financial review of operations

Income statement

Group revenue decreased by 35.7% to £2,790.2 million in 2020 (2019: £4,341.3 million) due to a reduction in completions as a result of the controlled closure of our sites and sales centres during the second quarter of 2020, as we responded to the COVID-19 pandemic and developed safe working practices for our employees, subcontractors and customers. Completions in the UK (excluding joint ventures) decreased by 39.4% to 9,412 (2019: 15,520). Despite the uncertainties associated with the pandemic, prices have remained resilient and UK average selling prices increased 7.3% to £288.3k (2019: £268.6k) with private completions up by 5.8% to £323.2k (2019: £305.4k), the majority of the increase driven by geographical and product mix.

During the year we have identified and expensed £62.7 million of costs relating to the COVID-19 pandemic, with £60.3 million charged to gross profit and £2.4 million to administrative costs. These costs include unproductive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to WIP and expensed as plots legally complete of £29.9 million; additional costs incurred by the business due to extended site durations resulting from the reduced productivity levels as we implemented our operational processes under the COVID-secure guidelines totalling £17.4 million; and incremental costs incurred by the business in responding to COVID-19, including to meet our health and safety requirements and complying with Government guidelines, of £15.4 million.

Group gross profit reduced to £496.7 million (2019: £1,044.1 million) representing a gross margin of 17.8% (2019: 24.1%). The decline was mainly driven by expensing costs relating to the COVID-19 pandemic (as discussed above) as well as fixed build and direct selling costs which are absorbed across fewer completions.

Administrative costs reduced to £206.8 million (2019: £211.7 million) reflecting the reduction in payments under the Group's bonus plans and impact of the current financial performance on the long term incentive schemes, in part offset by the £12.1 million of restructuring costs incurred following the detailed review of our organisational and cost structure to ensure that we continue to operate efficiently in a changing market.

We have implemented a series of proposed changes that will generate annualised savings of £16 million from 2021. These changes include the removal of one tier of operational management, a rationalisation of our London operating structure to focus on affordable price points that meet the affordability needs of Londoners, and a series of reductions in central and business unit overhead levels. These changes will not affect the ability of the business to generate future growth or to deliver a high quality product and service to our customers. Operating through the challenges of the last six months has also highlighted opportunities for ongoing efficiency and performance improvement, as our recent investments in systems and processes have performed well.

During the year, completions from joint ventures were 197 (2019: 199). The total order book value of joint ventures as at 31 December 2020 decreased to £51 million (31 December 2019: £62 million), representing 118 homes for completions in 2021 and 2022. Our share of results of joint ventures in the period was a profit of £7.9 million (2019: £8.0 million).

Operating profit was £300.3 million (2019: £850.5 million), delivering an operating profit margin of 10.8% (2019: 19.6%).

During the year we continued our works to replace Aluminium Composite Material (ACM) cladding on a small number of legacy developments. Following a review of these works and expected costs to complete during the first half a further £10.0 million was provided and in line with our policy charged to exceptional items. The prior year exceptional credit of £14.3 million arose on the implementation of a Pension Increase Exchange for members of the Taylor Wimpey Pension Scheme which enabled some pension scheme members to elect to exchange future pension increases on part of their pensions for a one-off increase in pension.

The net finance expense of £25.9 million (2019: £28.9 million) principally includes imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme. The net interest charge on the defined benefit pension scheme reduced as the liability at 1 January 2020 was lower at £84.5 million compared with £133.0 million at 1 January 2019. In addition, changes in foreign exchange rates in the year resulted in a small foreign exchange gain compared with a loss in the prior year. This was partially offset by an increase in net bank interest payable reflecting the prudent step of fully drawing down the previously unutilised £550 million revolving credit facility following the temporary closure of sites. Once construction had restarted under new operating protocols the facility was fully repaid before the end of June 2020.

Profit on ordinary activities before tax decreased to £264.4 million (2019: £835.9 million) after the exceptional charge of £10.0 million (2019: exceptional credit of £14.3 million). The pre-exceptional tax charge was £49.1 million (2019: £159.3 million) with an underlying tax rate of 17.9% (2019: 19.4%) which includes a £1.4 million credit (2019: nil) arising from the remeasurement of the Group's UK deferred tax assets at 19.0% following the changes to the corporation tax rates enacted by the UK Government. A tax credit of £1.7 million was recognised in respect of the exceptional charge (2019: exceptional tax charge of £2.7 million). This resulted in a total tax charge of £47.4 million (2019: £162.0 million), a rate of 17.9% (2019: 19.4%). Profit for the year was £217.0 million (2019: £673.9 million).

	UK	Spain	Group
Completions including joint ventures	9,609	190	9,799
Revenue (£m)	2,726.9	63.3	2,790.2
Operating profit (£m)	284.5	15.8	300.3
Operating profit margin (%)	10.4	25.0	10.8
Profit before tax and exceptional items (£m)			274.4
Profit for the year (£m)			217.0
Basic earnings per share (p)			6.3
Adjusted basic earnings per share† (p)			6.5

Group financial review continued

> "We have a strong financial position with a robust and flexible balance sheet with net cash of £719.4 million, positioning us well for growth in 2021 and beyond."

Basic earnings per share was 6.3 pence (2019: 20.6 pence). The adjusted basic earnings per share was 6.5 pence (2019: 20.3 pence).

Spain

The Spanish second-homes market has been impacted by travel restrictions as a result of COVID-19. We completed 190 homes in 2020 (2019: 323) at an average selling price of €375k (2019: €429k). The total order book as at 31 December 2020 stood at 126 homes (31 December 2019: 217 homes).

The Spanish business delivered an operating profit of £15.8 million for 2020 (2019: £32.1 million) and an operating profit margin of 25.0% (2019: 26.7%). We expect the business to begin to normalise when foreign travel returns to more normal levels.

Balance sheet and financial position

We have a strong financial position with a robust and flexible balance sheet positioning us well for growth in 2021 and beyond.

Net cash and financing position

Net cash increased to £719.4 million at 31 December 2020 from £545.7 million at 31 December 2019. The increase was due in part to net proceeds from the issuance of shares in June 2020 of £510.1 million being partially offset by a net cash outflow from operating activities of £301.2 million and an increase in investment in joint ventures of £19.8 million. Average net cash for 2020 was £399.3 million (2019: £157.0 million).

The main driver of the net cash outflow from operating activities in 2020 was an increase in land and work in progress working capital of £362.2 million as we settled land creditor obligations, continued investment in land and the number of completions decreased.

In the 12 months to 31 December 2020, the outflow of cash from operations as a result of increased working capital led to cash conversion of (54.9)% of operating profit (2019: 82.6%).

Net cash, combined with land creditors, resulted in an adjusted gearing‡‡‡ of (1.1)% (31 December 2019: 5.5%).

At 31 December 2020 our committed borrowing facilities were £653.6 million of which £550 million was undrawn. The average maturity of the committed borrowing facilities at 31 December 2020 was 3.8 years.

Balance sheet

Net assets at 31 December 2020 increased by 21.4% to £4,016.8 million (2019: £3,307.8 million), with net operating assets increasing by £464.6 million to £3,264.8 million (31 December 2019: £2,800.2 million). The increased investment in operating assets together with the decrease in operating profit results in return on net operating assets reducing to 9.9% (2019: 31.4%) and Group net operating asset turn†* was 0.92 times (2019: 1.60 times).

The balance sheet principally comprises work in progress and land investment, with total investment in the year increasing by £338.7 million.

Work in progress ('WIP')

Average WIP per UK outlet at 31 December 2020 increased by 13.8% to £6.6 million (2019: £5.8 million), reflecting the increase in overall WIP held whilst outlet numbers remained broadly flat. The increase in WIP reflected the delay of some 2020 forecast completions into 2021 due to site closures in the second quarter and the continued investment in build since our sites reopened in May.

Land

Land at 31 December 2020 increased by £139.8 million as the Group invested in land opportunities following the equity raise completed in June 2020. Land creditors decreased to £675.9 million (31 December 2019: £729.2 million) following repayments made in the year being in excess of the level of new creditors. Included within the gross land creditor balance is £64.9 million of UK land overage commitments (31 December 2019: £56.4 million). £347.9 million of the land creditors is expected to be paid within 12 months and £328.0 million thereafter.

As at the balance sheet date, the Group held certain land and work in progress that had been written down by £64.4 million (31 December 2019: £68.6 million) to a net realisable value of £53.8 million (31 December 2019: £59.3 million). The balance of previously written down land and work in progress in the UK was £34.5 million (31 December 2019: £39.0 million), following the associated write-downs of £25.5 million (31 December 2019: £30.5 million).

At 31 December 2020 the UK short term landbank comprised 77,435 plots (31 December 2019: 75,612), with a net book value of £2.5 billion (31 December 2019: £2.4 billion). Short term owned land comprised £2.4 billion (31 December 2019: £2.3 billion), representing 53,731 plots (31 December 2019: 54,641). The controlled short term landbank represented 23,704 plots (31 December 2019: 20,971).

The value of long term owned land increased to £217 million (31 December 2019: £97 million), representing 36,968 plots (31 December 2019: 33,329), with a further total controlled strategic pipeline of 101,676 plots (31 December 2019: 106,895). Total potential revenue in the owned and controlled landbank increased to £54 billion in the period (31 December 2019: £53 billion), reflecting the overall mix of opportunities in the short term landbank and strategic pipeline.

As at 31 December 2020, in the UK, 90% of the short term owned and controlled landbank was purchased after 2009, 56% of which was sourced through our strategic pipeline. This results in a land cost to average selling price in the short term owned landbank of 15.2% (31 December 2019: 14.9%).

Provisions increased to £130.5 million (31 December 2019: £128.4 million). The £10.0 million increase in the ACM cladding replacement provision and the provision for restructuring in the final quarter of the year being substantially offset by utilisation as claims were made and processed through the Ground Rent Review Assistance Scheme and costs were incurred on work performed to replace ACM cladding. Further details on the post balance sheet increase to provisions is included in Note 33.

Our net deferred tax asset of £33.7 million (31 December 2019: £29.8 million) relates to our pension deficit, employee share schemes and the temporary differences of our Spanish business, including brought forward trading losses. The net deferred asset held was affected by the changes to the corporation tax rates enacted by the UK Government in 2020. The increase in the pension deficit in the year also further increased the deferred tax asset recognised.

Pensions

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the Trustee to pay deficit reduction contributions of £40.0 million per annum for the period from April 2018 to December 2020.

During 2020 and in response to the site shutdowns, a temporary suspension of the agreed deficit reduction contributions was agreed with the Trustee for the three months between April and June 2020 and as a result, the recovery plan period was extended to 31 March 2021. The agreed recovery plan included a contribution mechanism, tested quarterly, such that should the Taylor Wimpey Pension Scheme (TWPS) become fully funded on the Technical Provisions funding basis, further contributions would be suspended and only recommence if the funding level fell below 96%.

In April 2018, the Group paid a one-off contribution of £23.0 million into the TWPS to increase the funding level to 100% and thereby suspend any future contributions from 31 March 2018. However, the quarterly funding test for 31 December 2018 showed that the TWPS funding level had subsequently fallen to 94%. The Group therefore recommenced regular contributions from January 2019.

The most recent funding test at 31 December 2020 showed a funding level of 95% on the Technical Provisions funding basis. As a result, regular contributions will continue for the remaining three months of the recovery plan. The Group continues to provide a contribution for Scheme expenses and also makes contributions via the Pension Funding Partnership. Total Scheme contributions and expenses were £37.1 million in 2020 (2019: £47.1 million). Confirmed payments in 2021 are expected to be £17.4 million although this is dependent on the outcome of negotiations for the triennial valuation at 31 December 2019.

During 2020, the Group has engaged with the TWPS Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. At the current time discussions are ongoing with the Trustee to agree the valuation as well as any future contributions. Legislation requires that agreement is to be reached by 31 March 2021.

At 31 December 2020, the IAS 19 valuation of the Scheme revealed an underlying deficit of £89.1 million (2019: surplus of £100.5 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore in 2019 a deficit was recognised on the balance sheet under IFRIC14. This deficit was equal to the present value of the remaining committed payments under the 2016 triennial valuation at that time. No such adjustment has been recognised at 31 December 2020 since the Scheme was in a deficit on an IAS 19 accounting basis.

Total retirement benefit obligations of £89.5 million at 31 December 2020 (31 December 2019: £85.0 million) comprise a defined benefit pension liability of £89.1 million (31 December 2019: £84.5 million) and a post-retirement healthcare liability of £0.4 million (31 December 2019: £0.5 million).

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks.

Dividends

Subject to shareholder approval at the AGM scheduled for 22 April 2021, the 2020 final ordinary dividend of 4.14 pence per share will be paid on 14 May 2021 to shareholders on the register at the close of business on 6 April 2021. This dividend will be paid as a cash dividend, and shareholders are once again being offered the opportunity to reinvest all of their ordinary dividend under the Dividend Re-Investment Plan (DRIP), details of which are available from our Registrar and on our website. Elections to join the Plan must reach the Registrar by 22 April 2021 in order to be effective for this dividend. Further details can be found on our website www.taylorwimpey.co.uk/corporate

Alternative Performance Measures

The Group uses Alternative Performance Measures (APMs) as key financial performance indicators to assess underlying performance of the Group. The APMs used are widely used industry measures and form the measurement basis of the key strategic KPIs (return on net operating assets, operating profit margin and cash conversion).

A portion of executive remuneration is also directly linked to some of the APMs. Definitions and reconciliations to the equivalent statutory measures are included in Note 32 of the financial statements.

Value distributed during 2020 (£m)

Contribution to local communities via planning obligations	Employment	Net investment in land & WIP	Interest paid	Pension contributions	Taxes
£286.6m	£264.9m	£362.2m	£10.8m	£52.3m	£136.4m
2019: £447.3m	2019: £275.9m	2019: £21.7m	2019: £6.4m	2019: £61.6m	2019: £178.8m

Group financial review continued

Going concern
The Directors remain of the view that the Group's financing arrangements and balance sheet strength provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Chris Carney
Group Finance Director

Definitions
- * Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.
- ** Return on net operating assets (RONOA) is defined as rolling 12-month operating profit divided by the average of the opening and closing net operating assets, which is defined as net assets less net cash, excluding net taxation balances and accrued dividends.
- *** Operating cash flow is defined as cash generated by operations (which is before taxes paid, interest paid and payments related to exceptional charges).
- ‡‡* Return on capital employed (ROCE) is defined as 12-month rolling operating profit divided by average capital employed calculated on a monthly basis over 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-month rolling total revenue divided by the average of opening and closing net operating assets.
- ‡ Net cash / (debt) is defined as total cash less total borrowings.
- ‡‡ Cash conversion is defined as operating cash flow divided by operating profit on a rolling 12-month basis.
- ‡‡‡ Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

Viability Statement

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 Company for a period longer than the 12 months required by the 'going concern' provision.

Time period
The Directors have assessed the viability of the Group over a five-year period, taking account of the Group's current financial position, current market circumstances and the potential impact of the Principal and emerging risks facing the Group. The Directors have determined this as an appropriate period over which to assess the viability 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 (obtaining planning permission, putting in place infrastructure and commencing build) and selling homes to customers from a development

The time period is challenged annually to ensure that it remains appropriate and as part of the review the Directors also considered:

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

Assessment of prospects
We consider the long term prospects of the Group in light of our business model. Our strategy to deliver sustainable value is achieved through delivering high quality homes in the locations where people want to live, with excellent customer service, whilst carefully managing our cost base and the Group's balance sheet. Future prospects are primarily monitored through the risk management process detailed on pages 46 to 48.

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

- The Group's **current performance**, which includes the current year performance (pages 6 to 9), the output from the annual business planning process and financing arrangements, the wider economic environment and mortgage market, as well as changes to Government policies and regulations that could impact the Company's business model including the recent announcement on the Future Homes Standard and developer taxes
- **Strategy and business model flexibility**, including build quality, customer dynamics and approach to land investment. Further detail is provided on pages 22 to 25
- **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 Executive Committee and Board. 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 review included assessing the impact of COVID-19 on each of the risks and is detailed on pages 49 to 53, particularly with the economic outlook remaining unclear in light of the pandemic.

The Directors identified the Principal Risks that have the most impact on the longer term prospects and viability of the Group as: 'Impact of the market environment on mortgage availability and housing demand', 'Government policy and planning regulations' and 'Quality and reputation'. 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 scenario in which the impacts were aggregated together.

Assessment of viability
The Group adopts a disciplined annual business planning process involving the management teams of the 23 UK business units and Spain, and the Group's senior management, and is built on a bottom up basis. This planning process comprises a budget for the next financial year, together with a forecast for the following four financial years.

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 plan period. The Group has adapted its business plan in response to COVID-19, which includes the impact of the increased investment in land opportunities following the capital raise and impact of operating under COVID-19 secure protocols on build times. The plan also incorporates the likely market impact of the planned changes to Help to Buy and the impact of the Government announcements on transitional arrangements for the Future Homes Standard.

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, this 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 of the Future Homes Standard
- Working capital requirements
- Capital repayment plan, where we have assumed the re-instatement of the ordinary dividend in line with the previous policy, which is a minimum of £250 million or 7.5% of the Group's net assets, 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 macro-economic and industry-wide projections as well as matters specific to the Group.

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

We have applied the sensitivities encountered at those times, as well as the mitigations adopted, to our 2021 expectations in order to test the resilience of our business. As a result, we have stress tested our business against the following plausible downside scenarios:

Volume – a decline in total volumes of 30% from pre-COVID-19 levels, followed by a gradual recovery

Price – a reduction to current selling prices of 10%

Build cost – potential inflationary risks from shortfalls in material and labour as a result of Brexit, largely offset by deflationary pressure caused by the lower volumes. An increased build cost for 2023 onwards has been included to reflect the transitional arrangements of the Future Homes Standard

Costs – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in Government regulations or financial penalty

The mitigating actions considered in the model include a reduction in land investment, a reduction in the level of production and work in progress held and optimising our overhead base to ensure it aligns with the scale of the operations through the cycle.

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,373 million at 31 December 2020. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis.

If these scenarios were to occur, we have a range of additional options to maintain our financial strength, including: a reduction in capital expenditure, the sale of assets, raising debt and reducing the dividend.

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

Approval of the Strategic Report

This Strategic Report was approved by the Board of Directors and signed on its behalf by

Pete Redfern
Chief Executive

Corporate governance

"I am pleased to have joined a business with strong embedded governance processes, and the culture to support continued improvement, which I am determined to lead and oversee.

Irene Dorner
Chairman

Dear Shareholder
My first personal statement on the Company's approach to corporate governance has coincided with a period when our governance processes and procedures were thoroughly tested by the impact of the COVID-19 pandemic, and I am pleased to be able to report that they, and the team, responded extremely well.

We have also continued the Company's approach to governance, of working to comply with corporate governance developments prior to their formal application to reporting years.

Maintaining effective governance during the COVID-19 pandemic
As I have already mentioned in my Chairman's Statement, as a result of the pandemic, the Board had to make a number of challenging decisions which affected all of our stakeholders in different ways. We have set out later in this report on pages 72 to 77 how we considered our stakeholders in the decision making process.

The impact of the pandemic and our response to it involved the temporary shutdown of our construction sites, sales offices and the furloughing of many employees. This, together with necessary provision for the possible illness or self-isolation of employees, introduced a new challenge to the Company's governance processes. We addressed this through a detailed review of our existing governance processes; business continuity planning; delegated authorities; and their respective resilience to the possible non-availability of key personnel.

Monitoring of these processes and procedures by Internal Audit disclosed no material evidence of weakened controls and I should like to congratulate the team on their effective response to these major challenges.

Nomination and Governance Committee
During the year, the Board considered the ever-growing focus on good governance and decided that this could be more effectively addressed by the Board through delegating the initial review and recommendation stages of future governance developments to a Board Committee. We believe the most appropriate body for this would be the Nomination Committee and accordingly, during the year, the Committee's remit was widened and its name changed to the Nomination and Governance Committee to reflect the broader scope.

Environmental, social and governance
As I noted in my Chairman's Statement, after the pandemic, perhaps the most important governance development during 2020 was stakeholders' increasing focus on how and to what extent companies are building environmental, social and governance (ESG) factors into their strategy, planning and business operations.

This report sets out how the Company has acted during 2020 and will continue to drive further action during 2021, in addressing this key area. I am pleased that the Nomination and Governance Committee is currently tasked with the responsibility of ensuring that we progress appropriately.

Culture
Underpinning the Company's approach to corporate governance is the work that has been done, led by the Board and particularly the Group Management Team (GMT), to embed throughout the Company and its wider Group a culture of seeking to do 'the right thing'. I have observed this at first hand, during my visits to Group operations and through regular reporting to the Board, and it manifests itself in the ways set out on pages 66, 68 and 70.

Diversity and inclusion
Diversity and inclusion have rightly continued to be key areas of focus on the Board's agenda and the Company has met the target set by the Hampton-Alexander Review to have at least 33% female representation on the Board. We do however recognise that further progress needs to be made when considering female representation on the GMT and their direct reports (23% as at 31 December 2020).

The Board is also mindful of the Parker Review's target of including one person of colour by 2021.

The Company's Diversity Policy, together with details of progress made towards it during 2020 and plans for further progress during 2021, appears on pages 88 and 89.

Stakeholders
As I've noted above, the Board has led the Company's stakeholder engagement throughout the year and has taken the feedback from these very important interactions fully into account, particularly in its response to the COVID-19 pandemic, but also in the wider development of its strategic planning and decision making processes.

The Board recognises the importance of effective two-way communication with employees. Our National Employee Forum (NEF) has been in place since 2017 and has been a great success. During the year we looked to further strengthen the engagement between the Board and employees by appointing Gwyn Burr as the Board's NEF Champion.

I also conducted a virtual Chairman's roadshow in September, when I met with a number of key investors and shareholder representative bodies and was pleased to discuss governance-related topics with them, such as ESG, succession planning, and diversity and inclusion. I very much look forward to further engagement in the future.

When circumstances allow it, I and the Board are very keen to meet more stakeholders face to face.

Appointment and succession
During 2020 the Nomination and Governance Committee conducted a thorough review of the Board's composition; structure; and balance of skills and experience; and this both informed the Board changes during the year and the plans announced recently for further change from 1 March 2021.

I was, as had previously been announced in last year's Annual Report, appointed as Chairman of the Board on 26 February 2020.

Kevin Beeston stood down as Chairman on 26 February 2020.

Kate Barker stood down as Non Executive Director on 31 July 2020.

Rob Noel succeeded Kate as the Company's Senior Independent Director on 21 April 2020.

These changes, together with the planned appointments on 1 March 2021, recently announced, of Scilla Grimble and Jitesh Gadhia as Independent Non Executive Directors, will improve the Board's skill sets and bring additional perspective to the Board dynamic.

Board evaluation
It is extremely important that the Board and its Committees rigorously review their performance each year and critically examine how improvements could be made, where necessary. This process is given greater emphasis through the Code requirement that it be externally facilitated at least every third year, as it was for the Company during 2020, full details of which appear on pages 84 and 85.

Annual General Meeting
The safety and security of our shareholders and colleagues remains our priority. Even if the national lockdown has ended and the vaccination programme continues to progress well, we will not be able to hold the Annual General Meeting (AGM) in person in April. Therefore, as shareholders will not be permitted to attend the AGM in person, we are pleased to provide an electronic facility for shareholders to be able to follow the meeting remotely and submit questions. Please see pages 174 and 182 for further information.

Conclusion
I believe that your Board remains effective and continues to work very well, as borne out by the conclusion of the independent, externally facilitated Board appraisal for 2020. As a result of the work done through 2020, I am confident that the Board has the right balance of skills, expertise and professionalism to continue to deliver strong governance and to maintain the strong culture that we have worked hard to establish.

Irene Dorner
Chairman

1 March 2021

Corporate governance continued

Governance at a glance

Highlights of 2020

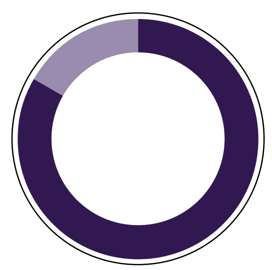
- Compliant with the requirements of the 2018 UK Corporate Governance Code (the Code), except for Provision 38 which we will comply with by 1 April 2024.
- Acted in accordance with the Financial Reporting Council's Guidance on Risk, Internal Control and Related Financial and Business Reporting. Read more on pages 93 and 94.
- Expanded the remit and accordingly changed the name of the Nomination and Governance Committee. Read more on page 84.
- Conducted a thorough review of the Company's governance processes and delegated authority controls to ensure they continued to operate effectively during the COVID-19 pandemic. Read more on page 84.
- Reported on the likely impact of the Company's activities on the climate. Read more on pages 42 to 44.
- Developed and enhanced the Company's succession and contingency plans. Read more on page 83.
- Made progress towards our diversity and inclusion strategy throughout the business. Read more on page 86.
- Released the Company's fourth Gender Pay Gap Report. Read more on page 86.
- Conducted a comprehensive externally facilitated Board evaluation. Read more on pages 84 and 85.
- Enabled shareholders to listen and ask questions via a teleconference facility at the Company's AGM, held during the COVID-19 pandemic. Read more on page 75.
- Published the Company's half year statutory report of payment terms, showing steady improvement through a further 24% reduction in the number of payments being made outside of agreed terms.

Board attendance during 2020

	Number of meetings attended in 2020
Irene Dorner,[a] Chairman	12/12
Pete Redfern, Chief Executive	12/12
Chris Carney, Group Finance Director	12/12
Jennie Daly, Group Operations Director	12/12
Robert Noel,[b] Senior Independent Director	12/12
Gwyn Burr, Independent Non Executive Director	12/12
Angela Knight, Independent Non Executive Director	12/12
Humphrey Singer, Independent Non Executive Director	12/12
Kevin Beeston[c]	1/1
Kate Barker[d]	9/9

(a) Appointed Chairman on 26 February 2020.
(b) Appointed Senior Independent Director on 21 April 2020.
(c) Stood down as Chairman and as a Director on 26 February 2020.
(d) Stood down as a Non Executive Director on 31 July 2020.

Board meetings



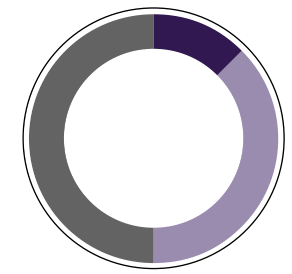
Directors' skills matrix

	Operational	Financial	Property	Customer service	Economics	Public sector	Marketing	Risk	IT	Sustainability	Governance and compliance
Irene Dorner	●	●						●		●	●
Pete Redfern	●	●	●	●			●	●		●	●
Chris Carney	●	●	●					●	●		●
Jennie Daly	●		●							●	●
Robert Noel	●	●	●					●		●	●
Gwyn Burr	●	●		●			●			●	●
Angela Knight	●	●			●	●					●
Humphrey Singer	●	●		●				●	●		●
Scilla Grimble[a]	●	●	●	●				●	●		●
Jitesh Gadhia[a]	●	●			●	●				●	●

(a) Appointed from 1 March 2021

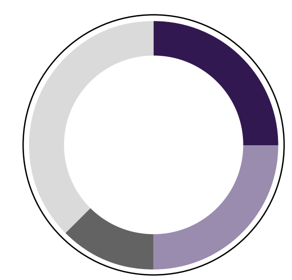
As at 31 December 2020:

Executive and Non Executive Directors

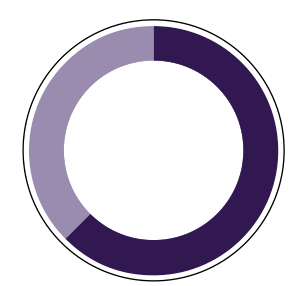


Non Executive Directors' tenure

Board gender diversity



Board independence



The 2018 UK Corporate Governance Code statement of compliance

For the year ended 31 December 2020, the Company complied with:

- All of the provisions of the 2018 UK Corporate Governance Code (the Code), except for Provision 38 (executive director pension contributions) which we will comply with by 1 April 2024. Further details can be found on pages 98 and 106
- The Financial Conduct Authority's Disclosure and Transparency Rules sub-chapters 7.1 – 7.2 and Listing Rules 9.8.6R, 9.8.7R and 9.8.7AR, which can be found at: www.handbook.fca.org.uk
- The BEIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations, which can be found at: www.gov.uk

In accordance with Section 4, Principle N, Provision 27 of the Code, the Board considers that, taken as a whole, this Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Board was able to reach this conclusion after receiving advice from the Audit Committee. Read more on page 97.

How we comply with the Code
The Corporate Governance section of this Annual Report and Accounts explains how the Code principles have been applied, as set out below.

Corporate governance: Board leadership and Company purpose

Board of Directors

Chairman

Irene Dorner
Chairman

Joined December 2019 and appointed Chairman 26 February 2020

Skills and experience
Irene has strong leadership skills and commercial experience gained during her career spanning more than 30 years in banking and also through her various non executive roles. Her long and distinguished career at HSBC included a number of senior positions, including CEO of HSBC Malaysia and CEO and President of HSBC in the United States. She retired from HSBC at the end of 2014 and was a Group Managing Director of HSBC Holdings and a member of the Group Management Board.

Previously, Irene was Chairman of Virgin Money (UK) plc prior to its acquisition in 2018.

External appointments
Irene currently holds independent non executive roles at AXA SA and Rolls-Royce Holdings plc, and she also Chairs Control Risks Limited, a risk consultancy business. She is a Trustee of the South East Asia Rainforest Research Partnership and an Honorary Fellow of St. Anne's College, Oxford.

Executive Directors

Pete Redfern
Chief Executive

Joined July 2007

Skills and experience
Pete was previously Group Chief Executive of George Wimpey Plc, having successively held the posts of Finance Director and Chief Executive of George Wimpey's UK housing operations. He has full day to day operational responsibility for delivering the Company's strategy in a profitable, safe and environmentally responsible manner and has significant financial, operational and management experience, gained from his various roles in industry and from his time at KPMG.

External appointments
Pete is a non executive director of Travis Perkins plc, where he is also the Senior Independent Director. Pete is also a member of their Audit, Remuneration and Stay Safe Committees and sits on the Colleague Voice Panel. Pete is Chair of the Youth Adventure Trust charity.

Chris Carney
Group Finance Director

Joined April 2018

Skills and experience
Chris is a Chartered Accountant and has worked in both private practice with Deloitte and for Associated British Foods plc. After joining Taylor Wimpey in 2006, he has successively held the roles of Group Financial Controller; Finance Director of Taylor Wimpey UK (the Group's main operating company); Managing Director of the Company's South Thames business unit; and Divisional Chair for the London and South East Division, where he oversaw significant progress in the operational and financial performance of the Division.

Appointed as Group Finance Director on 20 April 2018, he has operational responsibility for managing the Company's finances and also oversees the information technology and pension functions.

Jennie Daly
Group Operations Director

Joined April 2018

Skills and experience
Jennie has a wealth of experience in the housebuilding industry gained from roles which included strategic land oversight at Westbury plc and Managing Director of Harrow Estates Plc. She joined the Company in 2014 from Redrow plc, as UK Planning Director, before becoming UK Land Director in 2015. Jennie oversees our land, planning, design, technical, sustainability, production and supply chain functions; and manages the Taylor Wimpey Logistics business.

External appointments
Jennie is a non executive director of the Peabody Trust and is also a non executive director of New Homes Quality Board Limited.

Independent Non Executive Directors

Robert Noel
Independent Non Executive Director

Joined October 2019

Skills and experience
Rob has over 30 years' experience in the property sector and is Chairman of Hammerson plc. He was Chief Executive of Land Securities Group PLC from 2012 to 2020 and was previously Property Director at Great Portland Estates plc and a Director of Nelson Bakewell, the property services group. He is a former President of the British Property Federation.

Rob was appointed as the Company's Senior Independent Director on 21 April 2020.

External appointments
Rob is Chairman of Hammerson plc and a Trustee of the Natural History Museum.

Gwyn Burr
Independent Non Executive Director

Joined February 2018

Skills and experience
Gwyn has over 25 years' executive experience, principally in marketing and customer service in the retail sector, which included the roles of Customer Director and Customer Service and Colleague Director at J Sainsbury plc. She previously held non executive positions with the Principality Building Society Limited, Sainsbury's Bank plc, DFS Furniture plc, Wembley National Stadium Limited and the Financial Ombudsman Service.

External appointments
Gwyn is the Senior Independent Director of Hammerson plc, non executive director of Just Eat Takeaway.com N.V. plc and non executive director of Metro AG (a German listed company).

Angela Knight CBE
Independent Non Executive Director

Joined November 2016

Skills and experience
Angela brings to the Board a wealth of experience gained at a senior level in both the public and private sectors. Previously, Angela was a Member of Parliament from 1992 to 1997, including two years as the Economic Secretary at HM Treasury, and Chair of the Office of Tax Simplification in HM Treasury until the end of February 2019.

External appointments
Angela is Senior Independent Director of TP ICAP Plc; and a non executive director of Arbuthnot Latham & Co; Provident Financial plc; and Encore Capital Group, Inc.

Humphrey Singer
Independent Non Executive Director

Joined December 2015

Skills and experience
Humphrey has a wealth of financial experience and expertise in the areas of both digital solutions and customer services. Previously he was Chief Finance Officer of Marks and Spencer Group plc; Group Finance Director of Dixons Carphone plc; Group Finance Director of Dixons Retail plc; and earlier held senior finance-related roles within Dixons and Coca Cola Enterprises.

External appointments
Humphrey is Chief Financial Officer of Belron Group.

New appointments

Scilla Grimble
Independent Non Executive Director

Joins 1 March 2021

Skills and experience
Scilla has over 15 years' executive experience in the corporate finance and retail sectors, having held senior roles at UBS, Tesco plc, Marks and Spencer Group plc and is currently the Chief Financial Officer of Moneysupermarket.com Group plc.

Along with her significant financial and risk-related experience, Scilla also has experience of technology in a customer-facing environment and has broad property experience from her time at both Tesco plc and Marks and Spencer Group plc.

External appointments
Scilla is Chief Financial Officer of Moneysupermarket.com Group plc.

Lord Jitesh Gadhia
Independent Non Executive Director

Joins 1 March 2021

Skills and experience
Jitesh has over 20 years' executive experience, principally in the banking and private equity sector, having previously held senior roles at Blackstone Group International LLP, Barclays Capital (UK) and ABN AMRO Corporate Finance Limited.

He previously supported the Letwin Review of the build out rate of residential homes in the UK and was an Independent Non Executive Director at UK Financial Investments Limited.

External appointments
Jitesh has been a Member of the House of Lords since 2016. In addition, he is the Senior Independent Director of Calisen plc; a Non Executive Director of BGL (Holdings) Limited; a Director of Accord Healthcare Limited; and a member of the Board of UK Government Investments Limited.

Key

- A Audit Committee
- N Nomination and Governance Committee
- R Remuneration Committee
- Chairship of the Committee

Company Secretary

Alice Marsden
Group General Counsel and Company Secretary

Joined November 2019

Skills and experience
Alice, a solicitor, was previously the Group General Counsel and Company Secretary of Thomas Cook Group plc and has also worked in the legal profession. Alice oversees compliance with legal and regulatory obligations and also manages the Company's Legal and Secretariat Departments. She has significant legal, commercial, transactional and regulatory / corporate governance related experience.

Corporate governance: Board leadership and Company purpose continued

The Board and its Committees
At the date of this Report, the Board consists of eight Directors, namely: the Chairman, three Executive Directors and four Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 64 and 65.

The role of the Independent Non Executive Directors is to offer advice, guidance and constructive challenge to the Executive Directors, using their wide experience gained in business and from their diverse backgrounds, details of which are set out in their biographies on pages 64 and 65 and in the Board diversity analysis on page 63. They also play an important part in monitoring the overall direction and strategy of the Company; scrutinising the performance of the Executive Directors; satisfying themselves as to the integrity of the financial information made available both to the Board and to the Company's shareholders; and in general succession planning for the Board and other executive and senior management positions below Board level.

Appointments and succession
During 2020 the Committee reviewed the composition, structure, and balance of skills and experience on the Board. Details of the resultant changes to the composition of the Board during 2020 and planned for 2021 are set out on pages 82 and 83.

Board attendance
The Board met on 12 occasions during 2020 including four meetings arranged between March and June specifically to discuss either the impact of COVID-19 or preparations for the June 2020 equity raising. There was full attendance at all meetings by all Directors. The Board regularly considers the number of Board meetings that take place each year and has concluded that nine meetings is appropriate, with a business update meeting added during January 2021 in order to update on the previous year end outlook and the initial trading in the current year. The Board will keep the number of meetings under review. Additional Board meetings are convened as and when necessary and there are also processes in place for approving transactions and other matters that exceptionally may require approval in between Board meetings.

Where, exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chairman and / or the Secretary will, as soon as possible, brief the Director fully on the business transacted at the meeting and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to those attending by the Chairman and / or the Secretary as appropriate. Details of the attendance of each Director at Board and Committee meetings are set out in the tables on pages 62, 80, 91 and 98.

In addition, and in line with the Code, the Chairman and the Senior Independent Director, independently of each other, hold meetings at least annually with the Independent Non Executive Directors without the Executive Directors present, and each did so on one occasion during 2020. There is a standing agenda item at the end of each Board meeting for the Independent Non Executive Directors to meet without the Executive Directors.

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

Information and professional development
In normal business conditions, all Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. The role of the National Employee Forum (NEF) has been even more important during the pandemic, to ensure that a representative of the Board is able to continue hearing employee sentiment first hand.

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

The Company's approach is described in more detail on page 34. The Board is led in these respects by the Chairman, who ensures the Board operates correctly, setting its own culture and, by extension, that of the Company in its operations and its dealings with all stakeholders. The observance of that culture throughout business operations is led by the Chief Executive with the assistance of the other Executive Directors and the Group Management Team.

In the early part of 2020, the Board concluded a review of what it considers are important indicators of the Company culture, including health, safety and environmental matters (as set out on page 70), customer service, land, risk strategy, and diversity and inclusion.

The Board took a number of actions designed to address the findings of these cultural indicators:

- An Independent Non Executive Director was appointed as the Board's NEF Champion to ensure two-way information flows, as described on page 76
- Initiatives in response to the pulse surveys, as described on page 70
- Actions taken in response to employee consultation are set out on page 77
- The NEF was consulted on the Company's response to COVID-19, health and safety and remuneration as set out on page 77

The Board will keep all of these areas under regular review.

The Group General Counsel and Company Secretary acts as Secretary to the Board and its Committees and attends all meetings. A formal agenda and reports are issued electronically to Directors in respect of all Board and Committee meetings, generally at least one week prior to the meeting, in order to allow sufficient time for detailed review and consideration beforehand. Formal minutes are prepared in respect of all Board and Committee meetings.

The Secretary provides regular briefings to the Board on regulatory and governance matters, supplemented, as appropriate, by briefings from independent advisers.

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

Advice available to the Board
All Directors have access to the advice and services of the Secretary and Company Secretariat team. The Board has an established procedure whereby Directors may take independent professional advice at the Company's expense, where they judge it necessary to do so, in order to discharge their responsibilities as Directors.

The Board took advice during the year:

- From Finsbury Glover Hering; Citigroup Global Markets Limited (Citi); and Credit Suisse International (Credit Suisse) on its announcements, political and public interest topics, the sector and the relative performance of the Company's share price.
- From its principal legal adviser Slaughter and May in relation to compliance arrangements in the COVID-19 environment and the Market Abuse Regulation and disclosure obligations.
- From Deloitte via the Audit Committee on the significant governance developments during the year.
- From Korn Ferry via the Remuneration Committee on remuneration matters as reported in more detail in the Remuneration Report on pages 99 and 111.
- From various safety consultants in reviewing the external cladding system and fire safety arrangements on relevant developments, provided through the Cladding Committee's regular updates to the Board.

Environmental, social and governance
The Board receives regular briefings and updates on particular topics that fall within the broad umbrella of environmental, social and governance (ESG).

These ESG briefings allow the Board to assess the significant ESG risks to the Company's short and long term value and to identify any opportunities that may arise to enhance value.

They also inform the Board as to the progress being achieved towards early compliance, as far as reasonably possible, with the new requirements, effective for the 2021 reporting period.

ESG currently falls under the remit of the Nomination and Governance Committee to increase focus, rigour and track progress of ESG priorities.

The Company has retained its membership of the FTSE4Good Index.

In the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company's ESG performance, the Company is assessed to be at level 1 indicating the lowest level of comparative risk for governance, including for the key areas of compensation and shareholder rights.

The Board is aware of the increasing level of investor interest in climate change risk and that consideration is being given when reassessing risk and asset values to reflect this in revised capital allocations.

The Board has noted the Policy statement published by the Financial Conduct Authority setting out details of how greater reporting in this area is to become mandatory under the Listing Rules for 2021 reporting. The Company has sought to move towards early compliance with these requirements.

The Company continued work during 2020 to align its operations with the aims of the Task Force on Climate-related Financial Disclosures. More detailed information on this reporting is set out on pages 44 and 45.

We are also disclosing our performance against the criteria identified for our sector by the Sustainability Accounting Standards Board, in our Sustainability Report.

Company purpose
The Company's purpose is to build great homes and create thriving communities. This purpose is described in more detail, together with the way it links to the Group's strategy; is strongly supported by our values; and guides operational planning and performance, on pages 18 and 19.

Examples of the Board's leadership towards achieving this purpose during 2020 are described on pages 1, 3, 18 and 19 and pages 72 to 77 set out the Board's consideration of key stakeholders and the ways in which consideration of their interests informed the Board's decision making.

Details of ESG risks and value enhancement pursuits appear in the 2020 Sustainability Report, which is available on our website at www.taylorwimpey.co.uk/corporate/sustainability

Health, safety and environment
The Board's commitment to conducting its operations to high standards of health, safety and environmental management is demonstrated by receipt of detailed reports on health, safety and environmental matters in respect of the Company's operations in the UK and Spain as the first substantive item at each Board meeting. More details, on these and other initiatives in these areas, can be found in the stakeholders section on pages 30 to 37, in our Sustainability Report for 2020 and the Company's detailed carbon reporting, as required by the Department for Business, Energy & Industrial Strategy, as set out on pages 42 and 43.

Diversity
As part of our ESG agenda, the Company is committed to supporting diversity and its policy is to appoint or promote, as appropriate, the best person for the role in question, without taking account of factors such as educational or professional backgrounds (save as appropriate for the position); age; gender; ethnicity; or disability. The policy has been reinforced through training sessions on unconscious bias for management teams throughout the Company's business and its head office functions. Progress to date in this area is set out on pages 86 to 89 and continuing to improve our diversity across the Company will remain a priority for the Board.

Corporate governance: Board leadership and Company purpose continued

Culture, values and ethics

The Board strongly believes that good governance should be focused not only on how the Board itself operates effectively but also, and very importantly, on the culture within which all of our businesses and employees operate and conduct themselves on a day to day basis in order to achieve our purpose. The culture, values and ethics set out on pages 34 and 68 are set and monitored by the Board as set out on page 70 and led in our operations by the Chief Executive and the GMT. The principles of good governance are embedded throughout Taylor Wimpey and manifest themselves in a number of different ways, including the following:

- An absolute and non-negotiable requirement throughout our business to ensure the health and safety of our employees, customers, subcontractors, suppliers and visitors to our offices and developments. Please see pages 30 to 37 and 67.
- The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business. Please see pages 68 and 69.
- The provision of mandatory training to all of our businesses on key legislation and regulations relating to our areas of operation.
- Our Group-wide Operating Framework control document setting out certain rules of operation, common procedures, other areas of best practice and delegated authority limits.
- A system of controls and checks underpinned by a rigorous Internal Audit Department and in turn overseen by the Audit Committee.
- Regular and embedded risk assessment and monitoring processes. Please see pages 46 to 53 and 93.
- Encouraging and investigating any disclosures made either directly or through an independent third-party whistleblowing hotline available to employees, subcontractors, suppliers, customers and the general public. Please see page 69.

Governance developments during the year

The Company has consistently sought to comply with planned improvements and revisions to the Code, and with wider governance initiatives, often in advance of their formal application to our reporting years.

There are regular briefings and updates on corporate governance at Board and Committee meetings and this report aims to explain in clear terms the governance related processes and procedures that are in place to ensure the Company complies with all applicable laws and regulations as well as, of course, meeting the requirements of our relevant stakeholders, including shareholders and their representative bodies with whom we are always very pleased to engage.

Expanding on our 'Highlights of 2020'

The Board received governance briefings during the year, encompassing all of the key legal and regulatory governance changes introduced during 2020, in addition to specific briefings on its responsibilities under the Code and regular training on topics such as the Market Abuse Regulation.

The key areas of enhanced reporting introduced in the Code, and by other governance developments during 2020, may be found in the following areas of this Annual Report and Accounts:

- Addressing COVID-19 guidance from the FRC and on the holding of Annual General Meetings during lockdown. Please see page 75.
- The enhanced role of our employees' voice in Board deliberations, through our National Employee Forum (NEF), and the appointment of an Independent Non Executive Director as the Board's NEF Champion with specific responsibility for liaising with the NEF and acting as a focus for two-way interaction between the NEF and the Board. Please see pages 76 and 77.
- An increasing focus on the culture of the Company. Please see pages 34 and 66.
- Requirements around Board composition and succession planning at Board level. Please see page 83.
- Wider recommendations to promote good corporate governance, particularly around executive pay. Please see page 98.

Management

Progress in achieving the Group strategy is reviewed at appropriate Board meetings through the year and is reported on pages 22 to 25. The Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and the annual budgetary process. These are subject to formal review and approval by the Board. The Chief Executive and the Board conduct regular reviews of actual results and future projections with comparison against budget and prior year, together with various treasury reports. Disputes that may give rise to significant litigation or contractual claims are monitored at each Board meeting, with specific updates on any material developments or new matters presented by the Group General Counsel.

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

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

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board, within which individual responsibilities of senior executives of Group companies are identified and can be monitored. These are set out in the Operating Framework, which is available for review online by any employee through the Company's intranet. These activities are reinforced through process compliance and other audits conducted by Internal Audit. The annual employee performance appraisal process is competency based, with individual objectives cascaded down from the appropriate business objectives. The process also identifies training needs to support achievement of objectives.

Operational oversight

Operational management of the Company's business is undertaken by the Chief Executive who receives advice from the GMT. The GMT is the most senior executive committee and its membership is as set out on pages 14 and 15.

The Board also receives regular reports and minutes from the Treasury Committee, which meets under the Chairship of the Group Finance Director, and also comprises the Group General Counsel and Company Secretary; a senior operations executive (Group Operations Director or one of the Divisional Chairmen) who rotate periodically; and the Group Treasurer. The key responsibilities of the Committee are, broadly, to monitor and keep under review the Group's financial risks, financial policies, financial facilities, covenant compliance and insurance programme in the light of current and proposed strategic and operational requirements, and to make recommendations to the Board or GMT, as appropriate, regarding policy or operational changes in these areas.

The Treasury Committee also continuously monitors the operation of the Group's supplier payment policy and practices and advises the Board, through its reports and minutes considered at Board meetings, of any significant variances, together with remedial actions proposed or taken.

The following documents relating to the Group's management processes and division of responsibility are available for review on the Company's website at: www.taylorwimpey.co.uk/corporate/investor-relations/corporate-governance:

- Schedule of matters specifically reserved for the decision of the Board.
- Terms of Reference of the Board Committees: Audit, Nomination and Governance, and Remuneration, which outline their objectives and define a programme of activities to support the discharge of their responsibilities.
- Policies covering operational, compliance, corporate responsibility and stakeholder matters, including those related to the Bribery Act 2010 and Anti-Corruption.
- The Company's Articles of Association (Articles).

These have been updated to reflect the Code and relevant reporting against these is provided to the Board or to the Audit Committee by the Head of Internal Audit and the Secretary as appropriate.

Productivity

The Company continues to support the Government's desire for increased productivity, including through greater recognition of the importance of 'human capital' and a clearer focus on training and development. Details of our initiatives in this regard appear on pages 24, 25 and 34.

Risk

During 2020, the Group's control environment was further improved through enhanced reporting, tracking and monitoring, which identified the key risks to be reviewed and assessed by Internal Audit as part of its programme of work during the year. This work was led by the Board, assisted by the Audit Committee, and informed by a detailed review from the GMT, and included a number of assessments of risk and its identification and mitigation, as set out on pages 46 to 53.

Anti-bribery and anti-corruption

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

Ensuring there is no conflict of interest

In order to assist Directors in complying with their duty to avoid conflicts (or possible conflicts) of interest, it is standard procedure that the Board must first give its clearance to such potential conflicts of interest (which would include directorships or other interests in outside companies and organisations) following which, an entry is then made in the statutory register which the Company maintains for this purpose.

Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is or may be a party, the Director gives due notice to the Board in accordance with the Companies Act 2006 and the Company's Articles. In such cases, unless allowed by the Articles, any Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

The Board undertakes a regular review of each Director's interests, if any, outside the Company. In addition, all proposed new appointments and interests of Directors are cleared in advance with the Board, which considers the impact on the time commitments of the Director concerned. Following these reviews, the Board remains satisfied that, in line with the Code, all Directors are able to allocate sufficient time to the Company to enable them to discharge their responsibilities as Directors effectively, and that any current external appointments do not detract from the extent or quality of time which the Director is able to devote to the Company.

Whistleblowing

The Group's Whistleblowing Policy is supported by a clear process that includes an independent third-party whistleblowing hotline through which any person, including employees of the Company, may, in confidence, raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate behaviours in the workplace. All whistleblowing cases are investigated by the Head of Internal Audit, Head of HSE (where appropriate), Group Human Resources Director and / or the Group General Counsel and Company Secretary depending on the nature of the issue. The Chief Executive is apprised, on an anonymous basis, of all allegations and conclusions of the review.

Whistleblowing incidents and their outcome are reported to the Board, on an anonymous basis, in line with the Code. Whistleblowing featured regularly on the Board's agenda during 2020, with formal half yearly reviews and interim updating on significant matters, which allowed the Board to regularly review the adequacy of the policy in line with its requirement to do so under the Code. The policy includes the ability for workers to make protected disclosures with regard to matters arising under the Modern Slavery Act with regard to our business and its supply chain. Following a review of the process and administration, and the continuing high-profile awareness campaign around the Company's businesses and offices, the Board is satisfied that the Policy and its administration remain effective.

Corporate governance: Board leadership and Company purpose continued

Board activities

The Board regularly reviews and discusses the following topics:
- Health, safety and environment.
- Business strategy.
- Company culture.
- Governance.
- HR and employee matters.
- Diversity and inclusion.
- Key risks and risk management.
- The market.
- The Company's financial position and performance.
- The Company's share register and investor relations programme.
- Compliance and legal matters.
- Operational matters, such as customer service and community engagement.

How our Board monitors culture

The Board is responsible for setting the Company's culture from the top, as explained on page 61. The Company's culture is underpinned by clear policies and codes of conduct which ensure that the Company's obligations to shareholders and stakeholders are clearly understood and met. The observance of the culture throughout the business operations is led by the Chief Executive with the support of the GMT.

A healthy culture is extremely important to protect and generate value and the Board keeps the culture under continuous review. Throughout 2020, the Board used a number of internal and external indicators to inform its regular assessment of the Company's culture.

Compliance

The Board oversee the implementation of the Company's policies covering anti-bribery and corruption, anti-money laundering, anti-slavery and human trafficking, data protection and cyber security. This includes implementing the appropriate processes, online training and annual senior management sign off, and monitoring the Company's whistleblowing process, as set out on page 69.

Board and employee engagement

The Board selected Gwyn Burr, Independent Non Executive Director, to be the Board's NEF Champion to strengthen the availability and frequency of communication between the Board and employees. More information can be found on pages 76 and 77.

Employee perception

The Company has maintained its top fifty ranking in the 'Glassdoor list of best places to work' for the fourth successive year. More information can be found on pages 34 and 35.

Health and safety

Our Annual Injury Incidence Rate per 100,000 employees and contractors was 151 (2019: 156). The Board receives detailed reports on health, safety and environmental matters as the first substantive item at each Board meeting. More information can be found on pages 24, 25, 34 and 35.

Employee retention

Our voluntary employee turnover of 9.4% (2019: 12.9%) is consistent with a strong level of engagement with the Company's strategy, however, we acknowledge that employees were less likely to change employment during the pandemic. More information can be found on pages 24, 25, 34 and 35.

Employee surveys

The Board reviewed the results of the employee surveys evaluating the Company's response to the COVID-19 pandemic:

- 97% felt very satisfied with the level of support received during 2020
- 97% felt working in a more flexible way will positively impact their mental health and wellbeing
- 96% felt the Company is committed to becoming a more inclusive organisation

More information can be found on pages 34 and 35.

Strategy and execution

Business updates
- Held a two day off site meeting with the GMT in September 2020 (adhering to COVID-19 guidelines) to discuss strategy
- Received regional operating divisions' performance updates
- Received a detailed update on the Company's strategy
- Received a detailed presentation on the Company's health, safety and environmental performance

COVID-19
- Held regular meetings to discuss and monitor the impact of the COVID-19 pandemic on the Company and its stakeholders and agreed appropriate actions to be taken
- Considered and approved the proposal to raise £510 million through an equity raise

Environmental strategy
- Oversaw the development of, and approved the Company's environmental strategy, to be implemented from 2021

Compliance
- Reviewed and approved the 2019 Annual Report and Accounts

Organisational capacity

Operational performance
- Reviewed and discussed detailed reports from the GMT
- Received detailed half yearly reports on HR matters, in addition to the regular updates at every meeting
- Reviewed the arrangements for ongoing compliance with GDPR and actions proposed for improving the resilience of the Company's IT systems

National Employee Forum (NEF)
- Approved the appointment of Gwyn Burr to be the Board's NEF Champion
- Received reports on NEF meetings and considered employee participants' views on key areas

COVID-19
- Reviewed the implementation of the Company's emergency cover plans in response to the COVID-19 pandemic and was proud to note that no material evidence of weakened controls was found

Succession and contingency planning
- The Nomination and Governance Committee formally reviewed the strategy for succession planning and related training assessment and provisions, for both the Board and positions below Board level, and progress towards achieving it

Brexit
- Reviewed and assessed the impact of Brexit on the Company's operations

Financial oversight

Financial resources
- Received a detailed review of the Company's financial position, including borrowing facilities and financial alternatives, at each meeting
- Agreed the budget for the 2021 to 2022 period
- Reviewed financial performance reports, including the availability of financial, people and supply chain resources, at each meeting

Reporting
- Reviewed and approved, with prior advice from the Audit Committee, the full year and half year results statements
- Reviewed and approved each trading statement made during the year

Dividend
- Considered the Company's Dividend Policy

Pensions
- Received regular updates on the financial position of the Company's pension fund and its funding objectives

Governance and values

Compliance
- Expanded the remit of the Nomination Committee to take the lead on the Board's corporate governance responsibilities
- Received regular updates on governance and regulatory developments during the year, from both internal and external sources
- Checked the status of the Company's compliance with the requirements of the Code throughout 2020
- Reviewed and further improved processes designed to guard against instances of modern slavery
- Approved the Company's fourth Modern Slavery Act 2015 statement in 2020 after reviewing its operations and supply chain

AGM
- Held the 2020 AGM during the first COVID-19 lockdown 'behind closed doors' but with the opportunity for shareholders to pre-submit questions or ask them live
- At the 2020 AGM, submitted the Remuneration Report, which was approved by in excess of 96% of votes

Board evaluation
- Concluded the externally facilitated Board evaluation for 2019, identifying areas for further improvement and recommended actions to be taken

Shareholders
- Received an update from the Chairman following the Chairman's virtual shareholder roadshow
- Sought shareholder and institutional feedback, both at the AGM and half year and full year results presentations, along with advice from the Company's stockbrokers on the market and sector

Key

Customers Employees Partners Investors Communities

Corporate governance: Board leadership and Company purpose continued

How the Board considered stakeholders during the year

The Directors are required by law to act in a way that promotes the success of the Company for the benefit of shareholders as a whole. In so doing the Company must, in accordance with Section 172 of the Companies Act 2006, also have regard to wider expectations of responsible business behaviour, such as having due regard to the interests of, and actively engaging with, its employees; the need to engage and foster business relationships with suppliers, customers and others; the need to act fairly as between members of the Company; the likely consequences of any decision in the long term; the desirability of maintaining a reputation for high standards of business conduct; and the impact of the Company's operations on the community and the wider environment. The Company's section 172 (1) statement of compliance can be found on page 29 and further details on how the Directors have fulfilled their duties can be found on the next six pages.

The Company's stakeholders are set out on page 28. The Board understands the importance of stakeholder engagement and continues to engage with each stakeholder on a regular basis. Further information on how the Board directly engaged with shareholders and employees can be found on pages 75 and 76 and details on how the Company engaged with our customers, partners, investors and communities (and outcomes as a result of that engagement) during the year is noted on pages 28 and 29. The Board receive an update from the Executive Directors on this engagement on a regular basis.

During the year, the Board was closely involved in all key decisions of the Company. Alongside providing rigorous evaluation, risk management and challenge to maintain strong governance, the Board also used the stakeholder engagement to inform each decision. The Board is aware that in some situations, stakeholders' interests will be conflicted, however the engagement enabled them to fully understand the key issues relevant to each stakeholder. Further details on how the Board considered stakeholders during the decision making process, and how the stakeholder engagement fed into this process, are set out on the next three pages.

S Read more about stakeholder engagement on pages 28 to 41.

Details of how the Directors have fulfilled their duties can be found throughout the Strategic and Governance reports on the following pages:

- The likely consequences of any decision in the long term – Pages 11, 12 and 13, 18 and 19 and 72 to 75.
- The interests of the company's employees – pages 24 to 29, 34 and 35, and 72 to 75.
- The need to foster the company's business relationships with suppliers, customers and others – pages 28 to 41 and 72 to 75.
- The impact of the company's operations on the community and the environment – pages 28 and 29, 42 to 44 and 73 to 75.
- The desirability of the company maintaining a reputation for high standards of business conduct – pages 18, 20 and 21, 26 to 29 and 67 to 75.
- The need to act fairly as between members of the company – pages 28 and 29, 38 and 39, and 72 and 75.

Key

- Customers
- Employees
- Partners
- Investors
- Communities

Closure of construction sites and sales offices

March 2020

The Board took the proactive decision to be the first major housebuilder to close construction sites and sales offices.

In making this decision, the Board considered the following stakeholders:

Whilst construction was deemed to be a permitted activity by the UK Government, the Board believed it was essential to ensure that our working practices could strictly adhere to social distancing and this would require time and careful planning.

The health and safety of our customers, employees and partners has always been a non-negotiable priority at Taylor Wimpey.

The Chief Executive wrote to all customers when we closed sites. As a result of this engagement, we continued to support new and existing customers and conducted all business by telephone or digitally. To give added reassurance we extended our two-year warranty for all customers in warranty, at any point in the first national lockdown, by two months.

The Board understood that closing our sites and sales offices would have an impact on sales and completions, and this in turn would impact our investors. The Board felt strongly that it was important to ensure the enhanced safety measures were put in place to protect the health and safety of all our stakeholders that visit our sites.

For further information see page 4.

Dividends and executive pay

March 2020

To protect the long term financial stability of the Company the Board made the decision to cancel the 2019 final dividend and the 2020 special dividend. The Remuneration Committee also considered the application of the Remuneration Policy during 2020.

In making this decision, the Board considered the following stakeholders:

The Board were very aware of the impact this decision would have on our loyal shareholders who rely on dividend income. The Board took this proactive measure to protect the balance sheet and increase flexibility in the short term until the extent and duration of the pandemic was better understood. The Board continues to be committed to providing a reliable minimum annual return to shareholders, therefore in July 2020, the Board announced its intention to resume the payment of an ordinary dividend in 2021.

At the request of the Executive Directors, the Remuneration Committee amended the application of the Remuneration Policy in 2020. The Executive Directors' 2020 annual bonus was cancelled and they took a voluntary reduction in base salary and pension from 1 April to 31 July 2020. The Non Executive Directors also took a voluntary reduction in their fees for the same period of time. Further details of these changes can be found on page 102.

The Board is aware that over 64% of our employees are also shareholders in the business and this decision directly impacted them in the same way.

For further information see pages 3 and 98.

Taylor Wimpey Pay it Forward Scheme

April 2020

The Board oversaw the implementation of the Taylor Wimpey Pay it Forward Scheme (the Scheme) by the GMT and Internal Audit.

In making this decision, the Board considered the following stakeholders:

Most people working on our sites are subcontractors and their support and loyalty was vital to ensure we were able to re-start work on sites as soon as possible, with new working practices to be COVID-secure. The Board considered that the interest-free loan would make a real difference to our self-employed subcontractors when they otherwise would not be able to earn during the first national lockdown.

In addition, we remained in constant dialogue with our partners and remained committed to paying them promptly.

The Board considered that the Scheme would protect the business in the short term whilst also strengthening the business for the future and increasing shareholder returns.

Many of our subcontractors live in the communities in which we build, so the Scheme indirectly benefits the communities by ensuring job security.

For further information see pages 36 and 37.

Remobilisation

May 2020

Following the UK Government's announcement to restart the housing market, the Board oversaw the development of the processes and plans to ensure that work could start back on site in a safe and sustainable manner, whilst at all times complying with the relevant UK Government guidelines.

In making this decision, the Board considered the following stakeholders:

To ensure that customers who had already reserved homes were able to move as soon as possible with minimum delays.

The Board ensured that the COVID-19 Code of Conduct and adapted COVID-secure working practices protected our employees and partners.

In addition, the Board made the decision to share our updated working practices with other housebuilders to support them to remobilise as soon as possible.

The Board ensured that the revised processes were developed so that we could re-open our sites as quickly as possible, whilst being COVID-secure, to limit the impact on our investors.

For further information see pages 10 and 11.

Corporate governance: Board leadership and Company purpose continued

Equity raise

June 2020
The Board approved the decision to raise £510 million through issuing new shares in order to take advantage of attractive opportunities in the land market.

In making this decision, the Board considered the following stakeholders:

The Board recognised that the reduced level of competition for land created a disconnect in the market, resulting in short term opportunities to acquire land from a range of sources at attractive returns.

These investments will support sustainable future growth and deliver enhanced long term value to shareholders.

Retail shareholders were also able to participate in the equity raise through the retail offer.

All Directors participated in the equity raise.

The Board ensured that employees had the opportunity to participate in the equity raise. The Board were pleased to note that 329 employees participated in the equity raise.

The Board considered that the equity raise would increase our opportunity to provide homes in the locations our customers want to live.

For further information see pages 12 and 13.

Company purpose

September 2020
During the year, the Board considered the Company's purpose and how best to define it in a way that is meaningful for the Company and is understandable for, and resonates with, our stakeholders. Taylor Wimpey's purpose is to build great homes and create thriving communities.

In making this decision, the Board considered the following stakeholders:

The Board believes that our purpose should drive our strategy, guide our culture and provide a framework for consistent decision making which benefits all stakeholders.

To fully understand each stakeholder's interests, the Board considered each of them in turn.

During 2021, the Board will continue to align our actions and priorities even more closely to our purpose, which will benefit all of our stakeholders.

For further information see pages 18 and 19.

Environmental strategy

September 2020
As part of the broader ESG agenda, the Board reviewed and approved our new environmental strategy during 2020.

As a business, we want to play our part in creating a sustainable future for everyone. Therefore when considering the new strategy, the Board considered the following stakeholders:

The Board is confident that our new environmental strategy, and the challenging targets contained within it, will positively impact the local environment in the locations that we build across the UK.

Environmental factors have become increasingly more material issues for investors when making investment decisions. As a result of the increasing focus placed on all ESG matters by our investors and shareholders, the Board ensured that the new environmental strategy had been informed by shareholder feedback.

Like many of our stakeholders, our employees want to work for a business which takes its environmental responsibilities seriously.

The Board believes that by implementing the new strategy, our customers will be able to lead greener and more sustainable lives.

For further information see pages 42 and 43.

Diversity and inclusion

October 2020
As another ESG topic, the Board reviewed the Company's approach to, and progress in respect of, diversity and inclusion during 2020.

In conducting this review, the Board considered the following stakeholders:

By embracing the diversity in our business and the communities in which we operate, this will enable us to succeed through a workforce that is inclusive, creative and innovative.

The Board considered that having a broader range of perspectives, ideas and experiences will align with our purpose, improve decision making across the business and benefit all of our stakeholders.

In early 2021, we will be launching our new Equality, Diversity and Inclusion Policy and remain committed to equality of opportunity in all of our employment practices, policies and procedures across the business.

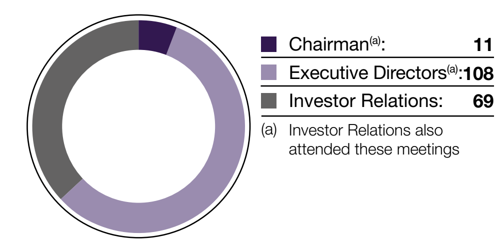
For further information see page 86.

How the Board engaged with investors during the year

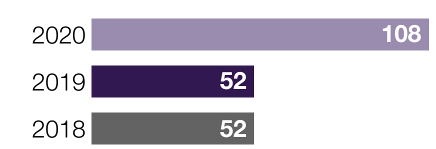
The Board actively seeks and encourages engagement with investors, including its major institutional shareholders and shareholder representative bodies.

The Company has engaged with investors in a proactive manner during the pandemic and as part of the equity raise in June. The charts below set out the number of meetings held with investors by the Chairman, Executive Directors and our Investor Relations team. These meetings include one to one meetings, group and conference meetings.

Number of meetings held during the year



Number of Executive Director meetings



Chairman's virtual roadshow
Irene Dorner met individually with 11 of our key investors and shareholder representative bodies in September and October. During these meetings, investors were keen to understand the Board's involvement in strategic decisions during the year.

During these meetings, the key topics discussed were strategy, ESG matters, the equity raise and succession planning.

2020 Annual General Meeting
As a result of the pandemic shareholders were unable to attend the 2020 AGM in person. The Board put in place arrangements for shareholders to listen to the business of the meeting by dialling in to a teleconference facility. Shareholders were also given the opportunity to ask questions in real time on the call. Alternatively, they were able to submit questions in advance of the meeting to the Company Secretary by email and these were answered on the call.

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

In the year, there has been increased investor engagement through telephone and video calls in order to give investors the opportunity to discuss the Company's response to the COVID-19 pandemic. Early in the pandemic an investor outreach programme took place to offer investors the opportunity to meet with Executive Directors and discuss key decisions.

In June, alongside and following the equity raise, Executive Directors engaged with a range of investors.

Corporate governance: Board leadership and Company purpose continued

Strengthening engagement with our employees

Engagement with employees has been more important than ever as a result of the pandemic. During the year the Board looked to strengthen how they engage with employees in the following ways:

Board's NEF Champion
Gwyn Burr was selected to be the Board's NEF Champion in July 2020. Further details can be found on the next page.

Regional business unit visits by the Chairman and Senior Independent Director
Prior to the onset of the COVID-19 pandemic, as part of their induction, Irene Dorner and Robert Noel visited three regional businesses in the Northern Division, where they met employees, visited sites and developed a feel for the business.

CEO Microsoft Teams calls
Pete Redfern spoke with c.2,000 employees via group calls on Microsoft Teams during the year. Pete used this as an opportunity to gain feedback from employees about the Company's response to the pandemic, the introduction of the COVID-secure safety measures and to gain a sense of their overall health and wellbeing. The Board were particularly pleased that Pete was recognised by Glassdoor for his leadership during the pandemic.

Pulse surveys
The Company ran three 'pulse' surveys to gain feedback on key topics such as diversity and inclusion and access to development opportunities. The results were fed back to the Board.

Regular communications from the GMT
Throughout the first national lockdown, the GMT regularly engaged with all employees through a set of daily challenges. Employees were also encouraged to contact a dedicated email address if they had any concerns at all.

Q&A with Gwyn Burr, the Board's NEF Champion

Q How have you found your first few months as the Board's NEF Champion and what benefit has it brought to Board discussions?

A I have thoroughly enjoyed being a part of the NEF since being appointed as the Board's NEF Champion. So far, I have attended two virtual meetings which gave me a great opportunity to meet with members and get a real understanding of what matters are key to our employees. This has enabled me to reflect and support their interests accurately during Board discussions and also feedback employees' views on key topics to the Board. The Board values employee feedback as it is an essential component of our culture.

Q What makes the NEF so effective?

A I think the format of the NEF is key to its effectiveness. As members are elected from across the divisions and functions it ensures that I'm able to capture a true representation of employees' views from across the business.

Q How often will you be attending the NEF?

A The NEF meets every quarter and I plan to attend each meeting. I am very much looking forward to meeting with the NEF in person when circumstances permit.

Q How will you report back to the Board?

A After every NEF meeting, there is a standing item on the Board agenda for me to provide an update to the Board. In addition, the Chairman and I are given the opportunity to propose items for each NEF agenda if we wish to do so.

Employee engagement framework with the Board

The diagram below shows the current framework used by the Board to gather the views of the workforce. The framework ensures that there is continuous two-way communication and collective consultation between the Board and employees.

During 2021, the NEF and ECC format will be further reviewed to ensure both forums are reflective of the individual business units and the wider business as a whole. Further details of this review will be set out in the Annual Report and Accounts 2021.

Employee Consultative Committees (ECC)

Purpose:
Each regional business unit (BU) has an ECC to consider local and national issues.

Members:
- ECC chaired by the BU Managing Director
- Three members from different functions
- Elected every three years by employees within the BU

Meeting frequency:
At least twice a year

National Employee Forum (NEF)

Purpose:
Provide a platform to enhance employees' ability to raise matters with the Company that affect the business across all of its Divisions.

Members:
- NEF chaired by a senior leader
- 12 members from across the divisions and from a range of functions
- The Board's NEF Champion
- Elected every three years by respective division

Meeting frequency:
Quarterly

Key topics discussed during 2020:
- The Company's response to COVID-19
- Health and safety
- Build quality and customer service
- Remuneration

Taylor Wimpey plc Board
In addition to the NEF, the Board engages with employees in the following ways:
- Site and BU visits
- Employee survey results
- Regular people reports
- Annual Strategy Away Day at a regional BU
- Open lines of communications with the CEO via Group Microsoft Teams calls
- Regular updates from the Divisional Chairmen
- Whistleblowing reports

How the ECC communicates with:

The NEF
- The ECC members are encouraged to feedback directly to the NEF members to ensure two-way communication and collective consultation at a local level

How the NEF communicates with:

The ECC and employees
- A NEF newsletter is distributed to all employees within four weeks of the NEF meeting taking place which provides an overview of topics discussed and encourages feedback

The Board
- There is a standing item on the Board agenda after each NEF meeting for the Board's NEF Champion to feedback to the Board

How the Board communicates with:

The NEF
- NEF agendas are established by the Chairman of the NEF, the Group HR Director and other key stakeholders
- Agendas are subsequently reviewed by the Group General Counsel and Company Secretary for input on behalf of the Board
- The Chairman of the Board and the Board's NEF Champion are given the opportunity to propose items for each NEF agenda

Corporate governance: Division of responsibilities

A clear and effective structure

There is a clear and effective division of responsibilities between the Board, its Committees and operational management, which is a key foundation of the Company's strong governance.

We believe that a successful company is led by an effective and entrepreneurial board, whose role it is to promote the long term sustainable success of the company, generating value for all of the company's stakeholders. To support this principle, the Board has established a framework of delegated financial, commercial and operational authorities which define the scope and powers of the Chief Executive and the GMT.

In line with the Code, the clearly defined roles and responsibilities of the Chairman and Chief Executive were reviewed during 2020, set out in writing and signed by Irene Dorner and Pete Redfern in their respective capacities as Chairman and Chief Executive.

How we are governed

The Board

– Provides strategic and entrepreneurial leadership within a framework of strong governance and effective controls
– Responsible for defining and setting the Company's purpose and values which in turn set its culture
– Establishes the Company's risk appetite and oversees processes designed to ensure compliance
– Defines which matters are reserved for the decision of the Board, which for Taylor Wimpey include profit expectations and Dividend Policy
– Reviews the Whistleblowing Policy and associated investigations and outcomes
– Ensures effective engagement with shareholders

Audit Committee

Chaired by Humphrey Singer

- Monitors, reviews and advises the Board on the Company's financial reporting and related announcements
- Undertakes a detailed half-yearly review of the Company's risk assessment and mitigation processes and outcomes, and advises the Board
- Oversees the relationship with the Company's auditor
- Oversees the reporting of internal audit investigations and reviews the implementation of any changes required
- Monitors the continuous improvements in information technology, data protection and resilience to cyber attacks

Nomination and Governance Committee

Chaired by Irene Dorner

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the selection, interview and appointment of new Directors to the Board
- Reviews the succession and contingency planning for the Board and across the Company's senior positions
- Reviews the training and development plans for the Board and across the Company's senior positions
- Reviews, sets targets for and drives the Company's diversity and inclusion strategy
- Reviews the Company's corporate governance practices and procedures
- Reviews AGM resolutions and makes related recommendations to the Board for approval

Remuneration Committee

Chaired by Gwyn Burr

- Advises the Board on remuneration policy at Board and senior management level
- Ensures that remuneration is geared to the enhancement of shareholder value
- Ensures that targets are appropriate and support the delivery of the strategy, whilst appropriately limiting risk taking and reflecting ESG considerations
- Ensures that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the alignment of executive and wider employee interests with those of the Company's shareholders and with the Company culture, including by setting executive shareholding guidelines and stipulating post-employment holding requirements for certain employees

Chief Executive and the GMT

- Responsible for the day to day management of the Company's operations
- Responsible for making key strategic and operational decisions, and for sustainability, customer service, health and safety, HR, finance, legal and compliance matters
- Oversee the regional divisions' performance with input from each of the Divisional Chairmen

Read more in the Committees' Terms of Reference available at: www.taylorwimpey.co.uk/corporate/our-company/governance.

Role of the Board

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

Chairman

- Lead the Board effectively to direct the Company
- Chair Board meetings and set Board meeting agendas
- Ensure high standards of corporate governance
- Demonstrate objective judgement
- Build a well balanced and highly effective Board
- Promote a Board culture of openness and debate to encourage constructive challenge
- Facilitate and promote constructive Board relations and communication
- Ensure Directors receive accurate, timely and clear information
- Set the Company's cultural tone from the top
- Enable an annual review of the Board's effectiveness
- Engage individually with the Directors, as required
- Ensure an appropriate induction and development programme is in place for individual Directors
- Agree the Chief Executive's personal objectives
- Ensure there is effective communication and debate with shareholders
- Maintain an appropriate balance between the interests of stakeholders

Chief Executive

- Develop and implement the Company's strategy
- Recommend the strategic plan and related annual budget
- Ensure the effective day to day running of the Company
- Ensure coherent leadership of the Company
- Regularly review the organisational structure, including developing the Group Management Team and planning for succession
- Manage the Group's risk profile and establish effective internal controls
- Ensure the Chairman and the Board are kept advised and updated regarding any key matters
- Maintain relationships with investors and advise the Board accordingly
- Set the Company's culture from the top, particularly with regard to compliance and sustainability
- Agree the Company's annual budget proposal, prior to formal agreement with the Board

Group Finance Director

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

Group Operations Director

- Manage the Company's operational development process, from land acquisition, through planning applications, design and production, to sale of the completed product and customer service matters
- Oversee the operational supply chain and logistics support
- Oversee the Company's risk profile, in conjunction with the Group Management Team
- Agree the Company's annual budget proposal from an operational perspective, prior to formal agreement with the Group Finance Director, Chief Executive and then the Board

Senior Independent Director

- Act as a sounding board for the Chairman
- Chair Board meetings in the absence of the Chairman
- Act as an intermediary for the other Directors, when necessary
- Lead the evaluation of the Chairman's performance
- Lead the search for a new Chairman, when necessary
- Be available to shareholders who wish to discuss matters which cannot be resolved otherwise

Independent Non Executive Directors

- Provide effective and constructive challenge to the Board
- Assist in developing and approving the Company's strategy
- Serve on the Board Committees
- Provide advice and experience to the Board and Group Management Team
- Keep abreast of shareholders' views

Group General Counsel and Company Secretary

- Advise the Board on matters of corporate governance, compliance and legal issues
- Responsible for all legal and compliance matters relating to the Company
- Provide support to the Chairman and Independent Non Executive Directors
- Ensure effective support to the Board during meetings and whilst setting agendas
- Keep abreast of shareholders' views
- Oversee the Company's Secretariat and Legal Departments

Corporate governance: Composition, succession and evaluation

Nomination and Governance Committee report

Irene Dorner
Chairman of the Nomination and Governance Committee

Dear Shareholder

As my first report to you since my appointment as Chairman of the Nomination and Governance Committee (the Committee), I am pleased to report on the progress that has been made during 2020 and our plans for 2021.

In April 2020, the Board made the decision to broaden the objectives and responsibilities of the Committee to include greater oversight of, and input into the Company's corporate governance practices. Previously, this had been a matter for the whole Board; however, I believe this change will allow the Committee to give the subject appropriate attention, reporting to the Board as necessary, whilst allowing the Board more time to focus on our key strategic topics and areas of business focus. We will continue to ensure that the Company and Board operate in a manner consistent with corporate governance best practice. The Committee's name and Terms of Reference were updated to reflect this wider remit. Additionally, in December 2020, the Board decided that the Committee would have responsibility for the oversight and achievement of the Company's ESG agenda. This will be kept under review in 2021, as we develop our thinking and business practices in this area.

2020 was a year of transition for the Board, with a number of Board and Committee changes. In addition to my comprehensive induction process, as outlined on page 83, this period of transition was greatly supported by Kate Barker remaining on the Board to help ensure a smooth transition as I took over from Kevin Beeston. The additional continuity added stability to the Board and Committee during a period of change. I am grateful to both Kevin and Kate for their assistance and advice.

In light of Robert Noel's deep understanding of the property sector and executive leadership experience, the Board appointed Rob as the Company's Senior Independent Director on 21 April 2020. Since that date, Rob has supported me in my role and I very much look forward to continuing working together in the future.

Ahead of Kate stepping down from the Board, the Committee considered the range and balance of skills and experience of the Independent Non Executive Directors, their time commitments and the succession plans for the Board Committees and their respective Chairmen. This led to the decision to recruit and appoint Scilla Grimble and Jitesh Gadhia as Independent Non Executive Directors, from 1 March 2021. These appointments enhance the range of skill sets and diversity on the Board in terms of age, gender and experience.

In June 2020, the Committee considered the topic of Board succession, including CEO succession, with a view to identifying any key internal talent and ensuring tailored training and development plans are in place to allow the relevant individuals to demonstrate and deliver their potential. This review not only ensures the Board is prepared to continue to deliver the Company's longer term strategy, but also gives the Committee a valuable insight into the Company's strength in depth.

During 2020, in order to strengthen the Board's engagement with employees, the Committee appointed Gwyn Burr, Independent Non Executive Director, to be the Board's NEF Champion. Gwyn's role will ensure there is an open and consistent dialogue between the Board and employees with information flowing in both directions. More information about Gwyn's participation in the National Employee Forum (NEF) can be found on pages 76 and 77.

With diversity and inclusion firmly on the Committee's agenda, I am proud of our continued progress towards the targets established by the Hampton-Alexander Review, with 50% of our Board positions and 36% of our Executive Committee (the Group Management Team) positions held by women. We do recognise that further progress needs to be made when considering the level of female representation on the Leadership Team (the Group Management Team plus their direct reports) which was 23% as at 31 December 2020. I am also proud of our compliance, from 1 March 2021, with the Parker Review 'Beyond One by 21' recommendation.

As part of the Committee's considerations of the Company's corporate governance obligations, the Committee reviewed the Company's procedures, systems and controls for compliance with disclosure obligations and arranged refresher Market Abuse Regulation training alongside the establishment of the Company's Disclosure Committee.

The COVID-19 pandemic highlighted the need to ensure the availability of key individuals or otherwise to have contingency plans in place to ensure the Company's governance procedures continued to operate appropriately. The Committee conducted a thorough review of the Company's governance policies and processes and I am pleased to report that the Company's existing measures were effective throughout the year. I am very proud of our teams for their continued effective response during a difficult period.

This year, the Board conducted its triennial external evaluation, which was successfully undertaken by Manchester Square Partners (MSP). I am pleased to report that MSP considered the Board to be functioning well, with the Executive and Independent Non Executive Directors working together with the best interests of the Company and all of its stakeholders at the forefront of their decision making.

I am proud of the progress that the Committee has overseen in 2020, especially in light of the COVID-19 pandemic. We have started 2021 with a renewed focus on our objectives and priorities and I look forward to reporting on the progress made in the 2021 Annual Report.

Irene Dorner
Chairman of the Nomination and Governance Committee

1 March 2021

Nomination and Governance Committee summary

The Committee is chaired by Irene Dorner, Chairman of the Board. On 31 December 2020, the Committee consisted of four Independent Non Executive Directors, as required by the Code, and the Chairman of the Board. On appointment to the Board on 1 March 2021, Scilla Grimble and Jitesh Gadhia will become members of the Committee.

Committee members	Meetings attended
Irene Dorner (Chairman)[(a)]	4/4
Robert Noel	4/4
Gwyn Burr	4/4
Angela Knight	4/4
Humphrey Singer	4/4
Kevin Beeston[(b)]	1/1
Kate Barker[(c)]	2/2

(a) Appointed Chairman of the Committee on 26 February 2020
(b) Stood down from the Committee on 26 February 2020
(c) Stood down from the Committee on 31 July 2020

Main objectives
- To ensure that there shall be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, its Committees and other senior positions in the Company
- To keep the Board's corporate governance arrangements under review and to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice

2020 performance
- Oversaw the retirement of Kevin Beeston and Kate Barker, and the appointment of Irene Dorner as Chairman and Rob Noel as the Company's Senior Independent Director
- Reviewed the composition of the Board and its Committees and recommended the appointment of two new Independent Non Executive Directors to ensure the maintenance of the appropriate balance of experience and skills
- Oversaw the recruitment process of two new Independent Non Executive Directors
- Thoroughly reviewed the succession and contingency plans at Board, Committee and senior management level
- Established a Disclosure Committee to enhance the structure of ongoing compliance with the provisions of the Market Abuse Regulation
- Reviewed the operation of governance and compliance processes across the Company during the COVID-19 pandemic
- Oversaw the progress on diversity and inclusion and set objectives to ensure future progress
- Embraced the Committee's oversight and input into the Company's corporate governance practices

2021 objectives
- Embrace the Committee's current responsibility for the oversight and achievement of the Company's ESG agenda
- Drive the Company's diversity and inclusion agenda across the Company and ensure it is embedded within the Company's culture
- Continue to review succession and contingency planning across the business
- Ensure the Company continues to have the necessary level of Board and senior management skills and leadership to effectively deliver the strategy
- Further develop and embed good governance processes and compliance and ensure the Company operates in line with, and exceeds where possible, corporate governance best practice

Committee activities during 2020

The Committee meets formally at least twice per year and otherwise as the Chairman or any member of the Committee shall require.

February 2020
- Reviewed and approved the proposal for Kate Barker to continue as a Non Executive Director for a short period beyond nine years
- Recommended the appointment of Rob Noel as the Company's Senior Independent Director
- Reviewed the Directors' Conflicts of Interests register
- Reviewed progress against the Committee's Terms of Reference and objectives for 2019
- Reviewed and approved the Committee's Report in the 2019 Annual Report and Accounts

June 2020
- Received an update on progress of the Company's contingency planning and related development plans
- Received an update on revised employee stakeholder feedback processes and the development of the National Employee Forum
- Reviewed the division of responsibilities between the Chairman, Chief Executive and Senior Independent Director, prior to being signed by the respective parties following the appointment of the new Chairman and Senior Independent Director
- Agreed relevant external facing policies held on the Company's website
- Arranged appropriate refresher training for the Board on its responsibilities under the Market Abuse Regulation and the associated compliance processes
- Reviewed individual Directors' current actual and potential conflicts of interest and the current Conflicts Register

October 2020
- Received an update on progress of the Group's diversity and inclusion initiatives, progress towards achieving the 2020 objectives in this area, and plans for further improvement in 2021
- Approved the commencement of recruitment processes for one or two new Independent Non Executive Directors, and established the related skills and experience preferred
- Reviewed and approved the planned activities of the Committee for 2021 to ensure they would meet its objectives under the Committee's Terms of Reference

December 2020
- Recommended the reappointment of Gwyn Burr as an Independent Non Executive Director at the conclusion of her initial three year appointment term
- Recommended the appointment of two new Independent Non Executive Directors from 1 March 2021, following the previously approved recruitment process

Corporate governance: Composition, succession and evaluation continued

Committee purposes and responsibilities

The Committee is responsible for maintaining formal, rigorous and transparent procedures for Board appointments, which ensure that all appointments are made on merit and assessed against objective criteria. As part of this, the Committee oversees and advises the Board on the identification, assessment and selection of candidates for appointment to the Board. The Committee also regularly reviews the succession and contingency planning and procedures across the Company as a whole to ensure that individuals' careers are supported by their professional development.

The Committee is also responsible for guiding the Board on diversity considerations and for driving the Company's diversity and inclusion agenda at all levels. The Committee fully supports the Hampton-Alexander Review which seeks to improve the diversity of boards and senior leadership and sets the target of 33% of female representation on the Board and the Leadership Team (the Group Management Team plus their direct reports). As at 31 December 2020, 50% of our Board positions and 23% of our Leadership Team positions were held by women. It is recognised that further progress needs to be made when considering the female representation on the Leadership Team, however female representation on the Group Management Team is 36%.

The Committee also welcomes the Parker Review 'Beyond One by 21' recommendation and is able to report that with the appointment of our newest Board members, Jitesh Gadhia and Scilla Grimble, on 1 March 2021 the Company will be in compliance with this recommendation.

The Committee guides the Board in regularly assessing whether there is an appropriate balance of expertise and skills on the Board and, in doing so, regularly reviews the Board's composition, balance, diversity, experience and skill sets; as well as the individual Directors' time commitments. These are reviewed to ensure the Company continues to have the necessary level of Board and senior management skills, leadership and time available to effectively deliver the strategy and also in order to arrange orderly succession planning for the Board and senior management positions. This not only includes the immediate succession planning for Directors, but also a deeper review into the Company's management structure to identify those with the longer term potential to develop into future successors.

The Committee also leads the annual evaluation of the Board which considers, amongst other things, its composition, diversity and how effectively members work together to achieve the objectives of the Board. The Committee also considers the length of service of the Board as a whole and membership is refreshed as considered appropriate. Further information about the Board evaluation is on pages 84 and 85. Individual evaluations are also undertaken to ensure that each Director continues to contribute effectively to the Board as a whole.

As mentioned on page 80, the Committee's responsibilities were expanded in 2020 to advise the Board on the maintenance, further development and embedding of corporate governance best practice throughout the Company. The Board considered that the importance of this area and the determination to achieve further improvements would be best handled by the Committee as it is able to dedicate sufficient time and attention. The Committee will feedback appropriately to the Board, giving the Board more time to consider the Company's strategy and other key areas of focus as required by the scale and complexity of the Company's operations.

The Committee was accordingly renamed and the Committee's Terms of Reference were reviewed and amended to reflect the Committee's additional responsibilities. The Terms of Reference can be found at: www.taylorwimpey.co.uk/corporate/our-company/governance.

As part of this wider remit, the Committee will regularly brief the Board on corporate governance and compliance considerations and developments, through consideration of minutes of its meetings and detailed briefings from the Chairman, and will identify any actions to be taken. The Committee will also report to the Board any stakeholder feedback following actions taken. We believe this arrangement will give greater focus to this extremely important and continually developing area.

Relevant skills and expertise

During the year, the Committee reviewed the Board's balance of skills, experience, independence and knowledge of the Company in order to assess the ability of the Board to effectively discharge its duties and responsibilities. This review, including a list of desired skills, was utilised when creating the recruitment framework used for the appointment of our new Independent Non Executive Directors, as further described below. As part of the review, the Committee considered whether each Director brings relevant and complementary skills, experience and background knowledge to the Board. Details of the Directors' relevant skills and expertise are set out in their biographies on pages 64 and 65 and in the notes to the notice of Annual General Meeting on pages 177 and 178.

Board appointments

Appointments to the Board are subject to the Committee's formal, rigorous and transparent procedures, as set out below. The Committee also maintains an effective succession plan for all Board positions and senior management positions. Both appointments and succession plans are based on merit and objective criteria and promote diversity of gender, social and ethnic background, and cognitive and personal strengths.

During 2020, Irene Dorner succeeded Kevin Beeston as the Chairman of the Board and the Committee on 26 February 2020; Kate Barker stood down from the Board on 31 July 2020; and Rob Noel succeeded Kate as the Company's Senior Independent Director on 21 April 2020.

In addition, following the Committee's review of the Board and Committee composition, including the balance of skills and experience and succession plans for key Board and Committee positions, the Committee recommended to the Board that one or two additional Independent Non Executive Directors be appointed, subject to the availability of suitable candidates.

The Committee, led by Irene Dorner in her capacity as Chairman of the Committee, initiated the recruitment process and the executive search consultants Spencer Stuart undertook the search. It was confirmed that Spencer Stuart has no other connection with the Company or individual Directors.

Following the search conducted by Spencer Stuart, a 'long list' of candidates was considered by the Committee which resulted in a 'short list' of potential candidates who met the Committee's criteria in terms of the skills and expertise they could bring to the Board. Interviews and meetings were then held with the Chairman, Chief Executive and Senior Independent Director, before those on the final short list met with the remaining Directors, following which the final candidates were selected.

As a result, Scilla Grimble and Jitesh Gadhia will be appointed as Independent Non Executive Directors on 1 March 2021. The appointment of Scilla and Jitesh brings a refreshed set of skills to the Board, including additional experience of corporate finance, technology, property and public affairs.

Board and Committee balance and independence

The Code requires at least half of the Board, excluding the Chairman, to consist of Independent Non Executive Directors. As at 31 December 2020, four out of eight (50%) Board members were Independent Non Executive Directors, other members being the Chairman and three Executive Directors. The Committee considered this balance to be acceptable, but will be further improved by the appointment of our new Independent Non Executive Directors, Scilla Grimble and Jitesh Gadhia, who will be appointed from 1 March 2021. This balance will provide the right blend of experience, expertise and constructive challenge, as well as guidance and support, in order to continue to deliver the Company's strategy, whilst ensuring and maintaining corporate governance best practice. This is kept under review by the Committee, in line with the guidance as set out in the Code.

Induction

The importance of induction and training is recognised by the Committee and the Company has established procedures whereby all newly appointed Directors, including Independent Non Executive Directors, receive a formal induction. This includes training and continuing familiarisation with the Company's business, strategy, operations (including health and safety), systems, the principles underlying their duties as a Director, and wider issues relating to the housing sector.

For newly appointed Independent Non Executive Directors, this induction also includes meetings with key members of senior management and heads of functions from across the business, external advisers and site and business unit visits. The Committee keeps the Board induction process under review and it is considered to remain appropriate.

By way of example, Irene Dorner's induction process focused on the Company's culture, operational structure and key challenges and included:

- A comprehensive document pack of Company and Board information, including analyst and broker reports.
- An introductory meeting with Kevin Beeston to discuss Board process and Company culture.
- A meeting with the Company Secretary.
- A series of meetings with the Divisional Chairmen and heads of the Company's key functions.
- Meetings with the Company's key advisers and stockbrokers.
- Visits to a selection of development sites and offices in two of the regional divisions.

In 2021, the Committee will oversee the induction process for Scilla Grimble and Jitesh Gadhia, who will be appointed as Independent Non Executive Directors from 1 March 2021.

Board succession and contingency planning

Succession planning has continued to be a key area of focus for the Committee throughout 2020, to ensure the long term successful delivery of the Company's strategy. The Committee ensures that all members of the Board and key members of senior management have appropriate succession and development plans in place.

With a view to identifying key prospects and tailoring training and development programmes to allow individuals to demonstrate their potential, the Committee has visibility of a wide range of employees with leadership potential. As part of this, the Committee reviews the talent pipelines across the business and the Company's talent development and training programmes, including the individual development plans for those showing senior leadership potential.

One aspect of individuals' development plans is for management below Board level to be provided with access to the Board, including the opportunity to attend Board meetings and other Board-related functions from time to time to give presentations on specialist topics, project work and the performance of specific regional business and divisions. This not only provides valuable exposure to the Board for up and coming management, but is also extremely valuable to the Committee members when assessing the Company's strength in depth.

The Company also operates a Group Talent Management Board which is chaired by the Chief Executive and comprises our Divisional Chairmen, Group Managing Director of Strategic Land and HR representatives. The Group Talent Management Board is supported by our Divisional Talent Management Boards which regularly review succession planning and related development and training requirements across the Company. Actions taken to support succession planning across the Company include the development of career paths linked to experience, exposure and education, an assessment and development centre, and the promotion of the Company's mentoring scheme.

Contingency planning relates to the Company's and Board's preparedness for and responsiveness to the sudden and unexpected loss or non-availability of any Board member or key member of senior management. During the COVID-19 pandemic, the Committee reviewed those individuals identified as most suitable within the Company who could quickly assume a key role and provide effective support until the individual returned to work or, where appropriate, a successor could be appointed. The Committee considered this contingency planning to be effective and appropriate throughout the COVID-19 pandemic, and Internal Audit confirmed that there was no evidence of weakened controls or any material process failure during this time.

Corporate governance: Composition, succession and evaluation continued

Governance

During 2020, the Committee was asked by the Board to take the lead in respect of the Board's corporate governance responsibilities. This wider remit requires the Committee to act as the first filter on all governance developments, to oversee the further embedding of good governance at all levels of the Company and its operations, and to make appropriate recommendations to the Board in furthering the Company's progress in this area.

This change enabled greater focus on governance matters with more dedicated time available on the agenda, whilst the full Board used their time for greater focus on key strategic topics and areas of operational business focus. This decision proved extremely beneficial, and timely, when the COVID-19 pandemic required a thorough appraisal of the Company's governance and control processes at all levels, to ensure the continuation of effective governance despite the challenges of furlough, home working and self-isolation due to illness.

These challenges were swiftly addressed through the formation of a working party, comprising representatives from the Company Secretariat and Internal Audit Departments. This working party:

- Reviewed current governance and control processes throughout the Company.
- Updated approval requirements in line with developing changes across the teams.
- Introduced revised approval, signature and checking requirements processes that could be quickly and smoothly implemented in the event of relevant individuals not being available at short notice.
- Monitored and reported on the continued appropriateness and effectiveness of these measures throughout 2020.
- Considered wider application of suitable changes to reflect the new ways of working that emerged during the COVID-19 pandemic.

The governance areas on which the Committee focused during 2020 included:

- The Board evaluation process.
- A review of the governance framework, including constitutional documents and the Board Committees' Terms of Reference.
- Regular updates on the progress and outcomes of the COVID-19 governance working party.
- An update for the Board on compliance requirements in relation to the Market Abuse Regulation.
- Reviewing the Directors' Conflicts of Interests Register.
- A review of the relevance and completeness of the Company's externally facing policies as they appear on the website.

Details of progress made by the Committee will be included in the 2021 Annual Report and Accounts.

Annual re-election to the Board

In line with the Code, each Director is required to seek election or re-election, as appropriate, at each year's AGM. The Committee reviewed and confirmed that it considers each of the Independent Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect their judgement.

Kate Barker was recommended for re-election at the 2020 AGM, beyond her nine year term, in order to support Irene Dorner in her new role. Kate stepped down as the Company's Senior Independent Director on 20 April 2020 and as a Non Executive Director on 31 July 2020.

The Chairman, at the time of her appointment on 26 February 2020, met the independence criteria as set out in the Code.

It is also considered that each of the Directors is able to allocate sufficient time to discharge their responsibilities to the Company effectively. This not only included Board and Committee meeting attendance (which was 100% during 2020), but also preparation time for meetings, visits to our operating businesses and other additional time commitments that were required.

Accordingly, at the 2021 AGM, every Director, irrespective of the date of their appointment, will be submitted for election or re-election, as appropriate.

Details of the resolutions to be proposed in this respect, alongside supporting biographical details, appear in the Notice of Meeting on pages 174 to 182.

Board evaluation

A key requirement of good governance is ensuring that the Board itself is operating effectively. The Board takes the annual evaluation seriously and recognises the focus that stakeholders place on it.

In line with the Code, the 2020 Board evaluation exercise was externally facilitated by Manchester Square Partners (MSP), who have no other connection to the Company and were chosen for their constructive and direct evaluation style.

The evaluation considered the effectiveness of the Board as a whole, as well as that of each Board Committee and each Director individually, and focused on the Board's alignment, behaviours, dynamics and culture. The evaluation was conducted in consideration of the Company's strategy; challenges and risks; values and culture; role; dynamics; engagement; structure; composition; succession; governance; execution; and leadership. The process followed is outlined opposite.

The Board has developed an action plan designed to address the findings of the evaluation, which will be actioned during 2021, and the key recommendations can be found in the table opposite. The overall outcome of the evaluation was that MSP considered the Board to be functioning well and with excellent Board dynamics. The Board is considered to be unified and aligned, with Independent Non Executive Directors and Executive Directors working together but feeling able to constructively challenge as appropriate, each fulfilling their roles appropriately. MSP concluded that the Board is providing good leadership and support to the Company and is maintaining strong performance for all of the Company's stakeholders.

The evaluation was conducted from April to August 2020 and consisted of:

- A briefing between MSP, the Chairman and the Group General Counsel and Company Secretary to determine the scope of the evaluation
- MSP reviewed the Board and Committee papers from the prior 12 months
- A comprehensive set of questions was developed between MSP and the Chairman
- Individual interviews were conducted with each of the Board members, the Divisional Chairmen, Group HR Director and Group General Counsel and Company Secretary
- MSP observed a Board and an Audit Committee meeting where all participants joined via Microsoft Teams during the COVID-19 pandemic
- MSP prepared a summary paper of key findings and themes for discussion with the Chairman
- MSP produced a report to the Board on the findings and recommendations of the evaluation, on a non-attributable basis, and had a session with the Board to review and discuss the findings and recommendations

2019 recommendations	Actions taken during 2020
Review and confirm the division of responsibilities between the Chairman, Chief Executive, Senior Independent Director, and the Matters Reserved for the Board	– The division of responsibilities document was reviewed and updated to reflect current governance requirements and best practice – The Matters Reserved for the Board document was also reviewed and no amendments were required – These documents are available on the Company's website at: www.taylorwimpey.co.uk/corporate/our-company/governance
Assess progress made on engagement with employees and focus on further progress	– The Board reviewed the effectiveness of the National Employee Forum (NEF) and further strengthened engagement with employees through the appointment of an Independent Non Executive Director, Gwyn Burr, as the Board's NEF Champion – Further information can be found on pages 76 and 77
Review agendas, timings and paper structure	– A full review of Board and Committee agendas and papers was conducted and a number of changes introduced, with the aim of giving greater focus to key operational issues, highlighting key matters and decision areas, and to ensure the consideration of stakeholders' interests was clearly set out
Introduce an Independent Non Executive Directors only meeting	– Independent Non Executive Directors only meetings are now held at the end of every Board meeting

2020 recommendations	Actions to be taken during 2021
Review Board paper structure and issue guidance on drafting Board papers	– Board paper structure and presentation to be standardised to ensure they focus on key matters requiring the Board's attention – Guidance notes will be issued to all employees involved in drafting Board papers to ensure that all relevant considerations are set out for the Board and requests of the Board are clear
Recruit additional Independent Non Executive Director(s)	– After the conclusion of the 2020 Board evaluation and a comprehensive selection process, the Board announced on 18 December 2020 that Jitesh Gadhia and Scilla Grimble were to be appointed to the Board on 1 March 2021 – Further information can be found on pages 82 and 83
Focus on ESG matters	– Add ESG to the current remit of the Nomination and Governance Committee to ensure focus, learning and direction on ESG matters in line with the Company's definition of ESG – Further information can be found on pages 67 and 80
Regular Board training / information sessions	– Arrange appropriate training and teach-ins led by both external and internal specialists on a range of topics – The first session arranged for 2021 is a session for the Board and GMT, facilitated by the Company's brokers, Citi, on ESG

Corporate governance: Composition, succession and evaluation continued

Board and employee diversity and inclusion

Diversity and inclusion, in its widest sense, has continued to be a key item on the overall UK governance agenda during 2020. Within the Company, diversity and inclusion remained an area of focus throughout 2020 and will continue to be in 2021 and beyond.

Although the Committee and the Board will continue to recommend appointments and appoint based on skills, experience and merit, it is recognised that boards generally perform better when they include the best people from a range of backgrounds and experiences. Therefore, diversity and inclusion will continue to be a key consideration when assessing the composition of the Board and all of our teams to ensure the development of a diverse pipeline for succession. By embracing diversity and inclusion, the Board believes that the Company will better understand how people's differences and similarities can be harnessed for the benefit of all of our stakeholders, and improve the Company's ability to deliver the strategy.

Consideration of diversity was at the forefront of the Committee's considerations when reviewing the Board composition and balance during 2020 and whilst framing the widest possible brief for the recruitment of additional Independent Non Executive Directors. These appointments, scheduled to take effect on 1 March 2021, will fulfil the recommendation of the Parker Review to have at least one person of colour Director by 2021 and will also bring a refreshed set of skills to the Board, including experience of corporate finance, technology, property and public affairs.

To support the Board's diversity and inclusion policies and strategies, the Diversity and Inclusion Committee (D and I Committee) has continued its work to ensure that the Company is continuing to progress towards operating in a truly diverse and inclusive manner.

The D and I Committee, which is made up of a variety of members from across the Company, has been overseeing progress towards achieving the Company's Diversity and Inclusion Strategy and implementing and progressing initiatives in order to improve our performance. The Company's Diversity Policy, as set out on pages 88 and 89, focuses on the challenges faced in developing an inclusive and diverse workforce, with each regional business unit making an appropriate commitment to this. The diversity and inclusion strategy is based on the following key objectives:

- **21st century leadership** – We ensure that our leaders understand their role in developing a more diverse and inclusive culture and have the relevant training and support to achieve this.
- **Remaining an employer of choice** – We ensure that our working environment, policies, procedures and development and progression opportunities support greater diversity and inclusion.
- **Expanding our reach** – We develop broader recruitment channels, understand and embrace the diversity of our customers and workplace and improve engagement with them.

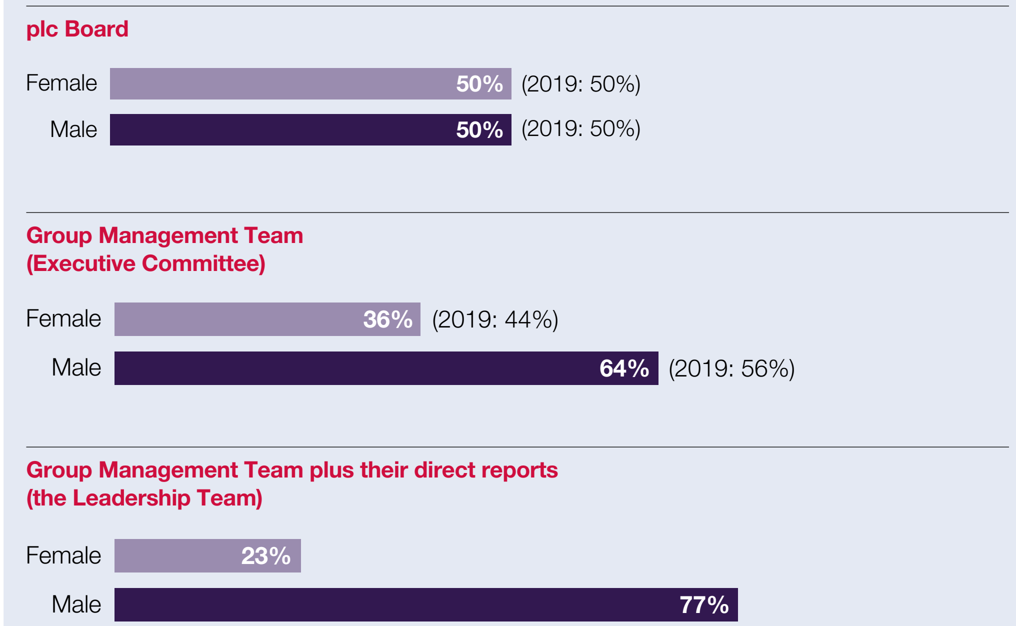
The Company has put in place systems to measure and monitor diversity around the Company more effectively. The data becoming available from these improved systems has assisted in designing and implementing a number of improvements to the Company's employment terms and conditions which we believe should facilitate access to and success at work for all. Some examples of these improvements are:

- A review of our gender pay gap – The Company's fourth Gender Pay Gap Report is available at: www.taylorwimpey.com/corporate.
- Implementing a flexible working policy – During the COVID-19 pandemic, the requirement for our office based employees to work from home enabled the benefits of flexible and agile working to be demonstrated across the business. This has led to a review of our flexible and agile working policies which will be implemented in 2021.
- Developing our Young Persons Forums – These Forums provide an opportunity for young employees across the business to access training and information.
- Delivering unconscious bias training – The introduction of mandatory unconscious bias training for all employees has helped to raise awareness of the need to be more diverse and inclusive.
- Implementing our applicant tracking system – This new system has enabled us to reach a wider and more diverse talent pool.

S Read more on pages 34 and 35.

Gender diversity

As at 31 December 2020:



Percentage of the workforce that are women

30%

2019: 29%

Percentage of new starters with the Group during 2020 that are women

33%

2019: 22%

While we continue to make reasonable overall progress and are committed to doing so, we of course recognise that this is a journey and there is more work to be done to fulfil our diversity ambitions. It is a priority for 2021 to achieve further progress in this area, as stated on page 80.

S Read more on pages 34 and 35.

Corporate governance: Composition, succession and evaluation continued

Progress of our Diversity Policy

The Committee and the Board monitor and review the implementation of the Company's Diversity Policy, which is set out below, against the Diversity Strategy and the progress made during 2020.

Diversity Policy	Strategy	Progress
Taylor Wimpey operates in diverse communities. We believe that embracing this diversity will enable us to succeed through a workforce that is inclusive, creative and innovative. Diversity covers many aspects. We have defined diversity to mean that we actively embrace the business and local communities in which we operate and will strive to reflect their richness and character to include such aspects as gender, race, disability and religion but also diversity of thought, background and experience.	We will examine our culture and practices to determine what further actions can be taken to improve diversity and inclusion within Taylor Wimpey.	Our Diversity and Inclusion Strategy is based on three key objectives as set out on page 86. To deliver the Diversity and Inclusion Strategy, our D and I Committee is chaired by a member of our Group Management Team and consists of employees who represent a cross-section of our business. In addition, each regional business unit has a 'Diversity Champion' who works with the Regional Managing Director to develop and deliver a local Diversity and Inclusion Action Plan. The second annual Diversity and Inclusion conference was successfully held virtually, with over 110 attendees including our Divisional Chairmen, Regional Managing Directors and Diversity and Inclusion Champions. During the conference, progress was reviewed, plans were discussed and there was a panel discussion on Black Lives Matter and how the Company can be a consciously anti-racist organisation.
Managing diversity is about valuing everyone as an individual – valuing people as our employees, customers and clients. People have different needs, values and beliefs. Our people management practice demands that employment propositions are both consistently fair but also flexible and inclusive in ways that assist our people while supporting our business needs and objectives.	We will identify people management practices that assist a diverse workforce to achieve its full potential. We will use our Community Engagement Programme to heighten awareness of positive strategies for personal interaction and valuing individuals. We will increase the opportunities for young people to join the Company and will promote continuous personal development.	As reported on page 82 we continue to exceed the target set by the Hampton-Alexander Review, with 50% female representation on our Board. We recognise that progress needs to be made when considering the female representation on our Leadership Team (23%) however female representation on the GMT is 36%. Although we were unable to run the Leonard Cheshire Disability Change 100 Programme due to the COVID-19 pandemic, we intend to engage during 2021 to give talented disabled students the opportunity to participate in a 100 day summer internship and professional development programme. During the COVID-19 pandemic, our office based employees were required to work from home, which has proven successful due to our previous investment in technology and training. A wealth of information, guidance and training support was delivered to employees which has enabled successful remote working for many of our employees. We have developed respectful workplace training to be delivered to our site management teams which sets out our expectations of how individuals should be treated. This will be included in the site induction process and 'toolbox talks' to our employees and workers on site.

Diversity Policy	Strategy	Progress
We believe that everyone should have the right to equal access to employment and, when in our employ, to equal pay and access to training and career development.	We will ensure that all managers involved in recruitment and selection receive training that incorporates the areas of diversity and promoting equality. We will extend our recruitment sources in order to attract a more diverse range of applicants.	Our continued engagement with organisations such as Black Professionals in Construction and SEO London have enhanced our internal progression in this area. We had 36% female representation and 14% BAME representation within our Management Trainee new recruits in 2020, and among new Graduates 55% were female and 9% BAME. We have also improved the percentage of female new employees joining the Company during 2020 to 33% (2019: 22%). In March 2020, we launched a new external careers site which has been carefully formulated to ensure accessibility to all and has led to an improvement in the diversity of applications for vacancies. In 2020, we also launched a reverse mentoring pilot involving eight senior leaders being partnered with BAME employees. This has helped raise awareness of the barriers faced by BAME colleagues and encouraged challenging of practices that may be hindering diversity in our talent pipeline. This mentoring programme will be continued in 2021, with the addition of LGBTQ+ colleagues.
We are committed to ensuring that our people are free from any direct or indirect discrimination, harassment or bullying. We will not tolerate any behaviour that detracts from this.	We will encourage our people to speak out and report any direct or indirect discrimination, harassment or bullying. We will act promptly in addressing any inappropriate behaviour or practice.	Our Grievance and Harassment policies ensure that any reports of harassment or bullying are investigated and addressed appropriately. These policies are regularly publicised to all employees. The Company's Whistleblowing Policy enables employees to raise genuine concerns without being at risk of suffering any form of retribution as a result. Employees are also provided with an external whistleblowing hotline.
We acknowledge that we must continue to promote diversity in order to create an organisation that attracts, supports and promotes the broadest range of talent. Establishing an organisational culture with diversity as a core value will enable individuals to reach their full potential and provide the best service to our customers.	Diversity will be promoted from the highest level and we will ensure that our people understand the benefits of having a diverse and inclusive workforce.	Diversity and inclusion is a core message of our strategy and is a standing item on our Board and GMT meeting agendas. Our cultural principles framework supports our employees to maximise their performance and inherently embraces diversity and inclusion. All new employees are required to complete our online Diversity and Inclusion e-learning and our senior leaders are required to complete mandatory unconscious bias training. We offer a wide range of training focusing on three key areas: management and leadership; personal development skills; and technical knowledge and capabilities. The COVID-19 pandemic provided an opportunity to change how we deliver training, by using technology to reach more employees. This resulted in over 2,500 employees attending online 'masterclasses'. The Company published its fourth Gender Pay Gap Report in March 2021, which can be viewed on our website at: www.taylorwimpey.co.uk/corporate.

Corporate governance: Audit, risk and internal control

Audit Committee report

Humphrey Singer
Chair of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the report of the Audit Committee, summarising below, and in the report which follows, the ongoing responsibilities and objectives of the Committee; the work that has been carried out during 2020; and the priorities established for 2021.

The Committee supports the Board in fulfilling its corporate governance responsibilities, including the Group's risk management and internal control framework; internal audit process; financial reporting practices; the preparation and compliance of this document, the Company's Annual Report and Accounts; and the external audit process.

The main responsibilities of the Audit Committee are summarised in the main objective opposite and further details of the Committee's responsibilities can be found in the Terms of Reference of the Audit Committee which are available in full on the Company's website. Following a review during 2020, it was determined that the Terms of Reference remain appropriate, in line with best practice and reflect the Committee's responsibilities under the Code and related regulations.

The Committee conducts an annual evaluation of its performance against its key objectives. An interim review of progress against these objectives was considered at the Committee's July and December 2020 meetings, and the evaluation for 2020 was formally assessed recently by the Committee at its February 2021 meeting.

The key activities of the Committee during 2020 are set out below and described in more detail in this report.

The Committee's key areas of focus for 2021 are also set out opposite. Whilst these remain sufficiently flexible to permit the Committee to quickly respond to any major change in circumstances, our key priorities for the year ahead will include the continued delivery of robust risk management and monitoring the effectiveness of the control framework.

A key area of focus for the Committee was the impact of COVID-19 and ensuring the maintenance of effective controls; processes; assessment and mitigation; during lockdowns and the closure and re-opening of sites. Committee members participated, of course, in the four additional Board meetings addressing these matters, including financial resourcing; the robustness of the balance sheet; and the decision to undertake the successful equity raise in June 2020; all as described on page 66. In addition, the Committee received specific briefings, at its July and December 2020 meetings, on the impact of COVID-19 and the Company's response to it, in relation to re-assessing potential risks; and making appropriate changes; in order to maintain effective controls and processes. More details are set out below.

The Committee continues to hold meetings with the external Auditor and the Head of Internal Audit, independent of the Executive Directors, and these assist in ensuring that reporting, forecasting and risk management processes are subject to rigorous review throughout the year. The audit of the 2020 results will be Deloitte's final one prior to handing over responsibility to PricewaterhouseCoopers LLP (PwC) and I would like to thank Deloitte for their support and assistance over the years, for the Company; the Audit Committee; and for representing shareholders' interests in ensuring that our published accounts give a true and fair view of the state of the Group's affairs. Following a rigorous tender process described in this report, PwC has been chosen, subject to shareholder approval at the AGM, to succeed Deloitte LLP as external Auditor for the 2021 audit. In preparation, and to ensure an effective handover of responsibilities if their appointment is confirmed by shareholders, PwC has been 'shadowing' Deloitte during the audit of the 2020 results.

Throughout the year the Committee met the Financial Reporting Council (FRC) guidance on Audit Committees which was incorporated into the Code. The aim of the guidance was to further improve good governance around the Committee's competence; induction for new members; audit rotation; independent assessment of areas of judgement; and sufficiency of resourcing for the Committee; all with the aim of ensuring that the Committee is able to perform its primary function of protecting shareholders' interests in relation to the Company's financial reporting and internal control.

We were able to meet these guidelines, notwithstanding the practical limitations imposed by the COVID-19 pandemic and the lockdown restrictions, due in large part to the support of Internal Audit in undertaking the corporate governance review to address its impact as described in the Chairman's Letter on Corporate Governance on pages 60 and 61. I would like to echo her congratulations to the team on their effective response to these major challenges.

The Committee will continue to ensure that all applicable regulations are complied with, and we remain confident that the business continues to operate in a controlled and well-managed way.

I look forward to welcoming Scilla Grimble, who will join the Board on 1 March 2021 as an Independent Non Executive Director and will, on appointment, also join the Committee. Scilla's significant financial and risk-related experience, described in more detail on page 65, will add to the Committee's skill sets and further enhance the quality of its work on behalf of shareholders.

Humphrey Singer
Chair of the Audit Committee

1 March 2021

Audit Committee summary

The Audit Committee is chaired by Humphrey Singer. All members of the Committee are Independent Non Executive Directors as required by the Code. The Board has determined that Humphrey Singer has recent and relevant financial experience as required by the Code. In addition, and in line with the Code, the Board considers that the Audit Committee when considered as a whole, has the necessary competence relevant to the housebuilding sector in which the Company operates.

Main objective
To assist the Board in fulfilling its corporate governance responsibilities relating to the Group's risk management and internal control framework; internal audit process; financial reporting practices including the key accounting judgements and estimates; and external audit process.

Members

Committee members	Meetings attended
Humphrey Singer (Chair)	4/4
Angela Knight	4/4
Robert Noel	4/4
Kate Barker[(a)]	1/1

(a) Stood down from the Committee on 20 April 2020

2020 key areas of focus
- Oversaw the external audit tender process and recommended to the Board the decision, subject to shareholder approval, to appoint PwC as external Auditor from 22 April 2021
- Reviewed and approved the handover plan of the external audit, subject to shareholder approval at the AGM, from Deloitte to PwC
- Continued focus on key initiatives to support cost management and simplification of key commercial processes
- Gained assurance that current technology and ongoing related process improvements are implemented within a robust framework
- Engaged with the senior management team to ensure an effective and appropriate risk management and control framework continued to evolve
- Received the Group fraud risk assessment and gave continuing focus thereto
- Gave independent advice and guidance to the Executive in addressing the financial and accounting challenges posed by the impact of the COVID-19 pandemic on the Company and its market

2021 key areas of focus
- Oversee the externally-facilitated quality assessment of Internal Audit
- Continuing focus on the resilience and protection of key business systems against cyber and other threats
- Gain assurance that new systems and processes related to the customer journey are implemented within a robust framework

Committee activities during 2020

February 2020
- Reviewed the draft 2019 Annual Report and Accounts, including significant accounting and audit issues; issues of materiality; the external Auditor's report; and conducted a formal compliance check
- Disclosed relevant audit information to the Auditor and the required evidence in support of it
- Reviewed the Group's 2019 draft full year results statement; and advised the Board regarding the appropriateness of the proposed dividends
- Concluded the prior year's risk review, including agreeing key risks; consideration of emerging risks; and monitoring progress on mitigation actions
- Reviewed the draft Viability Statement to appear in the 2019 Annual Report and Accounts
- Reviewed the Committee's performance against its objectives for 2019 and set objectives for 2020
- Received the Group fraud risk assessment
- Reviewed progress in the tendering of the external audit
- Received various reports from Internal Audit
- Held private meetings with the external Auditor and the Head of Internal Audit
- Agreed Internal Audit's programme of work for 2020

May 2020
- Reviewed the interim outcome of the tendering of the external audit
- Received detailed presentations from the two firms shortlisted for the external audit
- Discussed the relative merits of those tendering and (in early June) agreed a recommendation to the Board for the appointment of PwC as external Auditor from 22 April 2021

July 2020
- Reviewed the draft half year statement for 2020, including significant accounting issues; materiality; and the external Auditor's report on its review of that statement
- Conducted the 2020 half year risk review
- Received a further detailed presentation on the Group's data and systems security, including progress to date and plans for further improvement
- Received an update on the continuing robustness of the Group's data protection systems and processes
- Advised the Board regarding the appropriateness of proposing any dividend in light of the impact of COVID-19 on the business and shareholders
- Received briefings on the impact of COVID-19 and the Company's response
- Reviewed Deloitte's plan for the audit of the Company's 2020 accounts, and the progress of the audit to date
- Considered Deloitte's performance during the audit of the Company's 2019 results
- Received an update from PwC on the progress of the plan for the handover of the external audit, subject to shareholder approval, from 22 April 2021
- Received various reports from Internal Audit

December 2020
- Received a briefing on key accounting judgements with regard to the Company's 2020 accounts
- Oversaw the process of development of the Board's Viability Statement included in its 2020 reporting
- Oversaw the process of assessing that the Company continues to be a going concern in preparation for disclosure in 2020 reporting
- Received an update from PwC on the progress of the plan for handover, subject to shareholder approval at the AGM, of the external audit
- Received briefings on the continuing impact of COVID-19 and the Company's response
- Considered the risk review outcome for 2020
- Received a detailed presentation on progress to date and plans for further improving the Group's IT systems and wider IT security more generally
- Conducted an interim review of progress against the Committee's objectives for 2020
- Reviewed and agreed the appointment of the independent external quality review assessor of Internal Audit for 2021

February 2021
- Reviewed the draft 2020 Annual Report and Accounts, including significant accounting and audit issues; issues of materiality; and the external Auditor's report; and conducted a formal compliance check
- Reviewed and confirmed the processes which allow the Committee to ensure that the 2020 Annual Report and Accounts meets the requirements of Code Principle N, Provision 27, to present a fair, balanced and understandable assessment of the Company's position and prospects
- Disclosed relevant audit information to the Auditor and the required evidence in support of it
- Reviewed the Group's draft 2020 full year results statement; and advised the Board regarding the appropriateness of the proposed dividend
- Concluded the prior year's risk review including agreeing key risks; consideration of emerging risks; and monitoring progress on mitigation actions
- Reviewed the draft Viability Statement to appear in the 2020 Annual Report and Accounts
- Reviewed the process and outcomes underpinning the giving of the going concern statement in 2020 reporting
- Reviewed the Committee's performance against its objectives for 2020 and set objectives for 2021
- Reviewed the Committee's performance against its Terms of Reference during 2020
- Agreed Internal Audit's programme of work for 2021
- Received various reports from Internal Audit

Corporate governance: Audit, risk and internal control continued

Committee meetings
The membership of the Audit Committee is set out in the table on page 91. Committee meetings are also attended, by invitation, by the Chief Executive, Group Finance Director and Group Operations Director, the Chairman and other Independent Non Executive Directors (who traditionally attend the key Committee meetings dealing with the Company's half year and full year accounts), Group Financial Controller who also has direct oversight of the risk management framework, Head of Internal Audit, the Group General Counsel and Company Secretary, Deputy Company Secretary, Deloitte LLP (Deloitte), the external Auditor, and for July and December in connection with the handover of the external audit, PwC. Other relevant senior executives are invited for particular agenda items, as required. The Committee also meets individually and privately with the Head of Internal Audit and with representatives from Deloitte during at least two Committee meetings per year, which normally take place around the time of the full and half year financial statements, in order to discuss any matters which either may wish to raise in confidence, with only the Company Secretary being present.

Committee purpose and responsibilities
The Committee's purpose and responsibilities are, in line with the requirements of the Code:

- To establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself as to the integrity of financial and narrative statements.
- To ensure the Annual Report and Accounts and half year results each present a fair, balanced and understandable assessment of the Company's position and prospects.
- To establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the Principal Risks the Company is willing to take in order to achieve its long term strategic objectives.

Committee activities during 2020
The Audit Committee met on four occasions during the year – the regular pattern of three meetings being augmented by an additional one, in May 2020, specifically for the purpose of concluding the tender process for the external audit and formally proposing the outcome to the Board. The reports considered at the February 2021 meeting concluded the Committee's activities with regard to the Company's 2020 reporting and have been included on page 91.

At those meetings, the Committee carried out its remit which, in addition to reviewing at each meeting the summary reports of Internal Audit activity, primarily included reviews of the following:

- Financial reporting practices.
- The risk management and internal control framework.
- The internal audit process.
- Checking for any incidences of fraud, actual, alleged or precautionary, and ensuring proper controls and a response plan are in place.
- IT systems and data resilience and security.
- Concluding the process of tendering the external Auditor role.

In carrying out these activities, the Committee places reliance on regular reports from the Executive Directors, other senior executives, Internal Audit and from Deloitte. In monitoring the financial reporting practices, the Committee reviewed accounting policies, areas of judgement highlighted by the Executive Directors, other senior executives and Deloitte, the going concern assumptions and compliance with accounting standards and the requirements of the Code.

Committee competence
A key requirement of the FRC's guidance on Audit Committees is that each Committee member should have sufficient knowledge, training and expertise to contribute effectively to the Committee's deliberations.

The Committee Chair has extensive experience of the financial reporting requirements of FTSE 100 companies; of financial reporting preparation and compliance for public companies; and of dealing with internal and external auditors in his current role as Chief Financial Officer of Belron Group and from previous roles with Marks and Spencer Group plc and Dixons Carphone plc. He also has previous experience of both attending Audit Committee meetings and of being a member of an Audit Committee. This experience has given him insight into key areas of shareholder concern and independent experience of robustly challenging both Management and the external and internal auditors.

The Committee Chair is assisted on the Committee by the knowledge and experience of the other Independent Non Executive Directors:

- Angela Knight has broad experience of financial services and banking and has extensive non executive director experience.
- Rob Noel has considerable experience of the property sector and wide commercial experience as Chair of Hammerson plc and previously as CEO of Land Securities Group PLC.
- Kate Barker, who was a member of the Committee until she stepped down on 20 April 2020, at the conclusion of her ninth year of office, had significant experience of key areas of stakeholder interest in which the Company operates day to day, having led Government policy reviews into housing supply and land use planning. She also had experience of being a non executive director with Man Group plc and previously with Yorkshire Building Society.

The Committee is confident that its members collectively have the necessary competence relevant for the housebuilding sector as required by the Code and that this will be further enhanced through the planned appointment of Scilla Grimble with effect from 1 March 2021.

As described in the Nomination and Governance Committee report on page 83, there is a formal process of induction for new Directors and this includes specific reference to supporting competence in relevant Committee areas through exposure to appropriate areas of the Company's operations and performance.

The Committee is confident that its composition; balance; and expertise can give shareholders confidence that the financial; reporting; risk; and control processes of the Company are subjected to the appropriate level of independent, robust and challenging oversight.

Committee evaluation
The Board evaluation for 2020, which is described more fully in the Nomination and Governance Committee report on pages 84 and 85, included an appraisal of the performance of the Audit Committee and individually of its Chair and other members.

The outcome of the appraisal was that the Committee was considered to continue to operate effectively, with the necessary level of expertise and independent challenge, and with no specific actions arising requiring further improvement.

At its February 2021 meeting, the Committee reviewed its performance against its objectives and Terms of Reference during 2020, which was considered to have been satisfactory.

Risk management and internal control
Risk management
The Group has an established ongoing process of risk management, which is detailed further on pages 46 to 53. The Committee monitors the Group's risk management and internal control systems, including their effectiveness, on behalf of the Board and provides advice to the Board in connection with the Board's own risk review. The Committee's objectives for 2020 in this area were:

- To ensure the risk profile remains within the Company's agreed risk appetite and tolerance and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- Consideration of the continuing review of reporting and audit and the implications for the Group, including anticipating the formalisation of internal controls reporting in the UK.
- To continue to develop the Company's risk processes in light of evolving best practice.
- To consider emerging risks that could impact the Company's longer term strategy.

To achieve these objectives, the Committee undertook the following during 2020:

- Risk reviews were conducted twice during the year, at the Committee's July (half year) and December (full year) meetings and covered both the systems used and the reported risks.
- Consideration was given to the specific impact of COVID-19 on the Principal Risks of the Company, together with the mitigations implemented to address these.
- Regular updates were received on the continuing review of relevant historic matters and more current developments following the tragic fire at Grenfell Tower and actions taken by the Company to comply with recent changes to the Government guidance on fire safety.
- Received updates on key information technology (IT) risks, specifically as a consequence of the potential impact of COVID-19 in this area, including the resilience of the Group's systems to cyber attack and action taken to maintain security of systems and data.
- Oversaw the assessment of emerging risks, including potential velocity and impact on the Company's longer term strategy, further details of which can be found on page 48.
- Oversaw implementation of further enhancements to the processes for identifying, assessing, monitoring, reporting, and managing the residual elements of risk, which included enhanced reporting of action plans and target risk for the identified key risks.

The Board makes its assessment of risk half yearly, after overseeing, with advice from the Committee, a bottom-up and top-down review of risk in all areas of the business, including taking account of environmental, social and governance considerations over various time horizons. The assessments use a standard methodology and include regularly reviewing the effectiveness of the Group's system of internal control in providing a responsible assessment and mitigation of risks. Action to mitigate the effect of each risk is led by the Chief Executive either directly or indirectly in conjunction with the Group Management Team (GMT).

The Board's monitoring covers all controls, including financial, operational, compliance and assurance controls which include risk management.

The systems cannot eliminate the risk of failure but rather seek to manage both the likelihood of their occurrence and the extent of their impact and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Principal Risks facing the Company, as assessed by the Board, are set out on pages 49 to 53 together with information on the mitigations for each risk.

Internal control
Compliance with the Group's system of internal control is primarily driven and co-ordinated through compliance with an established Operating Framework supported by detailed manuals covering the main disciplines. The Operating Framework was reviewed in detail during 2020 and, after suitable amendments had been made to reflect changes in processes; organisational structure; risk; and wider market developments; re-issued online, where it is immediately available to employees at all levels for consultation. The Operating Framework and supporting manuals include clear levels of delegated authority, responsibility and accountability, and are subject to periodic review, including in response to the impact of the COVID-19 pandemic, to ensure they remain appropriate and proportionate to the Group's changing strategic and operating requirements. Adherence to the Operating Framework is monitored by the senior management team and assessed independently by Internal Audit. At its half year and full year meetings, the Board reviews risk in relation to the Company's strategic objectives and its current plans to deliver them. It also reviews progress and performance in action taken to mitigate the impact of those risks.

The Board is supported in this by more regular and detailed reviews by the Audit Committee, including the review of reports from Internal Audit, and by risk reviews across the business, led by the GMT. These reviews during 2020 resulted in enhancements to internal controls, designed to better manage risk across the business, as outlined in the key areas of focus for 2020 on page 91.

Corporate governance: Audit, risk and internal control continued

The Committee also oversees the actions being taken to monitor IT initiatives which aim to either directly protect against and reduce the risk of cyber-related type attacks and fraud; support and enhance the current IT environment including data protection; or that are crucial in their contribution to key business initiatives aiming to enhance the experience of customers, suppliers and / or employees.

The Committee was pleased to learn that the IT Department had been well-prepared to address the impact of the COVID-19 pandemic, as was shown by the ability of such a large proportion of the business to quickly and successfully transition to working effectively from home.

At its meeting in February 2021, the Board, after conducting its own review and after reviewing more detailed assessments from the Audit Committee, remained satisfied that the system of internal control continued to be effective in identifying, assessing, and ranking the various risks facing the Company; and in monitoring and reporting progress in mitigating their potential impact on the Company. The Board also approved the statement of the Principal Risks and uncertainties set out on pages 49 to 53 of this Annual Report.

Responding to the challenge of COVID-19

One of the key defining factors of 2020 was the impact of the COVID-19 pandemic on the business; and the Committee ensured that the Company's response would maintain essential processes and effective controls.

This was accomplished initially as part of the four additional Board meetings held during 2020 to address the impact of the pandemic and to conduct the equity raise (all as described on page 66); and later through specific briefings to the Committee's July and December 2020 meetings, at which reviews were undertaken of:

- How immediate challenges were addressed, particularly the maintenance of effective processes and controls despite the closure of sites and remote homeworking.
- Assurance as to the assessment of key risk areas and mitigation through revised controls; and cyber security resilience and training.
- The effectiveness of real-time assurance activities supporting the closure and subsequent re-mobilisation of sites, in compliance with Government guidance.
- The re-assessment of key risks and the design and implementation of appropriate responses and mitigations.
- Ensuring that the Company's approach evolved appropriately to changing circumstances.

External audit performance and effectiveness

The Audit Committee assessed the performance of Deloitte LLP and the effectiveness of the external audit process for the year ended 31 December 2020. In coming to its conclusion the Audit Committee reviewed amongst other things:

- The effectiveness of the working relationship and communication of issues to the Committee through its regular meetings in the year and its presentations to the Committee.
- Feedback from Group, divisional and regional management, Head of Internal Audit and Head of IT, on the level of audit work and engagement throughout the period.
- Deloitte's fulfilment of the external audit plan.
- Deloitte's objectivity and independence during the process, including its own representation about its internal independence processes.
- The output from the FRC's Audit Quality Review (AQR) annual inspection of audit firms to ensure the matters identified by the AQR have been addressed in the audit of the Company's 2020 financial statements.

In addition, the Committee considered whether Deloitte had appropriately challenged management estimates and judgements. The Auditor's report (starting on page 124) details the key matters that were considered as part of the year end audit. This includes details of the procedures performed by Deloitte to assess the estimates and judgements made by management. In particular the Committee notes during the course of the audit, the external Auditor challenged management's judgements and assertions on the following matters:

- Margin recognition on developments, with particular focus on the impact of COVID-19.
- The presentation of COVID-19 related costs in the income statement.
- The assumptions underlying the presentation of the financial statements on the basis that the Group is a going concern.

In relation to each of these judgements the external Auditor confirmed that the approach adopted by management in accounting for these in the financial statements was appropriate.

The Committee concluded that the external audit process as a whole had been conducted robustly, the external audit team selected to undertake the audit had done so thoroughly and professionally, and the external Auditor had applied sufficient experience and understanding of the housebuilding industry. Deloitte LLP's performance as external Auditor to the Group during 2020 was therefore considered to be satisfactory.

As noted earlier, Deloitte LLP is the Company's external Auditor for the year ended 31 December 2020. Following the audit tender described on pages 95 and 96, a resolution to appoint PwC will be put to the shareholders at the AGM on 22 April 2021.

Appointment of the external Auditor for non-audit services

The Committee has a formal policy, reviewed annually, as to whether the Company's external Auditor should be employed to provide services other than audit services. In line with the Code, the Committee has regard to the relevant ethical guidance regarding the provision of non-audit services by Deloitte.

As part of that policy, the Committee has determined that the following assignments should not be undertaken by the Auditor:

- Bookkeeping or other services related to the accounting records or financial statements.
- Internal audit outsourcing services.
- The provision of advice on large IT systems.
- Services connected with valuation, litigation support, legal, recruitment or remuneration.

Where non-audit services have an initial or forecast face value in excess of £100,000 there must be prior review and authorisation by the Group Finance Director and the Committee.

The Board, acting on guidance from the Committee following its review of the continuing effectiveness of this policy, is satisfied that this policy meets the EU Audit Directive and Audit Regulation 2016, and will be conducive to the maintenance of good governance, best practice and auditor independence and objectivity.

Deloitte undertook non-audit services in the form of assurance work carried out in connection with the announcement of the Company's half year results for 2020, which is of direct benefit to shareholders although it is not formally regarded as 'audit' work for reporting purposes. Deloitte also performed cyber security enhanced assurance services for which they were selected as they were considered to be the best supplier of that service given the initial work they had undertaken in previous years.

The Committee fully recognises and supports the importance of the independence of auditors. Its review of the Auditor's performance during 2020 included non-audit services. The Committee is satisfied that the carrying out of the above work did not, and will not going forward, impair the independence of the external Auditor. It also recognises that, from time to time, there is a clear commercial advantage based on cost and timetable requirements in using the Company's Auditor. As a result, the value of non-audit services work was £0.2 million in 2020 (2019: £0.1 million) which represents approximately 28% of the audit fee as set out in Note 6 to the Accounts on page 143.

Tender of the external audit

Introduction

In our Annual Report and Accounts 2019, we disclosed the decision to commence a tender process for the appointment of our external Auditor to be completed during 2020, with the chosen firm to be appointed for the 2021 financial year at the earliest.

The external audit tender resulted in the proposal, subject to shareholder approval at the 2021 AGM on 22 April 2021, to appoint PwC as the external Auditor for the 2021 financial year.

Governance

To ensure a transparent and robust selection and evaluation process, the following governance was applied. A steering group chaired by the Audit Committee Chair and including the Group Finance Director, Group Financial Controller and Head of Group Reporting was formed to oversee, co-ordinate and execute the audit tender process. The Committee was involved throughout the process and the Board was included at key decision points.

The timeline and stages of the external audit tender process are detailed below:

July 2019

- Audit tender process commences
- Board, Audit Committee and steering group consider suitable audit firms based on selection criteria including audit quality, independence and business knowledge
- Six firms are considered including three outside the 'Big 4'
- A 'short list' of three firms including one outside the 'Big 4' is agreed and approved

September – November 2019

- Audit Committee Chair and Group Finance Director meet with relevant heads of audit for the shortlisted companies to determine their capabilities
- Meetings held and consideration given to prospective partners

December 2019

- Request for Proposal (RFP) drafted and agreed by the Audit Committee, including the selection and evaluation criteria to be used through the process
- Sent to short list of firms on 20 December 2019

January 2020

- Two of the firms confirm they will participate in the audit tender

March – May 2020

- Secure online data room available to the audit firms to support tender submissions
- Structured Q&A process in place where responses to clarification questions and additional information requests were shared with all participating firms through the electronic data room
- To ensure a level playing field, a series of structured and targeted engagement sessions with Taylor Wimpey's key business and function leaders including Divisional Chairs, Heads of Tax, Treasury, Internal Audit and IT, together with Group and operational finance teams
- In addition to the engagement sessions the participating firms were given the opportunity to meet with the Chief Executive, the Group Finance Director, Group Operations Director and the Audit Committee Chair

May 2020

- Tender documents submitted and evaluated against the RFP criteria
- Formal presentations made by the prospective firms to the steering group, Audit Committee and Board members
- Results of the selection criteria matrix presented to the Audit Committee and Board
- Audit Committee and Board recommend and approve, subject to shareholder approval at the 2021 AGM, the appointment of PwC

July 2020 – April 2021

- PwC undertake transition work

April 2021

- Resolution to appoint new Auditor to be put to the shareholders at the 2021 Annual General Meeting

Corporate governance: Audit, risk and internal control continued

Tender process
The process, which ran from July 2019 to May 2020, was in compliance with statutory legislation and guidance issued by the Financial Reporting Council (FRC) and was conducted with the overarching objective of running a process resulting in a high quality, effective and efficient audit.

The scope of the tender consisted of the Taylor Wimpey Group audit and statutory audits of subsidiaries with effect from the 2021 financial year.

Selection criteria
A range of candidates were considered, including audit firms outside the 'Big 4' accounting firms. The Audit Committee and steering group agreed the selection criteria and which firms would be invited to tender. The selection criteria included:

- Audit Quality – findings from the FRC Audit Quality Review inspections.
- General aspects of the audit firm – independence, conflicts of interest, ethics and compliance standards.
- Understanding of the business and industry – audit credentials in housebuilding / construction, and knowledge of Taylor Wimpey's business and industry.

Invitation to tender
Three firms were invited to tender, including a firm from outside the 'Big 4'. At this stage, one firm withdrew from the process and therefore two firms progressed to the next stage. Deloitte LLP was not invited to tender as they had served the maximum time permitted under the UK rules relating to rotation of external auditors by large companies.

Assessment criteria
The requirements for the tender document and selection criteria were set out and detailed in the request for proposal and included:

- Confirmation of independence and details of how the firm monitors and maintains its independence, and the governance in place to ensure conflicts of interest do not arise.
- The firm's and the team's credentials.
- Internal quality assurance processes and output from latest FRC reviews.
- Understanding of Taylor Wimpey and the industry in which it operates.
- Audit approach – proposed scope, approach to controls and integration of technology in the audit, approach to technical judgements, availability of audit tools and their use to provide value-add insights.
- Audit planning – timetable, interaction with regional teams including Spain, approach to working with management, approach to resolving issues.
- Technical expertise including firm's experience and expertise in relation to sustainability reporting and assurance.
- Fees and terms.
- Transition approach, detailing how the firm will interact with the incumbent external Auditor and the Group to ensure an effective and efficient process.

Each firm submitted a detailed tender document and provided an oral presentation of their proposal for external audit services to the Audit Committee and Board.

Final selection
The Committee agreed that both firms submitted excellent, professional and thorough tender proposals. However, after taking into account the process as a whole, the views of senior management who met with each firm, the presentations and results against the evaluation criteria, the Committee identified PwC as the preferred new external Auditor. We are now working closely with both PwC and Deloitte to ensure that, if shareholders approve the proposed appointment of PwC at the 2021 AGM, there will be an efficient transition of the external audit. PwC shadowed key meetings through the 2020 audit process and regular reports on the transition are being provided to the Committee.

The recommendation of PwC was free from influence by a third party and no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the Company whereby there would be a restriction on the choice to certain categories or lists of audit firms.

Internal Audit
Internal Audit's primary role is to support the Board and Management to protect the assets, reputation and sustainability of the Group. The function is led by the Head of Internal Audit who has direct access to the Chair of the Audit Committee and the Chairman of the Board, protecting the function's independence. The Head of Internal Audit also has access to the Chief Executive and the other Executive Directors, as required.

Internal Audit reviews the effectiveness and efficiency of the systems of internal control in place to safeguard the assets; to quantify, price, transfer, avoid or mitigate risks; and to monitor the activities of the Group in accomplishing established objectives.

The Internal Audit plan, and the individual audits conducted in line with the audit plan, are driven primarily by the Group's strategic plan and key risks. Following each review, an Internal Audit report is provided to both the management responsible for the area reviewed and the GMT. These reports outline Internal Audit's opinion of the management control framework in place together with actions indicating improvements proposed or made as appropriate. The Chief Executive, the GMT and senior management consider the reports on a regular basis and are responsible for ensuring that improvements are made as agreed. A database of audit recommendations and improvement initiatives is maintained. Follow-up and escalation processes ensure that such improvements are implemented and fully embedded in a timely manner.

The Company belongs to and participates in industry-wide forums and other initiatives aimed at combating fraud within the housebuilding and construction industry.

Summaries of all key Internal Audit reviews and activity and resulting reports are provided to the Audit Committee for review and discussion.

The Internal Audit function also reviews proposed related-party transactions, such as purchases by employees from Group companies, to provide assurance that proper procedures are followed and that such procedures are undertaken strictly in accordance with the policy in place and, where applicable, company law.

During 2020, in response to the COVID-19 pandemic, Internal Audit worked with the Legal and Company Secretariat Departments on an assessment of the continuing effectiveness of key controls and processes, both short-term to address the possibility of non-availability of key staff and management; and in longer-term revisions to reflect changes to the working environment and practices. The learnings and improvements from this activity are being woven into the ongoing control and risk processes and this activity will continue through 2021.

The most recent independent formal evaluation of the Internal Audit function was carried out in 2015 on behalf of the Audit Committee by PwC and its finding was that Internal Audit continues to operate effectively. A number of initiatives were progressed subsequently to ensure the Internal Audit function continues to meet both current best practice and the evolving needs of the Group. The next such evaluation is currently being planned for 2021 (having been deferred during 2020 due to the impact of the COVID-19 pandemic) and will consider the recommendations included in the Code of Practice for effective internal audit in the private and third sectors, published in January 2020 by the Chartered Institute of Internal Auditors. The evaluation will be conducted by The Chartered Institute of Internal Auditors.

Going concern
The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks and uncertainties identified on pages 49 to 53. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. The Committee reviewed the forecasts and the Directors' expectations based thereon and agreed that they were reasonable. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

PR Read more about our Principal Risks on pages 49 to 53.

Viability Statement
The Viability Statement is designed to be a longer term view of the sustainability of the Company's strategy and business model and related resourcing, in the light of projected wider economic and market developments. The Committee considered whether there should be any change to the five-year period chosen for the statement but remained of the opinion that this continued to be appropriate, taking into account the balance sheet strength and development cycle. The Committee also reviewed the Directors' expectations; the criteria upon which they were based; and the sensitivities applied, including how these linked to the Principal Risks faced by the business; and agreed that they were reasonable.

The statement appears on pages 58 and 59 together with details of the processes, assumptions and testing which underpin it.

Annual Report and Accounts 2020
Fair, balanced and understandable
A key requirement of our financial statements is that they are fair, balanced and understandable, and that they include the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Committee monitors the integrity of the Group's reporting process and financial management; and reviews in detail the work of the external Auditor and any significant financial judgements and estimates made by Management.

It considers the output from the above and reviews the full year and half year financial statements before proposing them to the Board for consideration.

The review of the Company's Annual Report and Accounts took the form of a detailed assessment of the collaborative process of drafting them, which involves the Company's Investor Relations; Company Secretariat; and Finance functions, with guidance and input from other relevant functions and external advisers. It ensured that there is a clear and unified link between this Annual Report and Accounts and the Company's other external reporting, and between the three main sections of the Annual Report and Accounts – the strategic report; the governance reports; and the financial statements.

In particular, the Committee:

- Reviewed all material matters, as reported elsewhere in this Annual Report.
- Ensured that it correctly reflected the Company's performance in the reporting year, as described in this Annual Report.
- Ensured that it presented a consistent message throughout.
- Ensured that it correctly reflected the Company's business model, as described on pages 20 and 21.
- Ensured that it correctly described the Company's strategy, as described on pages 22 to 25.
- Ensured that it fairly reflected the impact to date, and continuing, of the COVID-19 pandemic on the Company's business; position; and prospects.
- Considered whether it presented the information in a clear and concise manner, illustrated by appropriate KPIs, to facilitate shareholders' access to relevant information.

Significant items
The items below are those that the Audit Committee has considered in discharging its duties and in considering the financial reporting of the Group.

Cost allocation of inventory
The cost allocation framework used across the Group controls the way in which inventory is costed and allocated across each development. It also ensures that costs incurred in excess of the original budget are recognised appropriately as the site progresses.

Following the unprecedented impact of COVID-19 the decision was taken by the Company to close all sites, sales centres and offices before a controlled remobilisation. The Committee received a paper produced by Management which set out the treatment of costs incurred by the business both during this lockdown phase and the subsequent remobilisation. These costs were expensed to the income statement as cost of sales and included £29.9 million of non-productive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to work in progress and expensed as plots legally complete; £17.4 million of additional costs incurred due to extended site durations resulting from reduced productivity levels as the Company developed its operational processes under the COVID-secure guidelines; and £15.4 million of incremental costs incurred in responding to COVID-19, including costs to meet our health and safety requirements and complying with Government guidelines.

The Committee gave careful consideration to the judgements and assumptions involved, challenging Management where appropriate. The Committee reviewed the reports and recommendations from the senior management team in relation to areas of the business recognising cost excesses and the paper setting out the treatment of costs incurred by the business both during this lockdown phase and the subsequent remobilisation. The Committee also reviewed the work performed by Deloitte which included testing Group-wide controls to monitor cost allocation and considered the results of the Group's internal audit reviews across the business.

Following these reviews, together with enquiries made to Management and the external Auditor, the Committee concluded that there are appropriate systems and internal controls in place, which ensured that consistent principles were applied, the treatment and presentation on the income statement of the costs incurred by the business both during this lockdown phase and the subsequent remobilisation were appropriate and that the external Auditor agreed with the conclusions reached.

Defined Benefit Pension valuations
The Committee reviewed the funding position of the Taylor Wimpey Pension Scheme and discussed and agreed the market-based assumptions used to establish the net pension deficit recognised on the balance sheet at 31 December 2020.

ACM cladding and leasehold provisions
The Committee reviewed senior management's updates on the progress of rectification of buildings identified with ACM cladding materials, together with utilisation and estimates of the remaining provision. The Committee also reviewed the level of applications received in respect of the Ground Rent Review Assistance Scheme, the utilisation of the provision and latest management assumptions.

Recommendation to the Board
The outcome of the above processes, together with the views presented by Deloitte, was that the Committee recommended, and in turn the Board confirmed, that the 2020 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

More detail on how the Board and the Audit Committee have addressed the assessment, control and mitigation of risk, and the oversight of the internal and external audit functions, appear in this Audit Committee report.

Statement of compliance
The Company has complied throughout the reporting year with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Remuneration Committee report

Gwyn Burr
Chair of the Remuneration Committee

Dear Shareholder

As Chair of the Remuneration Committee, I am pleased to present our 2020 Directors' Remuneration Report (the Report) on behalf of the Board.

I think it is important to start this letter by referencing the immense challenge posed by the COVID-19 pandemic and the extraordinary impact it has had on our colleagues and all of our stakeholders. During the year, the Committee has remained mindful of the need to ensure that the Executive Directors' remuneration appropriately reflects the Company's actual performance and is aligned to the experience of our shareholders, employees and wider society. As ever, we are committed to ensuring that our remuneration practices are directly linked to the Company's purpose and values and to the successful delivery of our long term strategy for the benefit of all stakeholders.

2020 Remuneration Policy

Following our detailed Remuneration Policy (Policy) review and shareholder consultation last year, the Policy was approved by shareholders at the 2020 Annual General Meeting (AGM) with over 98% of shareholders voting in favour. I would like to thank you all for your continued support.

The Policy was updated in line with the latest UK Corporate Governance Code requirements and the latest investor perspectives on key topics. We incorporated a post-employment shareholding requirement and the Executive Directors' pension contributions are being reduced in line with the agreed timeframe set out in the 2019 Remuneration Report.

During the year we have needed to use the flexibility afforded by the Policy to ensure that the Executive Directors' remuneration remained appropriate and proportionate when considering the impact the pandemic has had on our performance and wider stakeholders.

COVID-19

As is well documented elsewhere in this Annual Report and Accounts, in March 2020 the Company closed all sites and sales offices to ensure the health and safety of employees, subcontractors and our customers, and took the decision to cancel the 2019 final dividend and the 2020 special dividend in order to protect the balance sheet. In recognition of the impact of these decisions on our stakeholders, the Committee considered the proposed application of the Policy in 2020.

After careful consideration, we used the discretion available to us to amend the application of the Policy during the year. On 1 April 2020, we announced that the previously disclosed 2% annual salary increase for the Executive Directors (due to come into effect in April 2020) along with their annual bonus for 2020 performance would be cancelled, and at the request of the Executive Directors they also took a voluntary 30% reduction in base salary and pension from 1 April to 31 July 2020.

In addition, the Chairman and each Non Executive Director took a 30% reduction in their fee for the same period of time.

For the 2020 Performance Share Plan (PSP) Awards, the performance measures were determined and the awards were granted in early March, before the business performance and share price were impacted by the pandemic. We have not adjusted the terms of these awards (other than to neutralise the impact of the equity raise) and the original performance targets now represent an extremely challenging target.

The Company initially accessed the UK Government's Coronavirus Job Retention Scheme for furloughed employees; however, once all furloughed employees had returned to work by the end of June the Company made the decision to repay the funds in full to the Government in July 2020. In addition, the Company did not take advantage of the COVID-19 Corporate Financing Facility or Coronavirus Business Interruption Loan Scheme.

Wider workforce remuneration

The Committee continues to regularly review remuneration arrangements for senior management to ensure the delivery of our long term strategy and alignment to the wider workforce. The Policy has been further cascaded down to the Group Management Team, by requiring them to defer one-third of any annual bonus paid into shares for a period of three years. These shares will be beneficially owned from the outset, but will be held in the Employee Benefit Trust for the deferral period.

The Committee has, for a number of years, reviewed wider workforce remuneration in line with the Code. This year we have been particularly mindful of the impact of the pandemic on our people from both a financial and personal wellbeing perspective. Whilst our sales offices and sites were temporarily closed, the Company made the decision to place a significant proportion of employees on furlough. The Committee welcomed and supported the Company's decision to ensure that furloughed employees did not suffer financial hardship, by continuing to pay full base salaries when on furlough and sales staff received 80% of the level of their average commission. Further details of measures taken by the Company can be found on page 102.

During the year, I was also appointed as the Board's NEF Champion and plan to attend each of the National Employee Forum (NEF) meetings going forward. Whilst the primary objective of this appointment is to strengthen the Board's engagement with employees on a variety of topics, I will also take the opportunity to gain regular feedback from the NEF on the incentives and rewards available to the wider workforce. It is important that we continue to represent and reward performance in line with the Company strategy whilst protecting the culture of the Company at all levels, and also ensure that there is a strong alignment of interest between executive pay and the workforce.

The Committee also encourages share ownership at all levels of the business and is pleased to see that the number of employees currently participating in one or both of our all-employee share schemes, or who are otherwise shareholders in the business has increased to over 64% this year (2019: 57%). The equity raise also saw 329 employees participate, and it was pleasing to see employees having direct involvement in this exciting opportunity for the Company.

Remuneration Committee summary

The Committee is chaired by Gwyn Burr. On 31 December 2020, the Committee consisted of two Independent Non Executive Directors and the Chairman of the Board. On his appointment to the Board on 1 March 2021, Jitesh Gadhia will become a member of the Committee. Its members during 2020 are set out in the table below.

Committee members	Meetings attended
Gwyn Burr (Chair)	3/3
Irene Dorner	3/3
Angela Knight	3/3
Kate Barker[(a)]	1/1
Kevin Beeston[(b)]	1/1

(a) Stood down from the Committee on 20 April 2020
(b) Stood down from the Board and the Committee on 26 February 2020

Main objective

To establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company's strategy and value for shareholders; to agree, monitor and report on the remuneration of individual Directors and senior executives; and to review wider workforce remuneration practices and policies.

2020 activities

- Implemented the revised Policy following shareholder approval at the 2020 AGM
- Applied discretion to the application of the Policy during 2020 in light of the COVID-19 pandemic
- Reviewed the wider workforce remuneration in light of the COVID-19 pandemic

2021 objectives

- Ensure that the Policy is applied appropriately, and if necessary flexibly, to ensure continued alignment between the remuneration outcomes for Executive Directors and the experience of other stakeholders
- Review the remuneration positioning for the Group Finance Director
- Continue to review the performance measures for the EIS and PSP to ensure there is a rounded assessment of financial and non-financial performance aligned to the business strategy and a strong continued alignment of interest with all stakeholders

Committee activities during 2020

February 2020

- Reviewed feedback from major shareholders on the remuneration consultation conducted in January 2020 in respect of the Company's revised Policy
- Considered and approved the salary review proposals for 2020 for the Executive Directors and senior management
- Considered and approved the outcome of the EIS for 2019 and of the PSP Award vesting in 2020
- Reviewed its Terms of Reference and evaluated its own performance against them
- Reviewed and approved the Remuneration Report for the Company's Annual Report and Accounts 2019
- Reviewed the remuneration policies and practices for the wider workforce

March and April 2020

- Considered the EIS deferred share award for the 2019 bonus
- Applied discretion on the application of the Policy to the Executive Directors in 2020 in light of the COVID-19 pandemic

October 2020

- Considered reports from Korn Ferry on executive remuneration developments and investor guidance
- Considered and agreed the Committee's planned activities for 2021

December 2020

- Considered reports from Korn Ferry on executive remuneration benchmarking
- Considered a general governance update from Korn Ferry on remuneration considerations
- Preliminary discussions on salary proposals for 2021; projected outcomes of the PSP Award vesting in 2021
- Considered the performance measures and targets for the 2021 EIS and 2021 PSP Award

Corporate governance: Remuneration continued

Shareholder engagement

We are extremely grateful for the constructive engagement that took place last year in relation to the renewal of the Policy at the 2020 AGM.

2020 performance and incentive plan payments

As previously noted, in responding to the impact of COVID-19 the Committee determined that no annual bonus would be payable under the Executive Incentive Scheme (EIS) to the Executive Directors for 2020 performance. For disclosure purposes, the performance targets and the Company's performance against them can be found on page 115. As you will see, the Company made steady progress against the targets for customer service and build quality; and if the EIS had not been cancelled for the Executive Directors, the EIS outturn would have been 34% of maximum.

Prior to the onset of the COVID-19 pandemic, the PSP Award granted in 2018, which measured performance up to the end of 2020, was forecast to vest at a healthy level. As with many areas of the business, the pandemic has had a significant negative impact on the performance measures; however the Committee does not consider it appropriate to use their discretion to adjust the targets of in-flight Awards to negate the impact of the pandemic. On this basis, only the cash conversion measure met the threshold target, and therefore has led to an overall vesting of 6.6%. Further details can be found on page 114.

The graph at the end of this letter summarises the total payments made to the Executive Directors in 2020. As you can see, the Executive Directors' total remuneration was 66% lower in 2020 than 2019.

2021 remuneration approach and alignment to strategic objectives

The Committee reviews the performance measures for the Company's incentive plans each year to ensure that they remain appropriate and directly linked to our strategy. Going into 2021, the focus is on strengthening the business, improving margins and ensuring that the land secured following the 2020 equity raise results in outlet growth in 2022 and volume growth from 2023. Further details of how the 2021 measures align with our strategic goals and key performance indicators can be found on page 112. Whilst considering the performance measures and respective targets for our variable pay arrangements, the Committee has ensured that the proposed measures and targets focus on the key performance drivers that will deliver our strategy.

2021 Executive Incentive Scheme

For 2021 our focus needs to remain on those measures that deliver strong financial and operational performance, underpinned by our commitment to the quality of our homes and our customer experience. The annual bonus scheme (the EIS) will operate with some minor changes from 2020 to the weighting of the performance measures to increase the focus on operating margin, to ensure a focus on cost discipline and on mitigating future build cost inflation.

Further details of the measures can be found on page 112. We do not disclose the targets themselves for the EIS due to commercial sensitivities and these will be disclosed in full in next year's Report. The targets have been considered with the short term uncertain market conditions in mind; and whilst they are slightly lower than 2020 as set out on page 115, I can assure you that they are materially above the top end of investor expectations and are considered to be appropriately stretching.

2021 Performance Share Plan Award

We intend to make a PSP Award in March 2021 to the Executive Directors at the Policy level of 200% of base salary; however, the Committee will review the grant level in light of the share price at and around the Award date.

There are two main changes to the performance measures in 2021. Firstly, cash conversion will be replaced by operating profit margin as this will support our focus on cost and process discipline. Secondly, we have simplified the basis on which customer service is measured; and performance will be measured using the nine-month independent NHBC customer service survey 'would you recommend your builder to a friend?' question. The response to this question is the primary opinion of our customer in terms of their overall experience.

The target ranges for each measure have been set recognising the prevailing market uncertainty but have been chosen to incentivise the Executive Directors as we look to build towards our objectives of consistent sustainable growth and long term profitability. The measures and the target ranges are disclosed on page 112 of the Report and the Committee believes that the targets are challenging.

Salary review

Following a detailed review of performance and actions taken in 2020 and the outlook for 2021, the Committee is proposing a 2% salary increase across the Company for 2021, which will apply with effect from 1 April 2021. This increase will also apply to the Executive Directors.

On his promotion to the Board in April 2018, the Committee increased Chris Carney's salary to £430,000, which was below that of his predecessor and positioned between the lower quartile and median of comparable market data. As we indicated in the 2018 Remuneration Report, the Committee offered a below market salary initially with a view to making above market and workforce increases over a number of years to reach the desired salary positioning, subject to individual and Company performance.

In light of the wider remit of Chris' role and his outstanding personal performance to date, we intend to conduct a review of his base salary during the course of 2021.

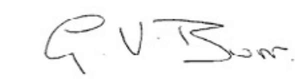
Pension

As I have already mentioned, in line with the shareholder approved Remuneration Policy; the Executive Directors' pension contributions will be reduced again on 1 April 2021 as part of our agreed timeframe set out in the 2019 Remuneration Report to reduce their overall contributions to 10% of salary by 1 April 2024, which is the level of pension contribution available to the majority of the workforce. Further details of the pension contributions that each Executive Director will receive in 2021 can be found on page 111.

Closing remarks

I look forward to welcoming Jitesh Gadhia to the Committee when he joins on 1 March 2021. Jitesh's Remuneration Committee experience at other companies will add to the Committee's skill sets and further enhance the quality of its work.

I would like to thank you for your continued support and I hope that you will feel able to support the level of remuneration paid in 2020 to our Executive Directors and how we will implement our Policy in 2021.

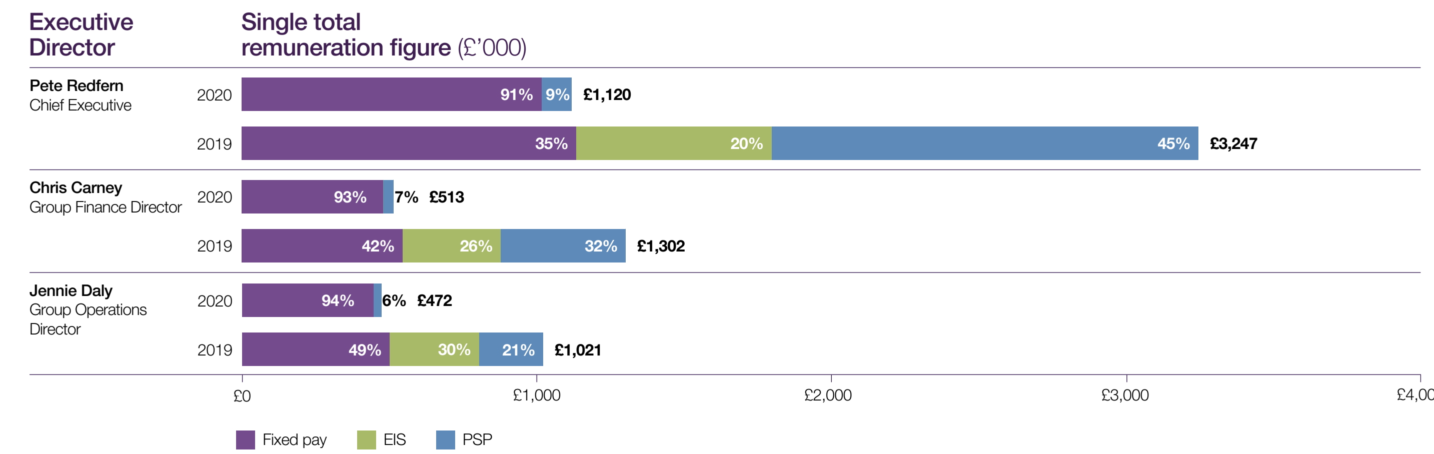


Gwyn Burr
Chair of the Remuneration Committee

1 March 2021

Executive Directors' total remuneration

The chart below compares the 2020 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2019.



Remuneration at a glance

Application of the Policy in 2020 in light of COVID-19

In recognition of the impact of the COVID-19 pandemic on stakeholders and at the request of the Executive Directors, the Committee carefully considered the proposed application of the Policy in 2020 and decided the following:

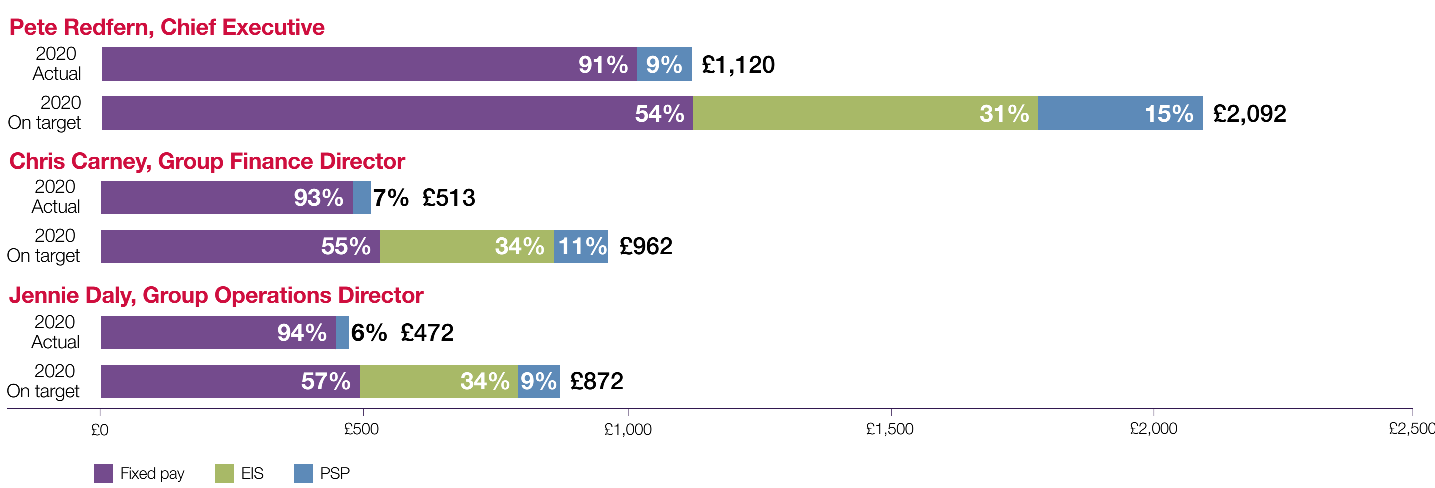
	Policy elements	Change in application
	Executive Directors	
Variable pay	Executive Incentive Scheme (Annual bonus) (EIS)	The 2020 EIS was cancelled
Variable pay	Long Term Incentive Plan (PSP)	No change
Fixed pay	Base salary	2% annual increase due to come into effect on 1 April 2020 was cancelled Voluntary 30% reduction in base salary from 1 April 2020 to 31 July 2020
Fixed pay	Benefits	No change
Fixed pay	Pension	Voluntary 30% reduction in pension contributions from 1 April 2020 to 31 July 2020
	The Chairman and Independent Non Executive Directors	
	Fees	Voluntary 30% reduction in fees from 1 April 2020 to 31 July 2020

Wider workforce remuneration during 2020

- The general workforce salary increase of 2% was cancelled
- All furloughed employees received their full base salary
- Those employees for whom variable pay elements made up a high proportion of their regular pay received further top-up
- All Government furlough subsidies were repaid in July 2020

Read more about wider workforce remuneration on page 108.

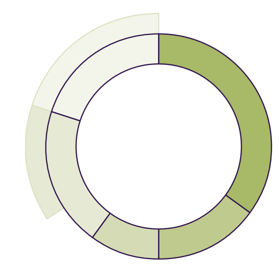
2020 actual remuneration v 2020 on target potential (£'000)



The actual remuneration has included the 30% voluntary reduction in base salary and pension and the cancellation of the EIS for performance in 2020. The on target potential is based on no changes being made to the Executive Directors' remuneration in 2020 (i.e. before the reductions agreed in light of the impact of the COVID-19 pandemic).

Variable pay outcomes in 2020

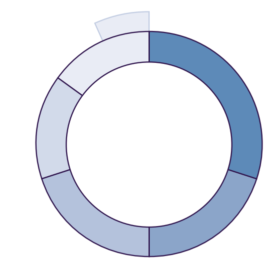
2020 EIS outcome*



	Weighting	Outcome
Group operating profit	35%	0%
Cash conversion	15%	0%
Operating profit margin	10%	0%
Customer service	20%	14%
Build quality	20%	20%
Total	**100%**	**34%**

* The 2020 EIS was cancelled for the Executive Directors in response to COVID-19.

2018 PSP outcome



	Weighting	Outcome
TSR v peer group	30%	0%
TSR v FTSE 100	20%	0%
RONOA	20%	0%
Operating profit margin	15%	0%
Cash conversion	15%	6.6%
Total	**100%**	**6.6%**

Proposed application of the Policy in 2021

	Policy elements	Award timeline (Year 1 – Year 5)	Purpose	Measure	Strategic goal	KPI	Stakeholders
Variable pay	Executive Incentive Scheme (Annual bonus) (EIS)		To reward the achievement of stretching objectives that support the Company's annual and strategic goals	Operating profit			●
				Operating profit margin	●		●
				Cash conversion	●		●
				Build quality		●	●
				Customer service		●	●
Variable pay	Long Term Incentive Plan (PSP)		To assist with retention and the incentivisation and motivation of senior executives to deliver long term returns to shareholders	TSR v Peer Group			●
				RONOA	●		●
				Operating profit margin	●		●
				Customer service		●	●
Fixed pay	Base salary		To recruit and reward executives of a suitable calibre for the role and duties required				
Fixed pay	Benefits		To provide a competitive package of benefits to assist with recruitment and retention of staff				
Fixed pay	Pension		To provide competitive retirement benefits to assist with recruitment and retention of staff				

Performance period   Deferral / holding periods

Read more about our strategic goals on page 19
Read more about our KPIs on pages 22 to 25
Read more about our stakeholders on pages 28 to 41
Read more about our financial definitions on page 58

Corporate governance: Remuneration continued

Introduction

This Report has been prepared by the Committee on behalf of the Board.

The 2020 Remuneration Report includes disclosures which reflect in full the Regulations (as defined below) on remuneration reporting, divided into two sections:

- Remuneration Policy Report: this sets out the Policy that was approved by shareholders at the 2020 AGM, describing the framework within which the Company remunerates its Directors.
- Annual Report on Remuneration: this sets out how the Company's Remuneration Policy (Policy) was applied during 2020 and how it is proposed to be implemented during 2021.

The Policy and these remuneration reports have been prepared in accordance with the relevant provision of the Companies Act 2006 and on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations"). Where required, data has been audited by Deloitte and this is indicated.

Remuneration Policy Report

Unaudited information

The Company's Policy was subject to a binding shareholder vote at the 2020 AGM of the Company and was approved by over 98% of shareholders who voted. The three-year life of that Policy will expire at the 2023 AGM and we will be required to seek binding shareholder approval for a new policy.

The Policy is designed to ensure that the remuneration framework will support and drive forward the Taylor Wimpey strategy by both challenging and motivating the Executive Directors and the senior management team to deliver it, and this will in turn drive value for our shareholders whilst having due regard to our other stakeholders. The Policy is set out on pages 105 to 107 and is also available to view on the Company's website at www.taylorwimpey.co.uk/corporate/our-company/governance.

When the Committee designed the Policy, they considered the factors in Provision 40 of the Code. Full details on how clarity, simplicity, risk, predictability, proportionality and alignment to culture are addressed in the Policy and can be found on page 112 of the 2019 Directors' Remuneration Report.

Policy overview

A key part of the Committee's role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company's strategic objectives. It is, of course, key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Company's strategic objectives within a framework which is aligned with the long term interests of the Company's shareholders. This alignment is achieved through a combination of: deferral into shares of a percentage of the EIS; a two-year retention period for vested PSP awards; share ownership guidelines which require executives to build up holdings of Taylor Wimpey shares, either directly or by retaining vested PSP share awards and deferred EIS amounts; and also requiring shares to be retained by the Executive Directors after they have ceased employment.

The above requirements ensure that a significant percentage of the overall remuneration package of Executive Directors and senior management is subject to performance. With all packages for Executive Directors substantially geared towards meeting challenging targets set under the EIS and PSP, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately balance reward and risk.

In line with best practice, the Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance (ESG) risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its Terms of Reference may, where it considers appropriate, take ESG matters into account when considering the overall remuneration structure and as part of its overall discretion.

Our Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward Executive Directors of a suitable calibre for the role and duties required.	Salaries are normally reviewed annually to ensure that they remain positioned appropriately. There is no automatic entitlement to an increase each year. Salary level and increases take into account the following: – The performance, role and responsibility of each individual Executive Director – The economic climate, general market conditions and the performance of the Company – The level of pay awards across the rest of the business – Salary levels in comparably-sized companies and other major housebuilders	The maximum annual salary increase will not normally exceed the average increase which applies across the wider workforce. However, larger increases may be awarded in certain circumstances including but not limited to: – Increase in scope or responsibilities of the role. – To apply salary progression for a newly / recently appointed Executive Director. – Where the Executive Director's salary has fallen below the market positioning.	Company and individual performance are factors considered when reviewing salaries.
Chairman of the Board and Non Executive Director fees	The Chairman and Non Executive Directors' fees should be in line with recognised best practice and be sufficient to attract and retain high calibre non executives.	Fees consist of a single consolidated fee for the Chairman, an annual fee for the other Non Executive Directors and additional fees for roles such as the Chair of the Audit Committee, Chair of the Remuneration Committee and Senior Independent Director. Set by reference to the responsibilities undertaken by the non executive, taking into account that each Non Executive Director is expected to be a member of the Nomination and Governance Committee and / or the Audit Committee and / or Remuneration Committee. Reviewed periodically but generally at least every other year. Takes into account levels in comparably-sized companies and other major housebuilders. Non Executive Directors do not participate in any incentive, share scheme, benefits-in-kind or pension arrangements.	Aggregate annual limit of £1 million imposed by the Company's Articles of Association.	N/A
Other benefits, including benefits-in-kind	Provides a competitive package of benefits to assist with recruitment and retention of staff.	The main benefits offered are: – Company-provided car or a cash allowance in lieu – Provision of a fuel card – Life assurance – Private medical insurance – A 5% discount on the price of a new home acquired from the Group	The value of a Company-provided car or a cash allowance in lieu is of a level appropriate to the individual's role and is subject to review from time to time. The fuel card covers the cost of all fuel, for both business and personal use. Life assurance of up to four times basic salary. For home purchases, the price discount is calculated at the plot release price less the average discount to third party buyers for that house type on that development, less a further 5% employee discount. No more than one home per annum can be acquired at a discount under the scheme; and no more than three homes can be acquired in a five-year period. The maximum discount over a five-year period is £100,000.	N/A

Corporate governance: Remuneration continued

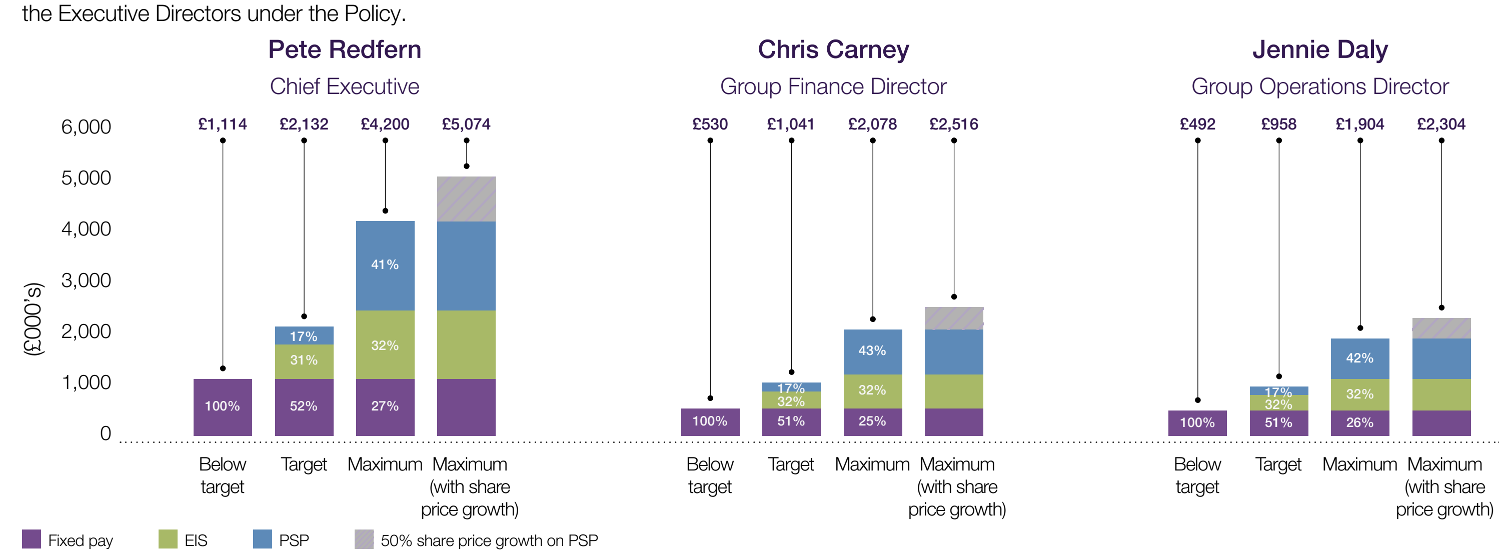
Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Executive Incentive Scheme (EIS)	Rewards the achievement of stretching financial performance targets and other objectives that support the Company's annual and strategic goals. Compulsory deferral in shares further aligns the interests of Executive Directors with shareholders.	EIS awards are determined by the Committee after the year end, based on annual performance against targets set at the beginning of each year. One-third of any EIS is payable in shares which are held in trust for three years. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts, error, misconduct, reputational damage or corporate failure. The discovery period for the event that would give rise to the clawback is three years from the date of payment.	The maximum EIS opportunity for Executive Directors is set at 150% of salary. Target is set at 75% of salary and threshold at 0%.	The EIS measures are based on a scorecard of designated key annual financial, operational and environmental measures.
Performance Share Plan (PSP)	Annual grants of share-based long term incentives assist with retention, incentivisation and motivation of Executive Directors to achieve long term sustainable returns for shareholders. A post-vest holding period helps align the interests of senior executives with those of the Company's shareholders.	Executive Directors and other designated senior executives can receive annual PSP awards. PSP awards provide alignment with shareholders as they deliver (subject to meeting performance conditions) the full value of the shares, which can increase and decrease in value over the three-year performance period. The value of dividends or other distributions will accrue during the performance and holding periods and will be received with any shares that vest in favour of participants after the applicable performance period. Dividends will normally be accrued and paid in shares. Performance measures are normally measured over three financial years. A malus and clawback mechanism applies to all participants in the event of a material misstatement of the Group's accounts, error, misconduct, reputational damage or corporate failure. The discovery period for the event that would give rise to the clawback is three years from the date of payment.	The maximum award (currently in performance shares) is normally over shares with a face value of 200% of salary. In exceptional circumstances this can be increased up to 300% of salary.	The performance conditions are aligned to the long term business strategy. The Committee may vary the measures that are included in the plan and the weightings between the measures from year to year. Awards vest at 20% for threshold performance.
Pension	The Company aims to provide competitive retirement benefits that represent an appropriate level of cost and risk for the Group's shareholders. Over five years the pension contributions will reduce to the level of the workforce pension.	Pension benefits are provided through one or more of the following arrangements: – Personal Choice Plan – Taylor Wimpey Pension Scheme – As a cash allowance	Pete Redfern: cash allowance reducing to 18.43% of salary on 1 April 2021 then reducing annually by 2.81% of salary until the pension rate is the same as the majority of the workforce. Chris Carney and Jennie Daly: cash allowance reducing to 16% of salary on 1 April 2021 then reducing annually by 2% of salary until the pension rate is the same as the majority of the workforce. Company contributions to any pension scheme in respect of a new Executive Director will be in line with the pension contribution rate applying to the majority of the workforce, currently 10% of salary.	N/A

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
All-employee share schemes	All employees including Executive Directors are encouraged to become shareholders through the operation of all-employee share plans such as the HMRC tax-advantaged Sharesave plan and a Share Incentive Plan (SIP).	The Sharesave plan and SIP have standard terms under which all UK employees with at least three months' service can participate.	Sharesave: Employees can elect for a savings contract of either three or five years, with a maximum monthly saving set by legislation or by HMRC. Options can be exercised during the six months following the end of the contract. SIP: Employees can elect to contribute an amount per month or per tax year by one or more lump sums. The maximum saving or contribution level is set by legislation or Government from time to time and the Committee reserves the right to increase contribution levels to reflect any approved Government legislative changes.	N/A
Shareholding guidelines	Encourages greater levels of shareholding and aligns employees' interests with those of shareholders.	Executive Directors are expected to achieve and maintain a holding of the Company's shares at least equal to 200% of salary and until this level is achieved, are required to retain no less than 50% of the value of any vested EIS or PSP awards, after tax. A post-employment shareholding requirement will require Executive Directors to hold 200% of salary, or their shareholding level at the time of cessation if their 200% shareholding requirement has not yet been met, for at least two years. This requirement may be reduced by the Committee in exceptional circumstances, such as serious ill-health.	Executive Directors: 200% of salary.	N/A

The Committee may amend this shareholder approved Policy to take account of changes to legislation, taxation and other supplemental and administrative matters without the necessity to seek shareholder approval for those changes.

Illustration of the Remuneration Policy for 2021

The charts below illustrate the level and mix of remuneration based on the Policy depending on the achievement of below target, target and maximum for the Executive Directors under the Policy.



1. Salary is £891,644, £447,372 and £408,000 for Pete Redfern, Chris Carney and Jennie Daly, respectively, with effect from 1 April 2021 (see page 111 for further details).
2. Benefits are £57,000, £11,000 and £19,000 for Pete Redfern, Chris Carney and Jennie Daly, respectively, being the 2020 value (see page 111 for further details).
3. Pension is 18.43% for Pete Redfern and 16% for Chris Carney and Jennie Daly with effect from 1 April 2021.
4. For the EIS the target and maximum award is 75% and 150% of base salary, respectively.
5. For the PSP the target (assumed for these purposes to be at threshold performance) and maximum are 40% and 200% of base salary, respectively. An indication of the maximum remuneration receivable assumes a share price appreciation of 50% during the period in which the award is subject to underpins. The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the 'maximum' bar chart is assumed to increase by 50% across the performance period.

Corporate governance: Remuneration continued

Committee discretion

The Committee recognises that the exercise of discretion must be undertaken only on an exceptional basis and in a careful and considered way, as it is an area that will quite rightly come under scrutiny from shareholders and other stakeholders. The Committee confirms that any exercise of discretion in such circumstances would be within the available discretions set out in this Report and that the maximum levels available under any relevant plans would not be exceeded. There would be full disclosure in the following Directors' Remuneration Report and major investors would be consulted if necessary.

With regard to both the EIS and the PSP, the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans but in all cases within the applicable scheme rules.

As detailed on pages 98 and 99, the Committee decided that it was appropriate to exercise its discretion in response to the COVID-19 pandemic. As such, the Committee cancelled the previously agreed 2% salary increase, cancelled the 2020 EIS and also approved a voluntary 30% reduction in the Executive Directors' base salary and pension from 1 April to 31 July 2020. The Committee believes that these changes to the Policy ensure that the Executive Directors' remuneration experience is more commensurate with shareholders, employees and wider stakeholders.

How shareholder views are taken into account

The Committee appreciates and considers very seriously all shareholder feedback received in relation to remuneration each year and guidance from shareholder representative bodies more generally. Shareholder views are key inputs when shaping the Policy and the Committee welcomes any comment or feedback on any aspects of remuneration and will always take these into consideration and respond.

The Committee regularly engages with the Company's largest shareholders and shareholder representative bodies regarding the ongoing Policy and its implementation, and will take into account any feedback when determining any changes that might apply. The last such consultation took place in January 2020 and included the changes made to the 2020 approved Policy and the performance targets and weightings for variable pay arrangements in 2020.

The Committee follows the principles of good governance relating to Directors' remuneration as set out in the Principles and Provisions of the Code. The Committee reviews and takes into account governance-related developments and guidance that arise on an ongoing basis.

How our employees' voice is taken into account

The Committee supports and welcomes the strengthening of the 'employee voice' initiative.

The Taylor Wimpey National Employee Forum (NEF) was established in 2017 and continues to work with members of the Group Management Team and build upon the existing business wide regional Employee Consultation Committee structure.

During 2020, Gwyn Burr attended the NEF in her capacity as Chair of the Remuneration Committee. During the meeting Gwyn explained the corporate governance process more generally and the role of the Committee in setting pay and undertaking the Policy review for Executive Directors. The meeting also discussed how executive remuneration aligns with the wider workforce pay practices and policies. The NEF members were encouraged to hear that it was proposed that the Executive Directors' pension entitlements would be reduced to be aligned with those available to the wider workforce. The feedback received from the NEF was positive and they confirmed that the session was clear and extremely informative.

In addition, Gwyn Burr has been appointed as the Board's NEF Champion, which will further strengthen the reporting line between the Board and employees. As detailed on page 77, the employee membership of the NEF is to be revised to more appropriately reflect and represent the Company's structure following the organisational changes that took place during 2020.

Remuneration Policy for the wider workforce

When setting the Policy for Executive Directors, the Committee is made fully aware of pay structures across the workforce. In addition, the Committee will conduct a formal review of relevant elements of remuneration across the Group and for all levels of employee at least every three years as part of its remuneration policy review. A summary of the remuneration arrangements across the workforce can be found below.

Cascade of the Policy through the wider workforce

	Base salary	Bonus	Long Term Incentive Plan	Pension	All Employee Share Plans	Car / Car allowance	Private healthcare	Paid holiday
Executive Directors	●	●	●	●	●	●	●	●
Group Management Team	●	●	●	●	●	●	●	●
Senior managers	●	●	●	●	●	●	●	●
Managers	●	●		●	●	●	●	●
Wider workforce	●	●		●	●		●	●

During 2020, the Committee was particularly mindful of how the wider workforce had been impacted by the pandemic. The Committee was supportive of the actions taken by the Company to ensure that furloughed employees did not suffer any substantial financial detriment.

Virtually all of the Company's employees participate in incentive arrangements. Many of our employees can elect to take their bonus-related payment in Taylor Wimpey shares (and benefit from a 20% uplift) rather than in cash, further enhancing the link and alignment between shareholder value and employee reward throughout the Company, which both the Company and the Committee consider important. Alternatively, employees can elect to invest their bonus-related payment into their pension and will therefore benefit from tax efficiencies.

The Company also offers both Sharesave and Share Incentive schemes to all eligible UK employees with more than three months' service. The Committee is delighted that over 64% of all eligible employees participate in at least one of the share schemes or are already shareholders in the business.

How performance measures were chosen

The performance measures that are used for each of the EIS and PSP have been selected to reflect the Group's key strategic goals and are designed to align the Executive Directors' and senior management's interests with those of the Company's shareholders. The Committee consults with major shareholders where any significant policy changes are proposed.

Going into 2021, the ongoing focus for Taylor Wimpey is strengthening the business and improving margins; and ensuring that the land secured following the 2020 equity raise results in outlet growth in 2022 and volume growth from 2023. Both the EIS and PSP have a quality and customer service underpin to ensure that the business continues to make steady progress against these strategic pillars. Directionally and at the appropriate time, we still propose to move to a broader scorecard approach including a more equal balance of financial and non-financial measures, including environmental ones.

The Committee will continue to review the choice of performance measures and the appropriateness of the performance targets each year. Targets are set based on a sliding scale that takes account of internal planning and external market expectations for the Company. Maximum rewards require substantial out-performance of our challenging plans approved at the start of each year, with a significantly lower level of rewards available for delivering threshold performance levels.

Read more about the 2021 performance measures for the EIS and PSP on page 112.

External non executive director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board and the Executive Director), Executive Directors are permitted to take on one non executive position with another company. Executive Directors are permitted to retain their fees in respect of such positions.

Details of any external positions held by the Executive Directors can be found in their biographies on pages 64 and 65.

Remuneration Policy on recruitment or promotion

Base salary levels will be set in accordance with the Policy, taking into account the experience and calibre of the individual. Where appropriate, the Company may offer a below market salary initially with a view to making above market and workforce increases over a number of years to reach the desired salary positioning, subject to individual and Company performance. Benefits will be provided in line with those offered to other Executive Directors and pension will be provided in line with the wider workforce, and relocation expenses will be provided if necessary. Tax equalisation may also be considered if a new Executive Director is adversely affected by taxation due to their employment with the Company. Legal fees and other costs incurred by the individual may also be paid by the Company, if considered appropriate and reasonable to do so.

The variable pay elements that may be offered will be subject to the maximum levels described in the policy table on pages 105 to 107. The Company may also consider applying different performance measures if it feels these more appropriately meet the strategic goals and aims of the Company whilst incentivising the new appointee.

In the case of an external hire, the Company may choose to buy-out any incentive pay or benefit arrangements which would be forfeited on leaving the previous employer. This will only occur where the Company feels that it is a necessary requirement to aid the recruitment. The replacement value would be provided for, taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. Replacement share awards, if used, will be granted using Taylor Wimpey's existing share plans wherever and to the extent possible, although in exceptional circumstances awards may also be granted outside of these schemes if necessary and permitted under the Listing Rules. To ensure alignment from the outset with shareholders, malus and clawback provisions may also apply where appropriate and the Committee may require new Executive Directors to acquire Company shares up to a pre-agreed level. Shareholders will be informed of any buy-out payments at the time of appointment.

In the case of an internal hire including a promotion, as previously reported, the Company will honour any commitments entered into prior to their appointment to the Board even where it is not consistent with the Policy prevailing at the time such commitment is fulfilled.

Corporate governance: Remuneration continued

Directors' contracts and policy on payments for loss of office

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice either way.

Name	Date of appointment	Notice period
Pete Redfern	12 July 2007	12 months
Chris Carney	20 April 2018	12 months
Jennie Daly	20 April 2018	12 months

Pete Redfern, Chris Carney and Jennie Daly are proposed for re-election at the 2021 AGM and each will have at that date an unexpired service contract term of one year.

Each of the Executive Directors' service contracts provides for:

- The payment of a base salary.
- An expensed company car or a cash allowance in lieu; a fuel allowance; life assurance; and private medical insurance.
- Employer's contribution to a pension.
- A notice period by either side of 12 months.
- A provision requiring a Director to mitigate losses on termination.

Each service contract contains the following performance-related provisions:

- Participation in the EIS.
- Participation in one or more long term incentive plan.

The Company has the right to terminate contracts by making a payment in lieu of notice. Any such payment will typically reflect the individual's salary, benefits in kind and pension entitlements. The Company will be mindful, on termination of an Executive Director's employment, of the need to mitigate costs and phase payments, which cease when the individual obtains an alternative role. There are no change of control provisions that apply in relation to the service contract of any Executive Director.

Other than in certain 'good leaver' circumstances (which could include redundancy, ill-health or retirement), no payment would usually be due under the EIS unless the individual remains employed at the payment date. Any payment to a good leaver under the EIS would be based on an assessment of their and the Company's performance over the applicable period and pro-rated for the proportion of the EIS year worked.

With regard to long term incentive plan awards, the rules of the PSP provide that, other than in certain good leaver circumstances, awards lapse on cessation of employment. Where an individual is a good leaver, the Committee's normal policy is for the award to vest at the normal time following the application of performance targets and a pro-rata reduction to take account of the proportion of the applicable performance period outstanding post the cessation. The Committee also has discretion for both early vesting and reducing the impact of pro-rating. In doing so, it will take account of the reason for the departure and the performance of the individual through to the time of departure.

In situations where an Executive Director is dismissed, the Committee reserves the right to make additional exit payments where such payments are made in good faith:

- In discharge of an existing legal obligation (or by way of damages for breach of such an obligation).
- By way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.
- To contribute towards the individual's legal fees and fees for outplacement services.

The terms of engagement of the Chairman of the Board and the Non Executive Directors are regulated by letters of appointment over a term of three years, which are reviewed annually. Both the Company and the aforementioned Directors (including the Chairman) have a notice period of six months and the Directors are not entitled to compensation on termination other than for the normal notice period if not worked out.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM.

Terms of engagement

The terms of engagement of the Chairman of the Board and the Non Executive Directors are regulated by letters of appointment as follows:

Name	Date of appointment as Director	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Irene Dorner	1 December 2019	3 years, reviewed annually	6	6
Gwyn Burr	1 February 2018	3 years, reviewed annually	6	6
Jitesh Gadhia	1 March 2021	3 years, reviewed annually	6	6
Scilla Grimble	1 March 2021	3 years, reviewed annually	6	6
Angela Knight	1 November 2016	3 years, reviewed annually	6	6
Rob Noel	1 October 2019	3 years, reviewed annually	6	6
Humphrey Singer	9 December 2015	3 years, reviewed annually	6	6

Legacy arrangements

Any commitment which is consistent with the approved Remuneration Policy in force at the time that the commitment was made will be honoured, even where it is not consistent with the policy prevailing at the time such commitment is fulfilled.

Annual Report on Remuneration

This Annual Report on Remuneration will be put to an advisory shareholder vote at the 2021 AGM. Details of the resolution and its status as an advisory vote are set out in the notes to the Notice of Meeting on page 179.

Remuneration Committee

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and senior management which will attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities within a remuneration framework which is aligned with the interests of our shareholders and thus designed to promote the long term success of the Company.

The Committee's Terms of Reference are available on the Company's website at www.taylorwimpey.co.uk/corporate/our-company/governance. The Committee's main responsibilities are to:

- Establish and maintain formal and transparent procedures for developing policy on Executive Director remuneration and for determining the remuneration packages of individual Executive Directors and senior management, and to monitor and report on them.
- Determine the remuneration, including pension arrangements, of the Executive Directors and senior management.
- Approve annual and long term incentive arrangements together with their targets and levels of awards.
- Determine the level of fees for the Chairman of the Board.
- Select and appoint the external advisers to the Committee.
- Review wider workforce remuneration and other policies.

As at 31 December 2020, the Committee comprised two Independent Non Executive Directors and also the Chairman of the Board. Gwyn Burr is the Committee Chair and the other members of the Committee were Irene Dorner and Angela Knight. Kevin Beeston and Kate Barker stood down as Committee members on 26 February and 20 April 2020 respectively. In addition, on his appointment to the Board on 1 March 2021, Jitesh Gadhia will become a member of the Committee.

Details of attendance at Committee meetings held during 2020 appear on page 98.

No Director is involved in any decisions about their own remuneration and a conflicts of interest register is maintained by the Company Secretary in accordance with the Company's Conflicts of Interest Policy.

Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and during the year it continued to retain the services of Korn Ferry.

Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct. During 2020 Korn Ferry also provided other ad hoc remuneration services outside the scope of the Committee to the Company. The Committee reviews the performance and independence of its advisers on an annual basis and is satisfied that the advice provided is objective and independent.

The Committee also receives legal advice from Slaughter and May, the Company's solicitors, as and when necessary. This generally relates to technical advice on share schemes and also with regard to any senior appointments and termination arrangements. The Committee is satisfied that the advice provided by Slaughter and May is objective and independent.

The fees paid to the Committee's advisers in 2020 were: Korn Ferry £62,920 on a time and materials basis (2019: £112,722). No significant amount of advice was sought from Slaughter and May during the year.

Pete Redfern (Chief Executive), Anne Billson-Ross (Group Human Resources Director), Alice Marsden (Group General Counsel and Company Secretary) and Anthony Moriarty (Head of Reward and Pensions) each attended the Committee meetings during 2020 by invitation only but were not present for any discussions that related directly to their own remuneration.

How the Remuneration Policy will be applied in 2021

Base salary

Following a detailed review of performance and actions taken in 2020, and the outlook for 2021, the Committee decided to award increases of 2% to each Executive Director with effect from 1 April 2021, in line with the general workforce increase.

The salaries of the Executive Directors as at 1 April 2021 will be as follows:

Executive Director	Salary at 1 April 2020	Salary at 1 April 2021	Increase
Pete Redfern	£874,161	£891,644	2%
Chris Carney	£438,600	£447,372	2%
Jennie Daly	£400,000	£408,000	2%

Pension and benefits

The Executive Directors' pension contributions will be further reduced in 2021 in line with the agreed incremental reduction over a five-year period to 10%, the level of pension contribution enjoyed by the wider workforce. Therefore, from 1 April 2021 Pete Redfern, Chris Carney and Jennie Daly will receive a pension contribution of 18.43%, 16% and 16% of salary respectively.

Corporate governance: Remuneration continued

Annual Bonus Scheme

The Executive Incentive Scheme (EIS) performance measures and their weightings for 2021 are shown in the table below. The precise details of the targets themselves are deemed to be commercially sensitive as they relate to the current financial year. However, detailed retrospective disclosures of the targets and performance against them will be provided in next year's Report in the usual way.

The targets have been set so that entry level performance is above current market consensus; and the achievement of the stretch targets would require strong performance in favourable market conditions. The Committee therefore considers the targets to be challenging.

Measure	Weighting
Operating profit	35%
Operating profit margin	15%
Cash conversion	10%
Build quality	20%
Customer service	20%

While the measures themselves have not changed, there has been a small amendment to the weighting of two of the measures. Given the increased focus to build margin, the operating profit margin weighting has increased to 15% (2020: 10%) and cash conversion has reduced to 10% (2020: 15%). Operating profit margin is an important measure as the Company looks to maintain focus on increasing cost discipline and mitigating future cost inflation. Cash conversion will be measured excluding net land spend, to recognise the commitment to acquire land as anticipated by the equity raise.

Given the Company's increased strategic focus on placing customers at the heart of decision making, customer service and build quality remain the two non-financial measures operating within the EIS. These measures continue to be used to underpin our goal to deliver high-quality homes and to reduce the number of instances requiring remediation.

The basis on which customer service is measured has been changed. Previously it has been measured equally against the independent NHBC scores at both eight-week and the longer term nine-month customer satisfaction surveys. Going forward, it is proposed to base it solely on the 'Would you recommend your builder to a friend?' question asked as part of the eight-week survey. This approach aligns to the HBF star builder status which resonates with our customers and which we believe is only achievable if all other areas of customer satisfaction are achieved. The nine-month survey measure has been moved to the PSP where we believe it is better placed.

Malus and clawback provisions are in line with the Code requirements and the Committee is satisfied that they remain fully enforceable if ever needed. One third of any bonus paid will be deferred into shares and held in the Employee Benefit Trust for three years.

The EIS will operate in accordance with the Policy as set out on pages 105 to 107.

Long Term Incentive Plan

In accordance with the Policy, long term incentives take the form of the Taylor Wimpey Performance Share Plan (PSP) award with a maximum award of 200% of base salary (face value of shares at date of award).

The annual awards granted to the Executive Directors in 2021 will be subject to the performance measures shown in the table below. The Committee has reviewed the targets and believes they remain stretching and appropriate in the present market outlook for the medium term.

The Committee has made some changes to the performance measures and their respective targets for 2021 to reflect the Company's long term strategic priorities.

TSR will remain a performance measure and performance will again be measured against the Housebuilder Peer Group. The Peer Group is an unweighted index comprising Barratt Developments, Bellway, Berkeley Homes, Countryside Properties, Crest Nicholson, Persimmon, Redrow and Vistry Group. By retaining TSR as a measure it aligns the rewards received by executives with the returns received by shareholders.

Cash conversion has been replaced with operating profit margin as this supports the focus on cost and process discipline. The target range has been set recognising the prevailing market uncertainty but is based on delivering the targeted 21% to 22% in the third year.

Return on net operating assets (RONOA) has been retained as a performance measure to maintain focus on driving increased capital efficiency.

Customer service continues to be a key strategic priority for the Company and therefore will remain a performance measure in 2021. The customer service element of the PSP will be based on the single question 'Would you recommend your builder to a friend?' from the independently measured NHBC nine-month survey, therefore will be on a different measurement basis to the EIS customer service measure.

Awards vest on a straight-line basis between the above threshold and maximum vesting levels. Malus and clawback provisions are in line with the Code requirements and the Committee is satisfied that they remain fully enforceable if ever needed. Performance will be measured over a three-year performance period and will be subject to a two-year post-vesting holding period.

The PSP will operate in accordance with the Policy as set out on pages 105 to 107.

Measure	Weighting (% of total award)	Below threshold (0% vesting)	Threshold (20% vesting)	Maximum (100% vesting)
TSR v Peer Group	40%	Below median	Median	Upper quartile
Operating profit margin (2021-2023)	20%	Below 18.5%	18.5%	20.5%
RONOA (2021-2023)	20%	Below 22%	22%	25%
Customer service (2021-2023)	20%	Below 78%	78%	81%

Key

Key performance indicators See pages 22 to 25.

Link to our stakeholders See pages 28 to 41.

Link to our strategic goals See page 19.

Payments for loss of office to former Directors (audited)

There were no payments made to former Directors.

Fees

The current fees for the Chairman of the Board and Independent Non Executive Directors are set out below. Fees will be reviewed during the course of 2021.

	Annual fees as at 1 April 2021
Chairman of the Board	£320,000
Basic Independent Non Executive Director	£60,000
Senior Independent Director	£17,500
Audit Committee Chair	£17,500
Remuneration Committee Chair	£17,500
The Board's NEF Champion	£10,000

Implementation of the Remuneration Policy during 2020

Director emoluments (audited)

£'000	Year	Fees and salary(a)	Benefits(b)	EIS(c)	PSP(d)	Pension(e)	All-employee schemes(f)	Total	Total fixed remuneration	Total variable remuneration
Executive										
Pete Redfern	**2020**	**787**	**55**	**–**	**103**	**173**	**2**	**1,120**	**1,017**	**103**
	2019	870	54	663	1,449	209	2	3,247	1,135	2,112
Chris Carney	**2020**	**395**	**9**	**–**	**34**	**73**	**2**	**513**	**479**	**34**
	2019	436	20	333	424	87	2	1,302	545	757
Jennie Daly	**2020**	**360**	**17**	**–**	**26**	**67**	**2**	**472**	**446**	**26**
	2019	400	18	304	217	80	2	1,021	500	521
Non Executive										
Irene Dorner (appointed 1 December 2019)	**2020**	**248**	**–**	**–**	**–**	**–**	**–**	**248**	**248**	**–**
	2019	5	–	–	–	–	–	5	5	–
Gwyn Burr	**2020**	**70**	**–**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2019	72	–	–	–	–	–	72	72	–
Angela Knight	**2020**	**54**	**–**	**–**	**–**	**–**	**–**	**54**	**54**	**–**
	2019	60	–	–	–	–	–	60	60	–
Rob Noel (appointed 1 October 2019)	**2020**	**65**	**–**	**–**	**–**	**–**	**–**	**65**	**65**	**–**
	2019	15	–	–	–	–	–	15	15	–
Humphrey Singer	**2020**	**70**	**–**	**–**	**–**	**–**	**–**	**70**	**70**	**–**
	2019	78	–	–	–	–	–	78	78	–
Kate Barker (stood down 31 July 2020)	**2020**	**34**	–	–	–	–	–	**34**	**34**	**–**
	2019	83	–	–	–	–	–	83	83	–
Kevin Beeston (stood down 26 February 2020)	**2020**	**51**	–	–	–	–	–	**51**	**51**	**–**
	2019	320	1	–	–	–	–	321	321	–
Total	**2020**	**2,134**	**81**	**–**	**163**	**313**	**6**	**2,697**	**2,534**	**163**
	2019	2,339	93	1,300	2,090	376	6	6,204	2,814	3,390

(a) The 2020 figure takes into account the voluntary 30% reduction in salaries and fees from 1 April to 31 July 2020. Further details can be found on pages 98 and 108.
(b) Benefits include non-cash payments to Pete Redfern, Chris Carney and Jennie Daly for private medical insurance, life assurance and company car provision (the value of the Company car provided was £39,129, £4,583 and £12,978 respectively). Kevin Beeston's benefit relates to the provision of private medical insurance.
(c) The 2020 EIS for the Executive Directors was cancelled in light of the COVID-19 pandemic. For disclosure purposes the performance measures and targets can be found on page 115. One third of the 2019 EIS was deferred into shares for three years and will not be subject to any further performance measures.
(d) This column shows the vesting during 2020 and 2019 of the PSP as set out in the tables on page 114 and includes the value of dividends accrued during the performance period and payable on vesting. The 2019 totals have been restated to reflect the actual share price at vesting of 212.4 pence. None of the values received in 2019 and 2020 relate to a share price increase from the date of Award and date of vesting.
(e) For Pete Redfern these figures represent the cash allowance payable. For Chris Carney and Jennie Daly these figures represent pension contributions up to the amount permissible under HMRC rules and cash allowances beyond this level.
(f) These figures represent the value of the matching shares under the Share Incentive Plan.

Corporate governance: Remuneration continued

Performance Share Plan (audited)

PSP awards included in the 2019 total remuneration figure – overall vesting 62.8%

Award	Performance target	Weighting	% of maximum	Date of end of performance period	Date of vesting	Share price at vesting
2017 PSP	TSR FTSE 100	20%	20%	31/12/2019	26/02/2020	212.4p[(a)]
	TSR peer group	30%	0%	31/12/2019	26/02/2020	212.4p[(a)]
	RONOA	20%	20%	31/12/2019	26/02/2020	212.4p[(a)]
	Cash conversion	15%	15%	31/12/2019	26/02/2020	212.4p[(a)]
	Operating profit margin	15%	7.8%	31/12/2019	26/02/2020	212.4p[(a)]

(a) The share price shown is the closing middle market share price on the date of vesting – 26 February 2020.

PSP awards included in the 2020 total remuneration figure – overall vesting 6.6%

Award	Performance target	Weighting	% of maximum	Date of end of performance period	Date of vesting	Average share price in the last three months of the performance period
2018 PSP[(a)]	TSR FTSE 100	20%	0%	31/12/2020	02/03/2021	140.8p[(b)]
	TSR Peer Group	30%	0%	31/12/2020	02/03/2021	140.8p[(b)]
	RONOA	20%	0%	31/12/2020	02/03/2021	140.8p[(b)]
	Cash conversion	15%	6.6%	31/12/2020	02/03/2021	140.8p[(b)]
	Operating profit margin	15%	0%	31/12/2020	02/03/2021	140.8p[(b)]

(a) On exercise, an equivalent proportion of cash accrued in lieu of dividends paid during the performance period, will also be paid net of income tax and national insurance.
(b) The share price shown is the average of the share prices for the dealing days in the last three months (October to December 2020) and will be restated in next year's Annual Report and Accounts to reflect the actual share price on vesting on 2 March 2021.

Vesting of PSP awards for performance period ending 31 December 2020 (audited)

2018 PSP Award

The performance period for all elements of the 2018 PSP Award ended on 31 December 2020 and the final measurement was undertaken based on this date, with the performance outcome being independently calculated by Korn Ferry and as part of the overall audit process.

The outcomes were as follows:

Measure	Weighting	Vesting scale No vesting	 20% vesting	 100% vesting	Performance achieved	% of maximum
TSR FTSE 100	20%	Below median	Median	Upper quartile or above	Below median	0%
TSR peer group	30%	Below median	Median	Upper quartile or above	Below median	0%
RONOA (2020)[(a)]	20%	Below 26%	26%	30% or above	10.3%	0%
Cash conversion (2018-2020)[(a)]	15%	Below 65%	65%	75% or above	68%	6.6%
Operating profit margin (2020)	15%	Below 20%	20%	22% or above	10.8%	0%
Total	100%					6.6%

(a) The RONOA and cash conversion measures were assessed on the basis that the impact of the equity raise in 2020 was neutralised.

In deciding whether, and to what extent, any vesting of awards should take place under any PSP, the Committee also considers the overall financial performance of the Company during the period. The Committee has determined that the overall financial performance of the Company has been resilient and therefore determined that the 2018 PSP awards should vest at 6.6% based on the partial achievement of one performance measure, as set out in the table above.

Directors' PSP awards granted during 2020 (audited)

Performance awards were made in March 2020 as summarised below:

	Award	Type	Number of shares[(a)]	Face value (% of salary)[(b)]	Performance conditions[(c)]	Performance period	% vesting at threshold performance
Pete Redfern	PSP	Nil-cost options	855,762	£1,748,322 (200%)	40% on TSR v peer group 20% on RONOA 20% on cash conversion 20% on customer service	01/01/2020 to 31/12/2022	20%
Chris Carney	PSP	Nil-cost options	429,368	£877,200 (200%)	As above	As above	As above
Jennie Daly	PSP	Nil-cost options	391,581	£800,000 (200%)	As above	As above	As above

(a) Calculated using the share price of 204.3 pence being the average of the closing prices for 28 February, 2 and 3 March 2020.
(b) The Executive Directors' salary as at 4 March 2020 was used to calculate the total face value of the Award.
(c) The Awards were granted in early March 2020, before business performance and the share price were impacted by the pandemic.

EIS in respect of 2020 (audited)

As detailed on pages 98 and 99, the Committee used its discretion to cancel the EIS in respect of 2020 performance for the Executive Directors in light of the COVID-19 pandemic. For disclosure purposes, the performance measures and their respective targets are set out below.

Measure	Strategic goal / KPI		Weighting	Summary of targets Entry (10% vesting)	 Target (50% vesting)	 Stretch (100% vesting)	Result	% of maximum
Operating profit (£)	To increase aggregate profit		35%	£800m	£828m	£858m	£300m	0%
Cash conversion (%)	To increase the conversion of operating profit into operating cash flow		15%	70%	75%	80%	(55)%	0%
Operating profit margin (%)	To maintain focus on cost discipline		10%	17.8%	18.8%	20.3%	10.8%	0%
Build quality	To deliver high-quality homes and to reduce remediation		20%	4.00	4.10	4.20	4.45	20%
Customer service	To improve and deliver customer service based on key National House-Building Council performance standards	eight-week survey	10%	89%	90%	91%	91.8%	10%
		nine-month survey	10%	70%	72%	74%	71.4%	4%
Total			**100%**					**34%**

As no payment will be made in respect of 2020 performance, there will be no bonus deferred into shares.

Corporate governance: Remuneration continued

Executive Directors' interests in the Company's share schemes (audited)

Details of the options and conditional awards over shares held by Directors who served during the year are as follows:

	Maximum potential outstanding shares as at 1 January 2020	Additional maximum potential awarded during the year	Dividend re-investment shares added during the year	Delivered / exercised during the year	Lapsed during the year	Maximum potential receivable as at 31 December 2020	Maximum shares vesting in: 2021	2022	2023
Pete Redfern									
Deferred shares (EIS)	653,096	190,165	–	218,036	–	625,225	181,313	253,747	190,165
Performance Share Plan (PSP)	2,734,300	855,762	–	557,731	330,377	2,701,954	898,423	947,769	855,762
Sharesave Plan	18,863	–	–	–	–	18,863	–	18,863	–
Total	**3,406,259**	**1,045,927**	**0**	**775,767**	**330,377**	**3,346,042**	**1,079,736**	**1,220,379**	**1,045,927**
Chris Carney									
Deferred shares (EIS)	120,898	95,413	–	–	–	216,311	–	120,898	95,413
Performance Share Plan (PSP)	1,029,702	429,368	–	163,293	96,728	1,199,049	294,149	475,532	429,368
Sharesave Plan	20,891	–	–	–	–	20,891	11,460	9,431	–
Total	**1,171,491**	**524,781**	**0**	**163,293**	**96,728**	**1,436,251**	**305,609**	**605,861**	**524,781**
Jennie Daly									
Deferred shares (EIS)	84,795	87,016	–	–	–	171,811	–	84,795	87,016
Performance Share Plan (PSP)	800,722	391,581	–	83,347	49,372	1,059,584	225,648	442,355	391,581
Sharesave Plan	22,921	–	–	–	–	22,921	22,921	–	–
Total	**908,438**	**478,597**	**0**	**83,347**	**49,372**	**1,254,316**	**248,569**	**527,150**	**478,597**

Vesting of the deferred shares and Sharesave Plan options are not dependent on any performance conditions. The vesting of the PSP is subject to the achievement of performance conditions and 20% will be receivable if threshold performance is achieved. There have been no variations to the terms and conditions or performance criteria for outstanding share awards during the financial year.

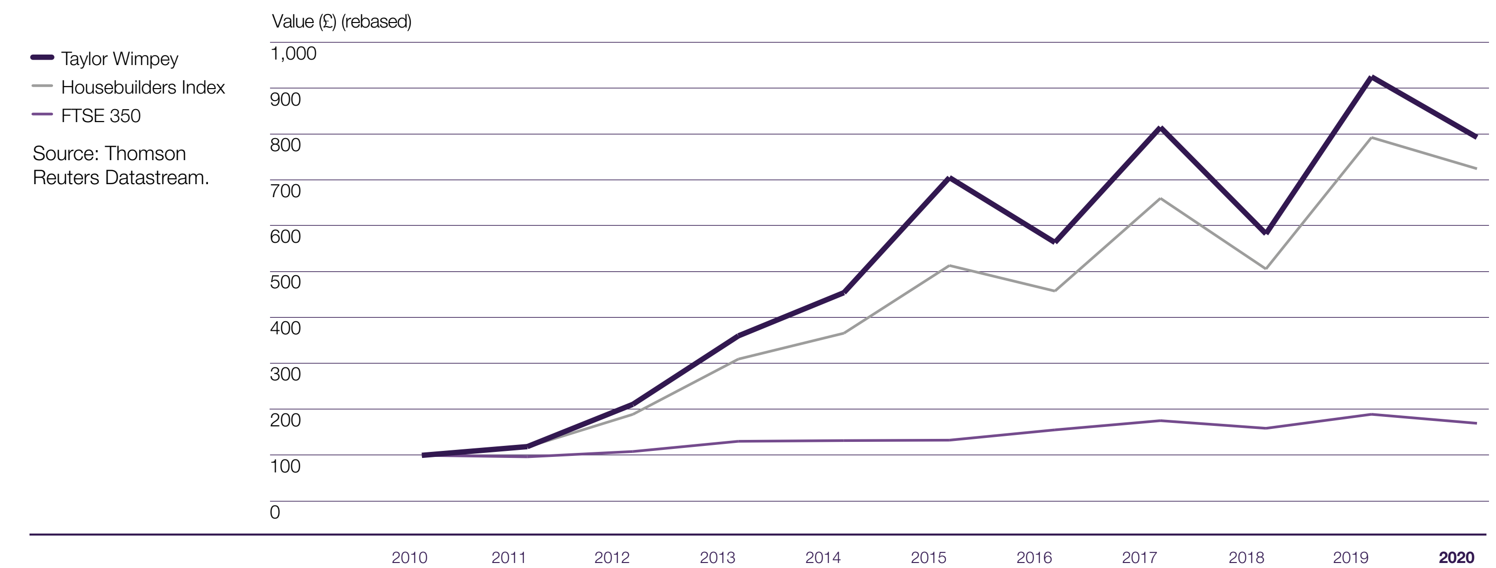
The market price of the ordinary shares on 31 December 2020 was 165.8 pence and the range during the year was 99.18 pence to 236.2 pence. Details of any share awards made to the Executive Directors during 2021 will be included in the 2021 Remuneration Report.

The Directors do not hold any vested but unexercised share options.

Total shareholder return performance graph and Chief Executive historic remuneration (unaudited)

The graph below shows the value of £100 invested in Taylor Wimpey plc on 31 December 2010 compared with the value of £100 invested in the FTSE 350 and in the average of the Housebuilders Index introduced for the 2012 Performance Share Plan awards onwards and as varied subsequently for the 2014 and 2016 awards. These benchmarks have been chosen as Taylor Wimpey is a constituent of both.

Total shareholder return



The table below shows the total remuneration figure for the Chief Executive over the same 10-year period as is shown in the TSR graph above. The total remuneration figure includes the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages show the payout for each year as a percentage of the maximum award that could have been paid or received.

	Year ending 31 December 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total remuneration (£'000)	1,674	3,009	6,724	6,250	6,888	4,072	3,697	3,272	3,247	**1,120**
EIS (%)	82	95	90	90	78	80	66	93	50.6	**0**
PSP vesting (%)	0	40	85	94	100	81	78	50	62.8	**6.6**

Corporate governance: Remuneration continued

CEO pay ratios (unaudited)

Year	Method	CEO single figure	All UK employees	Lower quartile	Median	Upper quartile
2018[a]	Option B	£3,151,748	Ratio	103:1	77:1	41:1
			Total pay	£30,375	£41,135	£76,575
			Salary	£26,412	£26,873	£52,458
2019[a]	Option B	£3,023,654	Ratio	93:1	73:1	48:1
			Total pay	£32,342	£41,483	£62,418
			Salary	£27,500	£31,277	£45,621
2020[b]	**Option B**	**£1,120,451**	**Ratio**	**39:1**	**26:1**	**20:1**
			Total pay	**£28,389**	**£42,492**	**£56,844**
			Salary	**£23,233**	**£30,600**	**£47,000**

(a) The 2018 and 2019 CEO single figures disclosed have not been restated to reflect the share price on the date the 2016 and 2017 PSP Award vested. We have chosen to do this for transparency purposes so that we are comparing the ratios disclosed in previous Reports.
(b) The three representative employees were determined on 31 December 2020.

Under Option B, using the hourly rate from our 2020 gender pay gap data, three employees have been identified as the best equivalents of our lower quartile, median and upper quartile. Option B provides a clear methodology involving fewer adjustments to calculate full-time equivalent earnings and is more likely to produce more robust reporting year on year. The Committee has reviewed the results of the calculations and is satisfied that they continue to be representative of the respective quartiles. Total pay and benefit figures, during the financial year ending 31 December 2020, have been calculated for the employee at each quartile, and for employees either side of the identified employees, to ensure that the employees selected are a reasonable representative based on their full year's remuneration.

As a result of the COVID-19 pandemic the CEO single figure is significantly lower than in 2019, which has caused all three ratios to reduce to a greater degree than would otherwise have been expected. The decrease in the CEO single figure is predominantly due to no annual bonus being paid to Executive Directors in respect of 2020 performance, a low level of vesting in respect of the 2018 Performance Share Plan Award and the 30% reduction to Executive Directors' salaries and pension from 1 April to 31 July 2020. Further details on the amendments to the Policy in 2020 can be found on pages 98, 99 and 108. In contrast, base salaries for the wider workforce were generally protected over the same period to ensure that they did not suffer any financial hardship during the COVID-19 pandemic. Further information on the steps taken by the Company can be found on pages 99, 108 and 109.

During 2019, the Company increased the use of direct labour to mitigate the industry-wide skills shortage. This led to an increase in the number of apprentices employed by the Company during 2020. As apprentices are paid lower rates of pay, this has impacted on the lower-quartile range, which has seen the total remuneration figure for our lower quartile representative being lower in comparison to 2019.

Whilst the Company has protected employees' base salaries during the pandemic, COVID-19 has naturally resulted in reduced bonus payments in the year. This has impacted the total remuneration for the upper quartile representative when compared to the 2019 representative.

As has been noted on pages 108 and 109, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors' Remuneration Policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

Annual percentage change in remuneration of Directors and employees (unaudited)

The table below shows the percentage change in salary or fee, taxable benefits and annual bonus of each individual Director in respect of the financial years ending 31 December 2019 and 31 December 2020, as set out on page 113.

	Salary / fee[a]	Benefits	Annual bonus scheme[b]
Executive Directors[a]			
Pete Redfern	(10)%	2%	(100)%
Chris Carney	(10)%	(55)%	(100)%
Jennie Daly	(10)%	(6)%	(100)%
Non Executive Directors[b]			
Irene Dorner[c]	n/a	–	–
Gwyn Burr[d]	(3)%	–	–
Angela Knight	(10)%	–	–
Rob Noel[c]	n/a	–	–
Humphrey Singer	(10)%	–	–
Average pay of Taylor Wimpey employees	0%	0%	(46)%

(a) The percentage change is a result of the voluntary 30% reduction in base salary and pension from 1 April 2020 to 31 July 2020.
(b) The percentage change is a result of the voluntary 30% reduction in fees from 1 April 2020 to 31 July 2020.
(c) Irene Dorner and Rob Noel were appointed in December 2019 and October 2019 respectively.
(d) Gwyn Burr was appointed Chair of the Remuneration Committee in April 2019 and therefore received the additional Remuneration Chair fee for part of 2019.

Change in Company performance relative to change in remuneration (unaudited)

	2019	2020	Change (%)
Operating profit[a]	£850.5m	**£300.3m**	(64.7)%
Dividends paid per ordinary share	18.34p	**0.00p**	(100)%
Employee pay in aggregate (see Note 7 to the financial statements)	£290.4m	**£280.1m**	(3.5)%
Employee pay average per employee (see Note 7 to the financial statements)	£49,363	**£46,459**	(5.9)%

(a) Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures.

Directors' interests in shares of the Company

Share ownership guidelines

The level of required shareholding for Executive Directors to attain is 200% of their base salary. The Executive Directors are required to retain at least 50% of their net of taxes gain arising from any shares vesting or acquired pursuant to the Company's Long Term Incentive Plans, until such time as the guidelines have been met. Beneficially owned shares count toward the guidelines, together with the portion of the annual bonus (EIS) deferred into shares (on a net of tax basis) and any vested but unexercised PSP awards.

A post-employment shareholding guideline requires Executive Directors to retain shares worth two times their base salary, or their shareholding at the time of cessation if their 200% salary shareholding requirement has not yet been met, for at least two years. Any shares that vest from either the PSP or the EIS deferred shares must be held within the Company's Employee Benefit Trust until the required shareholding level has been achieved. The shares will then be released from the Employee Benefit Trust two years from the date of cessation of employment.

The Chairman and the Independent Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

In June 2020, all Directors subscribed to shares in the Company as part of the equity raise.

Directors' interests in shares of the Company (audited)

	Beneficially owned		Outstanding interests in share plans			Share interests expressed as a % of salary
Director	at 01/01/20 (ordinary shares)	at 31/12/20 (ordinary shares)[a]	EIS deferred shares (gross)	PSP[b]	Sharesave	Value of shares (including EIS deferred shares on a net basis) as at 31/12/20[c]
Irene Dorner	15,000	125,440	–	–	–	–
Pete Redfern	1,188,804	2,363,494	625,225	2,701,954	18,863	511%
Chris Carney	253,182	376,484	216,311	1,199,049	20,891	185%
Jennie Daly[d]	98,484	179,511	171,811	1,059,584	22,921	112%
Gwyn Burr	–	17,241	–	–	–	–
Angela Knight	10,000	16,896	–	–	–	–
Rob Noel	–	46,674	–	–	–	–
Humphrey Singer	25,000	31,896	–	–	–	–
Kevin Beeston[d]	777,596	777,596	–	–	–	–
Kate Barker	60,000	67,586	–	–	–	–

(a) Or date stood down from the Board.
(b) Vesting is subject to the achievement of performance conditions.
(c) This has been calculated on the basis of beneficially owned shares and the net amount of EIS shares. The share price on 31 December 2020 (165.8p) has been used to calculate the Executive Directors' share interest expressed as a percentage of salary.
(d) A proportion of shares are held by a connected person.

The only changes to the Directors' interests as set out above during the period between 31 December 2020 and 1 March 2021 were the regular monthly purchases of shares and 1:1 matching by the Company under the Share Incentive Plan by Pete Redfern, Chris Carney and Jennie Daly who acquired 366, 368 and 368 shares respectively.

Corporate governance: Remuneration continued

Directors' pension entitlements (audited)

Defined benefit schemes

Pete Redfern is a member of the Taylor Wimpey Pension Scheme (TWPS). The following table sets out the transfer value of his accrued benefit under the TWPS calculated in a manner consistent with The Occupational Pension Schemes (Transfer Values) Regulations 2008.

Director	Normal retirement age	Accrued pension as at 31/12/19	Increase in accrued pension from 31/12/19 to 31/12/20	Accrued pension as at 31/12/20[a]	Transfer value gross of Director's contributions at 31/12/20[b]	Transfer value gross of Director's contributions at 31/12/19[b]	Increase (decrease) in transfer value from 31/12/19 to 31/12/20 less Director's contributions[c]
Pete Redfern	62	15,625	710	16,335	476,360	389,163	87,197

(a) The pension benefits are based on service up to 31 August 2010 when the George Wimpey Staff Pension Scheme (GWSPS) closed to future accrual. Members of the GWSPS were transferred into the Taylor Wimpey Pension Scheme (TWPS) on 1 October 2013 and there was no change to members' benefit entitlement. Pension benefits include a two thirds spouse's pension. Pensions accrued up to 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 5% per annum. Pensions accrued after 5 April 2009 will revalue in deferment in line with inflation subject to an overall cap of 2.5% per annum. Once in payment, pensions accrued up to 5 April 2006 are guaranteed to increase in line with inflation limited each year to 5%, pensions accrued after 5 April 2006 are guaranteed to increase in line with inflation limited each year to 2.5%. The Company has only taken into account defined benefits accrued over the period to 31 August 2010 and has not included any Defined Contribution pension benefits accrued after this date.
(b) Transfer values have been calculated in accordance with The Occupational Pension Schemes (Transfer Value) Regulations 1996 (as amended).
(c) The transfer value includes the effect of fluctuations due to factors beyond the control of the Company and Directors, such as financial market movements.

There were no changes to benefits during the year and consequently no difference between the changes to Pete Redfern's pension benefits in comparison with those of other employees.

Non-Group pension arrangements

The value of Company pension contributions in 2020 for Chris Carney and Jennie Daly was:

	2020 (£)	2019 (£)
Chris Carney	**5,501**	9,988
Jennie Daly	**5,501**	10,007

Statement of shareholder voting (unaudited)

At the 2020 AGM, the result of the shareholders' vote on the Company's Remuneration Report for 2019 was:

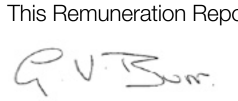
	2020 (Votes)
For	**1.95 billion (96.5%)**
Against	**72 million (3.5%)**
Withheld	**502,869**

At the 2020 AGM, the result of the shareholders' vote on the Company Remuneration Policy was:

	2020 (Votes)
For	**2 billion (98.6%)**
Against	**27 million (1.4%)**
Withheld	**583,978**

Approval

This Remuneration Report was approved by the Board of Directors on 1 March 2021 and signed on its behalf by the Remuneration Committee Chair:



Gwyn Burr
Chair of the Remuneration Committee

1 March 2021

Statutory, regulatory and other information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Directors' Report. Certain other matters which are required to be reported on appear in other sections of this Annual Report and Accounts, as detailed below:

Matter	Page(s) in this Annual Report
Strategic Report	1 to 59
Likely future developments in the business of the Company	1 to 59
Carbon footprint reporting	42 and 43
Stakeholder engagement	28 to 41 and 72 to 77
A description of the Company's policies on employment of people with disabilities	34
A description of the Company's employee engagement practices	34, 35, 76 and 77
Charitable donations	36
Research and development activities	39
Viability Statement	58 and 59
2018 UK Corporate Governance Code compliance statement	63
Directors	64 and 65
Retirement and re-election of Directors	84, 174 to 182
A description of how the Board assesses and monitors culture	70
Remuneration Committee report	98 to 120
Details of the Company's long term incentive schemes	98 to 120
Profit before taxation and profit after taxation	130 and 135 to 173
Directors' dividend recommendation	175 and 177
Changes in asset values	132 and 135 to 173
Statement on the Group's treasury management and funding including information on the exposure of the Company in relation to the use of financial instruments	151 to 153
Subsidiaries and associated undertakings, including branches outside the UK	171 and 172
Political donations	176 and 179
Web communications with shareholders	183
Registrar	184

Qualifying third party indemnity

In accordance with Section 234 of the Companies Act 2006 and following advice from the Company's solicitors, Slaughter and May, the Company has granted an indemnity in favour of its Directors and Officers and those of its Group companies, including the Trustee Directors of its Pension Trustee Company. The indemnity is against the financial exposure that they may incur in the course of their professional duties as Directors and Officers of the Company and / or its subsidiaries / affiliates.

Audit and auditor

Each Director has, at the date of approval of this Report, formally confirmed that:

- To the best of their knowledge there is no relevant audit information of which the Company's Auditor is unaware.
- They have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

More information can be found on page 124.

Corporate governance: Statutory, regulatory and other information continued

Annual General Meeting
The Annual General Meeting (AGM) will be held at 10:00am on 22 April 2021 at Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

Formal notice of the AGM is set out in the Notice of Annual General Meeting on pages 174 to 182 and on the Company's website at: www.taylorwimpey.co.uk/2021AGM.

Capital structure
Details of the Company's issued share capital, together with information on movements in the Company's issued share capital during the year, are shown in Note 23 on pages 158 and 159.

The Company has two classes of shares: Ordinary Shares of 1p, each of which carries the right to one vote at general meetings of the Company and other such rights and obligations as are set out in the Company's Articles of Association; and Deferred Shares, which carry no voting rights.

The authority to make market purchases pursuant to the resolution passed at the 2020 AGM was not exercised during 2020 or prior to the date of this Report. The Company has no current intention of exercising this authority but will nevertheless be seeking the usual renewal of this authority at the AGM, and the Board will continue to keep the position under regular review.

In June 2020, we undertook an equity raise to generate £510 million through issuing new shares. More information about the equity raise is set out on pages 12 and 13.

The Company currently holds no shares in treasury.

There are no specific restrictions on the size of a holding, the exercise of voting rights, or the transfer of shares, which are governed by the Company's Articles of Association and prevailing legislation. The Directors are not aware of any agreement or agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

The Employee Share Ownership Trust (ESOT), which holds shares on trust for employees under the Company's various share schemes, generally abstains from voting at shareholder general meetings in respect of shares held by them.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Dividend
During 2020, in consideration of the COVID-19 pandemic and after careful consideration of the long term best interests of the Company, the Board decided to cancel the 2019 final dividend of 3.80 pence per share (c.£125 million) that was due to be paid on 15 May 2020, and the planned special dividend payment of 10.99 pence per share (c.£360 million) that was due to be paid on 10 July 2020.

Information relating to the 2020 final ordinary dividend is set out on page 57 and in the notes to resolution 2 on page 177. The Company will be operating a Dividend Re-Investment Plan (DRIP), further details are set out on pages 177 and 183.

The right to receive any dividend has been waived in part by the Trustees of the Company's ESOT over that Trust's combined holding of 7,052,920 shares. More details about the ESOT can be found in Note 26 on page 159.

Substantial interests
The persons set out in the table below have notified the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 1 March 2021, no change in these holdings had been notified nor, according to the Register of Members, did any other shareholder at that date have a disclosable holding of the Company's issued share capital.

Directors' interests in the Company's shares are shown in the Remuneration Report on page 119.

	As at 31 December 2020		As at 1 March 2021	
Name	Number of shares held (millions)	Percentage of issued voting share capital	Number of shares held (millions)	Percentage of issued voting share capital
The Capital Group Companies, Inc	185.1	5.08	185.1	**5.08**
BlackRock Inc	182.5	5.01	182.5	**5.00**
Legal & General Group plc	98.5	2.70	98.5	**2.70**
Standard Life Investments Limited	96.5	2.64	96.5	**2.64**

In addition to the substantial interests shown above, at 31 December 2020, the Company held in its ESOT 7.1 million of its own shares, representing 0.19% of the shares in issue at that date (2019: 10.7 million, 0.33%). The Company holds no shares in treasury.

Modern Slavery Act
The Company welcomes the aims and objectives of the Modern Slavery Act 2015 (MSA) and continues to take its responsibilities under the MSA with the seriousness deserved and required. A multi-disciplined team is responsible for ensuring that objectives continue to be met and is ready to respond appropriately to the anticipated strengthening of Section 54 of the MSA by the Government, reflecting the Government's response to its 2019 consultation on the subject. The Company will shortly be publishing its fifth statement under the Modern Slavery Act 2015, which will be available at: www.taylorwimpey.co.uk/corporate.

Agreements
The Company's borrowing and bank facilities contain the usual change of control provisions which could potentially lead to prepayment and cancellation by the other party upon a change of control of the Company. There are no other significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Employee share ownership
The Company promotes employee share ownership as widely as possible across the business. The Company has two all-employee share plans, the Save As You Earn share option plan and the Share Incentive Plan, which are offered to all UK-based employees once they have worked for the Company for three months. The Company also offers a scheme whereby employees who do not participate in the Executive Incentive Scheme (cash bonus scheme) are offered the opportunity to exchange any cash bonus awarded for shares in the Company, offering a 20% enhancement to the value if taken entirely in shares and retained for a designated period. The scheme has operated since 2012 and in 2020 resulted in 574,817 shares (2019: 423,839) being acquired by 294 employees (2019: 302).

The percentage of our employees who hold shares in the Company, either through the all-employee share schemes, the bonus exchange scheme, or any other method is over 64% (2019: 57%).

Important events since the year end
There has been a non-adjusting balance sheet event since 31 December 2020. More details on the fire safety provision can be found on page 30 and Note 33 on page 164.

Directors' responsibilities statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in the IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 4, Principle N, Provision 27 of the UK Corporate Governance Code 2018, as set out on page 63, the Directors are required to ensure that the Annual Report and Accounts provides the information necessary for shareholders to assess the Company's performance, business model and strategy. Details of how this was addressed are set out in the Audit Committee report on page 97.

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and uncertainties that they face.
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Report of the Directors and responsibility statement was approved by the Board of Directors on 1 March 2021 and is signed on its behalf by:

Alice Marsden
Group General Counsel and Company Secretary, Taylor Wimpey plc

1 March 2021

Independent auditor's report to the members of Taylor Wimpey plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Taylor Wimpey plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company balance sheets;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 33 of the Group financial statements and notes 1 to 15 of the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company. The non-audit services provided to the Group and Parent Company for the year are disclosed in note 6 to the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – inventory costing and margin recognition; – defined benefit pension scheme accounting; and – accounting for the leasehold provision.
Materiality	The materiality that we used for the Group financial statements was £35.0 million which was determined based on 0.9% of net assets.
Scoping	Based on our scoping assessment, our group audit was focused on the UK Housing division (excluding joint ventures) which represented the principal segment within the Group and accounted for 97% of the Group's net operating assets, 98% of the Group's revenue and 95% of the Group's pre-tax profit.
Significant changes in our approach	Our approach to materiality was changed in the current year, due to the impact of the COVID-19 pandemic on profit before tax ('PBT') and an increased user focus on the resilience of company balance sheets. There has been no change in the key audit matters reported in the current year and the scope remains consistent with the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding the relevant controls relating to the assessment of the appropriateness of the going concern assumptions;
- analysing the current and forecast performance of the Group including working capital requirements, by assessing Management's assumptions against market data and the Group's Q1 2021 performance;
- assessing the financing options that are available to the Group;
- recalculating current loan covenants in order to assess compliance over the going concern period;
- assessing the wider macro-economic environment over the going concern period, with respect to COVID-19, Brexit and Climate Change, and whether this has been appropriately reflected in the forecast;
- using various external data sources to identify indicators of potential risk at the entity and industry level; and
- assessing the appropriateness of the going concern disclosure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Inventory costing and margin recognition

Refer to page 97 (Audit Committee report), page 140 (source of estimation uncertainty) and page 149 (financial statement disclosures)

Key audit matter description	The value of inventory as at 31 December 2020 is £4,534.7 million (2019: £4,196.0 million) and as such is the most significant asset on the balance sheet (page 132). Inventory comprises land and work in progress ('WIP'); WIP includes the construction cost of developing a site, and is transferred to cost of sales as each plot completes. The Group's cost allocation framework determines the total profit forecasted for each site. This allows the land and build costs of a development to be allocated at a plot level, ensuring the forecast margin per plot is equalised across the development. The margins at a plot level aggregate to form the overall site margin which is a key internal metric. This cost allocation framework drives the recognition of costs as each plot is sold. Additionally, in the current year there is a risk that WIP could include unproductive costs associated with COVID-19 that have been inappropriately capitalised. For each development there is significant judgement and a potential risk of fraud in the following areas: – Estimating the inputs included within a site budget in order to determine the level of profit that each unit of the development is forecast to deliver. These inputs include the total estimated costs to complete and future forecast selling prices; – Appropriately allocating costs, such as shared infrastructure, relating to a development so that the gross profit margin (in % terms) achieved on each individual plot is equal; – Recording the variation when a deviation from the initial budget occurs and ensuring such variations are appropriately recognised; and – Allocating costs correctly in each cost centre so that where actuals are over or under budget (excesses and savings respectively) they are identified within the appropriate category. These judgements impact the carrying value of inventory in the balance sheet and therefore the costs recognised for each plot sold and the total margin that is recognised. These are therefore considered to be a key audit matter.
How the scope of our audit responded to the key audit matter	We have tested the relevant controls governing inventory costing including the initial process to create a site budget and the ongoing monitoring process of assessing the actual site margin against the budget. For a sample of sites we have analysed completions in the period and compared the achieved margin to the initial margin determined when the original site budget was approved. Where differences fell outside of an acceptable threshold, we made inquiries of Management and obtained evidence supporting the variance. For a sample of sites tested, we have reviewed the total excesses and savings balance identified for each tested site, and through recalculation of the expected income statement impact (based on the number of completions in the year), we have determined whether the excesses and savings have been appropriately allocated and recognised. Through the use of IT interrogation techniques: – we have analysed journal postings being made to the inventory balances to highlight any items which potentially should have been recorded as an expense including a specific focus on the period where the sites were shut due to COVID-19. We also tested the valuation of additions to WIP by agreeing a sample to supporting invoices. In completing this procedure we also checked whether all costs could be appropriately capitalised and were not linked to unproductive COVID-19 costs; – we have analysed the cumulative cost over time for a sample of live sites to identify any unusual trends in the costs allocated at a site. Where such a trend was identified we made inquiries of Management and obtained evidence with regards to the trend; and – we have performed a historical analysis of excess recognition across the business units to identify any unusual trends, with any outliers included within our testing procedures described above. We have analysed the cost per square foot of plots sold at a regional business unit level for the current year and compared this to cost per square foot in previous years, to analyse for any unusual trends which required corroboration from Management. We performed a review of sites where the initial site budget was created a number of years ago, which may indicate the use of an outdated budget. Given the age of these sites, we challenged Management where savings from the budget had been made or additional costs had not been recorded by obtaining evidence to support claims made. With the involvement of Deloitte real estate specialists, we assessed costs to complete estimates on a sample of sites, and whether the estimates used by Management were reasonable.
Key observations	Based on the procedures performed, we concluded that the Group's cost allocation framework was reasonable for the intended purpose of recognising appropriate margins on plot completion. We concluded that the additions to WIP were appropriate and unproductive costs were not capitalised whilst the Group's construction activity was suspended due to COVID-19. The accounting for cost allocation, both at the inception of a site and on an ongoing basis is in line with this framework.

Independent auditor's report continued

5.2. Defined benefit pension scheme accounting

Refer to page 97 (Audit Committee report), page 140 (key source of estimation uncertainty) and pages 154-157 (financial statement disclosures)

Key audit matter description	The total value of the defined benefit pension scheme at the balance sheet date is a net deficit of £89.1 million (2019: £84.5 million). The liabilities and assets are valued at £2,493.4 million and £2,404.3 million respectively (2019: £2,366.7 million and £2,282.2 million). Accounting for defined benefit pension scheme liabilities is dependent on significant assumptions, including an assessment of the discount rate, price inflation and key demographic figures including life expectancy and mortality rates. A change in any of these assumptions could cause a material change in the value of the liabilities overall and the net pension deficit on the Group's balance sheet. These accounting assumptions are inherently complex and require a high level of Management judgement and specialist actuarial input.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls associated with Management's review of the pension assumptions. We assessed the competence and objectivity of the qualified actuary engaged by the Group to value the scheme's defined benefits pension position under IAS 19 "Employee benefits". We involved our internal actuarial specialists to assess the appropriateness of the methodology and assumptions used to account for the defined benefit scheme liability. We challenged Management's estimates by comparing key data with market benchmarks used to derive the pension assumptions. We considered whether each of the key assumptions was reasonable in isolation and collectively in determining the value of the pension liabilities at the balance sheet date.
Key observations	We have determined that the assumptions used by Management to determine the valuation of the defined benefit pension scheme fall within an acceptable range. We concur with Management that the sensitivity of the liability to changes in key assumptions is appropriately disclosed as a key source of estimation uncertainty.

5.3. Accounting for the leasehold provision

Refer to page 97 (Audit Committee report), page 140 (source of estimation uncertainty) and page 158 (financial statement disclosures)

Key audit matter description	During the year, £12.6 million (2019: £29.9 million) of the leasehold provision was utilised and the amount of the leasehold provision held as at 31 December 2020 was £59.6 million (31 December 2019: £72.2 million). There have been no further additions or releases. Accounting for these provisions is complex and involves Management making a number of forward-looking estimates. The judgements related to this key audit matter lie in estimating the number and value of final settlements with the stakeholders impacted by the historical lease structures. This provision has multiple components that relate to payments to a number of parties including freeholders and individual customers. Within the provision are additional costs relating to the implementation of the measures that have been identified. There is a risk that the number of claimants or the value of the costs provided are inaccurately estimated or valued.
How the scope of our audit responded to the key audit matter	We have obtained an understanding of the relevant controls associated with the review of the calculation of the provision. We have obtained Management's current estimation of the total costs. For each component of the provision we have performed procedures to assess, based on current facts and circumstances, whether the estimates made by Management are accurate. We have had correspondence with legal counsel to ascertain whether Management's model reflects the progress of negotiations that have been held with freeholders. The largest component of this calculation are the estimated payments to be made to freeholders in order to alter the terms of the leases. In order to verify these amounts we have confirmed the status of negotiations with freeholders and, where these negotiations had been completed, obtained a sample of agreements and recalculated the specific amounts that have been provided for. Where these negotiations have not been completed we have assessed the value that was provided for these freeholder payments. We have assessed the additional costs the Group is required to pay in order to remediate certain historical lease structures.
Key observations	Based on the procedures performed, considering the judgements as a whole and the potential range of outcomes, we consider that the value provided by Management is appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£35.0 million (2019: £41.0 million)	£33.2 million (2019: £38.6 million)
Basis for determining materiality	The Group materiality was determined based on net assets of £4,016.8 million (2019: £3,307.8 million), and equates to 0.9% of this amount. In the prior year, materiality was determined by utilising 5% of pre-tax profit, before exceptional items.	0.9% (2019: 1%) of net assets of £4,418.9 million (2019: £3,862.4 million), capped at 95% of Group materiality.
Rationale for the benchmark applied	Using net assets to determine materiality is a change from the prior year to reflect the volatility in the results of the Group arising from the impact of COVID-19 and the additional focus of users of the financial statements on the balance sheet during periods of increased economic uncertainty.	

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). Parent Company performance materiality was set at 70% of Parent Company materiality for the 2020 audit (2019: 70%).

In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.75 million (2019: £2.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our audit scope primarily on the UK division (excluding joint ventures) which represents the principal segment within the Group and accounts for 97% (2019: 97%) of the Group's net operating assets, 98% (2019: 97%) of the Group's revenue and 95% (2019: 96%) of the Group's pre-tax profit. Our audit work on the principal segment was executed at a lower level of materiality of £33.2 million (2019: £39.0 million).

We also involved Deloitte Spain to perform an audit of specified account balances over the valuation of inventory and specified audit procedures on management override of controls. We directed their work by issuing referral instructions and monitored work by holding regular discussions with Deloitte Spain and reviewing their working papers.

The UK audit was performed centrally and includes all of the regional business units within the Group's UK division. The Parent Company is located in the UK and audited directly by the Group audit team to the materiality level specified above.

At the Group level we also tested the consolidation process and carried out analytical procedures to reconfirm our conclusion that there were no significant risks of material misstatement to the Group from the remaining components not subject to audit or audit of specified account balances, including those balances not tested by Deloitte Spain.

7.2 Our consideration of the control environment

Across the UK, all business units operate under a common control environment, with a centrally designed and monitored controls operating framework and utilise the same IT infrastructure. We assessed that the common controls environment is appropriately designed and implemented across all business units. We then tested controls at eight (2019: four) business units.

We considered the relevant controls related to certain business processes. These processes were cost allocation, inventory and work in progress expenditure, budgeting, land creditor valuation and the private sales revenue process. We also performed testing of the relevant general IT controls associated with the production of certain system generated data from the key accounting, reporting and consolidation systems. This was to assess whether we could adopt a controls reliance approach which would impact the extent of substantive audit testing that was required. We selected a sample of relevant controls for testing based on the frequency of each control. Based on the procedures performed, we were able to take a controls reliance approach on the IT systems and in the business processes that we planned.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

Independent auditor's report continued

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of Management, Internal Audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, including any related to the CMA investigation as disclosed within the Strategic report on page 31;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, actuarial, IT and real estate specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in inventory costing and margin recognition and revenue recognised on a percentage completion basis. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, tax legislation and housebuilding and construction legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's and Company's ability to operate or to avoid a material penalty. These included building regulations, employment law and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we identified inventory costing and margin recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of Management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence from the CMA and reviewing internal audit reports;
- in addressing the fraud risk in revenue recognised on a percentage of completion basis, which is primarily within the partnership housing revenue stream, we have tested a sample of revenue recorded in the year through agreement to the contract, valuation certificates and bank statements. Additionally, at an analytical review level, we developed an expectation of the revenue balance with reference to the unit completion figures; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 97;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 97;
- the directors' statement on fair, balanced and understandable set out on page 97;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 93;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 93; and
- the section describing the work of the audit committee set out on page 92.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were reappointed by the shareholders on 23 April 2020 to audit the financial statements for the year ending 31 December 2020. Following the merger of Taylor Woodrow and George Wimpey in 2007, we were appointed as auditor of the merged Group for subsequent financial periods. The period of total uninterrupted engagement of the merged Group is 14 years from the year ended 31 December 2007 to 31 December 2020. Prior to that we were the auditor of Taylor Woodrow.

This year is our final year of association with the Group due to mandatory rotation rules.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Dean Cook

Dean Cook MA FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

1 March 2021

Consolidated income statement

for the year to 31 December 2020

£ million	Note	Before exceptional items 2020	Exceptional items 2020	Total 2020	Before exceptional items 2019	Exceptional items 2019	Total 2019
Continuing operations							
Revenue	4	**2,790.2**	**–**	**2,790.2**	4,341.3	–	4,341.3
Cost of sales		**(2,293.5)**	**–**	**(2,293.5)**	(3,297.2)	–	(3,297.2)
Gross profit before positive contribution		**492.1**	**–**	**492.1**	1,034.0	–	1,034.0
Positive contribution from written down inventory		**4.6**	**–**	**4.6**	10.1	–	10.1
Gross profit		**496.7**	**–**	**496.7**	1,044.1	–	1,044.1
Net operating expenses	6	**(204.3)**	**(10.0)**	**(214.3)**	(201.6)	14.3	(187.3)
Profit on ordinary activities before finance costs		**292.4**	**(10.0)**	**282.4**	842.5	14.3	856.8
Finance income	8	**3.5**	**–**	**3.5**	2.9	–	2.9
Finance costs	8	**(29.4)**	**–**	**(29.4)**	(31.8)	–	(31.8)
Share of results of joint ventures	13	**7.9**	**–**	**7.9**	8.0	–	8.0
Profit before taxation		**274.4**	**(10.0)**	**264.4**	821.6	14.3	835.9
Taxation charge	9	**(49.1)**	**1.7**	**(47.4)**	(159.3)	(2.7)	(162.0)
Profit for the year		**225.3**	**(8.3)**	**217.0**	662.3	11.6	673.9

	Note	2020	2019
Basic earnings per share	10	**6.3p**	20.6p
Diluted earnings per share	10	**6.2p**	20.6p
Adjusted basic earnings per share	10	**6.5p**	20.3p
Adjusted diluted earnings per share	10	**6.5p**	20.2p

All of the profit for the year is attributable to the equity holders of the Parent Company.

Consolidated statement of comprehensive income

for the year to 31 December 2020

£ million	Note	2020	2019
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	25	**5.2**	(5.5)
Movement in fair value of hedging instruments	25	**(4.2)**	4.1
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension schemes	21	**(36.6)**	(8.9)
Tax credit on items taken directly to other comprehensive income	14	**8.6**	1.7
Other comprehensive expense for the year net of tax		**(27.0)**	(8.6)
Profit for the year		**217.0**	673.9
Total comprehensive income for the year		**190.0**	665.3

All of the comprehensive income for the year is attributable to the equity holders of the Parent Company.

Consolidated balance sheet

at 31 December 2020

£ million	Note	2020	2019
Non-current assets			
Intangible assets	11	**8.1**	7.0
Property, plant and equipment	12	**24.0**	25.6
Right-of-use assets	19	**27.5**	27.4
Interests in joint ventures	13	**82.2**	55.3
Trade and other receivables	16	**26.3**	43.7
Deferred tax assets	14	**33.7**	29.8
		201.8	188.8
Current assets			
Inventories	15	**4,534.7**	4,196.0
Trade and other receivables	16	**189.1**	161.0
Cash and cash equivalents	16	**823.0**	630.4
		5,546.8	4,987.4
Total assets		**5,748.6**	5,176.2
Current liabilities			
Trade and other payables	18	**(919.3)**	(974.8)
Lease liabilities	19	**(6.4)**	(7.6)
Bank and other loans	17	**(13.5)**	–
Tax payables		**(1.1)**	(67.9)
Provisions	22	**(70.6)**	(72.7)
		(1,010.9)	(1,123.0)
Net current assets		**4,535.9**	3,864.4
Non-current liabilities			
Trade and other payables	18	**(459.8)**	(499.7)
Lease liabilities	19	**(21.6)**	(20.3)
Bank and other loans	17	**(90.1)**	(84.7)
Retirement benefit obligations	21	**(89.5)**	(85.0)
Provisions	22	**(59.9)**	(55.7)
		(720.9)	(745.4)
Total liabilities		**(1,731.8)**	(1,868.4)
Net assets		**4,016.8**	3,307.8
Equity			
Share capital	23	**292.2**	288.6
Share premium	24	**773.1**	762.9
Own shares	26	**(11.5)**	(17.6)
Other reserves	25	**543.7**	43.6
Retained earnings		**2,419.3**	2,230.3
Total equity		**4,016.8**	3,307.8

The financial statements of Taylor Wimpey plc (registered number: 296805) were approved by the Board of Directors and authorised for issue on 1 March 2021. They were signed on its behalf by:

P Redfern
Director

C Carney
Director

Consolidated statement of changes in equity

for the year to 31 December 2020

£ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Total equity at 1 January 2019	288.5	762.9	(22.7)	45.0	2,153.1	3,226.8
Other comprehensive expense for the year net of tax	–	–	–	(1.4)	(7.2)	(8.6)
Profit for the year	–	–	–	–	673.9	673.9
Total comprehensive (expense)/income for the year	–	–	–	(1.4)	666.7	665.3
New share capital subscribed	0.1	–	–	–	–	0.1
Utilisation of own shares	–	–	5.1	–	–	5.1
Cash cost of satisfying share options	–	–	–	–	0.3	0.3
Share-based payment credit	–	–	–	–	8.0	8.0
Tax credit on items taken directly to statement of changes in equity	–	–	–	–	1.9	1.9
Dividends approved and paid	–	–	–	–	(599.7)	(599.7)
Total equity at 31 December 2019	288.6	762.9	(17.6)	43.6	2,230.3	3,307.8
Other comprehensive income/(expense) for the year net of tax	**–**	**–**	**–**	**1.0**	**(28.0)**	**(27.0)**
Profit for the year	**–**	**–**	**–**	**–**	**217.0**	**217.0**
Total comprehensive income for the year	**–**	**–**	**–**	**1.0**	**189.0**	**190.0**
New share capital subscribed	**3.6**	**10.2**	**–**	**499.1**	**–**	**512.9**
Utilisation of own shares	**–**	**–**	**6.1**	**–**	**–**	**6.1**
Cash cost of satisfying share options	**–**	**–**	**–**	**–**	**(8.0)**	**(8.0)**
Share-based payment credit	**–**	**–**	**–**	**–**	**7.0**	**7.0**
Tax credit on items taken directly to statement of changes in equity	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Total equity at 31 December 2020	**292.2**	**773.1**	**(11.5)**	**543.7**	**2,419.3**	**4,016.8**

Consolidated cash flow statement

for the year to 31 December 2020

£ million	Note	2020	2019
Profit on ordinary activities before finance costs		**282.4**	856.8
Adjustments for:			
Depreciation and amortisation		**16.4**	13.5
Pension contributions in excess of charge to the income statement		**(33.4)**	(60.6)
Share-based payment charge		**7.0**	8.0
Increase/(decrease) in provisions excluding exceptional payments		**19.6**	(6.2)
Operating cash flows before movements in working capital		**292.0**	811.5
Increase in inventories		**(362.2)**	(21.7)
Increase in receivables		**(19.5)**	(12.7)
Decrease in payables		**(75.3)**	(74.9)
Cash (used in)/generated by operations		**(165.0)**	702.2
Payments related to exceptional charges		**(17.7)**	(36.8)
Income taxes paid		**(107.7)**	(149.0)
Interest paid		**(10.8)**	(6.4)
Net cash (used in)/from operating activities		**(301.2)**	510.0
Investing activities			
Interest received	8	**3.1**	2.9
Dividends received from joint ventures		**0.8**	7.4
Purchase of property, plant and equipment	12	**(3.1)**	(7.2)
Purchase of software	11	**(4.9)**	(5.4)
Amounts invested in joint ventures		**(19.8)**	(6.3)
Net cash used in investing activities		**(23.9)**	(8.6)
Financing activities			
Lease capital repayments		**(8.0)**	(8.4)
Proceeds from the issue of own shares		**510.1**	0.1
Cash received on exercise of share options		**0.8**	5.4
Proceeds from borrowings		**13.5**	–
Dividends paid		**–**	(599.7)
Net cash generated by/(used in) financing activities		**516.4**	(602.6)
Net increase/(decrease) in cash and cash equivalents		**191.3**	(101.2)
Cash and cash equivalents at beginning of year		**630.4**	734.2
Effect of foreign exchange rate changes		**1.3**	(2.6)
Cash and cash equivalents at end of year	27	**823.0**	630.4

Notes to the consolidated financial statements

1. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except as otherwise stated below.

The principal accounting policies adopted, which have been applied consistently, except as otherwise stated, are set out below.

Adoption of new and revised standards

The Group has adopted and applied the following standards and amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements.

- IFRS 3 'Business Combinations' (amendments) – definition of a business
- Amendments to References to the Conceptual Framework in IFRS Standards
- IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (amendments) – definition of material
- IFRS 9, IAS 39 and IFRS 7 (amendments) – interest rate benchmark reform

At the date of authorisation of these financial statements, the Group has not applied the following new or revised standards and interpretations that have been issued but are not yet effective:

- IFRS 3 'Business Combinations' (amendments) – references to the Conceptual Framework
- IAS 16 'Property, Plant and Equipment' (amendments) – proceeds before intended use
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (amendments) – cost of fulfilling a contract
- Annual improvement in IFRS Standards 2018-2020
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) – interest rate benchmark reform – phase 2
- IAS 1 'Presentation of Financial Statements' (amendments) – classification of liabilities as current or non-current

The Directors do not expect that the adoption of the standards, amendments and interpretations listed above will have a material impact on the financial statements of the Group.

Going concern

During the year the Group took a number of mitigating actions, in response to the COVID-19 pandemic, to tightly manage working capital and liquidity, including pausing discretionary land spend and cancelling the 2019 final dividend and 2020 special dividend. The prudent step of fully drawing down the previously unutilised £550 million revolving credit facility was also taken, which was subsequently fully repaid in the year.

In June 2020 the Group also completed a placing of shares that raised £510.1 million, net of fees, that was undertaken to allow the Group to pursue additional near term land acquisition opportunities.

Group forecasts have been prepared that reflect both the actual experienced impact of the pandemic and estimates of future impact based on the current Group operational plan. The forecasts were subject to a range of sensitisation including severe but plausible scenarios together with the likely effectiveness of mitigating actions.

The assessment considered sensitivity analysis on a number of realistically possible, but severe and prolonged, changes to principal assumptions through to the end of December 2025, in line with the viability assessment performed. In determining these, the Group included macro-economic and industry wide projections, taking into account the possible impact of Brexit as well as matters specific to the Group. To arrive at the sensitisation tests, the Group has drawn on experience gained managing the business through previous economic downturns and stress tested the business against a number of scenarios including:

- Volume – a decline in total volumes of 30% from pre-COVID-19 levels, followed by a gradual recovery
- Price – reduction to current selling prices by 10%

In addition, the Group considered what additional reductions to volumes or sales prices would be required, before any further mitigating actions were taken, to cause a potential breach in the Group's financial covenants. Having performed the analysis, the Directors consider the likelihood of such scenarios to be remote and that mitigating actions would be available should they be required. The mitigating actions considered included a reduction in land investment, a reduction in the level of production and work in progress held and optimising the overhead base to ensure it aligned with the scale of the operations through the cycle.

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,373 million at 31 December 2020. The undrawn facilities and the majority of the drawn facilities have maturities more than one year after the current balance sheet date with €100 million due in June 2023, €15 million due in December 2021 and £550 million maturing in February 2025. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis.

Based on these forecasts, it is considered that there are sufficient resources available for the Group to conduct its business for at least the next 12 months. As such the consolidated financial statements have been prepared on a going concern basis.

Basis of accounting

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair value of the assets and liabilities recognised. Subsequently, all comprehensive income is attributed to the owners and the non-controlling interests, which may result in the non-controlling interest having a debit balance.

Notes to the consolidated financial statements continued

1. Significant accounting policies continued

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where a subsidiary is disposed of which constituted a major line of business, it is disclosed as a discontinued operation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

Undertakings are deemed to be a joint venture when the Group has joint control of the rights and assets of the undertaking via either voting rights or a formal agreement which includes that unanimous consent is required for strategic, financial and operating decisions. Joint ventures are consolidated under the equity accounting method. On transfer of land and/or work in progress to joint ventures, the Group recognises only its share of any profits or losses. Joint operations arise where the Group has joint control of an operation but has rights to only its own assets and obligations related to the operation. These assets and obligations, and the Group's share of revenues and costs, are included in the Group's results.

Joint ventures and joint operations are entered into to develop specific sites. Each arrangement is site or project specific and once the development or project is complete the arrangement is wound down.

Segmental reporting

The Group operates in the United Kingdom and Spain. The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team. In addition, there are central operations covering the corporate functions and Strategic Land.

The Group aggregates the UK operations into a single reporting segment on the basis that they share similar economic characteristics. In addition each division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities The segmental disclosure has been updated in the year, see Note 5 for further details.

As a result, the Group has the following reporting segments:

- United Kingdom
- Spain

Revenue

Revenue is recognised when the performance obligation associated with the sale is completed. The transaction price comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue and profit are recognised as follows:

(a) Housing and land sales

Revenue is recognised in the income statement when control is transferred to the customer. This is deemed to be when title of the property passes to the customer on legal completion and the performance obligation associated with the sale is completed.

Revenue in respect of the sale of residential properties, whether under the Government's Help to Buy scheme or not, is recognised at the fair value of the consideration received or receivable on legal completion.

(b) Long term contracts

Revenue arising on contracts which give the customer control over properties as they are constructed, and for which the Group has a right to payments for work performed, is recognised over time. Revenue and costs are recognised over time with reference to the stage of completion of the contract activity at the balance sheet date where the outcome of a long term contract can be estimated reliably. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. When land is transferred at the start of a long term contract, revenue is not recognised until control has been transferred to the customer which includes legal title being passed to them.

Where the outcome of a long term contract cannot be estimated reliably, contract revenue where recoverability is probable is recognised to the extent of contract costs incurred. The costs associated with fulfilling a contract are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Part exchange

In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for costs to sell. Net proceeds generated from the subsequent sale of part exchange properties are recorded as a reduction to net operating expenses. The original sale is recorded in the normal way, with the fair value of the exchanged property replacing cash receipts.

(d) Cash incentives

The transaction price may include cash incentives. These are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Cost of sales

The Group determines the value of inventory charged to cost of sales based on the total budgeted cost of developing a site. Once the total expected costs of development are established, they are allocated to individual plots to achieve a standard build cost per plot.

To the extent that additional costs or savings are identified as the site progresses, these are recognised over the remaining plots unless they are specific to a particular plot, in which case they are recognised in the income statement at the point of sale.

Positive contribution

The positive contribution presented on the face of the income statement represents the net amount of previous impairments allocated to inventory on a plot that has subsequently resulted in a gross profit on completion. This is due to the combination of selling prices and costs, or product mix improvements exceeding market assumptions in the previous net realisable value (NRV) exercise. These amounts are stated before the allocation of overheads, which are excluded from the Group's NRV exercise.

Exceptional items

Exceptional items are defined as items of income or expenditure which, in the opinion of the Directors, are material or unusual in nature or of such significance that they require separate disclosure on the face of the income statement in accordance with IAS 1 'Presentation of Financial Statements'. Should these items be reversed, disclosure of this would also be as exceptional items.

1. Significant accounting policies continued

Finance income

Interest income on bank deposits is recognised on an accruals basis. Also included in interest receivable are interest and interest-related payments the Group receives on other receivables.

Finance costs

Borrowing costs are recognised on an accruals basis and are payable on the Group's borrowings and lease liabilities. Also included are the amortisation of fees associated with the arrangement of the financing.

Finance charges, including premiums payable on settlement or redemption, and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Capitalised finance costs are held in other receivables and amortised over the period of the facility.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing at the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operation are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at an appropriate average rate for the year. Exchange differences arising are recognised within other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the income statement in the period in which the operation is disposed of.

The Group uses foreign currency borrowings to hedge its net investment exposure to certain overseas subsidiaries.

Leases

The Group as a lessee

The Group assesses at inception whether a contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
- the Group has the right to direct the use of the asset.

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet, and lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term.

Intangible assets

Brands

Internally generated brands are not capitalised. Acquired brands are capitalised. Brands are stated at cost, less accumulated amortisation and any accumulated impairment losses. Brands are amortised over their estimated useful life on a straight-line basis.

Software

Costs that are directly associated with the acquisition or production of identifiable and unique software controlled by the Group, and that generate economic benefits beyond one year, are recognised as intangible assets. Software development costs recognised as assets are amortised on a straight-line basis over three to five years from the time of implementation and are stated at cost less accumulated amortisation and any accumulated impairment losses.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Buildings are depreciated over 50 years.

Plant and equipment is stated at cost less depreciation.

Depreciation is charged to expense the cost or valuation of assets over their estimated useful lives. Other assets are depreciated using the straight-line method, on the following bases:

- Plant and equipment: 20-33% per annum
- Leasehold improvements: over the term of the lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset. This difference is recognised in the income statement.

Notes to the consolidated financial statements continued

1. Significant accounting policies continued

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the income statement.

Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset's recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, so long as it does not exceed the original carrying value prior to the impairment being recognised. A reversal of an impairment loss is recognised as income immediately in the income statement.

Financial instruments

Financial assets

Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

– Measured at amortised cost
– Measured at fair value through profit or loss (FVTPL)
– Measured at fair value through other comprehensive income (FVOCI)

The classification of financial assets depends on the Group's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in the income statement using the effective interest rate method.

Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Group as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in the income statement and presented within net operating expenses.

The Group currently has no financial assets measured at FVOCI.

Trade and other receivables

Trade and other receivables are measured at amortised cost, less any loss allowance.

Shared equity loans

Shared equity loans were provided to certain customers to facilitate a house purchase. The contractual cash flows on shared equity loans are linked to a national house price index. Under IFRS 9, financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Accordingly, shared equity loans are classified as FVTPL with fair value gains and losses arising on the remeasurement of the loan presented in the income statement within net operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity of three months or less from inception and are subject to insignificant risk of changes in value.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently classified into one of the following measurement categories:

– Measured at amortised cost
– Measured at fair value through profit or loss (FVTPL)

Non-derivative financial liabilities are measured at FVTPL when they are considered held for trading or designated as such on initial recognition. The Group has no non-derivative financial liabilities measured at FVTPL.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are measured at amortised cost. When the acquisition of land has deferred payment terms a land creditor is recognised. Payables are discounted to present value when repayment is due more than one year after initial recognition or the impact is material.

Customer deposits

Customer deposits, measured at amortised cost, are recorded as a liability on receipt and released to the income statement as revenue upon legal completion.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Parent Company are recorded as the proceeds are received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group uses foreign currency borrowings and derivatives to hedge its net investment exposure to movements in exchange rates on translation of certain individual financial statements denominated in foreign currencies other than Sterling which is the functional currency of the Parent Company.

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of net investments in foreign operations are recognised directly in other comprehensive income and the ineffective portion, if any, is recognised immediately in the income statement.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the consolidated income statement. Gains or losses from remeasuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued if the hedged item is sold or no longer qualifies for hedge accounting at which point any cumulative gain or loss on the hedging instrument accumulated in other comprehensive income is transferred to the income statement for the period.

1. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Inventories

Inventories are initially stated at cost and held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the Group.

Non-refundable land option payments are initially recognised in inventory. They are reviewed regularly and written off to the income statement when it is probable that the option will not be exercised.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will vest after adjusting for the effect of non-market vesting conditions.

Employee benefits

For defined benefit plans a finance charge is determined on the net defined benefit pension liability. The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the service period of employees, past service costs are recognised as an expense at the earlier of when the plan is amended or curtailment occurs, at the same time as which the entity will recognise related restructuring costs or termination benefits. Certain liability management costs and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents either the net deficit position of the scheme or, should the scheme be in an IAS 19 accounting surplus, the IFRIC 14 liability equal to the present value of future committed cash contributions.

Payments to defined contribution schemes are charged as an expense as they fall due.

2. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Management have considered whether there are any such sources of estimation or accounting judgements in forming the financial statements and highlight the following areas. In identifying these areas, management have considered the size of the associated balance and the potential likelihood of changes due to macro-economic factors.

Critical accounting judgements

Management have not made any individual critical accounting judgements that are material to the Group.

Notes to the consolidated financial statements continued

2. Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty

Key sources of estimation uncertainty are those which present a significant risk of potential material misstatement to carrying amounts of assets or liabilities within the next financial year.

Employee benefits

The value of the defined benefit plan liabilities is determined by using various assumptions, including discount rate, future rates of inflation, growth, yields, returns on investments and mortality rates. As actual changes in these values may differ from those assumed, this is a key source of estimation uncertainty within the financial statements. Changes in these assumptions over time and differences to the actual outcome will be reflected in the statement of comprehensive income. Note 21 details the main assumptions in accounting for the Group's defined benefit pension scheme, along with sensitivities of the liabilities to changes in these assumptions.

Other sources of estimation uncertainty

Provision for leasehold

The value of this provision has been established using information available to management at 31 December 2020, together with a range of assumptions including the number of units which have been sold by the original Taylor Wimpey customer and as such are not eligible for the scheme, and the final deed of variation valuations for those freeholders with whom the Group has not yet agreed a settlement. The value of the assumptions applied by management directly impacts the final provision recognised. These outcomes are not known with certainty as at 31 December 2020 but represent management's best estimate. It is not anticipated that any reasonable changes would lead to a material adjustment in the value of the provision held. See Note 22 for further details on the provision.

Aluminium Composite Materials (ACM) provision

This provision was established to provide for the cost of replacing ACM cladding on a small number of legacy developments. The Group has estimated the cost of replacement based on engagement with contractors and, where applicable, the management companies of the affected developments. Determining the total cost of replacing cladding across a number of different buildings contains inherent estimation uncertainty, it is not anticipated that any reasonable changes would lead to a material adjustment in the value of the provision for these developments. See Note 22 for further details on the provision. The scope of works may also be impacted by future government guidance or regulations (see Note 33 for details of a post balance sheet event).

Cost allocation

In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments, and make estimates relating to future sales price margins on those developments and units. In making these assessments, there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and the appropriateness of estimates made.

3. General information

Taylor Wimpey plc is a company incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The Company's registered office is Taylor Wimpey plc, Gate House, Turnpike Road, High Wycombe, HP12 3NR. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 59.

These financial statements are presented in pounds Sterling as the currency of the primary economic environment in which the Group operates.

4. Revenue

An analysis of the Group's continuing revenue is as follows:

£ million	2020	2019
Private sales	2,507.9	3,798.3
Partnership housing	269.3	490.6
Land & other	13.0	52.4
	2,790.2	4,341.3

Other revenue includes income from the sale of commercial properties developed as part of larger residential developments. The Group's revenue includes revenue from construction contracts that are recognised over time by reference to the stage of completion of the contract with the customer. All other revenue is recognised at a point in time once control of the property is transferred to the customer.

£ million	2020	2019
Recognised at a point in time	2,573.7	4,013.7
Recognised over time	216.5	327.6
	2,790.2	4,341.3

At 31 December 2020, the aggregate amount of the transaction price allocated to unsatisfied performance obligations on construction contracts was £572.3 million (2019: £692.7 million), of which approximately 46% is expected to be recognised as revenue during 2021.

5. Operating segments

The Group operates in two countries, the United Kingdom and Spain.

The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. As part of a 2020 review of operating efficiencies the Group split its three UK divisions into five and as a result re-assessed its reporting segments in accordance with IFRS 8. It was determined that all the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure for the current year has been updated to reflect the two reportable segments of the UK and Spain (2019: five reportable segments) and the comparative period has been shown on the same basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Segment information about these businesses is presented below:

	2020			2019		
£ million	UK	Spain	Total	UK	Spain	Total
Revenue						
External sales	2,726.9	63.3	2,790.2	4,220.9	120.4	4,341.3
Result						
Profit before joint ventures, finance costs and exceptional items	276.6	15.8	292.4	810.4	32.1	842.5
Share of results of joint ventures	7.9	–	7.9	8.0	–	8.0
Operating profit (Note 32)	284.5	15.8	300.3	818.4	32.1	850.5
Exceptional items (Note 6)	(10.0)	–	(10.0)	14.3	–	14.3
Profit before finance costs	274.5	15.8	290.3	832.7	32.1	864.8
Net finance costs			(25.9)			(28.9)
Profit before taxation			264.4			835.9
Taxation charge			(47.4)			(162.0)
Profit for the year			217.0			673.9

Notes to the consolidated financial statements continued

5. Operating segments continued

£ million	2020 UK	2020 Spain	2020 Total	2019 UK	2019 Spain	2019 Total
Assets and liabilities						
Segment operating assets	4,635.1	174.6	4,809.7	4,299.0	161.7	4,460.7
Joint ventures	82.2	–	82.2	55.3	–	55.3
Segment operating liabilities	(1,564.0)	(63.1)	(1,627.1)	(1,632.2)	(83.6)	(1,715.8)
Net operating assets	3,153.3	111.5	3,264.8	2,722.1	78.1	2,800.2
Net current taxation			(1.1)			(67.9)
Net deferred taxation (Note 14)			33.7			29.8
Net cash (Note 27)			719.4			545.7
Net assets			4,016.8			3,307.8

£ million	2020 UK	2020 Spain	2020 Total	2019 UK	2019 Spain	2019 Total
Other information						
Property, plant and equipment additions	2.8	0.3	3.1	7.2	–	7.2
Right-of-use asset additions	9.1	0.2	9.3	9.1	0.4	9.5
Software additions	4.9	–	4.9	5.4	–	5.4
Property, plant and equipment depreciation	(4.6)	(0.1)	(4.7)	(3.1)	(0.1)	(3.2)
Right-of-use asset depreciation	(7.6)	(0.3)	(7.9)	(8.4)	(0.3)	(8.7)
Amortisation of intangible assets	(3.8)	–	(3.8)	(1.6)	–	(1.6)

6. Net operating expenses and profit on ordinary activities before finance costs

Profit on ordinary activities before finance costs for continuing operations has been arrived at after charging/(crediting):

£ million	2020	2019
Administration expenses	206.8	211.7
Other expenses	7.2	4.3
Other income	(9.7)	(14.4)
Exceptional items	10.0	(14.3)

Other income and expenses include profits on the sale of property, plant and equipment and the revaluation of certain shared equity mortgage receivables, pre-acquisition and abortive costs, and profit/loss on the sale of part exchange properties. In April 2020 the Group took the decision to utilise the Government's Coronavirus Job Retention Scheme. As of June 2020, all employees had returned from furlough and in July 2020 the Group returned the funds to the Government.

Exceptional items: £ million	2020	2019
Provision in relation to Aluminium Composite Materials cladding	10.0	–
Net Pension Increase Exchange credit	–	(14.3)
Exceptional items	10.0	(14.3)

Aluminium Composite Materials (ACM) cladding

Following the tragic fire at Grenfell Tower, the Group conducted a detailed review into all legacy and current buildings' ACM cladding and worked with building owners, management companies, and the Fire Service to implement Government advice on interim mitigation measures, where applicable. Whilst each situation is different, and this is an exceptionally complex issue, the Group has in a number of cases, having regard to all of the relevant facts and circumstances, agreed to support our customers both financially and practically with removal and replacement of ACM cladding, even though the buildings concerned met the requirements of building regulations at the time construction was formally approved. This decision was taken for buildings recently constructed by the Group because management believe that it is morally right, not because it is legally required. In 2020 the provision was increased by £10 million to reflect the latest cost estimates of the work to be performed.

Pension Increase Exchange (PIE)

During 2019, the Group initiated a Pension Increase Exchange exercise which enables pension scheme members to elect to exchange future pension increases on part of their pensions for a one-off increase in pension. The PIE exercise consisted of two stages – the option to select the exchange at retirement for members who have not yet retired and a bulk exercise for members already drawing a pension. The credit arising from the implementation of the PIE was considered a past service credit and recognised through the income statement in accordance with IAS 19.

6. Net operating expenses and profit on ordinary activities before finance costs continued

Profit on ordinary activities before finance costs has been arrived at after charging:

£ million	2020	2019
Cost of inventories recognised as an expense in cost of sales	2,094.2	3,203.6
Property, plant and equipment depreciation (Note 12)	4.7	3.2
Right-of-use asset depreciation (Note 19)	7.9	8.7
Amortisation of intangible assets (Note 11)	3.8	1.6

During the year the Group identified and expensed £62.7 million of costs relating to the COVID-19 pandemic, with £60.3 million charged to gross profit and £2.4 million to administrative costs. These costs include unproductive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to WIP and expensed as plots legally complete of £29.9 million; additional costs incurred by the business due to extended site durations resulting from the reduced productivity levels as the Group implemented its operational processes under the COVID-secure guidelines totalling £17.4 million; and incremental costs incurred by the business in responding to COVID-19, including to meet its health and safety requirements and complying with Government guidelines, of £15.4 million.

The remuneration paid to Deloitte LLP, the Group's external auditor, is as follows:

£ million	2020	2019
Fees payable for the audit of the Company's annual accounts and consolidated financial statements	0.2	0.2
Fees payable to the Company's auditor and its associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	0.3	0.3
Total audit fees	0.5	0.5
Other assurance services	0.2	0.1
Total non-audit fees	0.2	0.1
Total fees	0.7	0.6

Non-audit services in 2020 and 2019 predominantly relate to work undertaken as a result of Deloitte LLP's role as auditor, or work resulting from knowledge and experience gained as part of the role. In both 2020 and 2019 the fees relating to other assurance services predominantly related to the review of the interim statements. The work was either the subject of a competitive tender or was best performed by the Group's auditor because of its knowledge of the Group. In 2020, non-audit fees also include £50,000 (2019: £1,000) of other services related to enhanced assurance.

7. Staff costs

Number	2020	2019
Average number employed		
United Kingdom	5,948	5,796
Spain	81	87
	6,029	5,883

£ million	2020	2019
Remuneration		
Wages and salaries	264.9	275.9
Redundancy costs	5.5	0.9
Social security costs	28.7	29.8
Other pension costs	15.2	14.5
	314.3	321.1

The information relating to Director and Senior Management remuneration required by the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority is contained in Note 30 and pages 98 to 120 in the Directors' Remuneration Report.

Notes to the consolidated financial statements continued

8. Finance costs and finance income

£ million	2020	2019
Interest receivable	**3.1**	2.9
Foreign exchange gain	**0.4**	–
	3.5	2.9

£ million	2020	2019
Interest on bank and other loans	**8.3**	5.5
Foreign exchange loss	**–**	1.1
	8.3	6.6
Unwinding of discount on land creditors and other items	**19.3**	21.5
Interest on lease liabilities (Note 19)	**0.4**	0.5
Net interest on pension liability (Note 21)	**1.4**	3.2
	29.4	31.8

9. Taxation

Tax (charged)/credited in the income statement is analysed as follows:

£ million		2020	2019
Current tax:			
UK:	Current year	**(38.5)**	(138.1)
	Adjustment in respect of prior years	**(0.6)**	(5.2)
Overseas:	Current year	**(2.2)**	(5.2)
	Adjustment in respect of prior years	**–**	(0.6)
		(41.3)	(149.1)
Deferred tax:			
UK:	Current year	**(5.5)**	(10.8)
	Adjustment in respect of prior years	**(0.2)**	0.5
Overseas:	Current year	**(0.4)**	(1.8)
	Adjustment in respect of prior years	**–**	(0.8)
		(6.1)	(12.9)
		(47.4)	(162.0)

Corporation tax is calculated at 19.0% (2019: 19.0%) of the estimated assessable profit for the year in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The effective tax rate, before exceptional items, is 17.9% (2019: 19.4%). The tax charge for the year includes an exceptional credit of £1.7 million relating to the ACM provision. The tax charge for the prior year includes an exceptional charge of £2.7 million relating to the Pension Increase Exchange exercise. The charge for the year can be reconciled to the profit per the income statement as follows:

£ million	2020	2019
Profit before tax	**264.4**	835.9
Tax at the UK corporation tax rate of 19.0% (2019: 19.0%)	**(50.2)**	(158.8)
Net under provision in respect of prior years	**(0.9)**	(6.1)
Net impact of items that are not taxable or deductible	**2.8**	3.4
Recognition of deferred tax asset relating to Spanish business	**1.1**	1.5
Other rate impacting adjustments	**(0.2)**	(2.0)
Tax charge for the year	**(47.4)**	(162.0)

10. Earnings per share

	2020	2019
Basic earnings per share	**6.3p**	20.6p
Diluted earnings per share	**6.2p**	20.6p
Adjusted basic earnings per share	**6.5p**	20.3p
Adjusted diluted earnings per share	**6.5p**	20.2p
Weighted average number of shares for basic earnings per share – million	**3,471.2**	3,268.2
Weighted average number of shares for diluted earnings per share – million	**3,473.6**	3,276.2

Adjusted basic and adjusted diluted earnings per share, which exclude the impact of exceptional items and any associated net tax amounts, are presented to provide a measure of the underlying performance of the Group. A reconciliation of earnings attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below.

£ million	2020	2019
Earnings for basic and diluted earnings per share	**217.0**	673.9
Adjust for exceptional items (Note 6)	**10.0**	(14.3)
Adjust for tax on exceptional items	**(1.7)**	2.7
Earnings for adjusted basic and adjusted diluted earnings per share	**225.3**	662.3

Million	2020	2019
Weighted average number of shares for basic earnings per share	**3,471.2**	3,268.2
Long term incentive share options	**1.3**	6.3
SAYE options	**1.1**	1.7
Weighted average number of shares for diluted earnings per share	**3,473.6**	3,276.2

11. Intangible assets

£ million	Brands	Software	Total
Cost			
At 1 January 2019	140.2	11.8	152.0
Additions	–	5.4	5.4
At 31 December 2019	140.2	17.2	157.4
Additions	**–**	**4.9**	**4.9**
At 31 December 2020	**140.2**	**22.1**	**162.3**
Accumulated amortisation			
At 1 January 2019	(140.2)	(8.6)	(148.8)
Charge for the year	–	(1.6)	(1.6)
At 31 December 2019	(140.2)	(10.2)	(150.4)
Charge for the year	**–**	**(3.8)**	**(3.8)**
At 31 December 2020	**(140.2)**	**(14.0)**	**(154.2)**
Carrying amount			
At 31 December 2020	**–**	**8.1**	**8.1**
At 31 December 2019	–	7.0	7.0

The amortisation of software is recognised within administration expenses in the income statement.

Notes to the consolidated financial statements continued

12. Property, plant and equipment

£ million	Freehold land and buildings	Plant, equipment and leasehold improvements	Total
Cost			
At 1 January 2019	16.2	20.8	37.0
Additions	0.3	6.9	7.2
Disposals	–	(2.7)	(2.7)
Exchange movements	–	(0.1)	(0.1)
At 31 December 2019	16.5	24.9	41.4
Additions	**–**	**3.1**	**3.1**
Disposals	**–**	**–**	**–**
Exchange movements	**–**	**0.1**	**0.1**
At 31 December 2020	**16.5**	**28.1**	**44.6**
Accumulated depreciation			
At 1 January 2019	(2.2)	(13.2)	(15.4)
Charge for the year	(0.5)	(2.7)	(3.2)
Disposals	–	2.7	2.7
Exchange movements	–	0.1	0.1
At 31 December 2019	(2.7)	(13.1)	(15.8)
Charge for the year	**(0.5)**	**(4.2)**	**(4.7)**
Disposals	**–**	**–**	**–**
Exchange movements	**–**	**(0.1)**	**(0.1)**
At 31 December 2020	**(3.2)**	**(17.4)**	**(20.6)**
Carrying amount			
At 31 December 2020	**13.3**	**10.7**	**24.0**
At 31 December 2019	13.8	11.8	25.6

13. Interests in joint ventures

£ million	2020	2019
Aggregated amounts relating to share of all joint ventures:		
Non-current assets	**25.3**	21.9
Current assets	**115.0**	101.0
Total assets	**140.3**	122.9
Current liabilities	**(28.2)**	(22.5)
Non-current liabilities	**(91.8)**	(87.9)
Total liabilities	**(120.0)**	(110.4)
Carrying amount	**24.3**	18.3
Loans to joint ventures	**57.9**	37.0
Total interests in joint ventures	**82.2**	55.3

Loans to joint ventures includes £(4.0) million (2019: £(5.8) million) relating to the Group's share of losses recognised under the equity method in excess of the investment in ordinary shares.

13. Interests in joint ventures continued

£ million	2020	2019
Group share of:		
Revenue	**96.0**	99.9
Cost of sales	**(77.4)**	(85.7)
Gross profit	**18.6**	14.2
Net operating expenses	**(5.3)**	(2.7)
Profit before finance costs	**13.3**	11.5
Net finance costs	**(3.3)**	(1.8)
Profit before taxation	**10.0**	9.7
Taxation	**(2.1)**	(1.7)
Share of joint ventures' post-tax results for the year	**7.9**	8.0

The Group has five material (2019: five) joint ventures whose principal activity is residential housebuilding or development. The Group considers a joint venture to be material when it is financially or strategically important to the Group.

The particulars of the material joint ventures for 2020 are as follows:

Joint venture	Country of incorporation	Interest in the issued ordinary share capital*
Greenwich Millennium Village Limited	United Kingdom	50%
Chobham Manor Limited Liability Partnership	United Kingdom	50%
Winstanley and York Road Regeneration LLP	United Kingdom	50%
Whitehill & Bordon Development Company Phase 1a Limited	United Kingdom	50%
Whitehill & Bordon Regeneration Company Limited	United Kingdom	50%

* Interests held by subsidiary undertakings.

Further information on the particulars of joint ventures can be found on page 172.

The following two tables show summary financial information for the material joint ventures. Unless specifically indicated, this information represents 100% of the joint venture before intercompany eliminations.

£ million	Greenwich Millennium Village 2020	Chobham Manor 2020	Winstanley and York Road Regeneration 2020	Whitehill & Bordon Development Company Phase 1a 2020	Whitehill & Bordon Regeneration Company 2020	Total 2020
Non-current assets	–	–	–	0.3	49.6	49.9
Current assets	39.0	57.0	59.8	16.0	2.1	173.9
Cash and cash equivalents	19.5	12.2	12.8	1.8	0.6	46.9
Current financial liabilities	(10.0)	(13.9)	(12.2)	(7.1)	(9.2)	(52.4)
Current other liabilities	(2.8)	–	–	–	–	(2.8)
Non-current financial liabilities*	(10.0)	(49.7)	(68.4)	(7.8)	(40.9)	(176.8)
Net assets/(liabilities) (100%)	35.7	5.6	(8.0)	3.2	2.2	38.7
Group share of net assets/(liabilities)	17.9	2.8	(4.0)	1.6	1.1	19.4
Loans to joint ventures	2.5	22.6	29.7	–	3.3	58.1
Total interests in material joint ventures	20.4	25.4	25.7	1.6	4.4	77.5
Revenue	72.7	23.3	52.6	23.8	19.7	192.1
Interest expense	(0.1)	–	(5.2)	(1.1)	–	(6.4)
Income tax expense	(3.6)	–	–	(0.5)	(0.2)	(4.3)
Profit/(loss) for the year	15.3	(1.0)	3.5	2.3	0.2	20.3
Group share of profit/(loss) for the year	7.6	(0.5)	1.8	1.2	0.1	10.2

* Non-current financial liabilities include amounts owed to joint venture partners.

During the year, no entity charged depreciation or amortisation. No entity had discontinued operations or items of other comprehensive income.

Notes to the consolidated financial statements continued

13. Interests in joint ventures continued

£ million	Greenwich Millennium Village 2019	Chobham Manor 2019	Winstanley and York Road Regeneration 2019	Whitehill & Bordon Development Company Phase 1a 2019	Whitehill & Bordon Regeneration Company 2019	Total 2019
Non-current assets	0.4	0.9	–	0.4	37.3	39.0
Current assets	36.2	35.9	76.9	20.8	5.8	175.6
Cash and cash equivalents	6.9	0.7	5.6	0.3	3.3	16.8
Current financial liabilities	(5.5)	(13.1)	(10.3)	(4.8)	(8.3)	(42.0)
Current other liabilities	(1.9)	–	–	–	–	(1.9)
Non-current financial liabilities*	(16.8)	(17.8)	(83.7)	(15.4)	(36.2)	(169.9)
Net assets/(liabilities) (100%)	19.3	6.6	(11.5)	1.3	1.9	17.6
Group share of net assets/(liabilities)	9.7	3.3	(5.8)	0.7	0.9	8.8
Loans to joint ventures	6.1	8.3	22.1	0.6	2.8	39.9
Total interests in material joint ventures	15.8	11.6	16.3	1.3	3.7	48.7
Revenue	60.1	97.5	8.5	19.2	14.5	199.8
Interest expense	(0.4)	–	(3.1)	(1.0)	0.9	(3.6)
Income tax (expense)/credit	(2.9)	–	–	(0.5)	0.1	(3.3)
Profit/(loss) for the year	12.9	4.9	(5.1)	2.4	0.9	16.0
Group share of profit/(loss) for the year	6.5	2.5	(2.6)	1.2	0.4	8.0

* Non-current financial liabilities include amounts owed to joint venture partners.

During the year, no entity charged depreciation or amortisation. No entity had discontinued operations or items of other comprehensive income.

Aggregated amounts relating to share of individually immaterial joint ventures:

£ million	2020	2019
Non-current assets	**0.3**	2.4
Current assets	**4.6**	4.8
Total assets	**4.9**	7.2
Current liabilities	**(0.6)**	(0.6)
Non-current liabilities	**(3.4)**	(2.9)
Total liabilities	**(4.0)**	(3.5)
Carrying amount	**0.9**	3.7
Loans to individually immaterial joint ventures	**3.8**	2.9
Total interests in individually immaterial joint ventures	**4.7**	6.6

The aggregate loss relating to individually immaterial joint ventures was £2.3 million (2019: nil).

14. Deferred tax

£ million	Share-based payments	Capital allowances	Losses	Retirement benefit obligations	Other temporary differences	Total
At 1 January 2019	2.3	2.4	8.5	22.6	4.9	40.7
Credit/(charge) to income	0.3	(0.1)	(2.7)	(10.9)	0.5	(12.9)
Credit to other comprehensive income	–	–	–	1.7	–	1.7
Credit to statement of changes in equity	0.8	–	–	–	–	0.8
Foreign exchange	–	–	(0.5)	–	–	(0.5)
At 31 December 2019	3.4	2.3	5.3	13.4	5.4	29.8
(Charge)/credit to income	**(1.3)**	**(0.3)**	**–**	**(5.1)**	**0.6**	**(6.1)**
Credit to other comprehensive income	**–**	**–**	**–**	**8.6**	**–**	**8.6**
Credit to statement of changes in equity	**0.8**	**–**	**–**	**–**	**–**	**0.8**
Foreign exchange	**–**	**–**	**0.6**	**–**	**–**	**0.6**
At 31 December 2020	**2.9**	**2.0**	**5.9**	**16.9**	**6.0**	**33.7**

14. Deferred tax continued

Closing deferred tax on UK temporary differences has been calculated at the tax rates that are expected to apply (based on currently enacted law) for the period when the asset is realised, or the liability is settled. Accordingly, the temporary differences have been calculated at 19% (2019: between 19% and 17%).

The net deferred tax balance is analysed into assets and liabilities as follows:

£ million	2020	2019
Deferred tax assets	**35.1**	31.1
Deferred tax liabilities	**(1.4)**	(1.3)
	33.7	29.8

The Group has not recognised temporary differences relating to tax losses carried forward and other temporary differences amounting to £2.4 million (2019: £2.4 million) in the UK and £38.7 million (2019: £39.6 million) in Spain. The UK temporary differences have not been recognised as they are predominantly non-trading in nature and insufficient certainty exists as to their future utilisation. The temporary differences in Spain have not been recognised due to uncertainty of sufficient taxable profits in the future against which to utilise these amounts.

At the balance sheet date, the Group has unused UK capital losses of £269.5 million (2019: £269.5 million). No deferred tax asset has been recognised in respect of the capital losses at 31 December 2020 because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future.

15. Inventories

£ million	2020	2019
Land	**2,875.7**	2,735.9
Development and construction costs	**1,638.8**	1,404.7
Part exchange and other	**20.2**	55.4
	4,534.7	4,196.0

The markets in our core geographies, which are the primary drivers of our business, continue to trade positively. At 31 December 2020, the Group completed a net realisable value assessment of inventory. This review resulted in a reallocation of nil (2019: £4.3 million) of historically booked provision between sites which continue to hold a provision due to poor site location and complex site requirements and a small increase at one of those historic sites.

At the balance sheet date, the Group held land and work in progress in the UK that had been written down to net realisable value of £34.5 million (2019: £39.0 million) with associated impairments of £25.5 million (2019: £30.5 million). At 31 December 2020, Spain had land and work in progress that has been written down to net realisable value of £19.3 million (2019: £20.3 million) with associated impairments of £38.9 million (2019: £38.1 million).

The table below details the movements on the inventory provision recorded in the year.

£ million	2020	2019
1 January	**68.6**	83.0
Net utilised	**(6.6)**	(11.8)
Foreign exchange	**2.4**	(2.6)
31 December	**64.4**	68.6

16. Other financial assets

Trade and other receivables

£ million	Current 2020	Current 2019	Non-current 2020	Non-current 2019
Trade receivables	**127.5**	120.7	**19.3**	31.4
Other receivables	**61.6**	40.3	**7.0**	12.3
	189.1	161.0	**26.3**	43.7

Included within trade receivables are mortgage receivables of £26.7 million (2019: £34.0 million), including shared equity loans. Shared equity loans were provided to certain customers to facilitate their house purchase and are measured at fair value through profit or loss.

Cash and cash equivalents

£ million	2020	2019
Cash and cash equivalents	**823.0**	630.4

Further information on financial assets can be found in Note 20.

Notes to the consolidated financial statements continued

17. Bank and other loans

£ million	2020	2019
€100.0 million 2.02% Senior Loan Notes 2023	90.1	84.7
€15.0 million 1.65% Loan 2021	13.5	–
	103.6	84.7

£ million	2020	2019
Amounts due for settlement within one year	13.5	–
Amount due for settlement after one year	90.1	84.7
Total borrowings	103.6	84.7

Further information on loan facilities can be found in Note 20.

18. Trade and other payables

	Current		Non-current	
£ million	2020	2019	2020	2019
Trade payables	275.0	369.2	21.4	23.5
Land creditors	347.9	339.9	328.0	389.3
Social security and other taxes	8.6	9.2	–	–
Customer deposits	82.8	65.0	7.4	9.9
Completed site accruals	115.0	97.0	46.1	38.7
Accrued expenses and deferred income	77.9	80.1	43.2	24.8
Other payables	12.1	14.4	13.7	13.5
	919.3	974.8	459.8	499.7

Revenue recognised in the current year that was included in the customer deposit balance brought forward at the beginning of the period was £65.0 million (2019: £65.1 million). Other payables include £19.4 million (2019: £21.0 million) of repayable grants.

Land creditors are denominated as follows:

£ million	2020	2019
Sterling	663.4	710.1
Euros	12.5	19.1
	675.9	729.2

Land creditors of £430.4 million (2019: £429.8 million) are secured against land acquired for development.

Further information on financial liabilities can be found in Note 20.

19. Leases

The Group as a lessee

The Group's leases consist primarily of office premises and equipment.

Right-of-use assets: £ million	Office premises	Equipment	Total
At 1 January 2020	18.0	9.4	27.4
At 31 December 2020	**18.4**	**9.1**	**27.5**
Additions during the year	**5.2**	**4.1**	**9.3**

Lease liabilities: £ million	2020	2019
Current	6.4	7.6
Non-current	21.6	20.3
Total	28.0	27.9

19. Leases continued

Amounts recognised in the income statement: £ million	2020	2019
Depreciation charged on right-of-use office premises	3.7	3.8
Depreciation charged on right-of-use equipment	4.2	4.9
Interest on lease liabilities	0.4	0.5
Total	8.3	9.2

The total cash outflow for leases during the current year was £8.4 million, including £0.4 million of interest (2019: £8.9 million, including £0.5 million of interest).

20. Financial instruments and fair value disclosures

Capital management

The Group's policy is to maintain a strong balance sheet and to have an appropriate funding structure. Shareholders' equity and long term debt are used to finance intangible assets, property, plant and equipment and the medium to long term inventories. Revolving credit facilities are used to finance net current assets, including development and construction costs. The Group's financing facilities contain the usual financial covenants including minimum interest cover and maximum gearing. The Group met these requirements throughout the year and up to the date of the approval of the financial statements.

Financial assets and financial liabilities

Categories of financial assets and financial liabilities are as follows:

		Carrying value		Fair value	
Financial assets £ million	Fair value hierarchy	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Cash and cash equivalents	a	823.0	630.4	823.0	630.4
Land receivables	a	4.6	12.8	4.6	12.8
Trade and other receivables	a	118.2	113.5	118.2	113.5
Mortgage receivables	b	26.7	34.0	26.7	34.0
		972.5	790.7	972.5	790.7

(a) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements to approximate their fair value.

(b) Mortgage receivables relate to sales incentives, including shared equity loans and are measured at fair value through profit or loss. The fair value is established based on a publicly available national house price index, being significant other observable inputs (level 2).

Land receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts.

Current and non-current trade and other receivables, as disclosed in Note 16, include £65.9 million (2019: £44.4 million) of non-financial assets.

		Carrying value		Fair value	
Financial liabilities £ million	Fair value hierarchy	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bank and other loans	a	103.6	84.7	102.9	85.8
Land creditors	b	675.9	729.2	675.9	729.2
Trade and other payables	b	539.2	628.2	539.2	628.2
Lease liabilities	b	28.0	27.9	28.0	27.9
		1,346.7	1,470.0	1,346.0	1,471.1

(a) The fair value of the €100 million fixed rate loan notes has been determined by reference to external interest rates and the Directors' assessment of the margin for credit risk (level 2).

(b) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements to approximate their fair value.

Current and non-current trade and other payables, as disclosed in Note 18, include £164.0 million (2019: £117.1 million) of non-financial liabilities.

The Group has designated the carrying value of €79.0 million of foreign currency borrowings (2019: €79.0 million foreign currency borrowings) as a net investment hedge.

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Forward contracts have been entered into to offset the foreign exchange movements on intra-Group loans to buy/(sell) against Sterling: €21.0 million (2019: €15.0 million). The fair value of the forward contracts is not material as they were entered into on or near 31 December in each year and mature less than one month later, hence the value of the derivative is negligible.

Notes to the consolidated financial statements continued

20. Financial instruments and fair value disclosures continued

Market risk

The Group's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage the exposure to these risks using fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

(a) Interest rate risk management

The Group can be exposed to interest rate risk as the Group borrows funds, when required, at variable interest rates. The exposure to variable rate borrowings can fluctuate during the year due to the seasonal nature of cash flows relating to housing sales and the less certain timing of land payments. Group policy is to manage the volatility risk by a combination of fixed rate borrowings and interest rate swaps such that the sensitivity to potential changes in variable rates is within acceptable levels. Group policy does not allow the use of derivatives to speculate against changes to future interest rates and they are only used to manage exposure to volatility. Interest-rate hedging using derivatives has not taken place in the current or previous year. This policy has not changed during the year.

To measure the risk, variable rate borrowings and the expected interest cost for the year are forecast monthly and compared to budget using management's expectations of a possible change in interest rates. Interest expense volatility remained within acceptable limits throughout the year.

Interest rate sensitivity

The effect on both income and equity, based on exposure to non-derivative floating rate instruments at the balance sheet date, is shown in the table below. The Group does not currently have any outstanding interest rate derivatives. The 0.25% change represents a reasonably possible change in interest rates over the next financial period. The table assumes all other variables remain constant in accordance with IFRS 7.

£ million	Income sensitivity 2020	Equity sensitivity 2020	Income sensitivity 2019	Equity sensitivity 2019
0.25% increase in interest rates	2.0	2.0	1.6	1.6

£ million	Income sensitivity 2020	Equity sensitivity 2020	Income sensitivity 2019	Equity sensitivity 2019
0.25% decrease in interest rates	(2.0)	(2.0)	(1.6)	(1.6)

(b) Foreign currency risk management

The Group's overseas activities expose it to the financial risks of changes in foreign currency exchange rates. Its Spanish subsidiary is the only foreign operation of the Group.

The Group is not materially exposed to transaction risks as all Group companies conduct their business in their respective functional currencies. Group policy requires that transaction risks are hedged to the functional currency of the subsidiary using foreign currency borrowings or derivatives where appropriate.

The Group is exposed to the translation risk from accounting for both the income and the net investment held in a functional currency other than Sterling. The net investment risk may be hedged using foreign currency borrowings and derivatives. Assets and liabilities denominated in non-functional currencies are retranslated each month using the latest exchange rates. Income is also measured monthly using the latest exchange rates and compared with a budget held at historical exchange rates. Other than the natural hedge provided by foreign currency borrowings, the translation risk of income is not hedged using derivatives. The policy is kept under periodic review and has not changed during the year.

Hedge accounting

Hedging activities are evaluated periodically to ensure that they are in line with Group policy.

The Group has designated the carrying value of €79.0 million of foreign currency borrowings (2019: €79.0 million borrowings) held at the balance sheet date as a net investment hedge of part of the Group's investment in Euro denominated assets.

The change in the carrying value £4.2 million (2019: £(4.1) million) of the borrowings designated as a net investment hedge offset the exchange movement on the foreign currency net investments and are presented in the statement of other comprehensive income.

Foreign currency sensitivity

The Group is exposed to the Euro due to its Spanish operations. The following table details how the Group's income and equity would increase/(decrease) on a before tax basis following a 10% (2019: 10%) change in the currency's value against Sterling, all other variables remaining constant.

The 10% change represents a reasonably possible change in the specified Euro exchange rates in relation to Sterling.

£ million	Income sensitivity 2020	Equity sensitivity 2020	Income sensitivity 2019	Equity sensitivity 2019
Euro weakens against Sterling	(0.9)	5.5	(1.2)	4.8
Euro strengthens against Sterling	1.1	(6.8)	1.5	(5.9)

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

Group policy is that surplus cash, when not used to repay borrowings, is placed on deposit with the Group's main relationship banks and with other banks or money market funds based on a minimum credit rating and maximum exposure. There is no significant concentration of risk to any single counterparty.

Land receivables arise from sales of surplus land on deferred terms. If the credit risk is not acceptable, then the deferred payment must have adequate security, either by an appropriate guarantee or a charge over the land. The fair value of any land held as security is considered by management to be sufficient in relation to the carrying amount of the receivable to which it relates.

Trade and other receivables comprise mainly amounts receivable from various housing associations, other housebuilders and amounts in relation to Help to Buy. Management consider that the credit quality of the various receivables is good in respect of the amounts outstanding and therefore credit risk is considered to be low. There is no significant concentration of risk.

Mortgage receivables, including shared equity loans, are in connection with various historical sales promotion schemes and are measured at fair value through profit or loss. The mortgages are secured by a second charge over the property with a low level of experienced credit losses due to non-payment.

The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date assuming that any security held has no value.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the expected cash flow timings of financial assets and liabilities with the use of cash and cash equivalents, borrowings, overdrafts and committed revolving credit facilities with a minimum of 12 months to maturity. Future borrowing requirements are forecast on a monthly basis and funding headroom is maintained above forecast peak requirements to meet unforeseen events. At 31 December 2020, the Group's borrowings and facilities had a range of maturities with an average life of 3.8 years (2019: 4.0 years).

In addition to fixed term borrowings, the Group has access to committed revolving credit facilities and cash balances. At the balance sheet date, the total unused committed amount was £550.0 million (2019: £550.0 million) and cash and cash equivalents were £823.0 million (2019: £630.4 million).

The maturity profile of the anticipated future cash flows including interest, using the latest applicable relevant rate, based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis, is as follows:

£ million	Bank and other loans	Land creditors	Trade and other payables	Lease liabilities	Total
On demand	–	–	–	–	–
Within one year	15.5	355.3	456.9	6.8	834.5
More than one year and less than two years	1.8	169.2	50.1	6.1	227.2
More than two years and less than five years	91.0	151.5	25.2	11.7	279.4
More than five years	–	26.8	7.1	4.7	38.6
31 December 2020	**108.3**	**702.8**	**539.3**	**29.3**	**1,379.7**

£ million	Bank and other loans	Land creditors	Trade and other payables	Lease liabilities	Total
On demand	–	–	–	–	–
Within one year	1.7	346.5	547.5	8.0	903.7
More than one year and less than two years	1.7	197.7	51.7	6.3	257.4
More than two years and less than five years	87.3	191.8	23.7	9.3	312.1
More than five years	–	23.9	5.3	5.6	34.8
31 December 2019	90.7	759.9	628.2	29.2	1,508.0

Notes to the consolidated financial statements continued

21. Retirement benefit obligations

Total retirement benefit obligations of £89.5 million (2019: £85.0 million) comprise a defined benefit pension liability of £89.1 million (2019: £84.5 million) and a post-retirement healthcare liability of £0.4 million (2019: £0.5 million).

The Group operates the Taylor Wimpey Pension Scheme (TWPS), a defined benefit pension scheme, which is closed to both new members and to future accrual. The Group also operates defined contribution pension arrangements in the UK, which are available to new and existing UK employees.

Defined contribution pension plan

A defined contribution plan is an arrangement under which the Group pays contributions to an independently administered fund or policy; such contributions are based on a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund/policy once the contributions have been paid. Employees' benefits are determined by the amount of contributions paid by the Group and the employee, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the employee chooses to buy at retirement. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that invested assets will not perform in line with expectations) fall on the employee.

The Group's contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's defined contribution plan, the Taylor Wimpey Personal Choice Plan (TWPCP), is offered to all new and existing monthly paid employees. The People's Pension is used for auto enrolment purposes for all weekly paid employees and those monthly paid employees not participating in the TWPCP. The People's Pension is provided by B&CE, one of the UK's largest providers of financial benefits to construction industry employers and individuals.

The Group made contributions to its defined contribution arrangements of £15.2 million in the year (2019: £14.5 million), which is included in the income statement charge.

Defined benefit pension schemes

The Group's defined benefit pension scheme in the UK is the TWPS. The TWPS is a funded defined benefit pension scheme which provides benefits to beneficiaries in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on an individual member's length of service and their salary in the final years leading up to retirement or date of ceasing active accrual if earlier. Pension payments are generally increased in line with inflation. The TWPS is closed to new members and future accrual.

The Group operates the TWPS under the UK regulatory framework. Benefits are paid to members from a Trustee-administered fund and the Trustee is responsible for ensuring that the TWPS is well-managed and that members' benefits are secure. Scheme assets are held in trust.

The TWPS Trustee's other duties include managing the investment of scheme assets, administration of scheme benefits and exercising of discretionary powers. The Group works closely with the Trustee to manage the TWPS. The Trustee of the TWPS owes fiduciary duties to the TWPS' beneficiaries. The appointment of the Directors to the Trustee Board is determined by the TWPS trust documentation.

During 2017, the Group engaged with the TWPS Trustee on the triennial valuation of the TWPS with a reference date of 31 December 2016. The table below sets out the key assumptions agreed as part of this valuation.

Assumptions	
Discount rate (pre-retirement)	4.20%
Discount rate (post-retirement)	2.35%
RPI inflation	3.50%
CPI inflation	2.70%
Mortality	100% of S2PXA tables, CMI_2016 improvements with 1.50% trend rate and a smoothing factor of 7.5

The result of this valuation was a Technical Provisions deficit at 31 December 2016 of £222.0 million. To meet this deficit, a revised funding plan was agreed in February 2018. The funding plan committed the Group to £40.0 million per annum of deficit reduction contributions from 1 April 2018 to 31 December 2020 and £2.0 million per annum for scheme expenses from 1 February 2018 to 31 January 2023. In addition, £5.1 million per annum is received by the TWPS from the Pension Funding Partnership (as described below). However, £40.0 million per annum of cash contributions were only required whilst the TWPS remained in a Technical Provisions deficit position. Should the TWPS become fully funded, then these cash contributions would be suspended until such time that the scheme's Technical Provisions funding level fell to below 96% at the end of any subsequent quarter.

In April 2018, the Group paid a one-off contribution of £23.0 million into the TWPS to increase the funding level to 100% and thereby suspend any future contributions from 31 March 2018. The funding level of the TWPS remained above the threshold of 96% until 31 December 2018. Contributions of £40.0 million per annum therefore recommenced from 1 January 2019 and were payable throughout 2020. During April 2020 and in response to the site shutdowns, a temporary suspension of the deficit reduction contributions was agreed with the TWPS Trustee for the three months between April and June 2020. Following this deferment, contributions of £10.3 million are to be paid between January 2021 and March 2021.

During 2020, the Group has engaged with the TWPS Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. At the current time discussions are ongoing with the TWPS Trustee to agree the valuation as well as future contributions (if applicable). Legislation requires that agreement must be reached by 31 March 2021.

21. Retirement benefit obligations continued

On an IAS 19 accounting basis the underlying deficit in the scheme at 31 December 2020 was £89.1 million (2019: surplus of £100.5 million). The terms of the TWPS are such that the Group does not have an unconditional right to a refund of surplus. As a result, in 2019, the Group recognised an adjustment to the underlying surplus in the TWPS on an IAS 19 accounting basis of £185.0 million, resulting in an IFRIC 14 deficit of £84.5 million, which represented the present value of future contributions under the funding plan at that time. No such adjustment has been recognised as of 31 December 2020 since the scheme was in deficit on an IAS 19 accounting basis.

In 2013, the Group introduced a £100.0 million Pension Funding Partnership utilising show homes, as well as seven offices, in a sale and leaseback structure. This provides an additional £5.1 million of annual funding for the TWPS. The assets held within the Pension Funding Partnership do not affect the IAS 19 figures (before IFRIC 14) as they remain assets of the Group, and are not assets of the TWPS. At 31 December 2020 there was £90.3 million of property and £21.9 million of cash held within the structure (2019: £96.0 million of property and £16.1 million of cash). The terms of this Funding Partnership are such that, should the TWPS be in a Technical Provisions deficit at 31 December 2028, then a bullet payment will be due to the scheme equal to the lower of £100.0 million or the Technical Provisions deficit at that time.

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The TWPS assets are approximately 90% hedged against changes in both interest rates and inflation expectations on the scheme's long term, 'self-sufficiency' basis that is currently used for investment strategy purposes. The TWPS also benefits from a bulk annuity contract which covers some of the largest liabilities in the scheme, providing protection against interest rate, inflation and longevity risk.

The duration, or average term to payment for the benefits due, weighted by liability, is approximately 16 years.

Accounting assumptions

The assumptions used in calculating the accounting costs and obligations of the TWPS, as detailed below, are set by the Directors after consultation with independent actuaries. The basis for these assumptions is prescribed by IAS 19 and they do not reflect the assumptions that may be used in future funding valuations of the TWPS.

The discount rate used to determine the present value of the obligations is set by reference to market yields on high-quality corporate bonds with regard for the duration of the TWPS. The assumption for RPI inflation is set by reference to the Bank of England's implied inflation curve with regard to the duration of the TWPS liabilities, with appropriate adjustments to reflect distortions due to supply and demand for inflation-linked securities. CPI inflation is set by reference to RPI inflation as no CPI-linked bonds exist to render implied CPI inflation directly observable.

The life expectancies have been derived using mortality assumptions that were based on the results of a Medically Underwritten Mortality Study conducted by the Group during 2017, combined with experience data. Using the results from this study, the mortality assumption is based on 106% of S3PXA tables, CMI_2019 improvements with a 1.25% long-term trend rate, a smoothing factor of 7 and an initial addition parameter of 0.25%. The mortality assumption used in 2019 was 107% of S2PXA tables, CMI_2018 improvements with a 1.25% long-term trend rate, a smoothing factor of 7 and an initial addition parameter of nil.

Accounting valuation assumptions	2020	2019
At 31 December:		
Discount rate for scheme liabilities	**1.30%**	2.10%
General pay inflation	**n/a**	n/a
Deferred pension increases	**2.15%**	2.15%
Pension increases*	**2.05%-3.60%**	2.05%-3.60%

* Pension increases depend on the section of the scheme of which each member is a part.

The current life expectancies (in years) underlying the value of the accrued liabilities for the TWPS are:

	2020		2019	
Life expectancy	Male	Female	Male	Female
Member currently aged 65	**87**	**89**	86	88
Member currently aged 45	**88**	**90**	87	89

The table below shows the impact to the present value of scheme liabilities of movements in key assumptions, measured using the same method as the defined benefit scheme.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on scheme liabilities (%)
Discount rate	Decrease by 0.1% p.a.	Increase by £41m	1.6
Rate of inflation*	Increase by 0.1% p.a.	Increase by £25m	1.0
Life expectancy	Members live 1 year longer	Increase by £104m	4.2

* Assumed to affect deferred revaluation and pensioner increases in payment.

The sensitivity of increasing life expectancy has been reduced by a medically underwritten buy-in. See the section on risks and risk management at the end of this note.

Notes to the consolidated financial statements continued

21. Retirement benefit obligations continued

Fair value of scheme assets of the TWPS	31 December 2020 £ million	31 December 2020 Percentage of total scheme assets	31 December 2019 £ million	31 December 2019 Percentage of total scheme assets
Unquoted equities[(a)]	**118.3**	**4.9%**	134.4	5.9%
Diversified growth funds[(b)]	**357.7**	**14.9%**	388.9	17.0%
Hedge funds[(c)]	**175.5**	**7.3%**	169.7	7.4%
Property	**19.0**	**0.8%**	27.5	1.2%
Multi-asset credit	**261.5**	**10.9%**	269.1	11.8%
Direct lending	**167.0**	**6.9%**	139.0	6.1%
Corporate bonds	**115.4**	**4.8%**	97.8	4.3%
Liability driven investment[(d)]	**951.3**	**39.6%**	849.0	37.2%
Insurance policies in respect of certain members	**211.1**	**8.8%**	196.4	8.6%
Cash	**27.5**	**1.1%**	10.4	0.5%
	2,404.3	**100.0%**	2,282.2	100.0%

(a) This amount relates to Volatility Controlled Equities (VCE). This fund has 2.5 – 8x leverage exposure, with a target of 4x. The leverage at 31 December 2020 was 3.4x (31 December 2019: 3.1x).

(b) This amount relates to the Scheme's Diversified Risk Premia (DRP) allocation. The leverage on the two funds in the DRP allocation at 31 December 2020 was 1.9x and 1.7x respectively (31 December 2019: 0.3x and 1.8x).

(c) The leverage on this fund at 31 December 2020 was 0.9x (31 December 2019: 0.8x).

(d) The bespoke Liability Driven Investment (LDI) fund is designed to protect the Scheme against movements in interest rates and inflation. The overall leverage on the LDI fund at 31 December 2020 is approximately 3.7x (31 December 2019: 4x).

The value of the annuities held by the TWPS are set equal to the value of the liabilities which these annuities match. All other fair values are provided by the fund managers and collated by Northern Trust as custodian, who independently price the securities from their preferred vendor sources where the data is publicly available and rely on investment manager data where this information is not available. Where available, the fair values are quoted prices (e.g. listed equity). Unlisted investments (e.g. private equity) are included at values provided by the fund manager in accordance with relevant guidance. Other significant assets are valued based on observable inputs.

There are no investments in respect of the Group's own securities.

The table below details the movements in the TWPS pension liability and assets recorded through the income statement and other comprehensive income.

£ million	2020 Present value of obligation	2020 Fair value of scheme assets	2020 Asset/(liability) recognised on balance sheet	2019 Present value of obligation	2019 Fair value of scheme assets	2019 Asset/(liability) recognised on balance sheet
At 1 January	**(2,366.7)**	**2,282.2**	**(84.5)**	(2,237.2)	2,104.2	(133.0)
Past service cost related to GMP equalisation	**(1.2)**	**–**	**(1.2)**	–	–	–
Past service credit related to PIE exercise (Note 6)	**–**	**–**	**–**	15.3	–	15.3
Administration expenses	**–**	**(2.5)**	**(2.5)**	–	(1.8)	(1.8)
Interest (expense)/income	**(48.5)**	**47.1**	**(1.4)**	(64.3)	61.1	(3.2)
Total amount recognised in income statement	**(49.7)**	**44.6**	**(5.1)**	(49.0)	59.3	10.3
Return on plan assets in excess of interest income	**–**	**159.1**	**159.1**	–	187.0	187.0
Change in demographic assumptions	**(100.8)**	**–**	**(100.8)**	46.1	–	46.1
Change in financial assumptions	**(286.3)**	**–**	**(286.3)**	(245.9)	–	(245.9)
Experience gain	**2.5**	**–**	**2.5**	17.9	–	17.9
Adjustment to liabilities for IFRIC 14	**188.9**	**–**	**188.9**	(14.0)	–	(14.0)
Total remeasurements in other comprehensive income	**(195.7)**	**159.1**	**(36.6)**	(195.9)	187.0	(8.9)
Employer contributions	**–**	**37.1**	**37.1**	–	47.1	47.1
Employee contributions	**–**	**–**	**–**	–	–	–
Benefit payments	**118.7**	**(118.7)**	**–**	115.4	(115.4)	–
At 31 December	**(2,493.4)**	**2,404.3**	**(89.1)**	(2,366.7)	2,282.2	(84.5)

21. Retirement benefit obligations continued

Accounting valuation

£ million	2020	2019
Fair value of scheme assets	**2,404.3**	2,282.2
Present value of scheme obligations	**(2,493.4)**	(2,181.7)
(Deficit)/surplus in scheme	**(89.1)**	100.5
IFRIC 14 limitation on recognition of surplus	**–**	(185.0)
Deficit after IFRIC 14 adjustment	**(89.1)**	(84.5)

Risks and risk management

The TWPS, in common with the majority of such defined benefit pension schemes in the UK, has a number of areas of risk. These areas of risk, and the ways in which the Group has sought to manage them, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's financial statements.

Although investment decisions in the UK are the responsibility of the TWPS Trustee, the Group takes an active interest to ensure that the pension scheme risks are managed efficiently. The Group has regular meetings with the Trustee to discuss investment performance, regulatory changes and proposals to actively manage the position of the TWPS.

Risk	Description
Asset volatility	In November 2017, the Trustee agreed to diversify their Diversified Risk Premia (DRP) allocation between two managers, disinvesting half of the current DRP allocation with AQR, and allocating this to the Bridgewater Optimal fund. This transition occurred on 1 February 2018 (with £188 million allocated to the Bridgewater Optimal fund) and has led to greater diversification and reduced manager concentration risk. In March 2018, the Trustee put in place a de-risking framework to ensure that any asset outperformance above expectations of the TWPS objectives was captured. This led to the TWPS de-risking from the Schroders Volatility Controlled Equities fund in Q2 2018 where c.£60 million (one third of the allocation) was disinvested. The TWPS strategy remains well diversified through its exposure to a range of asset classes, including volatility-controlled equities, commercial real estate debt, direct loans, fund of hedge funds, Government bonds and a broad spectrum of corporate bonds and other fixed income exposures. The TWPS does not target a specific asset allocation but instead bases its strategic asset allocation on the return objectives and risk constraints agreed upon by the Trustee. These were revisited and reviewed in 2018 to ensure they reflected the TWPS latest position. Given the TWPS' improved funding position, the Trustee agreed that the TWPS' full funding objective would be brought forward to 2025 (from 2030) on a low-risk, self-sufficiency basis. The TWPS risk budget was also reduced from a funding-ratio-at-risk measure of 10% to 7.5%. There were no significant changes to the TWPS' asset allocation over 2020, which remains well diversified, with risk significantly below the agreed risk budget.
Changes in bond yields	Falling bond yields tend to increase the funding and accounting liabilities. However, the investment in bond and liability-matching derivatives offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting liabilities. In this way, the exposure to movements in bond yields is reduced.
Investing in foreign currency	To maintain appropriate diversification of investments within the TWPS assets and to take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies while having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.
Asset/liability mismatch	In order to manage the TWPS' economic exposure to interest rates and inflation rates, a liability-hedging programme has been put in place. Derivatives are being used to hedge changes in the TWPS' funding level from changes in its liabilities in an unfunded way, substantially reducing asset/liability mismatch risk.
Liquidity	Insurance policies, real estate and illiquid debt (which include commercial real estate debt and direct lending bonds) make up £397 million (17%) of the asset portfolio of the TWPS. Excluding these amounts, approximately 57% of assets are managed in either segregated accounts or daily/weekly dealt pooled funds and can be realised within a few business days under normal market conditions. Of the remaining investments, a further 11% of assets are invested in pooled funds with monthly redemption dates. The remaining 16% could be redeemed within approximately six to nine months of notification in normal market conditions.
Life expectancy	The majority of the TWPS obligations are to provide a pension for the life of the member on retirement, so increases in life expectancy will result in an increase in the TWPS' liabilities. The inflation-linked nature of the majority of benefit payments from the TWPS increases the sensitivity of the liabilities to changes in life expectancy. During 2014, the Group reached agreement with Partnership Life Assurance Company Limited (now Just Group plc) to insure the benefits of 10% of members with the greatest anticipated liabilities through a medically underwritten buy-in. By insuring these members, the Group has removed more than 10% of risk from the TWPS by significantly reducing the longevity risk in relation to a large proportion of the liabilities.

Notes to the consolidated financial statements continued

22. Provisions

£ million	ACM cladding	Leasehold	Other	Total
At 1 January 2019	29.6	102.1	38.6	170.3
Additions	–	–	11.2	11.2
Utilisation	(5.9)	(29.9)	(9.0)	(44.8)
Released	–	–	(8.2)	(8.2)
Other movements	–	–	(0.1)	(0.1)
At 31 December 2019	23.7	72.2	32.5	128.4
Additions	**10.0**	**–**	**22.6**	**32.6**
Utilisation	**(5.1)**	**(12.6)**	**(9.0)**	**(26.7)**
Released	**–**	**–**	**(4.0)**	**(4.0)**
Other movements	**–**	**–**	**0.2**	**0.2**
At 31 December 2020	**28.6**	**59.6**	**42.3**	**130.5**

£ million	2020	2019
Current	**70.6**	72.7
Non-current	**59.9**	55.7
31 December	**130.5**	128.4

In 2018 the Group established an exceptional provision for the cost of replacing Aluminium Composite Material (ACM) on a small number of legacy developments, which was increased in the year to reflect the latest estimate of costs to complete the planned works. The majority of the provision is expected to be utilised over two years.

In 2017 the Group launched an assistance scheme to help certain customers restructure their ground rent agreements with their freeholder and established an associated provision of £130.0 million to fund this. The amounts and timing of the outflows depend largely on the number and rate of eligible applicants to the scheme and ongoing discussions with freeholders. The Group expects the scheme will run for several years and anticipates approximately £30.0 million of the remaining provision will be utilised within the next 12 months.

Other provisions consist of a remedial work provision covering various obligations on a limited number of sites across the Group. Other provisions also includes amounts for restructuring costs and legal claims and other contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three year period; however, there is some uncertainty regarding the timing of these outflows due to the nature of the claims and the length of time it can take to reach settlement.

23. Share capital

£ million	2020	2019
Authorised:		
22,200,819,176 (2019: 22,200,819,176) ordinary shares of 1p each	**222.0**	222.0
1,158,299,201 (2019: 1,158,299,201) deferred ordinary shares of 24p each	**278.0**	278.0
	500.0	500.0

	Number of ordinary shares	Number of deferred ordinary shares	£ million
Issued and fully paid:			
31 December 2019	3,283,108,174	1,065,566,274	288.6
Shares issued in year	**362,308,473**	**–**	**3.6**
31 December 2020	**3,645,416,647**	**1,065,566,274**	**292.2**

In June 2020 the Company issued 360,265,931 ordinary shares of 1p at a price of 145p to raise total net proceeds of £510.1 million after expenses. 355,000,000 of these shares were placed via a cash box structure (the "Placing") in which the cash box entity issued redeemable preference shares in consideration for the receipt of the net cash proceeds arising from the placement of those shares. Taylor Wimpey plc ordinary shares were issued in consideration for the transfer of the redeemable preference shares, that it did not already own, of the cash box entity. It was therefore determined that the placing of those shares qualified for merger relief under section 612 of the Companies Act 2006 such that the excess of the value of the acquired shares in the cash box entity over the nominal value of the ordinary shares issued by Taylor Wimpey plc was credited to Other Reserves. The remainder of the shares issued, 5,265,931, were issued via a Retail Offer open to employees and other retail investors and a Directors' Subscription. The Placing was performed to allow the Group to pursue additional near term land acquisition opportunities.

The Placing, Retail and Subscription shares placed rank pari passu in all respects with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

In addition during the year, the Company issued 2.0 million (2019: 5.1 million) ordinary shares to satisfy option exercises.

23. Share capital continued

The Company has two classes of shares:

- Ordinary shares of 1p, each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association.
- Deferred ordinary shares of 24p, which carry no voting rights and no entitlement to any dividend. The deferred ordinary shares were issued as part of a capital reorganisation in 2009 and have not subsequently changed.

24. Share premium

£ million	2020	2019
At 1 January	**762.9**	762.9
Shares issued in year	**10.2**	–
At 31 December	**773.1**	762.9

25. Other reserves

£ million	Capital redemption reserve	Translation reserve	Other	Total other reserves
Balance at 1 January 2019	31.5	8.6	4.9	45.0
Exchange differences on translation of foreign operations	–	(5.5)	–	(5.5)
Movement in fair value of hedging instruments	–	4.1	–	4.1
Balance at 31 December 2019	31.5	7.2	4.9	43.6
Exchange differences on translation of foreign operations	**–**	**5.2**	**–**	**5.2**
Movement in fair value of hedging instruments	**–**	**(4.2)**	**–**	**(4.2)**
Shares issued in year	**–**	**–**	**499.1**	**499.1**
Balance at 31 December 2020	**31.5**	**8.2**	**504.0**	**543.7**

Capital redemption reserve

The capital redemption reserve arose on an historic redemption of the Company's shares and is not distributable.

Translation reserve

The translation reserve consists of exchange differences arising on the translation of overseas operations. It also includes changes in fair values of hedging instruments where such instruments are designated and effective as hedges of investment in overseas operations.

Other reserve

£499.1 million of other reserves arose on the cash box placing that occurred in June 2020 and qualified for merger relief under section 612 of the Companies Act 2006 (see Note 23).

26. Own shares

£ million	
Balance at 1 January 2019	22.7
Disposed of on exercise of options	(5.1)
Balance at 31 December 2019	17.6
Disposed of on exercise of options	**(6.1)**
Balance at 31 December 2020	**11.5**

The own shares reserve represents the cost of shares in Taylor Wimpey plc purchased in the market, those held as treasury shares and those held by the Taylor Wimpey Employee Share Ownership Trusts to satisfy options and conditional share awards under the Group's share plans.

Million shares	2020	2019
Ordinary shares held in trust for bonus, option and performance award plans	**7.1**	10.7

Employee Share Ownership Trusts (ESOTs) are used to hold the Company's shares which have been acquired on the market. These shares are used to meet the valid exercise of options and/or vesting of conditional awards and/or award of shares under the Executive Incentive Scheme, Bonus Deferral Plan, Performance Share Plan, Savings-Related Share Option Scheme and the matching award of shares under the Share Incentive Plan. During the year, Taylor Wimpey plc did not purchase any of its own shares to be held in the ESOTs (2019: none).

The ESOTs' entire holding of shares at 31 December 2020 was covered by outstanding options and conditional awards over shares at that date.

Notes to the consolidated financial statements continued

27. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net cash

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
Balance at 1 January 2019	734.2	(90.1)	644.1
Net cash flow	(101.2)	–	(101.2)
Foreign exchange	(2.6)	5.4	2.8
Balance at 31 December 2019	630.4	(84.7)	545.7
Net cash flow	**191.3**	**(13.5)**	**177.8**
Foreign exchange	**1.3**	**(5.4)**	**(4.1)**
Balance at 31 December 2020	**823.0**	**(103.6)**	**719.4**

28. Contingent liabilities and capital commitments

The Group in the normal course of business has given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and has given guarantees in respect of the Group's share of certain contractual obligations of joint ventures.

The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds.

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed.

The Group has no significant capital commitments at 31 December 2020 (2019: none).

29. Share-based payments

Equity-settled share option plan

Details of all equity-settled share-based payment arrangements in existence during the year are set out in the Directors' Remuneration Report on pages 98 to 120. The tables below show the movements in the schemes in the year as well as their weighted average exercise price (WAEP).

Sharesave (SAYE):	2020 Options	2020 WAEP (in £)	2019 Options	2019 WAEP (in £)
Outstanding at the beginning of the year	**19,740,433**	**1.32**	19,229,800	1.36
Granted during the year	**18,043,668**	**0.97**	8,514,599	1.21
Forfeited during the year	**(7,359,577)**	**1.29**	(2,941,723)	1.41
Exercised during the year	**(2,042,542)**	**1.38**	(5,062,243)	1.26
Outstanding at the end of the year	**28,381,982**	**1.10**	19,740,433	1.32
Exercisable at the end of the year	**1,504,748**	**1.48**	1,018,291	1.17

The remaining Sharesave options outstanding at 31 December 2020 had a range of exercise prices from £0.97 to £1.59 (2019: £0.90 to £1.59) and a weighted average remaining contractual life of 3.40 years (2019: 2.93 years).

Share Incentive Plan (SIP):	2020 Options	2020 WAEP (in £)	2019 Options	2019 WAEP (in £)
Outstanding at the beginning of the year	**5,789,856**	**–**	5,386,991	–
Granted during the year	**1,874,590**	**–**	1,480,352	–
Forfeited during the year	**(385,229)**	**–**	(409,804)	–
Exercised during the year	**(556,828)**	**–**	(667,683)	–
Outstanding at the end of the year	**6,722,389**	**–**	5,789,856	–
Exercisable at the end of the year	**2,810,423**	**–**	2,729,080	–

The table above represents shares that are granted to employees on a matching basis, when the employee joins the scheme, purchased shares are matched on a 1:1 basis, these awards do not expire.

Performance Share Plan (PSP):	2020 Options	2020 WAEP (in £)	2019 Options	2019 WAEP (in £)
Outstanding at the beginning of the year	**19,466,040**	**–**	18,601,569	–
Granted during the year	**6,876,632**	**–**	7,489,917	–
Forfeited during the year	**(2,854,138)**	**–**	(3,933,994)	–
Exercised during the year	**(3,371,590)**	**–**	(2,691,452)	–
Outstanding at the end of the year	**20,116,944**	**–**	19,466,040	–
Exercisable at the end of the year	**–**	**–**	–	–

29. Share-based payments continued

The conditional awards outstanding at 31 December 2020 had a weighted average remaining contractual life of 1.70 years (2019: 1.76 years).

The average share price at the date of exercise across all options exercised during the period was £1.80 (2019: £1.73). For share plans granted during the current and preceding year, the fair value of the awards at the grant date was determined as follows:

	Share awards with no market conditions 2020	Share awards with no market conditions 2019	Share awards with market conditions 2020	Share awards with market conditions 2019
Model	**Binomial**	Binomial	**Monte Carlo**	Monte Carlo
Weighted average share price	**£1.28**	£1.60	**£2.11**	£1.85
Weighted average exercise price	**£0.79**	£0.84	**Nil**	Nil
Expected volatility	**39%**	35%	**25%**	35%
Expected life	**3/5 years**	3/5 years	**3 years**	3 years
Risk-free rate	**0.1%**	0.3%	**0.2%**	0.8%
Expected dividend yield	**2.02%**	4.54%	**0.0%**	0.0%
Weighted average fair value of options granted in year	**£0.66**	£0.81	**£1.17**	£1.07

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term. The expected life used in the model was based on historical exercise patterns.

The Group recognised a share-based payment expense of £8.2 million in the year (2019: £10.1 million), which was composed of £7.0 million in relation to equity settled schemes and £1.2 million in relation to cash settled elements.

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in Note 21. Transactions between the Group and its joint ventures are disclosed below. The Group has loans with joint ventures that are detailed in Note 13.

Trading transactions

During the year, Group sales to joint ventures totalled £19.9 million (2019: £15.6 million).

Remuneration of key management personnel

The key management personnel of the Group are the members of the Group Management Team (GMT) as presented on page 15. The remuneration information for the Executive Directors is set out in the Remuneration Report on page 113. The aggregate compensation for the other members of the GMT is as follows:

£ million	2020	2019
Short term employee benefits	**2.6**	2.4
Post-employment benefits	**0.3**	0.3
Total (excluding share-based payments charge)	**2.9**	2.7

In addition to the amounts above, a share-based payment charge of £0.5 million (2019: £0.9 million) related to share options held by members of the GMT.

31. Dividends

£ million	2020	2019
Proposed		
Interim dividend 2020: nil (2019: 3.84p) per ordinary share of 1p each	**–**	125.6
Final dividend 2020: 4.14p (2019: nil) per ordinary share of 1p each	**151.0**	–
	151.0	125.6
Amounts recognised as distributions to equity holders		
Paid		
Final dividend 2019: nil (2018: 3.80p) per ordinary share of 1p each	**–**	124.2
Interim dividend 2020: nil (2019: 3.84p) per ordinary share of 1p each	**–**	125.6
Special dividend 2020: nil (2019: 10.70p) per ordinary share of 1p each	**–**	349.9
	–	599.7

Notes to the consolidated financial statements continued

31. Dividends continued

The Directors recommend a final dividend for the year ended 31 December 2020 of 4.14 pence per share (2019: nil pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£151.0 million (2019: nil). The final dividend will be paid on 14 May 2021 to all shareholders registered at the close of business on 6 April 2021.

In accordance with IAS 10 'Events after the Reporting Period', the proposed final dividend has not been accrued as a liability at 31 December 2020.

32. Alternative performance measures

The Group uses a number of alternative performance measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside IFRS measures. The following APMs are referred to throughout the year end results.

Profit before taxation and exceptional items and profit for the period before exceptional items

The Directors consider the removal of exceptional items from the reported results provides more clarity on the performance of the Group. They are reconciled to profit before tax and profit for the period on the face of the consolidated income statement.

Operating profit and operating profit margin

Throughout the Annual Report and Accounts operating profit is used as one of the main measures of performance. Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. The Directors consider this to be an important measure of the underlying performance of the Group. Operating profit margin is calculated as operating profit divided by total revenue. The Directors consider this to be a metric which reflects the underlying performance of the business.

	2020	2019
Profit on ordinary activities before finance costs (£m)	282.4	856.8
Adjusted for:		
Share of results of joint ventures (£m)	7.9	8.0
Exceptional items (£m)	10.0	(14.3)
Operating profit (£m)	300.3	850.5
Revenue (£m)	2,790.2	4,341.3
Operating profit margin	10.8%	19.6%

Net operating assets

Net operating assets is defined as basic net assets less net cash, excluding net taxation balances and accrued dividends. Average net operating assets is the average of the opening and closing net operating assets of the 12-month period. With return on net operating assets, the Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

	2020	2019	2018
Basic net assets (£m)	4,016.8	3,307.8	3,226.8
Adjusted for:			
Cash (£m) (Note 16)	(823.0)	(630.4)	(734.2)
Borrowings (£m) (Note 17)	103.6	84.7	90.1
Net taxation (£m)	(32.6)	38.1	29.2
Accrued dividends (£m)	–	–	–
Net operating assets (£m)	3,264.8	2,800.2	2,611.9
Average basic net assets (£m)	3,662.3	3,267.3	
Average net operating assets (£m)	3,032.5	2,706.1	

32. Alternative performance measures continued

Return on net operating assets

Return on net operating assets is defined as operating profit divided by average net operating assets. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

	2020	2019
Operating profit (£m)	300.3	850.5
Average net operating assets (£m)	3,032.5	2,706.1
Return on net operating assets	9.9%	31.4%

Tangible net assets per share

This is calculated as net assets before any accrued dividends, excluding goodwill and intangible assets, divided by the number of ordinary shares in issue at the end of the period. The Directors consider this to be a good measure of the value intrinsic within each ordinary share.

	2020	2019
Basic net assets (£m)	4,016.8	3,307.8
Adjusted for:		
Intangible assets (£m) (Note 11)	(8.1)	(7.0)
Tangible net assets (£m)	4,008.7	3,300.8
Ordinary shares in issue (millions)	3,645.4	3,283.1
Tangible net assets per share (pence)	110.0	100.5

Adjusted basic earnings per share

This is calculated as earnings attributed to shareholders, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 10 shows a reconciliation from basic earnings per share to adjusted basic earnings per share.

Net operating asset turn

This is defined as revenue divided by the average of opening and closing net operating assets. The Directors consider this to be a good indicator of how efficiently the Group is utilising its assets to generate value for shareholders.

	2020	2019
Revenue (£m)	2,790.2	4,341.3
Average net operating assets (£m)	3,032.5	2,706.1
Net operating asset turn	0.92	1.60

Net cash

Net cash is defined as cash and cash equivalent less total borrowings. This is considered by the Directors to be the best indicator of the financing position of the Group. This is reconciled in Note 27.

Cash conversion

This is defined as cash (used in)/generated by operations divided by operating profit. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	2020	2019
Cash (used in)/generated by operations (£m)	(165.0)	702.2
Operating profit (£m)	300.3	850.5
Cash conversion	(54.9)%	82.6%

Notes to the consolidated financial statements continued

32. Alternative performance measures continued

Adjusted gearing

This is defined as adjusted net debt divided by basic net assets. The Directors consider this to be a more representative measure of the Group's gearing levels. Adjusted net debt is defined as net cash less land creditors.

	2020	2019
Cash (£m) (Note 16)	**823.0**	630.4
Loans (£m) (Note 17)	**(103.6)**	(84.7)
Net cash (£m)	**719.4**	545.7
Land creditors (£m) (Note 18)	**(675.9)**	(729.2)
Adjusted net debt (£m)	**43.5**	(183.5)
Basic net assets (£m)	**4,016.8**	3,307.8
Adjusted gearing	**(1.1)%**	5.5%

33. Post balance sheet events

The safety of our customers is of paramount importance and we have always been guided by this principle. Following the tragic fire at Grenfell Tower, Taylor Wimpey moved quickly to identify where action was needed to remove ACM cladding on legacy high rise apartment buildings, even though the buildings concerned met the requirements of building regulations at the time construction was approved. A £40.0 million provision to cover the cost of removing and replacing ACM cladding on those buildings has previously been recognised.

In January 2021, the Royal Institution of Chartered Surveyors (RICS) issued proposed guidance for public consultation to improve consistency in EWS1 (External Wall Fire Review) requests. This consultation clarified the circumstances in which an EWS1 form is required. The UK Government announcement on 10 February 2021 endorsed this updated guidance, which has made fire safety improvement requirements clearer and enabled the Group to focus on resolving issues for leaseholders using EWS1 forms as an independent framework. Whilst the Group awaits a further update from RICS, it believes that it is right to provide as much clarity as possible for customers at this point.

As a result of this clarified guidance the Group has announced an additional £125 million provision to fund the fire safety improvement works for leaseholders in Taylor Wimpey apartment buildings constructed over the last 20 years. This decision was taken in 2021 and was informed by the RICS proposed guidance in January 2021 and the UK Government endorsement of the guidance in February 2021. In accordance with IAS 10 'Events after the Reporting Period', as the Group had not created this constructive obligation as of 31 December 2020 in respect of these works the additional provision is a non-adjusting post balance sheet event with the cost recognised in 2021.

Company balance sheet

at 31 December 2020

£ million	Note	2020	2019
Non-current assets			
Investments in Group undertakings	4	**2,433.0**	2,426.0
Trade and other receivables	5	**3.1**	3.3
		2,436.1	2,429.3
Current assets			
Trade and other receivables	5	**2,924.1**	2,558.2
Cash and cash equivalents		**791.6**	600.2
		3,715.7	3,158.4
Current liabilities			
Trade and other payables	6	**(1,640.3)**	(1,638.2)
		(1,640.3)	(1,638.2)
Net current assets		**2,075.4**	1,520.2
Total assets less current liabilities		**4,511.5**	3,949.5
Non-current liabilities			
Trade and other payables	6	**(1.5)**	(1.4)
Bank and other loans	7	**(90.1)**	(84.7)
Provisions		**(1.0)**	(1.0)
Net assets		**4,418.9**	3,862.4
Equity			
Share capital	8	**292.2**	288.6
Share premium	9	**773.1**	762.9
Own shares	10	**(11.5)**	(17.6)
Other reserves	11	**535.1**	36.0
Retained earnings	12	**2,830.0**	2,792.5
Total equity		**4,418.9**	3,862.4

As permitted by Section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own income statement. The profit of the Company for the financial year was £36.3 million (2019: £528.6 million).

The financial statements were approved by the Board of Directors and authorised for issue on 1 March 2021. They were signed on its behalf by:

P Redfern
Director

C Carney
Director

Company statement of changes in equity

for the year to 31 December 2020

£ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Total equity at 1 January 2019	288.5	762.9	(22.7)	36.0	2,853.5	3,918.2
Profit for the year	–	–	–	–	528.6	528.6
Total comprehensive income for the year	–	–	–	–	528.6	528.6
New share capital subscribed	0.1	–	–	–	–	0.1
Utilisation of own shares	–	–	5.1	–	–	5.1
Cash cost of satisfying share options	–	–	–	–	2.1	2.1
Capital contribution on share-based payments	–	–	–	–	8.0	8.0
Dividends approved and paid	–	–	–	–	(599.7)	(599.7)
Total equity at 31 December 2019	288.6	762.9	(17.6)	36.0	2,792.5	3,862.4
Profit for the year	**–**	**–**	**–**	**–**	**36.3**	**36.3**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**36.3**	**36.3**
New share capital subscribed	**3.6**	**10.2**	**–**	**499.1**	**–**	**512.9**
Utilisation of own shares	**–**	**–**	**6.1**	**–**	**–**	**6.1**
Cash cost of satisfying share options	**–**	**–**	**–**	**–**	**(5.8)**	**(5.8)**
Capital contribution on share-based payments	**–**	**–**	**–**	**–**	**7.0**	**7.0**
Total equity at 31 December 2020	**292.2**	**773.1**	**(11.5)**	**535.1**	**2,830.0**	**4,418.9**

Notes to the Company financial statements

for the year to 31 December 2020

1. Significant accounting policies

The following accounting policies have been used consistently, unless otherwise stated, in dealing with items which are considered material.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The principal accounting policies adopted are set out below.

Going concern

The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks identified on pages 49 to 53. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months.

Accordingly, the Company financial statements have been prepared on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

Management have not made any individual accounting judgements that are material to the Company and does not consider there to be any key sources of estimation uncertainty.

Investments in Group undertakings

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is expensed immediately. Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset's recoverable amount, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, so long as it does not exceed the original carrying value prior to the impairment being recognised.

The Company values its investments in subsidiary holding companies based on a comparison between the net assets recoverable by the subsidiary company and the investment held. Where the net assets are lower than the investment an impairment is recorded. For trading subsidiaries, the investment carrying value in the Company is assessed against the net present value of the cash flows of the subsidiary.

Borrowing costs

Capitalised finance costs are held in other receivables and amortised over the period of the facility.

Provisions

Provisions are recognised at the Directors' best estimate when the Company has a present obligation as a result of a past event and it is probable that the Company will have to settle the obligation.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Any liability or credit in respect of group relief in lieu of current tax is also calculated using corporation tax rates that have been enacted or substantively enacted by the balance sheet date unless a different rate (including a nil rate) has been agreed within the Group.

Deferred tax

Deferred tax is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded in Sterling at actual rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates after the date of the transaction is included as an exchange gain or loss in profit and loss.

Trade and other receivables

Trade and other receivables are measured at amortised cost, less any loss allowance based on expected credit losses. The measurement of expected credit losses is based on the probability of default and the magnitude of the loss if there is a default. The assessment of probability of default is based on historical data adjusted for any known factors that would influence the future amount to be received in relation to the receivable.

Share-based payments

The Company issues equity-settled share-based payments to certain employees of its subsidiaries. Equity-settled share-based payments are measured at fair value at the grant date. The fair value is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will vest. The cost of equity-settled share-based payments granted to employees of subsidiary companies is borne by the employing company, without recharge. As such the Company's investment in the subsidiary is increased by an equivalent amount.

Own shares

The cost of the Company's investment in its own shares, which comprise shares held in treasury by the Company and shares held by employee benefit trusts for the purpose of funding certain of the Company's share option plans, is shown as a reduction in shareholders' equity.

Dividends paid

Dividends are charged to the Company's retained earnings reserve in the period of payment in respect of an interim dividend, and in the period in which shareholders' approval is obtained in respect of the Company's final dividend.

Notes to the Company financial statements continued

2. Particulars of employees

Number	2020	2019
Directors	3	4

The Executive Directors received all of their remuneration, as disclosed in the Remuneration Report on pages 98 to 120, from Taylor Wimpey UK Limited. This remuneration is reflective of the Directors' service to the Company and all its subsidiaries.

3. Auditor's remuneration

£ million	2020	2019
Total audit fees	0.2	0.2
Non-audit fees	–	–
Total	0.2	0.2

A description of other services is included in Note 6 of the Group financial statements.

4. Investments in Group undertakings

£ million	Shares
Cost	
At 1 January 2020	5,237.3
Capital contribution relating to share-based payments	7.0
At 31 December 2020	5,244.3
Provision for impairment	
At 1 January 2020	(2,811.3)
At 31 December 2020	(2,811.3)
Carrying amount	
At 31 December 2020	2,433.0
At 31 December 2019	2,426.0

All investments are unlisted and information about all subsidiaries is listed on pages 171 to 172.

5. Trade and other receivables

	Current		Non-current	
£ million	2020	2019	2020	2019
Due from Group undertakings	2,922.5	2,556.3	–	–
Other receivables	1.6	1.9	3.1	3.3
	2,924.1	2,558.2	3.1	3.3

Amounts due from Group undertakings are repayable on demand and are predominantly interest bearing.

6. Trade and other payables

	Current		Non-current	
£ million	2020	2019	2020	2019
Due to Group undertakings	1,635.8	1,634.6	–	–
Other payables	0.8	1.1	1.5	1.4
Corporation tax creditor	3.7	2.5	–	–
	1,640.3	1,638.2	1.5	1.4

Amounts due to Group undertakings are repayable on demand and are predominantly interest bearing.

7. Bank and other loans

£ million	2020	2019
€100.0 million 2.02% Senior Loan Notes	90.1	84.7
These loans are repayable as follows:		
Amounts due for settlement after one year	90.1	84.7

8. Share capital

£ million	2020	2019
Authorised:		
22,200,819,176 (2019: 22,200,819,176) ordinary shares of 1p each	222.0	222.0
1,158,299,201 (2019: 1,158,299,201) deferred ordinary shares of 24p each	278.0	278.0
	500.0	500.0

	Number of ordinary shares	Number of deferred ordinary shares	£ million
Issued and fully paid:			
31 December 2019	3,283,108,174	1,065,566,274	288.6
Shares issued in year	362,308,473	–	3.6
31 December 2020	3,645,416,647	1,065,566,274	292.2

The Company has two classes of shares:

- Ordinary shares of 1p, each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association.
- Deferred ordinary shares of 24p, which carry no voting rights and no entitlement to any dividend. The deferred ordinary shares were issued as part of a capital reorganisation in 2009 and have not subsequently changed.

In June 2020 the Company issued 360,265,931 ordinary shares of 1p at a price of 145p to raise total net proceeds of £510.1 million after expenses. 355,000,000 of these shares were placed via a cash box structure (the "Placing") in which the cash box entity issued redeemable preference shares in consideration for the receipt of the net cash proceeds arising from the placement of those shares. Taylor Wimpey plc ordinary shares were issued in consideration for the transfer of the redeemable preference shares, that it did not already own, of the cash box entity. It was therefore determined that the placing of those shares qualified for merger relief under section 612 of the Companies Act 2006 such that the excess of the value of the acquired shares in the cash box entity over the nominal value of the ordinary shares issued by Taylor Wimpey plc was credited to Other Reserves. The remainder of the shares issued, 5,265,931, were issued via a Retail Offer open to employees and other retail investors and a Directors' Subscription. The Placing was performed to allow the Group to pursue additional near term land acquisition opportunities.

The Placing, Retail and Subscription shares placed rank pari passu in all respects with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

In addition during the year, the Company issued 2.0 million (2019: 5.1 million) ordinary shares to satisfy option exercises.

9. Share premium

£ million	2020	2019
At 1 January	762.9	762.9
Shares issued in year	10.2	–
At 31 December	773.1	762.9

10. Own shares

£ million	2020	2019
Own shares	11.5	17.6

These comprise ordinary shares of the Company:	Number	Number
Shares held in trust for bonus, options and performance award plans	7.1m	10.7m

Notes to the Company financial statements continued

10. Own shares continued

During the year, the Company did not purchase any of its own shares to be held in the ESOTs (2019: none). The market value of the shares held at 31 December 2020 was £11.7 million (2019: £20.8 million) and their nominal value was £0.1 million (2019: £0.1 million). Dividends on these shares have been waived except for a nominal aggregate amount in pence.

ESOTs are used to hold the Company's shares which have been acquired on the market. These shares are used to meet the valid exercise of options and/or vesting of conditional awards and/or award of shares under the Executive Incentive Scheme, Bonus Deferral Plan, Performance Share Plan, Savings-Related Share Option Scheme and the matching award of shares under the Share Incentive Plan.

The ESOTs' entire holding of shares at 31 December 2020 was covered by outstanding options and conditional awards over shares at that date.

11. Other reserves

£ million	2020	2019
At 1 January	**36.0**	36.0
Shares issued in year	**499.1**	–
At 31 December	**535.1**	36.0

£499.1 million of other reserves arose on the cash box placing that occurred in June 2020 and qualified for merger relief under section 612 of the Companies Act 2006 (see Note 8). Other reserves also includes £31.5 million (2019: £31.5 million) in respect of the historical redemption of the Company's shares, which is non distributable.

12. Retained earnings

Retained earnings of £2,830.0 million (2019: £2,792.5 million) includes profit for the year and dividends received from subsidiaries of nil (2019: £500.0 million). Included in retained earnings is £861.0 million (2019: £816.5 million) which is not distributable.

13. Share-based payments

The Company has taken advantage of the FRS 101 disclosure exemption in relation to share-based payments. Details of share awards granted by the Company to employees of subsidiaries, and that remain outstanding at the year end over the Company's shares, are set out in Note 29 of the Group financial statements. The Company did not recognise any expense related to equity-settled share-based payment transactions in the current or preceding year.

14. Contingent liabilities

The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts.

Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed.

The Company has in issue a guarantee in respect of the Taylor Wimpey Pension Scheme (TWPS), which had an IAS 19 deficit of £89.1 million at 31 December 2020 (2019: £84.5 million). The guarantee commits the Company to ensure that the participating subsidiaries make deficit repair contributions in accordance with a schedule agreed with the Trustee of £40.0 million per annum, to the end of 2020, whilst the scheme is in a Technical Provisions deficit. During April 2020 and in response to the site shutdowns, it was agreed with the Trustee there would be a temporary suspension of the agreed contributions for the three months between April and June. Those suspended contributions are to be paid instead between January 2021 and March 2021. In addition, £5.1 million per annum from the Pension Funding Partnership and £2.0 million per annum to cover scheme expenses is due.

15. Dividend

£ million	2020	2019
Proposed		
Interim dividend 2020: nil (2019: 3.84p) per ordinary share of 1p each	**–**	125.6
Final dividend 2020: 4.14p (2019: nil) per ordinary share of 1p each	**151.0**	–
	151.0	125.6
Amounts recognised as distributions to equity holders		
Paid		
Final dividend 2019: nil (2018: 3.80p) per ordinary share of 1p each	**–**	124.2
Interim dividend 2020: nil (2019: 3.84p) per ordinary share of 1p each	**–**	125.6
Special dividend 2020: nil (2019: 10.70p) per ordinary share of 1p each	**–**	349.9
	–	599.7

The Directors recommend a final dividend for the year ended 31 December 2020 of 4.14 pence per share (2019: nil pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£151.0 million (2019: nil). The final dividend will be paid on 14 May 2021 to all shareholders registered at the close of business on 6 April 2021.

In accordance with IAS 10 'Events after the Reporting Period', the proposed final dividend has not been accrued as a liability at 31 December 2020.

Particulars of subsidiaries, associates and joint ventures

The entities listed below are companies incorporated in the United Kingdom and the registered office is Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR. All of the below are 100% subsidiaries of the Group, either directly or indirectly held by Taylor Wimpey plc, and only have ordinary share capital.

Admiral Developments Limited
Admiral Homes (Eastern) Limited
Admiral Homes Limited
Ashton Park Limited
BGS (Pentian Green) Holdings Limited
Broadleaf Park LLP
Bryad Developments Limited
Bryant Country Homes Limited
Bryant Group Services Limited
Bryant Homes Central Limited
Bryant Homes East Midlands Limited
Bryant Homes Limited
Bryant Homes North East Limited
Bryant Homes Northern Limited
Bryant Homes South West Limited
Bryant Homes Southern Limited
Bryant Properties Limited
Candlemakers (TW) Limited
Clipper Investments Limited
Compine Developments (Wootton) Limited
Dormant Nominees One Limited
Dormant Nominees Two Limited
Farrods Water Engineers Limited
Flyover House Limited
George Wimpey Limited
George Wimpey Bristol Limited
George Wimpey City Limited
George Wimpey City 2 Limited
George Wimpey East Anglia Limited
George Wimpey East London Limited
George Wimpey East Midlands Limited
George Wimpey Manchester Limited
George Wimpey Midland Limited
George Wimpey North East Limited
George Wimpey North London Limited
George Wimpey North Midlands Limited
George Wimpey North West Limited
George Wimpey North Yorkshire Limited
George Wimpey South East Limited
George Wimpey South Midlands Limited
George Wimpey South West Limited
George Wimpey South Yorkshire Limited
George Wimpey Southern Counties Limited
George Wimpey West London Limited
George Wimpey West Midlands Limited
George Wimpey West Yorkshire Limited
Globe Road Limited
Grand Union Vision Limited
Groveside Homes Limited
Hamme Construction Limited
Hanger Lane Holdings Limited
Hassall Homes (Cheshire) Limited
Hassall Homes (Mercia) Limited
Hassall Homes (Southern) Limited
Hassall Homes (Wessex) Limited
Haverhilll Developments Limited
Jim 1 Limited
Jim 3 Limited
Jim 4 Limited
Jim 5 Limited
L. & A. Freeman Limited
Ladbroke Grove Apartment Management Company Limited
Laing Homes Limited
Laing Land Limited
LandTrust Developments Limited
Leawood (Management) Company Limited
Limebrook Manor LLP
MCA Developments Limited
MCA East Limited
MCA Holdings Limited
MCA Land Limited
MCA Leicester Limited
MCA London Limited
MCA Northumbria Limited
MCA Partnership Housing Limited
MCA South West Limited
MCA West Midlands Limited
MCA Yorkshire Limited
McLean Homes Limited
McLean Homes Bristol & West Limited
McLean Homes Southern Limited
McLean TW Estates Limited
McLean TW (Chester) Limited
McLean TW (Northern) Limited
McLean TW (Southern) Limited
McLean TW (Yorkshire) Limited
McLean TW Group Limited
McLean TW Holdings Limited
McLean TW Limited
McLean TW No. 2 Limited
Melbourne Investments Limited
Pangbourne Developments Limited
Prestoplan Limited
River Farm Developments Limited
South Bristol (Ashton Park) Limited
Spinks & Denning Limited
St. Dunstans Apartment Management Company Limited
St. Katharine By The Tower Limited
St. Katharine Haven Limited
Tawnywood Developments Limited
Taylor Wimpey 2007 Limited
Taylor Wimpey Capital Developments Limited
Taylor Wimpey Commercial Properties Limited
Taylor Wimpey Developments Limited
Taylor Wimpey Garage Nominees No 1 Limited
Taylor Wimpey Garage Nominees No 2 Limited
Taylor Wimpey Holdings Limited
Taylor Wimpey International Limited
Taylor Wimpey Property Company Limited
Taylor Wimpey Property Management Limited
Taylor Wimpey SH Capital Limited
Taylor Wimpey UK Limited
Thameswey Homes Limited
The Garden Village Partnership Limited
The Junction Flat Management Company Limited
The Wilson Connolly Employee Benefit Trust Limited
This is G2 Limited
Thomas Lowe and Sons, Limited
Thomas Lowe Homes Limited
TW NCA Limited
TW Springboard Limited
Twyman Regent Limited
Valley Park Developments Limited
Whelmar (Chester) Limited
Whelmar (Lancashire) Limited
Whelmar (North Wales) Limited
Whelmar Developments Limited
Wilcon Homes Anglia Limited
Wilcon Homes Eastern Limited
Wilcon Homes Midlands Limited
Wilcon Homes Northern Limited
Wilcon Homes Southern Limited
Wilcon Homes Western Limited
Wilcon Lifestyle Homes Limited
Wilfrid Homes Limited
Wilson Connolly Holdings Limited
Wilson Connolly Investments Limited
Wilson Connolly Limited
Wilson Connolly Properties Limited
Wilson Connolly Quest Limited
Wimgrove Developments Limited
Wimgrove Property Trading Limited
Wimpey Construction Developments Limited
Wimpey Construction Overseas Limited
Wimpey Corporate Services Limited
Wimpey Dormant Investments Limited
Wimpey Geotech Limited
Wimpey Group Services Limited
Wimpey Gulf Holdings Limited
Wimpey Overseas Holdings Limited

Particulars of subsidiaries, associates and joint ventures continued

The entities listed below are companies incorporated in the United Kingdom and the registered office is Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

Company Name	% Owned	Company Name	% Owned
Academy Central LLP	62%	Taylor Wimpey Pension Trustees Limited	99%
Bordon Developments Holdings Limited	50%	Triumphdeal Limited	50%
Chobham Manor LLP	50%	TW Cavendish Holdings Limited	50%
Chobham Manor Property Management Limited	50%	Vumpine Limited	50%
DFE TW Residential Limited	50%	Whitehill & Bordon Regeneration Company Limited	50%
Falcon Wharf Limited	50%	Whitehill & Bordon Development Company Phase 1a Limited	50%
GWNW City Developments Limited	50%	Wimpey Laing Overseas Limited	50%
Paycause Limited	66.67%	Wimpey Laing Limited	50%
Phoenix Birmingham Latitude Limited	50%	Winstanley & York Road Regeneration LLP	50%

The entities listed below are companies incorporated in the United Kingdom and the registered office is Unit C, Ground Floor, Cirrus Glasgow Airport Business Park, Marchburn Drive, Abbotsinch, Paisley, PA3 2SJ.

Company Name	% Owned	Company Name	% Owned
Bryant Homes Scotland Limited	100%	Taylor Wimpey (General Partner) Limited	100%
George Wimpey East Scotland Limited	100%	Taylor Wimpey (Initial LP) Limited	100%
George Wimpey West Scotland Limited	100%	Taylor Wimpey Scottish Limited Partnership	100%
London and Clydeside Estates Limited	100%	Whatco England Limited	100%
London and Clydeside Holdings Limited	100%	Wilcon Homes Scotland Limited	100%
Strada Developments Limited	50%		

Other entities incorporated in the United Kingdom, unless otherwise stated, and the Group's ownership share are shown below.

Company Name	% Owned	Registered Office
Bishops Park Limited	50%	11 Tower View, Kings Hill, West Malling, ME19 4UY
Bishop's Stortford North Consortium Limited	33.33%	Bath House, 6-8 Bath Street, Bristol, BS1 6HL
Bromley Park (Holdings) Limited Bromley Park Limited	50%	Kent House, 14-17 Market Place, London, W1W 8AJ
Brunswick Dock (Liverpool) Management Company Limited	100%	168 Northenden Road, Sale, Manchester, M33 3HE
Capital Court Property Management Limited	17.17%	4 Capital Court, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7FW
Countryside 27 Limited	50%	Countryside House, The Drive, Great Warley, Brentwood, CM13 3AT
Emersons Green Urban Village Limited	54.44%	250 Aztec West, Almondsbury, Bristol, BS32 4TR
Gallagher Bathgate Limited	50%	Gallagher House, Gallagher Business Park, Heathcote, Warwick, CV34 6AF
Greenwich Millennium Village Limited	50%	Countryside House, The Drive, Great Warley, Brentwood, CM13 3AT
Haydon Development Company Limited	19.27%	6 Drakes Meadow, Penny Lane, Swindon, SN3 3LL
Los Arqueros Golf and Country Club S.A.	75%	Carretera de Ronda A-397, Km.44.5, Benahavis, Malaga, Spain
Morrison Land Development Inc	100%	9366, 49 St NW, Edmonton, AB T6B 2L7, Canada
Newcastle Great Park (Estates) Limited NGP Management Company (Cell F) Limited NGP Management Company (Commercial) Limited NGP Management Company (Town Centre) Limited NGP Management Company Residential (Cell G) Limited	50%	3rd Floor Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE
North Swindon Development Company Limited	16.79%	6 Drakes Meadow, Penny Lane, Swindon, SN3 3LL
Padyear Limited	50%	Hanson House, 14 Castle Hill, Maidenhead, SL6 4JJ
Quedgeley Urban Village Limited	50%	250 Aztec West, Almondsbury, Bristol, BS32 4TR
Redhill Park Limited	50%	5 Market Yard Mews, 194 – 204 Bermondsey Street, London SE1 3TQ
St George Little Britain (No.1) Limited St George Little Britain (No.2) Limited	50%	Berkeley House, 19 Portsmouth Road, Cobham, KT11 1JG
Taylor Wimpey de España S.A.U.*	100%	C/Aragón 223-223 A, 07008 Palma de Mallorca, Spain
Taylor Woodrow (Gibraltar) Limited	100%	17 Bayside Road, Gibraltar
Weaver Developments (Woodfield Plantation) Limited	50%	Quay Point, Lakeside Boulevard, Doncaster, DN4 5PL
Wisley Property Investments Limited	100%	27 Hospital Road, George Town, Cayman Islands

* 9% cumulative, redeemable preference shares are held in addition to ordinary shares.

Five year review

£ million	2020	2019	2018	2017	2016
Revenue	**2,790.2**	4,341.3	4,082.0	3,965.2	3,676.2
Profit on ordinary activities before finance costs and tax	**282.4**	856.8	828.8	706.5	766.4
Adjust for: Share of results of joint ventures	**7.9**	8.0	5.3	7.6	1.2
Adjust for: Exceptional items	**10.0**	(14.3)	46.1	130.0	0.5
Operating profit	**300.3**	850.5	880.2	844.1	768.1
Net finance costs	**(25.9)**	(28.9)	(23.4)	(32.1)	(34.7)
Profit for the financial year before taxation and exceptional items	**274.4**	821.6	856.8	812.0	733.4
Exceptional items	**(10.0)**	14.3	(46.1)	(130.0)	(0.5)
Taxation charge including taxation on exceptional items	**(47.4)**	(162.0)	(154.1)	(126.7)	(143.6)
Profit for the financial year	**217.0**	673.9	656.6	555.3	589.3
Balance sheet					
Intangible assets	**8.1**	7.0	3.2	3.9	3.5
Property, plant and equipment	**24.0**	25.6	21.6	22.8	21.0
Right-of-use assets	**27.5**	27.4	27.1	–	–
Interests in joint ventures	**82.2**	55.3	48.3	50.9	50.3
Non-current trade and other receivables	**26.3**	43.7	55.7	60.1	87.2
Non-current assets (excluding tax)	**168.1**	159.0	155.9	137.7	162.0
Inventories	**4,534.7**	4,196.0	4,188.2	4,075.7	3,984.0
Other current assets (excluding tax and cash)	**189.1**	161.0	134.7	122.2	91.4
Trade and other payables excluding land creditors	**(571.4)**	(634.9)	(684.8)	(705.0)	(721.8)
Land creditors	**(347.9)**	(339.9)	(359.5)	(319.5)	(266.3)
Lease liabilities	**(6.4)**	(7.6)	(8.2)	–	–
Provisions	**(70.6)**	(72.7)	(76.9)	(87.3)	(28.0)
Net current assets (excluding tax and net cash)	**3,727.5**	3,301.9	3,193.5	3,086.1	3,059.3
Trade and other payables excluding land creditors	**(131.8)**	(110.4)	(112.2)	(111.0)	(109.0)
Land creditors	**(328.0)**	(389.3)	(379.1)	(319.6)	(333.5)
Retirement benefit obligations	**(89.5)**	(85.0)	(133.6)	(64.8)	(234.1)
Lease liabilities	**(21.6)**	(20.3)	(19.2)	–	–
Provisions	**(59.9)**	(55.7)	(93.4)	(74.3)	(5.1)
Non-current liabilities (excluding debt)	**(630.8)**	(660.7)	(737.5)	(569.7)	(681.7)
Cash and cash equivalents	**823.0**	630.4	734.2	600.5	450.2
Bank and other loans	**(103.6)**	(84.7)	(90.1)	(88.7)	(85.5)
Taxation balances	**32.6**	(38.1)	(29.2)	(28.6)	(4.0)
Basic net assets	**4,016.8**	3,307.8	3,226.8	3,137.3	2,900.3
Statistics					
Basic earnings per share	**6.3p**	20.6p	20.1p	17.0p	18.1p
Adjusted basic earnings per share	**6.5p**	20.3p	21.3p	20.2p	18.1p
Tangible net assets per share	**110.0p**	100.5p	98.3p	95.7p	88.6p
Dividends paid (pence per share)	**–**	18.34	15.28	13.79	10.91
Number of ordinary shares in issue at the year end (millions)	**3,645.4**	3,283.1	3,278.1	3,275.4	3,270.3
UK short term landbank (plots)	**77,435**	75,612	75,995	74,849	76,234
UK average selling price (£'000)	**288**	269	264	264	255
UK completions (homes including JVs)	**9,609**	15,719	14,933	14,541	13,881

The results for 2016 shown above include unaudited adjustments for the adoption of IFRS 9 and IFRS 15 in 2018.

2021 Annual General Meeting

Dear Shareholder,

Annual General Meeting (AGM)
The 2021 AGM of Taylor Wimpey plc (the Company) will be held at the Company's registered office at Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR on Thursday 22 April 2021 at 10:00am.

The safety and security of our shareholders and colleagues remains our priority. Even if the national lockdown has ended and the vaccination programme continues to progress well, the safety measures expected to be in place at the time of the AGM (as announced by the UK Government on 22 February 2021) would not permit two households mixing together indoors. In light of this, **shareholders will unfortunately not be permitted to attend the AGM in person**. The Company will ensure that the legal requirements to hold the AGM are met by the attendance of a minimum number of Director shareholders and / or employee shareholders.

Each year the Board looks forward to meeting our shareholders in person and considers it an important part of our shareholder engagement as it allows the Board to present the Company's strategy and performance to shareholders and also gives shareholders the opportunity to ask the Board questions.

In light of the fact that we are holding a closed meeting we are pleased to be able to provide an electronic facility for shareholders to follow the AGM remotely and submit questions to the Board on the business of the meeting, should they wish to do so. This can be done by accessing the AGM section of our website at www.taylorwimpey.co.uk/2021AGM and following the link to the audiocast on the day of the AGM.

You will then be prompted to enter your unique 11 digit 'Investor Code' (IVC), including any leading zeros, and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder. More information on how to join the AGM can be found on page 182.

Shareholders are also welcome to submit questions in advance of the meeting by email to CoSec@taylorwimpey.com. Please provide any advance questions by 10:00am on Tuesday 20 April 2021. A full transcript of the questions asked at the AGM and the answers provided will be made available on the Company's website as soon as practicable following the conclusion of the AGM.

How to vote
The Company's Articles of Association do not currently permit the Company to hold a hybrid meeting therefore shareholders will be unable to vote in real time at the AGM. As shareholders will not be permitted to attend the AGM this year, to ensure your vote is counted, you are encouraged to appoint the Chairman of the AGM as your proxy as early as possible by registering your vote online at: www.signalshares.com or returning your proxy form to our Registrar. In order for your vote to count, our Registrar must receive your vote by 10:00am on Tuesday 20 April 2021. Further information on how you can submit your proxy can be found on page 180 in this Notice.

If you are a CREST member, register your vote through the CREST system by completing and transmitting a CREST proxy instruction as described in the procedural notes on pages 180 to 181.

Voting on all resolutions will be by way of a poll. All valid proxy votes will be included in the poll to be taken at the AGM. The results of the vote will be announced on the Company's website and by a Regulatory Information Service as soon as practicable after the AGM.

Articles of Association
Whilst we hope that by the time of the 2022 AGM, large gatherings will once again be safe and permitted, the Board are seeking shareholder approval to adopt new, amended Articles of Association (the New Articles). Amongst other things, the amendments will facilitate the holding of 'hybrid' meetings which shareholders may attend and participate in via electronic means or in person. The amendments to allow such meetings are in line with best practice and are consistent with recent changes that have been proposed by other listed companies. Other changes are detailed in the explanatory note to resolution 22 and include provisions relating to untraced shareholders. The New Articles are available for inspection as set out on page 181 of this Notice.

Recommendation
Your Directors are of the opinion that the resolutions are in the best interests of the Company and its shareholders as a whole and recommend you to vote in favour of them. Each Director will be doing so in respect of all of their own beneficial shareholding.

Yours faithfully

Alice Marsden
Group General Counsel and Company Secretary

This notice of meeting is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, bank manager, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Taylor Wimpey plc, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you have sold or transferred part only of your holding of shares in the Company, please consult the person who arranged the sale or transfer.

Notice of Annual General Meeting

Notice is hereby given of the eighty sixth Annual General Meeting (the AGM) of the Company to be held on 22 April 2021 at 10:00am at Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR for the purposes set out below. Please note, no physical attendance is permitted.

Ordinary business
Ordinary resolutions:

1. To receive the Directors' Report, Strategic Report, Directors' Remuneration Report, Independent Auditor's Report and Financial Statements for the year ended 31 December 2020.
2. To declare due and payable on 14 May 2021 a final dividend of 4.14 pence per ordinary share of the Company for the year ended 31 December 2020 to shareholders on the register at close of business on 6 April 2021.
3. To re-elect as a Director, Irene Dorner.
4. To re-elect as a Director, Pete Redfern.
5. To re-elect as a Director, Chris Carney.
6. To re-elect as a Director, Jennie Daly.
7. To re-elect as a Director, Gwyn Burr.
8. To re-elect as a Director, Angela Knight CBE.
9. To re-elect as a Director, Robert Noel.
10. To re-elect as a Director, Humphrey Singer.
11. To elect as a Director, Lord Jitesh Gadhia.
12. To elect as a Director, Scilla Grimble.
13. To appoint PricewaterhouseCoopers LLP (PwC) as Auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
14. Subject to the passing of resolution 13, to authorise the Audit Committee to determine the remuneration of the Auditor on behalf of the Board.
15. That the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
    a. up to a nominal amount of £12,152,284 (such amount to be reduced by any allotments or grants made under paragraph b below, in excess of £12,152,284); and
    b. comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £24,304,568 (such amount to be reduced by any allotments or grants made under paragraph a above) in connection with an offer by way of a rights issue:
        i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
        ii. to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

    and so the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 21 July 2022) but, in each case, so that the Company may make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends; and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special resolutions:

16. That if resolution 15 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and / or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:
    a. to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph b of resolution 15, by way of a rights issue only):
        i. to ordinary shareholders in proportion (as nearly as practicable) to their existing holdings; and
        ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

    and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matters; and

    b. in the case of the authority granted under paragraph a of resolution 15 and / or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph a above) up to a nominal amount of £1,822,842.

    Such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 21 July 2022) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Notes to the notice of Annual General Meeting continued

17. That if resolution 15 is passed, the Board be given the power in addition to any power granted under resolution 16 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority granted under paragraph a of resolution 15 and / or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be:
    a. limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,822,842; and
    b. used only for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice or for the purposes of refinancing such a transaction within six months of its taking place.

    Such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 21 July 2022) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.
18. That the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of the ordinary shares of 1 pence each of the Company (ordinary shares), provided that:
    a. the maximum number of ordinary shares hereby authorised to be purchased shall be 364,568,532;
    b. the minimum price (exclusive of expenses) which may be paid for ordinary shares is 1 pence per ordinary share;
    c. the maximum price (exclusive of expenses) which may be paid for an ordinary share is the highest of:
        i. an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which such ordinary share is purchased; and
        ii. the higher of the price of the last independent trade and the highest independent bid on the trading venues where the purchase is carried out;
    d. the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company and 21 October 2022 unless such authority is renewed prior to such time; and
    e. the Company may make contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contracts, as if the authority conferred by this resolution had not expired.

Special business
Ordinary resolutions:

19. That the Directors' Remuneration report for the year ended 31 December 2020, as set out on pages 98 to 120 of the Annual Report and Accounts for the financial year ended 31 December 2020, be approved in accordance with Section 439 of the Companies Act 2006.
20. That in accordance with Sections 366 and 367 of the Companies Act 2006, the Company and all companies which are its subsidiaries when this resolution is passed are authorised to:
    a. make political donations to political parties and / or independent election candidates not exceeding £250,000 in aggregate;
    b. make political donations to political organisations other than political parties not exceeding £250,000 in aggregate; and
    c. incur political expenditure not exceeding £250,000 in aggregate, during the period beginning with the date of passing this resolution and the conclusion of the next Annual General Meeting of the Company.

    For the purposes of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings given by Sections 363 to 365 of the Companies Act 2006.

Special resolutions:

21. That a general meeting other than an Annual General Meeting of the Company may continue to be called on not less than 14 clear days' notice.
22. To approve and adopt the draft Articles of Association in the form produced to the AGM and initialled by the Chairman of the meeting for the purpose of identification as the Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association of the Company, with effect from the conclusion of the AGM.

By order of the Board

Alice Marsden
Group General Counsel and Company Secretary

Taylor Wimpey plc
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR
Registered in England and Wales No. 296805
1 March 2021

Explanatory notes to the resolutions
Ordinary business
Ordinary resolutions

Ordinary resolutions require more than half of the votes cast to be in favour.

Resolution 1: To receive the Annual Report and Financial Statements
English company law requires the Directors to lay the Financial Statements of the Company for the year ended 31 December 2020 and the reports of the Directors, namely the Strategic Report, Directors' Report, Directors' Remuneration Report, and Auditor's Report (the Annual Report); before a general meeting of the Company.

Resolution 2: To declare a final dividend
The Directors recommend the payment of a final dividend of 4.14 pence per ordinary share in respect of the year ended 31 December 2020. If approved at the AGM, the dividend will be paid on 14 May 2021 to shareholders who are on the Register of Members at the close of business on 6 April 2021.

Dividend Re-Investment Plan
Subject to shareholders approving the dividend as set out in resolution 2 at the AGM scheduled for 22 April 2021, the Company will be offering a Dividend Re-Investment Plan (DRIP). The DRIP is provided and administered by the DRIP plan administrator, Link Market Services Trustees Limited, which is authorised and regulated by the Financial Conduct Authority (FCA). The DRIP offers shareholders the opportunity to elect to invest cash dividends received on their ordinary shares, in purchasing further ordinary shares of the Company. These shares would be bought in the market, on competitive dealing terms.

The DRIP will operate automatically in respect of the final dividend for 2020 (unless varied beforehand by shareholders) and all future dividends, including any special dividends, until such time as you withdraw from the DRIP or the DRIP is suspended or terminated in accordance with its terms and conditions.

Shareholders are again reminded to check the position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or to discontinue or vary any participation, as existing mandates will apply to all dividend payments (including special dividends) unless or until revoked.

CREST
For shares held in uncertificated form (CREST), please note that elections continue to apply only to one dividend and a fresh election must be made, via CREST, for each dividend.

Full details of the terms and conditions of the DRIP and the actions required to make or revoke an election, both in respect of ordinary dividends (i.e. in this case, the 2020 final dividend) and any special dividends, are available at www.signalshares.com or on request from the Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, email: shares@linkgroup.co.uk or call +44 (0)371 664 0381. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrar is open between 9:00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales.

Resolutions 3-12: Election of Directors
In accordance with the 2018 UK Corporate Governance Code (the Code) which states that all directors should be subject to annual election by shareholders, the Board has resolved that all Directors of the Company will retire and, being eligible, offer themselves for re-election by shareholders at the AGM. Jitesh Gadhia and Scilla Grimble will also offer themselves for election by shareholders at the AGM.

Details of the Directors' service contracts, remuneration and interests in the Company's shares and other securities are given in the Directors' Remuneration Report to shareholders on pages 98 to 120 of the Annual Report. Full biographical information concerning each Director can be found on pages 64 and 65 of the Annual Report.

The following summary information is given in support of the Board's proposal for the re-election or election, as appropriate, of each Director of the Company.

Irene Dorner – offers herself for re-election.
Irene was appointed as a Non Executive Director and Chairman-designate on 1 December 2019. Irene formally assumed the position of Chairman on 26 February 2020. Irene's strong leadership skills, coupled with her deep commercial experience, provides strong leadership of the Board; the effective independent challenge of the Non Executive Directors; and the further development of the Group's strong cultural principles.

Pete Redfern – offers himself for re-election.
Pete has been Chief Executive since July 2007 and was previously Group Chief Executive of George Wimpey Plc.

Chris Carney – offers himself for re-election.
Chris has been the Group Finance Director since 20 April 2018.

Jennie Daly – offers herself for re-election.
Jennie has been the Group Operations Director since 20 April 2018.

Gwyn Burr – offers herself for re-election.
Gwyn has been an Independent Non Executive Director since 1 February 2018. The Board is satisfied that she is independent in character and judgement in applying her expertise at meetings of the Board and of the Remuneration Committee (which she chairs) and the Nomination and Governance Committee, and that she will be able to allocate sufficient time to the Company to discharge her responsibilities effectively. Gwyn's many years of experience in marketing and customer service align to key areas of the Group's strategy as it continues to be customer-focused in its operations.

Angela Knight CBE – offers herself for re-election.
Angela has been an Independent Non Executive Director since 1 November 2016. The Board is satisfied that she is independent in character and judgement in applying her expertise at meetings of the Board and of the Audit Committee, the Nomination and Governance Committee and the Remuneration Committee, and that she will be able to allocate sufficient time to the Company to discharge her responsibilities effectively. Angela's insight into the public sector gained through many years' experience as a Member of Parliament and in a variety of roles within HM Treasury offer the Board additional perspective in the key public sector area as it relates to housing and development activities.

Notes to the notice of Annual General Meeting continued

Robert Noel – offers himself for re-election.
Robert has been an Independent Non Executive Director since 1 October 2019. Rob became the Company's Senior Independent Director on 21 April 2020. The Board is satisfied that he is independent in character and judgement in applying his expertise at meetings of the Board and of the Audit Committee and the Nomination and Governance Committee, and that he will be able to allocate sufficient time to the Company to discharge his responsibilities effectively. Rob is an experienced CEO and has particularly deep property expertise which assists the Board in assessing large scale land opportunities.

Humphrey Singer – offers himself for re-election.
Humphrey has been an Independent Non Executive Director since 9 December 2015. The Board is satisfied that he is independent in character and judgement in applying his expertise at meetings of the Board and of the Audit Committee (which he Chairs) and the Nomination and Governance Committee, and that he will be able to allocate sufficient time to the Company to discharge his responsibilities effectively. Humphrey's detailed knowledge and experience of financial reporting by major listed companies makes him well-qualified to hold to account the external auditor and properly assess the Group's internal audit and control processes.

Lord Jitesh Gadhia - offers himself for election.
Jitesh was appointed to the Board as an Independent Non Executive Director on 1 March 2021. The Board is satisfied that he is independent in character and judgement and will be able to allocate sufficient time to the Company to discharge his responsibilities effectively. Jitesh's executive and non executive experience and involvement in public affairs will bring an additional perspective to the Board dynamic.

Scilla Grimble – offers herself for election.
Scilla was appointed to the Board as an Independent Non Executive Director on 1 March 2021. The Board is satisfied that she is independent in character and judgement and will be able to allocate sufficient time to the Company to discharge her responsibilities effectively. Scilla's significant financial, risk, technology and property experience enhance the Board's skill set.

The Board confirms that each of the above Directors has recently been subject to formal performance evaluation (with the exception of Scilla and Jitesh who had not been appointed at the time of the Board Evaluation), details of which are set out in the Nomination and Governance Committee report in the Annual Report on pages 80 to 89, and that each continues to demonstrate commitment and to be an effective member of the Board able to devote sufficient time in line with the Code to fulfil their role and duties.

Resolution 13: Appointment of PwC as Auditor of the Company
The Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders. It is therefore proposed that the Auditor is appointed from the conclusion of the 2021 AGM until the conclusion of the next general meeting at which accounts are laid before shareholders. Following the transparent and robust tender process for the appointment of our external Auditor during 2020, as detailed on pages 94 to 96, the Board recommends the appointment of PwC as the Company's Auditor.

Resolution 14: Authorisation of the Audit Committee to agree on behalf of the Board the remuneration of PwC as Auditor
The Board seeks shareholders' authority for the Audit Committee to determine on behalf of the Board the remuneration of the external Auditor for their services. The Board has adopted a procedure governing the appointment of the external Auditor to carry out non-audit services, details of which are given in the Audit Committee report. Details of non-audit services performed by the external Auditor in 2020 are given in Note 6 on page 143 of the Annual Report.

Resolution 15: Authority to allot shares
The Directors wish to renew the existing authority to allot unissued shares in the Company, which was granted at the Company's last Annual General Meeting held on 23 April 2020 which is due to expire at the conclusion of this AGM. Accordingly, paragraph a of resolution 15 would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £12,152,284 (representing 1,215,228,400 ordinary shares). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 26 February 2021, the latest practicable date prior to publication of this Notice of Meeting.

In line with guidance issued by The Investment Association (The IA), paragraph b of resolution 15 would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £24,304,568 (representing 2,430,456,800 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph a of resolution 15.
This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 26 February 2021, the latest practicable date prior to publication of this Notice of Meeting.

The Company does not hold any shares in treasury.

The authorities sought under paragraphs a and b of resolution 15 will expire at the earlier of 21 July 2022 and the conclusion of the next Annual General Meeting of the Company.

The Directors have no present intention to exercise either of the authorities sought under this resolution. However, if they do exercise the authorities, the Directors intend to follow The IA recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

Special Resolutions
Special resolutions require at least a 75% majority of votes cast to be cast in favour.

Resolutions 16 and 17: Authority to dis-apply pre-emption rights
Resolutions 16 and 17 would give the Directors the power to allot ordinary shares (or sell any ordinary shares which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The power set out in resolution 16 would be, similar to previous years, limited to: (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares, or as the Board otherwise considers necessary, or (b) otherwise up to an aggregate nominal amount of £1,822,842 (representing 182,284,200 ordinary shares).

This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 26 February 2021, the latest practicable date prior to publication of this Notice.

In respect of the power under resolution 16b, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three year period where the Principles provide that usage in excess of 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders.

Resolution 17 is intended to give the Company flexibility to make non pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Pre-emption Group's Statement of Principles. The power under resolution 17 is in addition to that proposed by resolution 16 and would be limited to allotments or sales of up to an aggregate nominal amount of £1,822,842 (representing 182,284,200 ordinary shares) in addition to the power set out in resolution 16. This aggregate nominal amount represents an additional 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 26 February 2021, the latest practicable date prior to publication of this Notice.

The powers under resolutions 16 and 17 will expire at the earlier of 21 July 2022 and the conclusion of the next Annual General Meeting of the Company.

Resolution 18: Authority to make market purchases of shares
Any purchases under this authority would be made in one or more tranches and would be limited in aggregate to 10% of the ordinary shares of the Company in issue at the close of business on 26 February 2021.

The minimum price (exclusive of expenses) which may be paid for an ordinary share is 1 pence per ordinary share. The maximum price to be paid on any exercise of the authority would not exceed the highest of (i) 105% of the average of the middle market quotations for the Company's ordinary shares for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out. Shares purchased pursuant to these authorities could be held as treasury shares, which the Company can re-issue quickly and cost-effectively, and provides the Company with additional flexibility in the management of its capital base. The total number of shares held as treasury shall not at any one time exceed 10% of the Company's issued share capital. Accordingly, any shares bought back over the 10% limit will be cancelled. The Company currently holds no shares in treasury.

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings.

The Board's current intention of utilising this authority is generally limited to acquiring shares for the various share scheme arrangements. Although the Board will continue to keep the matter under review, the Board would only consider a more formal share purchase programme if it would result in an increase in earnings per share and was in the best interests of shareholders generally, having regard to all relevant circumstances.

The total number of options and conditional share awards to subscribe for ordinary shares outstanding as at the close of business on 26 February 2021 was 42,510,244, representing approximately 1.2% of the issued ordinary share capital of the Company as at that date and approximately 1.3% of the Company's issued ordinary share capital following any exercise in full of this authority to make market purchases.

This authority will last until the earlier of 21 October 2022 and the conclusion of the Company's next Annual General Meeting.

Special business
Ordinary resolutions
Ordinary resolutions require more than half of the votes cast to be cast in favour.

Resolution 19: Approval of the Directors' Remuneration Report
The Remuneration Committee of the Board (the Committee) is seeking shareholders' approval of the Directors' Remuneration Report in resolution 19, which will be proposed as an ordinary resolution.

The Directors are required to prepare the Directors' Remuneration Report, comprising an annual report detailing the remuneration of the Directors and a statement by the Chair of the Committee. The Company is required to seek shareholders' approval in respect of the contents of this Report on an annual basis (excluding the part containing the Directors' Remuneration Policy, which was approved by shareholders at the Company's 2020 AGM when it was proposed for its latest three-yearly vote). This vote on the Directors' Remuneration Report is an advisory one only.

Resolution 20: Authority to make political donations
In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of that Act, the Board wishes to renew its existing authority for a general level of political donation and / or expenditure. Resolution 20 seeks to renew the existing authority for the Company to make political donations and incur political expenditure.

The Companies Act 2006 requires this authority to be divided into three heads (as set out in resolution 20) with a separate amount specified as permitted for each. An amount not exceeding £250,000 for each head of the authority has been proposed. In accordance with the Companies Act 2006, resolution 20 extends approval to all of the Company's subsidiaries.

This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless renewal is sought at that meeting.

The Company and the Group do not make any donations to political parties or organisations and do not intend to going forward, but do support certain industry-wide bodies such as the Home Builders Federation in the UK. Whilst the Board does not regard this as political in nature, in certain circumstances such support together with donations made for charitable or similar purposes could possibly be treated as a donation to a political organisation under the relevant provisions of the Companies Act 2006. For example, a donation to a humanitarian charity which may also operate as a political lobby, sponsorship, subscriptions, paid leave to employees fulfilling public duties and payments to industry representative bodies could constitute a donation to a political organisation within the current definitions in the Companies Act 2006.

Details of the Company's and the Group's charitable donations appear on page 36 of the Annual Report.

Special resolution
Special resolutions require at least a 75% majority of votes cast to be cast in favour.

Resolution 21: Notice of general meetings
The Companies (Shareholders' Rights) Regulations 2009 have increased the notice period required for general meetings of the Company to 21 clear days unless shareholders agree to a shorter notice period, which cannot be less than 14 clear days. At the last AGM, a resolution was passed approving the Company's ability to call general meetings (other than Annual General Meetings, which will continue to be held on at least 21 clear days' notice) on not less than 14 clear days' notice. As this approval will expire at the conclusion of this AGM, resolution 21 proposes its renewal. The shorter notice period of 14 clear days would not be used as a matter of routine for any general meeting, but only where the flexibility is merited by the business of a particular meeting and is thought to be to the

Notes to the notice of Annual General Meeting continued

advantage of shareholders as a whole. The renewed approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must in respect of that meeting make available electronic voting to all shareholders.

Resolution 22: Amendment to the Company's Articles of Association
Resolution 22 seeks to adopt the New Articles which reflect changes in both market practice and legal and regulatory requirements. In particular, the proposed amendments will facilitate hybrid meetings by enabling shareholders to participate via electronic means or in person. The intended purpose and effect of the major amendments are set out below.

Untraced shareholders
The New Articles amend the position in relation to untraced shareholders. Rather than requiring the Company to take out two newspaper advertisements, the New Articles require the Company to use reasonable efforts to trace the shareholder in question and to inform the shareholder by way of a notice to their last known address.

These changes reflect best practice and provide the Company with appropriate flexibility in connection with locating untraced shareholders.

Operation of general meetings
The New Articles contain specific provisions to clarify that the Company can hold hybrid general meetings (including annual general meetings) and to set out how such meetings are to be conducted. Under the New Articles, the Company may hold hybrid general meetings in such a way that enables members to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic facility. Voting at hybrid meetings will, by default, be decided on a poll. Hybrid meetings may be adjourned in the event of a technological failure.

The New Articles allow the Company, where appropriate, to make changes to the arrangements for general meetings (including the introduction, change or cancellation of electronic facilities) after notice of the meeting has been issued. The New Articles also explicitly allow the Company to introduce health and safety arrangements at its meetings.

These changes were introduced to provide the Board greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice, particularly in light of the COVID-19 pandemic and the uncertain duration of social distancing measures and restrictions on gatherings. The Board believes that hybrid meetings will allow for greater shareholder and stakeholder engagement over the coming years in a way that is more convenient for all parties. Absent exceptional circumstances, members of the Board intend to continue the practice of attending general meetings of the Company in person.

The New Articles also specifically refer to the possibility of satellite / multi-venue meetings, such as the use of overflow rooms. Satellite meetings are legally valid even without such a provision but it has been added for clarity.

These changes are primarily contained in articles 49, 50, 53, 56, 57, 59 and 60 in the New Articles.

Gender neutrality
As part of the Company's continued support of gender diversity, all references to gender have been made neutral throughout the New Articles.

General
Other changes which are of a minor, technical or clarifying nature or which have been made to remove provisions in the Current Articles which duplicate English company law are not noted.

Procedural notes

1. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes which shareholders may cast), shareholders must be registered on the Register of Members of the Company by 6:00pm on 20 April 2021 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting).
2. As at 26 February 2021 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 3,645,685,322 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 26 February 2021 were 3,645,685,322.
3. A shareholder entitled to attend and vote at the AGM may appoint a proxy or proxies to exercise all or any of their rights at the AGM. A proxy need not be a shareholder of the Company. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holdings (the first-named being the most senior). As shareholders will not be permitted to attend the AGM this year, to ensure their votes are counted shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy.
4. To be valid, any proxy appointment must be received by Link Group at PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, or, if you want to use an envelope the address to use is FREEPOST PXS, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL or, electronically via the internet at www.signalshares.com or, if you are a member of CREST, via the service provided by Euroclear UK and Ireland Limited at the electronic address provided in note 9, in each case no later than 10:00am on 20 April 2021. Please note that all proxy appointments received after this time will be void. A proxy appointment sent electronically at any time that is found to contain any virus will not be accepted.
5. If you require a paper proxy form, or if you require additional forms, please contact Link Group, by email at enquiries@linkgroup.co.uk, or by telephone on +44 (0)371 664 0300 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am to 5:30pm, Monday to Friday excluding public holidays in England and Wales).
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its Registrar.
7. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, it must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10:00am on 20 April 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. The Company may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    - The audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or
    - Any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

    The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
13. Under section 319A of the Companies Act 2006, shareholders have the right to ask questions at the AGM relating to the business of the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered. For further information on how shareholders can ask questions at the AGM see page 182.
14. Shareholders have the right to request information to enable them to determine that their vote on a poll was validly recorded and counted. If you require confirmation please contact Link Group, by email at enquiries@linkgroup.co.uk, or by telephone on +44 (0)371 664 0300 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am to 5:30pm, Monday to Friday excluding public holidays in England and Wales).
15. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.taylorwimpey.co.uk/corporate.
16. Voting on all resolutions at this year's AGM will be conducted by way of a poll. The results of the poll will be announced via a Regulatory Information Service and made available at www.taylorwimpey.co.uk/corporate as soon as practicable after the AGM.
17. A copy of the Company's current Articles of Association and the New Articles (along with a marked up copy to show the proposed changes) will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office: Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR and on the Company website at www.taylorwimpey.co.uk/2021AGM from the date of this Notice until the close of the AGM. The New Articles will also be available for inspection at the AGM at least 15 minutes prior to the start of the meeting and up until the close of the meeting.
18. The documents listed below are available for inspection at an agreed time at the Company's registered office. If you wish to inspect these documents email CoSec@taylorwimpey.com during normal business hours on any weekday (excluding public holidays). Copies of these documents will also be available on the audiocasting facility before and during the AGM.
    - Copies of the Executive Directors' service contracts.
    - Copies of the letters of appointment of the Chairman of the Board and the Independent Non Executive Directors.
    - A copy of the full Annual Report and Financial Statements of the Company for the year ended 31 December 2020, including the Directors' Remuneration Report referred to in resolution 19. This document is also available on our website at www.taylorwimpey.co.uk/corporate
19. Personal data provided by shareholders at or in relation to the AGM (including names, contact details, votes and Shareholder Reference Numbers), will be processed in line with the Company's privacy policy which is available at www.taylorwimpey.co.uk/privacy-policy.

Notes to the notice of Annual General Meeting continued

How to join the meeting
In light of the fact that we are holding a closed meeting we are pleased to be able to provide an electronic facility for shareholders to follow the AGM remotely and submit questions to the Board on the business of the meeting, should they wish to do so. This can be done by accessing the AGM section of our website at www.taylorwimpey.co.uk/2021AGM and following the link to the audiocast on the day of the AGM.

Once you have followed the link, you will then be prompted to enter your unique 11 digit 'Investor Code' (IVC), including any leading zeros, and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting Link Group, our Registrar, by calling +44 (0)371 277 1020. Lines are open from 9:00am to 5:30pm Monday to Friday, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Access to the AGM will be available 30 minutes before the start of the AGM, although you will not be able to submit questions until the meeting is declared open.

If you wish to appoint a proxy and for them to attend the AGM via the electronic facility on your behalf, please submit your proxy appointment in the usual way, before contacting Link Group no later than 5:30pm on 20 April 2021 on +44 (0)371 277 1020 in order to obtain their IVC and PIN.

If your shares are held within a nominee and you wish to attend the AGM via the electronic facility, you will need to contact your nominee as soon as possible. Your nominee will need to have completed a corporate letter of representation and presented this to Link Group, our Registrar, no later than 72 hours before the start of the meeting in order that they can obtain your unique IVC and PIN to enable you to attend the electronic meeting.

Audiocast
The electronic meeting will be broadcast in audio format with presentation slides. Once logged in, and at the commencement of the meeting, you will be able to listen to the proceedings of the meeting on your device, as well as being able to see the slides of the meeting (which will include the resolutions to be put forward to the meeting), these slides will progress automatically as the meeting progresses.

Questions
Questions will be invited during the meeting when formally announced by the Chairman. Shareholders attending electronically may ask questions via the website by submitting their question in writing via the Q&A box which is found underneath the speaker details on the left hand side of the player. Once you have typed your question please click the 'Submit' button.

Shareholders are also welcome to submit questions in advance of the meeting by email to CoSec@taylorwimpey.com. Please provide any advance questions by 10:00am on Tuesday 20 April 2021.

A full transcript of the questions asked at the AGM and the answers provided will be made available on the Company's website as soon as practicable following the conclusion of the AGM.

Requirements
An active internet connection is required at all times in order to allow you to join the meeting and submit questions and listen to the audiocast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

Shareholder facilities

Shareholders' services

Web communications
The Company makes documents and information available to shareholders by electronic means and via a website, rather than by sending hard copies. This way of communicating is enabled in accordance with the Companies Act 2006, Rule 6 of the Disclosure and Transparency Rules and the Company's Articles of Association.

Making documents and information available electronically:

a. Enables the Company to reduce printing and postage cost.
b. Allows faster access to information and enables shareholders to access documents on the day they are published on the Company's website.
c. Reduces the amount of resources consumed, such as paper, and lessens the impact of printing and mailing activities on the environment.

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to provide hard copies to any shareholders upon request.

The Company's website is www.taylorwimpey.co.uk and shareholder documentation made available electronically is generally accessible at www.taylorwimpey.co.uk/corporate.

Electronic communications
The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an email. Shareholders can sign up for this facility by logging onto our website at www.taylorwimpey.co.uk/corporate/investors/shareholder-centre.

Online facilities for shareholders
You can access our Annual and Interim Reports and copies of recent shareholder communications online at www.taylorwimpey.co.uk/corporate.

You can manage your shareholding in Taylor Wimpey via Link Group's shareholder portal, which can be accessed online at www.signalshares.com.

Dividend Re-Investment Plan
You can choose to invest your cash dividends, including any special dividends, in purchasing Taylor Wimpey shares on the market under the terms of the Dividend Re-Investment Plan (DRIP). For further information on the DRIP and how to join, contact Link Group.

Shareholders are again reminded to check the position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or discontinue or vary any participation, as existing mandates will apply to all dividend payments (including special dividends) unless or until revoked.

CREST
The Company offers shareholders who hold their Taylor Wimpey shares in CREST a facility for the receipt of dividends through the CREST system.

For shares held in uncertificated form (CREST), please note that elections continue to apply only to one dividend and a fresh election must be made, via CREST, for each dividend.

Full details of the terms and conditions of the DRIP and the actions required to make or revoke an election, both in respect of ordinary dividends (i.e. in this case, the 2020 final dividend) and any special dividends, are available at www.signalshares.com or on request from the Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, email: shares@linkgroup.co.uk, tel: +44 (0)371 664 0381. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am and 5:30pm Monday to Friday excluding public holidays in England and Wales.

Dividend mandates
We strongly encourage all shareholders to receive their cash dividends by direct transfer to a bank or building society account. This ensures that dividends are credited promptly to shareholders without the cost and inconvenience of having to pay in dividend cheques at a bank. If you wish to use this cost-effective and simple facility please register for the shareholder portal at www.signalshares.com and register your bank mandate online or complete and return the dividend mandate form attached to your dividend cheque. Additional mandate forms may be obtained from Link Group.

Duplicate share register accounts
If you are receiving more than one copy of our Annual Report, it may be that your shares are registered in two or more accounts on our Register of Members. You might wish to consider merging them into one single entry. Please contact Link Group who will be pleased to carry out your instructions in this regard.

Share dealing services
We have arranged both telephone and online share dealing services. Link Share Dealing Services allows you to buy and sell shares in a large number of companies that have Link as their registrar. The services are operated by Link Group. To use the services either visit www.linksharedeal.com or telephone +44 (0)371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8:00am and 4:30pm Monday to Friday excluding public holidays in England and Wales. To deal, you will need to provide your surname, postcode, date of birth and investor code (which can be found on your share certificate or any form of proxy you have been sent). Shareholders are not in any way obliged to use this service when dealing in the Company's shares.

Taylor Wimpey and CREST
Taylor Wimpey shares can be held in CREST accounts, which do not require share certificates. This may make it quicker and easier for some shareholders to settle stock market transactions. Shareholders who deal infrequently may, however, prefer to continue to hold their shares in certificated form and this facility will remain available for the time being, pending the likely general introduction of dematerialised shareholdings in due course.

Taylor Wimpey share price
Our share price is available on our website at www.taylorwimpey.co.uk/corporate.

Gifting shares to charity
If you have a small holding of Taylor Wimpey shares, you may wish to consider gifting them to charity. You can do so through 'ShareGift', which is administered by a registered charity, Orr Mackintosh Foundation Limited. Shares gifted are re-registered in the name of the charity, combined with other donated shares and then sold through stockbrokers who charge no commission. The proceeds are distributed to a wide range of recognised charities. For further details, please contact Link Group or approach ShareGift directly on www.sharegift.org or telephone them on +44 (0)20 7930 3737.

Shareholder facilities continued

Unsolicited approaches to shareholders and 'Boiler Room' scams
We receive reports from time to time from Taylor Wimpey shareholders who have each received what appear to be fraudulent approaches from third parties with respect to their shareholding in the Company. In some cases these are 'cold calls' and in others correspondence. They generally purport to be from a firm of solicitors or an investment company and offer, or hold out the prospect of, large gains on Taylor Wimpey shares or other investments you may hold.

The approaches normally include the seeking of an advance payment from the shareholder, the disclosure of the shareholder's bank details or the sale of an unrelated investment. Shareholders are advised to be extremely wary of such approaches and deal with firms authorised by the UK Financial Conduct Authority (FCA). More information is available on our website www.taylorwimpey.co.uk/corporate/shareholder-information/boiler-room-scams and you can check whether an enquirer is properly authorised and report scam approaches by contacting the FCA on www.fca.org.uk/consumers or by calling 0800 111 6768. This is a freephone number from the UK and lines are open Monday to Friday, 8:00am to 6:00pm and Saturday 9:00am to 1:00pm.

Annual General Meeting
10:00am on 22 April 2021 at:

Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

Shareholders will not be permitted to attend in person, but they are encouraged to join via the electronic facility detailed on page 182.

Proxy instructions must be received by 10:00am on 20 April 2021.

Group General Counsel and Company Secretary
Alice Marsden
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR
Tel: +44 (0)1494 558323

Registrar
For any enquiries concerning your shareholding or details of shareholder services, please contact:

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Email: enquiries@linkgroup.co.uk
Tel: +44 (0)371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales.

Auditors
PwC (subject to shareholder approval at the 2021 AGM)

Solicitors
Slaughter and May

Stockbrokers
Citigroup Global Markets Limited
Credit Suisse International

Principal operating addresses

UK
Taylor Wimpey plc
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR

Tel: +44 (0)1494 558323
Website: www.taylorwimpey.co.uk

Registered in England and Wales number 296805

Details of all our operating locations are available on our website www.taylorwimpey.co.uk

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More online

View our Annual Report and Accounts online: www.taylorwimpey.co.uk/corporate

Further information about our sustainability activities and policies can be found within our Sustainability Report on our website: www.taylorwimpey.co.uk/corporate/sustainability

This is a certified climate neutral print product for which carbon emissions have been calculated and offset by supporting recognised carbon offset projects. The carbon offset projects are audited and certified according to international standards and demonstrably reduce emissions. The climate neutral label includes a unique ID number specific to this product which can be tracked at www.climatepartner.com, giving details of the carbon offsetting process including information on the emissions volume and the carbon offset project being supported.

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