



We are committed to being a responsible homebuilder and to addressing the wide range of sustainability issues that relate to our industry.

During 2009, we continued to undertake extensive analysis of sustainability issues and developed a comprehensive Sustainability and Climate Change Risk and Opportunity Register. We believe that focusing on sustainability puts our Company in a strong position in terms of responding to future changes in regulation and the business environment.

Taylor Morrison continues to steadily improve the energy and water efficiency of the homes that we build in North America. In 2009, we developed energy efficiency and green business preparedness plans to address market and legislative trends in the United States. Meanwhile, our Monarch Corporation in Canada was named low-rise Green Builder of the Year in the prestigious Building Industry and Land Development Awards.

In the UK, we estimate that a Taylor Wimpey home built to current building regulations would require around one fifth of the energy needed to heat the same type of home built to 1930s building standards and a third of the energy requirements of a similar home built in the 1980s. This demonstrates both the efficiency of current new

homes and the greater energy requirements of older homes.

It is estimated that the energy consumption of residential housing contributes 26% of the 'carbon footprint' of the UK annually, and nearly nine out of ten existing homes were built before 1985. Additional research demonstrates that the energy efficiency of this older housing stock could be raised through a number of measures such as double glazing, boiler upgrades or insulation, at around a tenth of the cost of making further energy efficiency improvements to new homes. This would have a greater impact on the 'carbon footprint' of residential housing stock than further improvements of already more energy efficient new housing.

We have consequently started work on an 'offsetting' solution that could provide a cost effective way of delivering significant energy savings and look forward to developing this further in conjunction with local authorities. We think that this solution could fit well with the Government's 2010 Warm Homes, Greener Homes Strategy to improve the energy efficiency of existing housing stock.

We continue to share our findings with the UK Government and the housebuilding industry. Our aim is to identify solutions that are environmentally sound, practical and financially viable.

Katherine Innes Ker
Non Executive Director
(Committee Chairman)