

## Our principal risks and uncertainties

As with any business, Taylor Wimpey faces a number of risks and uncertainties in the course of its day to day operations. By effectively identifying and managing these risks, we are able to improve our returns, thereby adding value for shareholders.

### Economic and market environment

Demand is heavily dependent on consumer confidence in the wider economy, which is influenced by factors such as unemployment levels, availability of credit and interest rates, which are outside the Group's control.

We use the detailed knowledge of our local teams to select the locations and home designs that best meet existing customer demand. We minimise the level of speculative build that we undertake by opening a sales outlet at an early stage of development.

### Land purchasing

Land is the major 'raw material' for the Group and, as such, mis-priced or poor quality land would have a detrimental impact on our profitability.

To mitigate this risk, we operate an investment appraisal process for significant land purchases, which ensures that such projects are subject to appropriate review and authorisation dependent on the proposed scale of expenditure.

### Availability of sub-contractors

The vast majority of the work carried out on site is performed by sub-contractors. If they are not able to recruit sufficient numbers of skilled employees, our developments may suffer from delays or quality issues.

We vet all suppliers thoroughly prior to working with them to ensure that they meet our requirements for environmental impact, health and safety, quality and

financial stability. We also play our part in addressing the skills shortage in the building industry through apprenticeship schemes and membership of the Construction Industry Training Board.

### Site safety

Building sites are inherently dangerous places and our management of health and safety issues is of paramount importance to us.

We want all of our people – whether employee or sub-contractor – to go home at the end of the day safe and healthy. We have a comprehensive HSE management system, supported by policies and procedures to ensure that we live up to our intention of providing a safe and healthy working environment.

### Construction process

Construction, both of homes and other projects, can be subject to delays for a wide variety of reasons. These include adverse ground conditions, changes to the original design once build has commenced and adverse weather.

We target the type of work that we bid for selectively, choosing not to participate in projects where we consider that the risks are too great. We maintain detailed risk registers, ensuring that risks are identified, priced or hedged and approved at the appropriate level before taking on a project. These registers are maintained throughout the life of the project and reviewed following the completion of the job to identify any key learning points for future projects. We also actively promote

developments in areas such as off-site manufacturing which have the potential to reduce the risk of delay.

### Government regulations

The number of homes that we are able to build in the course of a financial year is dependent on the granting of suitable planning permissions. Due to the time taken to obtain planning permissions on land, we hold a landbank to provide greater certainty of the number of plots to be developed in the following 12 months. We also look to use options to control land, with ownership not being taken until planning is more certain.

Delays to the expected timescale for receipt of planning on a site may result in a reduction in the number of homes that we have available for sale. Planners may also impose conditions within planning consents, which may lead to additional costs of developing a site. Our land specialists mitigate these risks by working closely with the relevant planning authorities and through the structure of land purchase agreements.

In the UK, planning permissions can be very specific, including the density, types of housing and availability of car parking spaces. If the views of the planners do not coincide with our customers' aspirations there will be an impact on demand for our product. We work closely with the Government, both directly and as a member of industry groups, to highlight such potential issues.



For more information visit [www.taylorwimpey.com](http://www.taylorwimpey.com)