

Supply chain management



Our timber frame housing business, Prestoplan, uses exclusively FSC, SFI (Sustainable Forestry Initiative) or PEFC timber from sustainable sources and has its own PEFC Chain of Custody Accreditation. Prestoplan is certified to ISO14001, accredited to the UK Timber Frame Association's Q Mark Plus and is registered to ISO9001 and OHSAS18001. The Company is also a CHAS (Contractor Health and Safety Assessment Scheme) Accredited Contractor. Prestoplan has an enviable track record for delivering timber frame solutions that meet the most challenging of design and construction criteria.

Timber frame solutions

As a housebuilder, we rely on a large number of suppliers and sub-contractors and strive to work in partnership with them.

We aim to treat our suppliers and sub-contractors fairly and with respect, which includes paying them promptly for goods and services. We are proud of having a large number of suppliers and sub-contractors who have been working with us for one or more decades.

HSE issues form part of our supplier and sub-contractor selection criteria and we aim to do business with those who understand and aspire to our business aims and values.

We tend to have national agreements in place with suppliers in the UK for greater effectiveness and sustainability. In North America, suppliers tend to be chosen at a Divisional level. The vast majority of our sub-contractors in the UK, Spain and North America come from the areas around our offices and developments. We are committed to working with local individuals and businesses as far as possible.

Green procurement

Our Environmental Procurement Policy governs the way that we approach green procurement issues in the UK and states a preference for using materials and processes that have a lower environmental impact. As of the end of 2008, we are using only A-rated appliances for our new homes in the UK. We also seek to use locally sourced, recycled and reclaimed materials where available and cost effective.

We are committed to procuring timber from sustainable sources through approved schemes such as the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC).

The examples throughout this report demonstrate that we have wide experience of meeting exacting environmental procurement requirements.

Supplier engagement

A key part of our approach to supplier management is SOLVE in the UK and our Vendor Portal in North America. SOLVE (Supplier Online Vetting Evaluation) provides a web portal where prospective suppliers and sub-contractors can register and fill in or update a vetting form. The vetting form requires in-depth information about business operations, including approach to and performance in areas such as HSE. SOLVE identifies whether the applicant company has reached Taylor Wimpey's prequalification standards to ensure that we only work with companies that are able to meet our standards.

In 2008, we finished rolling out our Vendor Portal to all North American Divisions. The Vendor Portal is internet-based and provides a valuable supplier communication tool. The on-line system provides trade partners with information on the current status of their work, as well as purchase orders, accounts payable and scheduling information. A wide variety of trades and suppliers have provided positive feedback to our Divisions on the roll out of the Vendor Portal.

Also in 2008, Taylor Morrison introduced a Lean Construction Process in four Divisions. A distilled version of a Six Sigma driven manufacturing process improvement methodology, this process focuses on identifying and eliminating

The way we work continued Supply chain management

waste in the construction process. The cornerstone of this process is tapping into the expertise of our trade and supplier partners to get them directly involved in recommending changes to reduce or eliminate waste. Our Divisions prioritised recommendations based on ease of implementation and financial impact before drawing up action plans. This process has reinforced our partnerships with our trades and suppliers and we also expect to save several hundred thousand dollars per Division once our action plans are put into place.

Our contractual agreements in all regions in which we operate require sub-contractors to ensure that their employment practices comply with all relevant health, safety and employment legislation. In the UK and North America we require sub-contractors to ensure that their employees have a legal right to work in the country.

Targets

In the UK in 2009 we will focus on environmental areas that bring commercial benefits, such as further reducing waste and increasing recycling. We will also continue to work with suppliers to reduce the amount of packaging that they use for deliveries to our sites.

In North America, we plan to introduce the Lean Construction Process in further Divisions between January and April 2009.

 Further details of our supply chain management, environmental procurement and timber policies are available at www.taylorwimpey.com/policies.

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We are the only UK housebuilder to operate our own materials logistics operation. WCL supplies products to a range of Taylor Wimpey sites throughout the UK as well as other customers. WCL sources bulk materials from manufacturers and prepares 'just in time' deliveries of buildpacks throughout the build process. This approach reduces the number of lorry journeys per load by consolidating materials into single deliveries, thereby saving transport emissions and reducing on site traffic.

Reducing emissions with 'just in time' buildpacks

