

TaylorMorrison®

Environmental, Social and Governance Report

2022



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6271

Taylor Morrison
The Evergreen



Letter From Our CEO

TO OUR STAKEHOLDERS,

How fortunate are we to arrive at such a pivotal moment in time, where progress and transparency around environmental, social and governance (ESG) principles have become increasingly important to not only organizations across the globe, but to consumers, too. The belief in the value-add of operating a business with ESG principles in mind is growing—as it should—and as we present our fifth annual ESG Report, I can assure you that Taylor Morrison has never been more committed to the notion that doing good is good for business.

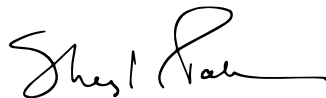
As the call to operate with increased sustainability in every aspect of business grows louder, we, too, further our transparency and strengthen our ESG strategy year over year. Taylor Morrison has earned a reputation for being among the most transparent in our industry, and this year's report doubles down on that promise by offering more robust data and insight than ever before—including the introduction of our greenhouse gas footprint, inaugural alignment with the Task Force on Climate-Related Financial Disclosures and expanded diversity data.

In the pages that follow, we share how we've aligned our business around our three ESG pillars—**Building for the Future, People First** and **Transparency and Accountability**. These pillars are a true reflection of the values that define our company and our dedication to being a good steward in all aspects of our business.

When you consider that the very nature of homebuilding is centered around creating communities that flourish, and the countless suppliers and trade partners who support us across our vast supply chain, you begin to truly appreciate the phenomenal opportunity we have to make a resounding impact.

We will continue to hold ourselves to high standards and report out on our progress as we press ahead, and hope you'll join us as we build to a more sustainable future.

Warmly,



Sheryl Palmer
Chairman and CEO

Who We Are

Headquartered in Scottsdale, Arizona, Taylor Morrison is one of the nation's largest homebuilders and land developers. We serve a broad range of consumers from coast to coast, including first-time, move-up and resort-lifestyle homebuyers and renters under our family of brands—Taylor Morrison, Esplanade, Darling Homes Collection by Taylor Morrison and Yardly. To help pave a seamless path to our buyers' new front door, we also provide financial services through Taylor Morrison Home Funding, as well as title insurance, closing services and homeowners' insurance.

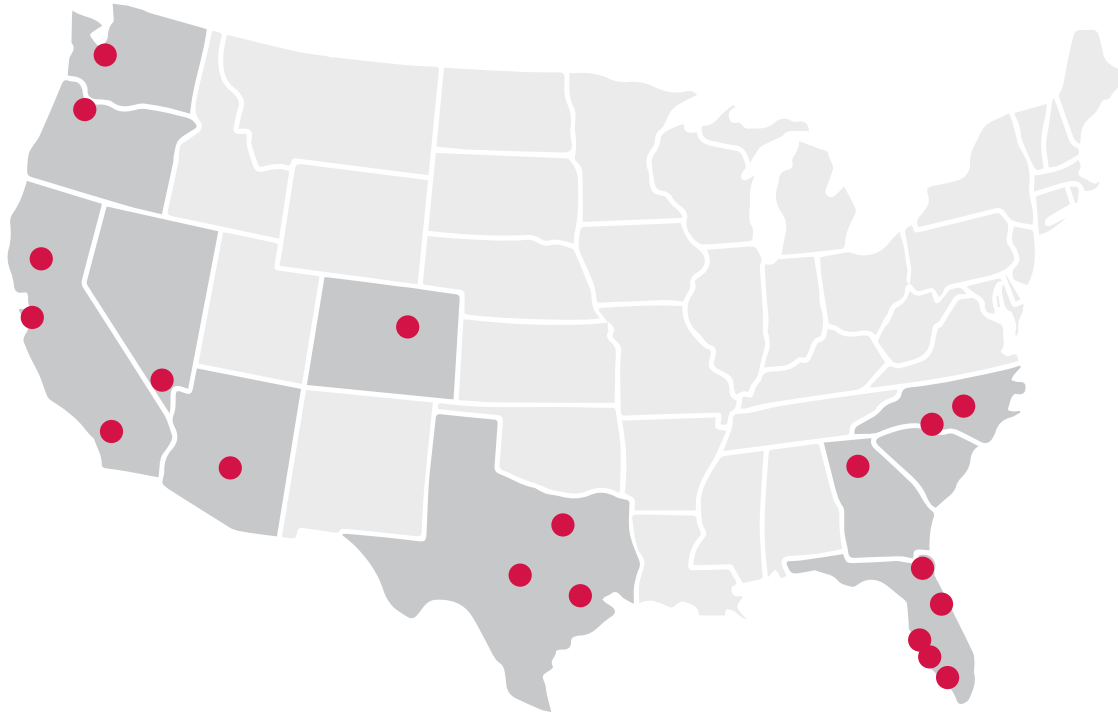
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About Us

MARKETS OF OPERATION



WEST

- Bay Area
- Las Vegas
- Phoenix
- Portland
- Sacramento
- Seattle
- Southern California

CENTRAL

- Austin
- Dallas-Fort Worth
- Denver
- Houston

EAST

- Atlanta
- Charlotte
- Fort Myers-Naples
- Jacksonville
- Orlando
- Raleigh
- Sarasota
- Tampa



REWARDS AND RECOGNITIONS





Crested Canyon | Las Vegas, NV

2022 AT A GLANCE



\$8.2B

Total revenue



12,647

Homes delivered



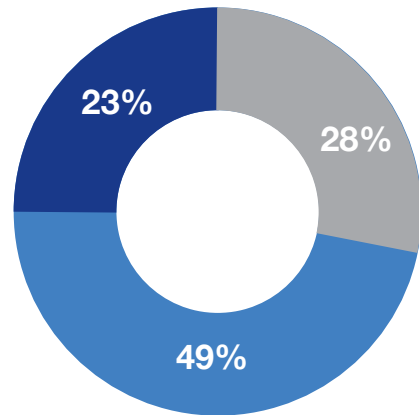
\$624K

Average closing price



~75K

Homebuilding lots owned and controlled



Net sales orders by consumer group



Entry-level



Move-up



Resort-lifestyle

2022 ESG Highlights

BUILDING FOR THE FUTURE



Appointed our first **Corporate Director of Sustainability** to execute our sustainability strategy



Measured our **carbon footprint** across our full value chain



Safeguarded **open spaces** and promoted **biodiversity** in our communities with the **National Wildlife Federation**



Introduced new **construction quality standards** to enhance production efficiency

PEOPLE FIRST



Awarded a spot on **Bloomberg's Gender-Equality Index** for the fourth consecutive year (and for the fifth time in 2023)

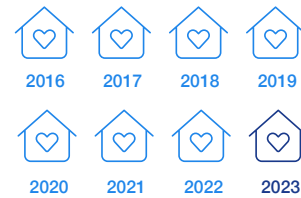


Director



Diversity · Equity · Inclusion · Belonging

Expanded our **diversity, equity and inclusion program** to include belonging (DEIB) and appointed our first **Director of DEIB and Talent Acquisition**



Earned **America's Most Trusted® Home Builder** for an unprecedented seven consecutive years (and for the eighth time in 2023)

TRANSPARENCY AND ACCOUNTABILITY



Launched a **Board Fellowship Program** to provide talented business leaders from diverse backgrounds with real-world public board experience



Introduced an **external security operations** center to complement and strengthen our internal **cybersecurity** operations



Hosted our first **Governance Roadshow** to engage with our shareholders on key ESG topics



About This Report

Our fifth annual Environmental, Social and Governance (ESG) Report is organized around three pillars—**Building for the Future, People First** and **Transparency and Accountability**—and covers the topics we believe are most impactful to our organization and stakeholders. The information shared in this report relates to our fiscal year 2022, with historical data for 2021 and 2020 presented in the Appendix. Our disclosures align with the topics highlighted by the **Sustainability Accounting Standards Board (SASB)** and the **Global Reporting Initiative**

(GRI) as being material to the homebuilding industry. We also refer to the **United Nations' Sustainable Development Goals (SDGs)** in areas where there is strong alignment with our policies and operations.

Since publishing our first ESG Report in 2019, we have regularly engaged with our shareholders, external advisors and sustainability experts to advance our ESG strategies and reporting practices. In response to that ongoing dialogue



and evolving expectations, in this year's report, we are introducing our initial assessment of our **Scope 1, 2 and 3 greenhouse gas inventory**, a discussion of our climate risks and opportunities following the recommendations of the **Task Force on Climate-Related Financial Disclosures** (TCFD) and expanded workforce diversity data aligned with the **U.S. Equal Employment Opportunity** (EEO-1) report. These expanded disclosures demonstrate our commitment to transparency and progress.



We welcome your feedback about this report and our sustainability initiatives at esg@taylormorrison.com



Building for the Future

With a company legacy dating back over 100 years, we pride ourselves on building well-designed homes in well-planned communities that offer exceptional standards of construction quality, energy efficiency, smart-home living and nature-friendly experiences. We embrace our responsibility to protect the environment through responsible land development and construction practices, including careful site selection, thoughtful community development plans, innovative home design and advanced building materials.

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How We Select Sustainable Sites

As one of the largest land developers in the country, we know land is a precious and finite resource and manage our role as environmental stewards with the utmost care and responsibility. When making land-investment decisions, we seek to minimize our impact on the natural environment while maximizing the positive impact of responsible development on local economies and neighborhoods.

With our customers top of mind, our land investment strategy emphasizes investments in prime locations in core sub-markets that meet the needs and preferences of our targeted consumer groups. We have long prioritized locations with close proximity to jobs, retail centers, schools, hospitals, public transit and other amenities, preferably within walking and cycling distance, as these core locations have historically demonstrated resiliency throughout the ebbs and flows of housing cycles. Alongside financial, operational and other strategic factors, we also thoroughly consider the potential environmental and social impacts of any investment. All land deals are approved by our Portfolio Investment Committee, which includes members of our senior leadership team and abides by robust land investment guidelines.

WHEN EVALUATING LAND INVESTMENTS, OUR ENVIRONMENTAL CHECKLIST CONSIDERS:



Environmental impacts

A thorough environmental assessment is required for all our developments, starting with an environmental site review conducted by third-party specialists. If needed, further reviews are also completed and, as required, all necessary remediation actions are taken to ensure that every site complies with municipal, legal and regulatory requirements.



Wildlife and biodiversity

We continually look for ways to minimize our footprint with an emphasis on protecting open spaces, wildlife and biodiversity. In addition, we consult with the U.S. Fish and Wildlife Service to ensure our development activity minimizes any disturbance to listed species or habitats, including relocating plants or animals as needed and accommodating migratory patterns and protected habitats whenever possible.



Wetland impacts

As part of the 404 Permit (Wetlands), we evaluate whether a jurisdictional delineation has been conducted on the property and whether a nationwide or project-specific permit has been obtained or will be required.



Flood risk and drainage

We do not build homes located in floodplains. However, on rare occasions when we acquire land that may include areas designated by the U.S. Federal Emergency Management Agency as special flood hazard areas, we typically remediate to remove the property from the flood plain.



Water stress

Water availability is confirmed as part of the local or municipal permitting process. We also work to decrease the burden of our developments on local water supplies by using low-water landscaping, native plantings and drought-resistant designs that minimize irrigation needs.



Waste water and pollution management

To protect nearby rivers, lakes and coastal waters from stormwater runoff, erosion and sedimentation, we develop site-specific Stormwater Pollution Prevention Plans, which include advanced draining systems and often exceed minimum permitting requirements per the Clean Water Act. These prevention plans are overseen by dedicated compliance specialists at the site, division and corporate levels; subjected to annual training requirements for all construction team members; and audited quarterly at each site to ensure compliance.





Elev8tion | Bay Area, CA

SPOTLIGHT ON INFILL AND URBAN REVITALIZATION

Leveraging our development expertise, we often look for opportunities to invest in sites where we can revitalize and transform vacant or previously-developed commercial parcels into vibrant residential communities. Redeveloped land has several benefits for communities and the natural environment. By reimagining the potential of underutilized land, our redevelopment activity adds economic value to local economies and enhances the livability of established areas while improving housing availability with energy-efficient new construction, often in supply-constrained markets.

Parkside | Davidson, NC

Parkside is a redevelopment project situated on a 5.4 acre abandoned former lumber yard. The new infill community will consist of more than 80 townhomes and a 1.8 acre public park. Centrally located in a transit-friendly, desirable area, Parkside was designed to offer residents new housing options within walking distance of charming downtown Davidson, NC. In addition to the social benefits of bringing new, high-density housing to this popular submarket, the addition of protected natural open areas and removal of the lumber yard's facilities will limit the built-up portion of the site to just over 50% versus more than 85% previously—reducing stormwater runoff and improving the health of a nearby lake.

Elev8tion | Bay Area, CA

Elev8tion is an infill redevelopment project in the Bay Area, CA. Conveniently located in the desirable Sunnyvale submarket, the 6.5-acre site was formerly occupied by an auto repair shop and other industrial buildings. Now, it is a thriving community of 118 townhomes and single-family units, offering high-efficiency energy systems, electrical vehicle supply conduits and other energy-saving features. In addition to adding much needed housing supply to the area, the redevelopment added a number of environmental benefits. Where there was previously concrete covering most of the area, the community now features a monarch butterfly garden and green open space.

How We Create Sustainable Communities

A bedrock of Taylor Morrison's commitment to creating sustainable communities lies in our exclusive partnership with the **National Wildlife Federation** (NWF), the nation's largest and most trusted conservation organization. Together, we've worked to apply NWF's esteemed standards to safeguard natural open spaces, promote biodiversity and educate and inspire our homeowners to participate in conservation efforts. Outside of the environmental benefits of bringing NWF's sustainability practices to our communities, these conservation efforts increase neighborhood appeal and enhance wellbeing for our residents.

KEY INITIATIVES OF OUR NWF PARTNERSHIP INCLUDE:

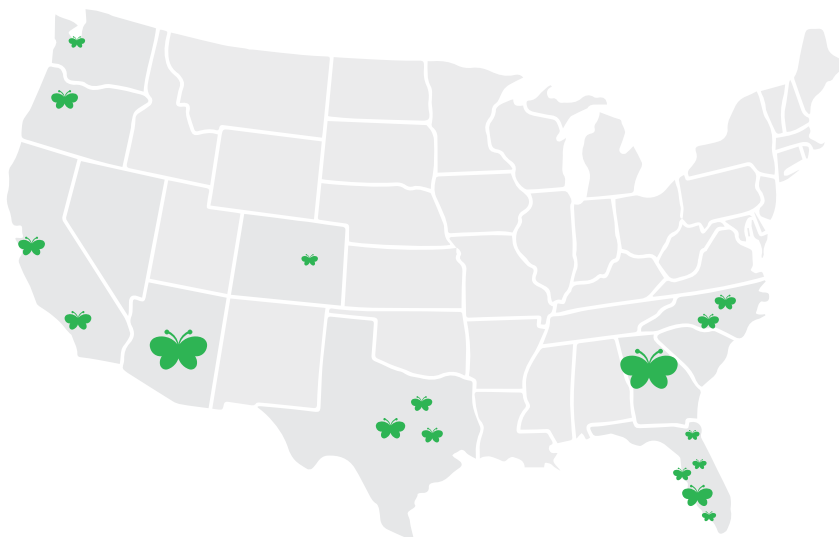


Certified Wildlife Habitat®





Throughout our communities, we are applying NWF's Certified Wildlife Habitat® standards to our parks and open spaces to protect natural areas. These spaces are reviewed by NWF experts to meet Certified Wildlife Habitat® standards, which ensure that these areas provide food, water, cover and places to raise young. These standards also require the use of native plants and water conservation practices, while prohibiting chemical pesticides and fertilizers. To date, these certified spaces encompass more than half of the land we own in or adjacent to protected and biologically diverse areas.

Monarch Butterfly Gardens

As signatories to NWF's Monarch Pledge, we are committed to installing permanent butterfly gardens in each of our new communities and to educating our residents about monarch butterfly and pollinator conservation. We plant native milkweed in every garden as this is the only host plant for monarch butterfly caterpillars in North America.



SINCE OUR NWF PARTNERSHIP BEGAN IN 2019, WE HAVE DELIVERED:

-  **72** Certified monarch butterfly gardens
-  **100+** Certified Wildlife Habitats® and Nature Play Spaces™ underway
-  **7,622** acres of Certified Wildlife Habitat®
-  **110** Certified Natural Open Spaces™

Native and Keystone Plants

In partnership with NWF, we have developed policies that promote the large-scale planting of native and keystone plants. Native plants are the habitats of choice for local wildlife and typically require less water and fertilizer than non-native species, while also sequestering more carbon than non-native plants. Keystone plants are native plants that support high numbers of pollinators and beneficial insects critical to local food webs. Recognizing the need to intentionally incorporate these important species in our communities, we ensure that 100% of plants in our open spaces and at least 80% of plants in our certified monarch gardens are native to the local region by utilizing NWF-developed Keystone Native Plant Lists tailored to each of our division's specific eco-regions.

Habitat Management Plans

In 2022, we began introducing a national program of Habitat Management Plans for our homeowner associations to help preserve their community's wildlife habitats, butterfly gardens and play spaces for future generations to enjoy. Increasingly, we are also providing training to residents and their boards on sustainable maintenance standards and activities.

Nature Play Spaces™

Recent studies show people of all ages who live near green spaces and spend time outside in nature experience a decrease in stress and improved physical wellbeing. Whenever possible, we install Nature Play Spaces™ in lieu of traditional playground equipment to provide residents, especially children, the freedom to unleash their creativity and connect with the environment. Favoring natural materials such as boulders, logs and grass mazes that often connect to streams, ponds, gardens and open spaces, each Nature Play Space™ is designed based on research by NWF and the Natural Learning Initiative at North Carolina State University.



Following a strategic growth journey that has significantly expanded the company's scale, we have an opportunity to amplify our positive impact by forging a standardized sustainability strategy that delivers for all our stakeholders. As Taylor Morrison's first-ever Director of Sustainability, I am proud to be partnering with our teams to evaluate and develop a long-term plan to manage our carbon footprint and advance our environmental stewardship."

Chad Eby, Corporate Director of Sustainability



Bridge Creek | Houston, TX



Reedy Creek Preserve | Orlando, FL

SPOTLIGHT ON OUR NWF PARTNERSHIP IN ACTION

Avalon | Houston, TX

In Houston, we designed our Avalon communities to prominently showcase our commitment to safeguarding the natural environment. With a uniquely-designed Nature Play Space™, people of all ages are inspired to connect with nature. There are winding pathways leading to a “nest” perched atop a grassy play mound, a boulder hill scramble and slide, and a water pump. These spaces change with the seasons and offer families something new—and natural—to discover together with each visit throughout the year. Within the expansive Certified Wildlife Habitats®, we preserved a stand of 400-year old pecan trees, planted several acres of native grasses and wildflower seed mixes instead of turf grasses, incorporated native milkweed and created over five acres of nature trail park and central green space.

Reedy Creek Wetlands | Orlando, FL

In Reedy Creek Preserve, over 1,960 acres of undeveloped forested wetlands are owned and controlled by Taylor Morrison near the communities of Solivita and West View near Orlando. This magnificent ecosystem is home to many species, including several threatened and endangered species such as the Florida bonneted bat, Florida panther and Florida grasshopper sparrow, among others. Many native plants including orchids, mosses, epiphytes and ferns are readily observable and major tree species include bald and pond cypress, gum, hickory and ash. This Certified Wildlife Habitat™ will be designated with a conservation easement to be preserved in perpetuity, ensuring this land will forever provide vital habitat for wildlife and natural resources.

How We Build Sustainable Homes

We are committed to delivering well-built homes, backed by exceptional craftsmanship and designed to meet our buyers' needs. Our building processes and materials emphasize the highest standards of quality, resiliency and consumer appeal. Our homes carry third-party, industry-recognized certifications and standards to provide transparency to our consumers on their new home's performance and quality.



HERS® CERTIFICATION

Of the homes we delivered in 2022, 69% were analyzed by energy performance experts from the Residential Energy Services Network and awarded a Home Energy Rating System (HERS®) Index Score, providing valuable third-party verification of the efficiencies we deliver to our buyers. These homes were awarded an average HERS® score of 60, indicating they are expected to consume 40% less energy than the HERS® new home benchmark and 70% less energy than a typical resale home.



WATER CONSERVATION

To help our customers minimize water consumption, we utilize water-efficient products in our new homes. In 2022, 87% of the water fixtures we installed carried the EPA's WaterSense label, meeting strict specifications for enhanced water efficiency and performance. In addition, we install water-efficient recirculation pumps in many of our homes and prioritize drought-resistant landscaping to reduce or eliminate the need for irrigation.



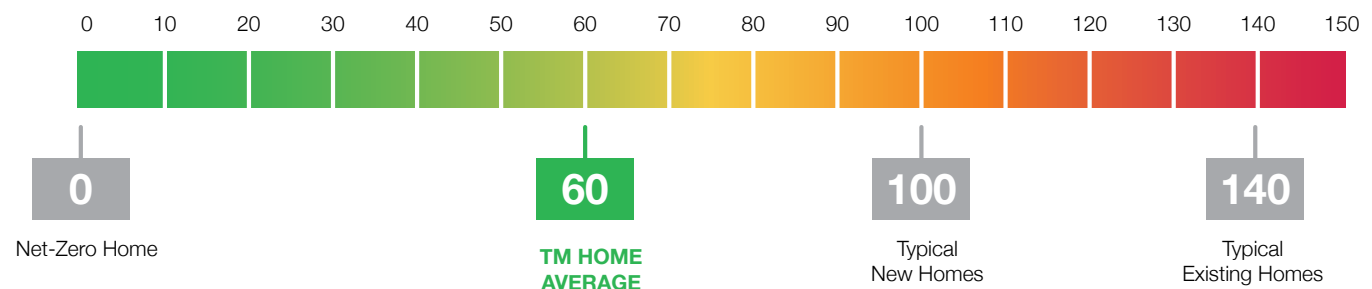
ENERGY STAR® CERTIFICATION

Every Taylor Morrison home is fitted with energy-efficient ENERGY STAR® appliances certified by the U.S. EPA. Alongside kitchen equipment such as refrigerators, stoves and dishwashers, we fit ENERGY STAR®-certified smart thermostats and ENERGY STAR®-certified LED lighting as part of our standard TM LiveSmart™ product features. In addition, a growing number of Taylor Morrison homes are ENERGY STAR®-certified. This U.S. EPA label verifies these homes are at least 10% more energy efficient than those built to code, providing residents with better quality, performance and comfort.

EMBRACING RENEWABLE ENERGY

We are reducing our use of natural gas in favor of electric power in many of our communities, positioning them for renewable energy infrastructure compatibility as this technology becomes available. All our homes in California have solar roof panels, as required by state law, and we also offer solar as an option in communities across the country. Additionally, we offer high-efficiency A/C units and gas furnaces; energy-efficient insulation, roof barriers and lighting; and low-e windows and sliding doors.

HERS INDEX SCORE





TMLiveSmart™

Our TMLiveSmart™ suite of smart technology and energy-efficient products come standard in all our new homes, enhancing the day-to-day living experience and improving the home's safety and energy management.



Smart Thermostat



Electronic Door Lock



WiFi Garage Door Opener



Carbon Monoxide Detector



LED Disc Lights



Ring Video Doorbell

CONSTRUCTION QUALITY STANDARDS

We focus on repeatable building processes that enable us to consistently deliver high-quality, safe and durable homes that our homebuyers will be proud to own. Robust quality control, regular formal inspections and customer satisfaction surveys are key elements of our construction quality framework.

We achieve national alignment in our building processes through the enforcement of Taylor Morrison Construction Standards, which all construction team members and trade partners are required to uphold. In 2022, we introduced updated standards to enhance the consistency of our building processes from coast to coast, which we expect will enhance production efficiency, minimize warranty costs and reduce liability.

With that, we want to acknowledge that our industry has been operating in a unique environment where supply-chain and labor constraints have prevented us from providing the customer experience we strive to deliver at Taylor Morrison. As material and labor pressures ease, we look forward to reinvigorating the customer experience as our top priority.



Construction Quality Training

We partner with IBACOS®, a nationally recognized expert in construction innovation to train and audit our construction processes. All construction team members are required to complete IBACOS training courses on construction quality. In 2022, construction team members completed 1,615 hours of IBACOS training, or approximately five hours per team member. Our trade partners also participate in this training and are expected to uphold our quality standards.

Oversight of Construction Quality

Quality assurance specialists at IBACOS conduct independent assessments of our construction processes and performance, producing scorecards for each division that help us target improvement efforts. These third-party assessments have been carried out annually since 2015, and we have consistently improved our overall construction quality score year over year. In addition, our product suppliers carry out periodic training of our field teams, design centers and contractors on how to use their products and materials.

Home Readiness

To help deliver high-quality homes, our Home Readiness framework aims to deliver fully complete homes to our homebuyers at the time of closing, with minimal, if any, exceptions. Along with Home Readiness targets, customer satisfaction is a key metric in incentive compensation programs.

To meet our Home Readiness goals, our construction teams carry out quality inspections throughout the construction cycle. Our integrated scheduling system allows us to record and communicate any quality-related items directly to our trade partners in real-time, so that issues can be resolved efficiently.

Occupier Satisfaction Surveys

Taylor Morrison homeowners are asked to complete satisfaction surveys five weeks post-contract approval, 30 days post-closing, and 11 months post-closing. We also ask our prospects to complete a survey before their contract is signed to gauge shoppers' experience. We have averaged a historical response rate of approximately 60% for our buyer surveys, amounting to nearly 53,000 survey responses to date.

Warranty Program

We proudly stand behind the homes we build. Long after our customers move in, we provide peace of mind with our extensive warranty programs. We offer one-year coverage on workmanship, two-year coverage on systems, and a 10-year warranty for structural components.

SUSTAINABLE SUPPLIERS AND GREEN PROCUREMENT OF BUILDING MATERIALS

Our strong relationships and collaboration with premier suppliers play a major role in our sustainability efforts. We use a competitive bidding and due diligence process to partner with suppliers that provide high-quality materials on a consistent, scalable basis to meet the needs of our homebuyers. At both the national and local level, many of our suppliers are committed to continual innovation to reduce the carbon footprint of their products, increase the use of recycled materials and conserve natural resources. As part of due diligence and requests for proposals, we request information on vendors' ESG programs, favoring those with strong ESG practices and third-party energy efficiency certifications. We are actively looking to diversify our supplier base with minority-owned businesses where it aligns with our business objectives.



Sherwin Williams has set goals to reduce its absolute Scope 1 and 2 GHG emissions by 30%, increase electricity from renewable sources to half of total electricity usage, increase operational energy efficiency by 20% and reduce waste disposal intensity by 25%—all by 2030.

As one of the only national homebuilders using Sherwin Williams ProMar 400® Zero VOC as our standard paint of choice, it's estimated we are reducing our carbon footprint by 3.2 tons of CO₂e per home with tangible improvements to interior air quality.

MOEN®

Moen has a goal of saving one trillion gallons of water and repurposing 2,000 tons of ocean plastic by 2030 through its water-efficient and Smart Water Network products. In all our homes, we install Moen Eco-Performance showerheads and faucets, which use up to 30% and 45% less water, respectively, than the industry standard. In 2022, Moen estimates these products saved 218 million gallons of water—equivalent to over six million bathtubs—and reused over 1,670 pounds of ocean-recycled plastic—or 81,936 water bottles.



LP certifies that its lumber products are made with 100% sustainably-sourced fiber. Its LP SmartSide engineered wood range comprises carbon-negative products that remove more carbon dioxide than they emit during their lifecycle, storing 10 times more carbon than fiber cement products and reducing their GHG emissions by more than 50%.

Of the homes we closed in 2022, over 57% had at least one LP product installed and 19% had at least one LP Smartside product installed.

daltile®

Our national provider of tile and vinyl flooring, we install Dal-Tile's responsibly-manufactured products in all of our homes. The company certifies that its tile products contain zero VOC's, plastics, PVC's, formaldehyde or allergens and that over 99% of its tile collections contain recycled or reclaimed materials. Since 2018, the manufacturer has reduced its internal carbon footprint by 17% and it is currently working on measuring and assessing its Scope 3 emissions to help develop science-based emissions targets and report Scope 3 emissions by 2024.

TO SUPPORT SUSTAINABLE HOMEBUILDING, WE ARE MEMBERS OF THESE GREEN BUILDING ORGANIZATIONS:



People First

Cultivating communities is more than building homes—it's about creating a culture of people who care for and support one another. Our team members set the tone of the communities we build and leave a lasting mark even after the home is completed and the construction teams have left the jobsite for the very last time.

The foundation of our people-centric culture, known as TMLiving, is built upon our commitment to cultivating a talented and diverse team, an inclusive and supportive workplace, an uncompromising focus on health and safety, and a charitable impact in our communities.

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Diversity, Equity, Inclusion and Belonging

Fostering an inclusive culture and work environment where every single team member feels safe, a sense of belonging and free to voice concerns is fundamental to paving the way to real change. With homebuyer demographics changing meaningfully as younger, more racially-diverse cohorts enter their peak homebuying years, our Diversity, Equity, Inclusion and Belonging (DEIB) commitment is critical not only to attracting and retaining the best talent in the industry, but also ensuring our workforce is reflective of our evolving consumer base so that we can continue to serve our customers in effective, meaningful ways in the years to come.

OUR DEIB JOURNEY

At Taylor Morrison, the topic of DEIB is not a new one. We have long strived to create a workplace where diversity, equity and inclusion drives opportunities for our team members and trade partners. In 2022, we added 'Belonging' to our focus in recognition of the importance of efforts aimed at team members' sense of feeling accepted, valued and connected at work.

With the recent appointment of our first Director of DEIB and Talent Acquisition, Roberto Lee, we have strengthened our commitment to promoting equal opportunity in recruitment, hiring, training, development and advancement. We have many initiatives underway, including partnerships that are expanding our candidate pools to under-represented groups, mandatory unconscious bias training for all hiring managers and exploring opportunities to expand our work with diverse suppliers.

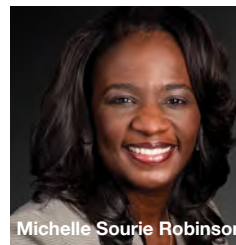
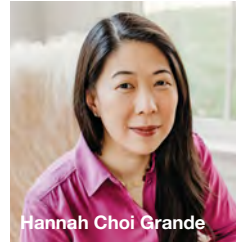
As a signatory to the CEO Action Pledge for Diversity and Inclusion, our commitment includes a focus on engaging with our team members on DEIB issues, including through our annual Days of Understanding that seeks to amplify under-represented voices and inclusive topics, as well as providing training in areas like unconscious bias and microaggressions. Additional training and resources are available to our team members year round, as is a dedicated submission portal to anonymously raise any DEIB-related concerns or suggestions.



Building a culture where diversity is valued and everyone feels a true sense of belonging is more important than ever. Taylor Morrison is proud to be a company that stands for progress, for acceptance and for

equality—unwaveringly so. And we are committed to helping move the needle toward meaningful, lasting change in our industry and beyond."

Roberto Lee, National Director, DEIB and Talent Acquisition



EXPANDING DIVERSITY ON PUBLIC COMPANY BOARDS

Recognizing the importance of greater board diversity, in 2022, we launched a first-of-its-kind **Board Fellowship Program** designed to give senior business leaders real-world board experience to bolster their opportunities to secure a formal appointment as a director at other public companies.

The fellowship program is open to any interested and qualified professionals and draws from a

variety of organizations, including institutions that train women and ethnically diverse leaders for future board service. Fellows attend board and committee meetings as non-voting participants alongside our board of directors and receive mentorship and training opportunities.



The old adage is that you need experience to get experience. Our fellowship program is intentional about giving highly accomplished business leaders who are underrepresented on boards today an opportunity that will prepare them for public company board leadership."

Sheryl Palmer, Chairman and CEO



Please see our [Human Rights Policy](#) for our policy statement on respect, diversity, inclusion and non-discrimination.



SPOTLIGHT ON WOMEN IN HOMEBUILDING

In our traditionally male-dominated industry, the gender diversity at Taylor Morrison has long been one of our greatest points of pride. Our Chairman and CEO Sheryl Palmer is the only female that has ever led a publicly-traded homebuilder and has been in her role since 2007. Moreover, 50% of the members of our board of directors are female, the highest percentage for any company in our industry. While we retain our focus on achieving and maintaining gender parity, we are proud that the 44% female representation in our workforce is four times the U.S. construction industry average of 11%.

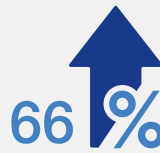
For five consecutive years, this commitment to gender representation has earned us a spot as the only U.S. homebuilder on the Bloomberg Gender-Equality Index—a list of publicly-traded global companies distinguished for their transparency in gender reporting and efforts to prioritize equality.



While many misconceptions remain in the field for women, we celebrate the progress within the industry and Taylor Morrison's consistent growth in female representation. Men and women bring intrinsic differences to construction,

and having significant gender diversity makes us a stronger organization and homebuilder."

Charissa Wagner, Senior VP, People Operations, Development & Acquisition



Increase in women in construction roles over three years

MEET TWO OF OUR WOMEN IN CONSTRUCTION



Summer Elizando | Construction Supervisor, Tampa, FL

After joining Taylor Morrison as a Design Studio assistant, Summer soon became intrigued by the construction side of the industry. She eventually transitioned to

an assistant superintendent role and soon advanced to become a superintendent, senior superintendent and now a construction supervisor where she oversees five communities and nine superintendents.



I love fixing things and seeing a completed home. In my role, I get so much fulfillment from the hustle, finding a solution, getting it completed and seeing it all the way through to fruition."



Nicole Compres | Senior Superintendent, Naples, FL

With a background in civil engineering, Nicole worked for a land development engineering firm after college, where she became interested in exploring the construction side of development. After

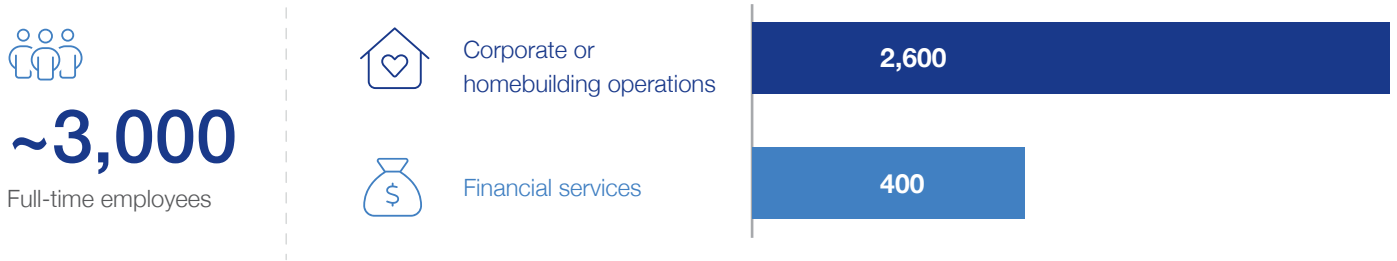
joining Taylor Morrison in the fall of 2020 as a superintendent in the Naples division, she was promoted to superintendent II, and most recently, senior superintendent.



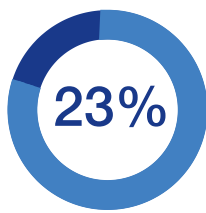
My advice for women interested in a career in construction is to get comfortable with being uncomfortable. Even if you have no background in this field but are interested, take that leap of faith."

WORKFORCE DIVERSITY

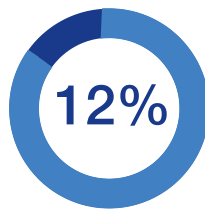
In this report, we are increasing the level of disclosure related to our workforce diversity by providing our Equal Employment Opportunity report data for 2022.



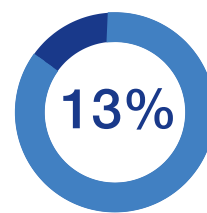
ETHNICALLY DIVERSE



Full-Time Employees

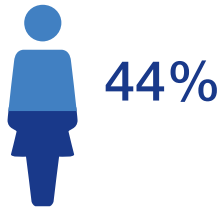


Leadership

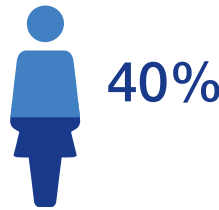


Board of Directors

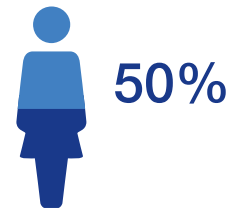
FEMALE



Full-Time Employees



Leadership



Board of Directors

EEO-1 DATA

	Gender		Race/Ethnicity							
	Female	Male	White	Hispanic or Latino	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	Not Disclosed
Leadership*	40%	60%	82%	8%	2%	0.3%	1%	0.2%	1%	6%
Professionals	28%	72%	70%	14%	4%	0.2%	3%	0.8%	3%	5%
Sales Workers	66%	34%	71%	8%	5%	0.2%	4%	0.8%	2%	9%
Administrative Support	63%	37%	62%	18%	6%	0.3%	3%	0.6%	3%	6%
Full-Time Employees	44%	56%	71%	13%	4%	0.2%	3%	0.6%	2%	6%

*Leadership includes Executive/Senior Level and First/Mid-Level Management

OUR EVOLVING CONSUMER BASE

Just as the U.S. has seen the majority of its population growth come from ethnically diverse groups, Taylor Morrison has also seen a major shift in its share of multicultural homebuyers, as illustrated in the chart below. As younger, more racially diverse generations enter their homebuying years, we are keenly focused on delivering homes and experiences that serve a wide range of cultures.

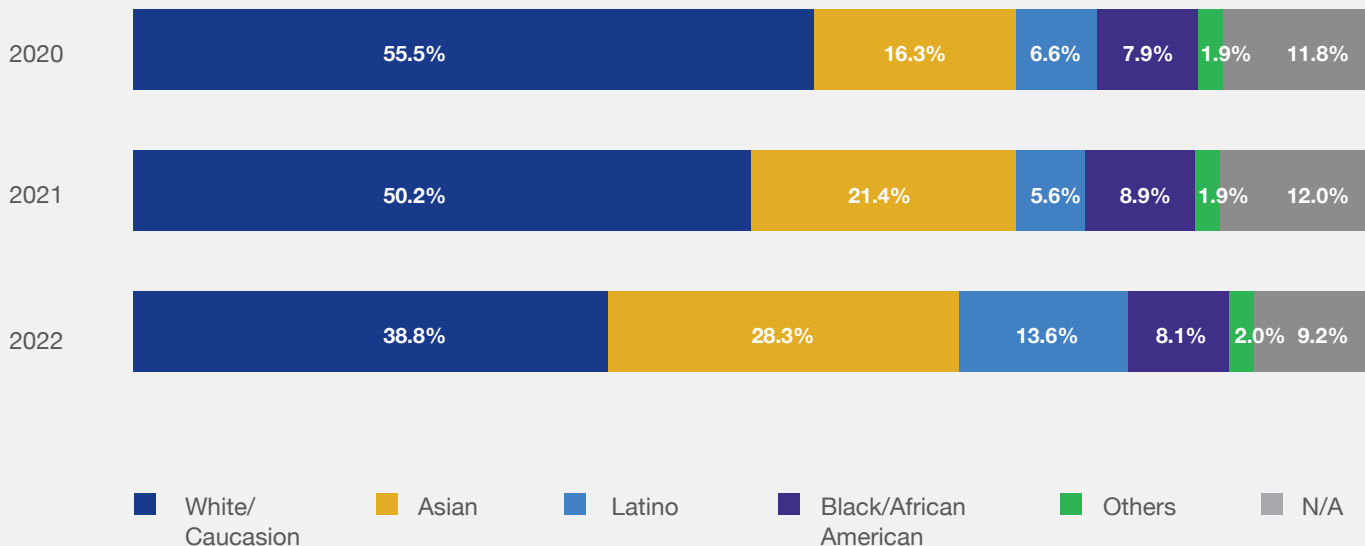
From extending our lending expertise to prudently expand financing opportunities to the underserved, to ensuring our brand marketing fully reflects our diverse customer base, to cultural training for customer-facing team members to drill into cultural nuances, body language, naming conventions, and working with international buyers, we are strongly committed to evolving our business alongside our customers in the years ahead.

DESIGNING FOR DIVERSITY

- Our Product Design team is focused on designing homes that reflect the **functional and aesthetic preferences** of our growing audiences.
- More than 200 of our newest floorplans have been designed with **diverse design principles** in mind, accounting for 20% of all plans.
- These **inclusive offerings** include elements like offsetting the alignment of the front and back doors, avoiding stair placements in the middle of homes, and offering front door locations that are non-street facing.

- Adding filtering capabilities on our website to show the **cardinal direction a home faces** to accommodate religious and cultural preferences.
- Increasing pricing transparency through our **curated Canvas collections**, which allow buyers to choose interior design collections hand-selected by our team of expert designers and see the total cost.
- The online reservation system is first-to-market technology that gives shoppers the ability to build a new home entirely online and see it come to life via an **interactive visualizer** with the total home cost and monthly mortgage payment updating with every selection.
- Expanding our **model home ‘personas’**—potential buyers we design our models around—to include an even more diverse mix of individuals (i.e. single women and multi-generational families).

CULTURAL BACKGROUND OF OUR HOMEBUYERS





Madero | Dallas, TX



Avalon at Riverstone | Houston, TX

Talent Acquisition

Our People Services team focuses on attracting, promoting and retaining qualified team members with the expertise needed to manage and support our operations. In our search for best-in-class talent, we cast a wide net and tap into a variety of recruiting resources, like expanding our reach with organizations focused on diverse talent pools, and working to address the industry's labor shortage by connecting job-changers and the next generation of workers with a rewarding career in homebuilding.



WAYUP

The first step to tackling the steep labor shortage is giving college students and young professionals exposure to the homebuilding industry. Two years ago, we partnered with WayUp, an organization that connects employers to qualified, diverse early-career candidates through its presence on 7,000 campuses across the country.

Through our new internship program, TM Explorer, up to 35 interns a year will be selected from WayUp's talent pool of six million users, of whom more than 70% are under-represented minorities. Our annual internship program will support our talent pipeline diversity, address future skills gaps, and provide talented young individuals an opportunity to cultivate a career in homebuilding.



VOYAGER

With four out of 10 construction workers planning to retire by the end of 2030, the industry faces a dire shortage of superintendents. To help address this challenge, we launched Voyager, an innovative recruitment and training program targeting military veterans, non-industry professionals and college graduates.

Piloted in Florida in 2021 and expanded further in 2022, the six-week course is a paid training and development program, with participants spending about 60% of their time in class and 40% on our job sites. With immersion into homebuilding, along with our TMLiving culture, the Voyagers gain confidence and skills to begin their construction careers.

In 2022, 30 veterans graduated from Voyager, nearly all of whom have joined Taylor Morrison as full-time construction team members, bringing their unique background, valuable skills and a fresh perspective to our organization.



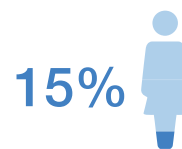
BUILDING TALENT FOUNDATION

Taylor Morrison is a founding partner and our Chairman and CEO Sheryl Palmer serves as the Chairman of the Building Talent Foundation (BTF), an organization dedicated to addressing the acute and persistent labor shortages across the housing industry with a mission to attract 100,000 new skilled workers by 2030. To achieve this vision, BTF is working to advance the education, training and career progression of young people and people from underrepresented diverse groups.

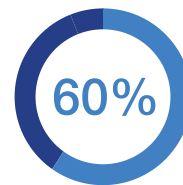
IN 2022, BTF ACHIEVED:



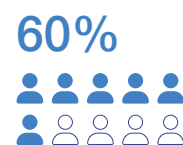
Year-over-year increase in full-time job placements



Female share of full-time placements, three times the industry average



Racially diverse share of full-time placements, double the industry average



Share of full-time placements aged 29 or younger





Talent Development

From the moment team members arrive at Taylor Morrison, we invest in their futures and encourage them to stay with us as they grow both personally and professionally. Through interactive, enriching training programs, we are committed to developing our team members' careers and building a talent bench within our walls. Our team members have access to more than 5,000 courses, events and training resources in TMlearning giving them a chance to take career development into their own hands, and managers are also encouraged to take a vested interest in their team members' career growth by assigning relevant courses.



HERE ARE A FEW OF THE DEVELOPMENT PROGRAMS WE OFFER:



Certified Coaches Program

Onboarding program in which sales, construction superintendents and customer service team members mentor new hires in their new role.

↳ Improves retention and accelerated productivity for new hires, while developing leadership skills in coaches.



GIFT Conversations

In lieu of traditional annual performance reviews, leaders conduct proactive conversations to promote open dialogue on career development.

↳ Facilitates constructive feedback for both leaders and team members on performance.



HERE Program

Designed to match career aspirations, skills and strengths to appropriate internal opportunities, encouraging transfers and promotions wherever possible.

↳ Promotes job satisfaction and retention while minimizing first-year turnover rates.



Mountaineer

A leadership development program designed for managers who have daily interaction with frontline team members, coaching them in emotional intelligence capabilities and empathy.

↳ Develops competent and perceptive managers who can successfully mentor team members, give feedback and manage stress, which improves retention of the frontline workforce.



Trailblazer

A three-month program for new and transitioning managers imparting the knowledge they need to thrive in their role, and establishing an environment in which they can practice their new skills.

↳ Sets team members up for success as they progress to senior roles, which is also beneficial for their teams and for the stability and sustainability of our talent pipeline.



Groundbreakers

Delivered in partnership with Bellevue University, a twelve month program tailored to high-potential leaders identified for future director and/or Vice President positions.

↳ Prepares new leaders to make an immediate impact in new roles and sends a motivational signal to our workforce that we are committed to developing and promoting from within.



Engagement and Wellbeing

Our exceptional employee experience is one of Taylor Morrison's most recognized differentiators in the industry and beyond. We know that if we can create an environment where team members enjoy coming to work and can feel the importance we place on their wellbeing, they are better positioned to take care of themselves, each other and our customers, too.

EMPLOYEE BENEFITS AND OFFERINGS

Our comprehensive benefits program focuses on team members' whole health and wellness, with offerings to help them get and stay healthy, access time away for self-care, provide important income protection for their family and save for a secure financial future. Alongside competitive pay, our suite of benefits offered to full-time team members also includes health, life, disability, and AD&D insurance.

On top of paid parental leave and adoption assistance, we recently introduced financial support for fertility treatment and surrogacy assistance. Team members managing care for a loved one or themselves can access free financial, medical and legal support.

FLEXIBLE WORKING

While we strongly believe in the value of in-person collaboration, we offer team members hybrid and remote working to support a healthy work-life balance and aid in recruitment and retention, as appropriate for specific roles.

DAILY CHECK-INS

Each morning, our teams meet at a daily Huddle where we underscore the values that define our culture and share inspiring examples of our team members embodying it. These 15-minute conversations have become a staple to our organization and promote open dialogue and proactive communication.

ENGAGEMENT SURVEYS

Through our employee surveys, we gauge employee satisfaction and solicit feedback that informs our leadership priorities and strategies. By listening and acting on these survey findings, we better promote alignment and shared ownership that fosters operational effectiveness and team member satisfaction.

NEW HIRE CHECK-INS

We work with a third-party vendor to gather feedback from new hires at regular intervals, providing leaders with important insight they use to ensure new team members feel connected and supported.

RECOGNITION PLATFORM

Through our digital recognition platform, Applause, we encourage our team members to regularly express gratitude and recognize one another for a job well done.

COLLECTIVE BARGAINING

Taylor Morrison recognizes an employee's right to join or not join worker associations, unions or other worker organizations.

Health and Safety

As a new-home construction company, the importance of health and safety in our line of work cannot be understated. Whether it's a division office, a model home, or a construction job site, our goal is to make sure our team members, customers and trade partners go home safe.

HEALTH AND SAFETY TRAINING

All team members undergo mandatory and job-specific health and safety training during onboarding and then annually during National Safety Month in June. In 2022, our team members completed 6,861 hours of safety training, equivalent to approximately three hours per full-time employee. There were no fatalities among our direct employees or contractors.

STRUCTURE AND OVERSIGHT

Injury and illness prevention at Taylor Morrison is managed through our Safety, Health and Environment (SHE) program, which is aligned to the provisions of the federal Occupational Safety and Health Administration (OSHA), Code of Federal Regulations, American National Standards Institute and all other applicable regulations. Our organization operates in verified full compliance with this health and safety program and its internationally recognized provisions.

Our Vice President of Risk Management performs internal risk assessments, health and safety audits, and oversees the procurement of insurance coverage. The role also oversees the insurance requirements of trade partners, our safety protocols and our surety program, which includes performance bonds and subdivision improvement agreements with municipalities.

Every construction project we do is scored on 150 health and safety indicators through which we drive continuous improvement.

Taylor Morrison's health and safety policy statement is embedded in our Human Rights Policy, and our requirements are spelled out in numerous other materials, including our Code of Conduct and Vendors' Code of Conduct.

OUR WORKPLACE SAFETY BEST PRACTICES INCLUDE:



Monthly Health and Safety Committee meetings to identify and discuss areas for improvement



Internal annual audits and risk assessments



Quarterly reporting to our board of directors on safety performance



Independent third-party audits twice a year



Company-wide and division-specific targets ahead of external audits



Health and Safety Scorecards enable our teams to monitor how they are performing and where they can improve



Discretionary compensation linked to health and safety performance



Health and safety is a key element included in our annual TM Cup Competition

HEALTH AND SAFETY CERTIFICATION

All field personnel involved in construction operations complete the 10-hour training course certified by the U.S. Occupational Safety and Health Administration (OSHA 10). Every division has a safety team and many representatives have OSHA 30 certification. Some are also certified OSHA trainers, who mentor others through our monthly Health and Safety Committee meetings.

CONTRACTOR AND VENDOR SAFETY

Our trade contractors, sub-contractors, vendors and other business partners are expected to know and follow all applicable health and safety laws as well as the requirements set out in Taylor Morrison's SHE program, Human Rights Policy and Vendor Code of Conduct.

Safety requirements for all trade partners are detailed in our Master Agreement for Construction Services, and we have recently rolled out an accompanying questionnaire enabling us to check that trade partners' safety program, training, track record and competence will comply.

We evaluate each vendor from the onset of the business relationship on security, safety, liability and existing or potential risk. We have a zero-tolerance policy for illegal activities and will terminate a supplier relationship if they are in violation of our Vendor Code of Conduct. Moreover, vendors must agree to allow Taylor Morrison, or a third-party auditor selected by us, to audit their compliance with our Vendor Code of Conduct upon request.

For our divisions, we have trade contractor guidelines that outline how divisions should evaluate safety, health and environmental performance during contractor selection. Our construction superintendents host toolbox safety talks with our trade partners in the field to heighten day-to-day awareness of topical safety and health-related matters.

KEEPING SITE VISITORS SAFE

With our customers' safety in mind, we encourage them to book an appointment before visiting a job site so that we can guide them through their visit. Customers and other visitors must sign our Visitation Policy to confirm they will abide by our rules, which include wearing protective clothing and being accompanied by a Taylor Morrison superintendent.

In addition to signage and other site management measures, all field personnel are trained to have heightened awareness about health and safety during such visits.

HUMAN RIGHTS

We prohibit all forms of forced labor in our supply chain and define our opposition to slavery, human trafficking and child labor in both our Human Rights Policy and Vendor Code of Conduct. The latter also contains non-discrimination and non-retaliation provisions and prohibits any form of abusive verbal or physical harassment or corporal punishment.

We support the principles outlined in the United Nations' Universal Declaration of Human Rights (UDHR) and Guiding Principles on Business and Human Rights. We are committed to upholding responsible human rights practices in all of our business activities per the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

As outlined in the Vendor Code of Conduct, Taylor Morrison recognizes an employee's right to join or not join worker associations, unions, or other worker organizations, and vendors are expected to do the same.



Philanthropy

As a homebuilder with a passion for public service, we use our talent and resources for the betterment of our communities. Providing a safe and beautiful places to call home is at the heart of everything we do, which serves as the inspiration behind our philanthropic commitments. Operating under this mindset, our team members seek opportunities to cultivate communities and make a positive impact for all our neighbors.



HOME AWAY FROM HOME

For our charitable contribution as the presenting sponsor of the WM Phoenix Open, we are building a 16-home community in Gilbert, AZ, adjacent to Banner MD Anderson Cancer Center as part of their 'Home Away From Home' program, which provides housing assistance to patients and their families, who travel great distances for care. Through our donation, we are proud to flex our strengths as a homebuilder to build places of sanctuary for patients and their families while they navigate their health journey.



BUILD JOY

Through our annual charitable giving program, Build Joy, we put the company's philanthropic efforts in the hands of our team members and fund their ideas for ways to give back to their communities. Through program funds and scholarships over the past six years, we have donated \$200,000 and helped bring 80 philanthropic ideas to life.

Supporting Expecting Mothers | Charlotte, NC

Our Charlotte Area Sales Manager, MK Gallaher, is a long-time supporter of a women's home in Belmont, N.C., that helps college-aged women in crisis pregnancy situations continue their education by providing housing, career counseling, childcare and more. With her Build Joy funds, she purchased new equipment to upgrade the facility's library and life skills area, where the moms spend their time studying and preparing to transition to the professional world.



HOMEAID AMERICA

As long-time supporters of HomeAid America, a leading non-profit developer of housing for people experiencing or at risk of homelessness, we continue to strengthen our commitment to serve the nation's most vulnerable. Our Chairman and CEO Sheryl Palmer has served on HomeAid America's national board since 2017 while several of our Division Presidents serve on local chapter boards. We are proud to have contributed over \$352,000 to date in support of HomeAid's mission.

Benefit Home | Houston, TX

Our Houston team participated in the Greater Houston Builders Association Benefit Home Project, which is where a home is built mostly, if not entirely, through donations. Proceeds from the sale of the home allowed us to contribute \$150,000 to HomeAid Houston and partnering charity, Operation Finally Home, which is an organization that provides mortgage-free homes to military veterans, first responders and their families in honor of their service and sacrifice to our country and community. Over the years, we are proud to say that we, along with our generous trade partners and suppliers, have built several benefit homes.

Inspire Home for Girls | Denver, CO

Working with fellow homebuilders in partnership with HomeAid Colorado and Denver Children's Home, our Denver team helped build the Inspire Home for Girls—a home that offers supportive, transitional housing for adolescent girls. In addition to housing, Inspire Home residents receive support and training in education, employment, life skills, home management and mental health counseling. To help make move-in day extra special, our team delivered baskets filled with a variety of items to make the girls feel at home.



Banner MD Anderson
Cancer Center

Taylor Morrison
Homes

Banner Future
Development

Taylor Morrison Community | Gilbert, AZ



Transparency & Accountability

Solid foundations underscore everything we do at Taylor Morrison as both a builder and a business. We believe the way we conduct ourselves and the quality of our corporate governance program is as critical to our long-term success as our craftsmanship. We uphold our high ethical standards through a culture that rewards integrity and through controls and policies that embed transparency and accountability at every level of the organization.

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Park East at Azario | Sarasota, FL



Board Composition

EXPERTISE AND DIVERSITY

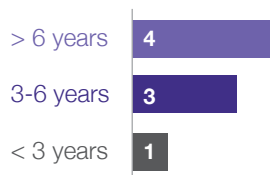
Taylor Morrison is overseen by a highly qualified and diverse board. With a broad array of experiences and backgrounds, our directors offer both the specialist skillsets and breadth of perspectives that best serve the evolving needs of our business and provide strong, independent oversight of our organization. Board members are up for election every year, and when seeking new directors, our Corporate Governance guidelines require diverse individuals be included in any candidate pool when conducting a search to fill vacant board seats.

Our board of directors is 63% diverse (5 of 8) in terms of gender and ethnicity, underscored by an equal male-to-female ratio. We also value diversity of tenure to ensure that both fresh perspectives and deep experience are present in our boardroom, with six new directors and two fellows appointed since 2018. Our Board Fellowship program is an important part of our Board Governance, and was introduced to offer under-represented diverse candidates the chance to gain board experience.

Across multiple facets of diversity, the composition of our board is uniquely representative, especially when compared to peers in our industry and corporate boardrooms at large—a point of pride that we believe sets the tone for the rest of our organization.

DIRECTOR TENURE

7.6 years average tenure



GENDER MIX

50%



AGE DIVERSITY

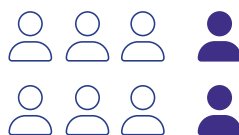
Age range: 40-68



Average age of directors

NEW DIRECTORS*

6 of 8 added since 2018



*While the company has added six new directors since 2018, two are no longer on the Board (Flake and Hunt). Four of our existing board members have been added since 2018 (Owen, Warren, Lyon and Yip).

INDEPENDENT LEADERSHIP AND TRANSPARENCY

At Taylor Morrison, 88% (7 of 8) of our board of directors are independent and 100% of our board committee members are independent. Along with our Chairman and CEO, we are overseen by an independent Lead Director, providing strong independent oversight and strategic cohesion.

To promote a culture of transparency and engagement, each board meeting includes an executive session for independent directors only. In addition to these regular meetings, directors are always free and encouraged to raise and discuss issues that are not on the meeting agenda, and all board members are welcome to attend the meetings of any board committee and share their views, whether they are a member of the committee or not. They can also review the agenda or minutes of any committee meeting.



For more information about our Board of Directors, please see our [2023 Proxy Statement](#).

OUR COMMITMENT TO STRONG GOVERNANCE PRACTICES INCLUDES:

- Annual election of directors with a majority voting standard in uncontested directors elections
- Independent Lead Director
- All directors are independent except for our CEO
- Director mandatory retirement age (age 72)
- Annual board and committee self-evaluations
- Independent directors meet at least quarterly without management
- Commitment to a diverse director candidate pool
- No stockholder rights plan, also referred to as a “poison pill”
- Director over-boarding policy
- Single class of voting stock

DIRECTOR ATTRIBUTES AND EXPERIENCE	LANE	LYON	MARIUCCI	MERRITT	OWEN	PALMER	WARREN	YIP	TOTAL*
Executive Leadership	✓	✓	✓	✓	✓	✓	✓	✓	100%
Homebuilding / Real Estate Industry Experience		✓	✓			✓		✓	50%
Technology / Cybersecurity							✓	✓	25%
Human Capital Management	✓	✓	✓	✓	✓	✓			75%
Public Company Board Experience	✓	✓	✓	✓	✓	✓	✓	✓	100%
Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	100%
ESG	✓		✓	✓	✓	✓		✓	75%
Global Experience	✓				✓	✓			38%
Finance / Accounting	✓	✓	✓	✓	✓	✓	✓	✓	100%
Regulated-Industry Experience	✓	✓	✓	✓		✓			63%
Marketing / Sales		✓			✓	✓	✓		50%
Diverse			✓		✓	✓	✓	✓	63%

Board Oversight

Effective oversight of the existing, emerging and ever-evolving risks to Taylor Morrison is one of the most important responsibilities of our board of directors.

Our **Audit Committee** is responsible for monitoring major financial, credit, liquidity and other risk exposures, as well as our risk management policies, including cybersecurity. Our **Compensation Committee** oversees risks related to our executive compensation program and employee benefit plans. Our **Nominating and Governance Committee** is responsible for recommending new directors and reviewing board performance, as well as our corporate governance policies and compliance. In addition, this committee is responsible for oversight of our ESG risk management and strategy.

ENTERPRISE RISK MANAGEMENT

The day-to-day identification and management of risk is the responsibility of our leadership team and is integrated into our operations and policies. We have a robust process overseen by our Enterprise Risk Management (ERM) Committee, which is comprised of members of our executive management team and other key business leaders.

On a quarterly basis, the ERM Committee prepares a report detailing the key risks facing the organization and corresponding mitigation strategies for the Audit Committee, which then communicates those updates to the board of directors. These topics include, but are not limited to, key economic factors, supply chain dynamics, reputational risk, regulatory developments and ESG and climate-related developments.

CLIMATE AND ENVIRONMENTAL RISK MANAGEMENT

A key focus for the ERM Committee is regulatory risk, with our legal department overseeing the implementation of regulatory

compliance throughout the company and monitoring proposed regulation reform at federal, state and local levels. This includes the ever-present and evolving regulations surrounding climate and physical risk.

In 2023, we conducted scenario planning to identify climate-related risks and opportunities over all timeframes, including both physical risks and those associated with the transition to a low-carbon economy. We have incorporated these findings into our business strategy and disclosed them following the recommendations of the Taskforce on Climate-Related Financial Disclosure. Going forward, the ERM Committee will incorporate these topics into its quarterly risk assessments, with our Environmental Working Group providing necessary updates to the Committee.

In addition, identifying and mitigating environmental risks associated with our development is a key focus of our land acquisition due diligence process.



ESG MANAGEMENT

To drive our ongoing commitment to ESG progress, we have an ESG Steering Committee that is responsible for establishing and overseeing our key ESG initiatives and reporting practices. This committee includes our CEO, Chief Legal Officer, VP of Investor Relations and Corporate Director of Sustainability. At least annually, our ESG Steering Committee provides a comprehensive update on our ESG strategies, industry trends, investor feedback and other relevant information with quarterly updates.

Our ESG Steering Committee reports to our Nominating and Governance Committee, which has direct oversight of our ESG program. A majority (6 of 8) of our board members have ESG experience, and we are exploring additional ESG-specific training to supplement existing expertise in this field.

To inform our ESG strategy, we proactively solicit feedback and share progress on ESG matters with our shareholders and other stakeholders. In 2022, we hosted our first ESG Roadshow, during which our CEO and Lead Independent Director met with many of our largest shareholders to discuss on key ESG initiatives and hear directly from investors on their priorities and views.

The day-to-day implementation of our ESG initiatives is carried out by our ESG Working Groups, which consist of cross-functional business leaders and are organized with a focus on Environmental, Social and Governance topics.

Cybersecurity and Data Privacy



MEET OUR CHIEF INFORMATION OFFICER

Chief Information Officer (CIO) John Lucas has more than 25 years of experience working in information technology, of which 22 have been with Taylor Morrison.

What is your approach to cybersecurity?

Thousands of homebuyers, mortgage customers, team members and business partners trust us with their data and transactions, and we take this responsibility very seriously and recognize the importance of continuously strengthening our information security systems. We have increased our investment in cybersecurity by over 90% and doubled the size of our cybersecurity team since 2019. Beyond our strict compliance with local, state, federal and international laws and regulations, we take a holistic risk-based approach that is alert to threats from inside and outside our business and uses multiple layers of defensive technology to protect our systems and data.

What standards and frameworks do you use?

Our information security framework is based on the National Institute of Standards and Technology Cybersecurity Framework (NIST) used by all U.S. federal agencies, and we conform to the expectations outlined by SOC 1 and SOC 2 audits for cybersecurity. As a mortgage company, we are also associated with the Federal Financial Institutions Examination Council.

How do you protect people's privacy?

Our Privacy Policy is fully compliant with the California Privacy Rights Act (CPRA), and we extend these strict and comprehensive privacy protections to all internet users across the United States so that all our stakeholders can benefit from them. In addition, our Financial Services teams use advanced data protocols to protect sensitive consumer data. We have a data breach response plan, which is aligned with the NIST framework, reviewed annually and conveyed to our team members through our mandatory cybersecurity training. We also retain an experienced company that can assist us in the event of a serious breach, and we are covered by a robust cyber insurance policy. I am proud to report that we had no data breaches in 2022.

How do you train team members?

Team members receive mandatory cybersecurity training when they join our team and annually after, with compliance rates monitored. In 2022, 100% of our team members completed the training. We promote ongoing vigilance by carrying out weekly phishing and malware simulations to test how individual team members will respond.

What was new in 2022?

We invested in new randomizing software and an external security operations center to complement our internal one. This gives us continual eyes on all our systems and will speed up our alert and response times.

How do you ensure effective oversight?

As a member of the senior leadership team, I ensure there is an ongoing dialogue and focus on information security issues. I report to the full board at least twice a year and provide updates to the board from our internal Cybersecurity Council. We also have a Data Privacy Committee that meets regularly to evaluate compliance with existing and emerging regulatory requirements. External auditing of our information security systems and processes is carried out annually and an internal audit is conducted quarterly. We also commission external vulnerability tests from both a repeat vendor and a new vendor each year to identify any potential blind spots. We conduct daily vulnerability scanning and regular stress testing.

How do you mitigate cybersecurity risks associated with your value chain?

As outlined in our Vendor Code of Conduct, we expect our contractors, suppliers and other outside agents to comply with all data privacy and confidentiality laws, and to maintain policies and procedures to keep customer data private. We also use an external provider to assess and track the cybersecurity preparedness of our top vendors, including all those involved in financial services.



Please see our [Privacy Policy](#) for more information.



Business Ethics

Doing business with honesty and integrity is our highest priority. We strive to equip all our team members with the knowledge to make ethical decisions and the confidence to raise concerns without fear of retaliation.

CODE OF CONDUCT AND ETHICS

Our Code of Conduct and Ethics has been approved by our board of directors and applies to all team members, with our policies and practices assessed quarterly by internal and external auditors to ensure compliance.

We set clear expectations for team members during our onboarding process and through ongoing in-person and online training that focuses on different aspects of the Code of Conduct, such as our anti-corruption and anti-harassment policies. Mandatory training on cybersecurity and health and safety is conducted during onboarding and on an annual basis.

VENDOR CODE OF CONDUCT

We also expect our vendors, contractors and anyone performing business on our behalf to follow our compliance and ethics standards. Vendor ESG expectations are laid out in our Vendor Code of Conduct, including our requirements for fair wages, collective bargaining, data privacy, environmental management, and other key focus areas.

As part of our due diligence, vendors must allow Taylor Morrison or a third-party auditor selected by us to audit their compliance with the Vendor Code of Conduct upon request in order to continue our business relationship.

ETHICS HOTLINE

Team members are encouraged to voice issues or concerns without fear of retaliation. Our secure and independent Ethics and Whistleblower Hotline service is accessible to anyone inside or outside Taylor Morrison 24 hours a day, seven days a week by phone or secure web form.

Issues can be raised anonymously and are reported directly to the Company's Chief Legal Officer. All reports are investigated and resolved as expeditiously as possible, typically within several business days. As appropriate, a special Audit Committee meeting is convened to discuss escalated cases and take any necessary action.

Our non-retaliation policy is described in our Code of Conduct and proactively communicated to employees during onboarding and in periodic training, including regular reminders during our all-team daily Huddles and on our internal intranet site.

ANTI-CORRUPTION AND CONFLICTS OF INTEREST

We comply with anti-corruption laws wherever we conduct business and have a robust anti-corruption and anti-bribery policy. Within our Code of Conduct and Ethics, we explain potential conflicts of interest that could arise and how these must be avoided through our Related Persons Transactions Policy and Employment of a Relative Policy. These policies are reiterated in our team member handbook and proactively communicated through periodic training.

We have not had any legal proceedings or monetary losses related to bribery or corruption.

FAIR COMPETITION

As we coordinate shared interests with our competitors such as regulatory awareness and joint ventures, we avoid discussion of topics that could potentially violate anti-trust or other competition laws. We respect the intellectual property and proprietary information of others and promote fair and ethical market competition.

RESPONSIBLE MARKETING

We strive to treat all customers fairly and have stringent requirements to ensure transparent and direct communication. Our advertising and marketing materials are subject to a rigorous review process to ensure our practices are free of misleading or deceptive materials and comply with all regulatory requirements.



Please see our [Code of Conduct and Ethics](#) and [Vendor Code of Conduct](#) for more information.

Political Involvement and Lobbying

We are involved in public policy advocacy at the federal, state and local levels. We align with those organizations whose missions are to expand homeownership and affordable housing in a responsible and prudent manner. However, we may not agree with every position taken by such organizations.

BUILDING STRONG BUSINESS PAC

Taylor Morrison's Building Strong Business Political Action Committee (PAC) was organized to support political candidates who support affordable housing.

Our Chairman and CEO chairs the PAC's Executive Committee, which consists of four additional executive officers and approves every PAC donation based on a determination of alignment with the PAC objective and evaluation of the character and background of each candidate.

The PAC board consists of the Executive Committee and all division presidents. It meets biannually and a detailed report of all donations is discussed. In addition, the Audit Committee receives a quarterly written report on PAC donations, which is also communicated to the full board. The PAC is subject to stringent federal and state regulatory and reporting requirements to ensure that PAC donations are transparent and publicly available.

Participation by our team members is completely voluntary and subject to numerous regulatory standards. PAC members receive an annual report from division presidents on PAC donations and the PAC responds to inquiries about donations to any PAC member.

PAC members can discontinue contributions at any time without retribution. The vast majority of all PAC donations are made to state and local candidates and other industry-related PACs. For every dollar contributed to the PAC by employees, the Company matches dollar-for-dollar with a charitable contribution to the Taylor Morrison Home Foundation.

LOCAL BUILDING INDUSTRY ASSOCIATIONS

Taylor Morrison is a member of Local Building Industry Associations in every state in which we operate. Through our membership in the local associations, we advocate solutions to promote high-quality affordable housing.

THE NATIONAL ASSOCIATION OF HOME BUILDERS

Taylor Morrison is a member of the National Association of Home Builders (NAHB), a federation of more than 700 state and local associations that represents more than 140,000 members, of which one-third are home builders and remodelers. Taylor Morrison supports the work of the NAHB to ensure that housing is a national priority and that all Americans have access to high-quality affordable housing.

LEADING BUILDERS OF AMERICA

The member companies of Leading Builders of America (LBA) include many of the largest homebuilding companies in North America and play a critical role in our nation's economy. As a member of the group, Taylor Morrison supports the LBA's purpose to support homeownership by carefully evaluating the public policy dialogue at the federal and state level and becoming actively engaged in regulatory issues that have the potential to impact homeownership in the U.S.



Framework & Standards



Sustainability Accounting Standards Board	58
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Sustainability Accounting Standards Board (SASB)

SASB Activity Metric		TMHC Disclosure		
Code	Metric	2020	2021	2022
IF-HB-000.A	Number of controlled lots	75,284	82,073	75,000
IF-HB-000.B	Number of homes delivered	12,524	13,699	12,647
IF-HB-000.C	Number of active selling communities	386	334	324

SASB Accounting Metric		TMHC Disclosure		
Code	Metric	2020	2021	2022
Land Use & Ecological Impacts				
IF-HB-160a.1	Number of (1) lots and (2) homes delivered on redevelopment sites	(1) 2,153 lots (2) 1,922 homes	(1) 959 lots (2) 549 homes	(1) 673 lots (2) 464 homes
IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	(1) 3,448 lots (2) 3,415 homes	(1) 2,973 lots (2) 1,801 homes	(1) 3,153 lots (2) 2,196 homes
IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	0	0	0
IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	Land Use Practices and Redevelopment Safeguarding the Environment with the National Wildlife Federation		How We Select Sustainable Sites

Workforce Health & Safety				
IF-HB-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1a) 0.170 (1b) 0.060 (2a) 0 (2b) 1	(1a) 0.332 (1b) 0.096 (2a) 0 (2b) 0	(1a) 0.278 (1b) 0.139 (2a) 0 (2b) 0

Design for Resource Efficiency				
IF-HB-410a.1	(1) Number of homes that obtained a certified HERS® Index Score and (2) average score	(1) 7,061 (2) 63	(1) 7,819 (2) 60	(1) 3,202 (2) 61
IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	87%	74%	87%
IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	3,134	4,629	3,871
IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	Green Building and Energy Efficiency		How We Build Sustainable Homes

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	Land Use Practices and Redevelopment		How We Select Sustainable Sites
IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	(1) 924 (2) 1,927	(1) 1,069 (2) 1,171	(1) 819 (2) 612
IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	(1) 978 (2) 10.1	(1) 715 (2) 13.2	(1) 1,049 (2) 9.8

Climate Change Adaptation				
IF-HB-420a.1	Number of lots located in 100-year flood zones	797	32	990
IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure and strategies for mitigating risks	Climate Risk Management Environmental Risk Management		TCFD Disclosures

Global Reporting Initiatives (GRI) Disclosure

Disclosure Number and Description	Reference
Strategy	
102-14 Statement from senior decision maker	Page 5
Ethics & Integrity	
102-16 Values, principles, standards and norms behavior	Page 51
Governance	
102-17 Mechanisms for advice and concerns about ethics	Page 51
102-18 Governance structure	Pages 47-58
102-31 Review of economic, environmental and social topics	Page 10
Economic	
201-2 Financial implications and other risks and opportunities due to climate change	Pages 60-63
205-2 Communication and training about anti-corruption policies and procedures	Page 51
Energy	
302-1 Energy consumption within the organization	Pages 64-65
302-3 Energy intensity	Pages 64-65
302-4 Reduction of energy consumption	Pages 64-65
302-5 Reductions in energy requirements of products and services	Pages 64-65
Emissions	
305-1 Direct (Scope 1) GHG emissions	Pages 64-65
305-2 Energy indirect (Scope 2) GHG emissions	Pages 64-65
305-3 Other indirect (Scope 3) GHG emissions	Pages 64-65
305-4 GHG emissions intensity	Pages 64-65
305-5 Reduction of GHG emissions	Pages 64-65
Biodiversity	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 19
304-2 Significant impacts of activities, products and services on biodiversity	Pages 16-21
Social	
403-2 Hazard identification, risk assessment and incident investigation	Pages 16 and 47-48
405-1 Diversity of governance bodies and employees	Pages 31 and 46
413-1 Operations with local community engagement, impact assessments and development programs	Page 42

U.N. Sustainable Development Goals

Goal	Name	Full Description	Target TMHC is Aligned With	Report Section(s)
4	Quality Education	Ensure inclusive and equitable quality education to promote lifelong learning	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Diversity, Equity, Inclusion and Belonging Talent Acquisition and Development
5	Gender Equality	Achieve gender equality and empower	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	Diversity, Equity, Inclusion and Belonging
8	Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Talent Acquisition and Development
9	Industry, Innovation, and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	How We Select Sustainable Sites How We Build Sustainable Homes Sustainable Supply Chain and Building Materials Construction Quality
11	Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	How We Select Sustainable Sites How We Build Sustainable Homes Diversity, Equity, Inclusion and Belonging
12	Responsible Consumption And Production	Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	How We Select Sustainable Sites How We Build Sustainable Homes Sustainable Supply Chain and Building Materials
13	Climate Action	Take urgent action to combat climate change and its impacts	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Our Climate Change Strategy and Emissions; TCFD Report
14	Life Below Water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from landbased activities, including marine debris and nutrient pollution 14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law	How We Select Sustainable Sites
15	Life on Land	Sustainable use of terrestrial ecosystems, sustainably manage forests	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	How We Select Sustainable Sites
16	Peace, Justice and Strong Institutions	Access to justice for all, and building effective, accountable institutions at all levels	16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	Diversity, Equity, Inclusion and Belonging Transparency & Accountability



Task Force on Climate-Related Disclosures

GOVERNANCE

Please see pages 47-48 for a discussion of our climate-related governance and oversight framework.

STRATEGY

As a leading land developer and homebuilder operating in a wide variety of locations and landscapes across the United States, we recognize the importance of understanding our climate-related risks and opportunities and of integrating these considerations into our business strategy.

We commissioned third-party climate and ESG consultants to help us identify these risks and opportunities over the short, medium and long term, looking at all the geographies in which we operate.

This was done through a series of workshops at which we conducted a qualitative scenario analysis to explore potential future climate impacts. The workshops were attended by members of our Environmental Working Group and Enterprise Risk Management Committee to ensure representation across all functions and geographies of the business.

Short Term	1-3 years
Medium Term	3-10 years
Long term	10+ years

Climate scenarios

We evaluated our risks and opportunities under two radically different future warming scenarios, based on **Shared Socioeconomic Pathways** (SSPs), the latest climate change modeling used by the **Intergovernmental Panel on Climate Change** (IPCC) in its Sixth Assessment Report. To these, we added key drivers specific to the homebuilding industry that aligned with socioeconomic trends described by the SSPs.

As shown in the table below, **Climate Scenario 1** (“Taking the Highway”) assumes the world doubles down on competitive markets, innovation and participatory societies to produce rapid technological progress coupled with the exploitation of abundant fossil fuel resources and the global adoption of energy-intensive, resource-intensive lifestyles.

In contrast, **Climate Scenario 2** (“Taking the Green Road”) assumes the world shifts gradually toward a more sustainable path,

emphasizing inclusive development that respects environmental boundaries. Fossil fuels are phased out and there is widespread adoption of zero-carbon energy sources coupled with energy efficiency regulation and carbon pricing.

When assessing climate-related risks and opportunities, we consider the short term to be three years, as this reflects the typical lifecycle of a project from site selection to closure and covers the current operating climate, with existing legislation likely to remain in place for much of the time horizon. We consider the medium term to be three to ten years as this coincides with our five-year strategy planning time horizon and covers the period in which regulatory changes under consideration are likely to come into force and impact the business. The long term is more than ten years as this period is more challenging to predict, though current macroeconomic trends can be used as a guide.

Overview of climate-related risks & opportunities

Using scenario analysis, we assessed the physical and transition climate-related risks and opportunities deemed as having the potential to influence our business, strategy and financial planning.

Themes that emerged included were the potential of rising sea levels and extreme weather to influence our site selection choices and day-to-day operations, the impact of changing regulations on our building methods, and opportunities to help our homebuyers adapt to climate change by creating resilient and energy-efficient communities.

We have considered the transition risks associated with the move to a low-carbon economy and the acute and chronic physical risks resulting from climatic events and long-term shifts in climate patterns.

Transition risks

Policy and legal risks include regulatory changes precipitated by increasingly extreme weather events and conditions. These could push up the cost of home insurance for our customers while increasing the complexity of providing health and safety protections for contractors working in, for example, extremely hot or wet weather, potentially increasing our costs and delaying our realization of revenue. The negative impacts would be greater in the Taking the Highway scenario, but regulation on energy

efficiency in homes could have a modest adverse financial impact under both climate scenarios, though our existing strategies should mitigate the financial impacts.

Technology, skills and experience risks include the increased complexity and cost of integrating new sustainable materials and low-carbon technologies into our homes, which could impact our profit margins and potentially slow us down regardless of the climate scenario, delaying revenue realization. However, we believe the financial impact would be negligible.

Market risks under both climate scenarios include supply chain disruptions in the short term and restrictions to newbuild locations due to increased water stress, wildfire or flood risk in the medium term as well as shifts in buyer demand. All these could have a moderate negative impact, affecting revenue and profit margins. Our ongoing market intelligence, five-year strategy plans and other risk management strategies should mitigate these.

Regarding **reputational risks**, one that is greater under the Taking the Green Road scenario is maintaining our status as a trusted homebuilder as we begin to introduce new lower-carbon products and technologies in homes. This could result in unpredictable product performance in the early stages, or a shortage of experienced and qualified trades professionals, leading to delays and potential loss of revenue. Our membership in green building organizations, partnerships to build a more sustainable workforce and continual efforts to optimize our building techniques should mitigate these impacts.

Physical risks (acute and chronic)

Shifts in climate change patterns pose the greatest risk to Taylor Morrison, potentially threatening the viability of our business in the long term if fossil fuel use continues unabated as in the Taking the Highway scenario. This is especially true for our divisions close to coastal areas that will experience rising sea levels in the long term, as well as divisions where water stress would increase. Land, insurance and building costs would likely rise as a result.

In the short to medium term, the increased frequency and severity of heatwaves, droughts, flooding and other events exacerbated by climate change will likely increase costs. This could include land costs, insurance costs and building costs, with a reduced

profit or delayed revenue being a greater risk under the Taking the Highway scenario. The robust due diligence we conduct to select suitable sites will be critical in mitigating our exposure to these physical impacts as will our sustainable landscaping practices during site development.

Opportunities overview

As one of the nation's largest homebuilders, Taylor Morrison is well positioned to be an industry leader as the world adapts to climate change, potentially gaining new market share and competitive advantage during the transitional period.

Resource efficiency opportunities include the chance to capture more revenue by leveraging our scale and stability to smooth out supply chain issues and skills shortages that could worsen, especially if fossil fuel use continues unabated.

By delivering products and services that help our customers adapt to the changing climate, we could attract more revenue. Under a Taking the Green Road scenario, climate-conscious homebuyers would be increasingly drawn to the resilient communities we create in partnership with the National Wildlife Federation.

There are **market opportunities** regardless of the climate scenario. Should increases in global energy demand be coupled with a phase-out of fossil fuels (Taking the Green Road), we could boost revenues by providing energy-efficient homes in an economic climate that incentivizes homebuyers to reduce their carbon emissions. Likewise, our unique partnership with the National Wildlife Federation and site selection due diligence would support us in creating resource-efficient and resilient communities, potentially increasing revenue. Should global lifestyles become ever more energy intensive and reliant on fossil fuels (Taking the Highway), we could use our scale, reputation and granular understanding of customer needs to capture a large portion of the market by providing energy-efficient homes at an affordable price.

On the **resiliency** front, our disciplined site selection process would also help us pinpoint the sought-after locations that are buffered from the physical impacts of climate change, limiting our customers' exposure to flooding and water stress. This could translate to lower insurance premiums for our homebuyers and a market advantage that secures long-term value.

Scenario 1	
Climate Scenario	SSP5-8.5 Taking the Highway
Temperature Assumptions	~4.4°C by 2100
Key Assumptions	<ul style="list-style-type: none"> • Energy intensive lifestyles with heavy reliance on fossil fuels • Non-existent or disparate regulation on energy efficiency • Non-existent regulation to reduce sprawl • Increase in severity and frequency of extreme weather events such as windstorms, tropical cyclones, extreme precipitation, hailstorms, heatwaves and droughts • Sea-level rise exacerbates extreme flooding in coastal and low-lying areas • Shifting consumer preferences for home locations due to physical acute and chronic impacts from climate change and insurance coverage • Focus on climate adaptation and resiliency in home building
Scenario 2	
Climate Scenario	SSP1-2.6 Taking the Green Road
Temperature Assumptions	~1.8°C by 2100
Key Assumptions	<ul style="list-style-type: none"> • Increases in global energy demand coupled with phase out of fossil fuels and widespread adoption of renewable / zero carbon energy sources • State and federal investment in alternative energy and energy efficiency projects / technologies • Price on carbon emissions increases commodity costs • Regulation on energy efficiency in new home builds • Re-zoning to encourage higher density housing • Biodiversity preservation is a high priority • Extreme weather events such as tropical cyclones, extreme precipitation, etc. occur, but intensity and frequency are moderated • Consumer preferences prioritize long-term home energy costs, maintenance, durability and quality of life in community

RISK MANAGEMENT

Identifying Climate-Related Risk

As a homebuilder, we are accustomed to looking ahead and responding quickly to changing market dynamics. With channels for anticipating and identifying risks and opportunities over the short, medium and long term, we continually incorporate new information into our business strategy and adapt as appropriate. Our **Enterprise Risk Management (ERM)** Committee, which consists of senior-level subject-matter experts across all key business functions, is responsible for identifying and assessing risks, overseeing relevant mitigation strategies and communicating these topics to our Audit Committee. Please read more about our ERM framework on page 47.

In addition to our ERM framework, medium-to-long term risk management is facilitated in part by our annual strategic planning process in which division-specific multi-year plans are evaluated and approved by our senior leadership team. These long-term planning sessions help inform our land investment approach, which relies on a rigorous site selection process that evaluates strategic and financial suitability as well as potential environmental impacts. On an ongoing basis, we conduct comparative market analyses and review our building techniques, floor plans and product offerings. Each of these channels considers changes in building codes and other regulations, such as those that might be expedited in response to increasing extreme weather events.

We are also active members of various industry groups, which help keep us informed of emerging climate risks and opportunities facing our industry. Among others, these groups include the Energy & Environmental Building Alliance, U.S. Green Building Council, National Association of Homebuilders and the Leading Builders of America. We also have ongoing dialogue with our trade partners, vendors, governmental agencies, insurance brokers and others in the industry. This broad range of information sources provides us with a wide-reaching overview of the risk landscape and strengthens our ability to remain resilient regardless of the climate scenario.

Managing and Integrating Climate-Related Risk

We manage climate-related risk primarily through decisions related to site selection, community development, home design and building materials. Beginning with our site selection process, our Portfolio Investment Committee considers a comprehensive list of climate-related risk factors during due diligence, including Phase I (and where necessary Phase II) environmental site assessments (ESAs), wetland impacts and mitigation strategies, flood risk and drainage, water availability, stormwater pollution

prevention and 404 permitting requirements under the Clean Water Act. We also regularly refine our home designs, product features and option offerings to adapt to changing consumer preferences, regulatory requirements and other factors.

In all aspects of our business, we strive to ensure we are in full compliance with all municipal, legal and regulatory requirements. These requirements include the U.S. Army Corps of Engineers permitting process, which evaluates factors with a strong climate focus, including wetlands, flood hazards, shore erosion, energy needs, water supply and water quality. Pre-construction inspections are conducted at new sites to ensure that permits are obtained, Storm Water Pollution Prevention Plans (SWPPPs) are developed and adequate controls are put in place to prevent runoff from causing pollution, erosion or sedimentation in nearby watercourses. We have dedicated stormwater compliance specialists at the site, division and corporate levels, and all personnel involved in construction operations must complete SWPPP training through our Construction Assimilation Program annually. Management oversight inspections take place at every site each quarter, followed by an annual submission of compliance reports to the EPA.

METRICS AND TARGETS

The key metrics we use to assess climate-related risks and opportunities in line with our strategy and risk management process are as follows:

Land use and ecological impact

- Number of acres of Certified Wildlife Habitat®
- Number of lots delivered on redevelopment sites
- Number of homes delivered on redevelopment sites
- Number of lots delivered in regions with High or Extremely High Baseline Water Stress
- Total amount of monetary losses as a result of legal proceedings associated with environmental regulations

Design for resource efficiency

- Number of homes that obtained a certified HERS® Index Score
- Average HERS® Index Score
- Percentage of installed water fixtures certified to

WaterSense® specifications (in participating divisions)

- Number of homes delivered certified to a third-party multi-attribute green building standard (i.e. ENERGY STAR®, LEED)

Climate change adaptation

- Greenhouse gas emissions (GHG)
- Number of lots located in 100-year flood zones
- Number of homes delivered in 100-year flood zones
- Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

Energy (GRI)

- Number of ENERGY STAR® appliances installed
- Number of homes with solar installed
- Number of Zero Net Energy homes
- Number of homes with smart/learning thermostats installed

Climate-related targets

- We intend to use our GHG inventory as a benchmark to set short-, medium-, and long-term emissions reduction goals in due course.
- We are working to increase the number of homes certified to ENERGY STAR® standards.
- We aim to increase the proportion of homes that receive a HERS rating and to improve our average HERS score from our current average of 58.
- We aim to increase the percentage of water fixtures installed that carry the EPA's WaterSense label year over year.

GREENHOUSE GAS EMISSIONS INVENTORY

We are committed to providing greater visibility into our evolving sustainability efforts. Together with climate reporting experts and following a protocol recommended for data integrity by our Internal Audit team (created in consultation with external advisors), we measured our **Scope 1, 2 and 3 emissions** in alignment with the **World Resources Institute Greenhouse Gas Protocol Corporate Standard**, using both spend and activity-based data.

Scope 1 captures direct emissions from energy consumption at owned or controlled sources, including our offices, model homes and limited vehicle fleet.

Scope 2 estimates indirect emissions from purchased electricity.

Scope 3 reflects indirect emissions from our upstream and downstream value chain, which includes but is not limited to the production of purchased materials and services as well as the lifetime emissions from sold homes.

Value Chain Emissions

Because of the nature of our operations as a homebuilder, the vast majority of our total emissions are **Scope 3**. For Taylor Morrison, the two most material sources of these emissions are the indirect emissions generated by the construction of our homes (**Category 1: Purchased Goods and Services**) and their lifetime energy consumption after being delivered to consumers (**Category 11: Use of Sold Products**).

To calculate our **Scope 3 Category 1** emissions, emissions factors were developed using a spend-based method using our supply-chain expenditures on purchased goods and services and the associated emissions factors defined by the U.S. Environmental Protection Agency. Because these estimates are dollar-based, the steep cost inflation experienced in recent years drove our Category 1 emissions higher from 2020 to 2022. Going forward, we expect to engage with our supply chain partners to source actual emissions data for purchased materials, which will enable more meaningful trend analysis over time.

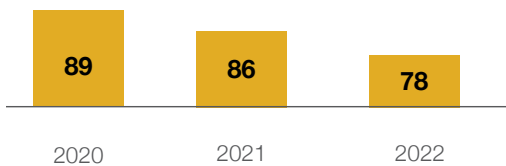
For **Scope 3 Category 11**, the lifetime emissions generated by homeowners' use of our homes, was estimated using per-home energy consumption data based on HERS® energy-efficiency scores sourced from RESNET, the estimated lifespan of energy systems and assumptions related to the gradual decarbonization of the electricity grid in our markets. Due to the improvement in our homes' average HERS® scores, assumptions regarding the energy grid and changes in the average size and number of sold homes, our Category 11 emissions declined 12% in total and 13% on a per-home intensity basis from 2020 to 2022.

GHG Emissions (in metric tons CO2e)	2020	2021	2022
Scope 1 (Direct emissions)	1,802	1,592	972
Scope 2 (Indirect location-based emissions)	5,791	5,371	4,062
Scope 3 Category 1: Purchased Goods & Services	1,260,372	1,660,983	1,905,335
Scope 3 Category 11: Use of sold products*	1,113,186	1,180,536	981,823
Scope 3 (Indirect value chain emissions)	2,373,558	2,841,519	2,887,158
Total Carbon Emissions (Scope 1, 2 and 3)	2,381,151	2,848,482	2,892,192
Emissions Intensity			
Total Carbon Emissions per Revenue (millions USD)	383	380	351
Total Carbon Emissions per Home Closings	190	208	229
Scope 3, Category 11 Emissions per Home Closings	89	86	78

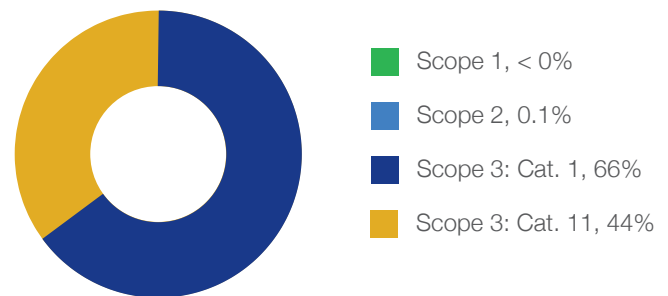
*These calculations assume a 25 year lifespan of home energy systems

While we sought the expertise of climate experts in calculating our emissions figures, we did not seek external assurance over these figures.

CARBON INTENSITY (MTCO2E PER HOME SOLD)



2022 EMISSIONS BREAKDOWN





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