Annual Report and Accounts 2021

Taylor Wimpey plc

building momentum

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

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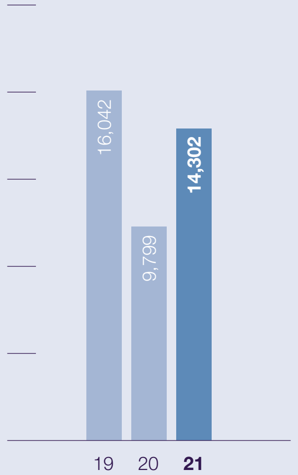
www.taylorwimpey.co.uk/corporate
www.twitter.com/taylorwimpeyplc
www.linkedin.com/company/taylor-wimpey

Our Annual Report and Accounts 2021 and online Sustainability Supplement and ESG Addendum 2021 can be viewed at www.taylorwimpey.co.uk/corporate

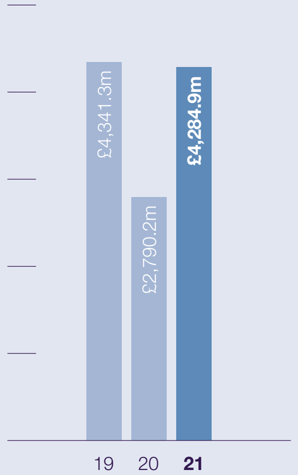
2021 highlights

Group financial highlights

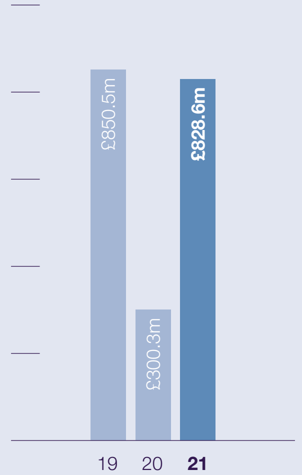
Group completions including joint ventures
14,302



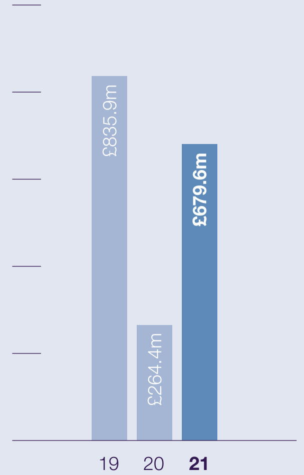
Revenue
£4,284.9m



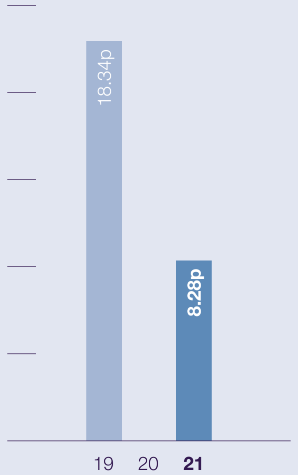
Operating profit*
£828.6m



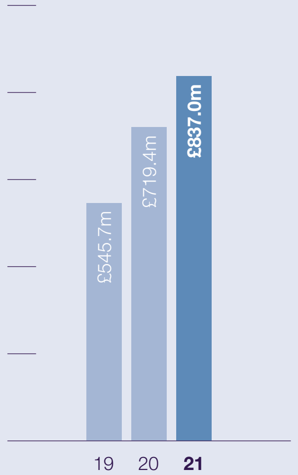
Profit before tax
£679.6m



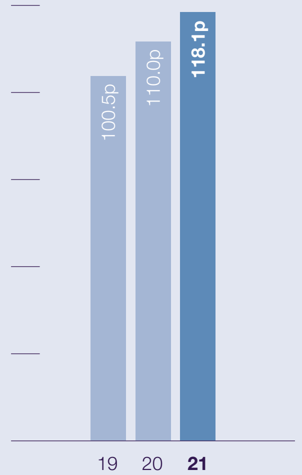
Total dividend per share paid in the year
8.28p



Year end net cash‡
£837.0m



Tangible net assets per share†
118.1p



Operating profit margin
19.3%

2020: 10.8%

Return on net operating assets**
24.7%

2020: 9.9%

Cash conversion‡‡
69.4%

2020: (54.9)%

Alternative Performance Measures

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

UK operational highlights

Customer satisfaction 8-week score (%)	92%	2020: 92%
Customer satisfaction 9-month recommend score	79%	2020: 78%
Construction Quality Review average score (out of 6)	4.67	2020: 4.45
Net private sales rate per outlet per week	0.91	2020: 0.76
Number of homes in order book	10,009	2020: 10,685
Plots in UK short term landbank	c.85k	2020: c.77k

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

ESG (environmental, social, governance) highlights

Reduction in direct CO_2 emissions intensity since 2013	50%	2020: 30%
Employee engagement score	91%	
Annual Injury Incidence Rate (per 100,000 employees and contractors)	214	2020: 151
Affordable homes as % of total UK completions	18%	2020: 20%
Contributions to local communities, via planning obligations	£418m	2020: £287m
Construction waste recycled	97%	2020: 97%

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

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

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

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

NEXT GENERATION GOLD
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
CDP DISCLOSURE INSIGHT ACTION
We are a Living Wage Employer
CARBON TRUST STANDARD REDUCING CO2 YEAR ON YEAR
CDP SUPPLIER ENGAGEMENT LEADER 2021
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
FTSE4Good
Sustainability Yearbook Member 2022 S&P Global

Irene Dorner
Chairman

Dividend / Share Buyback

In line with our Ordinary Dividend Policy, we are pleased to announce that the 2021 final dividend of 4.44 pence per share will be paid in May, subject to shareholder approval at the 2022 Annual General Meeting (AGM). In combination with the 2021 interim dividend, this gives total ordinary dividends for the year of 8.58 pence per share. Details of our resolutions for the 2022 AGM can be found on pages 185 to 189.

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

Creating value for all of our stakeholders

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

2021 has proven to be a very successful year for Taylor Wimpey, but it has not been without its challenges. As the world continued to respond and adapt to the COVID-19 pandemic, we remained, and continue to be, focused on delivering improved operating margin and setting the business up well for accelerated volume growth, from 2023.

2021 performance

I am delighted to report that in 2021 we completed 14,302 homes across the Group (2020: 9,799) including joint ventures. This is a 46% increase on 2020 performance, as the business steadily increased operations. Group operating profit increased to £828.6 million (2020: £300.3 million), with an operating profit margin of 19.3% (2020: 10.8%) as we optimised selling price and we maintained our strong focus on cost efficiency. This resulted in profit before tax of £679.6 million (2020: £264.4 million). More information can be found within our Group financial review.

We started 2022 in a very strong position with an excellent order book amounting to 10,009 homes (31 December 2020: 10,685 homes) excluding joint ventures, valued at £2,550 million (31 December 2020: £2,684 million) and were 47% forward sold for 2022 private completions (2021: 54%). Despite wider economic uncertainty, forward indicators continue to show good underlying demand for our homes and pricing remains positive.

Following the equity raise in June 2020, we stepped up our activity in the land market to take advantage of the opportunities before competition returned and have successfully added c.29k new plots to the short term landbank over the last 18 months, including converting c.9k plots from our strategic land pipeline. These sites will enhance our portfolio and deliver a strong financial performance. We are laser focused on continuing to drive momentum by progressing land through the planning system to deliver outlet-led growth from 2023.

During 2021, the Competition and Markets Authority's (CMA) investigation into the historical sale of leasehold properties with doubling ground rent clauses by the Company was closed, following the agreement of voluntary undertakings.

Stakeholder engagement

We recognise that we can only achieve our purpose, to deliver great homes and create thriving communities, if we take account of the views of all of our stakeholders in our decision making. The Board is responsible for ensuring that our business is sustainable in the long term by respecting and taking into account the needs and views of all our stakeholders in our decision making process.

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

We have also taken the opportunity to more clearly articulate the role of the Board's Employee Champion, who is responsible for championing the employee voice in the boardroom and strengthening the link between the Board and employees. Gwyn Burr, Non Executive Director, was our Employee Champion during 2021 and attended three National Employee Forum (NEF) meetings. As Gwyn will be stepping down from the Board in 2022, Robert Noel, our Senior Independent Director, has been asked to take on the Employee Champion role. In 2022, in addition to attending the NEF meetings, the Employee Champion will also hold in person conversations with small groups of junior to mid-level employees in each Division, including those from the regional offices, sites and sales centres, to listen to their views on any topics they may wish to raise, outside of the NEF and without senior management being present, to further encourage openness. The Board are interested to hear the feedback received as part of these sessions.

I continued to meet with investors in 2021 to build on the dialogue established following the virtual Chairman's roadshow I conducted in Autumn 2020. To allow for an open conversation in respect of the issues most important to each shareholder, no formal agenda was set in advance of each meeting. Investors were keen to hear my and the Board's perspective on a variety of key themes, such as ESG, fire safety and succession. I value the insight I gained from these meetings which I have fed back to the Board to consider as part of our decision making process. Once again shareholders were unfortunately not permitted to attend the 2021 AGM in person, however shareholders were able to listen throughout the proceedings and ask the Directors questions in real time during the meeting through an audiocast facility.

Fire safety

It has long been our view that customers and leaseholders should not have to pay for fire safety remediation works to ensure their buildings are safe and mortgageable. We took early and proactive action, committing significant funding to address fire safety and cladding issues on our buildings, with total amounts provided up to March 2021 of £165 million. Taylor Wimpey's decision a year ago meant that funding was in place to bring all our affected buildings, going back 20 years from January 2021, up to current EWS1 standard. The Board receives regular updates on the progress of remediation works and the topic of fire safety and cladding is included on every Board meeting agenda for discussion. We consider that fire safety is an industry wide issue that needs an industry wide solution and we will continue to work with the Government to play our part to help to resolve these wider issues.

ESG

The elements of ESG have always been an important part of working for Taylor Wimpey and have positively contributed to our culture and ways of doing business, for example in respect of health and safety, our number one priority, and our approach to employee engagement.

During the year we have conducted an independent review to assess the progress we have made in defining what ESG means for us and identified areas that would benefit from further attention. The Board was pleased to receive positive feedback in terms of the extent to which important elements of ESG are built into our day to day business operations and it is helpful to understand how we can improve our communications in this area to ensure this is visible to all of our stakeholders and this is something we will be working on throughout 2022. Our ESG strategy will continue to be aligned to our purpose, ensuring that we play our part in creating a sustainable future for everyone.

In 2021, we participated in various benchmarks and were awarded a number of industry accreditations, including a Gold Award in the Next Generation benchmark (a homebuilder specific sustainability benchmark). We are pleased with the levels of engagement across the business with good progress against our key targets. To ensure that we remain focused on minimising the impact we have on climate change and protecting our planet for future generations, we have added 'natural resources and climate change' as a Principal Risk and the Board will continue to monitor progress. Further information on this new Principal Risk, and on the also newly added Principal Risk of 'cyber risk', can be found on page 65.

We take a science-based approach to carbon reduction, and the Science Based Targets initiative has confirmed that our operational carbon reduction target is consistent with the reductions required to keep warming to 1.5ºC. We have made excellent progress towards our carbon reduction target. Against our 2019 baseline, we have achieved a 13% reduction in direct carbon emissions intensity (scope 1 and 2 emissions per 100 square metres of completed homes) and a 20% absolute reduction. Our current target was published last year but our commitment to climate action goes back much further. Since 2013, we have achieved a 50% reduction in our direct carbon emissions intensity.

We support the UK's commitment to reach net zero carbon by 2050. We will be developing our net zero transition plan and a net zero target during 2022. An environmental measure has been included in the Executive Directors' annual bonus plan (the Executive Incentive Scheme) and requires the Executive Directors to have a credible net zero carbon transition plan approved by the Board alongside the achievement of a measurable carbon reduction target. The intention is to then introduce an environmental measure in the wider annual bonus scheme for 2023 performance. Further details on the role of the Board in ESG matters can be found on page 79 and specific ESG performance measures can be found on page 107.

Chief Executive succession

We announced in December that Pete Redfern will be stepping down as Chief Executive after nearly 15 years in the role. Pete has made an invaluable contribution to the business in this time, including having successfully led the Company through the financial crisis and the pandemic. During his time as Chief Executive, he has created an excellent culture which is renowned throughout the industry for doing the right thing. Given the strength of the business, both Pete and I believe that it is the right time for new leadership as we start the next chapter. On behalf of the Board and everyone at Taylor Wimpey, I would like to express our sincere thanks for the leadership that he has provided to the Company which has seen it return c.£2.85 billion to shareholders since 2007.

Following a rigorous process led by the Nomination and Governance Committee, we were delighted to announce earlier this year that Jennie Daly, our Group Operations Director, will succeed Pete as Chief Executive following the conclusion of the 2022 AGM. Jennie joined the business in 2014 and has held a number of senior roles within the business before being appointed to the Board as Group Operations Director in 2018. Prior to joining Taylor Wimpey, Jennie also held senior roles at Redrow plc, so is an experienced industry executive. Jennie has consistently played a key role in the Company's operational and strategic development, as her remit has gradually grown to include all of our central operational functions and has made a valuable contribution to the Board. The Board is confident that Jennie's wealth of knowledge and experience, alongside her values and leadership style, makes her the right person to lead the Company to deliver improved margin and volume growth, whilst ensuring long term value for all our stakeholders.

In late January, we also announced that in light of upcoming changes to their commitments on other boards, Angela Knight CBE and Gwyn Burr will be stepping down from the Board on 26 April following the conclusion of the 2022 AGM. The strong progress Gwyn Burr has made as Employee Champion will continue under Robert Noel as her successor in that role. A search process is underway to find their replacements to ensure that the Board continues to hold the most appropriate balance of skills and operational experience.

2022 AGM

This year's AGM will take place in person at the Crowne Plaza Hotel in Marlow, as it is closer to our Head Office and I am very much looking forward to the opportunity to meet many of our shareholders in person.

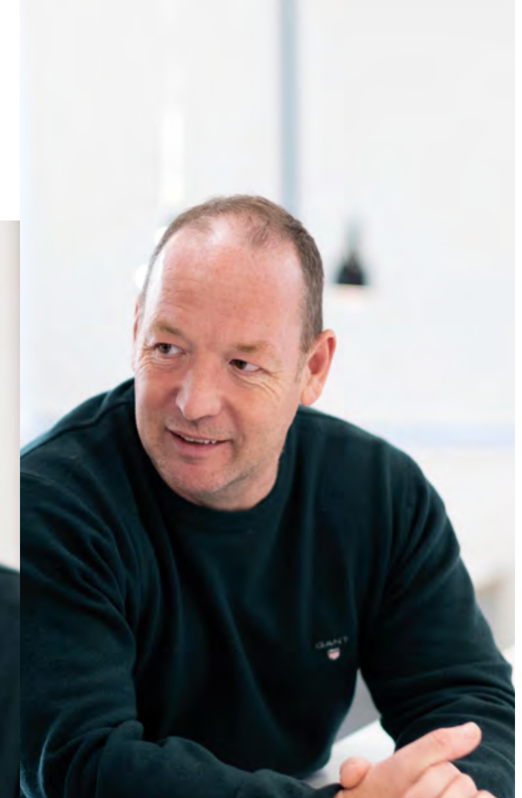
Looking forward

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

I want to finish by saying thank you to our employees, customers, shareholders, subcontractors and suppliers for their continued support. I am incredibly proud of all that Taylor Wimpey has achieved in 2021 and look forward to building on this success in 2022 and beyond.

Irene Dorner
Chairman

Optimising performance to benefit all stakeholders



Pete Redfern
Chief Executive

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

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

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

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

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

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

Building momentum to deliver improved operating margin and accelerated volume growth

Our purpose is to deliver great homes and create thriving communities. We seek to deliver this with a strategy set to optimise long term shareholder returns in a responsible way, while delivering attractive and sustainable returns and adding value to all stakeholders.

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

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

In the following pages 10 to 17, the GMT discuss our key priorities as we continue to build momentum. These underpin our confidence in future delivery.

We support the UK's commitment to reach net zero carbon by 2050. In 2022, we will develop our net zero transition plan and net zero target. We are reviewing the net zero criteria published by the SBTi and will use this to guide our approach. We expect to publish our target in 2023. For the housebuilding sector, the majority of emissions are associated with the production and manufacture of materials and the energy used by customers once they have moved into new homes (scope 3). This means achieving net zero emissions will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We are committed to working with our peers, suppliers and others to help tackle this challenge. Our plan will include details of specific measures and key milestones designed to provide future measurable targets against which the delivery of the plan can be assessed. We have also introduced a carbon-reduction related measure into our Executive Incentive Scheme for 2022.

Upcoming regulatory changes

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

UK market environment and current trading

The 2022 spring selling season has started well, reflecting the underlying strength of demand for our homes, underpinned by low interest rates and good mortgage availability.

The net private sales rate for the year to date (w/e 27 February 2022) was 1.02 per outlet per week (2021 equivalent period: 0.91). At that time, we were more than 60% forward sold for private completions in 2022 and have continued to grow our order book well into the second half of the year. As at 27 February 2022, our total order book excluding joint ventures was £2,899 million (2021 equivalent period: £2,796 million), comprising 10,934 homes (2021 equivalent period: 11,054 homes).

Our investment case

Our approach to land differentiates Taylor Wimpey and has enabled us to build an excellent landbank which will underpin strong volume and margin growth potential and returns to shareholders. We are focused on execution and delivering value from our outstanding landbank and via our talented teams, in a responsible way to benefit all stakeholders.

Read more in relation to our key strengths and resources on page 22

1. Strong momentum following significant recent land investment to drive outlet growth and volumes

c.50

additional outlets to be added in the period H1 2021 to H1 2023

2. Clear levers to improve operating margin

21-22%

operating profit margin target

3. Highly cash generative with a commitment to return excess cash

c.£150 million

2022 buyback

4. Delivering for all stakeholders

5-star

HBF customer satisfaction rating

Our approach to ESG

Our purpose is to build great homes and create thriving communities. We will do so sustainably, making sure those communities are themselves sustainable for the future.

Environmental, social and governance (ESG) has always been an important part of working for Taylor Wimpey.

Social and Governance

Our teams see the social and governance aspects of ESG as 'business as usual', including our contributions to, and involvement in, local communities and our strong culture. This is also evident in our key performance indicators (see pages 24 to 27) and our stakeholder interactions (see pages 34 to 35). As we embed our ambitious environmental strategy we will further increase our focus on this important area. More information can be found on pages 14 to 15.

We are committed to transparent disclosure of our ESG performance and are aligning our reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) recommended disclosures for our sector, among other standards. This can be found on pages 48 to 57 and a full list of targets and our progress against these targets is included in our Sustainability Supplement 2021, available on our website.

Environment

We were one of the first UK developers to set a carbon reduction target verified by the Science Based Targets initiative (SBTi), including a 1.5 degrees target for our operational emissions. Our environment strategy (Building a better world), launched in 2021, also includes ambitious targets for increasing nature on our developments, cutting waste and improving resource efficiency. This can be found on pages 28 to 29.

We are committed to achieving net zero and in 2022 we will develop a plan to achieve this. More details can be found on page 17.

Land activity

Our short term owned and controlled landbank has increased by c.8k plots to c.85k plots as at 31 December 2021 (31 December 2020: c.77k plots). During the early stages of the pandemic, we took the strategic decision to increase investment in land on an opportunistic basis. Accordingly, over the 18 months to 31 December 2021 we have strengthened our landbank adding c.29k new plots to our short term landbank.

Our high-quality landbank remains a key competitive advantage and value driver and underpins our confidence in delivering our medium term target of 21-22% operating profit margin. Our accelerated landbuying provides us with a greater number of options for sustainable, profitable volume growth amidst a challenging planning environment. We have also grown our high-quality strategic land pipeline and are able to operate selectively in today's competitive land market.

We remain very focused on progressing new acquisitions through the planning system and opening quality outlets. As at the end of February we own or control, with planning or a Resolution to Grant (RTG), 88% of the sites where we intend to open an outlet in 2022 of which we have already started on site at nearly one third. We own and have outline or detailed planning on 100% of 2022 expected completions and 85% of 2023 expected completions. All of the remainder are currently controlled and most have planning or RTG.

Fire safety

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

We have identified all Taylor Wimpey buildings that may require works and are in active dialogue with building owners to undertake these and are committed to resolving these issues as soon as possible for our customers. From April 2022, we will also be paying the new Residential Property Developer Tax (which is a 4% tax on profits) that will fund the Government's Building Safety Fund for buildings over 18 metres.

We are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. We fully support the HBF's recent letter to the Government which sets out proposed additional commitments from the industry in relation to buildings over 11 metres. We continue to believe this is an industry-wide issue involving many types of organisations and therefore needs an industry-wide solution. If accepted by Government, the HBF proposal would result in an additional modest provision for Taylor Wimpey.

Guidance and outlook

Interest rates remain at close to historically low levels and there is good availability of affordable mortgages. Whilst further rises in the base rate are anticipated this year, we expect affordability to remain good and the cost of servicing a mortgage to remain attractive compared to the cost of rental.

Assuming the market remains broadly stable, we continue to expect to deliver low single digit year on year completions growth in 2022 and to make further progress towards our 21-22% operating margin target. We expect 2022 year end net cash to be around £600 million, depending on the timing of land payments.

Build cost inflation is currently running at c.6% and, at this stage, we expect sales price growth to continue to offset build cost inflation in 2022.

The additional land we have secured over the last 18 months, has positioned the Group to deliver high-quality, profitable and sustainable growth. These additional land investments differentiate Taylor Wimpey and will result in increased outlet openings from late 2022 and material volume growth from 2023, generating additional value and compelling investor returns.

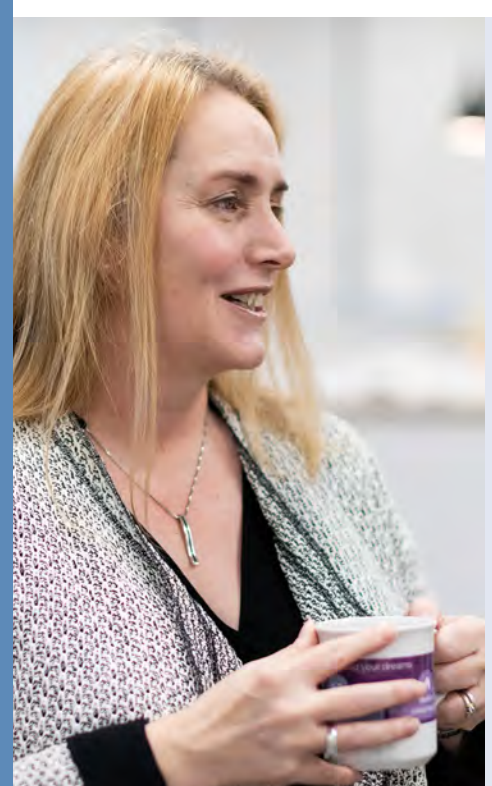
With a continued focus on execution and efficiency, the Board believes the Group has strong momentum to make significant progress and deliver enhanced shareholder value in the years ahead.

Pete Redfern
Chief Executive

Introducing our new CEO

On 7 February, Jennie Daly was announced as CEO Designate, and will take on the role following the Group's AGM on 26 April 2022.

Jennie is currently Group Operations Director of Taylor Wimpey and a member of the Board of Directors. Since 2018 and in her current role, Jennie oversees Taylor Wimpey's land, planning, design, technical, sustainability, production and supply chain functions, as well as managing the Taylor Wimpey Logistics business. She has almost 30 years of experience in the housebuilding and land and planning industries, with excellent relationships across all stakeholders. Jennie joined Taylor Wimpey in 2014 from Redrow Plc where she was Managing Director of its Harrow Estates business and, prior to that, was Group Land Manager at Westbury Plc. Her early career was in local authority and council planning roles in Macclesfield and Blackpool. Jennie is also a Non Executive Director of the Peabody Trust and of the New Homes Quality Board Limited.



"It is an honour and privilege to take on the role of CEO at Taylor Wimpey and I am delighted to have the support of the Board and our Executive and wider teams. This is an outstanding business with a strong landbank and strategic land pipeline, and a talented and committed team. Taylor Wimpey is strongly positioned to deliver sustainable sector-leading growth and returns, whilst always operating as a responsible business. I am energised by the opportunities at Taylor Wimpey and look forward to working closely with the Board and our teams to deliver on the significant potential at the company."

Jennie Daly,
Group Operations Director and CEO Designate

How we are building momentum

Our differentiated approach to land has created strong momentum and the opportunity for quality, profitable growth. Taylor Wimpey is well positioned to deliver strong growth and sustainable returns, whilst always operating as a responsible business.

Our purpose

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 to 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.

Medium term goals (2018-2023):

Return on net operating assets R

35%
24.7% in 2021 (2020: 9.9%)

Operating profit margin R

c.21-22%
19.3% in 2021 (2020: 10.8%)

Short term landbank

4-4.5 years
c.6.1 years in 2021 (2020: c.8.1 years)

Cash conversion R

70-100%
69.4% in 2021 (2020: (54.9)%)

Remuneration report R **See pages 105 to 124**

Delivering against our key priorities

Operational excellence and discipline driving an increase in operating margin
Page 10

Progressing recent land acquisitions through planning to facilitate outlet growth in late 2022 and volume growth in 2023
Page 12

Continue to deliver consistently great build quality, customer service and employee experience and identify where we can add value
Page 14

Further embedding sustainability through the business, targeting areas where we can make the most difference to future proof the business
Page 16

Guided by our clear purpose: To build great homes and create thriving communities

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

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

Environment strategy and targets /p 28-29

Always engaging with our stakeholders /p 38-47

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

Respectful and fair
Take responsibility
Better tomorrow
Be proud

Delivering against our key priorities:

Across the following pages, members of the Group Management Team (GMT) discuss how the Group is working to achieve our four key priorities.

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

Optimising performance

Group Operations Director and CEO Designate **Jennie Daly** and Group Finance Director **Chris Carney** discuss our approach to optimising performance and increasing operating margin.

What is your operating margin target?
Our operating profit margin target is 21-22%.

This is the primary performance focus for the business and we continue to target a number of areas to achieve this; focused on cost, process simplification and standardisation, enhancing the core drivers of value for our business.

What gives you confidence in achieving your medium term margin?
We have a strong embedded margin in the landbank, and together with the new land acquisitions, this underpins our confidence in achieving our operating target. We have embedded a disciplined cost mindset across the business and taken a number of proactive actions to reduce cost and optimise financial performance. In late 2020 and into 2021 we also completed a review and restructure of the business, including removing a layer of senior management. This gives our Managing Directors an enhanced level of ownership.

Going forward, we will continue to benefit from higher volumes and better margin land, as well as further operational improvements from our new house types and our recently rolled out customer relationship management (CRM) system.

Why is operating margin important?
Operating margin is a measure of quality. It recognises the balance between strategic investments and operational efficiency and is set within a wider set of strategic objectives.

What was your operating profit for 2021 and what is the guidance for operating margin in 2022?
In 2021 we delivered an operating profit of £828.6 million (2020: £300.3 million), delivering an operating profit margin of 19.3% (2020: 10.8%).

In 2022, we expect to continue to make progress towards our 21-22% target.

Read more on our financial performance on pages 66 to 69

How has the increase in operating margin been achieved in 2021?
The improvement in 2021 operating margin has been supported by increased focus on the balance between price and sales rate to offset build cost inflation; annualised cost savings arising from the 2020 restructure; increased volumes driving more efficient recovery of fixed costs and the absence of non-recurring COVID-19 related costs.

Why is this the right target?
Our targets are set to be stretching. We also believe it is important for our targets to be sustainable, rather than deliver peaks and troughs.

Whilst there may be years, in the right environment and market, where margin can be higher, we believe 21-22% is a sustainable level to target and allows us to also deliver quality for our other stakeholders. It also takes into account our broad geographic mix and the levels of customer service and quality we want to maintain.

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

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

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

Read more about our investment case on page 6

"We have embedded a disciplined cost mindset across the business."

Chris Carney
Group Finance Director

Medium term operating margin target

21-22%

2021: 19.3%

2020: 10.8%

Read more on our Group financial review on pages 66 to 71

"We are making good progress on our primary performance focus to return the business to 21-22% operating margin."

Jennie Daly
Group Operations Director and CEO Designate

"The 2020 equity raise and our approach to landbuying has continued to differentiate Taylor Wimpey, as we approved and added significantly more land than any other housebuilder in the last 18 months. In a time when the land market has become increasingly competitive, this allows us to focus on setting the business up to deliver outlet-led volume growth."

Jennie Daly
Group Operations Director and CEO Designate

"We are focused on progressing land through the planning stages and on opening new outlets efficiently."

Andrew Wilkinson
Divisional Chair North West, North East and Yorkshire

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

Planning for growth

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

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

What impact has the 2020 equity raise had?
We added c.29k new plots to the short term landbank over the last 18 months to the end of December 2021, including converting c.9k units from our strategic land pipeline. These sites have been acquired at attractive margins and returns in line with our medium term operating margin target of 21-22%. We also added c.16k potential new plots to our strategic pipeline in that period.

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

How many plots are in the landbank?
As at 31 December 2021, our short term landbank stood at c.85k plots (2020: c.77k plots). A total of 49% of this short term landbank has been strategically sourced (2020: 50%). During 2021 we acquired 14,450 plots (2020: 7,644 plots). As at 31 December 2021, we were building on, or due to start in the first quarter of 2022, on 97% of sites with implementable planning.

The average cost of land as a proportion of average selling price within the short term owned landbank remains low at 14.6% (2020:15.2%). The average selling price in the short term owned landbank in 2021 increased by 4.9% to £302k (2020: £288k).

What is strategic land and why is it important?
Strategic land is any land that doesn't have a residential planning consent at the time we take a commercial interest.

Our strategic land pipeline remains a key strength both as an important input to the short term landbank and in providing an enhanced supply of land with greater control over the planning permissions we receive.

We have one of the largest strategic pipelines in the sector which stood at c.145k potential plots at the end of December 2021 (31 December 2020: c.139k potential plots). During 2021, we converted a further c.8k plots from the strategic pipeline to the short term landbank (2020: c.4k plots). We continue to seek new opportunities and added a net 6k new potential plots to the strategic pipeline in 2021 (2020: 2k). In the year, 50% of our completions were sourced from the strategic pipeline (2020: 55%).

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

We remain laser focused on efficiently progressing recently acquired land through the planning system, to facilitate outlet growth in late 2022 and volume growth in 2023. We are positioning our business to deliver annual completions in line with our previous guidance of between 17,000 and 18,000 in the medium term. We are progressing the land through the planning stages as expected, providing excellent momentum for growth.

Please read about our investment case on page 6

Securing land from the equity raise

TW Bristol
Two other housebuilders were originally selected as preferred bidders on this 450 unit site but we were able to re-engage with the seller when that deal did not progress amidst the COVID-19 crisis. Backed by our equity raise in June 2020, we achieved favourable deal terms due to the certainty we were able to provide and the speed at which we could execute, exchanging unconditional contracts in July 2020 with a fixed completion for January 2021. The site is an excellent fit for our Bristol business and, having opened our outlet in December 2021, is on track to deliver the first legal completions in April 2022.

c.29k
new plots added to the short term landbank over the 18 months to 31 December 2021

c.16k
potential new plots added to the strategic pipeline over the last 18 months to the end of December 2021

"In a land constrained environment and a competitive market, strategic land is a key strength and underpin of future profitability."

Lee Bishop
Group Managing Director Strategic Land

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

Continually raising our standards

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

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

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

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

Our Consistent Quality Approach (CQA) guidelines ensure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We also publish a customer version, so it is clearer for customers what they can expect from us.

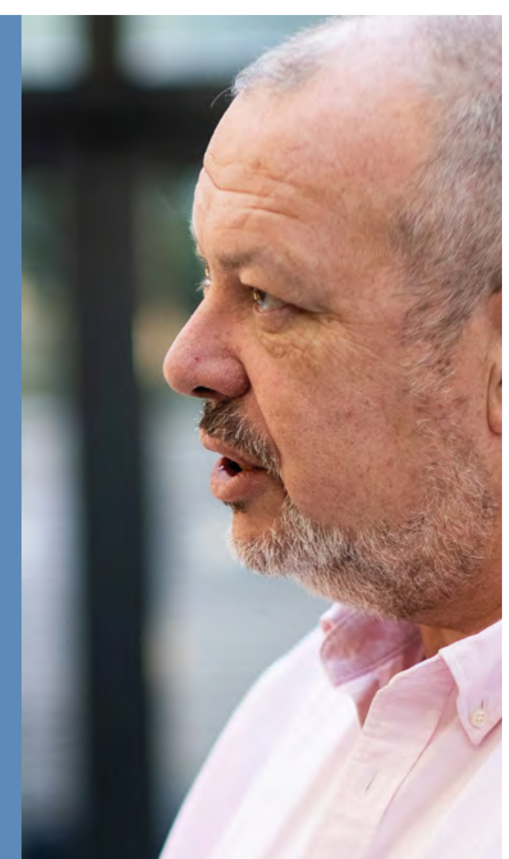
We updated our scope of operations for subcontractors in 2021, which sets out our expectations for build quality. This is part of the contract for subcontractors. Key product suppliers provide training to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build. Subcontractors also attend training sessions run by our quality, site and safety teams, and by the NHBC.

"We are delighted to have been confirmed as, once again, leading the sector in construction quality."

Shaun White
Divisional Chair, Midlands and Wales

"We are very pleased to be rated once again as a 5 star homebuilder by our customers in 2021."

Nigel Holland
Divisional Chair Central, South West and Spain



"Quality is incentivised from the top of the organisation."

Anne Billson-Ross
Group HR Director

2021 employee survey results

Health and safety

96%
of employees agree that Taylor Wimpey takes health and safety seriously

Overall employee engagement score

91%

95%
of employees are proud to work for Taylor Wimpey

96%
of employees feel they can be their authentic self at work

Read more on our KPIs on pages 24 to 27

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

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

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

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

Read more on our approach to customer service, quality and our employees on pages 38 to 41

Read more about our remuneration targets in our Remuneration Report on pages 105 to 124

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

Ian Drummond
Divisional Chair Scotland

"We have a very strong culture at Taylor Wimpey at every level of the business, with a core principle to 'do the right thing'."

Alice Black
Group General Counsel and Company Secretary

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

Creating a sustainable future

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

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

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

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

What have you done so far?

We were one of the first UK developers to set a carbon reduction target verified by the Science Based Targets initiative (SBTi), including a 1.5 degrees target for our operational emissions. Our environment strategy, launched in 2021, also includes ambitious targets for increasing nature on our developments, cutting waste and improving resource efficiency. We have made excellent progress towards our carbon reduction target. Against our 2019 baseline, we have achieved a 13% reduction in direct carbon emissions intensity (scope 1 and 2 emissions per 100 square metres of completed homes) and a 20% absolute reduction. Our current target was published last year but our commitment to climate action goes back much further. Since 2013, we've achieved a 50% reduction in our direct carbon emissions intensity. A full list of targets can be found on pages 28 and 29 and are included in our Sustainability Supplement 2021, available on our website.

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

What is next?

We are committed to achieving net zero and in 2022 we will develop a plan to achieve this. For the housebuilding sector, the majority of emissions are associated with the production and manufacture of materials and the energy used by customers once they have moved into new homes (scope 3). This means achieving net zero emissions will require system-level changes and coordinated action by multiple parties, from suppliers to governments, and at all points along the value chain. We are committed to working with our peers, suppliers and others to help tackle this challenge. During 2021, this included contributing to the development of the Future Homes Delivery Plan for our sector and inputting into the work of the Future Homes Hub.

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

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

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

Over the next few years there will be significant changes to new build homes in the UK reflecting the introduction of the Future Homes Standard and new regulation on overheating, electric vehicle charging and other environmental issues. Our target is to reduce emissions from customer homes in use by 75% by 2030, and we are conducting a range of research to help us meet this. From 2025, in line with regulation, the new homes we build will be zero carbon ready.

During 2020 and 2021, we conducted research to enable us to update the technical specification for our homes in preparation for changes to Building Regulations and the Future Homes Standard. With the phasing in of the new Part L and F in England from June 2022, late summer 2022 in Wales and Section 6 in Scotland from October 2022, homes will have enhanced fabric standards with the additional features that may include heat recovery systems and PV panels. Collectively, this will achieve a meaningful reduction of 31% in carbon emissions from home energy use in line with emerging building regulations, compared with our current specification. We are also preparing for the phase-out of gas central heating systems from 2025 in England and Wales (2024 in Scotland) and will be running Future Homes Standard product trials during 2022.

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

Read our investment case on page 6

"Our target is to reduce emissions from customer homes in use by 75% by 2030, and we are conducting a range of research to prepare for upcoming regulatory changes and the move towards net zero ready homes."

Ingrid Osborne
Divisional Chair London and South East

The UK housing market recovered strongly in 2021

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

Undersupplied market

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

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

Our 2021 performance

In 2021, total home completions (including joint ventures) increased by 47% to 14,087 (2020: 9,609) as we recovered volumes following 2020's COVID-19 disruption. We delivered 2,501 affordable homes including joint ventures (2020: 1,904), equating to 18% of total completions (2020: 20%).

Our net private reservation rate for 2021 was 0.91 homes per outlet per week (2020: 0.76). Cancellation rates for the full year were at normal levels of 14% (2020: 20%). Average selling prices on private completions increased by 3% to £332k (2020: £323k), with the overall average selling price increasing to £300k (2020: £288k).

We ended the year with a total order book valued at £2,550 million (31 December 2020: £2,684 million), excluding joint ventures, which represents 10,009 homes (31 December 2020: 10,685). We traded from an average of 225 outlets in 2021 (2020: 240) and entered 2022 with 228 outlets (31 December 2020: 239).

House price growth, interest rates and affordability

When considering our market context, it is important to look at the wider market. Activity in the second hand market has the greatest influence on pricing as second hand home sales make up the majority of housing transactions, with new build generally accounting for around 15-20%. 2021 saw significant increases in house prices led by the second hand market of c.10% in the year to November (Source: ONS).

Whilst this was stronger than in recent years, it was partially offset by annual wage growth of 4.2% in the three months to November 2021, helping to maintain affordability. Growth was less pronounced for new build where the Stamp Duty Land Tax holiday had less of an impact. We estimate that market-led house price growth for our regional mix was c.4% in the 12 months to 31 December 2021 (2020: c.1.9%).

In December 2021, economic research group Capital Economics estimated that mortgage payments were equivalent to 39% of the medium full time salary which is below the historical average of 43%. The Bank of England (BoE) base rate rose from its historic low of 0.1% to 0.25% in December 2021 while a second rise in February 2022 saw it increase to 0.5%. Given rising inflation, it is widely expected that BoE interest rates will rise during 2022 to 1.25% according to some market commentators (Source: The Times). At 1% mortgage payments would rise to the long run average of 43% of salary, suggesting homes will remain affordable for most of our customers (Source: Capital Economics). The Government's 2014 Mortgage Market Review introduced affordability thresholds for mortgage providers including a stress test that factors in a 3% rise in interest rates.

UK employment

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

Fire safety

We took early and proactive action, committing significant funding to address fire safety and cladding issues on our buildings, with total amounts provided up to March 2021 of £165 million. Taylor Wimpey's decision a year ago meant that funding was in place to bring all our affected buildings, going back 20 years from January 2021, up to current EWS1 standard.

In 2021, the UK Government introduced a new 4% tax on the profits of property developers to bring high rise buildings in line with the current EWS1 standard, that we will be paying from April 2022. In a recent letter to the homebuilding industry in February 2022, the Government suggested a further £4 billion may be required to bring potentially unsafe mid rise buildings up to the required standards. This raises the potential for additional costs for the industry. The Home Builders Federation (HBF) has since written to the Government with a proposal.

We are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. We fully support the HBF's recent letter to the Government which sets out proposed additional commitments from the industry in relation to buildings over 11 metres. We continue to believe this is an industry-wide issue involving many types of organisations and therefore needs an industry-wide solution. If accepted by Government, the HBF proposal would result in an additional modest provision for Taylor Wimpey.

Environmental regulation

The need to reach carbon net zero and halt biodiversity loss has led a to number of new environmental regulations. The most notable is the Future Homes Standard (FHS). From 2022-2023 Parts L and F of the FHS require changes to insulation and ventilation to enable carbon reductions of 31% in new homes. We are meeting these challenges with modified designs (see page 45 for further information). From 2025 the FHS will require new homes to produce 75-80% less carbon. This means replacing gas central heating systems with alternative heating sources such as air source heat pumps. We are committed to achieving net zero and, in 2022, we will set out a plan to achieve this. Achieving net zero will require wider structural changes beyond the control of the housing industry (for more information see page 16 and 17).

Land and planning

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

The planning system has faced challenges during the pandemic. In the 12 months to December 2019, there were 326k new planning consents but in 2020, planning was impacted by COVID-19 disruptions and consents for the comparable period fell to 277k. Bottlenecks have continued with 2021 consents estimated at 272k. We are aware of difficulties in the planning system and have factored this into our expectations and budgeting for new outlet openings

Help to Buy

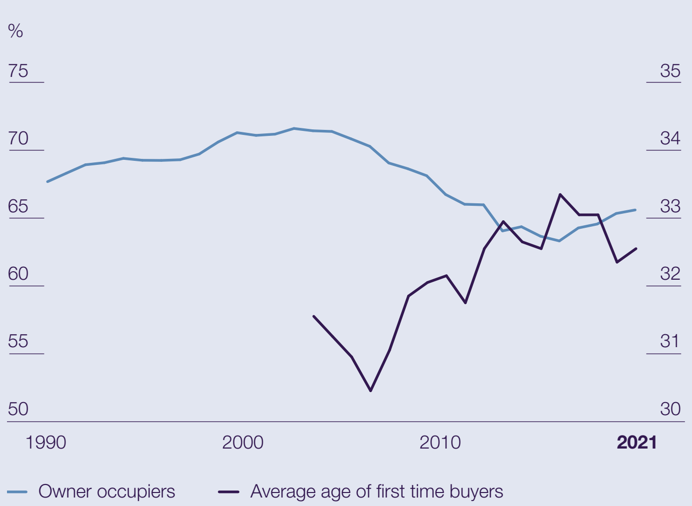
During 2021, approximately 19% of total sales used the Help to Buy scheme (2020: 46%) at an average price of £283k (2020: £286k). The reduction reflects changes to the scheme in 2021 when access was limited to first time buyers and with the introduction of regional price caps. Since its introduction in 2014, Help to Buy has aided many of our customers to buy their homes. The scheme is due to end on 31 March 2023. To ensure that first time buyers will continue to have access to housing, the Government and industry have put in place deposit guarantee schemes to enable customers to access 95% mortgages at affordable levels. This mirrors the 5% mortgage requirement currently needed to take part in Help to Buy.

Supply chain

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

Key market data

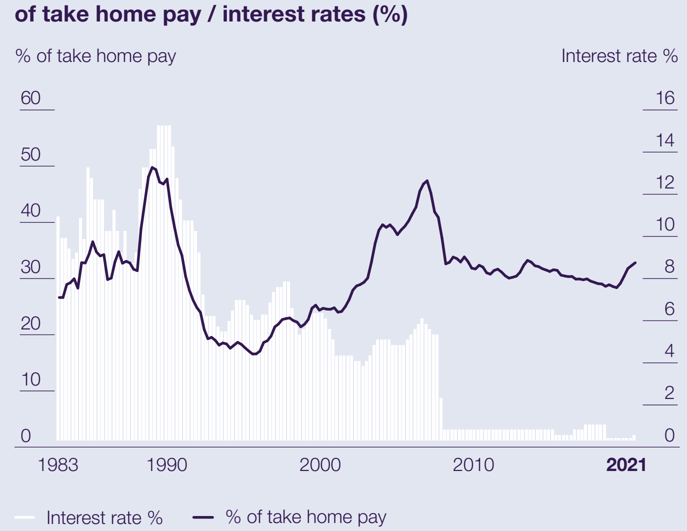
The home ownership rate in England



Source: Department for Levelling Up, Housing and Communities

At just under 65%, home ownership rates in England are much lower than the mid 2000s peak of c.71%. Average age of first time buyers is just above 32.

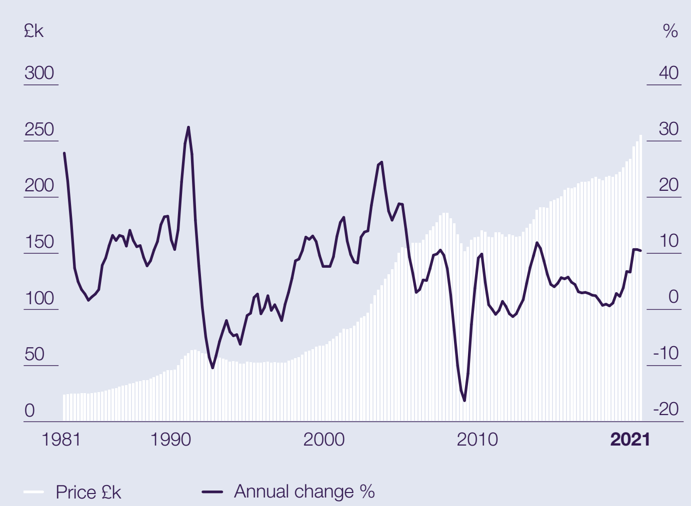
UK first time buyers mortgage payments as a percentage of take home pay / interest rates (%)



Source: Nationwide, Bank of England

Despite two rate rises since the historic low of 0.1%, interest rates remain low in an historic context.

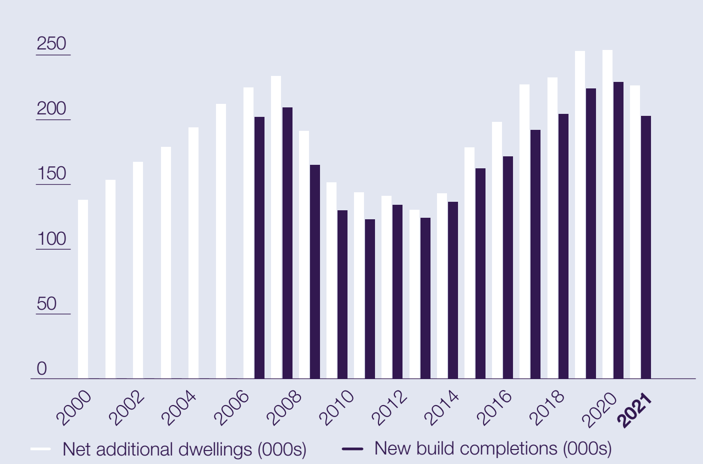
UK house price development



Source: Nationwide

House price inflation was more modest than in recent cycles ahead of a stronger uplift in 2021.

England net additional dwellings and new build completions



Source: Department for Levelling Up, Housing and Communities

The data covers England only, but demonstrates that overall production has been running at lower levels than the Government's national target of 300k new homes per year and has been further impacted by COVID-19 disruptions in 2020.

Market trends and response

Read more about our Principal Risks on pages 62 to 65

Read more about key issues for our stakeholders on pages 32 to 37

Key drivers		2021 backdrop	Driver short term opportunities and risks	Driver long term opportunities and risks	Links to Principal Risks	Material issues
Interest rates and mortgage availability	Interest rates and mortgage availability determine housing affordability and accessibility for our customers. Interest rates remain at historically low levels and for customers able to access the housing market a 2021 study by Halifax found servicing mortgage payments was, on average, £800 cheaper than renting. At 7.8 times median income for England and Wales in 2020 (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, including a stress test for an up to 3% increase on prevailing rates. In 2021, the average age of a first time buyer was 32 (Source: Nationwide), suggesting there remains considerable unmet demand.	– The UK faced inflationary pressures from the second quarter of 2021 owing to disruption to global supply chains as a result of COVID-19 and other factors. – In December 2021, the UK base rate was raised to 0.25% from the historic low of 0.1%. A second rise in January 2022 saw the rate move to 0.5%. – Mortgage products have been widely available at low interest rates but some ultra-low rates have ended.	– UK Consumer Price Index (CPI) Inflation rose to 4.8% in December 2021 leading some commentators to expect interest rates to rise to slightly above 1% by the end of 2022. – Mortgage payments are expected to continue to be affordable at around the medium term average of 43% (Source: Capital Economics) with monthly mortgage repayments highly competitive in comparison to rental payments.	– Interest rates expected to gradually rise at a modest rate and remain at affordable levels. – Government backed high LTV mortgages could be offered to buyers of new build. – Deposit Unlock is a scheme developed by the homebuilding industry in conjunction with mortgage providers that is intended to help customers with low deposits gain access to the housing market. The scheme will provide competitive rate mortgages to customers with a 5% deposit and is expected to be appealing to customers when Help to Buy ends in England in March 2023.	– B: Mortgage availability and housing demand	Customer service and quality Responsible sourcing
Employment, skills and labour availability	The UK employment rate has implications on consumer confidence and our customers' desire and ability to buy homes. 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 was 4.1% in the three months to December 2021, compared to 5.2% for October to December 2020. – Job vacancies in December 2021 were at a record high of over 1.2 million (Source: ONS). – The labour market is under pressure with shortages in certain areas such as manufacturing and haulage and hospitality and social care.	– Healthy employment and wage growth underpins housing demand. – Taken in isolation, with job vacancies at record highs, the near term UK employment outlook remains favourable for housing demand. – Potential for some bottlenecks in certain areas and industry labour inflation.	– A long term healthy employment outlook is important for housing as well as the rest of the economy. – A potential long term skills shortage could impact the industry. – Attracting and retaining skilled workers to construction is important for the long term health of the industry. Many major housebuilders have strategies aimed at attracting new talent to the industry.	– D: Attract and retain high-calibre employees	People and skills
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. The scheme is due to end in 2023.	– From March 2021, the scheme moved into its next phase, with access limited to first time buyers and with regional maximum price caps. – While the proportion of our customers using Help to Buy reduced, the UK housing market continued to be strong, driven by unsatisfied demand and we enjoyed healthy levels of sales suggesting the targeted reduction in the use of Help to Buy was appropriate.	– The Help to Buy scheme is due to end on 31 March 2023, with reservations under the scheme effectively ending December 2022. – Changes have been well flagged giving us the opportunity to prepare. – The Government has introduced its 95% mortgage guarantee scheme. – We will be using Deposit Unlock on a small number of selected developments in England and Scotland in the first quarter of 2022.	– The Government continues to target an increase in housebuilding. – The Government and industry deposit schemes are designed to help customers with low mortgages, who may otherwise have been reliant on Help to Buy, gain access to housing.	– A: Government policies, regulations and planning	Sustainable homes and communities
Climate change	The Future Homes Standard (FHS) 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 will now come into force in June 2022 and will allow for a one year transitional period. Further change will come in 2025 when gas central heating systems will no longer be allowed in new developments.	– During 2020 and 2021, we conducted a range of research to update the technical specification for our homes in preparation for changes to Building Regulations Part L and F and the eventual introduction of the FHS.	– Opportunity to produce more energy efficient homes for our customers with our new house types. – Potential increase in green mortgages making new homes comparably cheaper to buy than less energy efficient second hand stock. – Potential competitive advantage and premium for new more energy efficient homes.	– The Government committed to net zero UK emissions by 2050 and we are working on designs to make our future new homes net zero ready, including the replacement of gas central heating systems with alternative technologies such as air source heat pumps. – For homes to become net zero there will need to be changes to the UK's energy infrastructure to move away from our reliance on gas.	– A: Government policies, regulations and planning	Sustainable homes and communities Environment
Land and planning environment	The planning system was impacted by the pandemic and this year has seen some industry wide delays in planning decisions due to a shortage of resources. The Government has been assessing the planning system, with the aim of streamlining processes and ensuring each area has a local plan. The White Paper on wide ranging planning reform was delayed until 2022 in order that the new housing minister could assess proposed reforms.	– The Government released its Levelling up White Paper in February 2022. On planning matters, it retained its commitments to targeting 300k new homes per year, making Local Plans simpler and shorter and developing models for a new infrastructure levy with enhanced compulsory purchase powers to support town centre regeneration and re-use of brownfield land. Further detail over how this will be delivered is expected in a planning bill in 2022.	– We have built our land position which increases our range of options in a period where the planning system is facing resourcing issues and also moving into a planning environment that may undergo change. – Improved speed in planning could lead to further efficiencies in our process and speed of build once land is acquired – Potential overhaul to the planning system could lead to delays while transition is in progress.	– More readily available land could, in some instances, lead to greater competition. – Given our substantial landbank and strategic pipeline in attractive locations, less friction in the planning system could enable an uptick in construction activity.	– A: Government policies, regulations and planning	Responsible sourcing

Principal Risks key:

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

Creating value through our business model

Key strengths and resources

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

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

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

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

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

What we do

Why we do it / How we do it / Prioritising sustainability / The value we created in 2021

1 Investment
Shareholder capital management

Why we do it

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

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. In 2021, we continued to transact this increased land investment, establishing a landbank to support growth in future years.

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

Relevant stakeholders: Customers, Investors, Employees

Prioritising sustainability

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

The value we created in 2021

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

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

2 Development
Protecting capital and adding value

Why we do it

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.

How we do it

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

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

Relevant stakeholders: Customers, Communities, Investors, Employees

Prioritising sustainability

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

The value we created in 2021

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

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

3 Realising value
Optimising stakeholder returns

Why we do it

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 in terms of pricing and the visibility and certainty we are able to provide to our partners and look to maximise and optimise the efficiency of our operations.

How we do it

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

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

Relevant stakeholders: Customers, Investors, Employees, Partners

Prioritising sustainability

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

The value we created in 2021

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

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

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

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

Our strategy and key performance indicators

Read more about our Principal Risks on pages 61 to 65

Principal Risks key:

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

Strategic pillar | **Performance in 2021** | **Priorities going forward** | **KPI**

Customers and communities

Principal Risks

A, B, C, D, E, F, G, H, I

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

Performance in 2021

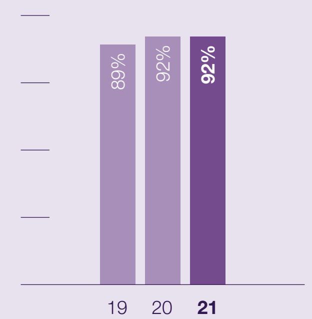
- We are pleased that we continue to maintain our 5 star rating.
- Our 9-month satisfaction scores give us insight into how customers feel about the homes and places we build over the longer term, and we are pleased to see an improvement in the year.
- We elevated the voice of the customer in the regional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

Priorities going forward

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

KPI

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



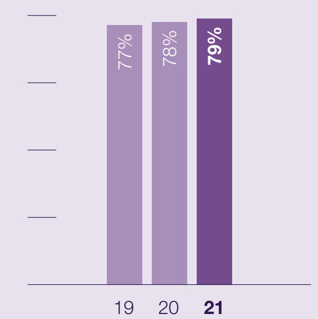
Objective: We strive to achieve 90% or above in this question, which equates to a five-star rating.

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

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

£ **Read more on pages 106 to 108**

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



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

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

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

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

Build quality

Principal Risks

A, C, D, F, G, H

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

Performance in 2021

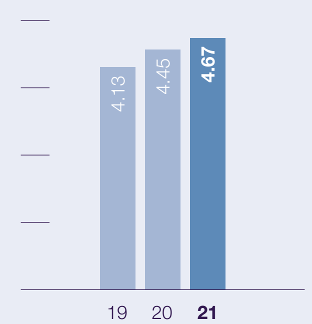
- We continue to lead the volume housebuilders in build quality.
- Due to the increase in productivity on site during the year, the average reportable items per inspection increased marginally.
- We updated our scope of operations for subcontractors in 2021, which sets out our expectations for build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

Priorities going forward

- Great build quality continues to be important for long term customer satisfaction and reduced remediation costs and waste.
- We aim to improve build quality further by ensuring our quality assurance processes are embedded at every stage of build. Our Consistent Quality Approach guidelines ensure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We also publish a customer version, so it is clearer for customers what they can expect from us.

KPI

Construction Quality Review



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

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

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

£ **Read more on pages 106 to 108**

Average reportable items per inspection

Objective: Reduce defects found during build stages.

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

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

Optimising our strong landbank

Principal Risks

A, D, E

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

Performance in 2021

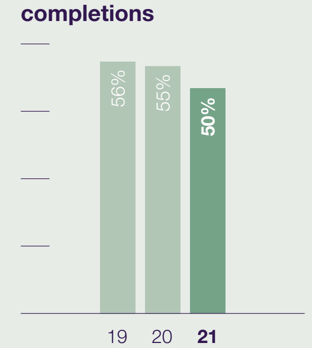
- We have grown our short term landbank and in today's competitive land market are able to operate selectively with the benefit of the largest strategic pipeline in the sector.
- Our strategic land pipeline remains a key strength both as an important input to the short term landbank and in providing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

Priorities going forward

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

KPI

Strategically sourced completions

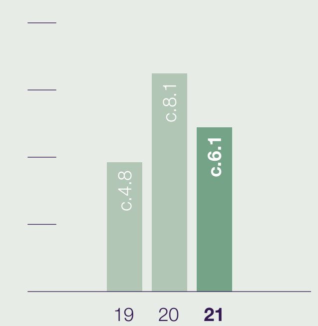


Objective: We aim to source more than 40% of our completions from the strategic pipeline per annum in the medium term.

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.

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

Principal Risks key:

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

Strategic pillar | **Performance in 2021** | **Priorities going forward** | **KPI**

Be the employer of choice in our industry

Performance in 2021

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

Priorities going forward

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

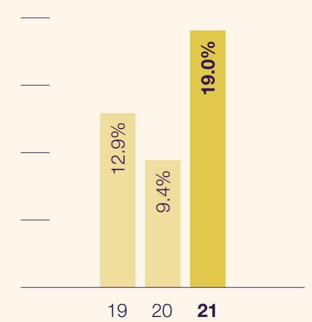
Principal Risks

D, F, G, H

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

KPI

Voluntary employee turnover

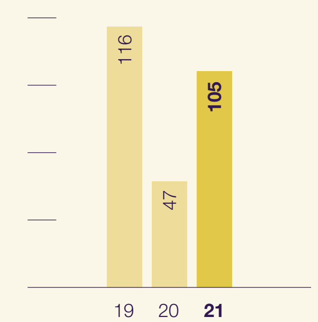


Objective: We aim to attract and retain the best people in the industry and give them opportunities to develop to their full potential. We aim to keep this within a range of 5-15%.

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

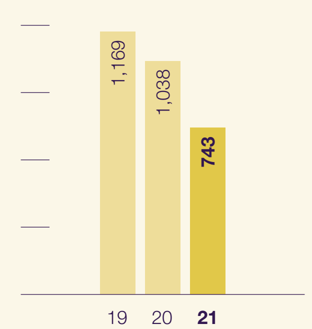


Objective: To reduce the impact of the industry skills shortage and future-proof our business.

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



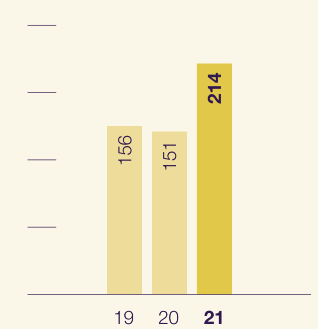
Objective: To improve quality, reduce bottlenecks in key trade supply, reduce the impact of the industry skills shortage and future-proof the business.

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

Performance in 2021

– We generated a strong sales rate in 2021, in the context of a supportive backdrop of low interest rates and good mortgage availability.
– Entered 2021 with a strong order book position, reflecting continued strong demand for our homes and supporting visibility.
– Private legal completions per outlet were particularly strong in the year, recovering from the impact of COVID-19.
– In 2021, we successfully built the prototypes of the new house type range and tested these with customers.
– In the year, we relocated our Taylor Wimpey Logistics (TWL) business to more efficient space in Peterborough. TWL helps drive efficiencies and quality and gives good visibility of supply.
– Embedded cost discipline mindset in the business.

Priorities going forward

– Continue to focus on generating efficiencies.
– Continue to prioritise a strong order book.
– We remain focused on optimising sales prices to support margins and shareholder returns.
– Our new house type range supports efficiencies and the transition to upcoming new regulations. In 2022, we will start to sell homes from our new house type range.

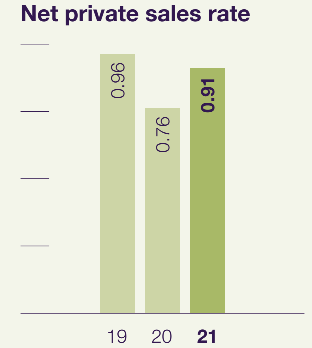
Principal Risks

A, B, C, D, E, F, G, I

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

KPI

Net private sales rate

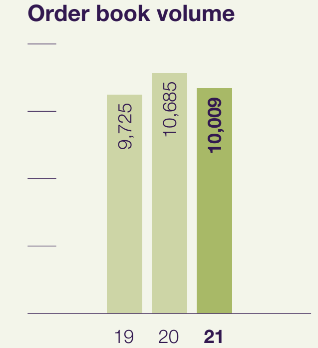


Objective: Ensure an efficient sales rate that captures market demand and is balanced with achieving the right sales price for our homes.

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

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

Order book volume

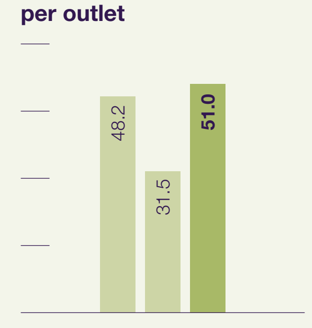


Objective: We focus on building a strong order book for the future while balancing our customers' needs. This is particularly important in an uncertain market.

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

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

Private legal completions per outlet

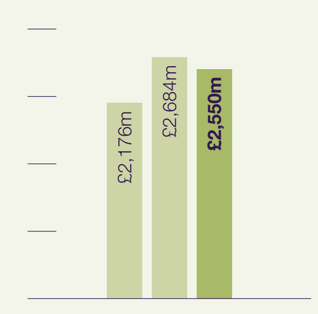


Objective: To improve efficiency on our sites and increase the number of legal completions per outlet.

Definition: The number of private legal completions per outlet.

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

Order book value



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

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

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

Building a better world

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

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

Our environment strategy

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

Our carbon reduction target has been approved by the Science Based Targets initiative (SBTi). The SBTi has confirmed that our operational target is consistent with 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 reductions, in line with current best practice.

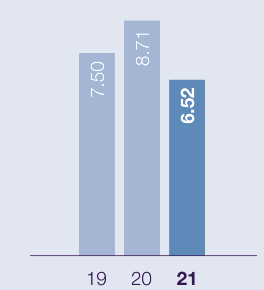
Development of our strategy has been informed by our materiality assessment, risk management processes and stakeholder feedback, including investor feedback and research with customers. It has been reviewed and approved by our Board of Directors.

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

Reducing operational carbon emissions

We are working on a range of projects to reduce energy use on our sites and are partnering with cabin manufacturer, Danzer and the Carbon Trust to design and to trial new energy efficient portacabins. We are also developing an energy-efficiency approach to retrofitting our existing cabins. We purchase 100% renewable electricity for new sites during construction which is around 72% of our total electricity consumption (2020: 58%) and reduces our operational carbon footprint. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for on site plant equipment and our flexible car benefit scheme 'MyDrive' enables employees to have access to a new low emission car. Around 43% of vehicles in our company car scheme are now EV or hybrid (2020: 30%).

Our environment strategy

Our key objectives and targets	Supporting targets	Performance update	
Climate change Protect our planet and our future by playing our part in the global fight to stop climate change. 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	– Reduce operational energy intensity by 32% for UK building sites by 2025 – Purchase 100% REGO-backed (Renewable Energy Guarantees of Origin) green electricity for all new sites – Reduce emissions from customer homes in use by 75% by 2030 – Reduce embodied carbon per home by 21% by 2030 – Reduce car and grey fleet emissions by 50% by 2025 – Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022 – Make it easier for close to 40,000 customers to work from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s	**13%** reduction in operational carbon emissions intensity from a 2019 baseline **20%** reduction in absolute operational carbon emissions from a 2019 baseline	**72%** of our total electricity consumption from REGO backed renewable energy **50%** reduction in operational carbon emissions intensity since 2013
Nature Improve access to and enable enjoyment of nature for customers and communities by regenerating the natural environment on our developments. Increase natural habitats by 10% on new sites from 2023 and include our priority wildlife enhancements from 2021.	Include our wildlife enhancements on all suitable new sites: – Hedgehog highways from 2021 – Bug hotels (at least 20% of homes) from 2021 – Bat boxes (at least 5% of homes) from 2022 – Bird boxes (at least 80% of homes) from 2023 – Wildlife ponds from 2024 – Reptile and amphibian hibernation sites from 2025 – All new sites have planting that provides food for local species throughout the seasons – Help customers engage with nature and create 20,000 more nature-friendly gardens by 2025 – 200 beehives on our sites by 2025	**100** new sites included a hedgehog highway **3** regional business have installed beehives Nature partnerships with Buglife and Hedgehog Street	All business units received guidance on: – Installation of hedgehog highways – Bug hotels and bee bricks – Nature friendly planting – Biodiversity net gain
Resources and waste Protect the environment and improve efficiency for our business and our customers by using fewer and more sustainable resources. Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a 'towards zero waste' strategy for our sites.	– Engage with suppliers to meaningfully reduce plastic packaging on our sites by 2025 – Help 20,000 customers to increase recycling at home by 2025 – Reduce operational mains water intensity by 10% from a 2019 baseline by 2025 – Make it easier for 20,000 customer households in water stressed regions to install a water butt by 2025 – Measure the environmental footprint of the key materials in our homes and set a reduction target – Measure air quality in our homes and on our sites by 2021 – Give customers the information they need to maintain good air quality in their homes by the end of 2021	**Volume of waste[1]** (tonnes of construction waste per 100 sqm build) 	**97%** of construction waste recycled (2020: 97%) **45,000** paint pots reused or recycled (2020: 19,400)

A home for nature on our sites

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

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

We are partnering with nature organisations to help us apply best practice approaches and engage customers and colleagues. In 2021, we worked with Hedgehog Street, a campaign by the British Hedgehog Preservation Society and People's Trust for Endangered Species to integrate hedgehog highways across over 100 new sites. We also worked with Buglife, The Invertebrate Conservation Trust, to install bee bricks and bug hotels. We supported our brick supplier, Ibstock, on development of their first range of bee bricks and have trialled them at one of our sites.

We celebrated best practice with a special commendation for biodiversity in our annual Placemaking Awards.

Resource efficiency

Building homes at volume generates high levels of material waste. To minimise our ecological impact we aim to use fewer and more sustainable materials and make sure as little as possible of what we do use is wasted.

We already source many materials with recycled content and lower embodied carbon and energy and will increase this. Examples include use of timber frame, recycled glass mineral wool insulation, recycled plastic in uPVC windows, recycled chipboard and recycled aggregates.

Our approach includes partnering with suppliers. For example, during 2021, we worked with a supplier to develop a reusable alternative to temporary decking and joists (used to prevent accidents by covering stairwell holes during construction). This is now being rolled out and will save over 3,000 tonnes of timber and up to 1,000 tonnes of CO_2 over the next five years. We have also reduced off-cuts by specifying timber and plaster board sizes to suit our configurations, while greater use of modular components constructed off site is reducing waste.

As well as designing out waste, we are also training colleagues, publishing a waste league table and incentivising Site Managers by linking their performance bonus to progress on waste reduction.

1. We have improved our waste data collection processes and are now capturing data for some construction waste not previously included in our reporting. Our data now also includes hazardous waste. As a result we have restated our waste data for the last three years.

Understanding what matters most to our stakeholders

Our materiality assessment methodology

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

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

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

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

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

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

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

We regularly update our assessment. The last update was in early 2020.

Read more in our Sustainability Supplement 2021

Read more in Stakeholders on pages 38 to 47

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.

By delivering on our purpose, we will contribute, in particular, to delivering UN Sustainable Development Goal 11: 'making cities and human settlements inclusive, safe, resilient and sustainable'.

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

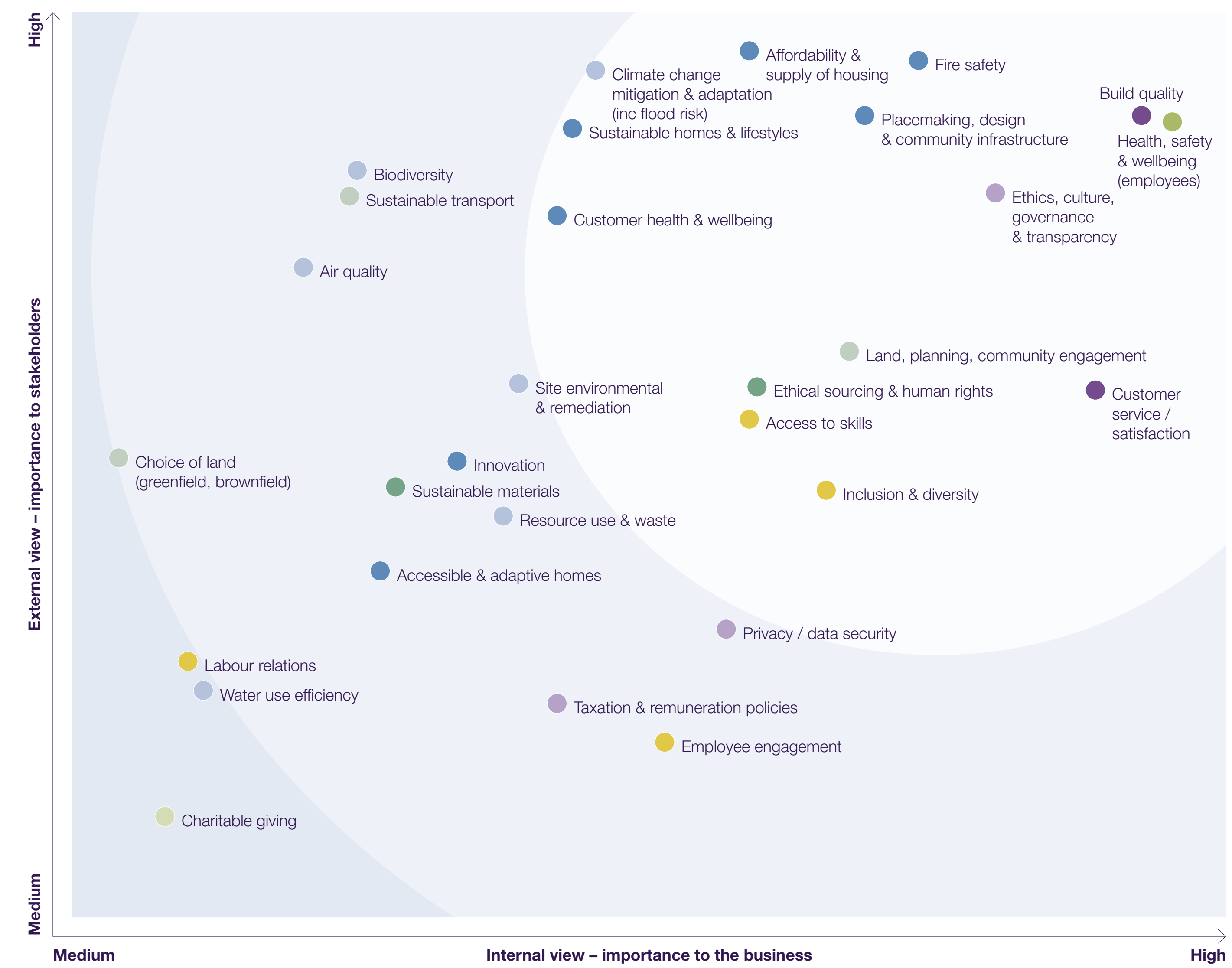
Read more about how we support the SDGs at www.taylorwimpey.co.uk/corporate/sustainability

Our materiality matrix

Key to material issues

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



Highlights in delivering on stakeholder priorities

Sustainable homes and communities	£418m	contributed to local communities via planning obligations
Land, planning and community engagement	21%	of our homes were built on brownfield land
Environment	50%	reduction in our direct CO_2 emissions intensity since 2013
Customer service and quality	92%	customer satisfaction 8-week score
People and skills	96%	employees feel they can be their authentic self at work
Health, safety and wellbeing	214	Annual Injury Incidence Rate (per 100,000 employees and contractors)
Responsible sourcing	A	Supplier Engagement score from CDP for our approach to engaging suppliers on climate change
Charitable giving	£1.1m	donated and fundraised for charities and local community causes

Material issues progress and targets

We focus on the sustainability issues that are most material for our business and the areas where we can have a positive impact through the homes we build, how we develop our people and our approach to the environment.

We set targets for each of our material issues to help focus our efforts and drive progress. This includes the targets which are part of our environment strategy.

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

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

In recognising the important link between the Company's material issues and risk management, our material issues have been aligned to our Principal Risks, as set out on pages 61 to 65.

Sustainable homes and communities

Targets	Progress	Status
Make it easier for close to 40,000 customers to work from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s	We are improving our data collection process for this target and expect to report progress next year.	Achieved / on track
Help 20,000 customers to increase recycling at home by 2025	We will be working on this target during 2022.	Achieved / on track
Make it easier for 20,000 customer households in water stressed regions to install a water butt by 2025	As a first step, we are mapping our regions to identify areas of current and potential water stress. We are also reviewing our plotting for house types to understand the best locations for water butt installation.	Achieved / on track
Give customers the information they need to maintain good air quality in their homes by the end of 2021	We added information and advice to help customers maintain good internal air quality at home to our House to Home Manual, Maintenance Guide and Touchpoint online portal.	Achieved / on track
Add an environmental category to our placemaking awards	We added a biodiversity commendation category to our awards. This was awarded to one of our strategic land sites which demonstrated good connectivity, biodiversity net gain, inclusion of species enhancements and nature friendly planting schemes as well as good use of green and blue infrastructure.	Achieved / on track
Roll-out our new standard house type range and develop a range of standard apartments	We built 10 pilot plots for our new standard house types in 2021, and gathered feedback from colleagues, customers and suppliers on the new designs. The range will be rolled out during 2022. We've also developed concept designs for our standard apartment range that will be tested in 2022.	Achieved / on track

Land, planning and community engagement

Targets	Progress	Status
Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022	We have conducted climate scenario analysis and will be further developing our approach in 2022 as we develop our net zero transition plan.	Achieved / on track
Continue to strengthen our engagement and relationship with the local communities in which we operate	Due to the pandemic, 2021 presented a number of challenges for engaging with local communities. However, by utilising social media, online exhibitions and virtual forums we were able to ensure a broad section of the community could participate.	Achieved / on track

Customer service and quality

Targets	Progress	Status
Achieve a CQR score of at least 4.1 in each of our regional businesses and at least 75% of build stages to score 4 or above in all regional businesses	In 2021, our average score was 4.67 (2020: 4.45) compared to an industry benchmark group average of 4.43. We met our target to achieve at least a 4.1 rating by 2021 in each regional business and 91% of build stages scored at least four.	Achieved / on track
Resolve at least 70% of customer issues within 28 days	In 2021, we achieved 53% (2020: 52%). The pandemic and rules around self-isolation affected the speed at which we were able to resolve defects and move customers into new homes.	Not achieved
Resolve all complaints or have agreed an action plan within 8 weeks	We achieved this for 75.9% of complaints in 2021. We were disappointed to miss this goal, which was due in part to the impact of COVID-19 and self-isolation rules on our teams' ability to respond promptly to customer issues. Our CRM system and the introduction of Customer Director roles in our regional businesses will help us to improve performance.	Not achieved
Maintain a recommend score of at least 90% in the HBF 8-week survey, which equates to a 5-star rating	In 2021, 92% of customers in the 8-week survey would recommend us to a friend (2020: 92%). This means we met our target to maintain a 5-star rating.	Achieved / on track
Improve our 9-month customer satisfaction survey score	Our score for 2021 was 79.2% (2020: 78.2%).	Achieved / on track
Achieve a 4.5 star rating on Trustpilot	We maintained our 4 star rating but did not increase this to 4.5 star.	Not achieved

Key to material issues

- Achieved / on track to meet target
- Not achieved

Health, safety and wellbeing

Targets	Progress	Status
Maintain or lower our AIIR, compared with 2020	Our AIIR increased slightly year on year but remains well below the average for the sector.	Not achieved
Train customer service teams on conducting safety risk assessments when responding to customer call-outs	We trained our customer service teams to assess any safety risks to employees, contractors or customers to ensure we respond safely to customer call-outs.	Achieved / on track
Update our Construction, Design and Environmental Management Manual and roll-out a training and audit programme	We began the update process in 2021 and this will continue during 2022. We will audit implementation during 2022.	Achieved / on track
Run a dust awareness campaign for subcontractors	Our campaign reminded everyone on our sites of the importance of dust control and correct use of PPE. We also updated the equipment used to wet dust, which can now be operated by one rather than two people, minimising exposure.	Achieved / on track
Train business unit management teams to record safety observations when visiting sites	Our Accident and Incident Reporting System, SHE Assure, is being rolled out and training will take place in 2022.	Achieved / on track
Support Site Managers to improve safety performance through site inspections and follow up by our safety team and HSE Advisors	All sites have monthly inspection and development visits from our external HSE Advisers. We increased this to two visits per month during 2021 to provide further support to Site Managers.	Achieved / on track

Environment

Targets	Progress	Status
Achieve our science-based carbon reduction target: reduce operational carbon emissions intensity by 36% by 2025; reduce carbon emissions intensity from our supply chain and customer homes by 24% by 2030	Our operational emissions intensity (scope 1 and 2), decreased by 13% against our 2019 baseline, meaning we are on track to our target. We are developing our methodology and expect to report progress on carbon emissions from our supply chain and customer homes from 2022.	Achieved / on track
Increase natural habitats by 10% on new sites from 2023 and include our priority wildlife enhancements from 2021	We are developing our biodiversity net gain measurement approach for launch in 2023. We began the roll-out of wildlife enhancements on our sites starting with hedgehog highways, bee bricks and bug hotels.	Achieved / on track
Cut our waste intensity by 15% by 2025 and use more recycled materials. By 2022, publish a 'towards zero waste' strategy for our sites	We have reduced waste intensity by 13% since 2019. We will publish our towards zero waste strategy during 2022. We are reviewing opportunities to expand our use of recycled materials and measure progress.	Achieved / on track

A full summary of our environmental targets and performance can be found on pages 28 and 29.

Responsible sourcing

Targets	Progress	Status
Roll-out our sustainability questions to national partner suppliers	We rolled-out the questionnaire to Group suppliers during 2021 and will be reviewing the results in early 2022.	Achieved / on track
Launch new digital tender system for Group suppliers and integrate sustainability compliance into the tender process	Group suppliers are required to confirm compliance with our standards via our digital tender system, including in relation to employment standards, modern slavery and the real living wage. Further requirements on climate change and waste will be added during 2022.	Achieved / on track
Increase the proportion of homes built using timber frame to 20%	We are working towards reaching 20% usage of timber frame and increasing consistency of use across our regions.	Achieved / on track

People and skills

Targets	Progress	Status
Launch our updated Equality, Diversity and Inclusion policy, Maternity, Paternity and Adoption Leave policy, and first Menopause policy	We published our updated Equality, Diversity and Inclusion policy, Maternity and Adoption Leave policy, and first Menopause policy during 2021, and made a policy summary available to all employees explaining the changes.	Achieved / on track
Introduce reverse mentoring with LGBTQ+ colleagues, following successful pilot with black, Asian and minority ethnic employees in 2020	We ran reverse mentoring for 10 senior leaders in 2021 who were partnered with colleagues who are black, Asian or from another ethnic minority and/or who identify as LGBTQ+.	Achieved / on track
Launch our updated Wellbeing Policy	We launched our Wellbeing Policy which sets out our commitment and the support we offer to create a workplace where health and wellbeing concerns are addressed in an open and supportive way.	Achieved / on track
Roll-out respectful workplace training to site management teams to ensure every site provides an inclusive work environment	We trialled our training in two business units and received positive feedback from colleagues. We will extend the training to nine further business units in 2022.	Achieved / on track

Charitable giving

Targets	Progress	Status
Hold our Taylor Wimpey Challenge and participate in the Housebuilders Challenge event	2021 saw 169 participants take part in the Taylor Wimpey Challenge raising over £103k of which £75k was donated to the Youth Adventure Trust and over £28k to other charities. We also entered 15 teams for the Youth Adventure Trust Housebuilder Challenge event raising over £47k.	Achieved / on track
Continue to support St Mungo's Construction Skills programme with a focus on helping people progress from training and into work	Our donation of £132k in 2021 directly supported two Construction Skills Tutors working in the St Mungo's Construction Skills Training Centres in Brent and Camden. The centres help people recovering from homelessness to gain new skills and qualifications, build their confidence and find employment in the construction industry.	Achieved / on track
Run a graduate challenge to raise money for the Prince's Trust	Our graduates entered the Prince's Trust 'Million Makers' challenge to raise money to support vulnerable young people. They raised over £27k through two initiatives.	Achieved / on track

Stakeholder performance and priorities

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

Our stakeholder groups	Key material issues for these stakeholders	How we engage	Engagement performance metrics and highlights in 2021	Priorities for 2022
Our customers 	• Sustainable homes and communities • Environment • Health, safety and wellbeing • Customer service and quality • Land, planning and community engagement	– We engage directly with customers at our developments, via our customer portal (Touchpoint), through emails, letters and meetings and through social media. – We monitor customer views through focus groups, satisfaction surveys, Trustpilot reviews and post-occupancy research. – Our website is updated with relevant information. – The Chief Executive wrote to all customers to update on our approach to restrictions throughout the pandemic.	– 5-star housebuilder as measured by NHBC 'would you recommend' score. – Received positive feedback from customer research, interviewing prospective home buyers on our new house type range. – Introducing a Customer Director role which sits on the regional businesses' management team. – During 2021, the Competition and Markets Authority's investigation into the historical sale of leasehold properties with doubling ground rent clauses by the Company was closed, following the agreement of voluntary undertakings.	– We are aligning our processes to make sure we meet the expectations and timescales being set by the Ombudsman which will be introduced in 2022. – Test concept designs for our standard apartment range. – Maintain high levels of customer service and a score of over 90% in the HBF 8-week survey which equates to a 5-star rating. – Continue to work on implementing our environment strategy and developing even more energy-efficient homes.
Our employees 	• People and skills • Customer service and quality • Health, safety and wellbeing	– We engage with our employees and gather feedback through meetings, appraisals, focus groups, employee surveys, our internal magazine and newsletter, Company wide emails, and our national and regional employee forums. – We encourage employees to share feedback and this can be sent to the Chief Executive via email. – A member of the Board is an Employee Champion. They attend National Employee Forum meetings and are responsible for championing the employee voice in the boardroom and strengthening the link between the Board and employees. – We engage with employees on the financial performance of the Company via employee emails following the release of the Company's trading updates, full year and half year results.	– Completed a Talkback employee survey in 2021 captured views from 66% of employees. It showed an overall engagement score of 91% with 95% of employees being proud to work for Taylor Wimpey. Higher scoring areas included health and safety, diversity and inclusion, and our vision and strategy. – Our technical academies cover production, sales and customer service, providing structured career and skills development, which often enable employees to gain a formal qualification. We also run online masterclass sessions for employees to hear from internal and external experts. – We ran on-site training academies for apprentices at two of our sites. – We have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially.	– Continue to build a diverse and inclusive culture. – During 2022, we will be exploring how we can increase flexibility for on-site roles including Site Manager positions. – Extend our Respectful Workplace training to site and office management teams to ensure every location in which we work provides an inclusive environment. In 2022 we will extend our programme across nine further business units. – In 2022, the Employee Champion will hold in person conversations with small groups of junior to mid-level employees in each Division, including those from the regional offices, sites and sales centres, to listen to their views, outside of the NEF and without senior management being present, to further encourage openness. – Further limit the CO_2 impact of our car fleet.
Our partners 	• Charitable giving • Environment • Responsible sourcing • Health, safety and wellbeing • Sustainable homes and communities • Land, planning and community engagement	– We engage with our subcontractors and suppliers on a wide range of matters and initiatives through meetings, workshops, working groups, engagement sessions and our membership of the Supply Chain Sustainability School (SCSS). – The Chief Executive wrote to suppliers to update on our approach to restrictions and offer support during the pandemic. – Our engagement with our local and national charity partners is overseen by our Charity Committee. – We engage with local authorities, parish councils, Homes England, the Greater London Authority, the Department for Levelling Up, Housing and Communities and other public sector organisations to understand their priorities and share our views. We engage directly and through our membership of industry organisations such as the Home Builders Federation and the British Property Federation.	– In 2021, we asked Group suppliers to complete a questionnaire covering policies, processes and performance on modern slavery, climate change, product embodied carbon, waste, packaging, environmental management systems and governance. The responses will help us identify gaps, establish a baseline and work with suppliers to improve performance. – We fully support the HBF's recent additional proposal to address fire safety improvement works, and are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. We continue to believe this is an industry wide issue which needs an industry solution. – 2021 saw 169 participants take part in the Taylor Wimpey Challenge raising over £103k of which over £75k was donated to the Youth Adventure Trust and over £28k to other charities.	– During 2022, we will be begin setting improvement targets for categories of suppliers in areas such as embodied carbon and waste as part of our work to prepare for the Future Homes Standard and to reduce our scope 3 carbon footprint. – Continue to work with the SCSS, an industry collaboration, to help engage our suppliers on sustainability. – Add further requirements on climate change and waste for Group suppliers to comply with via our digital tender system. – Entered in to a new three-year commitment with St Mungo's to support their Construction Skills Programme.
Our investors 	• Environment • Customer service and quality • People and skills • Health, safety and wellbeing • Sustainable homes and communities • Governance and management	– 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.	– As a results of the ongoing global pandemic, investor communicators continue to use technology. – Held virtual roadshows in the year with our investors. – Chairman engaged with large investors via virtual meetings following succession announcements. – Attended virtual conferences in the year. – Continued to hold ad hoc virtual meetings with investors throughout the year. – Held virtual results presentations.	– Continue to engage with investors regularly. – Maximise investor engagement using learnings from COVID-19 such as engagement using technology to integrate with existing methods. – Our primary performance focus is on returning the business to 21-22% operating margin and we continue to target a number of areas to achieve this; focused on cost, process simplification and standardisation enhancing the core drivers of value for our business.
Our communities 	• Environment • Charitable giving • Health, safety and wellbeing • Sustainable homes and communities • Responsible sourcing	– 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. – Our Community Communications Plan guides teams on actions they can take throughout the development process to help foster a sense of community among new residents.	– Due to the pandemic, most consultations took place online during 2021 and we used social media, online exhibitions and virtual forums to ensure a broad section of the community could participate. – Contributed £418 million to local communities via planning obligations (2020: 287 million), to fund a range of infrastructure and facilities including: affordable housing; green spaces; community, commercial and leisure facilities; transport infrastructure; heritage buildings; and public art. – We aim to install infrastructure at an early stage of the build process to help the new community become established quickly. – In 2021 we ran our fourth internal placemaking competition adding a new Commendation for a best approach to Landscape and Biodiversity, shortlisted by our sustainability team.	– Launch home welcome nature packs for customers during 2022. – Continue to engage local communities early in the process. – Utilise our Community Communications Plan to help foster a sense of community among new residents. – Update our guidance on nature and green space including our Green Infrastructure Guide. – Continue to focus on strong placemaking.

How the Board considered stakeholders during the year

Section 172 (1) Statement

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

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

Our values, as set out on page 9, are key to how we do business and are closely aligned to the matters the Directors must consider as part of their Section 172 duties.

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

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

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

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

How the Board fulfils its Section 172 duties

Setting our culture, values and strategy

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

Diverse set of skills, knowledge and experience

The Directors collectively have a diverse set of skills, knowledge, experience and stakeholder expertise which assists the Board in making decisions. This contributes to their ability to make well informed decisions which promote our long term sustainable success.

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

Board information

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

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

Board discussion and decision

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

Monitoring

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

Fire safety improvement works

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

Criteria considered

A, C, D, E

Relevant stakeholders

- Customers
- Partners
- Investors
- Communities
- Partners

Decision making process

- The health and safety of all our stakeholders is of paramount importance and we are guided by the principle of ‘doing the right thing’.
- It has long been the Board’s view that customers and leaseholders should not bear the cost of investment to ensure their buildings are safe and mortgageable.
- The Board considered the impact this provision would have on our shareholders and considered that the provision was in the best long term interests of all stakeholders.
- We have now identified all buildings that may require fire safety improvement works and are in active dialogue with building owners to arrange these. We are committed to resolving these issues as soon as possible for our customers.
- We are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. The Board fully support the HBF’s recent letter to the Government which sets out proposed additional commitments from the industry. The Board considers that this is an industry-wide issue involving many types of organisations and therefore needs an industry solution. If accepted by Government, the HBF proposal would result in an additional modest provision for the Company.
- To further support the wider issue, the Company will be paying The Residential Property Developer Tax levy in 2022 which was introduced to help contribute to the cost of cladding remediation work.
- Further information can be found on pages 38 and 39.

Our values

Chief Executive succession

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

Criteria considered

A, B, C, D, E, F

Relevant stakeholders

- Customers
- Employees
- Investors
- Communities
- Partners

Decision making process

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

Our values

Land acquisition

The Board regularly assesses significant land acquisitions. An example of this during 2021 was the approval to acquire a piece of land in Richmond.

Criteria considered

A, C, D, E, F

Relevant stakeholders

- Customers
- Employees
- Investors
- Communities
- Partners

Decision making process

- Our West London business unit sought approval from the Board to acquire a brownfield regeneration site with detailed planning permission that would deliver 453 much needed homes in Richmond, Greater London.
- A detailed report containing key financial information and stakeholder considerations was provided to the Board. The report also set out the excellent transport links and close proximity to public amenities.
- The Board considered that the acquisition supported our approach to landbuying following the 2020 equity raise and would support outlet-led growth from 2023 as the site would open as an outlet in late 2022, and would deliver enhanced returns for shareholders.
- The site would deliver 173 affordable homes in Richmond which is an affluent area where local residents may struggle to get on the property ladder.
- Sustainability is integrated into our developments through our placemaking standards, energy efficient home design and construction policies and processes. These ensure we reduce our impact on the environment and create developments and homes where customers can enjoy a good quality of life and reduce their own impact on the environment.
- The Board approved the land acquisition as it considered that the acquisition was in the long term interest of all its stakeholders.

Our values

Key to decision criteria

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

B: The interests of our employees

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

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

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

F: The need to act fairly as between members

Key to our values

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

Our Customers

SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

2021 highlights

- Achieved an average quality score of 4.67 compared with an industry benchmark group average score of 4.43
- Achieved a recommend score of 92% in the HBF 8-week survey which equates to a 5-star rating
- Successfully launched pilot of our new house types incorporating several years of customer insights
- Improved our 9-month customer satisfaction survey score
- Provided for additional £125 million 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

2022 priorities

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

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

Read more in relation to our KPIs on pages 24 and 25

Read more in relation to our remuneration on pages 105 to 124

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

Customers satisfaction

We track customer satisfaction using the HBF 8-week and 9-month survey results. In 2021, 92% of customers in the 8-week survey would recommend us to a friend (2020: 92%). This means we met our target to maintain a 5-star rating. We continue to believe that a wider range of customer care and quality measures are necessary to ensure we are delivering for our customers. Our 9-month satisfaction scores give us insight into how customers feel about the homes and places we build over the longer term. Our score for 2021 was 79.2% (2020: 78.2%).

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

In 2021, we introduced a Customer Director role which sits on the management team in each regional business. This will further elevate the voice of the customer in our regions. We also rolled out our new customer relationship management (CRM) system across the business. This provides clearer data on customer issues, complaints and defects which will help us to further improve quality and customer service. The results are reviewed by Customer Directors and used to identify any trends or recurring issues and put measures in place to address them.

Our customers are rightly demanding more of us. As well as rolling out new house types designed to meet their changing needs, we continue to provide a high standard of training to our Sales Executives through our own Sales Academy. Our sales staff are further supported by our CRM system which is now live across all regional businesses and is delivering the expected customer service and operating benefits.

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

New house type range

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

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

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

Closure of the CMA process

During 2021, the Competition and Markets Authority's (CMA) investigation into the historical sale of leasehold properties with doubling ground rent clauses by the Company was closed, following the agreement of voluntary undertakings. All leaseholders of Taylor Wimpey-owned ten-year doubling ground rent leases, or those that have already gone through our Ground Rent Review Assistance Scheme (GRRAS) and converted their Taylor Wimpey-owned lease to an RPI-based structure, will be offered the option to convert to a fixed ground rent. The cost of implementing the undertakings is expected to fall within the original provision made in 2017.

Fire safety improvement works

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

We have identified all Taylor Wimpey buildings that may require works and are in active dialogue with building owners to undertake these and are committed to resolving these issues as soon as possible for our customers. From April 2022, we will also be paying the new Residential Property Developer Tax (which is a 4% tax on profits) that will fund the Government's Building Safety Fund for buildings over 18 metres.

We are working closely with Government through the HBF to facilitate an equitable solution involving all industry stakeholders. We fully support the HBF's recent letter to the Government which sets out proposed additional commitments from the industry in relation to buildings over 11 metres. We continue to believe this is an industry-wide issue involving many types of organisations and therefore needs an industry-wide solution. If accepted by Government, the HBF proposal would result in an additional modest provision for Taylor Wimpey.

Build quality

Since the introduction of the measure, we have led the volume housebuilders in build quality as measured by the NHBC CQR score, which measures build quality at key build stages. In 2021, we scored an average of 4.67 (2020: 4.45) from a possible score of six, once again the highest score for a volume housebuilder. This compares with an industry benchmark group average score of 4.43. We aim to improve this further by ensuring our quality assurance processes are embedded at every stage of build.

Our Consistent Quality Approach (CQA) guidelines ensure our Site Managers, subcontractors, production and customer service teams all have a consistent understanding of the finishing standards we expect on all Taylor Wimpey homes. We also publish a customer version, so it is clearer for customers what they can expect from us. We updated our scope of operations for subcontractors in 2021, which sets out our expectations for the management and delivery of build quality. Key product suppliers provide training to our Site Managers, Quality Managers and trade subcontractors on the correct installation of their products to ensure a quality build.

Quality is incentivised from the top of the organisation with a significant percentage of our Executive Incentive Scheme linked to customer service and build quality, and this is one of our Principal Risks. We track progress and calculate bonus payouts using a combination of internal and independent external measures: HBF 8-week and 9-month customer survey results; CQR scores conducted independently by the NHBC, and the average reportable items which is the average number of defects found per plot during NHBC inspections at key stages of the build. We also integrate customer service and quality into our all employee bonus scheme.

Opportunities in green building

The way we design and build our homes enables our customers to live a more sustainable and resource efficient lifestyle and there is more that can be done. During 2020 and 2021, we conducted research to enable us to update the technical specification for our homes in preparation for changes to Building Regulations and the FHS.

New homes are already considerably more energy-efficient than many older homes. The energy savings we will secure to meet the FHS will make our homes increasingly attractive to customers, with lower running costs and a greatly reduced environmental footprint. The increasing take up of more cost effective green mortgages offers a potential competitive advantage for new homes compared to older housing stock.

Greener house types

Our new houses are designed to integrate the services and equipment required to meet changing energy efficiency standards, including waste water heat recovery, flue gas heat recovery, photovoltaic panels, car charging points and eventually air source heat pumps.

Our focus on build quality helps ensure that our finished homes achieve the specified energy efficiency standards and that ventilation systems are installed correctly to provide good indoor air quality.

Our Employees

SDGs

5 GENDER EQUALITY

2021 highlights

- Continued to focus on Health and Safety as the number one priority and on initiatives promoting metal health and wellbeing
- Achieved over 90% engagement score in most recent employee survey
- Accredited Living Wage Employer, by Living Wage Foundation
- Recognised in 2021 NHBC Pride in the Job Awards with 72 Quality Awards, 25 Seal of Excellence Awards, three Regional Awards and the Supreme Award
- Launched our new Equality, Diversity and Inclusion Policy and remain committed to equality of opportunity in all of our employment practices, policies and procedures across the business
- Continued to run our National and Local Employee Forums
- Continued our reverse mentoring with ethnically diverse and LGBTQ+ colleagues
- Updated our performance review process in response to employee feedback

2022 priorities

- Continue to prioritise Health and Safety
- Maintain a strong culture of doing the right thing and high engagement levels
- Increase employee voice through the continued work of Local and National Employee Forums and employee networks
- We will set clear and measurable internal goals to help accelerate diversity within our business and drive accountability
- Continue to improve communication throughout the business, led by highly visible senior leaders during period of leadership change
- Focus on building the skills of our current and future workforce
- Plans for the continued development of the Board's Employee Champion role

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

Read more in relation to our KPIs on pages 26 and 27

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

Health and safety

Health and safety is the number one priority at Taylor Wimpey and we will never compromise on this commitment to our people and everyone who works on or visits a Taylor Wimpey site. We embed a safety culture through training, awareness and visible health and safety leadership and we work closely with our contractors and subcontractors on this. Our Annual Injury Incidence Rate (AIIR) was 214 in 2021 (2020: 151) and our AIIR for reportable injuries per 100,000 employees and contractors remains well below both the HBF Home Builder Average AIIR of 264 and Health and Safety Executive construction industry average AIIR of 353, but we will continue to seek to improve this. We believe the increase in the accident rate is due to higher than average turnover among operatives and an increase in production on our sites. Around 36% of accidents are slips, trips and falls. Our AIIR for major injuries per 100,000 employees and contractors was 73 in 2021 (2020: 58).

Culture and people

We have a very strong culture at Taylor Wimpey at every level of the business, with the core principle to 'do the right thing'. We continue to benefit from a talented and engaged workforce, as reflected in our 2021 employee survey with an overall employee engagement score of over 90%, with a 66% response rate. Health and safety was once again our top scoring area in the survey at 97%, and 95% of employees are proud to work for Taylor Wimpey. The employee survey also outlined slightly lower scoring areas which we will work to improve, such as future development opportunities and career progression.

We are pleased to report that Taylor Wimpey was once again recognised in the NHBC Pride in the Job Awards, achieving a total of 72 Quality Awards (2020: 53), 25 Seal of Excellence Awards (2020: 19) and three Regional Awards in 2021 (2020: two), whilst Lee Dewing, Site Manager at our Whitacres development in Hambleton, Selby, was awarded a Supreme Award.

During 2021 we directly employed, on average, 5,271 people across the UK (2020: 5,948) and provided opportunities for, on average, a further 11.1k operatives (2020: 12.3k) on our sites. Our voluntary employee turnover rate is higher than normal at 19.0% (2020: 9.4%). We believe this reflects a catch up from a lower than normal turnover rate in 2020 as a result of the pandemic.

Skills

With a well known industry skills shortage, we have taken a proactive approach to early talent and direct labour. Building the skills of our current and future workforce is essential to address the skills shortage in our industry and also to set up the business to deal with future changes.

We offer a range of entry-level roles such as apprenticeships, trainees and graduates to encourage people into our business with these positions making up c.9% of our workforce (2020:14%). We support our regional businesses to develop local links with colleges, universities and schools and encourage a diverse range of candidates to consider careers in housebuilding. We currently directly employ 743 key trades including apprentices (2020: 1,038). The reduction partly reflects the restructure of the business in 2020, as well as voluntary employee turnover. However, we remain committed to developing future talent and to working both internally and with the wider sector to attract future talent into our industry.

Training and development

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

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

Inclusion, diversity and gender balance

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

We ran reverse mentoring for 10 senior leaders in 2021 who were partnered with BAME colleagues and / or colleagues who identify as LGBTQ+.

We recognise that building a diverse culture means embracing all aspects of diversity, including race, religion, mental and physical ability, socio-economic backgrounds, sexuality, and more. In 2022, we will set clear internal goals to help accelerate measurable change and to ultimately drive accountability. We are pleased to have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially.

In our 2022 Gender Pay Gap Report, our median gender pay gap has narrowed, still in favour of women and the mean pay gap also remains small, likewise in favour of women. More information can be found in our Gender Pay Gap report on our website.

Employee engagement

We are proud of how committed our employees are to the long term success of the Company and we seek feedback and engagement with all employees. This includes regular email updates from the Chief Executive as well as updates from the GMT and other senior management. It is important that management is accessible and visible so in addition to regular visits to the different businesses we operate employee forums including the National and Local employee forums where employee representatives are able to feedback and ask questions of members of the Board and other senior management directly. The Board also has an appointed Employee Champion to strengthen the Board's engagement with employees. The Board's Employee Champion, Gwyn Burr will be retiring from the Taylor Wimpey Board of Directors on 26 April 2022 and we are pleased that Robert Noel, Senior Independent Director, has agreed to take on this important role. Rob joined the Taylor Wimpey Board in 2019 and has over 30 years' experience in the property sector. Rob and Gwyn have been working closely to share employee perspectives already gathered and plans for the continued development of the Employee Champion role.

Employee survey

Our full employee survey in 2021 captured views from 66% of employees. It showed an overall engagement score of 91% with 95% of employees being proud to work for Taylor Wimpey. Higher scoring areas included health and safety, diversity and inclusion, and our vision and strategy. The survey also showed that colleagues think we can do more to ensure that employee views are heard across the business consistently, to develop our line managers to support their teams, to provide clarity on career opportunities, to benchmark pay and reward, and to report back on actions taken following the survey.

Wellbeing

We support colleagues to help them maintain good mental, physical, social and financial health, which has been particularly important during the pandemic. Mental health is a significant concern for the construction industry. We partner with mental health charity, Mates in Mind, to deliver mental health training for colleagues. We have over 150 Mental Health First Aiders across our business who support managers and employees when mental health issues arise. We use the Thrive mental health app, which has been approved by the NHS and provides tools and support for employees to manage and improve mental wellbeing. We are a signatory to the Building Mental Health Charter. We were pleased that 93% of our employees in our latest survey agreed that they know how to access support for mental health and wellbeing at work.

Employee Networks

Following a number of new and updated policies launched in 2021, employee networks were formed to offer further support to our employees. These include:

- **Working Parents Network** to support the launch of our updated Maternity Policy, Paternity Policy and Adoption Policy
- **Embracing the Change Network** to support our new Menopause Policy
- **Race and Ethnicity Network** to support our updated Equality, Diversity & Inclusion Policy

Networks provide a forum for colleagues to share experiences, support each other, and help to create a fully inclusive workplace.

Read more about our employee networks on page 96.

Our Partners

SDGs

2021 highlights

- Received a CDP Supplier Engagement score of A for our approach to engaging suppliers on climate change
- Nationwide Supplier Training programme rolled out in 2021
- Donated and fundraised over £999,000 for registered charities (2020: over £668,000).
- Became an accredited Living Wage Employer, as set by the Living Wage Foundation which covers people working for us via subcontractor or supplier service companies
- Updated our scope of operations for subcontractors in 2021 on our expectations for build quality

2022 priorities

- Begin setting improvement targets for categories of suppliers in areas such as embodied carbon and waste as part of our work to prepare for the Future Homes Standard and to reduce our scope 3 carbon footprint
- Work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers on sustainability
- Add further requirements on climate change and waste for Group suppliers to comply with via our digital tender system
- Entered in to a new three-year commitment with St Mungo's to support their Construction Skills Programme

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

Read more in relation to our KPIs on pages 26 and 27

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

Supply chain

Collaboration brings benefits and the potential for time and cost savings for both Taylor Wimpey and also our suppliers. This includes increasing efficiency by reducing stock items and improving visibility on programming for material demands.

We adopt a collaborative forecasting approach with our supply chain aided by our internal logistics function, Taylor Wimpey Logistics (TWL). In 2021, the industry experienced pressures on the cost and availability of certain materials and a general shortage of drivers for haulage. Whilst challenging, we were able to effectively manage these pressures, aided by our scale and strong partner relationships and agreements and delivered 2021 completions in line with our expectations. Being a national builder allowed us to direct materials between regions to areas of acute shortages during the year. We collaborate with our supplier partners giving them good visibility of our build plans and product requirements, building trust and helping improve security of supply. Over the past several years as part of our Brexit preparations as well as our drive to continuously improve Group operational efficiency, we have worked hard to understand our supply chain, establishing highly detailed 'root to tip' knowledge of our material and component supplies, to help identify early and mitigate potential bottlenecks.

Taylor Wimpey Logistics

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

Quality and training

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

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

Ethical sourcing

Our Supply Chain Policy explains our supplier standards for safety, quality, ethics, human rights and the environment. Our Supplier Code of Conduct requires suppliers to respect workers' human rights and prohibits all forms of modern slavery. It is embedded into our Framework Agreements with Group suppliers (those managed by our Group procurement team). Group suppliers are required to confirm compliance with our standards via our digital tender system, including in relation to employment standards, modern slavery and the real living wage. Further requirements on climate change and waste will be added during 2022.

In 2021, we asked Group suppliers to complete a questionnaire covering policies, processes and performance on modern slavery, climate change, product embodied carbon, waste, packaging, environmental management systems and governance. The responses will help us identify gaps, establish a baseline and work with suppliers to improve performance. During 2022, we will begin setting improvement targets for categories of suppliers in areas such as embodied carbon and waste as part of our work to prepare for the Future Homes Standard and to reduce our scope 3 carbon footprint. We also work with the Supply Chain Sustainability School (SCSS), an industry collaboration, to help engage our suppliers on sustainability and give them access to training and resources.

St. Mungo's Construction Skills Training Hubs

St Mungo's Construction Skills Programme helps people recovering from homelessness to gain new skills and qualifications. In 2021, we donated £132,000 to support two tutors working in the St Mungo's Construction Skills Training Centres, running training in areas such as painting and decorating, plumbing, lock fitting, tilling, dry lining and bricklaying.

In 2021 we entered in to a new three-year commitment with St Mungo's to support the establishment of a third Construction Skills Programme in their new Recovery College in Leicester.

We're donating £315,000 over three years that will help train around 40 clients per year.

We have been recognised by CDP as a Supplier Engagement Leader and received a Supplier Engagement score of A for our approach to engaging suppliers on climate change.

Subcontractors

With the introduction of the Future Homes Standard and other regulatory and technical changes, the types of skills we need are changing. For example, from 2025 we may need significantly more people qualified to install air source heat pumps but fewer gas engineers.

Small and local suppliers

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

Real Living Wage

In 2021, we became an accredited Living Wage Employer, meaning that all our directly employed staff and all those working for us via a subcontractor or service company are paid at least the real living wage, as set by the Living Wage Foundation. This is above the statutory living wage.

Central and local government

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

Local planning authorities

We aim to work constructively with planning authorities to agree the details of our planning obligations for each development, including affordable housing, local infrastructure, and 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. Once planning permission is granted, our technical teams monitor compliance with planning agreements and obligations. We also track build rates to make sure that each scheme is being managed efficiently and new homes are delivered on time. This is overseen by the Managing Director in each regional business. As at 31 December 2021, we were building on or due to start in the first quarter of 2022 on 97% of sites with implementable planning.

Charity partnerships

We focus on three priorities that are connected to our business: aspiration and education in disadvantaged areas, tackling homelessness and local projects that have a direct link to our regional businesses and developments. During 2021, we continued our partnership with our national charities as well as local charity partners across the UK albeit meetings were held virtually this year. Our six national charities are the Youth Adventure Trust, End Youth Homelessness, Crisis, CRASH, St Mungo's and Foundations Independent Living Trust. In 2021 colleagues raised £103,000 through the Taylor Wimpey Challenge and our graduates entered the Prince's Trust 'Million Makers' challenge to raise money to support vulnerable young people. In total, during 2021, we donated and fundraised c.£1 million for registered charities (2020: over £668k).

Our Investors

2021 highlights

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

2022 priorities

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

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

Read more about our investment case on page 6

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

Building momentum

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

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

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

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

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

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

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

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

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

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

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

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

Dividends and cash returns

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

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

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

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

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

Irene Dorner
Chairman

CEO succession

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

ESG credentials

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

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

Opportunities in green building

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

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

Modern methods of construction

We are integrating more off site construction techniques which help improve the efficiency of build as well as the quality of key components such as smart roofs which are used where we build a room in the roof. Our approach also includes increased use of timber frame and off site components such as spandrel panels, smart roof panelised cassette roofs, cassette timber floors and dormers. Other research projects include working with industry peers on reducing packaging and waste, air quality, and use of recycled materials.

Timber frame

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

Our Communities

SDGs

2021 highlights

- Rolled out our new environmental strategy and set a science-based carbon reduction target
- Contributed £418 million to local communities in which we build across the UK via planning obligations (2020: £287 million)
- Delivered 2,501 affordable homes including joint ventures (2020: 1,904)
- Highly Commended in Sustainable Housebuilder of the Year category at the Housebuilder Awards

2022 priorities

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

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

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

Our approach

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

In 2021, we contributed £418 million to the local communities in which we build across the UK via planning obligations (2020: £287 million). This funded a range of infrastructure and facilities including: affordable housing; green spaces; community, commercial and leisure facilities; transport infrastructure; heritage buildings; and public art. These enhance our schemes and benefit the wider community. We aim to install infrastructure at an early stage of the build process to help the new community become established quickly.

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 £104k to other organisations, such as scout groups, local football teams and various local community causes (2020: £94k).

Housebuilding, particularly in its early stages, can be disruptive. We are committed to working with local people and communities. 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.

Placemaking

We believe that the plan, design, layout and delivery of our schemes can assist in creating successful and sustainable new communities, where our customers can enjoy a good quality of life.

Our placemaking standards are based on Building for a Healthy Life and aligned with the National Design Guide and National Model Code. Our Director of Design and Group Urban Designer are qualified architects and urban designers and we have a Design Lead in each regional business and strategic land team to champion good design at the regional level.

We design walkable neighbourhoods where customers can enjoy an active, healthy lifestyle and make sustainable transport choices. This includes layouts that integrate paths and cycle routes that connect with existing networks and street design that encourages slower vehicle speeds and safer cycling conditions. We also invest in public and community transport, walkways and cycle paths through our planning obligations. In 2021, 67% of our UK completions were within 500m of a public transport node and 86% were within 1,000m.

Affordable homes

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

Most of our developments include affordable social housing (homes made available at below market rates including social rent, affordable rent, low-cost home ownership and discount market sale tenures) which are negotiated as part of planning obligations. In 2021 we delivered 2,501 affordable homes including joint ventures (2020: 1,904), equating to 18% of total completions (2020: 20%).

Community engagement

We build in communities for years, making a significant impact on the area and its people. We aim to build good relationships with local people throughout this time by communicating proactively and consistently. Every one of our sites has a tailored planning and community engagement strategy and a clear point of contact. We use a range of methods to inform local people about our plans, including community consultations.

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

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

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

Economic impacts

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

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

Engagement with nature

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

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

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

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

Placemaking principles in action

Our approach to placemaking encompasses social, environmental and economic sustainability criteria. In 2021, we ran our fourth annual Placemaking Competition which recognises best practice in design and layout, based on our placemaking principles. This year's overall winning scheme was Cambourne West Phase 1 in Cambridgeshire. The new West Cambourne Extension provides new connections, an abundance of open space, and easily accessible and central parks, play areas and community facilities.

Climate change risks and opportunities

Climate change will affect our business from increased regulation to changing stakeholder expectations and physical impacts such as increased risks from flooding and overheating. Almost three-quarters of the UK's local authorities have now declared a climate emergency and we are increasingly subject to additional climate-related requirements through the planning process.

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

Our environment strategy, Building a Better World, is our response to the environmental crisis and the physical and transition risks posed by climate change. It sets out how we will play our part in creating a greener, healthier future for our customers, colleagues and communities, with ambitious targets up to 2030. It is summarised on pages 28 and 29.

Our climate focus areas

We are focusing on the following areas in relation to climate change, seeking both to mitigate our impact on climate change and to prepare for the future impacts of climate change on our business, supply chain and customers. We take a science-based approach and aim to continually review and improve performance.

Operations
Energy-efficiency and carbon reductions on our construction sites, car fleet and offices, supporting a sustainable business culture and business practices

Supply chain
Working with suppliers and others to address embodied carbon in the materials, services and products we use

Customer homes
Working towards zero carbon ready homes for customers and supporting sustainable lifestyles

Collaboration and engagement
Working with government, industry associations, investors, peer companies and others to address the climate crisis

Skills
Building our knowledge base and ensuring our colleagues and trade subcontractors have the skills needed for the transition to a low carbon economy

The Group is one of the first UK homebuilders to set science-based targets across our value chain, including a 1.5 degrees target for our operational emissions

Responding to the Task Force on Climate-related Financial Disclosures

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

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

We have made progress on aligning our reporting to the TCFD recommendations as set out by the FCA in Listing Rule 9.8.6 and will further develop our approach during 2022. Our progress against the recommendations of TCFD can be found on page 50.

Governance for climate change

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

Executive level: Our CEO has ultimate responsibility for achieving our climate targets. Sustainability (including climate change) is a standing agenda item for GMT meetings and members receive a monthly update from the Director of Sustainability. The GMT members have received briefings on climate change risks and opportunities to deepen their understanding of this topic.

LEAF Committee: Ingrid Osborne, Divisional Chair for London and South East and a member of our GMT, oversees implementation of our climate change programme. Ingrid chairs our LEAF committee, which is responsible for reviewing climate strategy, risks and opportunities. It meets four times a year. LEAF members include the heads of our sustainability, technical, production, customer and design functions and representatives from our regional businesses.

The Director of Sustainability is responsible for monitoring climate-related issues and updating our Climate Change and Sustainability Risk and Opportunity Register. He oversees our reporting and disclosures on climate change, and the assurance of our climate data and reports to our CEO.

Cross-functional working groups, including our Environment Strategy Working Group and our Road to Net Zero Carbon Working Group, support effective governance of climate change.

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

Governance

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

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

LEAF Committee (functional oversight)
Analyse climate risk and opportunities and develop the business response, monitor progress

Managing Directors (operational implementation)
Drive implementation at local level

Cross-Functional Working Groups
Environment Strategy Working Group
Road to Net Zero Carbon Working Group
Waste and Resources Working Group

Stakeholder engagement

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

We participate in CDP Climate Change and publish our submission on our website. We received a score of A- for 2021 (2020: B). We were also included on the Financial Times European Climate Leaders list during 2021.

We work with the Carbon Trust on many aspects of climate change. Since 2017, we have held the Carbon Trust Standard for our overall approach to carbon management, including our policy, strategy and verification of our data and processes. We are the first homebuilder to achieve this.

Strategy

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

Climate scenario analysis

Our preliminary scenario analysis process was conducted in association with the Carbon Trust and reviewed by our GMT in 2020.

An initial review assessed the risks associated for the housebuilding sector from three scenarios:

- **Orderly transition:** Global action meets the requirements of the Paris Climate Change agreement and global warming is kept to well below 2 degrees celsius and preferably to 1.5 degrees celsius, compared to pre-industrial levels. This included significant regulatory change, and changes to interactions with customers, investors and planners, and some changes to how and what we build. However, the physical changes to the climate are limited and manageable.
- **Climate breakdown:** This is where there is insufficient action, or a failure to act, and global warming is significant, with heating at about 4-6 degrees compared to pre-industrial levels. In this scenario, physical changes to the climate dominate.
- **Disorderly transitions:** This is where the Paris goals are not met in time, but climate breakdown is avoided. Here there is significant regulatory change, changes to interactions with customers, investors and planners, and to how and what we build. The physical changes to the climate are significant and require future planning.

Follow up workshops looked in more detail at a 'disorderly transition' scenario which was considered the most likely scenario. The results of this analysis and other risk assessment are presented in the risks and opportunities table. Further scenario analysis will be undertaken in the future.

Implementing the TCFD recommendations - progress to date

	TCFD recommendation	Progress to date	Next steps
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	We have established and disclosed responsibility for climate risks at Board level. The Board has conducted an ESG mapping exercise to ensure that all ESG matters are considered by the Board or one of its Committees.	During 2022, the Board will be further developing its oversight of our ESG priorities and determining how ESG progress can be assessed more consistently.
	Describe management's role in assessing and managing climate-related risks and opportunities.	We have established and disclosed responsibility for climate risks at Executive, Director and operational level. Climate change has been added as a Principal Risk within 'Natural resources and climate change'.	An environmental measure has been included in the Executive Directors' annual bonus plan and the intention is to introduce an environmental measure in the wider annual bonus scheme for 2023 performance. See page 107.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The table on pages 52 and 53 includes an initial assessment of the possible impact of climate risks and opportunities on the business over the short, medium and long term.	Further scenario analysis is planned to deepen our understanding of climate risk.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	We have used the findings of our scenario analysis to enhance our understanding of the impact of climate risks on financial planning and business strategy, see pages 52 and 53.	As part of future scenario analysis exercises we will be further exploring and aiming to quantify the potential impacts of climate change on the business, strategy and financial planning.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have conducted our first scenario analysis focusing on a disorderly transition scenario.	Further scenario analysis is planned to deepen our understanding of climate risk.
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	This process is outlined in Risk management on pages 59 and 60 and in Principal Risks on page 65. We have linked our climate targets to the risks and opportunities as set out by TCFD, on page 54.	Our planned further climate scenario analysis will consider the potential financial impacts of climate risks.
	Describe the organisation's processes for managing climate-related risks.	This process is outlined in Risk Management on pages 59 and 60 and in the section on Principal Risks on page 65. We have linked our climate targets to the risks and opportunities as set out by TCFD, on page 54.	During 2022 we will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change is fully integrated into our top down and bottom up risk management process and during 2021 has been added as a Principal Risk within 'Natural resources and climate change'.	The newly established Principal Risk will be monitored by the Audit Committee and senior management, assessing its impact on the Group's strategic objectives and ensuring appropriate mitigations are in place.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We publish a range of performance data to support our environment strategy, see pages 28 and 29.	We will continue to keep our climate reporting under review and to develop additional metrics where needed to support disclosure to investors and other stakeholders.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We disclose greenhouse gas emissions data for scopes 1, 2 and 3 on page 55.	We are committed to continuous improvement in our data processes and data quality.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our ambitious science-based carbon reduction target has been approved by the Science Based Targets initiative (SBTi), see pages 28 and 29.	During 2022 we will be developing our net zero transition plan and target.

Impact on financial statements

Reported balance sheet, income statement and cash flow

We include known costs associated with regulation designed to affect the impact of climate change (e.g. building regulations Part L (conservation of fuel and power) and Part F (ventilation)) within the assessment of the value of inventory charged to cost of sales. Where a forecast site margin is affected by a change in estimated costs to complete, the impact is recognised across all plots completed on that site in the current and future years.

The carrying value of work in progress and land is assessed via a net realisable value exercise and any adjustments required are made within the financial statements. Specifically, relating to land and the possible impact from climate change, the Group uses the latest environmental reports to assess the impact from flooding on the viability of the land.

The Group does not have intangible assets, such as goodwill, that require an annual impairment assessment and thus the impact of climate change on the future cash flows required to perform this assessment are not required.

Going concern and viability

'Natural resources and climate change' have been added as a Principal Risk following a review of the Group's Principal Risks, and are therefore considered as part of the going concern and viability assessment. Given the timeframe over which both are considered (12 months and five years respectively) the future impact of climate change on the operating costs of the business and its supply chain, beyond those known costs already included within the Group's forecasts, are not considered material.

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

Risk management

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

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, time frame, whether the risk or opportunity is direct or indirect, likelihood and magnitude of impact. This is a standing item on every LEAF Committee agenda. The Committee makes recommendations to the GMT on how to mitigate, transfer, accept, or control climate-related risks. We prioritise our climate change risks and opportunities based on their materiality to our business, measured in percentage of profit before tax (PBT). A percentage of PBT greater than 20% is considered a major impact. A large risk in terms of likelihood is a greater than 50% chance.

Transition to net zero carbon

We were one of the first UK developers to set Science Based Targets across our value chain, including a 1.5 degrees target for operational emissions. This is our first step on the road to net zero carbon.

During 2022 we will develop our net zero transition plan and net zero target. This will reduce regulatory, policy, taxation and stakeholder climate risks by aligning us with the UK's net zero commitment.

We are reviewing the SBTi Corporate Net Zero Standard published in 2021 and will use this to guide our approach. We will also take account of the 'Metrics, Targets, and Transition Plans' guidance issued by TCFD. We expect to publish our net zero target and plan in 2023.

Our new homes will be net zero ready from 2025 as we phase out gas boilers and switch to all electric homes.

Our risks and opportunities

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

Description	What are the risks?	What are the opportunities?	Our response
Regulation, policy, taxation Regulatory changes and updates to building regulations (e.g. Future Homes Standard), variation in local planning requirements (e.g. in relation to flooding and biodiversity), expected net zero related policy changes and increases in tax and insurance premiums. **Time frame:** Short, medium and long term **Materiality**: High **Risk type**: Transition (policy and legal) **Opportunity type:** Products, markets	Changes to how sites and homes are designed affects land values and increases costs. Increased demand for new skills and products (e.g. air source heat pumps) impacts the supply chain resulting in increased build costs and shortages of materials, products and skills. Direct and indirect financial impacts from increased taxation and insurance costs. Risk of financial penalties from non-compliance with changing regulation.	As policy requirements around heating and insulation impact the second hand market, new build homes will become increasingly attractive. Meeting regulatory requirements in a more efficient way than our competitors makes us a better investment case. Meeting Local Planning Authority requirements in relation to climate change results could result in being more competitive in land acquisitions.	We prepare for regulatory changes through our research and development. Our R&D programme focuses on opportunities in green building (see page 39) and skills training (see page 40). Our Road to Net Zero Carbon working group is leading our response. We conducted energy-efficiency research to update our home specification in 2021 (see page 17). We share our views with the Government on proposed regulatory changes both directly and via industry organisations such as the HBF. We are supporting the Future Homes Delivery Plan – a sector wide plan to embed key environmental issues into home building up to 2050. We work closely with supply chain partners and use our scale to ensure reliable and cost appropriate access to the skills and materials we need today and in the future (see page 42). We have been recognised by the CDP as a Supplier Engagement Leader and received a Supplier Engagement score of A for our approach to engaging suppliers on climate change. We work closely with planning authorities to understand and integrate their requirements, and with land owners to ensure that constraints are reflected in land values.
Stakeholders Shifts in stakeholder preference and expectations in relation to the environment. **Time frame:** Medium term **Materiality**: Medium to high **Risk type**: Transition (market, reputation) **Opportunity type:** Products, markets	Not meeting changing customer and stakeholder expectations in relation to climate change reduces demand for our homes and impacts our reputation. Not meeting changing investor expectations results in reduced valuation impacting market capitalisation and access to capital.	Reputational benefits from meeting and exceeding customer expectations in relation to climate change and home energy efficiency makes homes more attractive to customers. Growth in green mortgages drives increased demand for new build homes. There may also be marketing opportunities to positively differentiate new build homes as climate regulation impacts the second hand homes market. Enhanced access to capital from meeting investor expectations and accessing new sources of green finance. Recruitment and retention of staff.	Our environment strategy has been established to help us meet and exceed changing stakeholder expectations, with a clear governance structure in place. This includes targets specifically related to enabling customers to live a more sustainable lifestyle. We regularly update our materiality assessment (see pages 30 and 31) and integrate sustainability into customer research. Climate change and sustainability are integrated into our marketing strategy. We regularly engage with investors on ESG matters and participate in a range of disclosure initiatives including CDP, TCFD, SASB and DJSI (see page 3).
Physical impacts Changing weather patterns and an increase in extreme weather events. **Time frame:** Medium and long term **Materiality**: Medium **Risk type**: Physical (acute and chronic) **Opportunity type:** Resilience	Changing weather patterns and extreme weather events cause production delays, materials shortages and increased costs, as well as increased overheating and poor indoor air quality risks in highly insulated homes. Increased flood risk and biodiversity concerns impact our land bank and/or restrict future land supplies which mean that the carrying value of land may need to be written down and land costs may increase.	Warmer, drier summers enable increased output. Integration of additional landscaping features to mitigate flood risk and other climate concerns enhance placemaking.	We are increasing the amount of sustainability related data we collect from suppliers and using this to develop our approach to mitigating material supply risks. Sustainability issues including flood risk are considered from the start of the land buying process. We take the risk of flooding on our developments extremely seriously and identify potential flood risk as part of our site selection process. We do not buy land unless we can mitigate flood risk. We use the Environment Agency's flood mapping tools and a digital platform for assessing and managing sustainability and technical risks associated with land, that draws on external environmental databases. We integrate sustainable drainage features on our sites to manage water run off and reduce flow rates. We are developing our approach to biodiversity net gain to enable us to manage biodiversity risks. We will be updating our policies and processes to reflect climate change mitigation and adaptation risks and opportunities during 2022 which will help us respond to physical climate risks.
Technology Increased use of technology including lower carbon technology and materials, off-site manufacturing, adaptation technologies. **Time frame:** Short and medium term **Materiality**: Low to medium **Risk type**: Transition (technology, reputation) **Opportunity type:** Resource efficiency, energy efficiency	Changes in home design to accommodate technology impacts procurement and skills strategies. Customers' understanding of the use and benefit of some sustainable solutions and technologies may be inconsistent with their performance resulting in complaints.	Efficiency improvements and cost savings for the business and customers.	Our R&D programme helps us to identify beneficial new technology and test its performance to ensure it meets our quality, safety and technical standards. We already integrate many lower carbon materials and off-site construction techniques and components into our homes, and will increase this. We prioritise customer communication with the introduction of new technology and will be training our sales and marketing teams to support customers.

Metrics and targets

We have established metrics and targets to enable us to manage and mitigate our identified climate risks and ensure we capitalise on opportunities relating to the transition to a low carbon economy.

We have published a science-based carbon reduction target which has been approved by the Science Based Targets initiative (SBTi). This covers emissions from our operations (1% of total), supply chain (59% of total) and homes in use (40% of total). The SBTi has confirmed that our operational target is consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Our scope 3 goal meets the SBTi's criteria for ambitious value chain reductions, in line with current best practice.

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

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

Our climate targets

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

Targets - climate	Progress	Link to TCFD risk
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	Our operational emissions intensity (scope 1 and 2), has decreased by 13% against our 2019 baseline with absolute operational emissions falling by 20% over the same period. We are improving our data to enable us to accurately report progress on our scope 3 target.	– Regulation, policy, taxation – Stakeholders – Physical impacts – Technology
Reduce operational energy intensity by 32% for UK building sites by 2025.	There was a 1% increase in UK energy intensity on our 2019 baseline. We believe this is due to a small change in the average fuel mix used.	– Regulation, policy, taxation – Physical impacts
Purchase 100% REGO backed green electricity for all new sites.	We purchased 100% REGO backed renewable electricity for new sites during construction, offices, show homes, sales areas and plots before sale. This is around 72% of our total electricity consumption.	– Regulation, policy, taxation – Stakeholders
Reduce embodied carbon per home by 21% by 2030.	We are developing our measurement systems and expect to start reporting progress on this target next year.	– Regulation, policy, taxation
Reduce emissions from customer homes in use by 75% by 2030.	We are developing our measurement systems and expect to start reporting progress on this target next year.	– Regulation, policy, taxation – Stakeholders – Technology
Reduce car and grey fleet emissions by 50% by 2025.	We have reduced company car fleet emissions (excluding grey fleet) by 36.5% since 2019. Around 43% of vehicles in our company car fleet are now EV or hybrid (2020: 30%).	– Stakeholders
Make it easier for 40,000 customers to work from home and enable more sustainable transport choices through 36,000 EV charging points and 3,000 additional bike stands by the mid 2020s.	We are improving our data collection process for this target and expect to report progress next year.	– Physical impacts – Technology
Update our policies and processes to reflect the risks and opportunities from a changing climate by 2022.	We will be working on this target during 2022 and have added 'Natural resources and climate change' as a new Principal Risk.	– Physical impacts – Technology

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

		2021	2020	2019	2018	2017
Scope 1 GHG emissions – combustion of fuel	tonnes CO_2e	**17,464**	16,522	21,018	20,328	18,889
Scope 2 GHG emissions – market based	tonnes CO_2e	**2,272**	1,981	3,563	4,509	4,794
Scope 2 GHG emissions – location based	tonnes CO_2e	**5,406**	5,272	6,172	6,892	8,236
Total scopes 1 and 2 – market based	tonnes CO_2e	**19,736**	18,503	24,581	24,837	23,683
Emissions per 100sqm completed homes (scope 1 and 2)	tonnes CO_2e /100sqm	**1.41**	1.96	1.62	1.73	1.73
Total scope 3 emissions	tonnes CO_2e	**2,632,421**	1,961,431	3,869,583	2,171,973	1,826,183
Purchased goods and services	tonnes CO_2e	**1,413,410**	1,114,587	2,242,225	2,143,976	1,797,288
Waste generated in operations	tonnes CO_2e	**15,446**	11,255	17,550	15,845	15,793
Business travel	tonnes CO_2e	**1,464**	6,593	6,303	6,405	6,812
Fuel and energy related activities	tonnes CO_2e	**5,802**	4,503	5,679	5,748	6,290
Downstream leased assets	tonnes CO_2e	**6,592**	6,178	2,656	-	-
Use of sold products	tonnes CO_2e	**1,107,417**	754,625	1,476,066	-	-
Upstream transport and distribution	tonnes CO_2e	**39,891**	29,815	64,827	-	-
End of life treatment of sold products	tonnes CO_2e	**29,210**	20,105	33,242	-	-
Employee commuting	tonnes CO_2e	**13,189**	13,771	21,034	-	-
Energy use						
Operational energy use (fuel and electricity consumption from sites, offices and fleet)	MWh	**104,870**	96,195	116,207	111,085	105,123
Operational energy intensity (site and office fuel and electricity intensity – MWh / 100 sqm completed homes)	MWh / 100 sqm	**7.5**	10.2	7.6	7.7	7.7

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

Data is provided as tonnes of carbon dioxide equivalent (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. 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 https://www.taylorwimpey.co.uk/corporate/sustainability/our-approach/climate-change-and-nature for more detail on our calculations.

Energy data and energy efficiency measures

The energy consumption figure in the table is a Group figure. 98.74% of this total energy consumption is from the UK and offshore areas and 1.26% from Spain. 98.24% of total scope 1 and scope 2 emissions are from the UK and offshore areas and 1.76% from Spain. During the last year, we have worked to reduce energy and emissions through our purchase of green tariff electricity for our sites during construction, by publishing our Energy Dos and Don'ts Guide and running masterclass sessions for our teams, partnering with cabin manufacturer Danzer and the Carbon Trust to design and trial new energy efficient portacabins, and through the efforts of our Sustainability Champions 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. We have successfully tested hydrotreated vegetable oil as a lower carbon alternative to diesel for plant on site and plan to extend its use during 2022. This reporting meets the SECR (Streamlined Energy and Carbon Reporting) requirements.

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

SASB index

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

A number of the SASB criteria are not directly applicable to the UK and in these cases we have sought to provide equivalent data.

A note on terminology: Our sites are single pieces of land which typically gain outline planning permission as a single entity. They range in size from 50-3,500 homes. Outlets are sites with a sales centre. 'Plots' are homes prior to completion which are equivalent to 'lots' (the term used in the SASB standard).

Responses do not cover our business in Spain which accounts for less than 2% of total completions.

Code	SASB criteria	Our approach
Land use and ecological impacts		
IF-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites	In 2021, 21% of completions (excluding joint ventures) were on brownfield land (2020: 25%).
IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	We estimate that around 42% of our plots are built in areas of high water stress, around 5,950 homes. No homes are built in areas of extremely high stress. This is based on the baseline water stress map published by the World Resources Institute's (WRI) Water Risk Atlas tool, Aqueduct.
IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	We received an Environment Agency notice that a small fine would be payable in relation to silt run-off due to a burst water main after groundworks at a development of our Exeter business.
IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Our environment strategy includes targets to reduce our environmental footprint across our value chain focusing on climate change and energy, nature, resources and waste. Environmental factors are integrated into our processes, including: **Landbuying:** 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. Our internal processes and guidance documents help us to identify and address relevant sustainability issues for each site. These include our Sustainable Development Checklist which helps us to assess factors such as how well connected the site is to transport links and the potential impact on habitats and species. We use a digital platform for assessing and managing sustainability risks at site level, called LEADR (Land and Environment Assessment of Development Risk). It includes a pre-acquisition screening and risk assessment process for potential new sites covering issues including remediation, flood risk, biodiversity, air quality and archaeology. **Placemaking:** Our placemaking standards help our teams to plan, design and deliver schemes that promote social, environmental and economic sustainability. They are based on best practice such as the Building for a Healthy Life framework and cover factors such as promoting sustainable transport, connectivity with nature and resident wellbeing. All new sites now include our priority wildlife enhancements and from 2023 new sites will include 10% biodiversity net gain. **Construction:** Our Health, Safety and Environmental Management System covers all site activities and helps us to keep noise, dust and disturbance to a minimum, to prevent pollution incidents, reduce waste and water use and to protect biodiversity. It requires all operational sites to carry out mandatory environmental checks and to have a Site Specific Environmental Action Plan. All sites have individual site waste management plans.
Workforce health and safety		
IF-HB-320a.1	Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	We measure health and safety performance using an Annual Injury Incidence Rate (AIIR) metric and we report a consolidated figure for direct employees and contractors. Our AIIR for reportable injuries per 100,000 employees and contractors was 214 in 2021 (2020: 151). Reportable injuries are those covered by the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). The average AIIR for our sector was 264. This is calculated by the Home Builders Federation. There were no fatalities.
Design for resource efficiency		
IF-HB-410a.1	Number of homes that obtained a certified HERS® Index Score and (2) average score	The Energy Performance Certificate (EPC) is a UK equivalent to the HERS Index. Properties are assessed by an accredited assessor. On average, our standard homes are designed to achieve an EPC rating of B. We don't currently collate data on the final EPC ratings for our properties so this figure is estimated based on our standard house type designs. Our homes include: energy-efficient walls and windows; insulated loft spaces; 100% low energy light fittings and LED recessed downlights; and energy-efficient appliances. An increasing number of our homes include photovoltaic (PV) panels and additional energy efficiency measures such as mechanical ventilation with heat recovery.
IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	Our homes are designed to achieve a maximum internal water use of 120 litres per person per day and 5 litres external use in line with Building Regulations. All our homes in England and Wales have water meters fitted, and all homes have low flow taps and showers, and dual flush toilets. WaterSense is not applicable to the UK. Water efficiency is covered by Building Regulations Part G - Sanitation, hot water safety and water efficiency. This focuses on the expected performance of the whole home. Compliance is assessed based on water consumption figures provided by product manufacturers including for WCs, taps, baths, showers and appliances.

Code	SASB criteria	Our approach
Design for resource efficiency continued		
IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	All our homes are subject to UK building regulations which include standards for energy and water efficiency (criteria IF-HB-410a.1 and IF-HB-410a.2). With the phasing in of the new Part L from June 2022, homes will have enhanced fabric standards with the additional features that may include heat recovery systems and PV panels. Collectively, this will achieve a 31% reduction in home energy use compared with our current specification. There are no current widely used third-party multi-attribute green building standards designed specifically for homes in the UK.
IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	Risks and opportunities relating to home energy and resource efficiency are considered as part of our climate change risk management processes which are outlined on pages 52 and 53. Our homes integrate features to help customers live a resource efficient lifestyle (see IF-HB-410a.1 and IF-HB-410a.2) and we are well prepared for the forthcoming changes to Building Regulations (see IF-HB-410a.3) and the Future Homes Standard (see page 17). We communicate the resource efficiency benefits of our new homes to potential customers, via our Sales Executives, our website, marketing materials, 'From House to Home' manual, Maintenance Guide and Touchpoint Portal. This includes the energy rating of their home and the energy savings they can expect to achieve in relation to an average second hand home. We also include information on how customers can further reduce home energy and water use and create a nature friendly garden. Our Sales Executives have been trained on how to communicate energy and resource efficiency benefits to our customers.
Community impacts of new developments		
IF-HB-410b.1	Description of how proximity and access to infrastructure, services, and economic centers affect site selection and development decisions	Proximity and access to infrastructure, services, and economic centres influence site selection and development decisions. For each scheme, we assess the current level of facilities and services to assess whether they are sufficient to support the scale of proposed development. We aim for future residents to have convenient access to local facilities and services via walking, cycling or public transport. Where the current level of facilities or services is not adequate, we contribute to improving local facilities. The UK's NPPF also requires consideration of the opportunities presented by existing or planned investment in infrastructure. During 2021, we contributed £418 million to local communities via planning obligations (2020: £287 million) to fund infrastructure and facilities including affordable housing, green spaces, community and leisure facilities, transport, educational funding, jobs for local people, heritage buildings and public art. Around 67% of our UK completions were within 500m of a public transport node and around 86% within 1,000m.
IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	This data is not currently collected. However, the majority of brownfield land in the UK would meet the definition of an infill site. Brownfield land is previously developed land and most sites are served by existing physical installations such as roads, power lines, sewer and water. In 2021, 21% of completions (excluding joint ventures) were on brownfield land (2020: 25%).
IF-HB-410b.3	Number of homes delivered in compact developments and (2) average density	We believe that all our schemes meet the criteria for compact development.
Climate change adaptation		
IF-HB-420a.1	Number of lots located in 100-year flood zones	We don't currently collate this data but expect to be able to do so in future as we roll out our LEADR system for managing environmental site risks. 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 carry out a flood risk assessment on all our sites and do not buy land unless we can mitigate flood risk. Flood risk is controlled well in the UK through the planning process. Flood risk is one of the factors considered in our climate change scenario analysis, see pages 52 and 53.
IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Climate change risks have the potential to impact our business strategy through increased costs, reduced productivity and reputational damage. Our approach to governance, risk management, climate strategy and scenario analysis are outlined in detail on pages 48 to 53. Climate change is now included as a Principal Risk within 'Natural resources and climate change', see page 65. In 2021, we scored A- in our CDP Climate Change disclosure, and we are the only UK homebuilder to hold the Carbon Trust Standard for carbon management. Our carbon reduction target has been verified by the Science Based Targets initiative, see page 28.
Activity metrics		
IF-HB-000.A	Number of controlled lots	As at 31 December 2021, our short term landbank stood at c.85k plots (2020: c.77k plots). Our short term landbank is owned or controlled land with planning permission or a resolution to grant planning permission.
IF-HB-000.B	Number of homes delivered	Total home completions in the UK were 14,087 in 2021, including joint ventures.
IF-HB-000.C	Number of active selling communities	We traded from an average of 225 outlets in 2021 (2020: 240). Our net private sales rate per outlet per week for the year was 0.91 (2020: 0.76).

1. The developable area of land for each site is calculated using net hectares or net acres. This means the total land area that will be developed excluding public open space and land used for community facilities and some infrastructure.

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.

Performance Overview	Our policies	Our impact and related Principal Risks	Read more
Environmental matters			
Building a better world, our ambitious environment strategy, including our science-based carbon reduction target 50% reduction in direct carbon emissions intensity since 2013 100 sites included a hedgehog highway in 2021 97% of construction waste recycled	**Sustainability Policy –** Our commitment to balance long term growth 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 Climate change risks and opportunities Creating a sustainable future Principal Risks and uncertainties	 28 to 29 48 to 55 16 to 17 65
Employees			
95% of employees feel proud to work for Taylor Wimpey 96% of employees feel that they can be their authentic self at work 50% of plc Board positions held by women	**Equality, Diversity and Inclusion policy –** Outlines our commitment to create an inclusive workplace and a workforce that reflects the diversity of the communities in which we operate **Grievance and Harassment Policy –** Ensures that any reports are investigated and addressed appropriately	More information can be found within: Our strategy and key performance indicators Stakeholders - Our employees Corporate governance - Equality, diversity and inclusion Principal Risks and uncertainties	 26 to 27 40 to 41 93 to 97 63
Human rights			
Continue to train employees to identify signs of modern slavery and human trafficking for which we operate a zero tolerance policy	**Anti-Slavery, Human Trafficking and Human Rights Policy –** The measures we uphold to safeguard against modern slavery **Supplier Code of Conduct –** The principles that our suppliers, contractors and business partners are required to adhere to in ensuring human rights are respected and modern slavery is not taking place **Supply Chain Policy**	More information can be found within: Stakeholders - Our partners	 42 to 43
Social matters			
Contributed £418 million to communities via our planning obligations In 2021, around 18% 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	More information can be found within: Stakeholder performance and priorities Stakeholders - Our partners Stakeholders - Our communities	 34 to 35 42 to 43 46 to 47
Anti-bribery and anti-corruption			
Continue to train our employees and raise awareness of the procedures in place Strict rules in relation to recording, giving or receiving of gifts	**Anti-Corruption Policy –** Our approach to combat risks of bribery, including the key principles employees should follow **Fraud Mitigation and Response Policy –** This policy formalises the Company's attitude to fraud and its response to instances, or allegations, of fraud against its employees or third parties **Whistleblowing Protected Disclosure Policy –** Includes the procedures to be followed in making a disclosure of wrongdoing within the Company or related to its business	More information can be found within: Corporate governance - Board leadership and Company purpose	 81
Business model			
c.14k new homes completed for customers in 2021 Strong short term landbank of c.85k plots, as at 31 December 2021	**Community Policy** **Sustainability Policy** **Customer service Policy –** Our approach and commitments to provide excellent customer service	More information can be found within: Creating value through our business model	 22 to 23
Non-financial KPIs			
Achieved a recommend score of 92% in the HBF 8-week survey which equates to a five-star rating Our Annual Injury Incidence Rate (AIIR) for reportable injuries per 100,000 employees and contractors was 214 in 2021	**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 **Policy embedding, due diligence and outcomes**	More information can be found within: Our strategy and key performance indicators Building a better world Board leadership and Company Purpose Board Activities Audit Committee Report	 24 to 27 28 to 29 78 to 81 82 98 to 104

Risk management

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

Governance

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

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

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

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

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

The formal assessment includes a robust consideration of the Principal 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 March 2022, the Board completed its annual assessment of risks. This followed the Audit Committee's formal assessment of risk in December 2021, 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

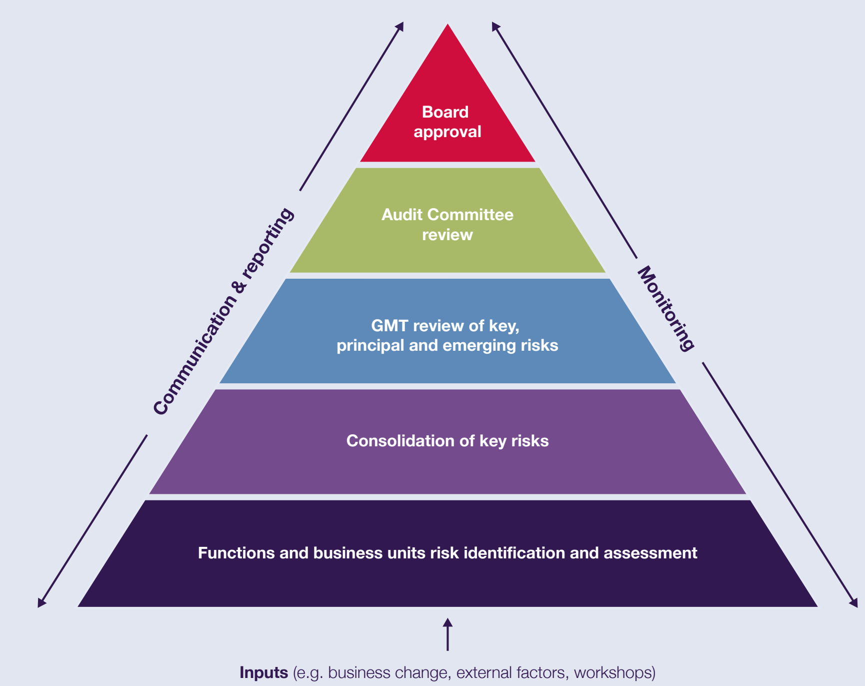
Our risk management and internal control frameworks define the procedures to manage and mitigate risks facing the business, rather than eliminate risk altogether and can only provide reasonable and not absolute assurance against material misstatement or loss.

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.

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

Risk Management Framework

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



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

Risk appetite and tolerance

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

Approved risk appetite and tolerance levels for each of our Principal Risks are detailed in the Principal Risk tables on pages 62 to 65. The residual risk ratings of all our Principal Risks continue to be within their respective established risk tolerance levels.

COVID-19

As a business, we continue to operate under our COVID-19 working protocols, to ensure the continued safety of our staff, customers, suppliers and subcontractors. The risks associated with the pandemic are reducing as the country progresses with its vaccination programme and lifts the restrictions on its economy. Nevertheless, the continuing effects of the pandemic, the potential for future variants, and the potential subsequent economic or operational disruption, remain built into the assessment of our individual risks.

Emerging risks

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

Category	Example focus area
Environmental / climate	Unpredictable weather patterns
Operational / build	Supply chain issues related to regulation changes
Political / economic	Continuing impact of COVID-19 on the economic landscape and the potential for devolution
Technological	Artificial intelligence
Social	Customer demographics and preferences
Governmental	Changing Government policies

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. Whilst we continue to recognise the risks associated with leaving the EU and the effects of the COVID-19 pandemic, the Board views these potential risks as an integral part of our Principal Risks rather than as separate standalone risks. We continue to monitor and mitigate the impacts on our supply chain and labour force and the overall economic market impacting mortgage availability and demand.

Housing and fire safety continues to remain 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.

Our Principal Risks and uncertainties

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 62 to 65. During the year, two new Principal Risks have been added, reflecting an increase in their risk profile, as reflected in the table opposite and for which further details can be found on page 65.

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

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

Link to material issues

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

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

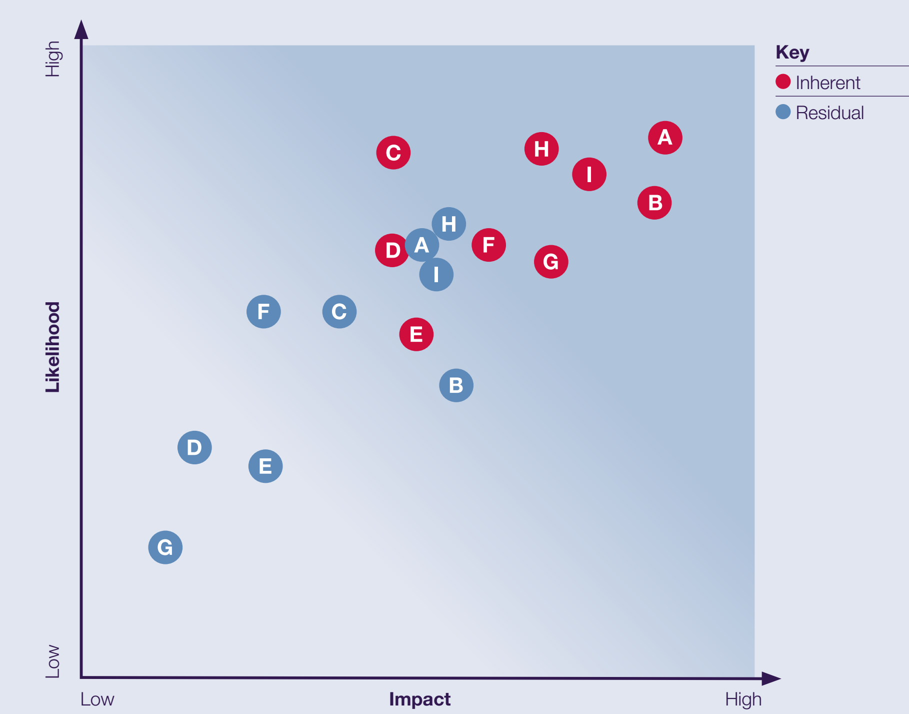
Key to strategic pillars
- Build quality
- Be the employer of choice in our industry
- Best in class efficient engine room
- Customers and communities
- Optimising our strong landbank

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

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

Principal Risks heat map

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



A. Government policies, regulations and planning

Risk description

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

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low	– 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 – Cladding fire safety provision

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Governance and management Responsible sourcing			– Removal of Help to Buy – New Government regulations (e.g. around planning and climate) – Delays in planning – Sentiment towards the industry (e.g. Cladding fire safety remediation)	– 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. Mortgage availability and housing demand

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low	– UK Sales and Marketing Director – Regional Sales and Marketing Directors	– Evaluation of new outlet openings based on local market conditions – Pricing and incentives review – Review of external data (e.g. HBF, mortgage lenders)

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Sustainable homes and communities Responsible sourcing			– 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. Availability and costs of materials and subcontractors

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low-moderate	– Group Operations Director – Head of Procurement – Group Commercial Director	– Central procurement and key supplier agreements – Supplier and subcontractor relationships – Contingency plans for critical path products – Direct trade and apprenticeship programmes

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
People and skills Responsible sourcing			– 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. 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.

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Low		Moderate	– Group HR Director – Every employee managing people	– Production Academy – Management training – Graduate programme – Apprenticeship programme – Enhanced remote working procedures – Educational masterclasses – Taylor Wimpey challenge

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
People and skills Charitable giving			– Employee engagement score – Number of, and time to fill, vacancies – Employee turnover levels	– To further develop in-house capability, expertise and knowledge

E. Land availability

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Low		Moderate	– Divisional Chairs – Regional Managing Directors – Regional Land and Planning Directors – Managing Director Group Strategic Land	– Critically assess opportunities – Land quality framework

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Land, planning and community engagement			– 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.

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low	– Customer Director – UK Head of Production – Director of Design	– Customer-ready Home Quality Inspection (HQI) – Consistent Quality Approach (CQA) – Quality Managers in the business

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Governance and management Responsible sourcing Sustainable homes and communities Customer service and quality			– 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. Health, safety and environment

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Low		Low	– 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

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Health, safety and wellbeing Environment Sustainable homes and communities			– 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

H. Natural resources and climate change (NEW)

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low	– Director of Sustainability – Regional Managing Directors	– Published environment strategy – Adoption of Science Based Targets – Climate change governance, including LEAF committee – Achievement of Carbon Trust Standard – HBF and investor liaison – Training and development in-house and in our supply chain – Data collection and management

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Sustainable homes and communities Environment			– Energy use and GHG emissions – % Biodiversity net gain – Construction waste generation and waste to landfill	– Sustainable homes and developments attractive to customers – A sustainable business of choice for investors – Advantageous planning positions

I. Cyber security (NEW)

Risk description

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

Residual rating	Residual risk change in year	Risk appetite	Accountability	Key mitigations
Moderate		Low-moderate	– IT Director	– Complex passwords policy – Multi-factor authentication for remote access – Regular security patching and penetration testing – Risky logins check – Intrusion detection and prevention systems – Suspected phishing emails process – Mandated cyber training for all staff – Embedding security in new project deliverables

Link to material issues	Link to strategy	Link to values	Example key risk indicators	Opportunities
Governance and management			– Number of devices with critical and high open vulnerabilities – Number of devices without latest patching in place – Phishing test results – Cyber Training completion statistics – Number of users with administrative privileges to critical systems	– Together with our service partners, provide a level of security to reinforce our reputation as a trusted partner

Focused on operational delivery and financial performance

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

Chris Carney
Group Finance Director

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

Group financial review of operations

Income statement

The numbers referenced below are statutory numbers unless otherwise stated.

Group revenue increased to £4,284.9 million in 2021 (2020: £2,790.2 million), reflecting the increase in completions in the UK (excluding joint ventures) to 13,929 (2020: 9,412) with the comparative period impacted by site closures due to COVID-19. UK average selling prices rose 4.0% to £299.8k (2020: £288.3k) and average selling prices on private completions increased by 2.8% to £332.2k (2020: £323.2k) in the UK, primarily due to house price inflation partly offset by changes to product mix.

Group gross profit increased to £1,027.0 million (2020: £496.7 million), representing a gross margin of 24.0% (2020: 17.8%). The increase in margin over the prior year was mainly driven by the lack of COVID-19 costs (£60.3 million) seen in 2020 as well as fixed costs being absorbed across more completions in the current year.

Net operating expenses of £328.8 million (2020: £214.3 million) include £125.0 million of exceptional costs relating to the cladding fire safety provision, which is detailed below. Excluding these exceptional costs the net operating expenses were £203.8 million, which was predominantly made up of administrative costs of £211.0 million (2020: £206.8 million). These increased from the prior year as the savings in the current year from the restructuring that occurred in 2020 were more than offset by increases in performance based remuneration and share based payment charges that reflected the improved trading in the year.

This resulted in a profit on ordinary activities before net finance costs of £698.2 million (2020: £282.4 million), £823.2 million (2020: £292.4 million) excluding exceptional items.

During the year, completions from joint ventures were 158 (2020: 197). The total order book value of joint ventures as at 31 December 2021 was £74 million (31 December 2020: £51 million), representing 151 homes (31 December 2020: 118).

Our share of joint ventures profits in the year was £5.4 million (2020: £7.9 million). When including this in the profit on ordinary activities before net finance costs the resulting operating profit was £828.6 million (2020: £300.3 million), delivering an operating profit margin of 19.3% (2020: 10.8%).

In March 2021, we announced that we would cover the costs to bring all Taylor Wimpey apartment buildings going back 20 years from 1 January 2021, irrespective of height or whether we retain a legal interest, in line with current EWS1 guidance, covering cladding and the whole of the external wall systems including balconies. As a result of this the Group announced an additional £125.0 million provision to fund cladding fire safety improvement works which has been charged to exceptional items in line with our policy. The prior year exceptional charge of £10.0 million arose following a review of ongoing works to replace Aluminium Composite Material (ACM) cladding on a small number of legacy developments.

The net finance expense of £24.0 million (2020: £25.9 million) principally includes imputed interest on land acquired on deferred terms, bank interest and interest on the pension scheme. The decrease compared with the prior year is mainly due to a reduction in the net bank interest payable, which in 2020 reflected the full draw down of the previously unutilised £550 million revolving credit facility, which was fully repaid in the first half of 2020, following the temporary closure of sites. In addition, changes in foreign exchange rates in the year resulted in a small foreign exchange loss compared with a gain in the prior year.

Profit on ordinary activities before tax increased to £679.6 million (2020: £264.4 million). The pre-exceptional tax charge was £147.9 million (2020: £49.1 million). This represents an underlying tax rate of 18.4% (2020: 17.9%) which includes a £2.6 million credit (2020: £1.4 million credit) arising from the remeasurement, in part, of the Group's UK deferred tax assets at 25.0% following the changes to the corporation tax rates enacted by the UK Government in the first half of the year. A tax credit of £23.8 million was recognised in respect of the exceptional charge (2020: £1.7 million). This resulted in a total tax charge of £124.1 million (2020: £47.4 million), at a rate of 18.3% (2020: 17.9%).

As a result, profit for the year was £555.5 million (2020: £217.0 million).

Basic earnings per share was 15.3 pence (2020: 6.3 pence). The adjusted basic earnings per share†† was 18.0 pence (2020: 6.5 pence).

Spain

Our Spanish business primarily sells second homes to European and international customers, with a small proportion of sales being primary homes for Spanish occupiers. The business has continued to face market disruption as a result of international travel restrictions imposed during the COVID-19 pandemic. However, it has performed well against this backdrop and sales rates have recovered as restrictions have eased, with the 2021 sales rate comparable with 2019.

We completed 215 homes in 2021 (2020: 190) at an average selling price of €417k (2020: €375k), and our total order book as at 31 December 2021 of 324 homes (31 December 2020: 126 homes), reflects the recovery in the year as noted above. Gross margin decreased to 24.3% (2020: 31.1%), primarily due to the increased level of sales commissions incurred following the greater number of reservations compared with the prior year, and this flowed through to an operating profit of £14.6 million for 2021 (2020: £15.8 million) and an operating profit margin of 19.0% (2020: 25.0%).

The total plots in the landbank stood at 2,779 (31 December 2020: 2,819), with net operating assets at £108.9 million (31 December 2020: £111.5 million).

Balance sheet

Net assets at 31 December 2021 increased by 7.4% to £4,314.0 million (31 December 2020: £4,016.8 million), with net operating assets** increasing by £185.8 million to £3,450.6 million (31 December 2020: £3,264.8 million). Return on net operating assets** increased to 24.7% (2020: 9.9%) as the increase in average net operating assets over the year, compared with the prior year, was more than offset by the increase in operating profit over the same period. Group net operating asset turn*† was 1.28 times (2020: 0.92).

Land

Land at 31 December 2021 increased by £510.0 million in the year to £3,385.7 million as the Group continued to invest in land opportunities following the equity raise completed in June 2020. The increased land investment also meant that land creditors increased to £806.4 million (31 December 2020: £675.9 million) with new obligations exceeding payments in the period. Included within the gross land creditor balance is £59.0 million of UK land overage commitments (31 December 2020: £64.9 million). £314.2 million of the land creditors is expected to be paid within 12 months and £492.2 million thereafter.

At 31 December 2021 the UK short term landbank comprised 85,376 plots (31 December 2020: 77,435), with a net book value of £2.9 billion (31 December 2020: £2.5 billion). Short term owned land comprised £2.8 billion (31 December 2020: £2.4 billion), representing 62,660 plots (31 December 2020: 53,731). The controlled short term landbank represented 22,716 plots (31 December 2020: 23,704).

The value of long term owned land increased to £298 million (31 December 2020: £217 million), representing 37,425 plots (31 December 2020: 36,968), with a further total controlled strategic pipeline of 107,809 plots (31 December 2020: 101,676). Total potential revenue in the owned and controlled landbank increased to £59 billion in the year (31 December 2020: £54 billion).

Value distributed during 2021

Contribution to local communities via planning obligations

£417.7m

2020: £286.6m

Employment

£278.0m

2020: £264.9m

Net investment in land and WIP

£293.2m

2020: £362.2m

Pension contributions

£31.5m

2020: £52.3m

Taxes

£151.9m

2020: £136.4m

Dividends

£301.5m

2020: (nil)

2021 Group results

	UK	Spain	Group
Completions including joint ventures	14,087	215	14,302
Revenue (£m)	4,208.1	76.8	4,284.9
Operating profit (£m)	814.0	14.6	828.6
Operating profit margin (%)	19.3	19.0	19.3
Profit before tax and exceptional items (£m)			804.6
Profit for the year (£m)			555.5
Basic earnings per share (p)			15.3
Adjusted basic earnings per share (p)			18.0

Work in progress ('WIP')

Total WIP has reduced as completions originally planned for completion in Q4 2020 were delayed into the first half of the current year resulting in a greater WIP balance at the end of the prior year. Whilst the number of outlets at 31 December 2021 was lower than at the start of the year, the average WIP per UK outlet was broadly flat at £6.5 million (31 December 2020: £6.6 million), reflecting a continuing investment in build on active sites.

Provisions and deferred tax

Provisions increased to £245.1 million (31 December 2020: £130.5 million) due to the £125.0 million cladding fire safety provision recognised in the period. There was continued utilisation of the existing provision as works have been carried out as well as utilisation of the Ground Rent Review Assistance Scheme ('GRRAS') provision as claims have been received and processed. During the year the Group agreed voluntary undertakings with the CMA which built on the existing GRRAS scheme, the cost of these undertakings fall within the original provision made by the Group in 2017.

Our net deferred tax asset of £26.2 million (31 December 2020: £33.7 million) relates to our pension deficit, employee share schemes and the temporary differences of our Spanish business, including brought forward trading losses. The decrease in the pension deficit in the period decreased the deferred tax asset recognised, with some offset as the deferred tax asset has been remeasured, in part, at 25.0% (31 December 2020: 19.0%) following the UK enacted change in rate in the period.

Pensions

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the Trustee to pay deficit reduction contributions of up to £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.

During 2020, the Group engaged with the Taylor Wimpey Pension Scheme ('TWPS') Trustee on the triennial valuation of the pension scheme with a reference date of 31 December 2019. In March 2021, a new funding arrangement was agreed with the Trustee that commits the Group to paying £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions between 1 April 2021 and 30 September 2021 were guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow are suspended should the TWPS Technical Provisions funding position at any quarter end be 100% or more and would restart should the funding subsequently fall below 98%.

The Group continues to provide a contribution for Scheme expenses and also makes contributions via the Pension Funding Partnership. Total Scheme contributions and expenses in 2021 were £17.4 million (2020: £37.1 million) with a further £10.0 million paid into the escrow account (2020: nil). Further payments into escrow are subject to quarter-end funding tests and would amount to an additional £5.0 million being paid into escrow in 2022 each quarter if the funding test is not met at the respective quarter end.

The most recent funding test at December 2021 showed a surplus of £43 million and a funding level of 101.7% and as a result no payment into escrow is due in the first quarter of 2022.

At 31 December 2021, the IAS 19 valuation of the Scheme was a surplus of £149.9 million (31 December 2020: deficit of £89.1 million). Due to the rules of the TWPS, any surplus cannot be recovered by the Group and therefore a deficit has been recognised on the balance sheet under IFRIC14. The deficit being equal to the present value of the remaining committed payments under the 2019 triennial valuation. No such adjustment was recognised at 31 December 2020 since the deficit on an IAS 19 accounting basis exceeded the present value of committed payments at that time. Retirement benefit obligations of £37.3 million at 31 December 2021 (31 December 2020: £89.5 million) comprise a defined benefit pension liability of £37.0 million (31 December 2020: £89.1 million) and a post-retirement healthcare liability of £0.3 million (31 December 2020: £0.4 million).

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

Net cash and financing position

Net cash increased to £837.0 million at 31 December 2021 from £719.4 million at 31 December 2020, due to strong cash generation from operating activities being partially offset by an increase in land investment, and the payment of dividends in the year.

Final dividend pence per share

4.44

(2020: 4.14)

2022 share buyback

c.£150m

Average net cash for the year was £788.1 million (31 December 2020: £399.3 million).

In the year to 31 December 2021, the inflow of cash from operations as a result of the improved trading led to cash conversion of 69.4% of operating profit (2020: (54.9)%).

Net cash, combined with land creditors, resulted in an adjusted gearing‡‡‡‡ of (0.7)% (31 December 2020: (1.1)%).

At 31 December 2021 our committed borrowing facilities were £634 million of which £550 million was undrawn. The average maturity of the committed borrowing facilities at 31 December 2021 was 2.9 years (31 December 2020: 3.8 years).

Dividends

Subject to shareholder approval at the AGM scheduled for 26 April 2022 the 2021 final ordinary dividend of 4.44 pence per share will be paid on 13 May 2022 to shareholders on the register at the close of business on 1 April 2022 (2020 final dividend: 4.14 pence per share). In combination with the 2021 interim dividend of 4.14 pence per share this gives total ordinary dividends for the year of 8.58 pence per share (2020 ordinary dividend: 4.14 pence per share).

The 2021 final ordinary dividend will be paid as a cash dividend, and shareholders in the United Kingdom have the option to reinvest all of their dividend under the Dividend Re-Investment Plan (DRIP), details of which are available on our website www.taylorwimpey.co.uk/corporate.

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

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

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 (operating margin, return on net operating assets, and cash conversion). A portion of executive remuneration is also directly linked to some of the APMs. Definitions and reconciliations to the equivalent statutory measures are included in note 32 of the financial statements.

Going concern

The Directors remain of the view that the Group's financing arrangements and balance sheet strength provide both the necessary liquidity and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Accordingly, the financial statements are prepared on a going concern basis, see note 1 of the financial statements for further details of the assessment performed.

Chris Carney
Group Finance Director

Viability disclosure

In accordance with the 2018 UK Corporate Governance Code, the Directors and the senior management team have assessed the prospects and financial viability of the Group for a period longer than the 12 months required for the purposes of the 'going concern' provision.

Time period

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

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

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

- The cyclical nature of the market in which the Group operates, which tends to follow the economic cycle;
- Consideration of the impact of Government policy, planning regulations and the mortgage market;
- Long term supply of land, which is supported by our strategic landbank; and
- 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.

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 2 to 3) and the output from the annual business planning process and financing arrangements;
- The wider economic environment and mortgage market (further details of which are provided on pages 18 to 21), as well as changes to Government policies and regulations, including those influenced by sustainability, climate change and the environment, that could impact the Group's business model including the recent announcement on the Future Homes Standard (further details of which are provided on page 19) and Residential Property Developer Tax;
- Strategy and business model flexibility, including build quality, customer dynamics and approach to land investment. Further detail is provided on pages 22 to 27; and
- Principal Risks associated with the Group's strategy and business model including those which have the most impact on our ability to remain in operation and meet our liabilities as they fall due.

Principal Risks

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

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

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

A range of sensitivity analysis for these risks together with likely mitigating actions that would be adopted in response to these circumstances were modelled, including a severe but plausible downside scenario in which the impacts were aggregated together.

The impact from 'Natural resources and climate change' (H) is not deemed to be material within the five year forecast period, albeit known costs from regulation have been included in the modelling (e.g. updates to Parts L&F of the building regulations in England and Future Homes Standard).

Assessment of viability

The Group adopts a disciplined annual business planning process 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 ('forecast').

The financial planning process considers the Group's profitability and Income Statement, Balance Sheet including landbank, gearing and debt covenants, cash flows and other key financial metrics over the forecast period. The forecast also incorporates the likely market impact of the planned changes to Help to Buy and considers the impact of the Government announcements for example on transitional arrangements for the Future Homes Standard and the Building Safety Levy. These financial forecasts are based on a number of key assumptions, the most important of which include:

- Timing and volume of legal completions of new homes sold, 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 from the updates to Parts L & F of the building regulations in England and the Future Homes Standard;
- Working capital requirements; and
- Capital repayment plan, where we have assumed the payment 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 as well as the distribution of excess capital to shareholders in 2022 via a share buyback.

Stress testing our risk resilience

The assessment considers sensitivity analysis on a series of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these we have included macro-economic and industry-wide projections as well as matters specific to the Group.

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

We have applied the sensitivities encountered at those times, as well as the mitigations adopted, to our 2022 expectations in order to test the resilience of our business. As a result, we have stress tested our business against the following severe but plausible downside scenario which can be attributed back to the Group's Principal Risks that have been identified as having the most impact on the longer-term prospects and viability of the Group.

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

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

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

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

The mitigating actions considered in the model include a reduction in land investment, a reduction in the level of production and work in progress held and reducing our overhead base to reflect the lower volumes.

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

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,471 million at 31 December 2021. This is sufficient to absorb the financial impact of each of the risks modelled in the stress and sensitivity analysis, individually and in aggregate.

Confirmation of viability

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

Approval of the Strategic report

This Strategic report on pages 2 to 71 was approved by the Board of Directors and signed on its behalf by

Pete Redfern
Chief Executive

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.

*† Net operating asset turn is defined as 12-month rolling total revenue divided by the average of opening and closing net operating assets.

† Tangible net assets per share is defined 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.

†† 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 cash 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, with operating cash flow defined as cash generated from operations (which is before taxes paid, interest paid and payments related to exceptional charges).

‡‡‡‡ Adjusted gearing is defined as adjusted net debt divided by net assets. Adjusted net debt is defined as net cash less land creditors.

Governance at a glance

The 2018 UK Corporate Governance Code statement of compliance

For the year ended 31 December 2021, the Company complied with:

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

In accordance with Section 4, Principle N, Provision 27 of the Code, the Board considers that, taken as a whole, this Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Board was able to reach this conclusion after receiving advice from the Audit Committee. More information can be found on page 104.

How we comply with the Code

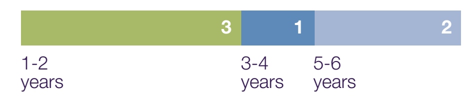
The Corporate Governance section of this Annual Report and Accounts explains how the Code principles have been applied, as set out below:

Directors' skills matrix

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

Board composition (as at 31 December 2021)

Non Executive Directors' tenure



Board independence

Board meetings via Microsoft Teams and in person

Highlights

Undertook a formal, rigorous and transparent recruitment and selection process for the role of Chief Executive
Page 90

Reported on the likely impact of the Company's activities on the climate
Page 48

Further developed the Company's succession and contingency plans
Page 91

Completed the annual internal evaluation of the Board, its Committees, the Chairman and individual Directors
Page 92

Met the FTSE Women Leaders Targets in relation to Board diversity
Page 93

Met the Parker Review 'Beyond One by 21' recommendation
Page 93

Implemented a revised Equality, Diversity and Inclusion Policy
Page 94

Published the Company's fifth Gender Pay Gap Report
Page 94

Continued to be a member of the FTSE4Good Index
Page 79

Arranged a thorough induction process following the appointment of Jitesh Gadhia and Scilla Grimble as Non Executive Directors
Page 91

Enhanced the role of, and employee engagement with, the Board's Employee Champion
Page 84

2022 AGM

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

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

Board of Directors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Chairman

1. Irene Dorner
Chairman N R

Joined December 2019 and appointed Chairman 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; CEO and President of HSBC in the United States; Group Managing Director of HSBC Holdings and member of the Group Management Board.

Irene was Chairman of Virgin Money (UK) plc for seven months prior to its acquisition in 2018 and was also a non executive director of AXA SA.

External appointments
Irene is currently a non executive director at Rolls-Royce Holdings plc but will be stepping down on 12 May 2022. She also Chairs Control Risks Limited, a risk consultancy business. She is a Trustee of the South East Asia Rainforest Research Partnership, an Honorary Fellow of St. Anne's College, Oxford and Chair of the Trustees for the Hampstead Theatre.

Executive Directors

2. Pete Redfern
Chief Executive (a)

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 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 the Senior Independent Director at Travis Perkins plc and is Chair of the Youth Adventure Trust charity.

3. 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. Since joining 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.

As Group Finance Director, Chris has operational responsibility for managing the Company's finances and also oversees the information technology and pension functions.

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

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 currently a non executive director at New Homes Quality Board Limited and at the Peabody Trust, however she will step down from the Peabody Trust at the end of June 2022.

Independent Non Executive Directors

5. Robert Noel
Independent Non Executive Director (c) A N

Joined October 2019

Skills and experience
Rob has over 30 years' experience in the property sector. 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 has been the Company's Senior Independent Director since April 2020.

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

6. Gwyn Burr
Independent Non Executive Director (d) N R

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 at Hammerson plc and Made.com Group Plc; and a non executive director at Just Eat Takeaway.com N.V. plc and Metro AG (a German listed company).

7. Lord Jitesh Gadhia
Independent Non Executive Director (e) N R

Joined March 2021

Skills and experience
Jitesh has over 20 years' experience, principally in banking and private equity, having held senior roles at Blackstone, Barclays Capital and ABN AMRO.

He previously supported the Letwin Review of the build out rate of residential homes, and was a non executive director at UK Financial Investments Limited and Senior Independent Director at Calisen plc.

External appointments
Jitesh has been a member of the House of Lords since 2016. He is a non executive director of Compare The Market Limited, a director of Accord Healthcare Limited, a member of the Board of UK Government Investments Limited, and a Trustee of the British Asian Trust. It has also been announced that Jitesh will be joining the Board of Rolls-Royce Holdings plc from 1 April 2022 as a non executive director.

8. Scilla Grimble
Independent Non Executive Director A N

Joined 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, and Marks and Spencer 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 at Moneysupermarket.com Group plc.

9. Angela Knight
Independent Non Executive Director (f) A N R

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 at HM Treasury until the end of February 2019.

External appointments
Angela is the Chair at Pool Re, and a non executive director at Arbuthnot Latham & Co., Provident Financial plc, and Encore Capital Group, Inc. In addition, she is a member of the governing body of The Astana Financial Services Authority.

10. Humphrey Singer
Independent Non Executive Director A N

Joined December 2015

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

External appointments
Humphrey is Chief Financial Officer at Belron Group.

Company Secretary

Alice Black
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 Secretarial Departments. She has significant legal, commercial, transactional, regulatory and corporate governance related experience.

Key to committees

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

Board attendance during 2021

	Number of meetings attended in 2021
Irene Dorner, Chairman	**8/9** (a)
Pete Redfern, Chief Executive	**9/9**
Chris Carney, Group Finance Director	**9/9**
Jennie Daly, Group Operations Director and CEO designate	**9/9**
Robert Noel, Senior Independent Director	**9/9**
Gwyn Burr, Non Executive Director	**9/9**
Jitesh Gadhia (b), Non Executive Director	**7/7**
Scilla Grimble (b), Non Executive Director	**7/7**
Angela Knight, Non Executive Director	**9/9**
Humphrey Singer, Non Executive Director	**9/9**

(a) Irene Dorner was unable to attend one Board meeting during the year. More information can be found on page 78.
(b) Appointed as a Non Executive Director on 1 March 2021.

Upcoming Board changes

At the conclusion of the AGM on 26 April 2022:

(a) Pete Redfern will step down as Director and Chief Executive
(b) Jennie Daly will become Chief Executive
(c) Robert Noel will become the Board's Employee Champion
(d) Gwyn Burr will step down from the Board
(e) Jitesh Gadhia will become Chair of the Remuneration Committee
(f) Angela Knight will step down from the Board

Corporate governance: Chairman's letter

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

Irene Dorner
Chairman

Dear shareholder

My second year as Chairman featured almost as many new challenges as the first year, when we worked our way through the impact of a global pandemic. Our Board has overseen the gradual rebuilding of our operations towards pre-COVID-19 levels and the actions taken to ensure land acquired following the equity raise progresses through the planning system to deliver outlet-led growth, whilst conducting an in-depth external and internal search for the Company's new Chief Executive.

The challenge of maintaining good governance during this period of increasing activity on a number of different fronts has, I believe, been effectively met. This Governance report sets out the key areas we have considered as a Board; the Board Committees; and the processes established throughout the Group's businesses and operations; the influence of stakeholder engagement in our thinking, debate and decision making; and how that has been brought together to maintain strong governance throughout 2021 and present a robust outlook for 2022 and beyond.

Culture

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

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

Information on the Group's cultural principles and the ways in which we monitor their application and continued appropriateness, appears on pages 40 and 83.

Stakeholder engagement

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

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

Equally important is maintaining, and seeking to further improve, two-way communication between the Board and our employees. Whilst this remains a priority for the entire Board, the appointment during 2020 of Gwyn Burr as the Board's Employee Champion has further improved this process of inclusion, consultation, and information. I am confident that when Gwyn leaves the Board after the Annual General Meeting (AGM), Robert Noel will continue to further develop and strengthen these areas when he takes over the role of the Board's Employee Champion.

Information on the processes embedded to ensure that this employee engagement takes place appears on page 84.

Environmental, social and governance

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

Please see pages 7 and 79 for more information.

Climate change

We are all conscious that climate change has rightly received greater attention worldwide during 2021 and that efforts continue to reduce the pace of that change. To that end, The Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. This reporting became mandatory for UK listed companies for 2021 reporting and beyond, in accordance with Listing Rule 9.8. The Company's reporting in this area, including additional disclosures around risks and opportunities, is set out on pages 48 to 57, together with details as to how this reporting has been overseen by the Audit Committee on page 99.

Equality, diversity and inclusion

Further improving equality, diversity and inclusion across the Group is embedded in our day to day business operations. Led by the Group HR team, supported by the GMT and overseen by the Board, the further progress made in these areas during 2021 and plans for further improvement during 2022, are set out on page 95.

In 2021, the Company continued to exceed the FTSE Women Leaders Review target on gender, namely, to have at least 33% female representation on the Board; and has also met the Parker Review target of having at least one person of colour on the Board by the end of 2021.

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

Board composition

Following the appointments of Jitesh Gadhia and Scilla Grimble in March 2021, the Nomination and Governance Committee conducted a thorough review of our Board and concluded that the composition, structure, and balance of skills and experience on the Board was appropriate at the time.

The following changes were recently announced to the composition of our Board.

Firstly, we have announced that Pete Redfern will be stepping down as a Director and as Chief Executive at the conclusion of the AGM on 26 April 2022. This is, of course, a significant development for the Company as Pete has been Chief Executive since the merger in 2007 which created Taylor Wimpey and was previously George Wimpey's Chief Executive from 2006. Pete introduced the culture of 'doing the right thing' and has continued to lead the Company with consistently high standards of corporate governance.

We were delighted to announce on 7 February 2022 that Jennie Daly, our current Group Operations Director, will succeed Pete Redfern as Chief Executive with effect from the conclusion of the AGM. Jennie has been with the Group for eight years and has extensive knowledge and practical experience of all stages of the land acquisition and development business, including as Interim Divisional Chair of one of our operating divisions. She is well-known and well-respected in the wider industry, with 30 years' experience in the housebuilding and land and planning industries. Jennie will have the benefit of a substantial handover period from Pete prior to his departure. With her strong focus on execution, combined with her customer and people-focused skills, I, and the Board as a whole, are confident that she is the ideal person to lead the Group in the next exciting chapter of growth and delivery.

More details of Jennie's experience and career to date appear on page 74.

Secondly, we have announced that two of our Non Executive Directors, Gwyn Burr and Angela Knight, will be stepping down with effect from the conclusion of the 2022 AGM and will therefore not be seeking re-election at the AGM. I would like to thank both Gwyn and Angela for their long service and valued counsel during their tenure on the Board; their membership of Board Committees; and Gwyn's additional valued contributions both as Chair of the Remuneration Committee and as the Board's Employee Champion.

We have engaged the services of a reputed executive search firm to support the recruitment process for new Non Executive Directors, with a focus on operational and customer service expertise.

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

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

2022 AGM

I am pleased to be able to announce that the Company's 2022 AGM will be held in person at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1GJ. I hope you will be able to attend and I and the other Board members look forward to meeting shareholders, hearing their views, and answering their questions. In the event that shareholders are unable to attend the AGM, they are invited to submit questions in advance to be answered at the AGM. More details of the AGM and the business to be considered, are set out on pages 184 to 191.

Conclusion and outlook

As demonstrated in the results of our internal Board evaluation, your Board continues to be effective and to work well as a team, having been further enhanced by the skills and knowledge brought to the table by the two new appointees during the year. Throughout 2021 I am confident that we continued to have the right balance of skills, expertise, experience and professionalism to continue to deliver strong governance, within our culture of 'doing the right thing'. Following our announcement that Gwyn Burr and Angela Knight will be stepping down at the conclusion of our AGM, we also have the opportunity to carefully reassess our Board composition to ensure we maintain such high standards in the future.

Irene Dorner
Chairman

2 March 2022

50%
Board gender diversity

95%
of employees are proud to work for the Company

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

Board leadership and Company purpose

The Board and its Committees

At the date of this report, the Board consists of ten Directors, namely: the Chairman; three Executive Directors; and six Non Executive Directors. Their names, responsibilities and other details appear on pages 74 and 75.

The role of the Non Executive Directors is to offer advice, guidance and constructive challenge to the Executive Directors, using their wide ranging experience gained in business and from their diverse backgrounds in the areas described on pages 74 and 75.

Appointments and succession

During 2021 the Nomination and Governance Committee reviewed the composition, structure, succession planning, and balance of skills and experience on the Board and the Board Committees. Following the appointments of Jitesh Gadhia and Scilla Grimble on 1 March 2021, described on page 88, the Nomination and Governance Committee considered the Board composition was appropriate, and this will be kept under review following the Board changes at the 2022 AGM.

More information about the planned succession of Jennie Daly to the Chief Executive role and the recruitment, assessment and decision making process undertaken by the Nomination and Governance Committee in planning and concluding the Chief Executive succession; together with the progress to date on recruiting new Non Executive Directors, can be found on pages 90 to 91.

Board attendance

During 2021 the Board held eight formal meetings and one business update call in January in order to update the Board on the previous year end performance and provide an initial trading update in the new year.

The Board regularly considers the number and frequency of Board meetings that take place each year and has concluded that nine meetings is appropriate. There are processes in place to convene additional Board meetings as and when necessary.

The Chairman held a meeting with the Non Executive Directors at the conclusion of each formal Board Meeting, without the Executive Directors being present, and, as required by the Code, the Senior Independent Director, held a meeting with the Non Executive Directors without the Chairman being present.

There was full attendance at all meetings by all Directors, except the Chairman who was not available for one meeting which was instead chaired by Robert Noel as the Company's Senior Independent Director. After the meeting, both Rob Noel and Alice Black, in her role as Secretary, briefed Irene Dorner on the business of the meeting and any decisions that were taken. In addition, prior to the meeting, Irene's views on the business proposed in the meeting agenda were sought and shared with the other Board members during the meeting. Details of the attendance of each Director at Board and Committee meetings are set out in the tables on pages 75, 88, 98 and 105.

Board responsibilities

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

Information and professional development

In normal business conditions, all Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business.

The role of the National Employee Forum (NEF) has been steadily enhanced over the past four years enabling a representative of the Board, usually the Board's Employee Champion, Gwyn Burr, to continue hearing employee sentiment first hand. This dialogue operates as an effective, two-way information loop between the Board and the NEF as the employees' representative body and we will continue to develop the link between employees and the Employee Champion in 2022. More information about employee engagement can be found on page 84.

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 ahead of all Board and Committee meetings at least one week prior to the meeting, in order to allow sufficient time for detailed review and consideration. Formal minutes are prepared in respect of all Board and Committee meetings.

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

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

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

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

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

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 22 to 27.

Examples of the Board's leadership towards achieving this purpose during 2021 are described on pages 81 and 82, including the Board's consideration of key stakeholders and the ways in which consideration of their interests informed the Board's decision making during 2021 and will continue to do so during 2022.

Environmental, social and governance

Environmental, social and governance (ESG) has always been an important part of working for Taylor Wimpey and our approach is set out on page 7. The Board receives regular briefings and updates on the progress of the Group's ESG initiatives. These briefings allow the Board to assess the significant ESG risks to the Company's short and long term value. They also informed the Board as to the Company's compliance with the new requirements effective for this reporting year.

How progress is driven and performance overseen

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

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

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

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

Independent performance indicators

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. It is therefore pleasing to be able to report that the Company's commitment to ESG and progress, particularly in respect of our sustainability initiatives, is being recognised, as the Company:

- Is a constituent of the Dow Jones Sustainability Europe Index and FTSE4Good
- Is included in the S&P Sustainability Yearbook 2022
- Has received an AA rating from MSCI
- Has received an ESG Risk Rating of Low from Sustainalytics
- Is a member of Next Generation, the sustainability benchmark for UK housebuilders, ranking third and receiving a Gold Award for 2021
- Discloses performance to CDP and received the following scores: CDP Climate Change A- (2020: B), CDP Water Security B (2020: B), and CDP Forests B- for forest commodities and deforestation (2020: B)
- Is assessed to be at level 2 in the latest update of the Institutional Shareholder Services (ISS) Governance Quality Score for the Company's ESG performance, indicating a low level of comparative risk for governance, including the lowest level of comparative risk for the key areas of Board structure, compensation, and shareholder rights

New reporting

The Board welcomed the Policy Statement and associated guidance issued by the Financial Conduct Authority setting out details of how greater reporting in this area is mandatory for this and future reporting periods under the Listing Rules. The Company's new reporting in this area is set out on pages 48 to 55 of this Annual Report; and our continued disclosure of performance against criteria identified for our sector by the Sustainability Accounting Standards Board, appears on pages 56 to 57.

Further details of ESG risks and value enhancement pursuit appear on pages 48 and 49 and in the Sustainability Supplement and ESG Addendum 2021, which is available on our website at taylorwimpey.co.uk/corporate/sustainability

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

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

Diversity
As part of our ESG agenda, the Company is committed to supporting diversity and our policy is to appoint or promote, as appropriate, the best person for the role in question, without taking account of factors such as background, age, gender, ethnicity or disability. The policy has been reinforced through training sessions on unconscious bias for management teams throughout the Company's business units and its head office functions.

More information can be found on page 93.

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

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

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

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

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

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

Schedule of matters reserved for the Board

Division of responsibilities

Articles of Association

Terms of Reference of the Nomination and Governance Committee

Terms of Reference of the Audit Committee

Terms of Reference of the Remuneration Committee

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

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

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

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

Risk
During 2021, the continued embedding of previous enhancements made to the Group's risk management process around enhanced reporting, tracking and monitoring of risks, together with additional enhancements made during the year, have further strengthened the effective management of the Principal, key and emerging risks, which led to the addition of two new Principal Risks as set out on page 61. Their associated management and mitigation actions and plans were reviewed and assessed by Internal Audit as part of its programme of work during the year. To achieve its objectives in respect of risk management and internal control for the year, the Audit Committee undertook a number of actions, as set out in more detail in the Audit Committee Report on page 101.

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

Whistleblowing
The Company's Whistleblowing Policy is supported by a clear process that includes an independent third party whistleblowing hotline that any person, including employees of the Company, may, in confidence, raise concerns about 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, Group HR Director and / or the Group General Counsel and Company Secretary depending on the nature of the issue, and (where appropriate) the Head of HSE.

Whistleblowing incidents and their outcome are reported to the Board, on an anonymous basis, in line with the Code. Whistleblowing featured regularly on the Board's agenda during 2021, 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 anonymous report that is provided to the Board of concluded investigations is also shared with the GMT.

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

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

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

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

Board activities

Strategy and execution

Stakeholders impacted

- Customers
- Employees
- Partners
- Investors
- Communities

Business updates

- Received updates on the Company's land purchases following the equity raise during 2020
- Received a customer service update, with a focus on the introduction of the New Homes Quality Board and Ombudsman service
- Reviewed an update on the Company's supply chain performance
- Received a sales and marketing update
- Received a demonstration of the new customer management system platform
- Reviewed an update on the Company's IT systems and cyber security activities
- Received regular updates on HR matters

COVID-19

- Monitored the impact of the COVID-19 pandemic on the Company and its stakeholders

ESG

- Oversaw the Company's ESG initiatives

Compliance

- Reviewed and approved the 2020 Annual Report and Accounts

Fire Safety

- Considered reports on fire safety and cladding matters at every meeting

CMA

- Received regular reports on engagement with the CMA regarding the Company's historic leasehold properties

Organisational capacity

Stakeholders impacted

- Customers
- Employees
- Partners
- Investors

Operational performance

- Received health, safety and environmental reports at every meeting
- Received regional, divisional and Company performance updates
- Received regular reports from the Company's brokers and investor relations team
- Visited a regional business unit office and three development sites

National Employee Forum (NEF)

- Received updates from the Board's Employee Champion following every NEF meeting

Employees

- Approved the Board's Employee Champion's key activities
- Considered the results of the employee survey and actions proposed

Succession planning

- The Board considered and approved the recommendation from the Nomination and Governance Committee to appoint the new Chief Executive

Financial oversight

Stakeholders impacted

- Employees
- Partners
- Investors

Financial resources

- Received a detailed review of the Company's financial position, including borrowing facilities and financial alternatives, at each meeting
- Agreed the 2022 budget
- 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

Excess capital returns

- Considered the Company's Dividend Policy and return of excess capital to shareholders

Pensions

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

Risk

- Received regular updates on the Company's risk management
- Conducted two assessments of risk and progress made on mitigating actions

Governance and values

Stakeholders impacted

- Employees
- Partners
- Investors
- Communities

Compliance

- Received regular updates on relevant governance and regulatory developments during the year, from both internal and external sources
- Approved the Company's fifth Modern Slavery Act 2015 statement in 2021 after reviewing its operations and supply chain
- Received two whistleblowing updates and interim updates as required
- Reviewed the Company's 2020 Gender Pay Gap Report
- Reviewed the Committees' Terms of Reference

AGM

- As a result of the pandemic, held the 2021 AGM without shareholders in attendance but with the opportunity for shareholders to pre-submit questions or ask them live
- At the 2021 AGM, proposed the appointment of PwC as the Company's external Auditors which was approved by over 98% of votes

Board evaluation

- Oversaw the internally facilitated Board evaluation, identifying areas for further improvement and agreed actions to be taken

Shareholders

- Sought shareholder and institutional feedback, both at the AGM and half year and full year results presentations, in addition to shareholder engagement conducted by the Chairman and Remuneration Committee Chair

How our Board monitors culture

Our Board considers that good governance should not only be focused on how our Board operates, but also on the culture within which the Company's employees operate on a day to day basis in order to achieve our purpose. We are proud of the culture to 'do the right thing' at Taylor Wimpey and see it as a key strength of the organisation.

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

The Board is led in these respects by the Chairman, who ensures our Board operates correctly, setting its own culture and, by extension, that of the Company in its operations and its dealings with all stakeholders. The observance of that culture throughout business operations is led by the Chief Executive and the GMT.

The Board reviews several important indicators of the Company's culture, including those set out below.

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

- An absolute and non-negotiable requirement throughout our business to ensure the health and safety of all of our stakeholders that work at, or visit our offices and developments
- The requirement to observe good business practice, including abiding by all applicable laws and regulations that relate to our business
- The provision of mandatory training to all of our businesses on key legislation and 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
- 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

Board and employee engagement

The Board's Employee Champion, Gwyn Burr, Non Executive Director, continued to strengthen the availability and frequency of communication between the Board and employees. Gwyn attended three NEF meetings throughout the year and reported back to the Board on topics discussed, as described in more detail on page 85.

2021 Action: The two-way communication channel was further strengthened by the introduction of Local Employee Forums at business unit level, to feed into the NEF.

More information can be found on pages 84 to 85.

Employee perception and retention

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

2021 Action: Conducted an Employee Survey and identified priorities which were acted upon during 2021 and inform plans in this area during 2022.

More information can be found on pages 26 to 27.

Health and safety

Our Annual Injury Incidence Rate per 100,000 employees and contractors was 214 (2020: 151), well below the HBF Home Builder and Health and Safety Executive construction industry averages. The Board reviews health, safety and environmental matters as the first substantive item at each Board meeting.

During 2021, our health and safety team delivered training to over 2,000 individuals on sites and rolled out a new HSE reporting system, improving data records and insight into likely root causes of incidents.

2021 Action: The NEF was consulted on Health and Safety improvement strategy and this area scored well in the Employee Survey reported on page 41.

More information can be found on page 40.

Employee surveys

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

2021 Action: Initiatives in response to feedback contained in the results of the 2021 Employee Survey, as described on page 26.

More information can be found on pages 26 to 27.

How the Board engaged with shareholders and employees during the year

Shareholders

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

The Company has continued its longstanding practice of engaging with its shareholders in a proactive manner.

Chairman meetings

Irene Dorner held six meetings with key investors and shareholder representative bodies throughout 2021, representing 22.3% of our issued share capital. A variety of key themes were discussed such as ESG and succession.

2021 Annual General Meeting

Shareholders were not able to attend the 2021 AGM in person as a result of the COVID-19 pandemic.

In a similar way to the 2020 AGM, the Board put in place arrangements for shareholders to listen to the business of the meeting by dialling into an audiocast facility. Shareholders were also given the opportunity to ask questions in real time on the call. Alternatively, they were able to submit questions in advance of the meeting to the Company Secretary by email and these were answered during the meeting.

The Company also took the opportunity to amend its Articles of Association to allow hybrid meetings in the future, so that if shareholders are unable to attend meetings again in the future, they will be able to vote in real time.

The Board is looking forward to reverting to an 'in person' AGM in 2022, which will allow our Board members to meet and speak directly with our shareholders.

Investor relations programme

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

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

Remuneration consultation

The Remuneration Committee also wrote to 14 shareholders and three institutional shareholder advisers, holding in aggregate 50% of our issued shares, to ask for feedback and offered the opportunity for a conversation on the proposed remuneration arrangements for the Executive Directors for 2022 and the proposed remuneration arrangements for Pete Redfern when he leaves the business.

Employees

The Board recognises the importance of engaging with the workforce and has therefore adopted two of the methods set out in Provision 5 of the Code.

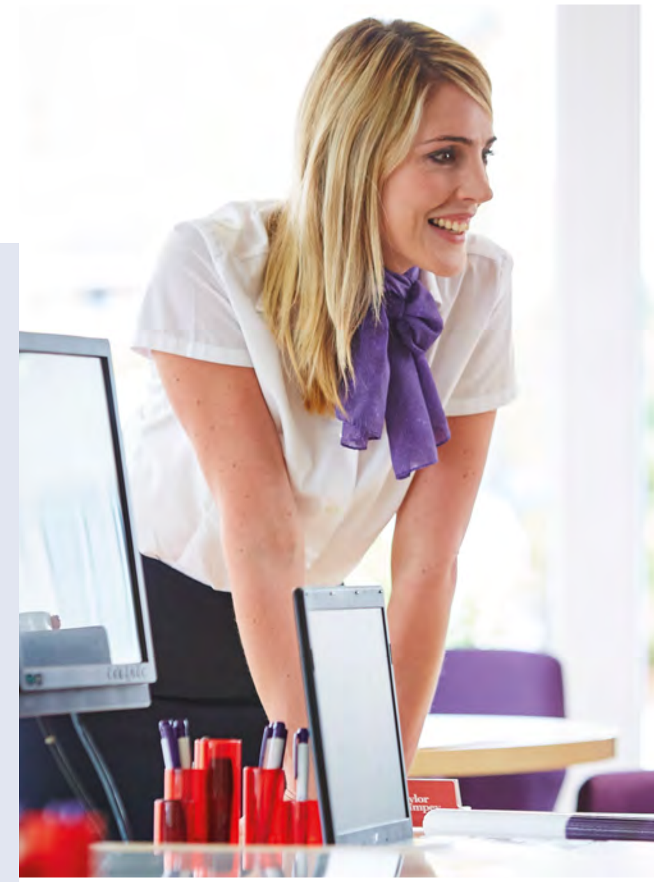
The Board's Employee Champion

Gwyn Burr was the Board's Employee Champion throughout 2021 and is responsible for championing the 'employee voice' in the boardroom and strengthening the link between the Board and employees. During the year, the Board took the opportunity to define the main activities of the Board's Employee Champion, and these can be found on page 87 and in the Division of Responsibilities document on the Company's website.

Gwyn regularly attends the NEF, attending three meetings during 2021. After each meeting she provides an update to the Board on the items discussed during the meeting. The topics covered during these meetings can be found in the NEF section opposite. Gwyn and the Chairman, via the Secretary, have the opportunity to suggest agenda items at each NEF meeting, and the Board's Employee Champion ensures that they feed back any areas of concern raised by the NEF members. During 2021, it was agreed that the standing 'open discussion' item on each NEF agenda was moved to the start of the meeting so that NEF members could raise any concerns without the risk of running out of time in the meeting. This change has resulted in a significant increase in discussions and debate.

Following engagement with employees at the NEF, Gwyn suggested and it has been agreed that in 2022 the Board's Employee Champion will meet with small groups of junior to mid-level employees in each division to gather feedback directly from employees outside of the NEF in an informal setting and without senior management being present, to further encourage openness. These meetings will be called 'Employee Focus Groups' and will include both site and office based staff. The sessions will be facilitated by the Employee Champion with the support of the Company Secretary and there will be no set agenda with participants being encouraged to feed back on any topics they choose to.

The Employee Champion will feed back to the Chairman and Chief Executive shortly after each meeting to ensure any area of concern can be appropriately addressed quickly, and will also provide an update to the Board.



The NEF

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

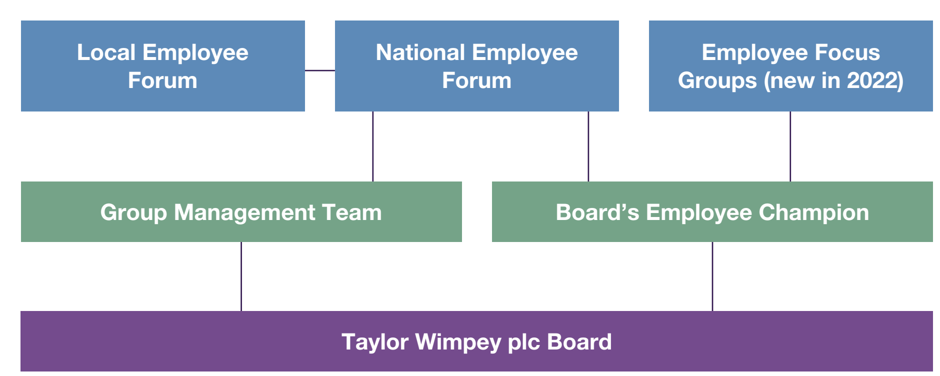
All NEF members participated in a number of training courses aimed at building their confidence and encouraging them to look beyond their region and consider issues from a national perspective.

During 2021 the following key activities took place:

- The NEF membership was extended to ensure that it had representation from all parts of the business.
- Received briefings on key development areas in the business, including an update on land acquisition following the equity raise, implementation of the Environment Strategy, and the employee survey.

Employee Consultative Committees had been established for over 10 years at each business unit, however it was considered that their size and structure did not appropriately reflect the different functions within the business. The structure of these Committees was reviewed during 2021 to ensure that each local group had representation that mirrors the business structure and provides flexibility for additional members as required. These updated forums are referred to as 'Local Employee Forums' (LEF), comprising of a member from each function and department or a representative for groupings of smaller departments. Each LEF is responsible for communicating feedback from the NEF to their business unit and to feed any areas of concern up to the NEF. This will strengthen the input into the NEF and the Board from the Company's employees.

More information on how the Board engaged with our other stakeholders and key decisions made by the Board whilst considering our stakeholders can be found on pages 36 and 37.



A clear and effective structure

There is a clear and effective division of responsibilities between the Board and the Group Management Team (GMT) which is a key foundation of the Company's strong governance.

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

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

How we are governed

The Board

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

Audit Committee

Chaired by Humphrey Singer

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

Nomination and Governance Committee

Chaired by Irene Dorner

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

Remuneration Committee

Chaired by Gwyn Burr

- Advises the Board on remuneration policy at executive and senior management 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 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
- Reviews the remuneration arrangements available to the wider workforce and considers these when setting the executive remuneration

Chief Executive and the GMT

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

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

Role of the Board

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

Chairman

- Lead the Board effectively to direct the Company
- Chair Board meetings and set Board meeting agendas
- Ensure high standards of corporate governance
- Demonstrate objective judgement
- Build a well balanced and highly effective Board
- Promote a Board culture of openness and debate to encourage constructive challenge
- Facilitate and promote constructive Board relations and communication
- Ensure Directors receive accurate, timely and clear information
- Set the Company's cultural tone from the top
- Enable an annual review of the Board's effectiveness
- Engage individually with the Directors, as required
- 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 GMT and planning for succession
- Manage the Group's risk profile and establish effective internal controls
- Ensure the Chairman and the Board are kept advised and updated regarding any key matters
- Maintain relationships with investors and advise the Board accordingly
- Set the Company's culture from the top, particularly with regard to compliance and sustainability
- Agree the Company's annual budget proposal, prior to formal agreement with the Board
- Oversee the customer service, sales and marketing, and sustainability functions

Group Finance Director

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

Group Operations Director

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

Senior Independent Director

- Act as a sounding board for the Chairman
- Chair Board meetings in the absence of the Chairman
- Act as 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

Non Executive Directors

- Provide effective and constructive challenge to the Executive Directors
- Assist in developing and approving the Company's strategy
- Serve on Board Committees
- Provide advice and experience to the Company
- Keep abreast of shareholders' views

Employee Champion

- Responsible for championing the 'employee voice' in the boardroom and strengthening the link between the Board and employees
- Gather the views of employees through a variety of formal and informal channels and identify any areas of concern
- Liaise with Senior Management on a regular basis on matters of employee engagement and culture

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 the 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

Nomination and Governance Committee report

Nomination and Governance Committee summary

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

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

Committee members	Meetings attended
Irene Dorner (Chair)	5/5
Robert Noel	5/5
Gwyn Burr	5/5
Jitesh Gadhia[a]	4/4
Scilla Grimble[a]	4/4
Angela Knight	5/5
Humphrey Singer	5/5

(a) Appointed to the Committee on 1 March 2021.

Main objectives

- To ensure there are formal, rigorous and transparent procedures 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

2022 objectives

- Ensure an effective induction programme takes place for the new Chief Executive
- Ensure a formal, rigorous and transparent recruitment process for the appointment of new Non Executive Directors takes place, followed by an effective induction programme
- Continue to drive the equality, diversity and inclusion agenda to make progress towards the Company's targets and to ensure it is embedded within the Company's culture and aligned to the strategy
- Continue to monitor succession and contingency plans across the Company
- Ensure the Company continues to have the necessary level of skills and leadership on the Board and Group Management Team (GMT) to effectively deliver the strategy
- Continue to develop the Company's corporate governance processes and to maintain corporate governance best practice

Irene Dorner
Chairman of the Nomination and Governance Committee

Dear Shareholder

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

Board composition

2021, and the beginning of 2022, have introduced a new period of transition for our Board and the Company following the announcement that Pete Redfern, Chief Executive, would be leaving the Company following nearly 15 years of outstanding service.

We have undertaken a formal, rigorous and transparent recruitment process to appoint a successor and we are very pleased to announce the appointment of Jennie Daly, our Group Operations Director, as the Company's next Chief Executive following the conclusion of the 2022 Annual General Meeting (AGM) on 26 April 2022. More information about this process can be found on page 90.

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

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

During 2021, the Committee considered the balance of skills and experience of the Non Executive Directors, their time commitments and succession plans and at that time considered the balance to be appropriate. This balance has been reassessed whilst preparing for the recruitment of the new Non Executive Directors and will be kept under review during 2022.

Corporate governance

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

Board evaluation

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

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

The Committee's annual performance evaluation concluded that the Committee remains effective and the review of the Committee's Terms of Reference concluded that they remain appropriate and in line with best practice. The Committee's Terms of Reference can be found on our website.

Environmental, social and governance (ESG)

In 2021, ESG remained a key focus for the Committee and the Company's progress has been recognised by a number of accreditations, including being placed third in the Next Generation benchmark, and continuing to be a constituent of the Dow Jones Sustainability Europe Index and the FTSE4Good Index Series. Responsibility for oversight of the Company's ESG initiatives has now been handed over to the Board and more information as to the rationale for this change and our plans for 2022 can be found on page 79.

Equality, diversity and inclusion

Throughout 2021, and continuing into 2022, equality, diversity and inclusion remain a key priority for the Committee and I am proud of our continued progress in this area. During 2021, the Committee oversaw the development and implementation of the Company's revised Equality, Diversity and Inclusion Policy. More information about the revised Policy and actions taken in this area can be found on pages 93 to 97.

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

Irene Dorner
Chairman of the Nomination and Governance Committee

2 March 2022

Committee activities during 2021

Topic	Activity / review	February 2021	May 2021	June 2021	October 2021	December 2021
Succession planning	Considered performance, succession and contingency planning for the Executive Directors and all employees		●			
	Received an update on the GMT's performance and continued development			●		
	Chief Executive succession planning		●	●	●	●
Equality, diversity and inclusion	Considered the Company's approach to equality, diversity and inclusion, including new and revised policies and progress made in these areas		●	●		
ESG	Received an update on ESG, including a progress update on the Company's Environment Strategy and approval of the Company's Water Policy			●		
National Employee Forum (NEF)	Received an update on the enhanced structure and role of the Board's Employee Champion		●			
	Received an update from the NEF Chairman		●			
Annual Report and Accounts	Reviewed and approved the Committee's report in the 2020 Annual Report and Accounts	●				
	Reviewed and approved the 2021 Notice of Annual General Meeting	●				
Governance	Recommended to the Board the approval of the Directors' Conflicts of Interests Register	●		●	●	
	Received an update on the Company's corporate governance activities		●			
	Reviewed and approved the Matters Reserved for the Board and Division of Responsibilities documents	●				
	Agreed the policies published on the Company's website		●			
	Reviewed and approved the approach to the 2021 Board evaluation process		●			
	Reviewed and recommended to the Board the amendments made to the Company's Articles of Association	●				
	Reviewed the independence of the Non Executive Directors	●				
	Recommended the renewal of a Non Executive Director's three year term				●	
	Reviewed and recommended to the Board a fee for the role of the Board's Employee Champion	●				
Committee governance	Reviewed the Committee's performance and compliance with its Terms of Reference during 2020	●				
	Reviewed and agreed the Committee's annual plan for 2022					●

"I am delighted that, following a thorough recruitment and selection process, the Board has appointed Jennie Daly as the Company's new Chief Executive. Jennie has extensive experience in the housebuilding sector and has demonstrated exceptional leadership and a razor-sharp operational focus. Her strong focus on execution, combined with her customer and people-focused skills, set her apart from the other candidates we were considering. I look forward to continuing to work closely with her as we execute our next phase of growth."

Irene Dorner
Chairman

Chief Executive succession planning and recruitment process

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

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

The Committee appointed Egon Zehnder in 2021 to assist with the search process. Egon Zehnder confirmed that they had no other connection to the Company or any Director other than as appointed by the Company to assist with executive and non executive appointments.

Key to the recruitment process was the Committee's development of the role profile to ensure that the process would identify the best candidate and the appointment would be based on merit and objective criteria. The Committee requested Egon Zehnder to conduct an internal and external market scanning exercise and produce a diverse longlist of candidates for consideration against the role profile by the Committee.

After considering the longlist the Committee produced a shortlist of preferred candidates. A four phased approach to the interview process was agreed, consisting of an interview with the Chairman and Senior Independent Director; a separate interview with the Audit and Remuneration Committee Chairs; an additional interview with the Chairman; and finally a presentation to, and a Q&A opportunity for, the Committee. The external candidates were also invited to meet with the Group Finance Director. Following each interview, feedback was provided to the Chairman and working hub; and discussed by the whole Committee at its meetings during the process. A final meeting was held in February 2022 for the Committee to discuss their views and agree a recommendation to the Board.

Following approval by the Board, on 7 February 2022 it was announced that Jennie Daly would be appointed as the Company's new Chief Executive from the conclusion of the AGM on 26 April 2022. More information about Jennie, her experience and previous roles can be found on pages 8 and 74.

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

Committee purpose and responsibilities

The Committee is responsible for:

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

Board balance and skills

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

During 2021, the Committee considered the structure, size, diversity, and composition of the Board, as well as the skills, knowledge and experience of each Board member and confirmed that the appropriate balance has been maintained to provide constructive challenge as well as guidance and support in order to continue to deliver the Company's strategy.

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

Board appointments

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

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

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

Succession planning

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

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

One aspect of individuals' development plans is for individuals below Board level to be given the opportunity to attend Board meetings to present on specialist topics, project work and specific divisions' performance. This not only provides valuable exposure to the Board for these individuals, but is also valuable to the Board and Committee when assessing the strength of the succession plans in place. During 2021, a number of individuals were invited to present to the Board on topics such as customer service, supply chain, and the sales and marketing team's roll out of our new customer relationship management system.

The Company also operates a Group Talent Management Board which is chaired by the Chief Executive and comprises of the Divisional Chairs, Group Managing Director of Strategic Land and HR representatives. The Group Talent Management Board, supported by the Divisional Talent Management Boards, regularly review succession plans and related development requirements across the operational roles within the Company. Actions taken to support succession plans 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

During 2021, the Committee reviewed the Company's contingency cover to ensure that the Company can respond to the unforeseen unavailability of any member of the Board, the GMT or other senior roles without impacting the current and long term performance of the Company. Following this review, the Committee was confident that all key roles have an appropriate contingency plan in place.

Non Executive Director induction process

Following the Committee's review of the Board and Committee composition and a formal and rigorous recruitment process, on 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board.

The importance of an effective induction is recognised by the Committee. The Chairman is responsible for ensuring all newly appointed Directors, including Non Executive Directors, receive a formal induction. The induction process includes training, as appropriate, on the Company's strategy, operations, directors' duties, the housebuilding sector, meetings with key members of senior management and heads of functions, external advisors, site visits and business unit visits.

Jitesh and Scilla were provided with a comprehensive pack of documents, including information about the Company and the Board, broker reports on the Company and the housebuilding sector, and information on directors' duties.

In addition, Jitesh and Scilla undertook the following induction activities during 2021:

- Meetings with each of the Chairman, Executive Directors and Non Executive Directors
- A meeting with the Group General Counsel and Company Secretary
- Meetings with members of the GMT and heads of functions
- A meeting with the Company's external Auditors
- Meetings with the Company's key advisers and brokers
- Visited a regional business unit office and sites
- Visited a site where the new standard house type range was available to view

"The induction process was thorough, highly valuable, and provided a useful insight into the Company's operations."

Jitesh Gadhia
Non Executive Director

Board evaluation

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

The 2021 Board evaluation focused on the following areas:

- Board leadership
- Strategy, culture and purpose
- Board composition and succession planning
- The Board's Committees
- Stakeholder engagement
- Support for the Board

The following process was followed to complete the 2021 Board evaluation:

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

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

2020 recommendations	Actions taken during 2021
Review Board paper structure and issue guidance on drafting Board papers.	The Chief Executive's Board report paper has been revised to include operational detail as appendices.
Recruit additional Non Executive Director(s).	On 1 March 2021, Jitesh Gadhia and Scilla Grimble were appointed to the Board.
Focus on ESG matters.	ESG was added to the responsibilities of the Nomination and Governance Committee and subsequently handed to the Board to oversee.
	The Board and the Nomination and Governance Committee considered ESG matters during 2021 and more information can be found on pages 79, 82 and 89.
Regular Board training / information sessions.	During 2021, several Board training and teach-in sessions were held, on topics including: – ESG – Customer service – Sales and marketing, including a demonstration of the Company's new Microsoft Dynamics customer relationship management system
2021 recommendations	**Actions to be taken during 2022**
Completion of a rigorous and thorough recruitment process to appoint the next Chief Executive and prepare a comprehensive induction programme.	The Company has announced the appointment of Jennie Daly as the Company's Chief Executive from the conclusion of the 2022 AGM on 26 April 2022. A thorough handover process from Pete Redfern is underway and the Committee will oversee an effective induction once Jennie Daly has started in her new role.
Review the role of the Board's Employee Champion and consider ways to further strengthen engagement with employees.	The Board's Employee Champion role has been reviewed and the Board has approved the role's main activities. Additional engagement sessions, Employee Focus Groups, will be arranged for the Board's Employee Champion outside of the NEF and without senior management being present to further encourage openness.
Further develop the Board's oversight of the Company's ESG priorities and determine ways to measure ESG progress consistently.	The Board will consider how to monitor our ESG progress and how to improve our communications in this area to ensure this progress is visible to all of our stakeholders.
Arrange additional site visits for Board members.	Additional site visits will be offered to Board members, both on a group and individual basis as appropriate.

Governance

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

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

During 2021 a working party, comprising representatives from the Company Secretariat and Internal Audit departments, undertook a number of activities in order to support the Committee to evolve the Company's governance processes to become more resilient, efficient and effective. These activities included:

- Reviewed and completed a gap analysis on the Matters Reserved for the Board.
- Reviewed the Company's policies and publication of them on the Company's website.
- Confirmed that the Company's delegated authority framework remains appropriate.

Annual re-election to the Board

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

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

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

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

Equality, diversity and inclusion

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

Board diversity

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

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

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

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

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

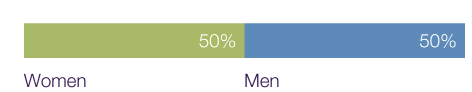
Employee diversity

The Board believes that by embracing equality, diversity and inclusion across the Company as a whole, we will better understand how people's differences and similarities can be harnessed for the benefit of all of our stakeholders and improve the Company's ability to deliver the strategy. Equality, diversity and inclusion are considered at Board, Committee and GMT meetings each year to ensure the Company regularly reviews progress against its goals to be a diverse and inclusive organisation.

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

As at 31 December 2021

Percentage of plc Board positions held by women



Percentage of GMT positions held by women

Percentage of Leadership Team positions held by women[(a)]

(a) The definition of our Leadership Team is our GMT and their direct reports.

Corporate governance: Composition, succession and evaluation continued

During 2021, the Company's new Equality, Diversity and Inclusion Policy (the Policy) was launched, and more information about the Policy and the key areas of focus can be found in the table opposite. The Company took this opportunity to enhance the previous Policy and ensure it remains in line with best practice to drive equality, diversity and inclusion across the Company.

The Policy is supported by the work undertaken by the Diversity and Inclusion Committee (D&I Committee). The D&I Committee is made up of a variety of members from across the Company and is responsible for monitoring the Company's progress towards operating in a truly diverse and inclusive manner.

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

- **International Women's Day:** The Company celebrated International Women's Day for the third consecutive year. Employees took part in talks, debates and activities to recognise females across the Company and consider some of the barriers and challenges preventing women progressing.
- **Men's Mental Health Month and International Men's Day:** Webinars on men's health and panel discussions on what it means to be a man, masculinity, health and vulnerability helped employees to understand and appreciate men's issues in the workplace.
- **LGBTQ+ Pride Month:** In addition to flags and visual signage being displayed on sites during Pride Month, awareness sessions were run for employees to attend. The LGBTQ+ network was also launched which has encouraged positive discussions and given our colleagues the confidence to feel they are supported and listened to.
- **National Inclusion Week:** This enabled topics such as disability, neurodiversity, sexuality, gender and ethnicity to be brought to the forefront of employees' conversations to help raise awareness and build an inclusive culture.
- **Black History Month:** The Company's proactive recognition of black history helps our employees become more knowledgeable about race in the workplace and have greater understanding of and empathy for each other.

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

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

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

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

New and revised policies in 2021

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

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

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

As at 31 December 2021

Percentage of the workforce that are women

32%

2020: 30%

Percentage of new starters during 2021 that are women

31%

2020: 33%

Percentage of the workforce that are BAME[a]

5%

2020: 4%

Percentage of new starters during 2021 that are BAME[a]

8%

2020: 7%

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

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.

Our Equality, Diversity and Inclusion Policy

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

Employer of choice

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

	Progress made during 2021	Future actions
Respectful workplace programme	This programme involves webinar training for regional Managing Directors to understand the part they play in driving a respectful and inclusive site and office culture. The programme has resulted in visual signage reminding employees about their role in embedding a respectful workplace and how they can report any concerns. An updated site induction details our expectations of behaviour on site and there is a zero tolerance approach which has led to subcontractors being removed from site due to inappropriate comments or behaviours. Two business units took part in the first phase of the programme during 2021 and have seen positive changes.	The programme will be made available for the customer service, sales and office based teams at the business units which have undertaken the first phase of the programme during 2021. A respectful workplace pulse check on sites will be undertaken to understand how site culture has improved and to identify areas for future focus. Nine additional business units are scheduled to take part in the programme during 2022.
Parent returners programme	The Company's Maternity, Paternity and Adoption Policy was updated to make it easier to understand and navigate, and it now includes an enhanced maternity leave offer including a guaranteed phased return to work and a comprehensive 'leading your journey on parental leave' guide and support from the parent returners network. This programme includes coaching by executive coaching company, The Tall Wall, before, during and after parental leave for all employees returning after taking parental leave.	Continue to provide guidance and support to those on and returning from maternity, paternity and adoption leave.
Health and wellbeing	Each business unit has a Wellbeing Champion and a Mental Health First Aider who are responsible for driving wellbeing events and providing support to colleagues throughout the year. Wellbeing Champions received training through two online modules which covered topics such as the role of an effective Wellbeing Champion, defining the difference between pressure and stress, identifying both internal and external signposting and supporting the wellbeing strategy. There have been a number of events and activities available for all employees and their families to join which have received high levels of engagement. Site teams have been given training on topics including stress, fatigue, resilience and managing mental health. These training sessions were attended by over 500 members of the site management teams.	Mental Health First Aiders will be given refresher training and offered quarterly supported facilitation sessions to ensure regular feedback and support in understanding and addressing mental health issues, so trends can be identified and dealt with effectively.
Reverse mentoring programme	This programme involves senior management building further understanding of the challenges faced by individuals from backgrounds different to their own whilst also providing under-represented individuals with access to senior leaders to discuss development and progression opportunities. Ten senior leaders undertook the programme with eight BAME[a] and two LGBTQ+ colleagues and 100% of participants agreed that they had benefited from the programme and would recommend it.	Continue with this programme during 2022.

Employer of choice continued		
	Progress made during 2021	**Future actions**
Employee resource groups	A number of employee resource groups have been set up via Microsoft Teams and intranet pages for employees to engage with and support each other. Each network is sponsored by a member of the GMT. **Working parents network** This network forms a community of new, existing and soon to be working parents across the Company to support each other, share experiences and be a channel for education and awareness. **Embracing the change menopause network** This network provides peer to peer support, raising knowledge, awareness and understanding of the menopause. Over a quarter of the attendees at the network launch webinar were men who wanted to learn more about this subject to support their colleagues and partners. **Proud2B LGBTQ+ network** This network helps to create an environment where LGBTQ+ colleagues can be their authentic selves. The Company's status as a Stonewall Diversity Champion has been facilitated by the work of the network. **Race and ethnicity network** This network provides a safe space for employees to connect, share lived experiences to help navigate the work environment and support the Company to ensure there are no barriers to career development due to race or ethnicity.	Support the embedding of these networks to become integral voices of influence and support for our equality, diversity and inclusion related objectives.
Flexible working for site management teams	Following feedback including concerns about the culture, working hours and impact that having a family could have on female employees' ability to remain in the site management team, there have been trials advertising part time Assistant Site Manager vacancies in the anticipation that more female site managers would apply. The COVID-19 pandemic has changed employees' mindsets on ways of working and spending time with their families, so this is an important trial to see if more part time work can be facilitated on site.	Focus groups with site management teams will be undertaken to explore the appetite for part time roles, and consider how they could work, how challenges could be overcome and what flexible working in site based roles could look like.

21st century leadership		
Ensure that line managers understand their role and responsibility in developing a more diverse and inclusive culture through the provision of relevant training and building awareness across the Company.		
	Progress made during 2021	**Future actions**
Inclusive leadership coaching	Piloted coaching with a selection of regional Managing Directors focusing on enabling leaders to explore the attributes, mindset and skills required of an inclusive leader. This coaching aims to enable individuals to identify and understand what behaviours and beliefs may be preventing them from being inclusive and explores how to mitigate behaviours and beliefs and create an actionable diversity and inclusion plan to drive results.	Roll out to all regional Managing Directors.
Hiring and inclusion training	Training has been provided to all regional Directors and middle management roles focusing on attracting, selecting and retaining diverse teams. This training explores the challenges in hiring and retaining diverse talent, unconscious bias, privilege and action planning to drive results. The programme has been well received and positive action has been taken, leading to an increase in the diversity of applicants.	Continue to provide training throughout 2022.
Diversity and inclusion e-learning	This e-learning topic has been made available for all employees and focuses on ensuring everyone in the Company understands equality, diversity, inclusion, our strategy, values and their role in supporting positive change.	To be followed by further e-learning modules in 2022 and 2023 to focus on embracing and respecting differences, bias, stereotypes, microaggressions and prejudice in actions, psychological safety and belonging, privilege and allyship.

Expanding our reach		
Develop broader recruitment channels and take positive action to expand the diversity of candidates we attract to the Company, including designing development programmes to attract and support new employees.		
	Progress made during 2021	**Future actions**
Future talent	Recruitment processes have been adjusted to be more inclusive. We continue to use Prospects.co.uk as our main online recruitment platform as they register more candidates from minority backgrounds compared to any other job board. Recruitment directly from universities has been focused on universities with a higher proportion of BAME[a] students. We continue to have a balanced gender split and for 2021 46% of our graduate intake were women and 34% of our management trainee intake were women. We have also increased the ethnic diversity of both our graduate and management trainee intake.	Ensure that all data collected regarding applicants and those hired is reviewed and scrutinised to prevent any bias and take positive action throughout the hiring process. Expand our reach by advertising via more job boards to encourage further diversity of applicants.
Social media	There have been focused posts on promoting the Company as an inclusive employer and there has been an encouraging level of engagement with diversity and inclusion related posts.	Focus on posting authentic content, tailored to the audience to encourage engagement.
Interview conversion	There has been an improvement in reaching a more diverse pool of candidates for roles advertised, however there is further progress to be made in translating this into a sufficiently diverse candidate pool being invited for interviews.	Focus on scrutinising hiring data to understand where further action is required. Drive awareness and provide training for interviewing managers to understand the importance and value of diversity in their team.
Attraction channels	We introduced an employer profile on Working Mums to promote the Company's status as a flexible employer, and added further content to Indeed, Glassdoor and LinkedIn profiles to promote our diversity and inclusion initiatives. Furthermore, we worked with Black Professionals in Construction to promote roles to an exclusively BAME[a] candidate audience, and through the HBF's Careers and Skills Partnership Attract group, we can partner with Women in Construction to provide basic career conversion training and work placements for women getting into the construction industry.	Offer a placement scheme with Women in Construction to provide work experience for this under-represented population in production based roles. Via our job board partnerships, we will target specific geographies that have a higher population of candidates from underprivileged backgrounds.

(a) The term BAME (Black, Asian, Ethnic Minorities) has been used when referring to demographic information related to race for reporting purposes. However, we do understand and recognise that words matter, and that this acronym could lead to a misconception that all ethnic minorities are part of a homogeneous group, when used in the incorrect context.

Race and ethnicity network

The race and ethnicity employee resource network (the network) meets on a regular basis and every employee, regardless of race and background is welcome to join.

The purpose of the network is to promote awareness of race and ethnicity in the workplace, be inclusive and deliver objectives in a light but meaningful approach and to align objectives and activities with the Company's values and strategy.

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

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

"As Sponsor for the Race and Ethnicity Network, I am proud of the progress we have made and the actions we have planned for the future."

Chris Carney
Group Finance Director

Audit Committee report

Audit Committee summary

The Committee is chaired by Humphrey Singer. All members of the Committee are independent Non Executive Directors as required by the UK Corporate Governance Code (the Code). The Board has determined that Humphrey Singer has recent and relevant financial experience as required by the Code.

Committee meetings were also attended, by invitation, by the Chairman, Chief Executive, Group Finance Director, Group Operations Director, other Non Executive Directors, Group General Counsel and Company Secretary, Assistant Company Secretary, Group Financial Controller, Head of Internal Audit, Senior Internal Audit Manager, Head of Tax, Head of Group Reporting, Head of Risk, Group IT Director, Head of IT Services, and the external Auditors.

Committee members	Meetings attended
Humphrey Singer (Chair)	3/3
Scilla Grimble[(a)]	2/2
Angela Knight	3/3
Robert Noel	3/3

(a) Appointed to the Committee on 1 March 2021.

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

2022 key areas of focus

- Continue to ensure that the IT operating environment remains robust, supporting the business needs in a year of planned changes to core systems and also that key systems are protected against cyber and other threats
- Gain assurance on required changes to key processes and controls that may be affected by known legislative changes impacting the industry through 2022 and 2023, in particular the New Homes Ombudsman Service and the Future Homes Standard
- Oversee the adoption of any financial governance changes in 2022 resulting from the ongoing Department for Business, Energy and Industrial Strategy (BEIS) consultation

Humphrey Singer
Chair of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the 2021 Audit Committee (the Committee) report.

The Committee supports the Board in fulfilling its corporate governance responsibilities through the activities undertaken throughout the year, as detailed opposite.

The main responsibilities of the Committee are summarised in the main objective above and further details of the Committee's responsibilities can be found in its Terms of Reference which are available on the Company's website. Following the 2021 annual review of its Terms of Reference, it was determined that they remain appropriate, in line with best practice and reflect the Committee's responsibilities.

Membership

The Committee has been further enhanced by the appointment on 1 March 2021 of Scilla Grimble, Non Executive Director. Scilla brings significant financial and risk-related experience, as described in more detail on page 75, which has added to the Committee's skill set and further enhanced the quality of its work on behalf of shareholders.

Angela Knight will step down from the Committee when she steps down from the Board at the conclusion of the AGM on 26 April 2022. I would like to thank Angela for her valued service and wise counsel during her membership of the Committee.

Key areas of focus

The Committee's key areas of focus during 2021 were:

- To oversee the External Quality Assessment of the Internal Audit function
- To give continued focus to the resilience and protection of key business systems to cyber and other threats
- To gain assurance that new systems and processes related to the customer journey are implemented within a robust framework

The Committee's review of progress against these key areas of focus concluded that they were all satisfactorily addressed during 2021.

Internal and external audit

The Committee continues to hold individual meetings with the external Auditors and with the Head of Internal Audit, independent of the Executive Directors, to discuss matters within its remit and any issues arising from the audits.

The audit of the 2021 financial results has been the first by PricewaterhouseCoopers LLP (PwC) following shareholders' approval of their appointment at the 2021 Annual General Meeting (AGM). The Committee has monitored their progress and is satisfied with their performance, which will be subject to formal review, as in previous years, to identify whether there are any areas of potential improvement and to allow feedback to be shared mutually.

Continuing compliance

Throughout the year the Committee met the Financial Reporting Council (FRC) guidance on Audit Committees which was incorporated into the Code. The aim of the guidance is to further improve good governance around the Committee's competence; induction for new members; audit rotation; independent assessment of areas of judgement; and sufficiency of resourcing for the Committee; all with the aim of ensuring that the Committee is able to perform its primary function of protecting shareholders' interests in relation to the Company's financial reporting and internal control.

Potential new compliance areas

A significant development during 2021 was the BEIS consultation, entitled 'Restoring Trust in Audit and Corporate Governance'. The consultation proposed a number of reforms and new processes designed to improve communications and engagement between Boards, their Audit Committees and shareholders. The Committee will monitor the progress of these proposals and will report on their outcome and the implications for the Company at the appropriate time.

The Committee will continue to ensure that all applicable regulations are complied with, and we remain confident that the business continues to operate in a controlled and well-managed way.

Humphrey Singer
Chair of the Audit Committee

2 March 2022

Committee activities during 2021

The March 2022 meeting concluded the Committee's activities with regard to the Company's 2021 reporting cycle which have been included in the table below.

Topic	Activity / review	February 2021	July 2021	December 2021	March 2022
Financial reporting	Reviewed year end matters including the draft Annual Report and Accounts (and assessed the processes which ensure it is fair, balanced and understandable), significant accounting and audit issues, the draft full year results announcement and the going concern statement	●			●
	Reviewed the draft half year statement, including significant accounting issues, materiality and the external Auditor's report on the statement		●		
	Reviewed Accounting Issues and Accounting Standards in preparation for year end reporting			●	
	Reviewed the proposed TCFD reporting			●	●
External audit	Reviewed the terms of business and audit engagement letter for PwC's audit of 2021 reporting	●			
	Recommended to the Board the appointment of PwC as external Auditors	●			
	Reviewed PwC's plan for the audit of the 2021 accounts and the progress of the audit to date		●	●	
	Reviewed PwC's report on the scope of the audit of the 2021 accounts, including key audit risks and regional checks conducted around the business			●	
	Disclosed relevant audit information to the external Auditors and the required evidence in support of it	●	●	●	●
	Reviewed the final report from PwC following completion of the audit of the 2021 accounts				●
Internal control and risk	Reviewed the fraud incident and response report	●	●	●	●
	Concluded the prior year's risk review including agreeing Principal Risks, consideration of emerging risks, and monitoring progress on mitigation actions	●			●
	Completed a detailed review of Principal, key and emerging risks, together with mitigation and assessment against the Company's risk appetite		●	●	●
	Conducted the half year risk review		●		
	Reviewed the viability model	●		●	●

Committee activities during 2021 continued

Topic	Activity / review	February 2021	July 2021	December 2021	March 2022
Committee governance	Reviewed the Committee's performance against its Terms of Reference and objectives for the previous year and set objectives for the next year	●			●
	Reviewed progress on the Committee's areas of focus		●	●	●
	Reviewed and agreed the Committee's annual plan for the next year, designed to ensure it met its objectives and Terms of Reference			●	
Internal audit	Received activity reports from Internal Audit	●	●	●	●
	Agreed Internal Audit's programme of work for the next year	●			●
	Reviewed updates to the Internal Audit Charter		●		
	Reviewed progress against Internal Audit priorities and work plan for the year		●	●	●
	Received and considered the External Quality Assessment report on the Internal Audit Department and processes and agreed the resulting actions		●		
	Reviewed progress to date in achieving agreed actions flowing from the External Quality Assessment report			●	●
Data and systems security	Received an update on the Company's data and systems security, technology, cyber resilience and further protective measures in relation to key business systems		●	●	
Distributions	Advised the Board regarding the appropriateness of the proposed final dividend for 2020	●			
	Advised the Board regarding the appropriateness of the proposed interim dividend for 2021		●		
Compliance	Received an update on legal and regulatory compliance requirements across the business and confirmation that these continued to be met		●		

In carrying out these activities, the Committee relied on regular reports from Management, Internal Audit and from the external Auditors. In monitoring the financial reporting practices, the Committee reviewed accounting policies, areas of judgement highlighted by Management and the external Auditors, the going concern assumptions and compliance with accounting standards and the requirements of the Code.

Committee meetings

The Committee met with the Head of Internal Audit and with representatives from the external Auditors during each Committee meeting in 2021, in order to discuss any matters which either may wish to raise in confidence, with only the 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 the Internal Audit function and the external audit 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 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.

Humphrey Singer, the Committee Chair, has been a member of the Audit Committee since December 2015 and its Chair since February 2018. He 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, from his current role as Chief Financial Officer of Belron Group and from previous roles with Marks and Spencer Group plc and Dixons Carphone plc. This depth of experience has given Humphrey insight into key areas of shareholder concern and independent experience of robustly challenging and holding to account Management, the external Auditors and the Head of Internal Audit.

The Committee Chair is assisted on the Committee by the knowledge and experience of three other Non Executive Directors:

- Scilla Grimble has over 15 years' executive experience in corporate finance; is currently the Chief Financial Officer of Moneysupermarket.com Group plc; and brings significant financial and risk-related experience.
- Angela Knight has broad experience of financial services and banking and has extensive non executive director experience.
- Robert Noel has considerable experience of the property sector and wide commercial experience as Chair of Hammerson plc and previously as Chief Executive of Land Securities Group PLC.

As announced on 31 January 2022, Angela Knight will be stepping down from the Board and the Committee at the conclusion of the AGM. The search process for new Non Executive Directors is underway and an assessment of their suitability to join the Committee upon appointment will be undertaken.

The Committee is confident that its members collectively have the necessary competence relevant for the housebuilding sector and that the composition, balance, and expertise of the Committee can give shareholders confidence that the financial, reporting, risk, and control processes of the Company are subjected to the appropriate level of independent, robust and challenging oversight.

As described in the Nomination and Governance Committee report on page 91, there is a formal process of induction for new Directors which includes specific reference to supporting competence in relevant Committee areas through exposure to the appropriate areas of the Company's operations and performance. Scilla Grimble's induction included meetings with the Committee Chair; the Group Finance Director and the other Executive Directors; members of the GMT; both the former and current external Auditors; the Head of Internal Audit; the IT Director; and appropriate external bodies such as the Company's Brokers in relation to financial reporting. The same thorough induction process will be undertaken by any new Non Executive Directors appointed to the Committee.

Committee evaluation

The Board evaluation for 2021, which is described more fully on page 92, included an appraisal of the performance of the Audit Committee and individually of its Chair and other members.

The 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.

It was also noted that Humphrey performs his role of Chair of the Audit Committee particularly effectively, with members noting that he manages each Committee meeting in a way that ensures a good level of debate and positive challenge.

Risk management and internal control

The Group has an established ongoing process of risk management, which is detailed further on pages 59 to 65 and which was in place from the start of the financial year to the date on which the 2021 Annual Report and Accounts were approved and is consistent with the FRC's Guidance on Risk Management, Internal Control and Related Business Reporting. 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 in relation to risk are:

- To ensure the Group's risk profile remains within its agreed risk appetite and tolerance levels and is adequately monitored and reviewed as appropriate to reflect external and internal changes.
- To give early consideration to the Government's proposals in relation to a new regime for internal controls over financial reporting.
- To continue to develop the Group's risk processes in light of evolving best practice.
- To consider emerging risks that could impact on the Group's longer term strategy.

To achieve these objectives, the Committee undertook the following during 2021:

- Detailed 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.
- The Committee agreed the addition of two new Principal Risks (details on page 61) to reflect the changing risk landscape.
- Consideration was given to the continuing impact of COVID-19 on the Principal Risks of the Group, together with the mitigations implemented to address the specific issues identified.
- Regular updates were received on the continuing review of relevant historic and current developments and actions taken by the Company to comply with recent changes to the Government guidance on fire safety. This included assessing and advising the Board on the proposed additional provision, made and announced during 2021 of £125 million, and reviewing updates on usage and the balance of the provision during the year.

Internal control

Operating Framework

- Primary source of the Company's system of internal control for business operations
- Approved by the GMT
- Subject to regular review by the GMT and updates to ensure it remains appropriate, with any significant proposed amendments independently assessed by Internal Audit
- Available on the intranet for all employees
- Includes clear levels of delegated authority, responsibility and accountability

Detailed Manuals

- Relating to the operation of the main functions of the Company
- Support the Operating Framework at a more granular level of detail

Group Management Team

- Consider and, if appropriate, approve matters requiring prior approval under the Operating Framework
- Monitor adherence to the Operating Framework and detailed manuals

Internal Audit

- Independently assess appropriateness of, and compliance with the Operating Framework and detailed manuals

- Received updates on key information technology (IT) risks, as a consequence of the continuing 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.
- Advised the Board in its assessment of emerging risks, including potential velocity and impact on the Group's longer term strategy, further details of which can be found on page 60.
- Oversaw the further embedding across the Company of improvements identified in last year's Audit Committee report in the area of risk, relating to the processes for identifying, assessing, monitoring, reporting, and managing the residual elements of risk, including the enhanced reporting of action plans and target risk for the identified key risks. Key further enhancements during 2021 were the issue of a standalone risk management manual and the introduction of risk management onboarding.

The Board holds a formal risk review once each year, with detailed updates provided at two Audit Committee meetings during the year and also routinely considers risk at each Board meeting, as appropriate. It makes its assessment of risk 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, including climate change, over various time horizons. The assessments use an established 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 in conjunction with the relevant member of the Group Management Team (GMT).

The Board's monitoring of risk, its management and reporting, covers all controls, including financial, operational, compliance and assurance systems.

Those systems cannot eliminate risks 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 and the Group, as assessed by the Board, are set out on pages 61 to 65 together with information on the mitigations for each risk. 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 employees.

During 2021, the Group Finance Director has led the GMT in undertaking a review of the Government's developing proposals for further enhancement to UK companies' internal controls through proposals set out in the BEIS consultation document for reforms to the UK's corporate governance, audit and reporting regime. Since it is generally expected that these will become legal or regulatory requirements to some extent, the Company has been undertaking necessary and appropriate preparatory actions to enable it to comply within the expected time frame for changes. These actions have been monitored by the Committee during 2021 and will continue to be monitored into 2022, when we expect to be able to report in greater detail as to their scope and impact upon the Company; its assurance processes; and its future financial reporting.

At its meeting in March 2022, the Board, having conducted its own review and after reviewing more detailed assessments from the Audit Committee, remained satisfied that the systems of internal control continued to be effective in identifying, assessing, and ranking the various risks facing the Company; and in monitoring and reporting progress in mitigating their potential impact on the Company. The Board also approved the statement of the Principal Risks and uncertainties set out on pages 61 to 65.

External Auditors

Re-appointment of PwC

Last year's Annual Report advised that the Company's external Auditors were to change, in accordance with statutory legislation and guidance issued by the Financial Reporting Council (FRC) as to the maximum duration of an external auditor's appointment. Full details of the tender process and the proposal to appoint PwC were set out in the 2020 Annual Report and Accounts, which can be found on the Company's website.

That proposal was subsequently approved by shareholders at the Company's 2021 AGM and PwC succeeded the Company's former external Auditors, Deloitte LLP (Deloitte), for the audit of the Company's 2021 and future reporting.

The Committee considers that the relationship with PwC is well established and is satisfied with the effectiveness of the overall external audit process. PwC's performance during the handover of responsibilities from Deloitte, and in undertaking the first full year's audit, for 2021, has been kept under regular review by the Committee and reported to the Board as appropriate.

As 2021 was the first year of PwC's appointment as external Auditors, a full evaluation of their performance was not performed during 2021 and instead the Committee considered the key work performed by PwC to date and confirmed that the audit process continues to be effective and the quality and sufficiency of the resources provided by the engagement team remains appropriate.

The Committee intends to undertake a formal assessment during 2022 of the performance of PwC, as the external Auditors, in relation to the audit work carried out in 2021. This will include a questionnaire being distributed to the Board and key stakeholders in the audit process to evaluate the effectiveness of the external audit process.

In addition, the Committee considered whether PwC had appropriately challenged Management estimates and judgements. The external Auditor's report (starting on page 128) details the key matters that were considered as part of the year end audit. This includes details of the procedures performed by PwC to assess the estimates and judgements made by Management.

In particular the Committee noted during the course of the audit that the external Auditors challenged Management's judgements and assertions on the following matters:

- Margin recognition and site forecasting
- Cladding fire safety and leasehold provisions
- Defined Benefit Pension valuations

In relation to each of these judgements the external Auditors confirmed that the approach adopted by Management in accounting for these in the financial statements was appropriate.

Based upon its interim assessment, as set out above, the Committee recommended to the Board, which in turn is recommending to shareholders in Resolution 10 at the 2022 AGM (on page 185), that PwC should be re-appointed as external Auditors to the Company.

The Company will of course keep the matter under regular review, taking into account the annual performance review to be conducted by 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 in the Company's selection of its external auditors.

Appointment of the external Auditors for non-audit services

The Committee has a formal policy, reviewed on a regular basis, as to whether the Company's external Auditors should be employed to provide services other than audit services. In line with the Code, the Committee has regard to the relevant regulation and ethical guidance regarding the provision of non-audit services by PwC.

A review of the policy has been undertaken and it was confirmed that the policy is in accordance with the Revised Ethical

Standard 2019 (the Standard) issued in December 2019 by the FRC. The Standard limits the circumstances in which an audit firm carrying out statutory audits of public interest entities (including the Company, as a FTSE 100 listed company) may provide defined services as set out in the Standard.

The Board, acting on guidance from the Committee following its review of the continuing effectiveness of this policy, is satisfied that it meets the Standard, and will be conducive to the maintenance of good governance, best practice and auditor independence and objectivity.

PwC undertook non-audit services in the form of assurance work carried out in connection with the announcement of the Company's 2021 half year results, which is of direct benefit to shareholders although it is not regarded as audit work for reporting purposes. PwC also made available access to their subscription service providing online technical resources such as factual updates and changes to applicable law, regulation, and accounting and auditing standards, at a notional value of £2,000.

The Committee recognises and supports the importance of the independence of external auditors. It reviewed PwC's performance of non audit services during 2021 and is satisfied that it did not, and will not going forward, impair the independence of the external Auditors. As a result, the value of non-audit services work by PwC was £0.1 million in 2021 (2020: £0.2 million by former external Auditors, Deloitte) which represents approximately 13% of the audit fee as set out in Note 6 to the Accounts on page 149.

Internal Audit

Internal Audit's primary role is to support the Board and the GMT to protect the assets, reputation and sustainability of the Group. The function is led by the Head of Internal Audit who directly reports to the Chair of the Committee, with a secondary reporting line to the Group Finance Director, and has regular direct contact with the Chairman of the Board, the Chief Executive and other Executive Directors, as required. The reporting line to the Chair of the Committee protects the function's independence. In addition, the Chair of the Committee, and the independent evaluation carried out during 2021 described below, each assessed the independence of the Head of Internal Audit and confirmed that she has maintained independence.

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 strategy and its 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 proposed or made, as appropriate, where improvements are recommended. 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. Summaries of all Internal Audit reviews and other key activities and resulting reports are also provided to the Committee for review and discussion.

The Company belongs to and participates in industry-wide forums and other initiatives aimed at combating fraud within the housebuilding and construction industry.

The Internal Audit function also reviews proposed related party transactions, including employees' house purchases from the Company, to provide assurance that the formal policy and proper procedures are followed.

Internal Audit works with the Company Secretariat Department to consider any longer-term revisions to the governance processes and working environment. The learnings and improvements from this activity are being woven into the ongoing control and risk processes and this activity will continue through 2022.

An independent evaluation of the Internal Audit function was carried out in 2021 by the Chartered Institute of Internal Auditors (CIIA) on behalf of the Committee and included consideration of the recommendations included in the Internal Audit Code of Practice for effective internal audit in the private and third sectors. The finding of this independent evaluation was that Internal Audit conforms to the CIIA's professional standards as set out in the International Professional Practice Framework. Continuous improvement initiatives were agreed with the Committee and progressed subsequently to ensure the Internal Audit function continues to meet both current best practice and the evolving needs of the Group.

Cyber security

An area newly recognised as a Principal Risk during 2021 was the potential vulnerability of the Group's IT systems to the various forms of cyber attack. This received considerable focus during 2021, as a result of being given an enhanced relative risk rating, as explained in more detail on page 65. The Committee reviewed throughout the year the plans and progress in mitigating against its occurrence and impact.

Read more about cyber security risks and our response and mitigation processes on pages 61 and 65.

Going concern

The Group has prepared forecasts, including various sensitivities, taking into account the Principal Risks and uncertainties identified on pages 61 to 65. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. The Committee reviewed the forecasts and the Directors' expectations based thereon and agreed that they were reasonable. Accordingly, the consolidated financial statements of the Company and of the Group have each been prepared on a going concern basis.

Read more about our Principal Risks on pages 61 to 65.

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 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 confirmation from the Executive Directors that this period continues to broadly align to the development cycle for new land. The Committee also reviewed the Executive 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 70 to 71 together with details of the processes, assumptions, and testing which underpin it.

Annual Report and Accounts 2021

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 Auditors 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.

In particular, the Committee:

- Reviewed all material matters.
- Ensured that it correctly reflected the Company's performance in the reporting year.
- Ensured that it presented a consistent message throughout.
- Ensured that it correctly reflected the Company's business model.
- Ensured that it correctly described the Company's strategy.
- Ensured that it fairly reflected the impact to date, and the extent of the continuing impact, 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 Committee has considered in discharging its duties and in considering the financial reporting of the Group:

Margin recognition and site forecasting

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 any costs incurred in excess of the original budget are recognised appropriately as the site progresses.

The Committee reviewed reports from Management in relation to areas of the business recognising cost excesses, and also reviewed the work undertaken by PwC which included testing of the Group-wide controls to monitor cost allocation. The Committee gave careful consideration to the judgements and assumptions involved, challenging Management where appropriate.

Following these reviews, together with enquiries of the GMT and the external Auditors, the Committee concluded that there continues to be 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 were appropriate, and that the external Auditors 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 as at 31 December 2021.

Cladding fire safety and leasehold provisions

The Committee reviewed Management's assessment of the costs to bring all Taylor Wimpey apartment buildings constructed in the twenty year period to January 2021 into line with current EWS1 guidance, covering cladding and the whole of the external wall systems including balconies. The Committee also reviewed updates on the progress of the rectification of buildings identified with Aluminium Composite Material cladding, together with utilisation and estimates of the remaining provision. In addition the Committee reviewed the level of applications received in respect of the Ground Rent Review Assistance Scheme, the utilisation of the provision and the outcome of the CMA investigation, and the assessment of the costs of the undertakings entered into.

Recommendation to the Board

The outcome of the above processes, together with the views presented by PwC, was that the Committee recommended, and in turn the Board confirmed, that the 2021 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.

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

Remuneration Committee summary

The Committee is chaired by Gwyn Burr. On 31 December 2021, the Committee consisted of three Non Executive Directors and the Chairman of the Board. Committee meetings were also attended, by invitation, by the Chief Executive, Group General Counsel and Company Secretary, Group HR Director, Head of Reward and Pensions, Assistant Company Secretary and representatives from Korn Ferry.

Committee members	Meetings attended
Gwyn Burr (Chair)	5/5
Irene Dorner[a]	4/5
Jitesh Gadhia[b]	4/4
Angela Knight[a]	4/5

(a) Irene and Angela were unable to attend one of the additional meetings outside the Committee's ordinary meeting calendar. Both were consulted in advance of the meeting.
(b) Appointed to the Committee on 1 March 2021.

Main objectives

- Establish and maintain formal and transparent procedures for developing policy on executive remuneration to deliver the Company's strategy and value for shareholders; and to agree, monitor and report on the remuneration of Executive Directors and senior executives
- Review wider workforce remuneration and other policies in accordance with the 2018 Corporate Governance Code (the Code)

2022 objectives

- Determine the remuneration arrangements for the incoming Chief Executive
- Review the existing Remuneration Policy and submit the revised Policy for shareholder consideration at the 2023 Annual General Meeting (AGM)
- Review wider workforce remuneration arrangements and take into account as part of the Remuneration Policy review
- Ensure there is an effective induction process for the new Remuneration Committee Chair

Dear Shareholder

As Chair of the Remuneration Committee (the Committee), I am pleased to present our 2021 Directors' Remuneration Report on behalf of the Board. This Report provides detailed disclosures in relation to our Directors' remuneration and an overview of wider workforce remuneration for the year ended 31 December 2021.

Policy

Our current Remuneration Policy (the Policy) was approved at the 2020 AGM with 98.6% of shareholders voting in favour. Despite the unprecedented challenges to the business posed by the COVID-19 pandemic, we have continued to operate the Policy flexibly and we are satisfied that it remains appropriate for the third and final year of this policy period. Other than discretion being used to treat the Chief Executive as a 'good leaver' within the Policy for the purpose of determining incentive plan pay outs, no discretion was used by the Committee during the year to adjust incentive outturns.

During 2022 we will be reviewing the current Policy and will be seeking shareholder approval for a new Policy at our 2023 AGM. As part of this review, we will ensure that our Policy continues to address the factors in Provision 40 of the Code and that reward is clearly linked to the successful delivery of our long term strategy.

Wider workforce remuneration

We continue to review the remuneration arrangements for the wider workforce and take these into account when considering remuneration arrangements for the Executive Directors and senior management. We have reviewed the performance measures in the various annual bonus schemes available across the business and we are confident that they drive behaviours that are consistent with our purpose, culture, values and strategy.

We have continued to support our employees through the pandemic and have regularly reviewed staff salaries through benchmarking exercises, resulting in salary increases for 1,307 employees in addition to the 2% annual salary increase in 2021 (as at 31 December 2021 there were 5,144 employees). We have also approved a 3% salary increase for all eligible employees with effect from 1 April 2022 and will continue to benchmark key roles throughout the year when necessary. Chris Carney, our Group Finance Director, will also receive this 3% increase.

We are pleased to have increased several elements of our benefits provision that are important to our employees, including the introduction of new incentive arrangements, enhancements to our Maternity Policy, our wellbeing provisions, and other benefits that assist our employees financially. We were delighted that the Living Wage Foundation accredited Taylor Wimpey as a Living Wage Employer in November 2021.

During the year I attended three National Employee Forum (NEF) meetings in my capacity as Employee Champion. At one meeting I used this as an opportunity to seek feedback on behalf of the Committee on wider workforce remuneration arrangements and also to explain how the Executive Director remuneration arrangements align with the wider workforce.

We have taken the opportunity to expand our disclosures in this area and more information can be found on pages 121 to 123.

Executive Director remuneration decisions and outcomes

Executive Incentive Scheme (EIS)

As detailed on page 2, we delivered an excellent performance in 2021. Throughout 2021 we experienced strong demand for our homes underpinned by continued low interest rates and good mortgage availability. The business performed very well in the year, with significant improvement in operating margin, as we focused on optimising sales prices, alongside increased volume, driving strong growth in operating profit. Importantly our excellent performance was not just financial but also in delivering quality homes and in our levels of customer service. The quality of our homes, as recognised through the independent NHBC Construction Quality Review score, is an area where we continue to lead the volume industry. We are also delighted to be recognised as a five-star builder once again in the independent HBF customer satisfaction survey. Subsequently, the outturn for the 2021 EIS is 95% of the maximum following the stretch target being achieved for four of the five measures.

The Committee has considered the Company's performance against the targets and the business performance more generally and is satisfied that the payment received by the Executive Directors is aligned with the Company's performance during the year and also the bonus outturns for the rest of the business. Full disclosure of the targets can be found on page 108.

Performance Share Plan (PSP)

The PSP awarded in 2019, measuring performance in the 2019 to 2021 period, will vest at 22.1% following the achievement of four of the five measures above threshold performance. The pandemic, and specifically financial performance in 2020, had a significant impact on the outcome of the PSP. When approving this outcome, the Committee reviewed the performance measures and respective targets for the 2019 Award, and is satisfied that this represents an appropriate outcome based on the challenging business environment over the three year period.

Outcomes linked to performance

The Committee has reviewed the EIS and PSP outcomes and consider that they accurately reflect 2021 performance therefore the performance targets were not adjusted during the year and nor was Committee discretion used to adjust the formula-driven outturn.

Salaries

As disclosed in the 2018 Directors' Remuneration Report, at the time of his appointment the Committee initially set Chris Carney's salary below that of his predecessor and positioned it between the lower quartile and median of comparable market data, recognising that this was his first appointment as a plc Director. The Committee also stated then that it intended to keep his salary under periodic review as he developed further into the role.

Given the continued impact of the pandemic providing material uncertainty at the time of the 2020 and 2021 salary reviews, a prudent approach was taken in respect of Chris's salary, with inflationary salary increases cancelled in 2020 and then an inflationary increase of 2% in 2021, in line with the other Executive Directors and the wider workforce.

The Committee announced in the 2020 Directors' Remuneration Report that it would undertake a review of Chris Carney's salary during 2021. The Committee recognised the development of Chris's role since his appointment, particularly where it has broadened to support the revised Divisional Chairman structure introduced in 2020. This has been particularly focused on cost control, land strategy and our data management systems to further enhance our customer strategy. More generally the Committee considered that this increase was appropriate to recognise his strong performance over the three years since his appointment and concluded that Chris has been performing in line with an experienced FTSE director for some time now.

Given the more stable corporate and economic outlook in 2021, the Committee decided in the summer that it was the right time to move his base salary towards the desired mid-market level. The Committee therefore determined that his salary should be increased from £447,372 to £490,000 with effect from 1 July 2021.

We consider that this represents a sensible progression of Chris's base salary, effectively on a phased basis since his appointment in 2018, and having set the package at the desired mid-market level we anticipate that future increases will ordinarily be in line with the percentage increase for the wider workforce.

Chief Executive succession

On 8 December 2021, we announced that Pete Redfern, our Chief Executive, would be leaving the business once a suitable candidate had been identified and a full handover has taken place. Following a thorough recruitment and selection process, Jennie Daly, our Group Operations Director, was selected to take over from Pete as Chief Executive of Taylor Wimpey, effective from 26 April 2022 (the date of the 2022 AGM). Pete will step down from the Board at this point and will remain available to the business to ensure an orderly transition until his notice period ends on 8 December 2022.

The Committee, at the request of the Board, reviewed and approved the remuneration arrangements for Pete on his departure. Pete will be treated as a good leaver in line with our shareholder approved Policy for the purpose of incentive plan pay outs. He will be eligible to receive a pro rata bonus for 2022 for the proportion of the year he will be actively employed, up to the AGM, subject to the achievement of the performance conditions measured at the end of the year. Outstanding PSP Awards will be pro-rated as appropriate, and will be capable of vesting, at the normal time and subject to the achievement of performance conditions and the requirement to retain vested shares for two years. Moreover, he will be required to retain a shareholding in the business worth the equivalent to 200% of his base salary, for two years after his employment ceases. His contractual entitlements, including base salary, pension and benefits are payable in full until the expiry of his notice period on 8 December 2022. Further details of his remuneration arrangements can be found on page 118.

The Committee also considered the appropriate remuneration package for Jennie Daly when she assumes the role of Chief Executive in April 2022. The package approved, which is in line with the Policy, provides a salary of £750,000 with a pension allowance in line with the rate applicable to the majority of the workforce, at 10% of salary. The annual bonus opportunity and PSP opportunity will be 150% of salary and 200% of salary, respectively, as is applicable for each Executive Director. Full details can be found on pages 115 to 117.

Chairman and Non Executive Director fees

During the year the Committee, with the assistance of Korn Ferry, reviewed the Chairman's fee. Recognising that the fee level had not been reviewed since July 2018 (and Irene Dorner was brought into the role on the same fee as her predecessor) and that the time commitment required for the proper performance of the role over this period has significantly increased, the fee was increased from £320,000 to £335,000 effective from 1 July 2021.

The Board (excluding the Non Executive Directors) also reviewed the fee level for the Non Executive Directors with the assistance of Korn Ferry. Again recognising that the base fee had not been reviewed since 2016 and the material increase in Non Executive Director time commitment required since then, the base fee level was increased from £60,000 to £65,000 effective from 1 July 2021.

Shareholder engagement

We consulted with our major shareholders (representing almost 50% of our share register) and shareholder representative bodies during the year in respect of the salary for the Group Finance Director, performance targets and weightings for variable pay arrangements in 2022 and the terms of the Chief Executive's exit package when he leaves the business in 2022. Feedback received from shareholders was positive and we thank them for their support.

Irene Dorner, in her capacity as Chairman of the Board, continued to engage with shareholders during 2021, as noted on page 84. As a member of the Committee, Irene was also able to engage with shareholders on remuneration related matters, and provide feedback to the Committee.

Looking ahead at 2022

EIS

We believe that we are now sufficiently advanced in relation to the Board's environmental, social and governance (ESG) strategy to enable an environmental measure to be included in the 2022 EIS and have included an environmental measure for 10% of the overall annual bonus opportunity.

In setting an environmental measure this year, our principal objective for the end of 2022 will be the preparation and approval by the Board of a credible 'Road to Zero Carbon Plan' which will be submitted to the Science Based Targets initiative for approval, leading to a published commitment to achieve net zero carbon emissions for our direct operations. In addition, for this year we have also incorporated a tangible and stretching target for a reduction in our carbon intensity.

Our continued focus on build quality and customer service has enabled us to further raise standards whilst maintaining the right level of production and to retain the overall split between financial measures (60%) and non-financial measures (40%), we have reduced the weighting on these two elements from 20% to 15% each, to accommodate the new ESG measure.

PSP

The PSP performance measures are unchanged for the 2022 Award cycle to reflect current market conditions, business forecasts for the Group, and progression towards our strategic priorities. We are confident that these continue to provide a good overall balance in assessing our longer term performance. The target range for each measure is set out on page 117. The financial measures represent what would be a record year for the Company and significant progression towards our target of delivering an operating profit margin of 21-22% in the medium term. The customer measure requires us to retain our strong longer term customer scores.

Alignment to strategy

The Committee considered the performance measures and targets for the EIS and PSP to ensure they are aligned with the key performance indicators (KPIs) and strategic priorities being used across the business.

As set out in the Strategic report on pages 9 to 11, our focus remains on returning the business to a 21-22% operating profit margin in the medium term, increasing cash returns for shareholders over the long term and delivering sustainable growth.

The measures also support our commitment to run the business in the long term interests of all our stakeholders. The performance measures place a focus on delivering quality homes, providing the highest level of customer service and minimising the impact we have on climate change and protecting the planet for future generations.

Approach to executive pension provision

During the year the Committee reviewed our Policy approach to reducing the Executive Directors' pensions over time so that they will align to the percentage rate applicable to most of the workforce by 1 April 2024, which was agreed in line with guidance at that time.

At our 2020 AGM over 98% of shareholders voted in favour of our Policy, which set out the above approach. At our 2021 AGM over 97% of shareholders approved the Directors' Remuneration Report, which reiterated this approach to pensions alignment.

As referenced above, and in line with the Policy, on appointment as Chief Executive Jennie Daly will receive a pension provision in line with the rate applying to the majority of the workforce, of 10% of salary. The pension rate for the Group Finance Director will continue to step down to this workforce rate in line with the previously stated approach.

Committee changes

I will be stepping down from the Board following the conclusion of the 2022 AGM. Jitesh Gadhia will succeed me as Chair of the Remuneration Committee. Jitesh is an experienced Remuneration Committee Chair and has provided invaluable input into the Committee's discussions since he joined the Committee in March 2021. Angela Knight will also step down from the Board and the Committee at the conclusion of the AGM and I'd like to take the opportunity to thank her for her valued counsel over the last five years. Robert Noel will join the Committee from 26 April 2022 and will add to the Committee's skill sets and further enhance the quality of its work.

Policy review during 2022

2022 is the last year for the current Policy, therefore the Committee, led by Jitesh, will be conducting a thorough review of the Policy during the year ahead. As part of this review, the Committee will consult with shareholders and employees to gain input on any proposed changes. The Policy will be tabled for approval by shareholders at our 2023 AGM.

Closing remarks

On behalf of the Committee, I would like to thank our shareholders for their continued support during the year. On a personal note, I would like to also express my gratitude for the support and engagement from our shareholders and also our employees, that has taken place during my tenure as Chair of the Remuneration Committee.

Gwyn Burr
Chair of the Remuneration Committee

2 March 2022

Remuneration at a glance

EIS in respect of 2021 (audited)

The chart below shows the performance against the 2021 EIS measures.

Measure	Weighting	Summary of targets: Entry (10% vesting)	Target (50% vesting)	Stretch (100% vesting)	Result	% of maximum
Operating profit (£)	35%	£700m	£780m	£820m	£828.6m	35%
Operating profit margin (%)	15%	17%	18%	19%	19.3%	15%
Cash conversion (%)	10%	170%	180%	190%	199.4%	10%
Build quality	20%	4.25	4.4	4.5	4.67	20%
Customer service	20%	90%	91%	92%	91.5%	15%
Total	**100%**					**95%**

One third of any EIS amount payable will be deferred into shares for three years.

2019 PSP Award (audited)

The 2019 PSP Award performance period ended on 31 December 2021 and the chart below shows the outcome.

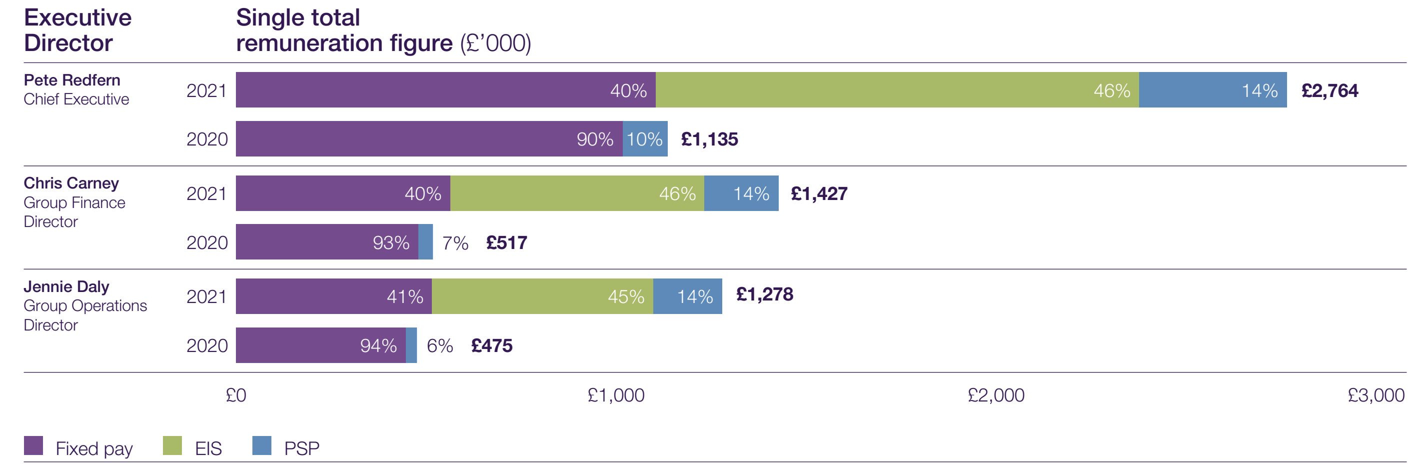
Measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)	Performance achieved	% of maximum
TSR v FTSE 100	20%	Median	Upper quartile	TW: 25.7% Median: 20.3%	5.8%
TSR v peer group[(a)]	30%	Median	Upper quartile	TW: 25.7% Median: 39.9%	0%
RONOA (2021)[(b)]	20%	26%	33%	27.9%	8.3%
Operating profit margin (2021)	15%	19%	23%	19.3%	3.9%
Cash conversion (2019-2021)[(b)]	15%	70%	80%	70.9%	4.1%
Total	100%				22.1%

(a) The peer group is comprised of Barratt Developments, Bellway, Berkeley Homes, Countryside Partnerships, Crest Nicholson, Galliford Try, Persimmon, Redrow and Vistry Group.

(b) The RONOA and cash conversion measures were assessed on the basis that the impact of the equity raise in 2020 was neutralised.

Executive Directors' total remuneration (audited)

The chart below compares the 2021 single figure for total remuneration for each of the Executive Directors with the equivalent figure for 2020. During 2020, and in light of the COVID-19 pandemic, the Executive Directors took a voluntary 30% reduction in base salary and pension from 1 April 2020 to 31 July 2020 and the 2020 EIS was cancelled.



Proposed application of the Policy in 2022

	Policy element	Award timeline (Year 1 – Year 5)	Purpose	Measure	Medium term goals	KPI	Stakeholders
Variable pay	Executive Incentive Scheme (Annual bonus) (EIS)	Year 1 performance period; Years 2–4 deferral / holding period	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		●	●
				Environmental		●	●
	Long Term Incentive Plan (PSP)	Years 1–3 performance period; Years 4–5 deferral / holding period	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	Year 1	To recruit and reward executives of a suitable calibre for the role and duties required				
	Benefits	Year 1	To provide a competitive package of benefits to assist with recruitment and retention of staff				
	Pension	Year 1	To provide competitive retirement benefits to assist with recruitment and retention of staff				

Performance period / Deferral / holding periods

Read more about our medium term goals on page 9

Read more about our KPIs on pages 24 to 27

Read more about our stakeholders on pages 34 to 47

Read more about our financial definitions on page 71

Introduction

This Report has been prepared by the Committee on behalf of the Board. The 2021 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 AGM on 23 April 2020, describing the framework within which the Company remunerates its Directors.
- Annual Report on Remuneration: this sets out how the Policy was applied during 2021 and how it is proposed to be implemented during 2022.

The Directors' Remuneration Policy (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 2008 (the 'Regulations'). Where required, data has been audited by PwC and this is indicated.

Remuneration Policy Report

Remuneration Policy Report (Unaudited information)

Our Policy was subject to a binding shareholder vote at the AGM of the Company on 23 April 2020 and was approved by over 98% of shareholders who voted. The three year life of that Policy will expire at the 2023 AGM when we will be required to seek binding shareholder approval for a new Policy.

The Policy has been included within this report for readers to assess how we have implemented remuneration arrangements during 2021 and how we intend to implement arrangements in 2022. Factual and implementation data has been updated where relevant (e.g. scenario charts and details of service contracts). The Policy, as approved by shareholders, can be found on pages 112 to 120 of the 2019 Annual Report and Accounts.

The Policy is designed to ensure that the remuneration framework will support and drive forward the Taylor Wimpey strategy by both challenging and motivating the Executive Directors and the senior management team to deliver it, and this will in turn drive value for our shareholders whilst having due regard to our other stakeholders. The Policy is set out in this report and is also available to view on the Company's corporate website.

When the Committee designed the Policy, they considered the factors in Provision 40 of the Code. Full details on how clarity, simplicity, risk, predictability, proportionality, and alignment to culture are addressed in the Policy can be found on page 121.

Policy overview

A key part of the Committee's role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company's strategic objectives. It is key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Company's strategic objectives within a framework that is aligned with the long term interests of the Company's shareholders. This alignment is achieved through a combination of:

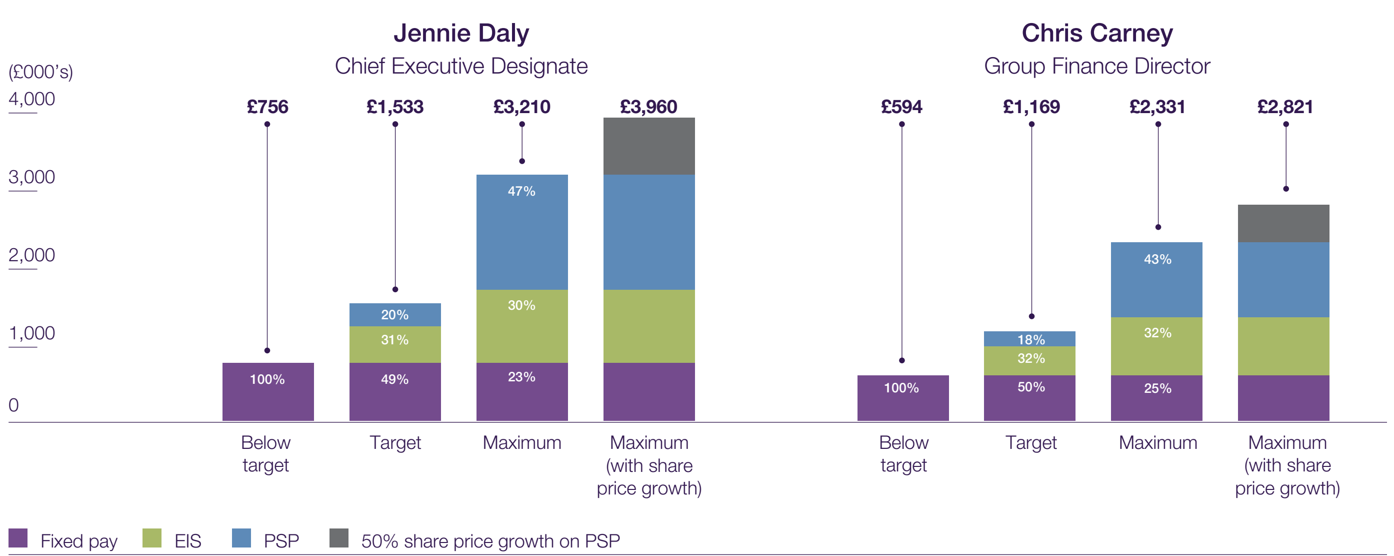
- Deferral into shares of a percentage of the EIS.
- A two year retention period for vested PSP Awards.
- Share ownership guidelines which require executives to build up holdings of Taylor Wimpey shares, either directly or by retaining vested PSP Awards and deferred EIS amounts.
- Post-employment shareholding requirement.

The above requirements ensure that a significant percentage of the overall remuneration package of our Executive Directors and senior management is subject to performance. With all packages for our Executive Directors substantially geared towards meeting challenging targets set under the EIS and PSP, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately balance reward and risk.

In line with best practice, the Committee structures the incentives for Executive Directors and senior management in a way that ensures they will not raise ESG risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its Terms of Reference may, where it considers appropriate, take ESG matters into account when considering the overall remuneration structure and as part of its overall discretion.

Illustration of the Remuneration Policy for 2022

The charts below illustrate the level and mix of remuneration based on the Policy depending on the achievement of below target, target and maximum for the Executive Directors under the Policy.



1. Salary is £642,247 and £501,025 for Jennie Daly and Chris Carney. Jennie Daly's salary is pro rata between her salary as Group Operations Director and Chief Executive. Chris Carney's salary is the salary he will receive in 2022.
2. Benefits are £41,938, and £20,581 for Jennie Daly and Chris Carney, respectively, being the 2021 value.
3. Pension is 10% for Jennie Daly and 14% of salary for Chris Carney.
4. For the EIS the target and maximum award is 75% and 150% of base salary, respectively, as applicable for 2022.
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, as applicable for 2022. 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.

Our Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To recruit and reward executives 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 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 Director. – Where the 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 Chair, an annual fee for the other Non Executives 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 Committee and / or the Audit Committee and / or Remuneration Committee. Reviewed periodically but generally annually and at least every other year. Takes into account levels in 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: – 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
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 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% if performance targets fail to be achieved. If an entry level of performance is achieved up to 10% of maximum is payable under each metric.	The EIS measures are based on a scorecard of designated key annual financial, operational and environmental measures.

Our Remuneration Policy continued

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Performance Share Plan (PSP)	Annual grants of share-based long term incentives assist with retention, incentivisation and motivation of senior executives to achieve long term sustainable returns for shareholders. A post-vesting 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; or – as a cash allowance.	Pete Redfern: cash allowance from 1 April 2022 of 15.62% of salary. Chris Carney: cash allowance of 14% of salary from 1 April 2022 and then reducing annually thereafter by 2% of salary until the pension rate is the same as the majority of the workforce. Jennie Daly: 10% of salary from 26 April 2022, aligned to the rate applicable to 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
All-employee share plans	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.

Committee discretion

The Committee recognises that the exercise of discretion must be undertaken in a careful and considered way as it is an area that will rightly come under scrutiny from shareholders and other stakeholders. The Committee confirms that any exercise of discretion 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 appropriate.

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.

During the year, other than to determine that Pete Redfern should be treated as a good leaver for incentive plan purposes, the Committee did not exercise any discretion to adjust any formula driven remuneration outturns.

How shareholder views are taken into account

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 December 2021, when we consulted with major shareholders representing 50% of our issued share capital, and included the salary for the Group Finance Director, performance targets and weightings for variable pay arrangements proposed for 2022 and summarised the terms of the Chief Executive's exit package for when he leaves the business in 2022.

Overall shareholders were positive in their feedback.

Wider workforce policies and practices

The Committee is mindful of remuneration arrangements across the business and regularly receives reports regarding wider workforce policies and pay practices. Further details on this can be found on pages 121 to 123.

How the EIS and PSP measures and targets are 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 and wider stakeholders.

The Committee will continue to review the choice of performance measures and the appropriateness of the performance targets each year. Targets are set based on a sliding scale that takes account of internal planning and external market expectations for the Company. Maximum rewards require substantial out-performance of our challenging plans approved at the start of each year, with a significantly lower level of rewards available for delivering threshold performance levels.

The proposed measures for the 2022 EIS and PSP are set out on pages 116 and 117.

External non executive director positions

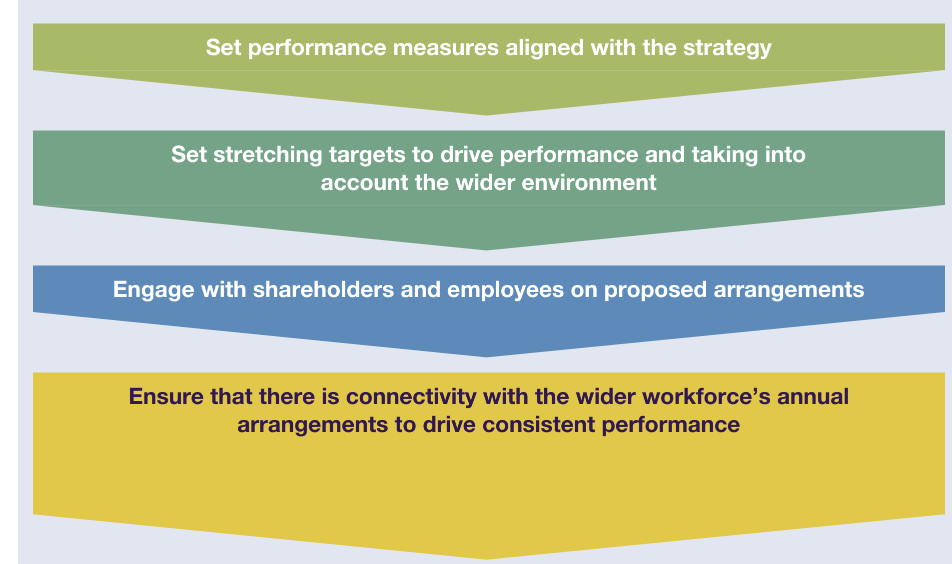
Subject to Board approval and provided that such appointments fall within the general requirements of the Code (and do not give rise to any conflict issues which cannot be managed by the Board and the Executive Director), Executive Directors are permitted to take on one non executive position with another company. Executive Directors are permitted to retain their fees in respect of such positions. Details of any external positions held by the Executive Directors can be found in their biographies on pages 74 and 75.

Remuneration Policy on recruitment or promotion

Base salary levels will be set in accordance with the Policy, taking into account the experience and calibre of the individual. 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 111 and 112. The Company may also consider applying different performance measures if it feels these more appropriately meet the strategic goals and aims of the Company whilst incentivising the new appointee.

How the EIS and PSP measures and targets are chosen



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 plans 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.

Details of the remuneration arrangements for Jennie Daly as Chief Executive can be found on page 106.

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 period either way consistent with Provision 39 of the Code.

Name	Date of appointment	Notice period
Pete Redfern	3 July 2007	12 months
Chris Carney	20 April 2018	12 months
Jennie Daly	20 April 2018	12 months

As previously announced Pete Redfern will be stepping down from the Board on 26 April 2022 and will remain available to ensure an orderly transition until the end of his notice period on 8 December 2022. Pete's leaving arrangements are in line with the Policy and further details are provided on page 118.

Jennie Daly and Chris Carney are proposed for re-election at the 2022 AGM. Chris and Jennie will have at that date an unexpired service contract 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.
- 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.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM.

Legacy arrangements

Any commitment which is consistent with the approved Remuneration Policy in force at the time that the commitment was made will be honoured, even where it is not consistent with the policy prevailing at the time such commitment is fulfilled.

Terms of engagement

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.

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
Robert Noel	1 October 2019	3 years, reviewed annually	6	6
Humphrey Singer	9 December 2015	3 years, reviewed annually	6	6

Annual Report on Remuneration

The Annual Report on Remuneration will (together with the Chair's Statement and Remuneration at a Glance on pages 105 to 109) be put to an advisory shareholder vote at the AGM on 26 April 2022. Details of the resolution are set out in the Notice of Meeting on page 186.

Total single figure of remuneration (audited)

The table below sets out the total single figure of remuneration received by each Executive Director for their service and performance in 2021 (or for the performance period ending 31 December 2021 in respect of the PSP) and 2020 comparison, and total fees received by the Chairman and each Non Executive Director in 2021 and 2020.

£'000	Year	Fees / salary[a]	Benefits[b]	EIS[c]	PSP[d]	Pension[e]	All-employee plans[f]	Total	Total fixed remuneration	Total variable remuneration
Executive										
Pete Redfern	2021	887	45	1,270	390	170	2	2,764	1,104	1,660
	2020	787	55	—	118	173	2	1,135	1,017	118
Chris Carney	2021	467	8	668	195	77	12	1,427	564	863
	2020	395	9	—	39	73	2	518	479	39
Jennie Daly	2021	406	19	581	182	67	23	1,278	515	763
	2020	360	17	—	29	67	2	475	446	29
Non Executive										
Irene Dorner	2021	328	—	—	—	—	—	328	328	—
	2020	248	—	—	—	—	—	248	248	—
Gwyn Burr	2021	90	—	—	—	—	—	90	90	—
	2020	70	—	—	—	—	—	70	70	—
Jitesh Gadhia (appointed 1 March 2021)	2021	53	—	—	—	—	—	53	53	—
	2020	—	—	—	—	—	—	—	—	—
Scilla Grimble (appointed 1 March 2021)	2021	53	—	—	—	—	—	53	53	—
	2020	—	—	—	—	—	—	—	—	—
Angela Knight	2021	63	—	—	—	—	—	63	63	—
	2020	54	—	—	—	—	—	54	54	—
Robert Noel	2021	80	—	—	—	—	—	80	80	—
	2020	65	—	—	—	—	—	65	65	—
Humphrey Singer	2021	80	—	—	—	—	—	80	80	—
	2020	70	—	—	—	—	—	70	70	—
Total	2021	2,507	72	2,519	767	314	37	6,216	2,930	3,286
	2020	2,049	81	—	186	313	6	2,635	2,449	187

(a) The 2020 figure takes into account the voluntary 30% reduction in salaries and fees from 1 April to 31 July 2020.
(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 benefit value of the Company car provided was £29,925, £806 and £14,516 respectively).
(c) The 2021 EIS outcome can be found on page 108. The 2020 EIS for the Executive Directors was cancelled in light of the COVID-19 pandemic. One third of the 2021 EIS will be deferred into shares for three years. These shares will not be subject to any further performance or non-performance measures.
(d) This column shows the vesting in respect of PSPs with performance periods ending in 2021 and 2020 as set out in the table on the next page. The 2020 figure includes the value of dividends accrued during the performance period and payable on vesting and has been restated to reflect the share price on the date the award vested. The 2021 figure includes the value of dividends accrued during the performance period and this amount will be paid in shares and will be subject to the same two year holding period.
(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 that level.
(f) These figures represent the value of the matching shares under the Share Incentive Plan, the value of the 20% discount on the Sharesave option price, and the payment of Special Dividends accrued on Sharesave Options exercised by Chris Carney and Jennie Daly and grossed-up for Income Tax and National Insurance.

Salaries (audited)

As explained on page 106, during 2021 the Committee reviewed Chris Carney's salary and in light of his excellent performance and the expanded remit of his role, increased his salary from £447,372 to £490,000, with effect from 1 July 2021. The Committee reviewed the Executive Directors' salaries and decided to award an increase of 3% to Chris Carney, with effect from 1 April 2022, in line with general workforce increases. Pete Redfern will not receive this increase given he is currently serving his notice period. Upon assuming the role of Chief Executive on 26 April 2022, Jennie Daly's salary will be set at £750,000.

The salaries of the Executive Directors as at 1 April 2022 will therefore be as follows:

Executive Director	Salary at 1 April 2021	Salary at 1 April 2022[a]	Increase
Pete Redfern	£891,644	£891,644	0%
Chris Carney	£447,372	£504,700	13%
Jennie Daly	£408,000	£750,000	84%

(a) As at 26 April 2022 for Jennie Daly.

Executive Incentive Scheme (Annual bonus) (EIS) (audited)

EIS in respect of 2021

The outcome of the 2021 EIS is 95% of the maximum and detailed disclosure of the targets and performance against them can be found on page 108. One third of this amount will be paid in shares and be required to be retained in the Company's Employee Benefit Trust for three years. These shares will not be subject to any further performance or non-performance measures.

EIS for 2022

In line with the Policy, the Directors will have the opportunity to earn up to 150% of salary under the 2022 EIS. The opportunity for Jennie Daly will be based on her pro-rata salary following her promotion to Chief Executive from 26 April 2022. Pete Redfern will be eligible to participate in the 2022 EIS for the period he is actively employed in the business up to 26 April 2022 and further details can be found on page 118.

The EIS performance measures and their weightings for 2022 are shown in the table below. The precise details of the targets themselves are 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 next year in the usual way. The targets for the financial measures have been set so that entry performance is well ahead of 2021 outturn and achieving target will be at the top end of market expectations; the achievement of the stretch targets would require strong outperformance in favourable market conditions. The Committee is satisfied that the targets are sufficiently challenging. The Committee has introduced an environmental measure which will focus the business on the delivery of a credible plan and committed date to reach zero carbon and reduce our carbon intensity from our operations by 10% from the 2019 baseline data.

	Weighting	Rationale
Operating profit[a]	35%	Increase aggregate profit.
Operating profit margin[a]	15%	Prioritise focus on capturing house price increases and improving cost discipline throughout the business.
Cash conversion[a]	10%	To maximise the generation of cashflow from profits.
Build quality[b]	15%	Deliver high quality homes with the need for less remediation to underpin our strategic objective.
Customer service[c]	15%	Continue to deliver high levels of customer service.
Environmental	10%	The preparation and approval by the Board of a credible 'Road to Zero Carbon Plan' and a reduction in carbon intensity.

(a) Read more about our financial definitions on page 71.
(b) The average score, out of six, achieved during an in-depth annual review of construction quality on a site-specific basis.
(c) 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.

Performance Share Plan (PSP) (audited)

PSP awards included in the 2021 and 2020 total remuneration figures

The outcome for the 2019 PSP Award against the performance measures can be found on page 108. The table below sets out the number of shares each Executive Director received after the vesting of the 2018 and 2019 PSP Awards.

	Name	Number of shares granted	Value of award at grant (£'000)	End of performance period	Standard proportion of award vesting[a]	Number of shares vesting	Vesting date	Value attributable to share price increase	Value of PSP shares vesting (£'000)	Value of dividend equivalents (£'000)	Value of standard proportion of PSP (single figure) (£'000)
2021[a]	Pete Redfern	947,769	1,714	31/12/2021	22.1%	209,456	03/03/2022	—	334	56	390
	Chris Carney	475,532	860	31/12/2021	22.1%	105,092	03/03/2022	—	167	28	195
	Jennie Daly	442,355	800	31/12/2021	22.1%	97,760	03/03/2022	—	156	26	182
2020[b]	Pete Redfern	898,423	1,672	31/12/2020	6.6%	59,295	02/03/2021	—	98	20	118
	Chris Carney	294,149	548	31/12/2020	6.6%	19,413	02/03/2021	—	32	7	39
	Jennie Daly	225,648	420	31/12/2020	6.6%	14,892	02/03/2021	—	24	5	29

(a) The 2019 PSP Award is included in the 2021 total remuneration figure. The performance against each of the performance measures are set out on page 108. A share price of 159.4 pence was used to calculate the value of the award vesting on 3 March 2022 as this was the average share price for the dealing days in the last three months of the performance period. This figure will be recalculated in the 2022 Annual Report to reflect the share price on the date the Award vests. Dividend equivalents will be paid in shares.
(b) The 2018 PSP Award is included in the 2020 total remuneration figure. The overall performance of the award can be seen on page 114 of the 2020 Annual Report and Accounts. The closing share price on the date the Award vested has been used (165.9 pence). Dividend equivalents were paid in cash.

PSP awards granted during 2021

	Type	% of salary	Face value of award (£'000)	Number of shares[a]	End of performance period	Performance measures	Threshold (20%)	Maximum (100%)
Pete Redfern	Nil-cost options	200%	1,748	1,004,687	31/12/2023	TSR v peer group (40%)	Median	Upper quartile
Chris Carney	Nil-cost options	200%	877	503,400	31/12/2023	RONOA (20%)	18.5%	20.5%
						Cash conversion (20%)	22%	25%
Jennie Daly	Nil-cost options	200%	800	459,726	31/12/2023	Customer service (20%)	78%	81%

(a) The share price used to determine the number of shares awarded was based on the average closing share price (174.02 pence) over the three days prior to grant (4, 5 and 8 March 2021).

PSP awards to be granted in 2022

In line with the Policy, Chris Carney and Jennie Daly will each receive a PSP Award over shares worth 200% of salary in 2022 which will be subject to the performance measures shown in the table below. Given the long term nature of the Award, this will be based on Jennie Daly's salary as Chief Executive as she will be in the role for the majority of the performance period. As noted on page 118, Pete Redfern will not receive an Award in 2022. The performance measures remain the same as the 2021 Award as the Committee consider that these provide a good overall balance in assessing our longer term performance against the business strategy. The targets have been reviewed to reflect current market conditions and business forecasts for the Group.

The PSP will operate in accordance with the Policy as set out on pages 111 and 112. 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 Committee has reviewed the targets and is confident they are stretching and appropriate in the present market outlook for the medium term.

Performance measure	Weighting	Threshold (20%)	Maximum (100%)	Rationale
TSR v peer group[a]	40%	Median	Upper quartile	Align the rewards received by executives with the returns received by shareholders.
Operating profit margin (2022-2024)	20%	19%	21%	Maintain focus on cost and process discipline.
RONOA (2022-2024)	20%	23%	25%	Maintain focus on driving increased capital efficiency.
Customer service (2022-2024)[b]	20%	78%	81%	To improve and deliver enhanced customer service.

(a) The peer group is an unweighted index comprising Barratt Developments, Bellway, Berkeley Homes, Countryside Partnerships, Crest Nicholson, Persimmon, Redrow and Vistry Group.
(b) This will be based on the single question 'Would you recommend your builder to a friend?' from the independently measured NHBC 9-month survey, therefore will be on a different basis to the EIS customer service measure.

Directors' pension entitlements (audited)

The Group Finance Director's pension contribution will be further reduced in 2022 in line with the agreed incremental reduction over a five year period to 10% of base salary, the level of pension contribution available to the majority of the wider workforce. Therefore, from 1 April 2022 Chris Carney's pension contribution will be 14% of base salary. Jennie Daly's pension contribution will be 14% of base salary from 1 April until 25 April, when she assumes the role of Chief Executive, at which point it will reduce to 10% of salary. As such, whilst the Directors' rate of pension contribution continues to reduce to the workforce rate as previously agreed, the Company was not fully compliant with Provision 38 of the Code during 2021 whilst the rate for incumbent Directors was above that of the workforce.

Defined benefit scheme

Pete Redfern is a deferred member of the Taylor Wimpey Pension Scheme (TWPS). The following table sets out the benefits payable in accordance with the rules of the TWPS.

Director	Normal Retirement age[a]	Accrued pension as at 31/12/2020 (£)	Increase in accrued pension from 31/12/2020 to 31/12/2021 (£)	Accrued pension as at 31/12/2021[b] (£)
Pete Redfern	62	16,335	71	16,406

(a) In the event of early retirement before Normal Retirement Age, no additional benefits are paid. Pensions that are put into payment before Normal Retirement Age are reduced on actuarial advice to reflect early payment in line with the rules of the TWPS.
(b) 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. Pensions for all deferred members 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%.

Pete Redfern received a cash allowance of £169,666 (2020: £173,244) in lieu of Company pension contributions.

Non-Group pension arrangements

The value of Company pension contributions in 2021 for Chris Carney and Jennie Daly was:

	2020 (£)	**2021 (£)**
Chris Carney	5,501	**4,003**
Jennie Daly	5,501	**4,029**

Chris Carney and Jennie Daly also received pension allowances of £72,828 (2020: £67,745) and £62,930 (2020: £61,299) respectively in lieu of Company pension contributions over the Tapered Annual Allowance limit introduced in April 2016.

Executive Directors' interests in the Company's share schemes (audited)

Details of the options and conditional awards over shares held by the Executive Directors who served during the year are as follows:

	Maximum potential shares as at 01/01/2021	Additional maximum potential awarded during the year	Dividend re-investment shares added during the year	Exercised during the year	Lapsed during the year	Maximum potential shares as at 31/12/2021[a]	Maximum shares vesting in: 2022	2023	2024	2025	2026
Pete Redfern											
Deferred shares (EIS)[b]	625,225	–	21,875	181,313	–	465,787	266,251	199,536	–	–	–
PSP[c]	2,701,954	1,004,687	–	59,295	839,128	2,808,218	947,769	855,762	1,004,687	–	–
Sharesave Plan	18,863	–	–	–	–	18,863	18,863	–	–	–	–
Total	**3,346,042**	**1,004,687**	**21,875**	**240,608**	**839,128**	**3,292,868**	**1,232,883**	**1,055,298**	**1,004,687**	**–**	**–**
Chris Carney											
Deferred shares (EIS)	216,311	–	10,659	–	–	226,970	126,855	100,115	–	–	–
PSP[c]	1,199,049	503,400	–	19,413	274,736	1,408,300	475,532	429,368	503,400	–	–
Sharesave Plan[d]	20,891	10,545	–	11,460	–	19,976	9,431	–	–	–	10,545
Total	**1,436,251**	**513,945**	**10,659**	**30,873**	**274,736**	**1,655,246**	**611,818**	**529,483**	**503,400**	**–**	**10,545**
Jennie Daly											
Deferred shares (EIS)	171,811	–	8,467	–	–	180,278	88,974	91,304	–	–	–
PSP[c]	1,059,584	459,726	–	14,892	210,756	1,293,662	442,355	391,581	459,726	–	–
Sharesave Plan[d]	22,921	21,091	–	22,921	–	21,091	–	–	–	–	21,091
Total	**1,254,316**	**480,817**	**8,467**	**37,813**	**210,756**	**1,495,031**	**531,329**	**482,885**	**459,726**	**–**	**21,091**

(a) All outstanding awards are options. The Directors do not hold any vested but unexercised share options.
(b) Pete Redfern exercised his EIS deferred shares on 26 March 2021 and the closing share price was 180.1 pence. These shares were awarded on 23 March 2018 using a share price of 183.60 pence to calculate the number of shares awarded.
(c) The Executive Directors exercised their 2018 PSP Award on 2 March 2021 and the closing share price was 165.9 pence. These shares were awarded on 6 March 2018 using a share price of 186.13 pence to calculate the Award.
(d) Chris Carney and Jennie Daly both exercised their Sharesave Plan on 13 December 2021 and the closing share price was 167.3 pence. These shares were granted on 5 October 2016 and the option price was 130.88 pence.

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 closing share price on 31 December 2021 was 175.5 pence and the range during the year was 146.4 pence to 191.7 pence.

Pete Redfern's remuneration arrangements in relation to his departure

On 8 December 2021 the Company announced that Pete Redfern would be stepping down from the Board as Chief Executive in 2022 once a suitable successor had been found and following a full handover. Following a thorough recruitment and selection process Jennie Daly was appointed as Pete's successor with effect from the 2022 AGM. As such Pete will step down from the Board on 26 April 2022 and will remain available to the business to ensure an orderly transition until his notice period ends on 8 December 2022.

On behalf of the Board, the Committee considered his remuneration arrangements and can confirm that they are in line with his contractual entitlements and the shareholder approved Policy.

Base salary, benefits and pension

Pete will continue to receive salary, benefits and pension in accordance with his contractual entitlements until he leaves the business.

He will not receive the 3% salary increase for 2022 which was approved for the wider workforce and Chris Carney, and his pension contributions will reduce to 15.62% of salary, on 1 April 2022 as previously agreed. Outstanding interests in all-employee share plans will be treated in line with standard leaver terms.

EIS

He will be treated as a 'good leaver' in respect of the EIS and may receive a bonus for 2022 performance pro-rated to the time he is actively employed in the business up to 26 April 2022 and subject to the achievement of the performance measures. Any award made will be paid at the usual time in March 2023, with one-third being deferred in shares and released to him after three years.

Pete's unvested EIS deferred shares from the 2019 EIS will vest at the normal time, with any shares added via the Dividend Re-Investment Plan, in March 2023. One-third of his 2021 EIS will be paid in shares in March 2022, and will be released at the normal time after three years.

PSP

Pete will also be treated as a 'good leaver' in respect of his outstanding PSP awards. His 2019 Award vested at the normal time in March 2022. Pete's 2020 and 2021 Awards will be pro-rated to the date he leaves the business and will be subject to the performance measures (as currently applicable) over the relevant three year period. He will be required to retain any shares that vest for the two year holding period.

No PSP Award will be made for 2022.

Post employment shareholding requirements

Pete will be required to retain shares worth at least 200% of his salary for two years post employment. The number of shares will be calculated based on the share price on his last day of employment.

Clawback and malus

Clawback and malus provisions will continue to apply post cessation of employment.

Details of Jennie Daly's remuneration package as Chief Executive are set out on page 106.

Payments for loss of office and to former Directors

No payments have been made for loss of office or to former Directors during 2021.

Chairman and Non Executive Director Fees (audited)

Fee review in 2021

During the year the fees for the Chairman of the Board and Independent Non Executive Directors were reviewed and increased, recognising the increased time commitment required since the last reviews took place in 2018 and 2016 respectively. The increases noted below took effect on 1 July 2021.

Role	Annual fees as at 01/04/2021	**Annual fees as at 01/07/2021**
Chairman of the Board	£320,000	**£335,000**
Independent Non Executive Director	£60,000	**£65,000**
Senior Independent Director	£17,500	**£17,500**
Audit Committee Chair	£17,500	**£17,500**
Remuneration Committee Chair	£17,500	**£17,500**
The Board's Employee Champion	£10,000	**£10,000**

Directors' share interest register (audited)

In line with the approved Policy, Executive Directors' shareholding requirements are 200% of their base salary. They are required to retain at least 50% of their net of taxes gain arising from any shares vesting or acquired pursuant to the Company's PSP, until such time as the guidelines have been met. Beneficially owned shares count toward the guidelines, together with the portion of the EIS deferred into shares (on a net of tax basis) and any vested but unexercised PSP awards.

A post-employment shareholding guideline requires Executive Directors to retain shares worth 200% of their base salary, or their shareholding at the time of cessation if their shareholding requirement has not yet been met, for at least two years. Any shares that vest from either the PSP or the EIS deferred shares must be held within the Company's Employee Benefit Trust until the required shareholding level has been achieved. The shares will then be released from the Employee Benefit Trust two years from the date of cessation of employment.

The Chairman and the Non Executive Directors are also encouraged to hold shares in the Company in order to align their interests with those of shareholders.

	Beneficially owned		Outstanding interests in share plans			Share interests expressed as a % of salary
Director	at 01/01/2021 (ordinary shares)[a]	at 31/12/2021 (ordinary shares)	EIS deferred shares (gross)	PSP[b]	Sharesave	Value of shares (including EIS deferred shares on a net basis) as at 31/12/2021[c]
Irene Dorner	125,440	125,440	–	–	–	–
Pete Redfern	2,363,494	2,396,991	465,787	2,808,218	18,863	520%
Chris Carney[d]	376,484	400,351	226,970	1,408,300	19,976	186%
Jennie Daly[d]	179,511	212,446	180,278	1,293,662	21,091	132%
Gwyn Burr	17,241	17,241	–	–	–	–
Jitesh Gadhia	–	100,000	–	–	–	–
Scilla Grimble	–	15,000	–	–	–	–
Angela Knight	16,896	16,896	–	–	–	–
Robert Noel	46,674	46,674	–	–	–	–
Humphrey Singer	31,896	31,896	–	–	–	–

(a) Or date appointed to 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 2021 (165.8 pence) 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.

Details of the share options exercised by the Executive Directors during the year can be found on page 118.

The only changes to the Directors' interests as set out above during the period between 31 December 2021 and 2 March 2022 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 372, 374 and 374 respectively.

Remuneration Committee Remit

The role of the Committee is to recommend to the Board a strategy and framework for remuneration for Executive Directors and senior management which will attract and retain leaders who are focused and incentivised to deliver the Company's strategic business priorities within a framework which is aligned with the interests of our shareholders and designed to promote the long term success of the Company. It is also responsible for reviewing wider workforce remuneration practices and policies.

Details of Committee membership and attendance at meetings can be found on page 105.

The Committee reviewed its Terms of Reference in 2021 and evaluated its own performance against them. Following this review, the Committee confirmed that they remain appropriate. The Terms of Reference can be found on the Company's corporate website.

No Director is involved in any decisions about their own remuneration and a conflicts of interest register is maintained by the Company Secretary in accordance with the Company's Conflicts of Interest Policy.

The Remuneration Committee's activities during 2021 are set out in the table below:

Topic	Activity / review	February 2021	September 2021	October 2021	December 2021
Executive and senior management remuneration	Reviewed benchmarking data for various groups of senior management	●	●	●	●
	Considered the forecasts for inflight EIS and PSP awards	●		●	●
	Considered the performance measures and targets for the 2022 EIS and PSP				●
	Considered the remuneration arrangements for Pete Redfern when he leaves the business				●
Wider workforce remuneration	Reviewed the remuneration policies and practices for the wider workforce	●			
	Considered the wider workforce bonus arrangements alignment to senior managements	●			●
	Reviewed and approved the Group-wide salary review	●			●
	Considered the Company's 2021 Gender Pay Gap Report	●			
	Considered the Company's Ethnicity Pay Gap data	●			
Committee governance	Reviewed and agreed the Committee's annual plan for 2022			●	
	Received a market update from Korn Ferry	●	●	●	●
	Reviewed and approved the 2020 Directors' Remuneration Report	●			
	Reviewed the Committee's performance and compliance with its Terms of Reference	●			

Advice to the Committee

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate.

The Committee appoints its own independent remuneration advisers and during the year it continued to retain the services of Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct. During 2021 Korn Ferry also provided other ad hoc remuneration services outside the scope of the Committee to the Company. Korn Ferry were appointed following a comprehensive tender process. The Committee reviews the performance and independence of its advisers on an annual basis and is satisfied that the advice provided is objective and independent. Korn Ferry do not have any connection with the Company or any of the individual Directors.

The Committee also receives legal advice from Slaughter and May as and when necessary. This generally relates to technical advice on share schemes. 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 2021 were: Korn Ferry £83,370 on a time and materials basis (2020: £62,920); and Slaughter and May £10,000 (2020: £nil).

The Chief Executive, Group HR Director, Group General Counsel and Company Secretary, Assistant Company Secretary and Head of Reward and Pensions each attended the Committee meetings during 2021 by invitation only, but were not present for any discussions that related directly to their own remuneration.

How the Committee addresses the requirements under Provision 40 in the Code

Principle	Committee approach
Clarity	– We have operated a consistent approach which is well reported in our Directors' Remuneration Reports. Our approach is understood internally by employees and externally with strong levels of shareholder support
Simplicity	– Executive Director remuneration arrangements have been designed, in accordance with best practice, to be as simple as possible
Risk	– We mitigate risk through careful plan design, including long term performance measurement, deferral, and shareholding requirements (including post cessation of employment) and discretion and clawback provisions
Predictability	– We look carefully at the range of likely performance outcomes when setting performance target ranges for entry, target and maximum payouts and use discretion where necessary
Proportionality	– Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements – Performance conditions are aligned to the business strategy and shareholder experience – There are provisions to override the formula-driven outcome of incentive plans, as well as deferral and clawback mechanisms to ensure that poor performance is not rewarded
Alignment to culture	– Our overall reward framework embeds our purpose and values. Decisions on executive pay need to be taken in the context of the wider stakeholder experience

Wider workforce remuneration

Key highlights in 2021

5.5%
average salary increase

1,307
employees received salary increases during the year following benchmarking outside of the annual review[a]

61%
of employees are either already shareholders or participate in one of our all-employee share plans

Maternity and Paternity Leave Policy
enhancements made during the year

Real Living Wage Employer
accreditation in November 2021

10%
pension contribution available for the majority of the workforce

(a) These increases were in addition to the 2% annual increase in April 2021. As at 31 December 2021 there were 5,144 employees.

Wider workforce remuneration in 2021

The Committee regularly monitors and reviews the Company-wide remuneration arrangements to ensure that they are aligned to incentives and rewards across the Company.

The Committee reviewed, by employee level, the different elements of pay and benefits across the Company. Following this review, the Committee considers that all employees receive a reward package that is aligned to the Company's purpose and culture; and is market competitive, transparent and fair.

Element	Wider Workforce	Senior Managers	Executive Directors and GMT
Competitive salary	●	●	●
Bonus	●	●	●
Deferred bonus in shares			●
Long Term Incentive Plan / Medium Term Incentive Plan		●	●
Shareholding requirements		●	●
Paid holiday	●	●	●
Pension	●	●	●
All-employee share plans	●	●	●
Flexible benefits	●	●	●
Private healthcare	●	●	●

Corporate governance:
Remuneration continued

Engagement with the workforce

As Remuneration Committee Chair and Employee Champion, Gwyn Burr attended three National Employee Forum (NEF) meetings during the year. At one of these meetings, the NEF discussed pay policies and practices across the Group and how they align with the Executive Directors' remuneration arrangements. The performance measures in variable pay arrangements across the Group were discussed in detail to explain how the Executive Directors' remuneration was aligned to that of the wider workforce and our strategy.

CEO Pay Ratios

Year	Method	CEO single figure[a]		Lower quartile	Median	Upper quartile
2021[b]	**Option B**	**£2,764,290**	**Ratio**	**87:1**	**60:1**	**40:1**
			Salary	**£26,883**	**£33,133**	**£50,750**
			Total pay and benefits	**£31,651**	**£46,455**	**£69,721**
2020	Option B	£1,120,451	Ratio	39:1	26:1	20:1
			Salary	£23,233	£30,600	£47,000
			Total pay and benefits	£28,389	£42,492	£56,844
2019	Option B	£3,023,654	Ratio	93:1	73:1	48:1
			Salary	£27,500	£31,277	£45,621
			Total pay and benefits	£32,342	£41,483	£62,418
2018	Option B	£3,151,748	Ratio	103:1	77:1	41:1
			Salary	£26,412	£26,873	£52,458
			Total pay and benefits	£30,745	£41,135	£76,575

(a) The 2018, 2019 and 2020 single figures disclosed have not been restated to reflect the share price on the date the 2016, 2017 and 2018 PSP awards 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 2021.

Under Option B, using the hourly rate from our 2021 gender pay gap data, three employees have been identified as the best equivalents of our lower quartile, median and upper quartile.

Option B provides a clear methodology involving less adjustments to calculate full-time equivalent earnings and is more likely to produce more robust reporting year on year. The Committee has reviewed the results of the calculations and is satisfied that they continue to be representative of the respective percentiles.

Total pay and benefit figures, during the financial year ending 31 December 2021, 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 for 2020 was significantly lower than in 2019. The CEO single figure was impacted by: the voluntary 30% reduction in Executive Directors salaries and pension contributions from 1 April to 31 July 2020, no cash bonus being paid to Executives Directors in response to 2020 performance and a low level of vesting in respect of the 2018 PSP Award. The lower CEO figure caused all three ratios for 2020 to reduce to a greater degree than would otherwise have been expected.

We increased the number of apprentices in 2020 which caused the lower quartile to drop in comparison to 2019. In 2021 the number of apprentices was less than in 2020 but higher than 2019 and this is the reason that the lower quartile has increased on 2020 but remains lower than in 2019. Apprentices are paid lower rates of pay and movements in headcount can impact the lower quartile.

Ratios for 2021 remain lower than our pre-pandemic ratios due to a combination of the CEO single figure being lower, an increase in the average employee salary of 5.5% over the year, and employees receiving higher bonus payments than in previous years. The lower CEO single figure is predominantly due to a lower level of vesting in respect of the 2019 PSP Award.

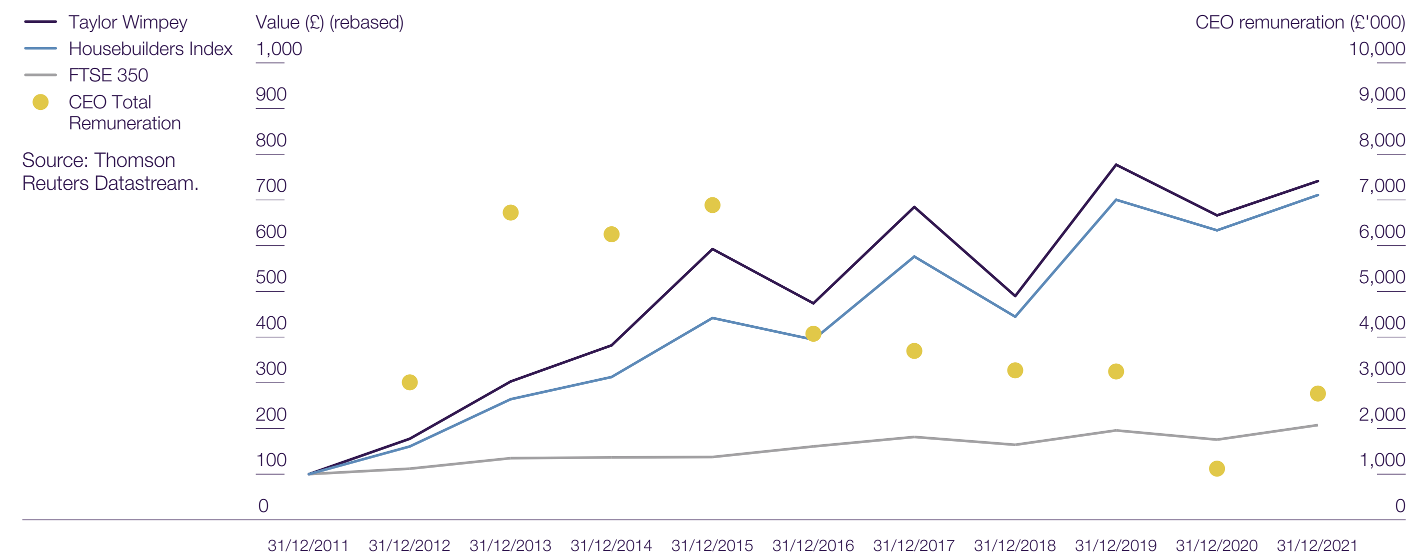
As has been noted on page 105, the Committee has reviewed the remuneration policies and practices for the wider workforce in conjunction with the Directors' remuneration policy review during the year. The Committee is satisfied that there is a good level of consistency in relation to pay policies throughout Taylor Wimpey.

Total shareholder return graph and Chief Executive historic remuneration

The graph below shows the value of £100 invested in Taylor Wimpey plc on 31 December 2011 with the value of a £100 invested in the FTSE 350 and in the average of the Housebuilders Index introduced for the 2012 PSP 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.

The graph also shows the Chief Executive's single figure remuneration over the same 10-year period. The total remuneration figure includes the EIS and PSP awards which vested based on performance in those years. The EIS and PSP percentages are the payout for each year as a percentages of the maximum award that could have been paid or received.

Total shareholder return



	Year ending 31 December									
Chief Executive historic remuneration	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total remuneration (£'000)	3,009	6,724	6,250	6,888	4,072	3,697	3,272	3,247	1,120	**2,764**
EIS (%)	95	90	90	78	80	66	93	50.6	–	**95**
PSP (%)	40	85	94	100	81	78	50	62.8	6.6	**22.1**

Annual percentage change in remuneration of Directors and employees

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 2020 and 31 December 2021, as set out on page 115.

	Salary / fee[a]		Benefits		Annual bonus scheme[b]	
	% change from 31/12/2019 to 31/12/2020 (%)	**% change from 31/12/2020 to 31/12/2021 (%)**	% change from 31/12/2019 to 31/12/2020 (%)	**% change from 31/12/2020 to 31/12/2021 (%)**	% change from 31/12/2019 to 31/12/2020 (%)	**% change from 31/12/2020 to 31/12/2021 (%)**
Pete Redfern	(10)	**13**	2	**(18)**	n/a	**n/a**
Chris Carney[c]	(10)	**18**	(55)	**(11)**	n/a	**n/a**
Jennie Daly	(10)	**13**	(6)	**12**	n/a	**n/a**
Irene Dorner[d]	n/a	**32**	–	**–**	–	**–**
Gwyn Burr[e]	(3)	**29**	–	**–**	–	**–**
Jitesh Gadhia[f]	n/a	**n/a**	–	**–**	–	**–**
Scilla Grimble[f]	n/a	**n/a**	–	**–**	–	**–**
Angela Knight	(10)	**17**	–	**–**	–	**–**
Robert Noel[g]	n/a	**23**	–	**–**	–	**–**
Humphrey Singer	(10)	**14**	–	**–**	–	**–**
Average pay of a Taylor Wimpey Employee[h]	–	**6**	–	**3**	(46)	**163**

(a) The Executive and Non Executive Directors took a voluntary 30% reduction in base salary and fees from 1 April 2021 to 31 July 2021 in light of the COVID-19 pandemic.
(b) The Executive Incentive Scheme was cancelled in light of the COVID-19 pandemic.
(c) Chris Carney received a salary increase on 1 July 2021.
(d) Irene Dorner was appointed in December 2019 and received a fee increase on 1 July 2021.
(e) Gwyn Burr was appointed as the Board's Employee Champion and received a fee of £10,000 per annum with effect from 1 January 2021.
(f) Jitesh Gadhia and Scilla Grimble were appointed in March 2021.
(g) Robert Noel was appointed in October 2019 and was appointed as the Company's Senior Independent Director on 1 August 2021.
(h) Taylor Wimpey plc does not have any employees and these figures are in relation to Taylor Wimpey UK Limited employees.

Change in Company performance relative to change in remuneration (audited)

	2020	2021	Change (%)
Operating profit[a]	£300.3m	**£828.6m**	176
Dividends paid per ordinary share	0.00p	**8.28p**	n/a
Employee pay in aggregate[b]	£280.1m	**£292.1m**	4
Employee pay average per employee[b]	£46,459	**£54,517**	17

(a) Operating profit is defined as profit on ordinary activities before net finance costs, exceptional items and tax, after share of results of joint ventures. Operating profit has been chosen as it is one of the Company's primary measures of performance.
(b) See note 7 to the financial statements on page 149.

Statement of shareholder voting

Votes cast by proxy and at the meeting in respect of the Directors' remuneration were as follows:

Resolution	Votes for	%	Votes against	%	Total votes cast (excluding withheld votes)	Votes withheld
Directors' Remuneration Report for 2020 (2021 AGM)	2,216,612,359	97.67	52,990,912	2.33	2,269,603,271	401,828
Directors' Remuneration Policy (2020 AGM)	2,001,641,568	98.65	27,319,532	1.35	2,028,961,100	583,978

Approved by the Board

Gwyn Burr
Chair of the Remuneration Committee

2 March 2022

Statutory, regulatory and other information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Annual Report and Accounts. Certain matters which are required to be reported on appear in other sections of this Annual Report and Accounts, as detailed below:

Qualifying third party indemnity

In accordance with Section 234 of the Companies Act 2006 and following advice from Slaughter and May, the Company has granted an indemnity in favour of its Directors and Officers and those of its Group companies, including the Trustee Directors of its Pension Trustee Company, for this financial year and at the date of this report. The indemnity is against the financial exposure that they may incur in the course of their professional duties as Directors and Officers of the Company and / or its subsidiaries / affiliates.

Audit and Auditors

Each Director has, at the date of approval of this report, formally confirmed that:

– To the best of their knowledge there is no relevant audit information of which the Company's external Auditors are unaware.
– They have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's external Auditors are aware of that information.

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 127.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 10:30am on 26 April 2022 in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1GJ.

Formal notice of the AGM is set out in the Notice of Annual General Meeting on pages 184 to 191 and on the Company's website.

Capital structure

Details of the Company's issued share capital, together with information on movements in the Company's issued share capital during the year, are shown in Note 23 on pages 165 to 166.

The Company has two classes of shares: Ordinary Shares of 1p, each of which carries the right to one vote at general meetings of the Company and other such rights and obligations as are set out in the Company's Articles of Association; and Deferred Shares, which carry no voting rights.

The powers of the Company's directors in relation to issuing or buying back the Company's shares are limited to those approved by shareholders at the AGM.

We have announced the Company's intention to return excess capital to its shareholders in 2022 of up to £150 million through the implementation of a share buyback programme. An initial tranche of up to £75 million commenced on 3 March 2022 and is expected to end no later than 3 June 2022. The initial tranche of the share buyback programme is being carried out by the Company using the authority to purchase its own ordinary shares as approved by shareholders at the 2021 AGM, and in order to retain the flexibility to complete the initial tranche and continue to return value to shareholders, we are asking shareholders to renew the authority for the Company to purchase its own ordinary shares. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares. Pursuant to the share buyback programme, the Board intends to hold 25 million of the shares that are repurchased in treasury and the remaining shares will be cancelled. The Board currently intends that the shares to be held in treasury will be used for future obligations of the Company in respect of its employee share schemes.

The Board will use this authority to purchase shares only after careful consideration (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company).

The 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

The 2020 final ordinary dividend of 4.14 pence per share was paid to shareholders on 14 May 2021 and the 2021 interim ordinary dividend of 4.14 pence per share was paid to shareholders on 12 November 2021.

Subject to shareholder approval at the 2022 AGM, the final ordinary dividend of 4.44 pence per share will be paid on 13 May 2022 to shareholders on the register at the close of business on 1 April 2022. More information can be found on pages 69 and 185. The Company will be operating a Dividend Re-Investment Plan (DRIP) for shareholders in the United Kingdom and more information can be found on page 187.

The right to receive any dividend has been waived in part by the Trustees of the Company's ESOT over that Trust's combined holding of 9,112,873 shares, as at 28 February 2022. More information about the ESOT can be found in Note 26 on page 167.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2021.

Political donations

The Company has a policy of not making donations to political parties, and has not made any during 2021 and does not intend to going forward. More information can be found on page 189.

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.

As at 28 February 2022, 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 2021		As at 28 February 2022	
Name	Number of shares held (millions)	Percentage of issued voting share capital	Number of shares held (millions)	Percentage of issued voting share capital
BlackRock	182.5	5.00	182.5	5.00
The Capital Group Companies, Inc	164.7	4.51	164.7	4.51
Legal & General Group plc	98.5	2.70	98.5	2.70
Standard Life Investments Limited	96.5	2.64	96.5	2.64

Agreements

The Company's borrowing and bank facilities contain the usual change of control provisions which could potentially lead to prepayment and cancellation by the other party upon a change of control of the Company. There are no other significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Modern Slavery Act

The Company welcomes the aims and objectives of the Modern Slavery Act 2015 (MSA) and continues to take its responsibilities under the MSA with the seriousness it deserves and requires. The Company will shortly be publishing its sixth statement under the MSA which will be available on the Company's website.

Employee share ownership

The Company promotes employee share ownership as widely as possible across the Company. The Company has two all-employee share plans, the Save As You Earn share option plan and the Share Incentive Plan, which are offered to all UK-based employees once they have worked for the Company for three months. The Company also offers a scheme whereby employees who do not participate in the Executive Incentive Scheme (cash bonus 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 one year. The scheme has operated since 2012 and in 2021 resulted in 233,335 shares (2020: 574,817) being acquired by 225 employees (2020: 294). The relatively lower number of shares awarded in 2021 reflected the lower bonus level for 2020 performance received by employees.

The percentage of our employees who hold shares in the Company, either through the all-employee share plans, the bonus exchange scheme, or any other method is 61% (2020: 64%).

Employment of people with disabilities

The Company is committed to ensuring that people with disabilities are treated fairly, supported and encouraged to apply for employment and to progress and receive training once employed. Working with key partners, we hope to increase permanent and secondment opportunities for people with disabilities. In addition, every reasonable effort is made for people with disabilities to be retained in the employment of the Company by investigating reasonable adjustments to the role, workplace or equipment.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Board of Directors pages of the Corporate Governance report confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company.
- The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the Principal Risks and uncertainties that it faces.

This Directors' report and responsibility statement was approved by the Board of Directors on 2 March 2022 and is signed on its behalf by:

A Black

Alice Black
Group General Counsel and Company Secretary, Taylor Wimpey plc

2 March 2022

Independent auditors' report to the members of Taylor Wimpey plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Taylor Wimpey plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

Taylor Wimpey is a listed housebuilder, predominantly operating in the UK, also with a presence in Spain. The Group focuses on the sale of private dwellings, which comprised 91% of total revenue in 2021, with the majority of the remaining revenue generated through delivery of partnership housing contracts.

The Group's consolidated financial statements are primarily an aggregation of the 23 UK Business Units, representing the regional UK housebuilding businesses encompassed in Taylor Wimpey UK Limited, consolidated with the Group's Spanish operations, Taylor Wimpey de España S.A.U., the Company and the share of the Group's interest in joint ventures. For the purposes of our audit, we considered Taylor Wimpey UK Limited, Taylor Wimpey de España S.A.U. and the Company to be separate components.

The context of our audit is underpinned by 2021 being our first year as external auditors of the Group. As part of our audit transition, we performed specific procedures over opening balances by shadowing the prior year audit undertaken by the predecessor auditor, reviewing the predecessor auditors working papers and risk assessment, both in the UK and Spain, and re-evaluating the predecessor auditors conclusions in respect of key sources of estimation uncertainty in the opening balance sheet at 1 January 2021.

We performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group and, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, a review of the half year financial information. Following this work, we performed a significant amount of early audit procedures in advance of the year-end, covering each of the Business Units and the Group functions. The objective of this audit work was:

- to perform initial testing in relation to the design and operating effectiveness of the controls we planned to place reliance on;
- to ensure that we had a clear plan as to what work needed to be done when and where at year-end;
- to perform initial substantive testing, particularly where larger samples were required; and
- to enable early consideration of the key sources of estimation uncertainty before the year-end.

The audit transition, half year review and pre year-end audit work were important in determining our 2021 Group audit scope, areas of focus and detailed testing approach. As we undertook each phase of this first year audit, we regularly reconsidered our risk assessment to reflect audit findings, including our assessment of the Group's control environment and the impact on our planned audit approach.

In terms of risk assessment:

- given the nature of the Group's operations and the methodology for recognising margin on units sold, we considered margin recognition and forecasting to be the most significant area and therefore have included this as a key audit matter; and
- we considered current Government legislation and announcements, particularly in relation to cladding and fire safety, and hence also included a key audit matter in relation to this.

As part of our audit we also made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact in the current year and we used our knowledge of the Group and the industry to evaluate management's assessment. We particularly considered the potential impact on forecast build costs, and therefore margins, of new climate related regulations, such as Part L & F of the Building Regulations.

Overview

Audit scope

Our Group audit included full scope audits of Taylor Wimpey UK Limited (which includes the Group's 23 UK Business Units), Taylor Wimpey plc (the "Company") and Taylor Wimpey de España S.A.U. We also performed audit procedures over specified balances and transitions across a number of the Group's joint ventures. Finally we audited the consolidation, including consolidation adjustments.

Taken together, the above procedures included operations covering 100% of revenue, 99% of profit before tax, 99% of profit before tax and exceptional items and 97% of net assets.

Key audit matters

- Margin recognition and site forecasting (Group)
- Cladding fire safety provision (Group)
- Valuation of investments in Group undertakings and amounts due from Group undertakings (Company)

Materiality

- Overall Group materiality: £40.0 million based on 5% of profit before tax and exceptional items.
- Overall Company materiality: £36.0 million based on 1% of net assets capped at 90% of overall Group materiality.
- Performance materiality: £30.0 million (Group) and £27.0 million (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter

Margin recognition and site forecasting (Group)
Refer to page 104 (Audit Committee report) and page 146 (Critical accounting judgements and key sources of estimation uncertainty).
As at 31 December 2021 the Group's inventory balance is £4,945.7 million (31 December 2020: £4,534.7 million) and is the most significant asset on the Consolidated balance sheet.
The Group's margin recognition policy is based on the margin forecast for each site. These margins reflect estimated sales prices and costs for each site. This is a method of allocating the total forecast costs, representing both land and build costs, of a site to each individual unit.
There is a risk that the margin forecast for the site, and consequently the margin recognised on each unit sold, is not appropriate and reflective of the actual final margin that will be recognised on a site. As a result excess profit margins would be recognised earlier, to the detriment of reduced margins on units sold at the end of the site, or vice versa. The risk is due to the high level of management estimation involved in ensuring the accuracy and completeness of an individual site forecast, and the monitoring of these estimates over time.
Sales prices and build costs are inherently uncertain, as they are influenced by changes in external market factors, such as the availability and affordability of mortgages, changes in customer demand due to market uncertainty, or build cost inflation. There is higher uncertainty when a site is scheduled to be completed over a long timeframe.
Management has implemented internal controls to assess site acquisition and initial forecasts to assist financial appraisal processes, and further controls to monitor the ongoing costs and sales prices within these forecasts, including changes to forecast costs as a result of new climate related regulations, e.g. Part L & F of the Building Regulations. There is a risk that these controls do not operate effectively in ensuring the accuracy and completeness of the forecasts.
We consider the accuracy and completeness of forecasting and the appropriateness of margin recognition across the life of the site to be a significant financial reporting risk, and hence audit risk, for the Group.
	Our audit procedures focused in particular on assessing the judgemental elements used to determine an accurate margin, being forecast costs and forecast revenues. Our procedures included, but were not limited to:
	– We tested a number of key controls within the build cycle, such as:
	  – management's review meetings, where the performance to date and expected outturn are updated, reviewed and challenged for each site on a bi-monthly basis;
	  – review, approval and recognition of cost variations against the original site budgets;
	  – surveyor valuations assessing the stage of completion of individual plots across all sites; and
	  – review and approval of initial site budgets.
	– We assessed management's historical forecasting accuracy on all active sites in 2021, through comparison to historical forecasts from 2020 and 2019, as well as the initial site budget. We investigated significant differences or trends to understand whether they were driven by items that could reasonably have been foreseen or predicted rather than items outside of management's control such as build cost inflation;
	– We tested a sample of forecast costs to third party evidence, such as tender documents, or other appropriate support;
	– We tested a sample of forecast sales prices to the actual sales prices attained on similar properties;
	– We understood risks and opportunities identified in relation to sites to ensure completeness of costs within the site forecast, including consideration of the impact of future climate related regulation and requirements;
	– We tested a sample of actual costs incurred to third party evidence, as well as testing the allocation of costs to the correct sites;
	– We tested a sample of actual revenue recognised in the period to third party contracts, completion statements and bank statements;
	– We verified, by recalculating the margins, that the system correctly recalculates the margin following each cost or sales price amendment made by management; and
	– We tested that the system appropriately apportions the cost of sales associated with each plot when a sale is made.
	Based on the procedures performed, we did not identify any sites where we considered the actual margin recognised or forecast margin to be materially inappropriate.

Key audit matter	How our audit addressed the key audit matter
Cladding fire safety provision (Group) *Refer to page 104 (Audit Committee report) and page 146 (Critical accounting judgements and key sources of estimation uncertainty).* In March 2021 the Group announced it would support owners of buildings constructed by the Group going back 20 years from January 2021, including apartment buildings below 18 metres, in completing remediation works required to achieve RICS EWS1 certification levels. The cost of providing this financial support was estimated at £125.0 million, and a provision was recorded on the grounds that the announcement created a constructive obligation. The provision is identified as a source of estimation uncertainty as there are several factors that could drive changes to the level of financial support required to be given in future periods. The key assumptions are the number of buildings requiring work, the cost of remediation works for each relevant building and the level of funding available to building owners under the Building Safety Fund as at the balance sheet date. Future industry guidance or regulation could also potentially change the obligation, and therefore the financial support required to be provided. Given the estimation uncertainty and the stakeholder focus on what is an industry wide issue, we identified the valuation of the cladding fire safety provision, specifically the £125m recorded during the year, as a significant audit risk.	In addressing the risk that the provision was valued incorrectly, our audit procedures included, but were not limited to, the following: – We enquired with management, including the Group Management Team, to understand the rationale behind the provision and whether it met the requirements of IAS 37 for the recognition of a constructive obligation; – We recalculated and checked the integrity of management's model, to assess the accuracy of the calculation; – We tested the completeness of the buildings included by reference to publicly available information on Taylor Wimpey constructed buildings; – We tested the completeness of the provision by considering whether, for buildings where there was no provision, that conclusion was appropriate by inspecting supporting information including the results from any surveys undertaken; – We tested the valuation of the remediation costs included within the provision back to third party evidence, to corroborate the inputs into the provision calculation. Examples of audit evidence included external wall assessments to determine the extent of works required and third party evidence such as external quantity surveyor quotes. – We assessed the technical capabilities and expertise of the Group's employees and external consultants involved in assessing the expected work and costs; – We understood and assessed the estimated impact of potential contributions from the Building Safety Fund to the overall expected remediation costs; – We assessed the ability of management to forecast remediation costs by comparing original internal estimates to tendered works; – We read recent government guidelines to confirm that management's assumptions and interpretations were appropriate; and – We reviewed the disclosures included in the financial statements, including those on estimation uncertainty required by IAS 1 and those required by IAS 37. Overall, we found that, based on the audit evidence that we obtained, management's assessment of the provision was appropriate given the commitment made and the conditions that existed at the balance sheet date. We also considered the disclosures made in the financial statements to be in line with the requirements of IAS 37 'Provisions, contingent liabilities and contingent assets'.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in Group undertakings and amounts due from Group undertakings (Company) *Refer to page 175 Investments in Group undertakings and Trade and other receivables notes in the Company financial statements.* The carrying value of the investments in Group undertakings and amounts due from Group undertakings in the Company accounts are £2,446.2m (2020: £2,433.0m) and £2,848.7m (£2,922.5m) respectively. The key estimate is whether the carrying values of the investments and intercompany receivables are supported by the forecast future cash flows of the underlying Group undertakings. As such it was this area where we applied the most audit effort in respect of the audit of the Company and hence why it was identified as a key audit matter.	Audit procedures included, but were not limited to, the following: – We assessed the net assets of the underlying investments to confirm that they were in excess of the carrying value of the Company's investment in Group undertakings; – We verified that future cash flows supported the recoverability of amounts due from Group undertakings and that no impairment was required; – We confirmed that the market capitalisation of the Group as at 31 December 2021 exceeded the carrying value of the investment in Group undertakings and confirmed that there were no impairment triggers in the year; and – We verified that the aggregate net current assets of subsidiary undertakings were sufficient to support the intercompany receivables and whether, in accordance with IFRS 9, an expected credit loss was required. We have no issues to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's consolidated financial statements are primarily an aggregation of the 23 UK Business Units, representing the regional UK housebuilding businesses, consolidated with the Group's Spanish operations, Taylor Wimpey de España S.A.U., the Company and the share of the Group's interest in joint ventures.

The 23 UK Business Units operate under a common control environment, underpinned by the Group's Operating Framework. The Group engagement team's initial testing focused on the effectiveness and consistency of the design and implementation of the controls and processes, and based on this, we determined that the aggregated Business Units could be treated as one population for further testing purposes. In addition, we performed detailed audit work over the consolidation journals and specific financial statement line items within the Group's joint ventures. We instructed PwC Spain to perform procedures over Taylor Wimpey de España S.A.U.'s financial information, which forms part of the Group's consolidated financial statements.

Our work covered 100% of revenue, 99% of profit before tax, 99% of profit before tax and exceptional items and 97% of net assets. We performed specific audit testing over the exceptional item, relating specifically to the cladding fire safety provision.

We also performed a full scope audit of the Company financial statements which was considered a separate component for the purposes of our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£40.0 million	£36.0 million
How we determined it	5% of profit before tax and exceptional items	1% of net assets capped at 90% of overall Group materiality
Rationale for benchmark applied	Profit before tax is a generally accepted auditing benchmark. On the basis that exceptional items are not reflective of the operating performance of the Group and are excluded from key alternative performance measures we have also excluded them from the benchmark amount.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, which acts solely as a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £12.5 million to £36.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £30.0 million for the Group financial statements and £27.0 million for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2.0 million (Group and Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We tested the accuracy and integrity of the underlying model used by management in developing their going concern forecasts, and checked the approval of the forecasts by the Board;
- We tested the key assumptions used in the model, including comparison to third party market information where appropriate and checking that the assumptions used in the "severe but plausible" scenario were sufficiently severe to model potential future economic downturn, in line with those observed in the global financial crisis in 2007-8;
- We considered the historical reliability of management forecasting by comparing budgeted results to actual performance; and
- We reviewed the covenants applicable to the Group's borrowings and facility and checked that the forecasts supported ongoing compliance with the covenants in the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to building regulations, including fire and building safety legislation, health and safety legislation, tax and pension legislation, environmental regulation and employment law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Listing Rules and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to artificial inflation of reported results via the posting of fraudulent journals, primarily as part of the consolidation process at Group, and bias in the assumptions underpinning significant provisions. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Group Management Team, Business Unit Management, Internal Audit and the Audit Committee, review of internal audit reports and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities, in particular their controls around margin recognition and site forecasting;
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to margin recognition, site forecasting and provisions; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the Consolidated income statement.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 22 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 March 2022

Consolidated income statement

for the year to 31 December 2021

£ million	Note	Before exceptional items 2021	Exceptional items 2021	Total 2021	Before exceptional items 2020	Exceptional items 2020	Total 2020
Continuing operations							
Revenue	4	**4,284.9**	**–**	**4,284.9**	2,790.2	–	2,790.2
Cost of sales		**(3,257.9)**	**–**	**(3,257.9)**	(2,293.5)	–	(2,293.5)
Gross profit		**1,027.0**	**–**	**1,027.0**	496.7	–	496.7
Net operating expenses	6	**(203.8)**	**(125.0)**	**(328.8)**	(204.3)	(10.0)	(214.3)
Profit on ordinary activities before net finance costs		**823.2**	**(125.0)**	**698.2**	292.4	(10.0)	282.4
Finance income	8	**2.4**	**–**	**2.4**	3.5	–	3.5
Finance costs	8	**(26.4)**	**–**	**(26.4)**	(29.4)	–	(29.4)
Share of results of joint ventures	13	**5.4**	**–**	**5.4**	7.9	–	7.9
Profit before taxation		**804.6**	**(125.0)**	**679.6**	274.4	(10.0)	264.4
Taxation (charge)/credit	9	**(147.9)**	**23.8**	**(124.1)**	(49.1)	1.7	(47.4)
Profit for the year		**656.7**	**(101.2)**	**555.5**	225.3	(8.3)	217.0

	Note	2021	2020
Basic earnings per share	10	**15.3p**	6.3p
Diluted earnings per share	10	**15.2p**	6.2p
Adjusted basic earnings per share	10	**18.0p**	6.5p
Adjusted diluted earnings per share	10	**18.0p**	6.5p

All of the profit for the year is attributable to the equity holders of the Parent Company.

Consolidated statement of comprehensive income

for the year to 31 December 2021

£ million	Note	2021	2020
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	25	**(6.9)**	5.2
Movement in fair value of hedging instruments	25	**4.8**	(4.2)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	21	**37.9**	(36.6)
Tax (charge)/credit on items taken directly to other comprehensive income	14	**(5.4)**	8.6
Other comprehensive income/(expense) for the year		**30.4**	(27.0)
Profit for the year		**555.5**	217.0
Total comprehensive income for the year		**585.9**	190.0

All of the comprehensive income for the year is attributable to the equity holders of the Parent Company.

Consolidated balance sheet

at 31 December 2021

£ million	Note	2021	2020
Non-current assets			
Intangible assets	11	**6.6**	8.1
Property, plant and equipment	12	**21.7**	24.0
Right-of-use assets	19	**26.5**	27.5
Interests in joint ventures	13	**85.4**	82.2
Trade and other receivables	16	**27.5**	26.3
Other financial assets	21	**10.0**	–
Deferred tax assets	14	**26.2**	33.7
		203.9	201.8
Current assets			
Inventories	15	**4,945.7**	4,534.7
Trade and other receivables	16	**168.2**	189.1
Tax receivables		**1.0**	–
Cash and cash equivalents	16	**921.0**	823.0
		6,035.9	5,546.8
Total assets		**6,239.8**	5,748.6
Current liabilities			
Trade and other payables	18	**(901.9)**	(919.3)
Lease liabilities	19	**(7.0)**	(6.4)
Bank and other loans	17	**–**	(13.5)
Tax payables		**(0.8)**	(1.1)
Provisions	22	**(125.4)**	(70.6)
		(1,035.1)	(1,010.9)
Net current assets		**5,000.8**	4,535.9
Non-current liabilities			
Trade and other payables	18	**(629.3)**	(459.8)
Lease liabilities	19	**(20.4)**	(21.6)
Bank and other loans	17	**(84.0)**	(90.1)
Retirement benefit obligations	21	**(37.3)**	(89.5)
Provisions	22	**(119.7)**	(59.9)
		(890.7)	(720.9)
Total liabilities		**(1,925.8)**	(1,731.8)
Net assets		**4,314.0**	4,016.8
Equity			
Share capital	23	**292.2**	292.2
Share premium	24	**777.5**	773.1
Own shares	26	**(14.6)**	(11.5)
Other reserves	25	**541.6**	543.7
Retained earnings		**2,717.3**	2,419.3
Total equity		**4,314.0**	4,016.8

The financial statements of Taylor Wimpey plc (registered number: 296805) were approved by the Board of Directors and authorised for issue on 2 March 2022. They were signed on its behalf by:

P Redfern
Director

C Carney
Director

Consolidated statement of changes in equity

for the year to 31 December 2021

£ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Total equity at 1 January 2020	288.6	762.9	(17.6)	43.6	2,230.3	3,307.8
Other comprehensive income/(expense) for the year	–	–	–	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
Other comprehensive (expense)/income for the year	**–**	**–**	**–**	**(2.1)**	**32.5**	**30.4**
Profit for the year	**–**	**–**	**–**	**–**	**555.5**	**555.5**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(2.1)**	**588.0**	**585.9**
New share capital subscribed	**–**	**4.4**	**–**	**–**	**–**	**4.4**
Own shares acquired	**–**	**–**	**(4.2)**	**–**	**–**	**(4.2)**
Utilisation of own shares	**–**	**–**	**1.1**	**–**	**–**	**1.1**
Cash cost of satisfying share options	**–**	**–**	**–**	**–**	**(1.9)**	**(1.9)**
Share-based payment credit	**–**	**–**	**–**	**–**	**13.2**	**13.2**
Tax credit on items taken directly to statement of changes in equity	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Dividends approved and paid	**–**	**–**	**–**	**–**	**(301.5)**	**(301.5)**
Total equity at 31 December 2021	**292.2**	**777.5**	**(14.6)**	**541.6**	**2,717.3**	**4,314.0**

Consolidated cash flow statement

for the year to 31 December 2021

£ million	Note	2021	2020
Profit on ordinary activities before net finance costs		**698.2**	282.4
Adjustments for:			
Depreciation and amortisation		**15.6**	16.4
Pension contributions in excess of charge to the income statement		**(15.2)**	(33.4)
Share-based payment charge		**13.2**	7.0
Increase in provisions excluding exceptional payments		**130.0**	19.6
Operating cash flows before movements in working capital		**841.8**	292.0
Increase in inventories		**(293.2)**	(362.2)
Decrease/(Increase) in receivables		**32.1**	(19.5)
Decrease in payables		**(6.0)**	(75.3)
Cash generated from/(used in) operations		**574.7**	(165.0)
Payments related to exceptional charges		**(15.1)**	(17.7)
Income taxes paid		**(123.0)**	(107.7)
Interest paid		**(4.7)**	(10.8)
Net cash generated from/(used in) operating activities		**431.9**	(301.2)
Investing activities			
Interest received	8	**2.1**	3.1
Dividends received from joint ventures		**8.1**	0.8
Purchase of property, plant and equipment	12	**(2.5)**	(3.1)
Purchase of software	11	**(2.1)**	(4.9)
Investment in pension scheme escrow		**(10.0)**	–
Amounts invested in joint ventures		**(5.9)**	(19.8)
Net cash used in investing activities		**(10.3)**	(23.9)
Financing activities			
Lease capital repayments		**(6.9)**	(8.0)
Proceeds from the issue of own shares		**–**	510.1
Cash received on exercise of share options		**3.6**	0.8
Purchase of own shares		**(4.2)**	–
Repayment of borrowings		**(12.7)**	–
Proceeds from borrowings		**–**	13.5
Dividends paid	31	**(301.5)**	–
Net cash (used in)/generated from financing activities		**(321.7)**	516.4
Net increase in cash and cash equivalents		**99.9**	191.3
Cash and cash equivalents at beginning of year		**823.0**	630.4
Effect of foreign exchange rate changes		**(1.9)**	1.3
Cash and cash equivalents at end of year	27	**921.0**	823.0

Notes to the consolidated financial statements

1. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except as otherwise stated below.

The principal accounting policies adopted, which have been applied consistently, except as otherwise stated, are set out below.

Adoption of new and revised standards

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

The Group has adopted and applied the following standards and amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements.

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) – interest rate benchmark reform – phase 2

At 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 1 'Presentation of Financial Statements' (amendments) – classification of liabilities as current or non-current
- IAS 1 'Presentation of Financial Statements' (amendments) – disclosure of accounting policies
- IAS 12 'Income Taxes' (amendments) – deferred tax related to assets and liabilities arising from a single transaction
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (amendments) – definition of accounting estimates
- Annual improvement in IFRS Standards 2018-2020

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

Group forecasts have been prepared that have considered the Group's current financial position and current market circumstances. The forecasts were subject to sensitivity analysis together with the likely effectiveness of mitigating actions.

The assessment considers sensitivity analysis on a series of realistically possible, but severe and prolonged, changes to principal assumptions. In determining these the Group has included macro-economic and industry-wide projections as well as matters specific to the Group.

The severe but plausible downside scenario reflects the aggregated impact of the sensitivities, taking account of a sharp decline in customer confidence, disposable incomes, and mortgage availability. To arrive at the stress test the Group has drawn on experience gained managing the business through previous economic downturns and the COVID-19 pandemic. As a result, the Group has stress tested the business against the following severe but plausible downside scenario which can be attributed back to the Group's Principal Risks that have been identified as having the most impact on the longer-term prospects and viability of the Group.

The impact of the Principal Risk 'Natural resources and climate change' is not deemed to be material within the forecast period, albeit known costs from regulations have been included in the modelling.

- Volume – a decline in total volumes of 20% from 2021, recovering by the end of the forecast period
- Price – a reduction to current selling prices of 20%, recovering by the end of the forecast period
- Costs – a one-off exceptional charge and cash cost of £150 million for an unanticipated event, change in Government regulations or financial penalty (e.g. from a cyber security breach)

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

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

The Group's liquidity (defined as cash and undrawn committed facilities) was £1,471 million at 31 December 2021. The undrawn facilities of £550 million mature in February 2025 with the drawn facility maturing more than one year after the current balance sheet date with €100 million due in June 2023. 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, and meet its liabilities as they fall due, for at least the next 12 months from the date of these consolidated financial statements. Consequently 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) as adopted by the UK.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved 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.

1. Significant accounting policies continued

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.

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. Loans to joint ventures form part of the Group's net investment and is assessed for recoverability on a periodic basis. 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 and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities.

As a result, the 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 highly 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 consistent margin for the site.

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.

1. Significant accounting policies continued

Positive contribution

Positive contribution 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.

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 effective interest rate 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.

1. Significant accounting policies continued

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Buildings are depreciated over 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.

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.

1. Significant accounting policies continued

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.

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.

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

Cost allocation

In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete, including those driven by climate related regulation such as the implementation of Parts L&F, on such developments, and make estimates relating to future sales price margins on those developments and units. In making these assessments, there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and the appropriateness of estimates made.

Cladding fire safety provision

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in the current year the Group announced an additional £125.0 million provision to fund cladding fire safety improvements. The Group has estimated the provision based on the number of buildings that may require works under EWS1 requirements, costs to carry out the identified works and eligibility of buildings for the UK Government's Building Safety Fund. In determining the total cost of works across a number of different buildings, management initially used internal QS estimates, which have increasingly been supported by externally sourced quotations, where available, both of which contain inherent estimation uncertainty, however it is not anticipated that any reasonable possible changes would lead to a material adjustment in the value of the provision. The scope of works may also be impacted by future industry guidance or regulations.

Provision for leasehold

The value of this provision has been established using information available to management at 31 December 2021, together with a range of assumptions including the number of units which have been sold by the original Taylor Wimpey customer and as such are not eligible for the original GRRAS scheme, and the final deed of variation valuations for those freeholders with whom the Group has not yet agreed a settlement. Following the agreement of voluntary undertakings with the CMA the level of uncertainty of assumptions has decreased. Whilst, as at 31 December 2021, final outcomes are not known with absolute certainty it is not anticipated that any reasonable possible changes would lead to a material adjustment in the value of the provision held. See Note 22 for further details on the provision.

3. General information

Taylor Wimpey plc is a public company limited by shares, incorporated and domiciled in the United Kingdom 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, Buckinghamshire, HP12 3NR. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 71.

These financial statements are presented in pounds Sterling as the currency of the primary economic environment in which the Group operates.

4. Revenue

An analysis of the Group's continuing revenue is as follows:

£ million	2021	2020
Private sales	**3,890.3**	2,507.9
Partnership housing	**363.1**	269.3
Land & other	**31.5**	13.0
	4,284.9	2,790.2

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	2021	2020
Recognised at a point in time	**3,939.2**	2,573.7
Recognised over time	**345.7**	216.5
	4,284.9	2,790.2

At 31 December 2021, the aggregate amount of the transaction price allocated to unsatisfied performance obligations on construction contracts was £594.3 million (2020: £572.3 million), of which approximately half is expected to be recognised as revenue during 2022.

5. Operating segments

The Group operates in two countries, the United Kingdom and Spain.

The United Kingdom is split into five geographical operating segments, each managed by a Divisional Chair who sits on the Group Management Team; there are also central operations covering the corporate functions and Strategic Land. All the UK operating segments share similar economic characteristics. In making this assessment the Group has considered the key metrics that are used to monitor the performance of the segments; these have been considered over a long term period and have included historic and forecast results. The metrics focus on profitability, return on capital and other asset related measures. In addition each Division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and local housing associations, follows a single UK sales process and operating framework, is subject to the same macro-economic factors including mortgage availability and has the same cost of capital arising from the utilisation of central banking and debt facilities. As a result, the disclosure reflects the two reportable segments of the UK and Spain. Revenue in Spain arises entirely on private sales.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Segment information about these businesses is presented below:

	2021			2020		
£ million	UK	Spain	Total	UK	Spain	Total
Revenue						
External sales	**4,208.1**	**76.8**	**4,284.9**	2,726.9	63.3	2,790.2
Result						
Profit before joint ventures, finance costs and exceptional items	**808.6**	**14.6**	**823.2**	276.6	15.8	292.4
Share of results of joint ventures	**5.4**	**–**	**5.4**	7.9	–	7.9
Operating profit (Note 32)	**814.0**	**14.6**	**828.6**	284.5	15.8	300.3
Exceptional items (Note 6)	**(125.0)**	**–**	**(125.0)**	(10.0)	–	(10.0)
Profit before net finance costs	**689.0**	**14.6**	**703.6**	274.5	15.8	290.3
Net finance costs			**(24.0)**			(25.9)
Profit before taxation			**679.6**			264.4
Taxation charge			**(124.1)**			(47.4)
Profit for the year			**555.5**			217.0

5. Operating segments continued

£ million	2021 UK	2021 Spain	2021 Total	2020 UK	2020 Spain	2020 Total
Assets and liabilities						
Segment operating assets	5,013.6	192.6	5,206.2	4,635.1	174.6	4,809.7
Joint ventures	85.4	–	85.4	82.2	–	82.2
Segment operating liabilities	(1,757.3)	(83.7)	(1,841.0)	(1,564.0)	(63.1)	(1,627.1)
Net operating assets	3,341.7	108.9	3,450.6	3,153.3	111.5	3,264.8
Net current taxation			0.2			(1.1)
Net deferred taxation (Note 14)			26.2			33.7
Net cash (Note 27)			837.0			719.4
Net assets			4,314.0			4,016.8

£ million	2021 UK	2021 Spain	2021 Total	2020 UK	2020 Spain	2020 Total
Other information						
Property, plant and equipment additions	2.4	0.1	2.5	2.8	0.3	3.1
Right-of-use asset additions	6.1	0.6	6.7	9.1	0.2	9.3
Software additions	2.1	–	2.1	4.9	–	4.9
Property, plant and equipment depreciation	(4.6)	(0.1)	(4.7)	(4.6)	(0.1)	(4.7)
Right-of-use asset depreciation	(7.1)	(0.2)	(7.3)	(7.6)	(0.3)	(7.9)
Amortisation of intangible assets	(3.6)	–	(3.6)	(3.8)	–	(3.8)

6. Net operating expenses and profit on ordinary activities before net finance costs

Profit on ordinary activities before net finance costs for continuing operations has been arrived at after charging/(crediting):

£ million	2021	2020
Administration expenses	211.0	206.8
Other expenses	13.1	7.2
Other income	(20.3)	(9.7)
Exceptional items	125.0	10.0

Other income and expenses include profits on the sale of property, plant and equipment and the revaluation of certain shared equity mortgage receivables, pre-acquisition and abortive costs, and profit/loss on the sale of part exchange properties.

During 2021 positive contribution of £4.1 million was recognised (2020: £4.6 million).

Exceptional items: £ million	2021	2020
Provision in relation to cladding fire safety	125.0	10.0
Exceptional items	125.0	10.0

Cladding fire safety

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. During 2021 the Group announced its intention to support building owners and leaseholders with investment to ensure their apartment buildings are safe and meet current EWS1 (External Wall Fire Review) requirements. This applies to Taylor Wimpey apartment buildings constructed going back 20 years from January 2021, including apartment buildings below 18 metres. As a result the Group has recognised an additional £125.0 million provision and, in line with Group policy, recognised it as an exceptional item. This is a complex and exceptional situation, but Taylor Wimpey is focused on doing the right thing for its customers. The Board has determined that the Group will fund and oversee the improvement works of apartment buildings in its ownership, regardless of eligibility for the UK Government Building Safety Fund, to make them safe and mortgageable by achieving EWS1 certification. 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, the Group will contribute funding to bring those buildings up to the standards required by current Royal Institution of Chartered Surveyors (RICS) EWS1 guidance. Whilst the legal responsibility continues to rest with the building owner, the Group will also provide advice and other assistance where appropriate.

6. Net operating expenses and profit on ordinary activities before net finance costs continued

Profit on ordinary activities before net finance costs has been arrived at after charging:

£ million	2021	2020
Cost of inventories recognised as an expense in cost of sales	3,135.0	2,094.2
Property, plant and equipment depreciation (Note 12)	4.7	4.7
Right-of-use asset depreciation (Note 19)	7.3	7.9
Amortisation of intangible assets (Note 11)	3.6	3.8

During 2020 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 included unproductive site overhead costs incurred during the controlled closure and lockdown period which would ordinarily be capitalised to WIP and expensed as plots legally completed of £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. No costs in relation to COVID-19 have been separately identified in 2021.

The remuneration paid to the Group's external auditors, PricewaterhouseCoopers LLP (2020: Deloitte LLP), is as follows:

£ million	2021	2020
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 auditors and its associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	0.6	0.3
Total audit fees	0.8	0.5
Other assurance services	0.1	0.2
Total non-audit fees	0.1	0.2
Total fees	0.9	0.7

Non-audit services in 2021 and 2020 predominantly relate to work undertaken as a result of PricewaterhouseCoopers LLP's (2020: Deloitte LLP's) role as auditors, or work resulting from knowledge and experience gained as part of the role. In 2021 the fees relating to other assurance services primarily related to the review of the interim statements and also included £2,000 for a subscription service providing factual updates and changes to applicable law, regulation or accounting and auditing standards. In 2020, non-audit fees predominantly related to the review of the interim statements and also included £50,000 of other services related to enhanced assurance.

7. Staff costs

Number	2021	2020
Monthly average number employed		
United Kingdom	5,271	5,948
Spain	87	81
	5,358	6,029

£ million	2021	2020
Remuneration		
Wages and salaries	278.0	264.9
Redundancy costs	0.4	5.5
Social security costs	28.9	28.7
Other pension costs	14.1	15.2
	321.4	314.3

The information relating to Director and Senior Management remuneration required by the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority is contained in Note 30 and pages 105 to 124 in the Directors' Remuneration Report.

8. Finance income and finance costs

Finance income £ million	2021	2020
Interest receivable	2.4	3.1
Foreign exchange gain	–	0.4
	2.4	3.5

Finance costs £ million	2021	2020
Interest on bank and other loans	(5.0)	(8.3)
Foreign exchange loss	(0.8)	–
	(5.8)	(8.3)
Unwinding of discount on land creditors and other items	(19.2)	(19.3)
Interest on lease liabilities (Note 19)	(0.4)	(0.4)
Net interest on pension liability (Note 21)	(1.0)	(1.4)
	(26.4)	(29.4)

9. Taxation charge

Tax (charged)/credited in the income statement is analysed as follows:

£ million		2021	2020
Current tax:			
UK:	Current year	(122.0)	(38.5)
	Adjustment in respect of prior years	2.3	(0.6)
Overseas:	Current year	(2.5)	(2.2)
	Adjustment in respect of prior years	(0.1)	–
		(122.3)	(41.3)
Deferred tax:			
UK:	Current year	(2.7)	(5.5)
	Adjustment in respect of prior years	(0.3)	(0.2)
Overseas:	Current year	1.2	(0.4)
	Adjustment in respect of prior years	–	–
		(1.8)	(6.1)
		(124.1)	(47.4)

Corporation tax is calculated at 19.0% (2020: 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 18.4% (2020: 17.9%). The tax charge for the year includes an exceptional credit of £23.8 million relating to the cladding fire safety provision. The tax charge for the prior year includes an exceptional credit of £1.7 million relating to the cladding fire safety provision. The charge for the year can be reconciled to the profit per the income statement as follows:

£ million	2021	2020
Profit before tax	679.6	264.4
Tax at the UK corporation tax rate of 19.0% (2020: 19.0%)	(129.1)	(50.2)
Net over/(under) provision in respect of prior years	1.9	(0.9)
Net impact of items that are not taxable or deductible	2.6	2.8
Recognition of deferred tax asset relating to Spanish business	2.2	1.1
Other rate impacting adjustments	(1.7)	(0.2)
Tax charge for the year	(124.1)	(47.4)

10. Earnings per share

	2021	2020
Basic earnings per share	15.3p	6.3p
Diluted earnings per share	15.2p	6.2p
Adjusted basic earnings per share	18.0p	6.5p
Adjusted diluted earnings per share	18.0p	6.5p
Weighted average number of shares for basic earnings per share – million	3,639.3	3,471.2
Weighted average number of shares for diluted earnings per share – million	3,649.0	3,473.6

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	2021	2020
Earnings for basic and diluted earnings per share	555.5	217.0
Adjust for exceptional items (Note 6)	125.0	10.0
Adjust for tax on exceptional items	(23.8)	(1.7)
Earnings for adjusted basic and adjusted diluted earnings per share	656.7	225.3

Million	2021	2020
Weighted average number of shares for basic earnings per share	3,639.3	3,471.2
Share options	9.7	2.4
Weighted average number of shares for diluted earnings per share	3,649.0	3,473.6

11. Intangible assets

£ million	Brands	Software	Total
Cost			
At 1 January 2020	140.2	17.2	157.4
Additions	–	4.9	4.9
At 31 December 2020	140.2	22.1	162.3
Additions	–	2.1	2.1
Disposals	–	(0.9)	(0.9)
At 31 December 2021	140.2	23.3	163.5
Accumulated amortisation			
At 1 January 2020	(140.2)	(10.2)	(150.4)
Charge for the year	–	(3.8)	(3.8)
At 31 December 2020	(140.2)	(14.0)	(154.2)
Charge for the year	–	(3.6)	(3.6)
Disposals	–	0.9	0.9
At 31 December 2021	(140.2)	(16.7)	(156.9)
Carrying amount			
At 31 December 2021	–	6.6	6.6
At 31 December 2020	–	8.1	8.1

The amortisation of software is recognised within administration expenses in the income statement.

12. Property, plant and equipment

£ million	Freehold land and buildings	Plant, equipment and leasehold improvements	Total
Cost			
At 1 January 2020	16.5	24.9	41.4
Additions	–	3.1	3.1
Exchange movements	–	0.1	0.1
At 31 December 2020	16.5	28.1	44.6
Additions	**–**	**2.5**	**2.5**
Disposals	**–**	**(0.7)**	**(0.7)**
Exchange movements	**–**	**(0.1)**	**(0.1)**
At 31 December 2021	**16.5**	**29.8**	**46.3**
Accumulated depreciation			
At 1 January 2020	(2.7)	(13.1)	(15.8)
Charge for the year	(0.5)	(4.2)	(4.7)
Exchange movements	–	(0.1)	(0.1)
At 31 December 2020	(3.2)	(17.4)	(20.6)
Charge for the year	**(0.9)**	**(3.8)**	**(4.7)**
Disposals	**–**	**0.7**	**0.7**
Exchange movements	**–**	**–**	**–**
At 31 December 2021	**(4.1)**	**(20.5)**	**(24.6)**
Carrying amount			
At 31 December 2021	**12.4**	**9.3**	**21.7**
At 31 December 2020	13.3	10.7	24.0

13. Interests in joint ventures

£ million	2021	2020
Aggregated amounts relating to share of all joint ventures:		
Non-current assets	**16.7**	25.3
Current assets	**145.1**	115.0
Total assets	**161.8**	140.3
Current liabilities	**(43.7)**	(28.2)
Non-current liabilities	**(100.0)**	(91.8)
Total liabilities	**(143.7)**	(120.0)
Carrying amount	**24.4**	24.3
Loans to joint ventures	**61.0**	57.9
Total interests in joint ventures	**85.4**	82.2

Loans to joint ventures includes £(6.3) million (2020: £(4.0) 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	2021	2020
Group share of:		
Revenue	**99.9**	96.0
Cost of sales	**(87.5)**	(77.4)
Gross profit	**12.4**	18.6
Net operating expenses	**(3.3)**	(5.3)
Profit before net finance costs	**9.1**	13.3
Net finance costs	**(2.2)**	(3.3)
Profit before taxation	**6.9**	10.0
Taxation	**(1.5)**	(2.1)
Share of joint ventures' post-tax results for the year	**5.4**	7.9

The Group has five material (2020: 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 2021 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 180.

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 2021	Chobham Manor 2021	Winstanley and York Road Regeneration 2021	Whitehill & Bordon Development Company Phase 1a 2021	Whitehill & Bordon Regeneration Company 2021	Total 2021
Non-current assets	–	–	–	–	32.8	32.8
Current assets	46.5	73.0	61.3	8.1	8.7	197.6
Cash and cash equivalents	22.4	37.1	2.6	1.2	2.1	65.4
Current financial liabilities	(6.4)	(43.6)	(3.1)	(5.4)	(6.6)	(65.1)
Current other liabilities	(2.4)	–	–	(0.8)	(0.2)	(3.4)
Non-current financial liabilities*	(27.8)	(56.3)	(73.4)	(0.3)	(34.2)	(192.0)
Net assets/(liabilities) (100%)	32.3	10.2	(12.6)	2.8	2.6	35.3
Group share of net assets/(liabilities)	16.2	5.1	(6.3)	1.4	1.3	17.7
Loans to joint ventures	7.5	27.4	31.4	–	0.1	66.4
Total interests in material joint ventures	23.7	32.5	25.1	1.4	1.4	84.1
Revenue	39.9	66.0	11.2	27.7	26.0	170.8
Interest (expense)/income	(0.5)	–	(3.7)	(0.6)	0.9	(3.9)
Income tax expense	(1.7)	–	–	(0.8)	(0.2)	(2.7)
Profit/(loss) for the year	7.2	4.6	(4.6)	3.2	0.6	11.0
Group share of profit/(loss) for the year	3.6	2.3	(2.3)	1.6	0.3	5.5

* Non-current financial liabilities include amounts owed to joint venture partners.

13. Interests in joint ventures continued

£ 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 current and prior year, no entity charged depreciation or amortisation. No entity had discontinued operations or items of other comprehensive income.

Aggregated amounts relating to share of individually immaterial joint ventures:

£ million	2021	2020
Non-current assets	0.3	0.3
Current assets	13.6	4.6
Total assets	13.9	4.9
Current liabilities	(9.5)	(0.6)
Non-current liabilities	(4.0)	(3.4)
Total liabilities	(13.5)	(4.0)
Carrying amount	0.4	0.9
Loans to individually immaterial joint ventures	0.9	3.8
Total interests in individually immaterial joint ventures	1.3	4.7

The aggregate loss relating to individually immaterial joint ventures was £0.1 million (2020: £2.3 million).

14. Deferred tax

£ million	Share-based payments	Capital allowances	Losses	Retirement benefit obligations	Other temporary differences	Total
At 1 January 2020	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
Credit/(charge) to income	0.9	0.4	1.2	(2.7)	(1.6)	(1.8)
Charge to other comprehensive income	–	–	–	(5.4)	–	(5.4)
Credit to statement of changes in equity	0.1	–	–	–	–	0.1
Foreign exchange	–	–	(0.4)	–	–	(0.4)
At 31 December 2021	3.9	2.4	6.7	8.8	4.4	26.2

14. Deferred tax continued

Closing deferred tax on UK temporary differences has been calculated at the tax rates that are expected to apply (based on currently enacted law) for the period when the asset is realised, or the liability is settled. Accordingly, the temporary differences have been calculated at rates between 19% and 25% (2020: 19%), depending on when the asset will unwind.

The net deferred tax balance is analysed into assets and liabilities as follows:

£ million	2021	2020
Deferred tax assets	27.6	35.1
Deferred tax liabilities	(1.4)	(1.4)
	26.2	33.7

In the Autumn Budget 2021, a new 4% residential property developer tax (RPDT) was announced which will be effective from 1 April 2022. Although now enacted, at the balance sheet date, the legislation for the RPDT had not been substantively enacted and therefore measurement of the Group's UK deferred tax assets do not reflect this change. From 1 April 2023, the UK Corporation Tax rate is legislated to increase to 25%. This increase in rate had been enacted by the balance sheet date so has been reflected in the measurement of the Group's closing UK deferred tax assets.

The Group has not recognised temporary differences relating to tax losses carried forward and other temporary differences amounting to £1.9 million (2020: £2.4 million) in the UK and £27.4 million (2020: £38.7 million) in Spain. The UK temporary differences have not been recognised as they are predominantly non-trading in nature and insufficient certainty exists as to their future utilisation. The temporary differences in Spain have not been recognised due to uncertainty of sufficient taxable profits in the future against which to utilise these amounts.

At the balance sheet date, the Group has unused UK capital losses of £269.5 million (2020: £269.5 million). No deferred tax asset has been recognised in respect of the capital losses at 31 December 2021 because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future.

15. Inventories

£ million	2021	2020
Land	3,385.7	2,875.7
Development and construction costs	1,548.1	1,638.8
Part exchange and other	11.9	20.2
	4,945.7	4,534.7

The markets in our core geographies, which are the primary drivers of our business, continue to trade positively. At 31 December 2021, the Group completed a net realisable value assessment of inventory, considering each site individually and based on estimates of sales price, costs to complete and costs to sell. At 31 December 2021 the provision held in the United Kingdom was £19.3 million (2020: £25.5 million) and £35.5 million in Spain (2020: £38.9 million). The table below details the movements on the inventory provision recorded in the year.

£ million	2021	2020
1 January	64.4	68.6
Net utilised	(7.0)	(6.6)
Foreign exchange	(2.6)	2.4
31 December	54.8	64.4

16. Other financial assets

Trade and other receivables

	Current		Non-current	
£ million	2021	2020	2021	2020
Trade receivables	105.7	127.5	15.8	19.3
Other receivables	62.5	61.6	11.7	7.0
	168.2	189.1	27.5	26.3

Included within trade receivables are mortgage receivables of £17.9 million (2020: £26.7 million), including shared equity loans. Shared equity loans were provided to certain customers to facilitate their house purchase and are measured at fair value through profit or loss.

Cash and cash equivalents

£ million	2021	2020
Cash and cash equivalents	921.0	823.0

Further information on financial assets can be found in Note 20.

17. Bank and other loans

£ million	2021	2020
€100.0 million 2.02% Senior Loan Notes 2023	84.0	90.1
€15.0 million 1.65% Loan 2021	–	13.5
	84.0	103.6

£ million	2021	2020
Amounts due for settlement within one year	–	13.5
Amount due for settlement after one year	84.0	90.1
Total borrowings	84.0	103.6

Further information on loan facilities can be found in Note 20.

18. Trade and other payables

	Current		Non-current	
£ million	2021	2020	2021	2020
Trade payables	274.3	275.0	19.3	21.4
Land creditors	314.2	347.9	492.2	328.0
Social security and other taxes	8.8	8.6	–	–
Customer deposits	82.4	82.8	20.9	7.4
Completed site accruals	122.6	115.0	40.9	46.1
Accrued expenses and deferred income	92.3	77.9	44.7	43.2
Other payables	7.3	12.1	11.3	13.7
	901.9	919.3	629.3	459.8

Revenue recognised in the current year that was included in the customer deposit balance brought forward at the beginning of the period was £82.8 million (2020: £65.0 million). Other payables include £13.9 million (2020: £19.4 million) of repayable grants.

Land creditors are denominated as follows:

£ million	2021	2020
Sterling	782.1	663.4
Euros	24.3	12.5
	806.4	675.9

Land creditors of £523.1 million (2020: £430.4 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 2021	18.4	9.1	27.5
At 31 December 2021	**17.6**	**8.9**	**26.5**
Additions during the year	**2.4**	**4.3**	**6.7**

Lease liabilities: £ million	2021	2020
Current	7.0	6.4
Non-current	20.4	21.6
Total	27.4	28.0

19. Leases continued

Amounts recognised in the income statement: £ million	2021	2020
Depreciation charged on right-of-use office premises	3.1	3.7
Depreciation charged on right-of-use equipment	4.2	4.2
Interest on lease liabilities	0.4	0.4
Total	7.7	8.3

The total cash outflow for leases during the current year was £7.3 million, including £0.4 million of interest (2020: £8.4 million, including £0.4 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 term debt are used to finance non-current assets 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. The Ordinary Dividend Policy is to return c.7.5% of net assets to shareholders annually, which will be at least £250 million per annum, in two equal instalments.

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 2021	31 December 2020	31 December 2021	31 December 2020
Cash and cash equivalents	a	921.0	823.0	921.0	823.0
Land receivables	a	18.7	4.6	18.7	4.6
Other financial assets	a	10.0	–	10.0	–
Trade and other receivables	a	105.0	118.2	105.0	118.2
Mortgage receivables	b	17.9	26.7	17.9	26.7
		1,072.6	972.5	1,072.6	972.5

a. 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.

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 £54.1 million (2020: £65.9 million) of non-financial assets.

		Carrying value		Fair value	
Financial liabilities £ million	Fair value hierarchy	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Bank and other loans	a	84.0	103.6	84.8	102.9
Land creditors	b	806.4	675.9	806.4	675.9
Trade and other payables	b	543.3	539.2	543.3	539.2
Lease liabilities	b	27.4	28.0	27.4	28.0
		1,461.1	1,346.7	1,461.9	1,346.0

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 £181.5 million (2020: £164.0 million) of non-financial liabilities.

The Group has designated the carrying value of €79.0 million of foreign currency borrowings (2020: €79.0 million foreign currency borrowings) as a net investment hedge, equating to £66.4 million (2020: £71.2 million).

The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs (level 3), nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

20. Financial instruments and fair value disclosures continued

Forward contracts have been entered into to offset the foreign exchange movements on intra-Group loans to buy/(sell) against Sterling: €9.5 million (2020: €21.0 million), equivalent to £8.0 million (2020: £18.9 million). The fair value of the forward contracts is not material as they were entered into on or near 31 December in each year and mature less than one month later, hence the value of the derivative is negligible.

Market risk

The Group's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage 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 of interest rates 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 and cash and cash equivalents at the balance sheet date, is shown in the table below. The Group does not currently have any outstanding interest rate derivatives. The 0.25% change represents a reasonably possible change in interest rates over the next financial period. The table assumes all other variables remain constant in accordance with IFRS 7.

£ million	Income sensitivity 2021	Equity sensitivity 2021	Income sensitivity 2020	Equity sensitivity 2020
0.25% increase in interest rates	2.3	2.3	2.0	2.0

£ million	Income sensitivity 2021	Equity sensitivity 2021	Income sensitivity 2020	Equity sensitivity 2020
0.25% decrease in interest rates	(2.3)	(2.3)	(2.0)	(2.0)

(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 (2020: €79.0 million borrowings) held at the balance sheet date as a net investment hedge of part of the Group's investment in Euro denominated assets, equating to £66.4 million (2020: £71.2 million).

The change in the carrying value of £4.8 million (2020: £4.2 million) of the borrowings designated as a net investment hedge offset the exchange movement on the foreign currency net investments and are presented in the statement of other comprehensive income.

Foreign currency sensitivity

The Group is exposed to the Euro due to its Spanish operations. The following table details how the Group's income and equity would increase/(decrease) on a before tax basis following a 10% (2020: 10%) change in the currency's value against Sterling, all other variables remaining constant. The 10% change represents a reasonably possible change in the specified Euro exchange rates in relation to Sterling.

20. Financial instruments and fair value disclosures continued

£ million	Income sensitivity 2021	Equity sensitivity 2021	Income sensitivity 2020	Equity sensitivity 2020
Euro weakens against Sterling	(0.9)	5.1	(0.9)	5.5
Euro strengthens against Sterling	1.1	(6.2)	1.1	(6.8)

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 2021, the Group's borrowings and facilities had a range of maturities with an average life of 2.9 years (2020: 3.8 years).

In addition to €100.0 million fixed term borrowings maturing June 2023, the Group has access to a committed revolving credit facility, expiring February 2025, and cash balances. The borrowings and facilities contain financial covenants based on minimum tangible net worth, maximum gearing and minimum interest cover. At the balance sheet date, the total unused committed amount was £550.0 million (2020: £550.0 million) and cash and cash equivalents were £921.0 million (2020: £823.0 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	1.7	320.8	471.0	7.4	800.9
More than one year and less than two years	84.9	312.2	48.4	6.3	451.8
More than two years and less than five years	–	181.5	15.8	12.1	209.4
More than five years	–	23.3	8.1	2.6	34.0
31 December 2021	86.6	837.8	543.3	28.4	1,496.1

£ 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

21. Retirement benefit obligations

Total retirement benefit obligations of £37.3 million (2020: £89.5 million) comprise a defined benefit pension liability of £37.0 million (2020: £89.1 million) and a post-retirement healthcare liability of £0.3 million (2020: £0.4 million).

The Group operates the Taylor Wimpey Pension Scheme (TWPS), a defined benefit pension scheme, which is closed to both new members and to future accrual. The Group also operates defined contribution pension arrangements in the UK, which are available to new and existing UK employees.

Defined contribution pension plan

A defined contribution plan is an arrangement under which the Group pays contributions to an independently administered fund or policy; such contributions are based on a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund/policy once the contributions have been paid. Employees' benefits are determined by the amount of contributions paid by the Group and the employee, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the employee chooses to buy at retirement. As a result, 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 and is provided by Scottish Widows. The People's Pension is used for auto enrolment purposes for all weekly paid employees and those monthly paid employees not participating in the TWPCP. The People's Pension is provided by B&CE, one of the UK's largest providers of financial benefits to construction industry employers and individuals.

The Group made contributions to its defined contribution arrangements of £14.1 million in the year (2020: £15.2 million), which is included in the income statement charge.

Defined benefit pension schemes

The Group's defined benefit pension scheme in the UK is the TWPS. The TWPS is a funded defined benefit pension scheme which provides benefits to beneficiaries in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on an individual member's length of service and their salary in the final years leading up to retirement or date of ceasing active accrual 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.

Following the 31 December 2016 triennial valuation, the Group agreed a recovery plan with the TWPS Trustee to pay deficit reduction contributions of £40.0 million per annum for the period from April 2018 to December 2020, whilst the TWPS was in a Technical Provisions deficit. During April 2020 and in response to the site shutdowns, it was agreed with the TWPS Trustee that there would be a temporary suspension of the agreed deficit reduction contributions for the three months between April and June 2020. Those suspended contributions were instead paid between January 2021 and March 2021 in the amount of £10.3 million.

During 2020, the Group engaged with the TWPS Trustee on the triennial valuation of the TWPS with a reference date of 31 December 2019. The table below sets out the key assumptions agreed as part of this valuation.

Assumptions	
Discount rate (pre-retirement)	2.35% per annum above the yield on the nominal gilt yield curve. Illustrative rate of 3.51% using the 15-year spot rate from the curve
Discount rate (post-retirement)	0.50% per annum above the yield on the nominal gilt yield curve. Illustrative rate of 1.66% using the 15-year spot rate from the curve
RPI inflation	Implied inflation gilt yield curve. Illustrative rate of 3.40% using the 15-year spot rate from the curve
CPI inflation	RPI less 0.8%. Illustrative rate of 2.60% using the 15-year spot rate from the curve
Mortality	104% of S3PxA tables, CMI_2019 improvements with 1.50% long-term trend rate, a smoothing factor of 7 and an initial addition parameter of 0.5%

The result of this valuation was a Technical Provisions deficit at 31 December 2019 of £36.0 million. In March 2021, a new funding arrangement was agreed with the TWPS Trustee that commits the Group to paying up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions (£10.0 million) between 1 April 2021 and 30 September 2021 were guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. Contributions to the escrow are suspended should the TWPS Technical Provisions funding level at any quarter-end be 100% or more and would restart only if the funding level subsequently falls below 98%. The Group continues to contribute £5.1 million per annum from the Pension Funding Partnership and £2.0 million per annum to cover scheme expenses.

21. Retirement benefit obligations continued

The escrow account, over which the TWPS Trustee holds a fixed charge, is recognised in other financial assets and at 31 December 2021 was £10.0 million (31 December 2020: nil). Transfers out of the escrow account (either to the TWPS or the Group) are subject to the 2019 triennial funding arrangement entered into between the Group and the Trustee and as such the funds are restricted from use by the Group for other purposes and are therefore not classified as cash or cash equivalents. Interest earned by the escrow account is retained within the escrow account.

On an IAS 19 accounting basis the underlying surplus in the TWPS at 31 December 2021 was £149.9 million (2020: deficit of £89.1 million). The terms of the TWPS are such that the Group does not have an unconditional right to a refund of surplus. As a result, in 2021, the Group recognised an adjustment to the underlying surplus in the TWPS on an IAS 19 accounting basis of £186.9 million, resulting in an IFRIC 14 deficit of £37.0 million, which represented the present value of future contributions under the funding plan. No such adjustment was recognised as of 31 December 2020 since the TWPS deficit on an IAS 19 accounting basis exceeded the IFRIC 14 deficit.

In 2013, the Group introduced a £100.0 million Pension Funding Partnership that utilises the Group's show homes, as well as six offices, in a sale and leaseback structure. This provides an additional £5.1 million of annual funding for the TWPS. The assets held within the Pension Funding Partnership do not affect the IAS 19 figures (before IFRIC 14) as they remain assets of the Group, and are not assets of the TWPS. At 31 December 2021 there was £81.8 million of property and £31.0 million of cash held within the structure (2020: £90.3 million of property and £21.9 million of cash). The terms of the Funding Partnership are such that, should the TWPS be in a Technical Provisions deficit at 31 December 2028, then a bullet payment will be due to the TWPS equal to the lower of £100.0 million or the Technical Provisions deficit at that time.

The Group continues to work closely with the Trustee in managing pension risks, including management of interest rate, inflation and longevity risks. The TWPS assets are approximately 96% hedged against changes in both interest rates and inflation expectations on the scheme's long term funding basis that is currently used for investment strategy purposes. The TWPS also benefits from a bulk annuity contract which covers some of the largest liabilities in the scheme, providing protection against interest rate, inflation and longevity risk.

The duration, or average term to 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 to the TWPS liabilities. 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_2020 improvements with a 1.25% long-term trend rate, a smoothing factor of 7, an initial addition parameter of 0.25% and a w2020 parameter of 15%. The mortality assumption used in 2020 was 106% of S3PxA tables, CMI_2019 improvements with a 1.25% long-term trend rate, a smoothing factor of 7 and an initial addition parameter of 0.25%.

Accounting valuation assumptions	2021	2020
At 31 December:		
Discount rate for scheme liabilities	**1.85%**	1.30%
General pay inflation	**n/a**	n/a
Deferred pension increases	**2.50%**	2.15%
Pension increases*	**2.15%-3.70%**	2.05%-3.60%

* Pension increases depend on the section of the TWPS of which each member is a part.

The current life expectancies (in years) underlying the value of the accrued liabilities for the TWPS are:

	2021		2020	
Life expectancy	Male	Female	Male	Female
Member currently aged 65	**86**	**89**	87	89
Member currently aged 45	**88**	**90**	88	90

21. Retirement benefit obligations continued

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 £35m	1.4
Rate of inflation*	Increase by 0.1% p.a.	Increase by £20m	0.8
Life expectancy	Members live 1 year longer	Increase by £93m	3.7

* Assumed to affect deferred revaluation and pensioner increases in payment.

The sensitivity of increasing life expectancy has been reduced by the medically underwritten buy-in. See the section on risks and risk management at the end of this note.

31 December 2021 Fair value of scheme assets of the TWPS	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million	Percentage of total scheme assets
Equity[a]	–	43.4	–	43.4	1.7%
Diversified growth funds[b]	–	357.8	–	357.8	14.6%
Hedge funds[c]	–	–	189.8	189.8	7.8%
Property	2.7	–	6.7	9.4	0.4%
Multi-asset credit	0.4	274.0	–	274.4	11.2%
Direct lending	1.3	–	144.8	146.1	6.0%
Fixed income	2.4	102.4	–	104.8	4.3%
Liability driven investment[d]	(252.5)	1,376.6	–	1,124.1	46.0%
Insurance policies in respect of certain members	–	–	191.0	191.0	7.8%
Cash	4.5	–	–	4.5	0.2%
	(241.2)	2,154.2	532.3	2,445.3	100.0%

31 December 2020 Fair value of scheme assets of the TWPS	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million	Percentage of total scheme assets
Equity[a]	–	118.3	–	118.3	4.9%
Diversified growth funds[b]	–	357.7	–	357.7	14.9%
Hedge funds[c]	–	–	175.5	175.5	7.3%
Property	0.3	–	18.7	19.0	0.8%
Multi-asset credit	–	261.5	–	261.5	10.9%
Direct lending	1.3	–	165.7	167.0	6.9%
Fixed income	5.0	110.4	–	115.4	4.8%
Liability driven investment[d]	(42.9)	994.2	–	951.3	39.6%
Insurance policies in respect of certain members	–	–	211.1	211.1	8.8%
Cash	27.5	–	–	27.5	1.1%
	(8.8)	1,842.1	571.0	2,404.3	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 2021 was 2.6x (31 December 2020: 3.4x).
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 2021 was 1.0x and -0.2x respectively (31 December 2020: 1.9x and 1.7x).
c. The leverage on this fund at 31 December 2021 was 0.8x (31 December 2020: 0.9x).
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 2021 was approximately 3.1x (31 December 2020: 3.7x).

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.

21. Retirement benefit obligations continued

The table below details the movements in the TWPS pension liability and assets recorded through the income statement and other comprehensive income.

	2021			2020		
£ million	Present value of obligation	Fair value of scheme assets	Asset/(liability) recognised on balance sheet	Present value of obligation	Fair value of scheme assets	Asset/(liability) recognised on balance sheet
At 1 January	(2,493.4)	2,404.3	(89.1)	(2,366.7)	2,282.2	(84.5)
Past service cost related to GMP equalisation	–	–	–	(1.2)	–	(1.2)
Administration expenses	–	(2.2)	(2.2)	–	(2.5)	(2.5)
Interest (expense)/income	(31.7)	30.7	(1.0)	(48.5)	47.1	(1.4)
Total amount recognised in income statement	(31.7)	28.5	(3.2)	(49.7)	44.6	(5.1)
Remeasurement gain on scheme assets	–	102.9	102.9	–	159.1	159.1
Change in demographic assumptions	29.3	–	29.3	(100.8)	–	(100.8)
Change in financial assumptions	131.6	–	131.6	(286.3)	–	(286.3)
Experience (loss)/gain	(39.0)	–	(39.0)	2.5	–	2.5
Adjustment to liabilities for IFRIC 14	(186.9)	–	(186.9)	188.9	–	188.9
Total remeasurements in other comprehensive income	(65.0)	102.9	37.9	(195.7)	159.1	(36.6)
Employer contributions	–	17.4	17.4	–	37.1	37.1
Employee contributions	–	–	–	–	–	–
Benefit payments	107.8	(107.8)	–	118.7	(118.7)	–
At 31 December	(2,482.3)	2,445.3	(37.0)	(2,493.4)	2,404.3	(89.1)

Accounting valuation £ million	2021	2020
Fair value of scheme assets	2,445.3	2,404.3
Present value of scheme obligations	(2,295.4)	(2,493.4)
Surplus/(deficit) in scheme	149.9	(89.1)
IFRIC 14 limitation on recognition of surplus	(186.9)	–
Deficit after IFRIC 14 adjustment	(37.0)	(89.1)

21. Retirement benefit obligations continued

Risks and risk management

The TWPS, in common with the majority of such defined benefit pension schemes in the UK, has a number of areas of risk. These areas of risk, and the ways in which the Group has sought to manage them, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's financial statements.

Although investment decisions in the UK are the responsibility of the TWPS Trustee, the Group takes an active interest to ensure that the pension scheme risks are managed efficiently. The Group has regular meetings with the Trustee to discuss investment performance, regulatory changes and proposals to actively manage the position of the TWPS.

Risk	Description
Asset volatility	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 invests across a number of managers to reduce 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. In Q2 2021, due to the improved funding position of the TWPS, the TWPS Trustee de-risked by disinvesting from the Schroders Equity Sentinel fund (c.£103 million), the Bridgewater Optimal fund (c.£29 million) and the AQR Diversified Risk Premia fund (c.£16 million). The proceeds from these disinvestments, c.£148 million, were allocated to the Scheme's Liability Driven Investment (LDI) portfolio. In Q3 2021, c.£50 million of excess collateral in the LDI portfolio was allocated to the Insight High Grade ABS fund to provide additional return whilst retaining liquidity within the portfolio. 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 2021 to ensure they reflected the TWPS latest position. Given the TWPS' funding position, the Trustee reaffirmed the target date of 2025 to reach full funding on the long-term funding objective basis. The TWPS risk budget was also reduced from a funding-ratio-at-risk measure of 7.5% to 6.0%. There were no significant changes to the TWPS' asset allocation over 2021, which remains well diversified, with risk continuing to be 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 £347 million (14%) of the asset portfolio of the TWPS. Excluding these amounts, approximately 59% 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.
Climate risk	The TWPS Trustee recognises that climate change is a financial risk affecting the TWPS assets. The TWPS Trustee integrates the monitoring of appropriate climate risk metrics into its risk management framework and considers these metrics when making investment decisions. The TWPS Trustee requires its appointed investment managers to integrate climate change risks and opportunities into their investment processes as applied to the assets of the TWPS.

22. Provisions

£ million	Cladding fire safety	Leasehold	Other	Total
At 1 January 2020	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)
Foreign exchange	–	–	0.2	0.2
At 31 December 2020	28.6	59.6	42.3	130.5
Additions	**125.0**	**–**	**19.8**	**144.8**
Utilisation	**(9.1)**	**(6.0)**	**(8.0)**	**(23.1)**
Released	**–**	**–**	**(6.8)**	**(6.8)**
Foreign exchange	**–**	**–**	**(0.3)**	**(0.3)**
At 31 December 2021	**144.5**	**53.6**	**47.0**	**245.1**

£ million	2021	2020
Current	**125.4**	70.6
Non-current	**119.7**	59.9
31 December	**245.1**	130.5

In 2018 the Group established an exceptional provision for the cost of replacing ACM on a small number of legacy developments, which was increased by £10.0 million in 2020 to reflect the latest estimate of costs to complete the planned works. Following the guidance issued by RICS in the period the Group announced an additional £125.0 million provision to fund cladding fire safety improvements (see Note 6). It is expected that around a quarter of the remaining provision will be utilised over the next 12 months.

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. Following the agreement of voluntary undertakings with the CMA the Group expects that the majority 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	2021	2020
Authorised:		
22,200,819,176 (2020: 22,200,819,176) ordinary shares of 1p each	**222.0**	222.0
1,158,299,201 (2020: 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 2020	3,645,416,647	1,065,566,274	292.2
Shares issued in year	**3,174,532**	**–**	**–**
31 December 2021	**3,648,591,179**	**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.

23. Share capital continued

The Placing, Retail and Subscription shares placed rank pari passu in all respects with the existing ordinary shares of the Company, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

During the year, the Company issued 3.2 million (2020: 2.0 million) ordinary shares to satisfy option exercises.

The Company has 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	2021	2020
At 1 January	773.1	762.9
Shares issued in year	4.4	10.2
At 31 December	777.5	773.1

25. Other reserves

£ million	Capital redemption reserve	Translation reserve	Other	Total other reserves
Balance at 1 January 2020	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
Exchange differences on translation of foreign operations	–	(6.9)	–	(6.9)
Movement in fair value of hedging instruments	–	4.8	–	4.8
Balance at 31 December 2021	**31.5**	**6.1**	**504.0**	**541.6**

Capital redemption reserve

The capital redemption reserve arose on an historic redemption of the Company's shares and is not distributable.

Translation reserve

The translation reserve consists of exchange differences arising on the translation of overseas operations. It also includes changes in the fair value of hedging instruments where such instruments are designated and effective as hedges of investment in overseas operations.

Other 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 2020	17.6
Disposed of on exercise of options	(6.1)
Balance at 31 December 2020	11.5
Shares acquired	4.2
Disposed of on exercise of options	(1.1)
Balance at 31 December 2021	**14.6**

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	2021	2020
Ordinary shares held in trust for bonus, option and performance award plans	9.1	7.1

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 purchased £4.2 million of its own shares to be held in the ESOTs (2020: none).

The ESOTs' entire holding of shares at 31 December 2021 was covered by outstanding options and conditional awards over shares at that date.

27. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net cash

£ million	Cash and cash equivalents	Bank and other loans	Total net cash
Balance at 1 January 2020	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
Net cash flow	99.9	12.7	112.6
Foreign exchange	(1.9)	6.9	5.0
Balance at 31 December 2021	**921.0**	**(84.0)**	**837.0**

For movements in lease liabilities in the year see Note 19.

28. Contingent liabilities and capital commitments

The Group in the normal course of business has given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and has given guarantees in respect of the Group's share of certain contractual obligations of joint ventures.

The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds.

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed.

The Group has no significant capital commitments at 31 December 2021 (2020: none).

29. Share-based payments

Equity-settled share option plan

Details of all equity-settled share-based payment arrangements in existence during the year are set out in the Directors' Remuneration Report on pages 105 to 124. The tables below show the movements in the schemes in the year as well as their weighted average exercise price (WAEP).

	2021		2020	
Sharesave (SAYE):	**Options**	**WAEP (in £)**	Options	WAEP (in £)
Outstanding at the beginning of the year	**28,381,982**	**1.10**	19,740,433	1.32
Granted during the year	**3,544,980**	**1.42**	18,043,668	0.97
Forfeited during the year	**(4,732,096)**	**1.10**	(7,359,577)	1.29
Exercised during the year	**(3,174,532)**	**1.39**	(2,042,542)	1.38
Outstanding at the end of the year	**24,020,334**	**1.11**	28,381,982	1.10
Exercisable at the end of the year	**1,189,180**	**1.31**	1,504,748	1.48

The remaining Sharesave options outstanding at 31 December 2021 had a range of exercise prices from £0.97 to £1.59 (2020: £0.97 to £1.59) and a weighted average remaining contractual life of 2.89 years (2020: 3.40 years).

	2021		2020	
Share Incentive Plan (SIP):	**Options**	**WAEP (in £)**	Options	WAEP (in £)
Outstanding at the beginning of the year	**6,722,389**	**–**	5,789,856	–
Granted during the year	**1,440,388**	**–**	1,874,590	–
Forfeited during the year	**(811,540)**	**–**	(385,229)	–
Exercised during the year	**(854,730)**	**–**	(556,828)	–
Outstanding at the end of the year	**6,496,507**	**–**	6,722,389	–
Exercisable at the end of the year	**2,891,221**	**–**	2,810,423	–

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.

	2021		2020	
Performance Share Plan (PSP):	**Options**	**WAEP (in £)**	Options	WAEP (in £)
Outstanding at the beginning of the year	**20,116,944**	**–**	19,466,040	–
Granted during the year	**1,967,813**	**–**	6,876,632	–
Forfeited during the year	**(5,995,692)**	**–**	(2,854,138)	–
Exercised during the year	**(357,217)**	**–**	(3,371,590)	–
Outstanding at the end of the year	**15,731,848**	**–**	20,116,944	–
Exercisable at the end of the year	**–**	**–**	–	–

The conditional awards outstanding at 31 December 2021 had a weighted average remaining contractual life of 1.35 years (2020: 1.70 years).

The average share price at the date of exercise across all options exercised during the period was £1.68 (2020: £1.80). For share plans granted during the current and preceding year, the fair value of the awards at the grant date was determined as follows:

	Share awards with no market conditions		Share awards with market conditions	
	2021	2020	**2021**	2020
Model	**Binomial**	Binomial	**Monte Carlo**	Monte Carlo
Weighted average share price	**£1.61**	£1.28	**£1.79**	£2.11
Weighted average exercise price	**£1.07**	£0.79	**Nil**	Nil
Expected volatility	**41%**	39%	**41%**	25%
Expected life	**3/5 years**	3/5 years	**3 years**	3 years
Risk-free rate	**0.5%**	0.1%	**0.1%**	0.2%
Expected dividend yield	**4.36%**	2.02%	**0.0%**	0.0%
Weighted average fair value of options granted in year	**£0.73**	£0.66	**£0.95**	£1.17

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term. The expected life used in the model was based on historical exercise patterns.

The Group recognised a share-based payment expense of £13.3 million in the year (2020: £8.2 million), which was composed of £13.2 million in relation to equity settled schemes and £0.1 million in relation to cash settled elements (2020: £7.0 million and £1.2 million).

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The pension schemes of the Group are related parties. Arrangements between the Group and its pension schemes are disclosed in Note 21. Transactions between the Group and its joint ventures are disclosed below. The Group has loans with joint ventures that are detailed in Note 13.

Trading transactions

During the year, Group sales to joint ventures totalled £22.9 million (2020: £19.9 million) and purchases totalled £24.2 million (2020: £6.7 million). At 31 December 2021 receivables from joint ventures were £69.0 million (31 December 2020: £63.9 million) and payables were £0.7 million (31 December 2020: £0.3 million).

Remuneration of key management personnel

The key management personnel of the Group are the members of the Group Management Team (GMT) as presented on pages 10 to 17. The remuneration information for the Executive Directors is set out in the Remuneration Report on page 115. The aggregate compensation for the other members of the GMT is as follows:

£ million	2021	2020
Short term employee benefits	**4.6**	2.6
Post-employment benefits	**0.3**	0.3
Total (excluding share-based payments charge)	**4.9**	2.9

In addition to the amounts above, a share-based payment charge of £1.7 million (2020: £0.5 million) related to share options held by members of the GMT.

31. Dividends

£ million	2021	2020
Proposed		
Interim dividend 2021: 4.14p (2020: nil) per ordinary share of 1p each	**150.8**	–
Final dividend 2021: 4.44p (2020: 4.14p) per ordinary share of 1p each	**162.0**	151.0
	312.8	151.0
Amounts recognised as distributions to equity holders		
Paid		
Final dividend 2020: 4.14p (2019: nil) per ordinary share of 1p each	**150.7**	–
Interim dividend 2021: 4.14p (2020: nil) per ordinary share of 1p each	**150.8**	–
	301.5	–

The Directors recommend a final dividend for the year ended 31 December 2021 of 4.44 pence per share (2020: 4.14 pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£162.0 million based on the number of shares in issue at the end of the year (2020: £150.7 million). The final dividend will be paid on 13 May 2022 to all shareholders registered at the close of business on 1 April 2022.

In accordance with IAS 10 'Events after the Reporting Period', the proposed final dividend has not been accrued as a liability at 31 December 2021.

32. Alternative performance measures

The Group uses a number of alternative performance measures (APMs) which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures should be considered alongside IFRS measures. The following APMs are referred to throughout the year 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.

	2021	2020
Profit on ordinary activities before net finance costs (£m)	**698.2**	282.4
Adjusted for:		
Share of results of joint ventures (£m) (Note 13)	**5.4**	7.9
Exceptional items (£m) (Note 6)	**125.0**	10.0
Operating profit (£m)	**828.6**	300.3
Revenue (£m) (Note 4)	**4,284.9**	2,790.2
Operating profit margin	**19.3%**	10.8%

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.

	2021	2020	2019
Basic net assets (£m)	**4,314.0**	4,016.8	3,307.8
Adjusted for:			
Cash (£m) (Note 16)	**(921.0)**	(823.0)	(630.4)
Borrowings (£m) (Note 17)	**84.0**	103.6	84.7
Net taxation (£m)	**(26.4)**	(32.6)	38.1
Accrued dividends (£m)	**–**	–	–
Net operating assets (£m)	**3,450.6**	3,264.8	2,800.2
Average basic net assets (£m)	**4,165.4**	3,662.3	
Average net operating assets (£m)	**3,357.7**	3,032.5	

Return on net operating assets

Return on net operating assets is defined as rolling 12-month operating profit divided by the average of opening and closing net operating assets. The Directors consider this to be an important measure of the underlying operating efficiency and performance of the Group.

	2021	2020
Operating profit (£m)	**828.6**	300.3
Average net operating assets (£m)	**3,357.7**	3,032.5
Return on net operating assets	**24.7%**	9.9%

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.

	2021	2020
Basic net assets (£m)	**4,314.0**	4,016.8
Adjusted for:		
Intangible assets (£m) (Note 11)	**(6.6)**	(8.1)
Tangible net assets (£m)	**4,307.4**	4,008.7
Ordinary shares in issue (millions)	**3,648.6**	3,645.4
Tangible net assets per share (pence)	**118.1**	110.0

32. Alternative performance measures continued

Adjusted basic and diluted earnings per share

This is calculated as earnings attributed to shareholders of the parent, excluding exceptional items and tax on exceptional items, divided by the weighted average number of shares in issue during the period. The Directors consider this provides an important measure of the underlying earnings capacity of the Group. Note 10 shows a reconciliation from basic and diluted earnings per share to adjusted basic and diluted earnings per share.

Net operating asset turn

This is defined as 12 month rolling total revenue divided by the average of opening and closing net operating assets. The Directors consider this to be a good indicator of how efficiently the Group is utilising its assets to generate value for shareholders.

	2021	2020
Revenue (£m) (Note 4)	**4,284.9**	2,790.2
Average net operating assets (£m)	**3,357.7**	3,032.5
Net operating asset turn	**1.28**	0.92

Net cash

Net cash is defined as total cash less total borrowings (bank and other loans). 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 generated from/(used in) operations, which excludes payments relating to exceptional charges, divided by operating profit on a rolling 12 month basis. The Directors consider this measure to be a good indication of how efficiently the Group is turning profit into cash.

	2021	2020
Cash generated from/(used in) operations (£m)	**574.7**	(165.0)
Operating profit (£m)	**828.6**	300.3
Cash conversion	**69.4%**	(54.9)%

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.

	2021	2020
Cash (£m) (Note 16)	**921.0**	823.0
Loans (£m) (Note 17)	**(84.0)**	(103.6)
Net cash (£m)	**837.0**	719.4
Land creditors (£m) (Note 18)	**(806.4)**	(675.9)
Adjusted net debt (£m)	**30.6**	43.5
Basic net assets (£m)	**4,314.0**	4,016.8
Adjusted gearing	**(0.7)%**	(1.1)%

33. Post balance sheet events

There were no material subsequent events affecting the Group after 31 December 2021 that need to be disclosed.

Company balance sheet

at 31 December 2021

£ million	Note	2021	2020 Restated*
Non-current assets			
Investments in Group undertakings	4	**2,446.2**	2,433.0
Trade and other receivables	5	**2,243.0**	2,239.9
		4,689.2	4,672.9
Current assets			
Trade and other receivables	5	**609.2**	687.3
Cash and cash equivalents		**877.1**	791.6
		1,486.3	1,478.9
Current liabilities			
Trade and other payables	6	**(1,439.3)**	(1,640.3)
		(1,439.3)	(1,640.3)
Net current assets/(liabilities)		**47.0**	(161.4)
Total assets less current liabilities		**4,736.2**	4,511.5
Non-current liabilities			
Trade and other payables	6	**(0.6)**	(1.5)
Bank and other loans	7	**(84.0)**	(90.1)
Provisions		**(1.0)**	(1.0)
Net assets		**4,650.6**	4,418.9
Equity			
Share capital	8	**292.2**	292.2
Share premium	9	**777.5**	773.1
Own shares	10	**(14.6)**	(11.5)
Other reserves	11	**535.1**	535.1
Retained earnings	12	**3,060.4**	2,830.0
Total equity		**4,650.6**	4,418.9

* Certain balances in the comparative balance sheet have been restated as explained in Note 5.

As permitted by Section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own income statement. The profit of the Company for the financial year was £519.3 million (2020: £36.3 million).

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022. They were signed on its behalf by:

P Redfern
Director

C Carney
Director

Company statement of changes in equity

for the year to 31 December 2021

£ million	Share capital	Share premium	Own shares	Other reserves	Retained earnings	Total
Total equity at 1 January 2020	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
Profit for the year	**–**	**–**	**–**	**–**	**519.3**	**519.3**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**519.3**	**519.3**
New share capital subscribed	**–**	**4.4**	**–**	**–**	**–**	**4.4**
Own shares acquired	**–**	**–**	**(4.2)**	**–**	**–**	**(4.2)**
Utilisation of own shares	**–**	**–**	**1.1**	**–**	**–**	**1.1**
Cash cost of satisfying share options	**–**	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Capital contribution on share-based payments	**–**	**–**	**–**	**–**	**13.2**	**13.2**
Dividends approved and paid	**–**	**–**	**–**	**–**	**(301.5)**	**(301.5)**
Total equity at 31 December 2021	**292.2**	**777.5**	**(14.6)**	**535.1**	**3,060.4**	**4,650.6**

Notes to the Company financial statements
for the year to 31 December 2021

1. Significant accounting policies
The following accounting policies have been used consistently, unless otherwise stated, in dealing with items which are considered material.

Basis of preparation
The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The principal accounting policies adopted are set out below.

Going concern
The Group has prepared forecasts, including certain sensitivities, taking into account the Principal Risks identified on pages 61 to 65. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months.

Accordingly, the Company financial statements have been prepared on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty
Management have not made any individual accounting judgements that are material to the Company and does not consider there to be any key sources of estimation uncertainty.

Investments in Group undertakings
Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount 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.

2. Particulars of employees

Number	2021	2020
Directors	3	3

The Executive Directors received all of their remuneration, as disclosed in the Remuneration Report on pages 105 to 124, from Taylor Wimpey UK Limited. This remuneration is reflective of the Directors' service to the Company and all its subsidiaries.

3. Auditor's remuneration

£ million	2021	2020
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 2021	5,244.3
Capital contribution relating to share-based payments	13.2
At 31 December 2021	**5,257.5**
Provision for impairment	
At 1 January 2021	(2,811.3)
At 31 December 2021	**(2,811.3)**
Carrying amount	
At 31 December 2021	**2,446.2**
At 31 December 2020	2,433.0

All investments are unlisted and information about all subsidiaries is listed on pages 179 to 182.

5. Trade and other receivables

	Current		Non-current	
£ million	2021	2020 Restated*	2021	2020 Restated*
Due from Group undertakings	607.8	685.7	2,240.9	2,236.8
Other receivables	1.4	1.6	2.1	3.1
	609.2	687.3	2,243.0	2,239.9

* Following a reassessment of when certain receivables are expected to be realised, the Company identified that it had classified certain amounts due from Group undertakings as current that were not expected to be settled or realised within 12 months of the balance sheet date. The comparatives have been restated, reclassifying £2,236.8 million to non-current.

Amounts due from Group undertakings are repayable on demand and are predominantly interest bearing.

6. Trade and other payables

	Current		Non-current	
£ million	2021	2020	2021	2020
Due to Group undertakings	1,436.2	1,635.8	–	–
Other payables	1.4	0.8	0.6	1.5
Corporation tax creditor	1.7	3.7	–	–
	1,439.3	1,640.3	0.6	1.5

Amounts due to Group undertakings are repayable on demand and are predominantly interest bearing.

7. Bank and other loans

£ million	2021	2020
€100.0 million 2.02% Senior Loan Notes	84.0	90.1
These loans are repayable as follows:		
Amounts due for settlement after one year	84.0	90.1

8. Share capital

£ million	2021	2020
Authorised:		
22,200,819,176 (2020: 22,200,819,176) ordinary shares of 1p each	222.0	222.0
1,158,299,201 (2020: 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 2020	3,645,416,647	1,065,566,274	292.2
Shares issued in year	3,174,532	–	–
31 December 2021	3,648,591,179	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.

During the year, the Company issued 3.2 million (2020: 2.0 million) ordinary shares to satisfy option exercises.

9. Share premium

£ million	2021	2020
At 1 January	773.1	762.9
Shares issued in year	4.4	10.2
At 31 December	777.5	773.1

10. Own shares

£ million	2021	2020
Own shares	14.6	11.5

These comprise ordinary shares of the Company:	Number	Number
Shares held in trust for bonus, options and performance award plans	9.1m	7.1m

10. Own shares continued

During the year, Taylor Wimpey plc purchased £4.2 million of its own shares to be held in the ESOTs (2020: none). The market value of the shares held at 31 December 2021 was £16.0 million (2020: £11.7 million) and their nominal value was £0.1 million (2020: £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 2021 was covered by outstanding options and conditional awards over shares at that date.

11. Other reserves

£ million	2021	2020
At 1 January	535.1	36.0
Shares issued in year	–	499.1
At 31 December	535.1	535.1

£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 (2020: £31.5 million) in respect of the historical redemption of the Company's shares, which is non distributable.

12. Retained earnings

Retained earnings of £3,060.4 million (2020: £2,830.0 million) includes profit for the year and dividends received from subsidiaries of £500.0 million (2020: nil). Included in retained earnings is £895.2 million (2020: £861.0 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 underlying IAS 19 surplus of £149.9 million at 31 December 2021 (2020: £89.1 million deficit). This guarantee commits the Company to ensuring that the participating subsidiary meets its obligations under any schedule of contributions agreed with the TWPS Trustee from time to time. Following the 2019 valuation, Taylor Wimpey UK Limited is required to contribute up to £20.0 million per annum into an escrow account between April 2021 and March 2024. The first six months of contributions (£10.0 million) between 1 April 2021 and 30 September 2021 were guaranteed. From 1 October 2021, payments into the escrow account are subject to a quarterly funding test with the first funding test having an effective date of 30 September 2021. 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	2021	2020
Proposed		
Interim dividend 2021: 4.14p (2020: nil) per ordinary share of 1p each	**150.8**	–
Final dividend 2021: 4.44p (2020: 4.14p) per ordinary share of 1p each	**162.0**	151.0
	312.8	151.0
Amounts recognised as distributions to equity holders		
Paid		
Final dividend 2020: 4.14p (2019: nil) per ordinary share of 1p each	**150.7**	–
Interim dividend 2021: 4.14p (2020: nil) per ordinary share of 1p each	**150.8**	–
	301.5	–

The Directors recommend a final dividend for the year ended 31 December 2021 of 4.44 pence per share (2020: 4.14 pence per share) subject to shareholder approval at the Annual General Meeting, with an equivalent final dividend charge of c.£162.0 million based on the number of shares in issue at the end of the year (2020: £150.7 million). The final dividend will be paid on 13 May 2022 to all shareholders registered at the close of business on 1 April 2022.

In accordance with IAS 10 'Events after the Reporting Period', the proposed final dividend has not been accrued as a liability at 31 December 2021.

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
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
J.R. Young (Assemblies) Limited
Jim 1 Limited
Jim 3 Limited
Jim 4 Limited
Jim 5 Limited
L. & A. Freeman Limited
Laing Homes Limited
Laing Land Limited
LandTrust Developments 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. 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 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%	Triumphdeal Limited	50%
Bordon Developments Holdings Limited	50%	Vumpine Limited	50%
Chobham Manor LLP	50%	Whitehill & Bordon Development Company BV Limited	50%
Chobham Manor Property Management Limited	50%	Whitehill & Bordon Development Company Phase 1a	50%
DFE TW Residential Limited	50%	Whitehill & Bordon Regeneration Company Limited	50%
Falcon Wharf Limited	50%	Wimpey Laing Overseas Limited	50%
GWNW City Developments Limited	50%	Wimpey Laing Limited	50%
Paycause Limited	66.67%	Winstanley & York Road Regeneration LLP	50%
Taylor Wimpey Pension Trustees Limited	99%		

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	33.14%	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
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, 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
Morrison Land Development Inc	100%	9366, 49 St NW, Edmonton, AB T6B 2L7, Canada
Newcastle Great Park (Estates) Limited	50%	3rd Floor Citygate, St. James' Boulevard, Newcastle upon Tyne, NE1 4JE
North Swindon Development Company Limited	28.35%	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
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

The following entities are Management Companies that are limited by guarantee (unless otherwise stated) and are temporary parts of the Group. All are incorporated in the United Kingdom and their assets are not held for the benefit of the Group.

Company Name	Reference	Company Name	Reference
Abbotsford Park (No.3) Residents Association Limited	1	Humberstone Residents Estate Management Company Limited	9
Albion Lock (Sandbach) Management Company Limited	2	Hunters Meadow Residents Association Limited	1
Alyn Meadows Management Company Limited	2	Jasmine Park (Whirley) Management Company Limited	1
Apsham Grange (Topsham) Management Company Limited	6	K Reach (EA) Management Company Limited	4
Barker Butts Lane Management Company Limited	1	Kentmere Place Residents Association Limited	1
Battersea Exchange Management Company Limited	1	Kesgrave K Management Company Limited	1
Beaulieu Grange Residents Association Limited	1	Kingsbourne (Nantwich) Community Management Company Limited	11
Biggleswade Management Company Limited*	3	Kingsley Grange (Wickford) Residents Association Limited	11
Billington Grove (SM) Management Company Limited	4	Ladbroke Grove Apartment Management Company Limited*	1
Brantham Residential Estate Management Company Limited	1	Lark View (Thetford) Residents Association Limited	4
Broadleaf Park (Rownhams) Management Company Limited	6	Leawood (Management) Company Limited	1
Broadway Fields Residents Management Company Limited	1	Leybourne Grange Management Community Interest Company	1
Broughton Gate (Milton Keynes) Management Company Limited	4	Lion Mills (EA) Management Company Limited	4
Brunswick Dock (Liverpool) Management Company Limited*	5	Macintosh Mills Car Park (Management) Limited	1
Buckingham Park (Weedon Hill) Management Company Limited	4	Manor Court (Prescot) Management Company Limited	1
Capital Court Property Management Limited*	13	Manor Park Sprowston Residents Management Company Limited	11
Cliddesdon Reach Management Company Limited	1	Melton Manor (Melton Mowbray) Residents Company Limited	9
Concept (EA) Management Company Limited	4	Millers Brow Management Company Ltd	1
Coppice Place Management Company Limited	4	Monmore Grange Management Company Limited	1
Cotswold View Residents Association Limited	1	Netherton Grange Residents Management Company Limited	4
Denne Road Management Company Limited	1	Newbridge Gardens Management Company (No 1) Limited	7
Diglis Water Estate Management Company Limited	1	Newbridge Gardens Management Company (No 2) Limited	7
Dunton Green Management Company (No.1) Limited	1	NGP Management Company (Cell A) Limited*	17
Dunton Green Management Company (No.2) Limited	1	NGP Management Company (Cell D) Limited*	17
Edlogan Wharf Community Interest Company	1	NGP Management Company (Cell E) Limited*	17
Emberton Grange Management Company Limited	1	NGP Management Company (Cell F) Limited*	17
Glasdir Management Company Limited	1	NGP Management Company Residential (Cell G) Limited*	17
Great Hall Park Residents Association Limited	1	NGP Management Company (Commercial) Limited*	17
Greenfields Park (EA) Management Company Limited	7	NGP Management Company (Town Centre) Limited*	17
Handley Gardens Management CIC	8	Nightingale Park Residents Association Limited	11
Hanwell Fields 3B Management Company Limited	1	North Wharf Gardens Management Company Limited	1
Hastings Manor (Hugglescote) Residents Management Company Limited	9	Nunnery Fields (Management No.1) Limited	7
Haybridge (Wells) Management Company Limited	6	Nunnery Fields (Management) Limited	7
Hayes Green Management Company Limited	4	Onyx Apartments Management Company Limited	1
Heathy Wood Estate Management Company Limited	10	Orchard Grove (Comeytrowe) Management Company Limited	6
Heritage Park Gravesend Residents Association (No.1) Limited	1	Orsett Village Residents Association Limited	11
Heritage Park Gravesend Residents Association (No.2) Limited	1	Pages Priory Phase Two (Leighton Buzzard) Management Company Limited	4
Heritage Park Gravesend Residents Association (No.3) Limited	1	Palace View Apartments Management Company Limited	1
Heritage Park Gravesend Residents Association (No.4) Limited	1	Parc Nedd Residents Association Limited	1
Heritage Park Gravesend Residents Association (No.5) Limited	1	Parklands (Woburn Two) Management Company Limited	4
Hethersett Residents Management Company Limited	11	Peartree Village Management Limited	12

Particulars of subsidiaries, associates and joint ventures continued

Company Name	Reference
Peninsula (EA1) Management Company Limited	4
Plas Brymbo Landscaping Management Company Limited	1
Plas Brymbo Management Company Limited	1
Poppyfields (Benwick) Residents Association Limited	1
Postmark Residents Management Company Limited	1
Q.Hill (EA 2) Management Company Limited	11
Queen Eleanor's Heights Residents Association Limited	1
Redhill Gardens Residents Management Company Limited	1
Redhill Park Limited*	18
Regency Place (Shiplake) Management Company Limited	1
Romans Gate (Old Stratford) Residents Association Limited	1
Saxon Park Management Company Limited	1
Sherford 1A Parcel 4 Management Company Limited	16
Sherford 1A Parcel 5 Management Company Limited	16
Sherford Estate Management Company Limited	13
Southgate Maisonettes (27 And 28) Limited	1
Speakman Gardens Residents Association Limited	1
St Crispin Area H Management Company Limited	1
St Dunstans Apartment Management Company Limited*	1
Stanbury View (Parklands) Management Company Limited	1
Stortford Fields Estate Management Company Limited	14
Stour Valley Management Phase 1 Limited	15
Summer Downs Residents Management Company Limited	1
Telford Millennium Management Company Limited	1
Thamesview (Plots 425 To 560) Residents Association Limited	1
The Avenue Number 4 Management Company Limited	1
The Avenue Number 5 Management Company Limited	1
The Beaumont Park Management Company Limited*	1
The Breme Park (Bromsgrove) Management Company Limited	1
The Burleigh Rise Management Company Limited*	1

Company Name	Reference
The Coach Houses (Northampton) Residents Association Limited	1
The Copse (Mawsley) Management Company Limited	9
The Grange Number One Desborough Management Company Limited	1
The Highgate (Durham) Management Company Limited*	1
The Junction Flat Management Company Limited*	1
The Laurels (Kirby Cross) Management Company Limited	1
The Merriemont Management Company Limited*	1
The Middlefield Springs Management Company Limited	1
The Orchard (Willow Street) Management Company Limited	1
The Orchard Grove (Playground) Management Company Limited*	1
The Pennington Wharf Community Management Company Limited	11
The Ruxley Towers Management Company Limited*	1
The Seasons Residents Association Limited	1
The Silverdale 9 Flats Management Company Limited	1
The Silverdale 9 Houses Management Company Limited	1
The Spinney Residents Management Company Limited*	1
The Swan Gardens Management Company Limited*	1
The Weekley Wood Management Company Limited*	1
The Wharf Lane (Solihull) No.1 Management Company Limited	1
The Willowfields Management Company Limited*	1
The Woodlands at Shevington Management Company Limited	2
The Woodway Gate Management Company No.1 Limited	1
Webheath (Redditch) Management Company Limited	16
Westbridge Park (Auckley) Management Company Limited	2
Willow Lake (Bletchley One) Management Company Limited	4
Willow Lake (Bletchley Two) Management Company Limited	4
Willowcroft (SM) Management Company Limited	9
Winnington Village Community Management Company Limited	2
Wootton Meadows Residents Association Limited	1
Wyrley View Residents Management Company Limited	1

* Private Limited Company

Reference	Registered Address
1	Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR
2	Chiltern House, 72-74 King Edward Street, Macclesfield, SK10 1AT
3	Newton House, 2 Sark Drive, Newton Leys, Milton Keynes, MK3 5SD
4	Queensway House, 11 Queensway, New Milton, BH25 5NR
5	168 Northenden Road, Sale, Manchester, M33 3HE
6	Fisher House, 84 Fisherton Street, Salisbury, SP2 7QY
7	94 Park Lane, Croydon, CR0 1JB
8	1 London Road, Brentwood, Essex, CM14 4QP
9	2 Hills Road, Cambridge, CB2 1JP
10	Park Point 17 High Street, Longbridge, Birmingham, B31 2UQ
11	RMG House, Essex Road, Hoddesdon, EN11 0DR
12	Countryside House, The Drive Great Warley, Brentwood, Essex, CM13 3AT
13	4 Capital Court, Bitten Road, Sowton Industrial Estate, Exeter, EX2 7FW
14	Gateway House, 10 Coopers Way, Southend-On-Sea, SS2 5TE
15	154-155 Great Charles Street Queensway, B3 3LP
16	Whittington Hall, Whittington Road, Worcester, Worcestershire, WR5 2ZX
17	3rd Floor Citygate, St James' Boulevard, Newcastle Upon Tyne, United Kingdom, NE1 4JE
18	5 Market Yard Mews, 194-204 Bermondsey Street, London, SE1 3TQ

Five year review (unaudited)

£ million	2021	2020	2019	2018	2017
Revenue	**4,284.9**	2,790.2	4,341.3	4,082.0	3,965.2
Profit on ordinary activities before net finance costs and tax	**698.2**	282.4	856.8	828.8	706.5
Adjust for: Share of results of joint ventures	**5.4**	7.9	8.0	5.3	7.6
Adjust for: Exceptional items	**125.0**	10.0	(14.3)	46.1	130.0
Operating profit	**828.6**	300.3	850.5	880.2	844.1
Net finance costs	**(24.0)**	(25.9)	(28.9)	(23.4)	(32.1)
Profit for the financial year before taxation and exceptional items	**804.6**	274.4	821.6	856.8	812.0
Exceptional items	**(125.0)**	(10.0)	14.3	(46.1)	(130.0)
Taxation charge including taxation on exceptional items	**(124.1)**	(47.4)	(162.0)	(154.1)	(126.7)
Profit for the financial year	**555.5**	217.0	673.9	656.6	555.3
Balance sheet					
Intangible assets	**6.6**	8.1	7.0	3.2	3.9
Property, plant and equipment	**21.7**	24.0	25.6	21.6	22.8
Right-of-use assets	**26.5**	27.5	27.4	27.1	–
Interests in joint ventures	**85.4**	82.2	55.3	48.3	50.9
Other financial assets	**10.0**	–	–	–	–
Non-current trade and other receivables	**27.5**	26.3	43.7	55.7	60.1
Non-current assets (excluding tax)	**177.7**	168.1	159.0	155.9	137.7
Inventories	**4,945.7**	4,534.7	4,196.0	4,188.2	4,075.7
Other current assets (excluding tax and cash)	**168.2**	189.1	161.0	134.7	122.2
Trade and other payables excluding land creditors	**(587.7)**	(571.4)	(634.9)	(684.8)	(705.0)
Land creditors	**(314.2)**	(347.9)	(339.9)	(359.5)	(319.5)
Lease liabilities	**(7.0)**	(6.4)	(7.6)	(8.2)	–
Provisions	**(125.4)**	(70.6)	(72.7)	(76.9)	(87.3)
Net current assets (excluding tax and net cash)	**4,079.6**	3,727.5	3,301.9	3,193.5	3,086.1
Trade and other payables excluding land creditors	**(137.1)**	(131.8)	(110.4)	(112.2)	(111.0)
Land creditors	**(492.2)**	(328.0)	(389.3)	(379.1)	(319.6)
Retirement benefit obligations	**(37.3)**	(89.5)	(85.0)	(133.6)	(64.8)
Lease liabilities	**(20.4)**	(21.6)	(20.3)	(19.2)	–
Provisions	**(119.7)**	(59.9)	(55.7)	(93.4)	(74.3)
Non-current liabilities (excluding debt)	**(806.7)**	(630.8)	(660.7)	(737.5)	(569.7)
Cash and cash equivalents	**921.0**	823.0	630.4	734.2	600.5
Bank and other loans	**(84.0)**	(103.6)	(84.7)	(90.1)	(88.7)
Taxation balances	**26.4**	32.6	(38.1)	(29.2)	(28.6)
Basic net assets	**4,314.0**	4,016.8	3,307.8	3,226.8	3,137.3

Statistics					
Basic earnings per share	**15.3p**	6.3p	20.6p	20.1p	17.0p
Adjusted basic earnings per share	**18.0p**	6.5p	20.3p	21.3p	20.2p
Tangible net assets per share	**118.1p**	110.0p	100.5p	98.3p	95.7p
Dividends paid (pence per share)	**8.28**	–	18.34	15.28	13.79
Number of ordinary shares in issue at the year end (millions)	**3,648.6**	3,645.4	3,283.1	3,278.1	3,275.4
UK short term landbank (plots)	**85,376**	77,435	75,612	75,995	74,849
UK average selling price (£'000)	**300**	288	269	264	264
UK completions (homes including JVs)	**14,087**	9,609	15,719	14,933	14,541

The results for 2017 excludes the impact of IFRS 16, which was adopted in 2018.

2022 Annual General Meeting

Dear Shareholder

Annual General Meeting (AGM)

The 2022 AGM of Taylor Wimpey plc (the Company) will be held in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1GJ on Tuesday 26 April 2022 at 10:30am.

The Board is looking forward to the opportunity to meet the Company's shareholders again in person. As we no longer have an office in central London, we have taken the decision to move our AGM to a venue closer to our Head Office in High Wycombe and will be serving light refreshments both before and after the meeting, rather than a full luncheon.

Attending the AGM

If you wish to attend and vote at the AGM in person, please bring with you the shareholder attendance card or notice of availability letter. It will help to authenticate your right to attend, speak and vote, and will help us to register your attendance without delay.

For the safety and comfort of those attending the AGM, large bags, cameras, recording equipment and similar items will not be allowed into the building and in the interests of security, by attending the AGM you hereby agree to be searched, upon request, together with any bags and other possessions.

There is wheelchair access to the venue for shareholders who require it or those with reduced mobility. However, where required, attendees are strongly advised to bring their own carers to assist with their general mobility around the venue. An induction loop system operates in the meeting room. Directions to the venue can be found on the reverse of your attendance card or notice of availability.

Light refreshments comprising of tea, coffee and pastries will be available from 9:30am and after the end of the AGM.

How to vote

If you would like to vote on the resolutions in this Notice of Meeting but cannot attend the AGM, please register your vote online at www.signalshares.com or return your proxy form to our Registrar as soon as possible. In order for your vote to count, our Registrar must receive your proxy form no later than 10:30am on Friday 22 April 2022. 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 page 190.

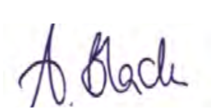
Shareholder questions

In the event that shareholders are unable to attend the AGM, shareholders are invited to submit questions by email to CoSec@taylorwimpey.com. Please provide any advance questions by 10:30am on Friday 22 April 2022. The questions will be answered by the Board during the AGM. The answers provided will be made available on the Company's website as soon as practicable following the conclusion of the AGM.

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 Black
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 seventh Annual General Meeting (the AGM) of the Company to be held on Tuesday 26 April 2022 at 10:30am in the Winterlake Suite at the Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1GJ for the purposes set out below.

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 2021.
2. To declare due and payable on 13 May 2022 a final dividend of 4.44 pence per ordinary share of the Company for the year ended 31 December 2021 to shareholders on the register at close of business on 1 April 2022.
3. To re-elect as a Director, Irene Dorner.
4. To re-elect as a Director, Jennie Daly.
5. To re-elect as a Director, Chris Carney.
6. To re-elect as a Director, Robert Noel.
7. To re-elect as a Director, Humphrey Singer.
8. To re-elect as a Director, Lord Jitesh Gadhia.
9. To re-elect as a Director, Scilla Grimble.
10. To re-appoint PricewaterhouseCoopers LLP (PwC) as external Auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
11. Subject to the passing of resolution 10, to authorise the Audit Committee to determine the remuneration of the external Auditors on behalf of the Board.
12. That the Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

    a. up to a nominal amount of £12,163,069 (such amount to be reduced by any allotments or grants made under paragraph b below, in excess of £12,163,069); and

    b. comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £24,326,138 (such amount to be reduced by any allotments or grants made under paragraph a above) in connection with an offer by way of a rights issue:

       i. to ordinary shareholders in proportion (as nearly as 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 25 July 2023) but, in each case, so that the Company may make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends; and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special resolutions:

13. That if resolution 12 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash 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 12, by way of a rights issue only):

       i. to ordinary shareholders in proportion (as nearly as practicable) to their existing holdings; and

       ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

    and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matters; and

    b. in the case of the authority granted under paragraph a of resolution 12 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 £1,824,460.

    Such power to apply until the end of the next Annual General Meeting of the Company (or, if earlier, until the close of business on 25 July 2023) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

14. That if resolution 12 is passed, the Board be given the power in addition to any power granted under resolution 13 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority granted under paragraph a of resolution 12 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 £1,824,460; 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 25 July 2023) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

15. That the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of 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 364,892,070;
    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 25 October 2023 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:

16. That the Directors' Remuneration Report for the year ended 31 December 2021, as set out on pages 115 to 124 of the Annual Report and Accounts for the financial year ended 31 December 2021, be approved in accordance with Section 439 of the Companies Act 2006.
17. That in accordance with Sections 366 and 367 of the Companies Act 2006, the Company and all companies which are its subsidiaries when this resolution is passed are authorised to:

    a. make political donations to political parties and / or independent election candidates not exceeding £250,000 in aggregate;
    b. make political donations to political organisations other than political parties not exceeding £250,000 in aggregate; and
    c. incur political expenditure not exceeding £250,000 in aggregate, during the period beginning with the date of passing this resolution and the conclusion of the next Annual General Meeting of the Company.

    For the purposes of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings given by Sections 363 to 365 of the Companies Act 2006.

Special resolution:

18. That a general meeting other than an Annual General Meeting of the Company may continue to be called on not less than 14 clear days' notice.

By order of the Board

Alice Black
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
2 March 2022

Explanatory notes to the resolutions

Ordinary business

Ordinary resolutions

Ordinary resolutions require more than half of the votes cast to be in favour.

Resolution 1: To receive the Annual Report and Financial Statements

English company law requires the Directors to lay the Financial Statements of the Company for the year ended 31 December 2021 and the reports of the Directors, namely the Strategic report, Directors' Report, Directors' Remuneration Report, and Auditor's Report (the Annual Report); before a general meeting of the Company.

Resolution 2: To declare a final dividend

The Directors recommend the payment of a final dividend of 4.44 pence per ordinary share in respect of the year ended 31 December 2021. If approved at the AGM, the dividend will be paid on 13 May 2022 to shareholders who are on the Register of Members at the close of business on 1 April 2022.

Dividend Re-Investment Plan

Subject to shareholders approving the dividend as set out in resolution 2 at the AGM scheduled for 26 April 2022, the Company will be offering residents in the United Kingdom a Dividend Re-Investment Plan (DRIP). The DRIP is provided and administered by the DRIP plan administrator, Link Market Services Trustees Limited, which is authorised and regulated by the Financial Conduct Authority (FCA). The DRIP offers shareholders the opportunity to 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 2021 (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 their position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or to discontinue or vary any participation, as existing 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 2021 final dividend) and any special dividends, are available at www.signalshares.com or on request from the Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, 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 3-9: Re-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, with the exception of Pete Redfern, Gwyn Burr and Angela Knight CBE, all Directors of the Company will retire and, being eligible, offer themselves for re-election by shareholders at the AGM. As previously announced, Pete Redfern, Gwyn Burr and Angela Knight CBE will step down from the Board at the conclusion of the 2022 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 115 to 124 of this Annual Report and Accounts. Full biographical information concerning each Director can be found on pages 74 and 75.

The following summary information is given in support of the Board's proposal for each Director standing for re-election.

Irene Dorner – offers herself for re-election

Irene was appointed as a Non Executive Director and Chairman-designate on 1 December 2019. Irene formally assumed the position of Chairman on 26 February 2020. Irene's strong leadership skills, coupled with her deep commercial experience, provide strong leadership of the Board; the effective independent challenge of the Non Executive Directors; and the further development of the Group's strong cultural principles. Irene also Chairs the Nomination and Governance Committee.

Jennie Daly – offers herself for re-election

Jennie has been the Group Operations Director since 20 April 2018 and will become the Company's Chief Executive following the conclusion of the 2022 AGM.

Chris Carney – offers himself for re-election

Chris has been the Group Finance Director since 20 April 2018.

Robert Noel – offers himself for re-election

Robert has been a Non Executive Director since 1 October 2019. Rob became the Company's Senior Independent Director on 21 April 2020. The Board is satisfied that he is independent in character and judgement in applying his expertise at meetings of the Board, 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 Chief Executive and has particularly deep property expertise which assists the Board in assessing large scale land opportunities. At the conclusion of the AGM Rob will become a member of the Remuneration Committee and will take on the role of the Board's Employee Champion.

Humphrey Singer – offers himself for re-election

Humphrey has been a 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, 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 Auditors and properly assess the Group's internal audit and control processes.

Lord Jitesh Gadhia – offers himself for re-election

Jitesh has been a Non Executive Director since 1 March 2021. The Board is satisfied that he is independent in character and judgement in applying his expertise at meetings of the Board, the Remuneration 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. Jitesh's executive and non executive experience and involvement in public affairs has added an additional perspective to the Board dynamic. Following the conclusion of the AGM, Jitesh will assume the role of Chair of the Remuneration Committee. He has extensive remuneration committee experience and serves as Chair of the Remuneration Committee of Compare The Market Limited.

Notes to the notice of Annual General Meeting continued

Scilla Grimble – offers herself for re-election

Scilla has been a Non Executive Director since 1 March 2021. The Board is satisfied that she is independent in character and judgement in applying her expertise at meetings of the Board, the Audit Committee and the Nomination and Governance Committee, and that she will be able to allocate sufficient time to the Company to discharge her responsibilities effectively. Scilla's significant financial, risk, technology and property experience enhanced the Board's skill set following her appointment.

The Board confirms that each of the above Directors has recently been subject to formal performance evaluation, details of which are set out in the Nomination and Governance Committee report in the Annual Report on pages 88 to 97, and that each continues to demonstrate commitment and is an effective member of the Board who is able to devote sufficient time in line with the Code to fulfil their role and duties.

Resolution 10: Re-appointment of PwC as external Auditors of the Company

The Company is required to appoint external auditors at each general meeting at which accounts are laid before the shareholders. It is therefore proposed that the external Auditors are appointed from the conclusion of the 2022 AGM until the conclusion of the next general meeting at which accounts are laid before shareholders. The Board recommends the reappointment of PwC as the Company's external Auditors.

Resolution 11: Authorisation of the Audit Committee to agree on behalf of the Board the remuneration of PwC as external Auditors

The Board seeks shareholders' authority for the Audit Committee to determine on behalf of the Board the remuneration of the external Auditors for their services. The Board has adopted a procedure governing the appointment of the external Auditors to carry out non-audit services, details of which are given in the Audit Committee report. Details of non-audit services performed by the external Auditors in 2021 are given in Note 6 on page 149 of the Annual Report.

Resolution 12: Authority to allot shares

The Directors wish to renew the existing authority to allot unissued shares in the Company, which was granted at the Company's last AGM held on 22 April 2021 which is due to expire at the conclusion of this AGM. Accordingly, paragraph a of resolution 12 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 £12,163,069 (representing 1,216,306,900 ordinary shares). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 28 February 2022, 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 12 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 £24,326,138 (representing 2,432,613,800 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph a of resolution 12. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 28 February 2022, 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 12 will expire at the earlier of 25 July 2023 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 13 and 14: Authority to dis-apply pre-emption rights

Resolutions 13 and 14 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 13 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 £1,824,460 (representing 182,446,000 ordinary shares).

This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 28 February 2022, the latest practicable date prior to publication of this Notice.

In respect of the power under paragraph b of resolution 13, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three year period where the 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 14 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 14 is in addition to that proposed by resolution 13 and would be limited to allotments or sales of up to an aggregate nominal amount of £1,824,460 (representing 182,446,000 ordinary shares) in addition to the power set out in resolution 13. This aggregate nominal amount represents an additional 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 28 February 2022, the latest practicable date prior to publication of this Notice.

The powers under resolutions 13 and 14 will expire at the earlier of 25 July 2023 and the conclusion of the next Annual General Meeting of the Company.

Resolution 15: 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 28 February 2022.

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 shares 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. As at 28 February 2022, the Company holds no shares in treasury.

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings.

We have announced the Company's intention to return excess capital to its shareholders in 2022 of up to £150 million through the implementation of a share buyback programme. An initial tranche of up to £75 million commenced on 3 March 2022 and is expected to end no later than 3 June 2022. The initial tranche of the share buyback programme is being carried out by the Company using the authority to purchase its own ordinary shares as approved by shareholders at the 2021 AGM, and in order to retain the flexibility to complete the initial tranche and continue to return value to shareholders, we are asking shareholders to renew the authority for the Company to purchase its own ordinary shares. The share buyback is expected to benefit shareholders through the opportunity for increased future dividends per share on the remaining shares. Pursuant to the share buyback programme, the Board intends to hold 25 million of the shares that are repurchased in treasury and the remaining shares will be cancelled. The Board currently intends that the shares to be held in treasury will be used for future obligations of the Company in respect of its employee share schemes.

The Board will use this authority to purchase shares only after careful consideration (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company).

The total number of options and conditional share awards to subscribe for ordinary shares outstanding as at the close of business on 28 February 2022 was 23,606,764, representing approximately 0.6% of the issued ordinary share capital of the Company as at that date and approximately 0.7% 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 25 October 2023 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 16: 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 16, 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, a statement by the Chair of the Committee and the remuneration at a glance section. 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 17: Authority to make political donations

In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of that Act, the Board wishes to renew its existing authority for a general level of political donation and / or expenditure. Resolution 17 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 17) 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 17 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 43 of the Annual Report and Accounts.

Special resolution

Special resolutions require at least a 75% majority of votes cast to be cast in favour.

Resolution 18: 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 18 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 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 make available electronic voting to all shareholders in respect of that meeting.

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 Friday 22 April 2022 (or, in the event of any adjournment, on the date which is two working days before the time of the adjourned meeting).

Notes to the notice of Annual General Meeting continued

2. As at 28 February 2022 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 3,648,920,705 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 February 2022 were 3,648,920,705.
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).
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 10:30am on Friday 22 April 2022. 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 10:30am on Friday 22 April 2022. 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 external Auditors 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.
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 Articles of Association will be available for inspection during normal business hours (excluding Saturdays, Sundays and public holidays) at the Company's registered office: Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR from the date of this Notice until the close of the AGM.
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 (excluding Saturdays, Sundays and public holidays). Copies of these documents will also be available 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 Non Executive Directors.
    - A copy of the full Annual Report and Financial Statements of the Company for the year ended 31 December 2021, including the Directors' Remuneration Report referred to in resolution 16. This document is also available on our corporate website.
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.

Shareholder facilities

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 costs.
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 registering on our website at www.taylorwimpey.co.uk/corporate/investors/shareholder-centre.

Online facilities for shareholders

You can access our Annual Report, half year and full year statements, and copies of recent shareholder communications online via our corporate website.

You can manage your shareholding in Taylor Wimpey via Link Group's shareholder portal, which can be accessed online at www.signalshares.com.

Dividend Re-Investment Plan

Residents in the United Kingdom can choose to invest their cash dividends, including any special dividends, in purchasing Taylor Wimpey shares on the market under the terms of the Dividend Re-Investment Plan (DRIP). For further information on the DRIP and how to join, contact Link Group.

Shareholders are again reminded to check their position with regard to any dividend mandates that are in place, should you wish to either participate in the DRIP or discontinue or vary any participation, as existing mandates will apply to all dividend payments (including special dividends) unless or until revoked.

CREST

The Company offers shareholders who hold their Taylor Wimpey shares in CREST a facility for the receipt of dividends through the CREST system.

For shares held in uncertificated form (CREST), please note that elections continue to apply only to one dividend and a fresh election must be made, via CREST, for each dividend.

Full details of the terms and conditions of the DRIP and the actions required to make or revoke an election, both in respect of ordinary dividends (i.e. in this case, the 2021 final dividend) and any special dividends, are available at www.signalshares.com or 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 and Accounts, it may be that your shares are registered in two or more accounts on our Register of Members. You might wish to consider merging them into one single account. Please contact Link Group who will be pleased to carry out your instructions in this regard.

Shareholder facilities

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 corporate website.

Gifting shares to charity
If you have a small holding of Taylor Wimpey shares, you may wish to consider gifting them to charity. You can do so through 'ShareGift', which is administered by a registered charity, 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 at www.sharegift.org or telephone them on +44 (0)20 7930 3737.

Unsolicited approaches to shareholders and 'Boiler Room' scams
We receive reports from time to time from Taylor Wimpey shareholders who have received what appear to be fraudulent approaches from third parties with respect to their shareholding in the Company. In some cases these are 'cold calls' and in others correspondence. They generally purport to be from a firm of solicitors or an investment company and offer, or hold out the prospect of, large gains on Taylor Wimpey shares or other investments you may hold.

The approaches normally include the seeking of an advance payment from the shareholder, the disclosure of the shareholder's bank details or the sale of an unrelated investment. Shareholders are advised to be extremely wary of such approaches. More information is available on our website www.taylorwimpey.co.uk/corporate/shareholder-information/boiler-room-scams and you can check whether an enquirer is properly authorised and report scam approaches by contacting the FCA on www.fca.org.uk/consumers or by calling 0800 111 6768. This is a freephone number from the UK and lines are open Monday to Friday, 8:00am to 6:00pm and Saturday 9:00am to 1:00pm.

Annual General Meeting
10:30am on 26 April 2022 at:

The Winterlake Suite, Crowne Plaza Marlow, Fieldhouse Lane, Marlow, SL7 1GJ.

Proxy instructions must be received by 10:30am on Friday 22 April 2022.

Group General Counsel and Company Secretary
Alice Black
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.

External Auditors
PricewaterhouseCoopers LLP

Solicitors
Slaughter and May

Stockbrokers
Citigroup Global Markets Limited
Credit Suisse International

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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 supplement and ESG addendum 2021 on our website: www.taylorwimpey.co.uk/corporate/sustainability

Carbon neutral
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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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