

DELIVERING ON OUR LONG TERM STRATEGY

SUSTAINABILITY REPORT 2018



WE ARE ONE OF THE UK'S LEADING HOUSEBUILDERS WITH A CLEAR PURPOSE:

To build good quality homes at a range of price points across the UK. We aim to create and protect superior and sustainable levels of value for the benefit of our customers, workforce, suppliers and shareholders through the housing cycle.



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CHIEF EXECUTIVE'S INTRODUCTION

“Our achievements are due to the commitment and energy of all of our employees at all levels and of our wider workforce and I pay tribute to the enormous contribution they make.”

Dave Jenkinson
Group Chief Executive



It gives me great pleasure to introduce our 2018 annual Sustainability Report. Our business continues to deliver a high level of performance and our results for 2018 reflect our successful focus on offering attractively priced new homes. We sold 16,449 homes in 2018, 406 more than the prior year. We focus on sales to first time buyers and first time movers, where housing need is greatest. In 2018 51% of our private sales were to first time buyers and 39% at prices below £200,000. We have grown construction volumes by more than 75% since 2012, making a significant contribution to UK housing supply.

While we take pride in these achievements, they tell only part of the wider story of how we are delivering sustainable value to our customers, our workforce, our suppliers, the communities in which we build and our shareholders.

Our achievements are due to the commitment and energy of all of our employees at all levels and of our wider workforce and I pay tribute to the enormous contribution they make. We look to identify, develop and reward talent and offer a wide range of career opportunities. It is particularly pleasing to watch the progress of younger colleagues as they assume more responsibility and further their careers with us. We have recently invested in our Human Resources function, increasing the team by c. 40%, particularly in training to enhance the level of support and guidance provided to our employees.

This investment will allow us to extend both the scope and scale of personal and professional development opportunities to colleagues across the business. We are taking action to address the shortage of skills in the industry, with almost 15% of our workforce in structured training programmes across the business.

We continue to nurture and develop our best talent and I am delighted that over 570 colleagues were promoted during the last two years recognising their success in developing their careers with Persimmon. The Group is proud to support over 20,000* construction jobs and over 30,000* jobs in our supply chain.

Improving customer satisfaction levels is a key priority for us. A wide range of projects to improve customer satisfaction commenced in late 2018 including increasing our investment in customer care resources, improving customer communication, reinforcing quality assurance and improving our post-handover service. In addition, as part of our drive to improve our service to customers, we have taken action to deliver greater accuracy of anticipated moving in dates. The initial results have been encouraging, giving us confidence in our ability to make progress in this important area.

A key area of differentiation for the Group is through our commitment to innovation. We have been at the forefront in utilising the benefits of off-site manufacturing and modern methods of construction. Our previous Sustainability Reports have described the investment we have made in building our own Brickworks, which is entirely focused on supplying the Group's house building operations. I'm delighted that it is now up and running. We anticipate Brickworks will deliver c.65m bricks to the Group in 2019. The concrete bricks it produces are a more environmentally friendly option compared to traditional natural gas fired clay bricks. Additionally, the construction of our own roof tile manufacturing plant is progressing to plan and we expect deliveries from Tileworks to commence in the second half of this year.

Combining the skills and knowledge of our colleagues with technology and innovation allows us to build the sustainable communities that are attractive to our customers. As the case study about Newcastle Great Park later in this report explains, we focus on ensuring that our developments are fully integrated with the local area and provide the social, commercial and transport infrastructure necessary for them to thrive.

Finally, following the success of our Healthy Communities initiative, which has provided £600,000 to a wide range of sports clubs and individuals across the UK over the last year, we have decided to launch a new initiative, Building Futures. This will deliver £1 million to support groups providing sporting, health, and arts and education opportunities for children in the communities in which we are working. We are delighted to be joining forces with Team GB – the British Olympic Association – to help children throughout the UK. As an official Partner of Team GB we are proud to be supporting them in the run up to, and beyond, the next Olympic Games in Tokyo.

Dave Jenkinson
Group Chief Executive
18 March 2019



Our Brickworks at Harworth



* Estimated using an economic toolkit.

CORPORATE RESPONSIBILITY COMMITTEE CHAIRMAN'S STATEMENT

"We work hard to deliver good financial results at the same time as contributing to the communities in which we build."

Marion Sears
Chairman, Corporate Responsibility Committee



Persimmon is one of the UK's largest house builders. We work hard to deliver good financial results at the same time as contributing to the communities in which we build, whether that is by providing good quality homes for our customers, rewarding careers for our employees, amenities for local people in the areas in which we build or continuity of business to our suppliers.

The Corporate Responsibility Committee's purpose is to coordinate the Board's sustainability strategy across the Group, identify and assess significant sustainability issues both in the short and long term and monitor sustainability performance. We have recently changed the Committee composition to include more senior members from our operating companies, so as to emphasise the importance of Corporate Responsibility more effectively throughout the business. To provide better information on the way the business supports the communities in which we build, we developed our "Social Contribution Statement" which is presented on page 7 of this report.

As stated in previous reports, we are guided by our Sustainability Values as follows:

- We build good quality, family homes;
- These homes are designed to be affordable with an emphasis on first-time buyers and first-time movers;
- We build nationwide, but not in Central London;
- We focus on larger schemes, creating appealing and attractive communities and improving local infrastructure;
- We begin to build as soon as detailed planning consents are received;

- We use our own and third party off-site manufactured components to improve efficiency, quality and speed of build; and
- We care about the environment and communities that we work in and we take action to create a positive, lasting legacy.

We participate in the Home Builders Federation (HBF) independent survey of customers who purchase a new home. For the survey year to 30 September 2018 our star rating score for those purchasers who would recommend Persimmon to a friend was 79%, which is in line with the prior year and just below the 80% score required for a four-star rating. As set out in our Chief Executive's introduction, and in our 2018 annual report, we are increasing our efforts to continue to improve customer satisfaction levels, with new initiatives being introduced which we believe will bring significant improvements for our customers. In response to feedback from our customers, we reinforced our differentiation from our peer group by launching FibreNest, our own ultrafast, full fibre to the home, broadband service that aims to ensure all our customers are connected to the internet from moving in day onwards. The service has started very well and is highly rated by our customers.

We reviewed people-related matters in 2018 with work on culture and values, diversity, staff engagement and of course the usual focus on training Group wide. The HR team has been expanded significantly and, in light of the national debate over pay, it was decided that from January 2019 employees over the age of 18 (excluding apprentices and trainees) will be paid a minimum of the Real Living Wage, as set by the Living Wage Foundation, in their basic pay. Whilst the majority of our employees were already paid above the Real Living Wage, we are demonstrating our commitment to being a responsible employer and to supporting our employees on this basis.

We reviewed our climate change risk during the year and after a board debate, it was decided that climate change should be included as one of our Principal Risks and in addition, we should have additional reporting around climate change risk mitigation. For 2019, we aim to have our greenhouse gas emissions data verified externally, which may help us to identify further areas where we can reduce our greenhouse gas emissions and support our rating in the Carbon Disclosure Project survey.

We hear the increasing requests for business to lead by example in society and we recognise the expectations on Persimmon in particular. We have made significant effort to engage in local communities where we work and the Persimmon Charitable Foundation supported communities nationwide through its Community Champions Scheme and its Healthy Communities Competition. In total, in 2018, the Persimmon Charitable Foundation donated £1.3m to local communities across the country.

In 2019 we will focus again on customer care and build quality; measurement of both of these has been built into the Executive Directors' and senior management's remuneration structure with increased weighting. We will use our staff feedback mechanisms and new Employee Engagement Panel to inform us and we look forward to reporting on progress in 2020.

Marion Sears
Chairman, Corporate Responsibility Committee
March 2019

OUR APPROACH AND LINK TO BUSINESS STRATEGY

Our approach to managing sustainability focuses on five key themes:

OUR CUSTOMERS

OUR PEOPLE

OUR WELLBEING

OUR ENVIRONMENT

OUR COMMUNITIES

By organising our sustainability strategy into these five themes, we ensure that our work addresses the requirements of our stakeholders and is closely linked to the strategic priorities, which we have identified to fulfil our purpose. Our purpose is to build good quality homes at a range of price points across the UK, in a way which creates and protects superior and sustainable levels of value for the benefit of our customers, workforce, suppliers and shareholders through the housing cycle.



To read more about governance and the key sustainability risks we have identified please click on the links below:

Governance
Key sustainability risks



Our strategic priorities are:

- | | | |
|---|---|--|
| 1 | Building quality homes for our customers | |
| 2 | Supporting sustainable communities | |
| 3 | Maintaining a diverse, skilled workforce | |
| 4 | Providing a sustainable supply of high quality land | |
| 5 | Securing quality and availability of materials | |
| 6 | Optimising working capital and returns | |

Further information regarding our strategy can be found on pages 2 to 50 of our 2018 Annual Report. We engage regularly with our stakeholders in a variety of ways to listen to their key messages and, where appropriate, adapt our strategy and operational practices accordingly.

The matrix on pages 5 and 6 summarises how we engage with each of our main stakeholders.

STAKEHOLDER ENGAGEMENT

CUSTOMERS

How we listen

- Through our teams of Sales Advisors and onsite management teams who are all available throughout the home buying process
- Regular contact with all of our customers through new home demonstrations, courtesy calls and a one month home inspection
- Following purchase, through our dedicated customer care teams
- Participation in a National New Homes survey run by the Home Builders Federation

What they tell us

- Regular communication throughout the home buying process, particularly regarding the timing of the crucial "move in" date is important
- Customers would like our customer care teams to be available at times more convenient to them
- 79% of our customers would recommend Persimmon to a friend
- Customers consider reliable fast broadband connection to be important

What we are doing

- Communicating with each customer at key stages, including finalising their moving in date
- Investing in technology that will improve communication between our regional offices, our customer care departments and our customers
- Continuing to increase resources devoted to customer care, including providing increased training to our operatives
- Improving the flexibility and convenience of the customer care service provided to our customers
- Included customer care performance in bonus and incentive criteria for our senior operational management
- Established FibreNest, the Group's full fibre to the home broadband service

Link to strategic objectives



Building quality homes for our customers

EMPLOYEES

How we listen

- Through local management teams and meetings
- Regular, informal dinners with Board members and local management teams
- Regional Board meetings and site visits
- Feedback from our HQ employee newsletter
- Feedback from employees to the Gender Diversity Panel
- Going forward, through our Employee Engagement Panel feedback
- Exit interviews

What they tell us

- Employees would like more training to further their careers
- Career development and opportunity is important to all our employees
- Attract more women to the industry and support their career development
- Introduce a flexible working policy to support employees to balance their wider responsibilities

What we are doing

- Investing in our Training Department
- Further developing our site management training
- Improving co-ordination of our training strategy
- Training and mentoring of employees to support the development of their careers
- Formally identifying our talented people to help them develop their career path
- Introduced a more formal flexible working policy for office based employees
- Introducing a programme of school engagement to encourage young females into the business
- Established an Employee Engagement Panel to secure further engagement with employees

Link to strategic objectives



Maintaining a diverse, skilled workforce

COMMUNITIES

How we listen

- By consultation throughout the planning and development process to more accurately identify the needs of the local community
- Feedback from local people through our pre-launch marketing campaigns
- Our regional offices employ local people who are aware of community needs
- Newly established Safety Concerns line
- Collaboration with the many local charities and support groups that the Persimmon Charitable Foundation supports through the Community Champions and Building Futures programmes

What they tell us

- Provide attractive developments with high amenity value
- Invest in local infrastructure to improve community environments
- Be positive and responsive to the views of local people
- Support local charities and community groups in the areas in which we build

What we are doing

- Invested in highly skilled land, planning and design teams who have the knowledge and experience to deliver sites which provide the range, choice and availability of homes that meet local communities' needs
- Continuing our Community Champions campaign, launched Building Futures and working with Team GB

Link to strategic objectives



Supporting sustainable communities

STAKEHOLDER ENGAGEMENT CONTINUED

SUPPLIERS

How we listen

- Tendering process
- Centralised procurement department working closely with major suppliers
- Local operating businesses' buying and technical teams engaging with local suppliers and subcontractors

What they tell us

- Collaboration for mutual benefit – continuity and visibility of future work flow is very important
- Work together to improve product sustainability
- Increased cost pressure from high demand and weak Sterling
- Appropriate arrangements are being made to address the risks to supply associated with the UK's exit from the EU

What we are doing

- Ongoing meetings with suppliers to discuss improved product and packaging design
- Maintain dialogue regarding the prevention of Modern Slavery
- Engage with suppliers to provide them with certainty of volume and revenues
- Work with suppliers to mitigate cost increases
- Work with suppliers to ensure all goods and services delivered are verified promptly and all terms and conditions are fulfilled

Link to strategic objectives



Securing quality and availability of materials

GOVERNMENT, REGULATORS AND INDUSTRY BODIES

How we listen

- Participate in industry meetings with Ministers
- Meetings with local authority planning departments
- Representation on Home Builders Federation national committees
- Member of Homes for Scotland
- Regular dialogue with Health and Safety Executive
- Actively engaging with the Home Building Skills Partnership

What they tell us

- Government policy is targeting an increase in the rate of construction of new homes
- Government policy is supporting an increase in the overall output from the industry
- National planning policy requires local authorities to address the housing needs of their local communities through a plan led system of land release and development and supports the delivery of local infrastructure and amenities for new developments which address the needs of local communities
- A safe and healthy environment is a top priority for all workers, visitors and customers on all development sites

What we are doing

- Working hard to increase output in areas of high demand
- Engaging with Government departments directly and working with the Home Builders Federation to explain industry opportunities and challenges
- Maintaining a skilled health and safety department

Link to strategic objectives



Building quality homes for our customers;



Maintaining a diverse, skilled workforce;



Providing a sustainable supply of high quality land; and



Securing quality and availability of materials

SHAREHOLDERS

How we listen

- Our Annual General Meeting
- Comprehensive individual institutional shareholder meetings and specific consultations
- Shareholder roadshows
- Feedback from the Company's brokers
- Feedback from the market's analyst community

What they tell us

- Preference for a diverse Board composition
- Remuneration must be appropriate, performance related and linked to strategy
- Preference for a sustainable dividend through the cycle

What we are doing

- Careful analysis of Board skills before each appointment
- Continued regular communication with shareholders
- The Remuneration Committee has carefully considered future remuneration
- Capital Return Plan payments modelled to be sustainable through the housing cycle with additional returns as appropriate

Link to strategic objectives



Optimising working capital and returns

SOCIAL CONTRIBUTION STATEMENT 2018

A summary of the contribution made by the Group to society and the economy during 2018.



SUPPORTING THE ECONOMY

16,449
2017: 16,043
New homes delivered

£3.4bn
2017: £3.3bn
Economic output*
(Gross Value Added to the economy)

30
2017: 29
Regional Operating Companies in 2018

20,768
2017: 20,277
Construction jobs supported*

30,041
2017: 29,330
Supply chain jobs supported*

£392m
2017: £369m
Residential expenditure*
(spending within local shops and services by residents of new homes delivered)

c. 630
2017: c. 590
Trainees and apprentices

4,809
2017: 4,535
Average directly employed workforce

5,541
2017: 5,629
Suppliers supported

£525m
2017: £480m
Total supplier spend

£82m
2017: £80m
First Occupation Expenditure*
(expenditure in furnishing and decorating a property)

5,865
2017: 5,608
Subcontractors supported

£1,351m
2017: £1,280m
Total spend with subcontractors

SUPPORTING COMMUNITIES

3,333
2017: 3,005
Affordable homes delivered
(Includes homes delivered to housing associations & Discounted Open Market Value Housing)

39%
2017: 43%
Private sales below £200,000

51%
2017: 48%
Private sales to first-time buyers

582
2017: N/A
Homes provided with FibreNest ultrafast broadband

£474m
2017: £413m
Investment in local communities**

£84m
2017: £81m
Local councils revenue support†

c. 900
2017: c.900
Local charity and community groups supported

£1.3m
2017: £0.7m
Donated to local community groups and good causes through the Persimmon Charitable Foundation

2,413
2017: 1,544
New school places created***

£9.00
2017: N/A
Minimum hourly pay from January 2019 we have adopted the Living Wage Foundation criteria for our employees



SUPPORTING THE ENVIRONMENT



96%
2017: 92%
Waste recycled

74%
2017: 86%
Homes built including modern methods of construction

21%
2017: N/A
Percentage of bricks used that were manufactured by our Brickworks

302 hectares
2017: 300 hectares
Public open spaces and gardens for families provided^Δ

75%
Sites with sustainable urban drainage systems

100%
2017: 100%
New homes fitted with LED bulbs

* Estimated using an economic toolkit.

** The value of homes delivered to housing associations, the value of Discounted Open Market Value Housing plus, the value of planning contributions we have made.

*** Estimated using data published by the National Audit Office.

Δ Estimated using average garden size and site density.

† Council tax revenues and new homes bonus.

OUR CUSTOMERS

2018 PERFORMANCE

Number of homes sold

16,449

2017: 16,043

Private sales below £200,000

39%

2017: 43%

Average selling price

£215,563

2017: £213,321

HBF Customer Satisfaction survey



2017: ★ ★ ★ ★ ★

Number of operating businesses in 2018

30

2017: 29



OUR CUSTOMERS

BUILDING HOMES TO MEET MARKET DEMAND

At the heart of our business strategy is a commitment to build good quality homes at a range of price points across the UK.

Our locations

Northern offices

01. North Scotland
02. West Scotland
03. East Scotland
04. North East
05. Durham
06. Teesside
07. Lancashire
08. West Yorkshire
09. Yorkshire and Group Head Office
10. North West
11. South Yorkshire
12. Nottingham
13. North Midlands
14. West Midlands
15. East Midlands
16. Anglia

Southern offices

17. Central
18. South Midlands
19. Midlands
20. Essex
21. Suffolk
22. West Wales
23. East Wales
24. Severn Valley
25. Wessex
26. North London
27. Thames Valley
28. South East
29. South Coast
30. South West
31. Cornwall

Off-site

manufacturing

32. Space4
33. Brickworks
34. Tileworks

The Government's goal of building 300,000 homes annually by the mid-2020s demonstrates the important role that we and others in the sector have to play in delivering the homes the UK needs. Initiatives such as Help to Buy and the Government's cut in stamp duty for first time buyers in November 2017 provide support for those seeking to purchase a property.

At the heart of our business strategy is a commitment to build good quality homes where people want to live. To achieve this, we work closely with national and local government, suppliers, land owners and local communities.

The Group's approach to master planning its developments is based on working with local communities to create neighbourhoods that enhance and support diverse sustainable living. One of our major strengths is our network of operating businesses which has recently increased to 31 with the opening of Persimmon Homes South Yorkshire, in Doncaster, in January 2019. Each business is closely attuned to the needs of its local market and this is complemented by the strong relationships, developed over many years, with customers, local authorities, housing associations, suppliers and other stakeholders in the communities in which we build.

Since the launch of the Group's strategy in 2012 we have made a significant contribution to increasing UK housing supply by investing £3.81bn in land, opening 1,370 new sales outlets and delivering 97,175 new homes to the market by increasing annual production by over 75%.

Regional operating businesses in 2018

30

2017: 29



OUR CUSTOMERS CONTINUED

COMMITMENT TO DELIVERING A RANGE OF HOMES AT AFFORDABLE PRICES

A strategic priority for the Group is to provide a range and choice of homes at attractive prices which satisfy local communities' housing needs, with an emphasis on first-time buyers and first-time movers.



We focus on providing a range and choice of homes at affordable prices which satisfy the housing needs of local communities, including supporting first-time buyers to participate in the marketplace. Affordability is central to our strategy with the average selling price of a Persimmon home being £215,563 in 2018 compared to a UK average of £230,776* in December 2018, while 39% of our private new homes were sold for £200,000 or less. At the same time, and recognising the diversity of our customers' needs, our portfolio of house types ranges from two to five bed homes and allows for a high degree of personalisation to reflect individuals' tastes and preferences.

We delivered 3,108 homes to our housing association partners in 2018 (2017: 2,769), plus a further 225 homes to qualifying customers using affordable Discounted Open Market Value Housing. This is housing that is sold at a discount of around 20-30% to the local market value with the discount remaining with the property in perpetuity. These homes can only be purchased by customers who meet eligibility criteria set by local councils.

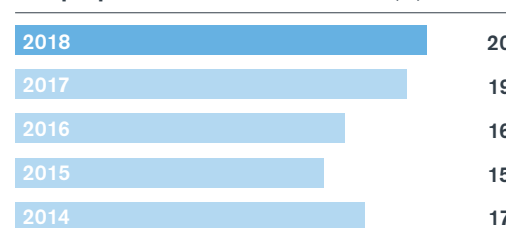
* Source: ONS

Overall, we sold 3,333 affordable homes in 2018 representing 20% of our sales during the year. The value of the affordable homes we delivered in 2018 was £394 million (2017: £348 million).

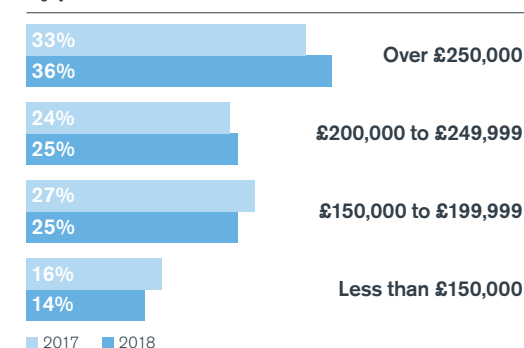
We know how important purchasing a home is, especially for first time buyers. With that in mind we have developed a comprehensive programme of support – delivered through a panel of independent mortgage advisors – to assist buyers, should they request it, to navigate the complexities of the mortgage market and provide advice on the various Government schemes designed to make home ownership more accessible. We also offer Part Exchange and Home Change facilities to support our customers' desire to purchase a newly built home from the Group.



Percentage of affordable and social homes as a proportion of total homes sold (%)



Percentage of private sale homes by price band



OUR CUSTOMERS CONTINUED

CUSTOMER CARE

Delivering good quality new homes with high levels of customer service throughout the home buying process is a priority for the Group.



Our customers are at the heart of our business and improving customer satisfaction levels is a key priority. We participate in a National New Homes Survey run by the Home Builders Federation (HBF), which awards homebuilders stars for customer satisfaction. The survey year covers the period from 1 October to 30 September and the rating system is based on the number of customers who would recommend their builder to a friend. Our 2018 rating from the HBF is 79%, just below a four star rating (the threshold for which is 80%). This rating is in line with last year. Increasing customer satisfaction is a key focus for us, with an improvement in our customers' experience being a key objective for the Group in 2019.

We are stepping up our efforts to continue to improve customer satisfaction levels with a number of new initiatives being introduced which we believe will bring significant improvements for our customers.

Our approach is focused on the following:

- *Monitoring and improving communications* with customers throughout the buying process, particularly regarding the crucial "move in" date. During 2018, we continued to focus on improving the systems and processes in place for communicating with our customers. These improvements ensure our customers are kept informed at all key stages, including finalising their move in date. In addition, we have taken action early in 2019 to deliver greater accuracy of anticipated moving in dates. We have adopted a more targeted approach to the phasing of sales releases in five of our 31 businesses, where demand on certain sites is strong.
- *A focus on build quality.* The Group's core house types, modern methods of construction and high quality supplies are important elements in supporting our aim of delivering consistently good quality homes for all our customers. Our build programmes include detailed quality checks at each stage of the build process. All of our homes

are sold with a 10-year warranty backed by either the National House Building Council (NHBC), Local Authority Building Control (LABC), or Premier Guarantee and in addition to our own checks, each warranty provider conducts their own independent checks at critical build stages. In addition senior employees at each operating business conduct quality inspections on a proportion of our finished homes. This careful, detailed build process is designed to deliver consistently good quality homes for our customers. We support the further improvements being developed by the All Party Parliamentary Group with respect to the new homes market and we will continue to work with the HBF in supporting these measures.

- *Providing a more flexible customer care service.* In response to feedback from customers we have increased the flexibility of the working hours of our office based customer care staff. Our customers are now able to contact a customer care team member outside of normal working hours, at times more convenient to them. In addition, from 2019 our site based customer care operatives are available out of hours, including Saturday mornings, to attend appointment times which are more convenient to our customers.

Scores in the HBF National New Homes Customer Satisfaction Survey (%)

2018	79%
2017	79%
2016	75%
2015	74%
2014	72%

OUR CUSTOMERS CONTINUED

CUSTOMER CARE

CONTINUED

- *Increasing the resources devoted to build quality and customer care.* We listen to our customers' feedback and aim to act promptly to address any concerns. We have substantially increased the level of resources and skills in our customer care departments in order to improve the speed and efficiency with which we deal with any issues our customers may have. Our customer care operatives have received additional site training that aims to reduce the time taken to rectify any points raised. Whilst we have seen some success in this area we continue to aim for further improvement. Since 2014, while the number of homes the Group has delivered to its customers has increased by 22% the level of onsite resource has increased by 66% and customer care resource by 93%.

A key objective for 2019 is to continue to deliver tangible improvements in the level of our customer satisfaction. We will focus on providing site staff induction training to cover all customer care processes, make significant investment in technology that will improve communication between our regional offices, our customer care departments and our customers (see below), and we will continue to offer a more flexible and convenient service to our customers. Customer care performance will continue to be included in annual bonus criteria for our senior operational management. This aligns their interests with this strategic priority for the Group. We are changing incentives to include greater emphasis on both quality and customer care, with plans that are more rigorous than we have had in the past.

We are committed to ensuring that all our customers are able to enjoy their new homes to the full. As explained above, we are making a substantial investment in improving communication between our

local offices and customer care operatives to ensure that any issues our customers may have can be resolved speedily and to their satisfaction. This investment will ensure that accurate information about the nature of issues is delivered directly to our Operatives' mobile devices. The ability to capture digital images of the issues and, if necessary, share the image with colleagues will prevent issues being mis-diagnosed. If remedial action is required, then, once completed, it will be recorded in real-time on a central database alongside customer comments and sign-off that the work has been undertaken to their satisfaction.

Coupled with the introduction of more flexible time slots for appointments, we anticipate that these improvements to infrastructure and communication processes will reduce delays between the notification of an issue and its resolution – minimising the need for repeat visits as issues will be identified and rectified promptly.

Enhancing the customer experience through digital technology

We are developing digital technology to enhance the quality of the service we provide to our customers. We are delivering a series of bespoke, highly efficient integrated digital tools that will be available to our customers, colleagues in sales, customer care, site managers and suppliers to ensure full integration and automation of core business processes.

An online portal will give customers access to a range of information about their new home, including how the build is progressing, as well as providing the facility to personalise the specification to suit their needs and purchase any finishing touches.

For site managers, the platform will provide real time information on the resources currently working onsite as well as showing how close individual properties are to completion, what tasks remain outstanding and what tasks are next to be performed.

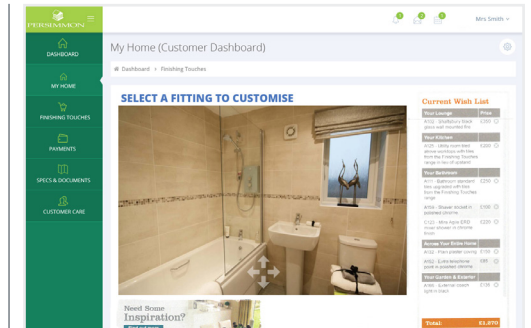
This approach helps ensure maximum productivity and efficiency by informing site management of what they need to know, when they need to know it and providing quick and easy tools for task recording and execution.

Bringing the 'fourth utility' to our customers' homes

The introduction of our FibreNest broadband service demonstrates the Group's desire to serve its customers better by ensuring they are connected to the internet from moving in day. A priority for successive governments has been the provision of reliable, high-speed broadband across the UK. For many of our customers, immediate access to this "fourth utility" is essential not just for leisure purposes but for a host of other personal and business-related tasks. Yet, regrettably, availability has been variable across the UK and our customers are often left dissatisfied with the delays that can occur between signing-up with a broadband provider and the service going live. For these reasons and in response to feedback from our customers, we have established FibreNest, our own ultrafast, full fibre to the home, broadband service which aims to be available to our customers from moving in day.

Working with experienced partners, FibreNest provides ultrafast speeds coupled with excellent levels of service, both during installation and for the duration of the service, through a UK based call centre and utilisation of highly experienced engineers. The first customers were connected in August 2018 and the service has been introduced across more than 35 sites with further roll outs planned. The FibreNest service is highly rated by our customers and is currently ranked in the top 30%* of internet service providers in the UK.




The Group now has over 630 customers connected to the service on over 35 sites. We intend to support new customers on future sites as this service is rolled out further.



* Ranked by Trustpilot.

OUR CUSTOMERS CONTINUED

SUSTAINABILITY OBJECTIVES

SUSTAINABILITY OBJECTIVES	ACTIONS AND MEASUREMENT	PROGRESS
Ensure we satisfy and exceed customer expectations throughout the home buying process	<p>In 2018 our customer experience as measured by our HBF Customer Satisfaction rating remained at a similar level to the previous year:</p> <ul style="list-style-type: none"> 79% of our customers would recommend Persimmon to a friend (2017: 79%). <p>In 2019 we will continue to focus on improving our HBF rating. We will also aim to introduce a range of digital applications that will enhance the customer experience. We will continue to invest in training to broaden the skill sets of colleagues working with customers. We will roll out our new superfast broadband offering – FibreNest – to more of our new sites.</p>	
Continue to improve the quality of customer interaction during and following the home buying process	<p>In 2018 the quality and frequency of customer communication remained strong with 98% of our Group Customer Journey Performance documentation issued on time (2017: 97.91%). 12.8% of homes were completed outside of 30 days of our target. Our aim is to achieve less than 10%.</p> <p>In 2019 we will aim to provide customers with access to an online portal that provides real time updates on the build process. We will also aim to deliver greater accuracy of anticipated move in dates.</p>	
Continue to offer a more flexible service for our customers	<p>In 2018 we expanded the availability of 'out-of-hours' opening of customer care departments, offering more flexibility to our customers.</p> <p>In 2019 we will offer out-of-hours appointments to resolve any issues with our customers' new homes. We will also aim to give customers the opportunity to personalise their new homes through an online portal.</p>	

Key:  Achieved  In progress  Missed

OUR PEOPLE

2018 PERFORMANCE

Average number of employees

4,809

2017: 4,535

Number of apprentices & trainees

c. 630

2017: c. 590

Total training days delivered (excluding apprenticeships)

11,031

2017: 10,669

Male/Female (%)

75/25%

2017: 75/25%



OUR PEOPLE

OUR CULTURE AND WHY IT MATTERS

Maintaining a diverse, skilled workforce is one of the Group's strategic objectives. We have a close knit, entrepreneurial and meritocratic culture where hard work is valued.

In 2018, our average directly employed workforce increased to 4,809 (2017: 4,535) of whom 75% were male and 25% female (2017: 75% male; 25% female). Maintaining a diverse, skilled workforce is a key part our strategy. Our success is wholly dependent on the skills, passion and commitment of colleagues throughout the organisation. Our culture is one of hard work with a drive for excellence. Management lead by example and all employees work to achieve high standards in all areas of the business. The Group has an entrepreneurial spirit within a structure of centralised control and a meritocratic environment.

Where possible, we look to promote from within as we believe our employees should be given the opportunity to fulfil their potential. Of our current Managing Directors over two thirds have been promoted from within, which is a similar percentage to our operational Directors and Heads of Department. We devote considerable time to succession planning, ensuring that we have the right people to step up as and when required. In 2018, we promoted over 240 people internally.

PROMOTING FROM WITHIN



Persimmon is proud to be able to offer the opportunity for people to develop long term careers within the Company.

Our culture is one where achievements and success are recognised and our preference is always to promote from within rather than recruit from outside the organisation. Last year, 243 of our colleagues were promoted across the Group, which leads to positive succession at all levels of the business and in particular enables our trainees to map their career paths.

We have recently promoted three of our MDs, who between them have 50 years' service with the Company. John Eynon (centre) has been promoted to Regional MD with responsibility for our three operating businesses in the North East, while Simon Usher (left) and Martyn Clark (right) have been promoted to Regional Divisional Directors with responsibility for our Yorkshire and South East Regions respectively.

VOLUNTARY LIVING WAGE

We are pleased to report that from January 2019, the Group has adopted the payment criteria of the Living Wage Foundation for its employees. As we do not employ people in London, the relevant Real Living Wage for our employees is currently £9 per hour. The Real Living Wage is calculated based on living costs and although the vast majority of our employees were already paid above this level, this has led to some small changes to pay structure for 64 employees and pay increases for 2% of our employees.

OUR PEOPLE CONTINUED

PROMOTING DIVERSITY

Identifying and promoting talented people is intrinsic to Persimmon's success. In order to have access to the maximum amount of talent and a wide range of skills we need to have a diverse workforce.



Images

Members of Persimmon's Gender Diversity Panel (clockwise from top left): Karen Follows, Director-in-Charge, West Yorkshire; Judith Potter, Operational Finance Director; Adele Jacques, Strategic Land and Planning Director, North West; and Tracy Davison, Company Secretary.



Through our participation in the Hampton Alexander Review and the publication of our Gender Pay Gap data we recognised that the number of women in our workforce and in particular in our senior management team is lower than we would like it to be. At 31 December 2018 we had two female and six male directors on the Company's Board and 35 female and 154 male colleagues in our 189 strong senior management team.

The median Gender Pay Gap for the Group in 2018 was 8.0% (2017: 7.9%), compared to the official government statistics from the Office for National Statistics of 17.9% (2017: 18.4%).

Early in 2018, the Board established a Gender Diversity Panel to consider and suggest policy amendments and initiatives to increase the gender diversity of the Group and in particular, the gender diversity of the senior management team.

The panel members can draw upon their experiences, acquired over 75 years' combined service with the business, to identify how Persimmon can improve its performance in this important area.

The Gender Diversity Panel reported its initial findings to the Board in December 2018.

The Panel made some recommendations to the Board for increasing gender diversity in the Group generally which included the introduction of a more flexible working policy and the establishment of a programme of visits to schools and colleges by female managers/directors in order to promote various disciplines in the housebuilding industry. A revised flexible working policy for office based staff was introduced in February 2019.

In addition, the Group will enhance its programme of engagement with schools, led by female managers, to support the diversity of our apprenticeship and training programmes, and to encourage more women into our business.

Persimmon is proud to be a member of the Apprenticeship Diversity Champions Network (ADCN), which is part of the National Apprenticeships Service, and chaired by Helen Grant MP. ADCN members are apprentice employers who champion diversity and drive an open and inclusive culture in recruitment and employment practices. "Diversity" in the context of the group is in its broadest sense and extends to all under represented individuals including those from Black, Asian and Minority Ethnic (BAME) and Lesbian, Gay, Bisexual and Transgender (LGBT) communities, those with learning difficulties or disabilities, and apprentices from disadvantaged areas. The Group shares case studies and best practice with the aim of promoting diversity in the recruitment of apprentices. We are also part of the Home Builders Federation Diversity Group and are actively participating in their initiative to raise awareness of mental health in the construction industry and undertaking a comprehensive training and awareness programme across the Group.

As part of our efforts to increase the diversity of our workforce, we are advertising vacancies on the Diversity Group's job board.



OUR PEOPLE CONTINUED

EMPLOYEE VOICE

We have established an Employee Engagement Panel to enrich and strengthen engagement with our employees. This Panel will increase dialogue and provide valuable input and feedback.

To improve two-way engagement with our employees, we have established an Employee Engagement Panel which will be chaired by Richard Latham, our Group HR Director.

The members of the Panel include twelve volunteers (Voluntary Members), from a wide cross-section of employees across the business, plus the HR Director, who will chair the panel. Voluntary Members of the Panel will represent the main business functions of the Group, include both management and non-management, site and office based employees and monthly and weekly paid employees.

The Panel will meet regularly to canvass opinion and feedback from employees in each Panel member's Region on the matters to be discussed at each meeting, which will generally be employment related. The members of the Panel will discuss these comments, opinions and suggestions in order that they can inform the Board of the Panel's collective feedback. The first meeting of the panel will be held in March 2019 and feedback will be provided to employees in the Group's internal HQ magazine. A member of the Board will attend each meeting in part in order that the Panel Members can hear directly from the Board of Directors.

YOUNG ACHIEVERS OF THE YEAR AWARDS



Established in 2014, these awards recognise the achievements of Persimmon's trainees and apprentices who have performed above and beyond the requirements of their roles. Nominations for the four awards are made by the Group's operating businesses with the finalists in each category attending a special awards ceremony.

The Young Achiever 2018 was Billy Kettlewell (above) from Persimmon Homes Severn Valley. He joined Persimmon in 2011 as a Management Trainee and is now a site manager at a popular development in Weston-Super-Mare. Billy was also named winner of the Duncan Davidson award, which seeks to recognise young people who have demonstrated the same entrepreneurial flair and spirit that Duncan demonstrated nearly 46 years ago, when Persimmon was founded.

In addition to Billy, the other young people recognised this year were:

- Trade Apprentice of the Year – Faisal Yousef from Persimmon Homes Anglia
- Business Trainee of the Year – Ben Cherrill, Persimmon Homes Essex
- Sales Trainee of the Year – Courtney Lynch, Persimmon Homes North West

Billy's achievements demonstrate the progression and career opportunities available to young people with Persimmon Homes. Over the last seven years, Billy has demonstrated a determination to succeed. He continues to produce results and we now entrust Billy to train our new site managers. His hard work and positive outlook to his career is inspiring the next generation of Persimmon site managers.

Richard Latham,
Group HR Director

It was a great honour to be recognised for my efforts in a job that I thoroughly enjoy. I've learnt so much with Persimmon, not only at college, but also with first-hand experience on site. I enjoy working with different people on a day-to-day basis. The Persimmon team has been very supportive throughout my training and development.

Billy Kettlewell,
Young Achiever 2018 and winner of the Duncan Davidson Award

OUR PEOPLE CONTINUED

SKILLS, RECRUITMENT AND TRAINING

To provide opportunities for our employees to develop rewarding careers in our Group and to build the skills base of our workforce, we continue to invest in training.

We attach high importance to providing our colleagues with the right skills and knowledge to realise their potential and to enable them to have rewarding careers.

In 2018, we delivered 11,031 training days to our employees and construction workforce (2017: 10,669). In addition, we currently have 381 traditional apprentices training with the Group, which is amongst the largest commitment to apprentice training in the house building industry, together with around 250 colleagues training in disciplines such as sales, quantity surveying, planning and other technical roles. We have also trained over 120 qualified tradespeople through our Combat to Construction programme for ex-forces personnel. In total, almost 15% of our workforce is engaged on a formal training programme.

We have recently expanded our Group Human Resources function, increasing the team by c. 40%, with a particular emphasis on enhancing the level of support and guidance we provide relating to training. This investment will allow us to extend both the scope and scale of the personal and professional development opportunities to colleagues across the business.

In addition to the support we provide to our employees directly Persimmon continues to be heavily involved in the Home Building Skills Partnership (HBSP), a joint initiative of the Construction Industry Training Board (CITB) and the Home Builders Federation (HBF). The HBSP

aims to address the shortage of skilled workers by attracting new entrants to the home building sector, providing focused training to develop the workforce and fostering closer working relations between developers and their supply chains. As part of our engagement, we have contributed to the development of a campaign to attract new entrants to the business; helped to identify the training requirements and skills for key occupations; and embraced the training initiatives that have resulted from the Programme with over 40 Persimmon employees attending NHBC courses round the country.

Persimmon has played a leading role in the establishment and oversight of a Trailblazer Group to develop a new apprenticeship standard for the installation of timber frames. This has been a joint approach with other businesses across the entire construction sector (not just housebuilding) with a view to developing a formal qualification for Timber Frame Installers. This initiative was born out of the recognition that Timber Frame Installation is a skill in its own right and by the significant increase in timber frame usage in the industry.

After consulting the Institute for Apprenticeships (IfA), we discovered that there were other groups looking at similar apprenticeships, but in different building materials. Recognising the benefits of collaboration and sharing the insights already gleaned from the preparatory work these groups have now combined to develop a Construction Assembly & Installation Operative apprenticeship standard at Level II. This will be based on a "core and options" model that suits a number of sectors with the common objective of the onsite installation of off-site manufactured components. The four options will cover pre-cast concrete; timber frames; relocatable modular & portable buildings; and permanent modular buildings. The revised Standard has received initial approval from the IfA and work will continue during 2019 to deliver the End Point Assessment and establish the appropriate Apprenticeship Levy funding band.

Number of apprentices, trainees and graduate trainees employed each year





2018	c. 630
2017	c. 590
2016	c. 550
2015	c. 580
2014	c. 440

Number of training days delivered annually

2018	11,031
2017	10,669
2016	10,550
2015	10,212
2014	7,911

OUR PEOPLE CONTINUED

SUSTAINABILITY OBJECTIVES

SUSTAINABILITY OBJECTIVES	ACTIONS AND MEASUREMENT	PROGRESS
Aim to be the industry destination of choice for graduate, trainee and apprentice recruitment	<p>In 2018 we:</p> <ul style="list-style-type: none"> Increased our recruitment of site based apprentices and trainees who are learning an onsite trade to in excess of 300; and Placed more office based employees on apprenticeships and professional training courses than we have done before. <p>In 2019 we will, through our expanded training team, continue to develop our strategy to offer the widest range of training programmes across all functions in the Group to consolidate our position as the leading destination for new talent seeking a career in house building.</p>	
Consolidate our position as one of the UK's leading employers of ex-military personnel and adult upskilling	<p>During 2018 we continued to recruit candidates seeking a career change from the armed forces through our Combat to Construction Programme and from other sectors through our Upskill to Construction initiative.</p> <p>For 2019, these programmes will be incorporated into our wider training programmes and whilst we will continue to recruit candidates from these backgrounds, we have not set this as a strategic objective for 2019.</p>	
Build upon our track record of promoting from within by ensuring we have appropriate development programmes and defined career pathways to further encourage promotion and career development in the Group	<p>In 2018 we:</p> <ul style="list-style-type: none"> Promoted more than 240 people within the Group; and Recruited a new Group Training Manager to establish a co-ordinated strategy for the development of our internal employee resources. <p>In 2019 we will continue to expand the new training team and ensure we are able to identify our talented people and develop our teams even further by introducing a wider range of development opportunities across all areas of our business, but particularly in site management.</p>	
Continue to demonstrate commitment to equality and diversity	<p>In 2018 we:</p> <ul style="list-style-type: none"> Maintained our accreditation for our approach to equality, diversity and inclusion in Employment and Customer Service; Joined the Apprenticeship Diversity Champions Network; Advertised our vacancies on The Diversity Group website; and Introduced a Gender Diversity Panel to promote policies and initiatives to help attract more women into our business and to progress in the Group. <p>In 2019 we will ensure our approach to equality, diversity and inclusion is maintained, seeking external verification of our activity where appropriate, as well as continuing regular dialogue with the Gender Diversity Panel.</p>	

Key:  Achieved  In progress  Missed

OUR WELLBEING

2018 PERFORMANCE

Number of worker related RIDDORs
in our housebuilding operations

45

2017: 49

Number of legal completions
per RIDDOR

365

2017: 330

Construction Skills Certification
Scheme (CSCS) Card holders

96%

2017: 96%

Number of Group Health and Safety
department pro-active site inspections

5,971

2017: 5,776

Total health and safety training days

7,682

2017: 7,617



OUR WELLBEING

PLAN, DO, CHECK, ACT

Building safely and responsibly is a key strategic priority for the Group. Maintaining excellent health and safety standards and ensuring the wellbeing, health and safety of our employees, workforce and customers is of paramount importance to us.

We are committed to being proactive in striving to reduce the health and safety risks associated with all the work activities we undertake. The Health and Safety team under the direction of our senior management team has considerable experience in providing both a pro-active advisory and reactive incident led approach to identify and mitigate health and safety risk.

During 2018, the number of RIDDORs* in our housebuilding operations reduced to 45 (2017: 49) and the number of RIDDORs in our manufacturing operations remained at 3, the same level as reported in 2017.

Number of worker related RIDDOR reportable incidents in our housebuilding operations

2018	45
2017	49
2016	47
2015	47
2014	41

We provide extensive training to safeguard the wellbeing of all people who come onto our sites, manufacturing plants or into our offices, including construction and sales staff, customers and the local communities surrounding our sites. The Group's Health and Safety Policy and management systems detail roles and responsibilities for our employees and provide additional guidance and advice on how to meet the duties allocated to them.

We have identified construction activities – including work at height, plant and pedestrian segregation, and site security/public protection – as the highest risk areas for site personnel who undertake these work activities. Our Group Health and Safety Policy and Procedures associated with construction activities provide detailed guidance on how best to plan, deliver, monitor and review these operations.

We focus on eliminating risk through robust and detailed scrutiny of working practices and the challenges posed on different development sites. This is complemented by emphasising, on an ongoing basis, to those who carry out the work, the collective and individual responsibility we all have to ensure the controls required to mitigate the risks associated with our work activities are implemented at all times. We also agree with our supply chain the responsibilities they have to check and confirm that the work they undertake is being carried out safely.

Number of RIDDORs per 1,000 workers in our housebuilding operations

2018	3.2
2017	3.6
2016	3.6
2015	3.6
2014	3.5

In addition to the training and planning that is undertaken, both our Group Health and Safety Department and our operational management teams carry out regular monitoring and review of all our work activities to maintain the required standards detailed in the Group Health and Safety Policy. In 2018, the Group Health and Safety Department undertook 5,971 pro-active site inspections (2017: 5,776).

During 2018, we undertook a series of stress tests to thoroughly examine the implementation of the policy and procedures relating to working at height. This review provided strong evidence that we have robust processes in place to manage these risks; however, the tests also highlighted areas where improvements to local systems could be incorporated to better manage performance. Partly prompted by these findings, we have undertaken trials to examine alternate methods for ensuring the safety of our workforce when working on scaffolding.

Internal checks are augmented by the support of an external Health and Safety Audit provider. Each operating business within the Group is regularly audited to test the effectiveness of the local management team in implementing the construction related requirements of the Group Health and Safety Policy. The audit consists of two days of site visits followed by a day of interviews with the local managing director and department heads. The overall aim is that by implementing the requirements of the Group Health & Safety Policy and responding to the findings from our monitoring and review processes, we can deliver continual improvement in our health and safety performance levels.

Senior Operational Management also undertake regular general reviews of health and safety performance at Group Operations, Regional and Operating Business Board level whilst reviews of incident led investigation reports are carried out promptly.

HEALTH AND SAFETY TRAINING





Training is provided both to our directly employed staff and our supply chain workforce and covers the risks associated with our construction operations, as well as sales, customer care and office based roles.

- As well as new starter inductions and ongoing policy briefings and updates, we coordinate and provide Construction Industry Training Board (CITB) recognised training for our Construction Management teams, including Site Safety Plus, Scaffold Inspection, Lifting Operations and Lifting Equipment. During 2018, we provided 7,682 training days (2017: 7,617).
- In addition to the more formal training detailed above, Persimmon also delivers regular Toolbox Talks for site personnel, including our supply chain workforce. The topics are agreed and delivered locally by our operating businesses and Group Health and Safety Department, based on performance monitoring findings. Details of the Toolbox Talks programme, are maintained in our operating businesses' Health and Safety Action Plans.
- As part of the investment Persimmon is currently making in digitising information, site managers will shortly have immediate access, via site IT equipment, to detailed advice on how to manage a range of health and safety issues. These online 'booklets' will include text, images and videos and will be continuously updated to reflect best practice.

* Incidents reported to the Health and Safety Executive under the Reporting of Incidents Diseases and Dangerous Occurrences Regulations (RIDDOR).

OUR WELLBEING CONTINUED

SUSTAINABILITY OBJECTIVES

SUSTAINABILITY OBJECTIVES	ACTIONS AND MEASUREMENT	PROGRESS
Continue to raise health and safety awareness amongst our directly employed and supply chain workforce	<p>In 2018 we:</p> <ul style="list-style-type: none"> Undertook a stress test exercise aimed specifically at Working at Height issues and implemented learning outcomes from this exercise. Reviewed the Group Health and Safety Policy and included additional guidance from industry bodies, such as the changes introduced regarding the planning and use of forward tipping dump trucks. <p>In 2019, we will continue to provide regular briefings to senior management on health and safety issues. These will be complemented by the production of additional toolbox talks DVDs with a focus on the practical inspection of scaffolding and a renewal of the "Thumbs Up" campaign that addresses the risks associated with operating in close proximity to plant machinery. All companies will also hold focused health and safety seminars with selected contractors.</p> <p>We are signatories to the construction industry's Building Mental Health Charter and we will be training Mental Health First Aiders across the Group as well as raising awareness and understanding of the issues surrounding mental health with our managers, to enable them to recognise when their colleagues may need additional support.</p>	
Provide robust operational support through our Group Health and Safety Department resource	<p>In 2018 we:</p> <ul style="list-style-type: none"> Produced an electronic version of the inspection booklet complete with images showing examples of acceptable practices. <p>In 2019, we will undertake a full review of our Group policy in relation to dust controls on site and replace the Soft Landing Bags currently in use at the end of their serviceable life, with safety decking.</p>	
Strive to ensure the highest standards of health and safety across our workforce and sites	<p>In 2018:</p> <ul style="list-style-type: none"> We completed audits across all operating businesses and manufacturing sites and implemented our recommendations; and Our Accident Incident Injury Rate per 1,000 workers was 3.22. <p>In 2019, to ensure the safety and wellbeing of both residents living near our development sites and the personnel working on them, we are establishing a dedicated helpline that help us to better monitor any health and safety concerns raised about our sites. Once the information is received, an investigation will be undertaken and, where requested, we will provide feedback regarding the issue raised and the actions being undertaken to resolve it. We will also continue to commission and utilise the results of independent audits into our health and safety performance.</p>	

Key:  Achieved  In progress  Missed

OUR ENVIRONMENT

2018 PERFORMANCE

Operational carbon footprint

38,400
tonnes CO₂e

2017: 33,520 tonnes CO₂e

Volume of greenhouse gases per home completed

2.33
tonnes CO₂e

2017: 2.09 tonnes CO₂e

Amount of waste per home completed

6.73 tonnes

2017: 7.25 tonnes

Recycling rate

96%

2017: 92%



OUR ENVIRONMENT

MANAGING OUR ENVIRONMENTAL IMPACTS AND RISKS

We are committed to managing the direct and indirect impacts on the environment of both the new homes we build and our ongoing business operations.

Climate change

The potential impacts of climate change and how best to address them are systematically considered during the planning, development and building process of each of our sites. We take the effects of climate change very seriously when developing our sites. The Group conducts full environmental assessments for each parcel of land we acquire for development to ensure our activities fulfil all obligations, respecting the natural environment and the communities for which we are delivering newly built homes. Our development master plans seek to maintain green spaces as a key element supporting the health and wellbeing of local communities. In 2018 we incorporated over 300* hectares of public open space and gardens in our developments. The Group works closely with planning authorities and other statutory bodies to identify and implement the most effective counter-measures that mitigate the effects climate change may have on our operations. For example, around three quarters of our current developments incorporate Sustainable Urban Drainage Systems and other technology to address the risks of flooding caused by changes in weather patterns. During 2018, the Board reviewed its Principal Risks and included Climate Change as a principal risk, please see page 39.

* Estimated using average garden size and site density.

CDP Climate Survey

We have again participated in the CDP climate survey, alongside many of the world's largest companies. To do this, we supply information on climate risks and our low carbon opportunities. Our participation demonstrates the importance we attach to the challenges posed by climate change and how we are addressing these issues, both at a strategic and operational level. We maintained our rating for 2018 at C (Awareness). For 2019, we aim to verify externally our energy use data which may help us to identify further areas where we can reduce our greenhouse gas emissions and improve our rating in the CDP survey.

GERMANY BECK, YORK



The Group is building much sought after housing at a site in Fulford, located south of the city of York.

The watercourse Germany Beck, a tributary of the River Ouse, runs through the site which is situated just off the A19, a main thoroughfare into York. Water levels on the River Ouse fluctuate significantly and at times of high rainfall can cause the A19 to flood, making one of the arterial routes into York city centre impassable. To mitigate this flood risk, the Group has raised the level of the A19 to take it above the flood plain and created a nature reserve adjacent to the Germany Beck site which collects any flood water should the tributary breach its banks.

OUR ENVIRONMENT CONTINUED

OUR OPERATIONS

Minimising the environmental impact of our own operations is extremely important to us and helps us to support sustainable communities.

We monitor our own operational efficiency and direct environmental impact in a number of ways including measuring our greenhouse gas emissions (CO₂e) and the amount of waste that we generate and recycle for each home we build.

Greenhouse Gas Emissions*tonnes CO₂e

	2018	2017 (restated)**
Scope 1 emissions from gas, transport and construction site fuel use	35,450	30,050
Scope 2 emissions from electricity use	2,950	3,470
Total greenhouse gas emissions	38,400	33,520
Greenhouse gas emissions per home sold	2.33	2.09

* To calculate our greenhouse gas emissions we collate data from across the Group and from our suppliers to identify the amount of energy used in our operations. Greenhouse gas (GHG) emissions are reported in line with the UK Government's 'Environmental Reporting Guidelines', including mandatory GHG reporting guidance (June 2013), and have been calculated using the GHG factors outlined in the BEIS 2018 Government GHG Conversion Factors for Company Reporting (July 2018).

** During 2017, the Group brought in-house some direct groundworks operations, in order to provide improved control over our build process and programmes with associated efficiency gains. The 2017 greenhouse gas emissions data has therefore been updated to include these business operations for the full year in order to provide a more appropriate comparator.

During 2018, the Group took advantage of the good summer weather to advance our build programmes, resulting in larger volumes of plot foundations and infrastructure works being carried out on a number of sites to provide a strong basis for build to progress in the first half of 2019. This earlier investment is the main reason for the Group's increase in greenhouse gas emissions compared to the prior year.

The Group remains focused on reducing our greenhouse gas emissions, on a like for like basis. We have implemented a range of initiatives, embracing both our operations and procurement practices, to improve the Group's environmental impact. This has included securing faster connection of new homes to the National Grid, thereby reducing the need for diesel to power on-site generators, and the replacement of older plant and equipment with newer, more fuel-efficient alternatives.

During 2019 we will investigate further initiatives, for example we will consider the use of eco features in our site offices and drying rooms on site and we will trial the use of diagnostic reporting to monitor fuel consumption in our forklift trucks on site.

We reset our carbon reduction target in 2018. We aim to reduce the intensity of our emissions by 10% from 2017 to 2026 on a like for like basis. We appreciate that this is a long term goal and we will continue to monitor our progress carefully.

Operational carbon footprint per home sold
(tonnes of CO₂e)

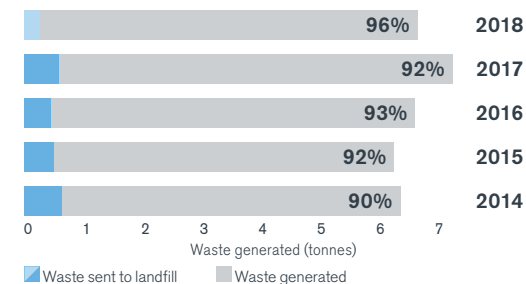
2.15	0.18	2.33	2018
1.87	0.22	2.09	2017
1.85	0.30	2.15	2016
1.90	0.27	2.17	2015
1.76	0.30	2.06	2014

■ Scope 1 emissions from gas, transport and construction site fuel use
■ Scope 2 emissions from electricity use

Waste

During 2018 the percentage of waste we recycled increased to 96% (2017: 92%) and the amount of waste per home built decreased to 6.73 tonnes (2017: 7.25 tonnes). One of the reasons we have managed to recycle more of our waste is due to the increased re-use of brick and block waste on site. This brick and block waste is crushed for re-use on site, for example in piling platforms and scaffold bases, which not only reduces the amount of waste we send to land-fill, but also reduces our requirement for third party aggregates.

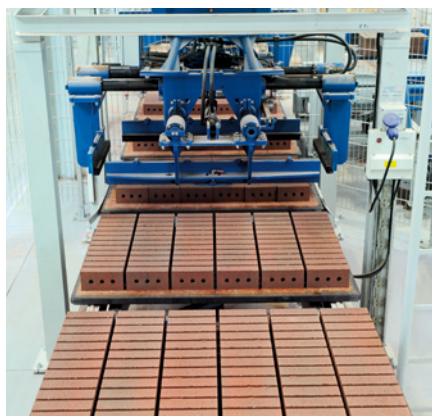
We have identified a number of operational areas where we can seek to drive improvements in the amounts of waste produced and reduce the cost of disposal. For example, we require our operating businesses to improve the segregation of waste on our sites in order that we have a better understanding of the type of waste we are producing so that it is more efficiently controlled. Our operating businesses are also using smaller skips and are now producing league tables for skip usage on sites in their region.

Waste generated (tonnes) per home sold and percentage recycled (%)

OUR ENVIRONMENT CONTINUED

BUILDING SUSTAINABLE HOMES

We believe that the most important indirect environmental impact of our development activities is the ongoing impact of our new homes. The Group's focus is therefore on building new homes to high sustainability standards.



Fabric first and energy efficiency

All of our homes are designed to have good levels of energy efficiency. We harness the benefits of good design and improvements in materials and building techniques, to build homes to high sustainability standards, ensuring our homes are warm, comfortable and more economical to run.

This fabric first approach incorporates high levels of insulation in the ground floor, external walls and roof and is complemented by other measures such as the installation of energy efficient gas condensing boilers many of which include dual zone controls with delayed start. The average Standard Assessment Procedure (SAP) rating of our new homes is 83 which is around 40% more energy efficient than existing housing stock which has an average SAP rating of around 60. The use of the Group's Space4 timber frame build system is one way we help to ensure high levels of insulation and air tightness resulting in the homes built requiring less heating while also improving heat retention.

Low carbon technologies are utilised where possible. These include photo voltaic (PV) panels on a number of our developments. The energy generated by these PV arrays reduces the amount of electricity drawn from the grid; in turn, this reduces the home owner's energy bills and greenhouse gas emissions. For example, we estimate that PV arrays on our homes in Scotland will generate around 11,700 kWh per year saving 620 tonnes of carbon dioxide emissions.

OFF-SITE MANUFACTURING

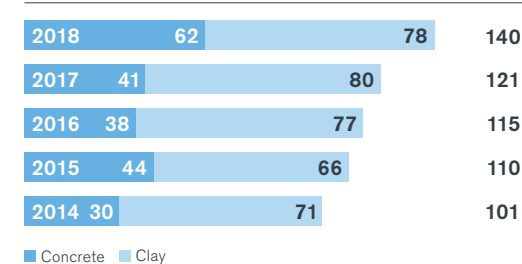
More widespread adoption of off-site manufacturing could provide extensive benefits for the UK, both in terms of improved environmental performance and reductions in construction times. The use of modern methods of construction, including off-site manufacturing, has been endorsed by the Government and has also been supported by the Farmer Review of the UK Construction Labour Model.

Brickworks

Persimmon's use of concrete bricks on its developments has increased over recent years, accounting for c. 45% of our total consumption of c. 140 million bricks in 2018. Concrete bricks are easier to make and their manufacture and use generate significant savings in greenhouse gas emissions when compared to the production of clay bricks using natural gas fired kilns.

Each tonne of concrete bricks produces 100 kg of CO₂e less than the same quantity of natural gas fired clay bricks during the manufacturing process. Additionally, concrete is an absorber of carbon dioxide and these bricks are 100% recyclable.

Volume of clay and concrete bricks used annually by Persimmon (million bricks)



OUR ENVIRONMENT CONTINUED

BUILDING SUSTAINABLE HOMES

CONTINUED

Our Brickworks at Harworth, Nottinghamshire, incorporates a high degree of automation and has the capacity to produce up to c. 80m bricks per annum, around two thirds of our requirements, thereby ensuring the security of supply of this vital component in the build process. Each brick is of a uniformly consistent quality, dimensionally precise and can be tailored to our specific needs. During 2018, the facility provided c. 30m bricks to the Group's operations.

Tileworks

The Group commenced construction of its own concrete roof tile manufacturing plant in August 2018, again with the aim of securing the supply of this key material element. The Tileworks factory aims to supply approximately two thirds of the Group's requirements for roof tiles across the UK, and plans to commence deliveries to site in the second half of 2019.

Both Brickworks and Tileworks are further developments of the Group's off-site manufacturing capabilities, delivering consistently high quality products and securing the Group's supply of these key material components.

Space4 modern method of construction

Homes England are supporting the industry to meet the demand for new housing through the increased use of modern methods of construction, including modular build and timber frame construction techniques. Space4, which currently employs around 140 people at its factory in Castle Bromwich near Birmingham, produces a 'fabric-first' approach to the construction of new homes using off-site manufacturing techniques to produce timber frame highly insulated wall panels and roof cassettes. As set out above, the construction process using this system helps to deliver high levels of thermal efficiency for the new homes built and positions the Group at the forefront of the industry with the ability to accommodate changes to building regulations that target the reduction of carbon emissions and global warming in the future. Space4 has recently increased its capacity to be able to supply up to 9,500 units per year, consisting of c. 7,750 timber frames and c. 1,750 'room in the roof' systems.

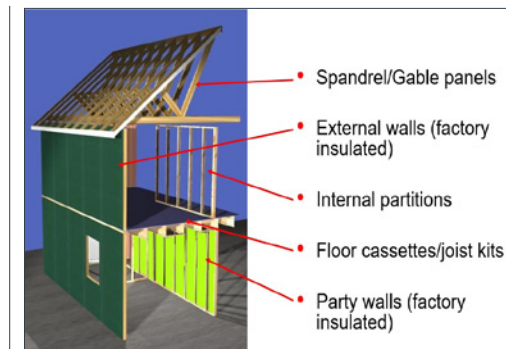
During 2018 Space4 delivered c. 6,000 timber frame house kits and insulated roof systems to the Group's housebuilding businesses. Since its launch in 2001, Space4 has supported the delivery of over 52,000 new homes to the market and has made an important contribution to the number of homes Persimmon has built over recent years.

Space4's timber frame construction methodology also:

- allows a more consistent build quality and streamlined construction process meaning that the houses are built in less time than a traditional brick and block house;
- eases the requirement for some traditional skills on site; and
- is less susceptible to delays caused by adverse weather conditions

all of which can benefit productivity and build programmes.

At the same time, the direct and indirect environmental benefits of Space4's technology are considerable. Not least of which is the use of timber, all of which is purchased from certified and sustainable forests, rather than other less sustainable building materials. Furthermore, constructing timber frame housing uses less heavy machinery, potentially reducing our energy consumption and related greenhouse gas emissions.



OUR ENVIRONMENT CONTINUED

SOURCING RESPONSIBLY

Securing quality and availability of materials is a strategic priority for the Group. The Group enjoys long established and strong relationships with each of our main suppliers which we greatly value.

We have a centralised procurement department that seeks to secure Group deals covering all major elements of our construction requirements. This helps the Group establish certainty of quality, supply and cost of materials and provides our suppliers with certainty of volume and revenues. In addition, our operating businesses work closely with regional suppliers to secure locally sourced materials. Local suppliers benefit from the Group providing them with consistent order volumes which help sustain their businesses and strengthen our supply chain. The Group works with over 5,500 suppliers and is proud to support over 30,000* jobs in its supply chain.

Our regional offices engage with a large number of local subcontractors in the construction of our homes. This ensures that the Group secures good availability of the skilled trades that we require locally and provides our subcontractors with continuity and consistency of work. The Group supports over 20,000* jobs on its sites.

All of our suppliers sign up to our Supplier Principles. We directly engage with suppliers in order to collaborate for mutual benefit. Through our engagement we work with our suppliers, particularly those with whom we have long term relationships, to develop more sustainable ways of trading. In this way, we aim to minimise the environmental impact of our supply chain and, on occasion, reduce costs both for ourselves and commercial partners.

A recent example of this approach involved working with haulage contractors to optimise load levels from our Brickworks and thereby reduce the number of journeys and associated emissions. We are also investigating with another supplier how we can reuse/recycle waste concrete from the Brickworks to be used as hard core for footpaths or driveways. In this way, we aim to minimise resource inputs and emissions throughout this part of our value chain.

Modern Slavery

Responsibility for the Group's compliance with the Modern Slavery Act 2015 rests with the Board.

During 2018, the Group's modern slavery risk assessment was reviewed. As part of this process, we surveyed all of the suppliers and subcontractors used by the Group during 2017 in order to improve the understanding of the level of risk in the supply chain and increase supplier awareness of the Group's expectations and commitments in this area. The online survey requested information on whether the organisation produced a Modern Slavery Act (MSA) statement, details of any materials sourced from outside the UK, the policies and controls in place to monitor the risk and prevalence of Modern Slavery, and the use of supply chain audits. The scale of this survey, embracing both our larger suppliers and much smaller organisations, meant that the results would offer a good picture of our entire supply chain both in the UK and overseas.

We received responses from just over 30% of our suppliers and subcontractors by volume, representing over 50% of supplier and subcontractor spend within the year. The responses were analysed in detail and focused on identifying suppliers or subcontractors that were at a greater risk of exposure to Modern Slavery. In making this assessment, we considered the quality of each organisations' MSA statement (where published); the extent to which an organisation sourced from territories with a high exposure to Modern Slavery; and the nature of their auditing and governance processes.

Of the 45 suppliers and subcontractors where further information was required, the overwhelming majority of their responses provided detailed information on their policies and procedures, including extensive audit programmes within their own supply chains. Of the remainder, only minor concerns were identified.

The review did highlight the potential risk arising from turnover in our supplier base or changes in how our suppliers source goods and services. To address this, we will reassess our supplier base every two years, with a risk-based approach focusing on larger suppliers and subcontractors and those in areas considered to be at a greater risk of exposure in Modern Slavery.




In January 2019, Persimmon joined the Gangmasters and Labour Abuse Authority Construction Protocol. This joint agreement with some of the biggest names in UK construction is aimed at eradicating slavery and labour exploitation in the construction industry. The protocol commits signatories to raising awareness within supply chains to help to prevent and protect workers from exploitation or abuse and take necessary steps to ensure that exploitation and abuse of workers is recognised and addressed with appropriate safeguards put in place to ensure that exploitative practice is not repeated.

A programme of targeted training sessions is planned for 2019 to improve awareness of Modern Slavery across our operating companies and management teams.

* Estimated using an economic toolkit.

OUR ENVIRONMENT CONTINUED

SUSTAINABILITY OBJECTIVES

SUSTAINABILITY OBJECTIVES	ACTIONS AND MEASUREMENT	PROGRESS
Continue to manage our carbon emissions effectively	<p>In 2018 we:</p> <ul style="list-style-type: none"> Participated in the CDP climate survey and maintained our score at C (Awareness). <p>In 2019 we will:</p> <ul style="list-style-type: none"> Continue to participate in the CDP climate survey; Seek external verification of our greenhouse gas emissions data; Consider the use of ECO features in our site offices and drying rooms on site; Trial the use of diagnostic reporting to monitor fuel consumption in our forklift trucks on site; and Continue to monitor our progress against our target to reduce the intensity of our carbon emissions by 10% from 2017 to 2026 on a like for like basis. 	
Increase our use of sustainable concrete bricks as an alternative to clay bricks	<p>In 2018 c. 45% of the bricks used in building our homes were concrete.</p> <p>In 2019 at least 50% of our bricks will be concrete.</p>	
Continue to investigate and invest in the use of off-site manufacturing	<p>In 2018:</p> <ul style="list-style-type: none"> Space4 supplied c. 6,000 timber frame kits and roof systems to the Group's operating businesses. Construction of our Tileworks began at a site adjacent to our existing Brickworks. <p>In 2019 we will:</p> <ul style="list-style-type: none"> Continue to investigate the further development of the Space4 build process and in particular aim for Space4 to supply at least 80% of the Group's roof cassettes; and Commence supply of our own roof tiles to our sites. 	

Key:  Achieved  In progress  Missed

OUR COMMUNITIES

2018 PERFORMANCE

Number of affordable homes delivered

3,333

2017: 3,005

Community investment

£80m

2017: £64m

Persimmon Charitable Foundation - donations

£1.3m

2017: £0.7m

Value of affordable homes delivered

£394m

2017: £348m



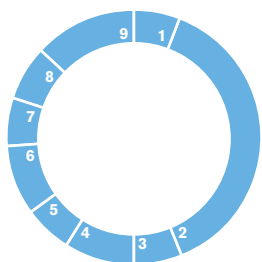
OUR COMMUNITIES

SUPPORTING SUSTAINABLE COMMUNITIES

We create attractive neighbourhoods for our customers, with good infrastructure and access to local amenities.

£80m

Community Investment



1 Off-site contribution to affordable housing	6%
2 Education	38%
3 Public Transport	6%
4 Public Open Spaces	9%
5 Leisure Facilities	6%
6 Highways	9%
7 Community Buildings	6%
8 Future Maintenance	7%
9 Other	13%

We opened a new operating business in South Yorkshire on 1 January 2019, increasing our regional teams to 31. Our aim is to acquire land in attractive locations where demand for homes is high. At the same time, our developments are designed to promote social inclusion, incorporating housing for families with a broad span of incomes. In 2018 we provided £366m of housing to housing associations and a further £28m of housing to qualifying customers using Discounted Open Market Value Housing. Overall, we provided £394m of affordable housing for lower income families (2017: £348m).

Engaging with our communities

Each of our regional teams has detailed knowledge of the local communities in which they operate. In addition to fulfilling the housing needs of our customers by delivering newly built homes to their local market, our teams seek to support their local communities in a variety of ways:

- By consultation throughout the planning and development process
- By employing local trades people
- By engaging with local suppliers

Pupils from Millbank Primary school in Grove, Oxfordshire were welcomed to our Wellington Gate development which will provide approximately 190 homes (of which c. 30% will be to housing associations).

To mark the opening of this new development, on the outskirts of Grove in Oxfordshire, 20 pupils visited the site and were asked to create designs for a 'house of the future'. Their work has been saved inside a time capsule and the pupils watched as their designs were safely buried on the site for future generations to discover. The pupils were also given a presentation on the connection between science and construction and safety around building sites.

- Through charitable donations to support local good causes
- Through engagement with local schools
- By delivering new amenities
- By delivering improvements to local infrastructure

Persimmon and the planning process

Increasing the quantity, quality and variety of the country's housing stock makes a significant contribution to community cohesion as well as providing stimulus to the local and national economy. For Persimmon to play its part in the process requires the identification, planning and acquisition of suitable sustainable land where we can build homes for our customers. This requires detailed consideration of a wide range of factors, including assessments of economic and population growth and a thorough understanding of local needs, concerns and aspirations of the communities where each development is located. It also requires a deep understanding of the Local Plan system and National Planning Policy, which is at the heart of our land acquisition strategy. Our relationship with planning authorities is one of collaboration with the aim of delivering mutually beneficial outcomes.

The Group strives to deliver excellence in planning and our sensitivity in understanding the impact our developments have on wider society ensures that our developments are fully integrated into existing infrastructure as well as delivering improvements that benefit existing residents. Under the planning process, we invest in local communities in many forms, such as parks and open space; education provision; community buildings and roads and other infrastructure, either through direct construction or through financial

contributions to local authorities. During 2018 we contributed over £80m to local communities (2017: £64m) through planning contributions to local authorities. Of the money contributed over £31.2m related to education provision.

Promoting biodiversity

Persimmon's starting point is to always plan our developments in a sustainable way in accordance with the planning system. In doing so we ensure that all of our schemes contribute to and enhance the natural environment by minimising and mitigating any impact on biodiversity. Indeed, where possible we seek biodiversity betterment with many examples of this throughout the country – including, for example, the Portbury Wharf Nature Reserve near Bristol. This approach produces a positive outcome, producing net gains for biodiversity and promoting its resilience in the face of social, environmental and economic pressures.

Prior to commencing work on any of our developments, we undertake detailed studies to identify any possible impacts on biodiversity within the boundaries of the site itself and surrounding areas. Once the results of these surveys have been analysed, we work with local planning authorities and other stakeholders to ensure that wildlife habitats and wider ecological networks are safeguarded and enhanced for future generations. We seek to avoid, minimise or mitigate both any short-term impacts during the build phase and those that may arise in the longer term as the development matures.

OUR COMMUNITIES CONTINUED

SUPPORTING SUSTAINABLE COMMUNITIES

CONTINUED

NEWCASTLE GREAT PARK – MAKING A PLACE

The development of Newcastle Great Park arose from a desire to meet housing and business needs through the creation of a sustainable new community with all the necessary supporting infrastructure and facilities.



In this way, the economy and social capital of the Newcastle conurbation would benefit from being better placed to retain and attract people and families of all ages.

The site is only four miles from the city centre and has excellent regional, national and international connectivity being adjacent to the A1 and only a couple of miles from Newcastle International Airport.

The original plans envisaged the creation of 2,500 homes and a 200-acre business and industrial park, which would form a 'new town' on the edge of Newcastle. Its genesis required strong vision and commitment from developers and a close partnership working with the local planners. Over the last 20 years Persimmon has invested significant financial resources – along with our knowledge, experience and high level commitment to deliver the substantial up front and ongoing infrastructure costs to transform the development into a vibrant community.



Images (from left)

Newcastle Great Park Community Centre and artist's impression of Persimmon's new regional North East headquarters.

OUR COMMUNITIES CONTINUED

SUPPORTING SUSTAINABLE COMMUNITIES

CONTINUED

NEWCASTLE GREAT PARK – MAKING A PLACE

CONTINUED

Establishment

Using all our experience we identified exactly how we could bring the vision to reality. This entailed careful planning and phasing of infrastructure, housing and community facilities to create a community of choice for people to live in. Housebuilding commenced in 2001 and included the early provision of a new, dedicated bus service linking the development with the city centre and a nearby Metro Station, and a Park and Ride facility, which worked in tandem with the new bus service. We also provided substantial funding to upgrade the road infrastructure including a new junction on the A1. The development incorporates extensive Sustainable Urban Drainage Systems (SUDS) and public open space. A major factor in the success of the scheme was securing the presence of a large multinational software company as anchor for the business park.

Creation of place

A new mixed-use town centre forms the heart of Newcastle Great Park and underpins its sustainability. Retail units, office use and specialist housing have been delivered to date. Critically for residents, a new community centre, first school and nursery have all also been successfully delivered. Over half of the 1,200 acres of Newcastle Great Park are landscaped. Neighbourhoods with different character sit within a large country park designed for recreation and ecology. So far, over 20 kilometres of strategic pedestrian, cycle and equestrian routes have been delivered – these are well used and highly popular with residents.

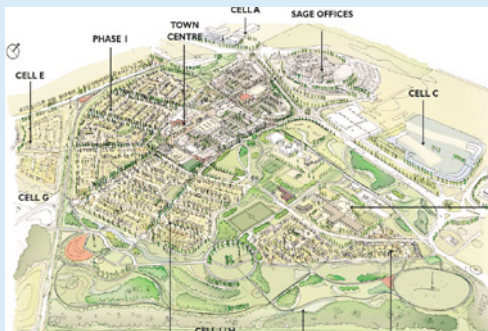
Newcastle Great Park has become an established place of choice to live and work with over 2,000 homes and 42,000sqm of office space delivered. Over its lifetime, Newcastle Great Park has successfully adapted to market signals and conditions. Housing range and choice has been widened as the site has matured to meet the diverse needs of its current and future residents. For example, part of Newcastle Great Park has now been developed for high, medium and low density housing including 40 self-build plots while elsewhere a further 1,200 homes and education facilities will be delivered over the coming years. In addition to increased provision for primary school pupils, the latter will include a new high school for the north of the city.

The new homes and schools work in synergy and will also provide further population and footfall to help grow and support the town centre. We have also chosen to locate our new North East office in the Newcastle Great Park town centre – providing a further boost to the local economy and demonstrating our confidence in it.

By around 2030, Newcastle Great Park will have delivered approximately 4,500 homes in a new community which is supported by a mix of uses and all the necessary community facilities. It is only fitting that Persimmon's regional headquarters will sit at the heart of the community it has helped to shape over a period of 30 years.



Early visioning plans for Newcastle Great Park.



Images (from top)

Sustainable Urban Drainage System at Newcastle Great Park.
New housing and children's play area.

OUR COMMUNITIES CONTINUED

BUILDING FOR THE FUTURE, PRESERVING THE PAST

We aim to create homes and communities that will endure long into the future. Yet, in the course of our work we also often come into contact with the past. As part of the planning process, archaeological surveys are undertaken to understand and conserve the significance of the nation's heritage and Persimmon is proud to play its part in this important work. In 2018, we provided £1.5m (2017: £0.8m) to support archaeological surveys and excavations.

IRON AGE BURIAL MOUNDS – POCKLINGTON, EAST YORKSHIRE

Archaeologists described an Iron Age find at Pocklington, near York, as 'most impressive, with no British parallel'. The discovery of a 'warrior grave' was made during excavation at Persimmon's development, The Mile, in the town.

The find includes an upright chariot with two horses and the remains of a male, along with a well-preserved shield and a highly decorative brooch. Excavation at The Mile took seven months to complete and was delivered as part of the planning obligation for our 200 home development.

Paula Ware, from MAP Archaeological Practice who undertook the work said: "We feel privileged to be part of such a significant find. This provides a valuable insight into the ritual of Iron Age burials."

Initially, the archaeologists were excavating a Saxon settlement when they came across two Iron Age barrows. The round barrow, circa nine metres, contained a 'warrior' aged between 17 to 25, with blunt force trauma indicative of conflict. This type of burial is believed to have been a sign of respect from the community for the person buried.



Excavation of an Iron Age chariot and warrior at Pocklington.



The large square barrow provided the final resting place for a highly regarded member of the community. The skeleton's status was evident by the extensive and ornate items found with the remains as well as being surrounded by pig bones, believed to act as an 'offering'. Upright horses were positioned in motion as though leaping upwards out of the grave. The skeleton of the 'warrior' man was placed in a crouched position in the cart of the chariot with a remarkably well-preserved bronze shield and a beautifully highly decorated brooch. Evidence reveals the man was post 46-years old, which is above the average life expectancy of males during this era.

Simon Usher, Yorkshire Regional Divisional Director, said: "Everyone has been absolutely thrilled by the finds. Keeping the news under wraps while the excavation was completed has been a real challenge, but so important to ensure the integrity of the site. We were delighted that the BBC's Digging For Britain programme choose to feature this find in their latest series."

Persimmon Homes Yorkshire organised a trip for a local school to see the excavation in progress and we are planning to contribute to a local museum to enable the barrows to be retained and displayed in the local area.

ROMAN VILLA – INGLEBY BARWICK, TEESSIDE



The remains of the *caldarium* (bath house) discovered at Ingleby Barwick.

During the development of our site at Ingleby Barwick, Teesside, archaeologists uncovered the site of a Roman villa that was part of a working farm dating from around the late 2nd century and which continued in use into the late 4th/early 5th century. This is one of the most northerly villas of its type found in Europe. In addition to the villa, the excavation discovered evidence of an earlier, Iron Age settlement.

We paid for the excavation fieldwork and post-excavation assessment as well as providing equipment to assist with the work. Interpretation work was undertaken and the Persimmon team combined with local schools and English Heritage to further awareness and use the find as an educational resource.

The layout of the development was specifically designed to retain all the most important buildings in situ focused around a central green. The simple landscaping scheme involved the planting of thousands of daffodil bulbs along the foundation lines of the buildings which flower each year reminding us of a community that once habituated this site thousands of years ago.

OUR COMMUNITIES CONTINUED

PERSIMMON CHARITABLE FOUNDATION

The Persimmon Charitable Foundation made c. 900 donations, amounting to £1.3m, to local charities and sporting groups through our Healthy Communities and Community Champions campaigns in 2018.

The Foundation ran two campaigns during the year, our ongoing Community Champions campaign, aimed at local charity and community groups, and our Healthy Communities campaign, aimed at supporting local clubs offering sporting facilities for children and young people. Organisations can apply for funding online at www.persimmonhomes.com/charity.

Community Champions

The Community Champions campaign was launched in 2015 and provides funding to local community groups and charities operating in the areas where we build across the UK. Each of our 31 operating businesses and our head office make donations of up to £1,000 every month to each of two local good causes to match the organisations own funding. In 2018, Community Champions donated c. £770,000 to c. 800 local groups.

COMMUNITY CHAMPIONS



Persimmon Homes Midlands made a donation of £1,000 to 4th Dunstable Scout Group to help rebuild a scout hut as part of the Community Champions scheme.

Claire Dearsley, head of sales at Persimmon Homes Midlands, said: "Our Community Champions scheme enables us to support the hundreds of voluntary organisations and charities that work in the neighbourhoods where we are building new homes. The scouting movement offers great opportunities for young people, so we were proud to invite them to our Phoenix Park development to hand over this vital cash to support them."

Children and leaders from 4th Dunstable Scout Group are currently fundraising to rebuild their failing scout hut. They have tackled bag packing, sponsored swims, quiz and race nights, a ladies evening and made a number of grant applications to achieve their goal of maintaining one of Bedford's largest scout groups.

Healthy Communities

The Persimmon Charitable Foundation's Healthy Communities initiative concluded in 2018. The aims of this national programme were to support young people to become the best and create a lasting sporting legacy. Over the course of a year, Healthy Communities gave more than £600,000 to support amateur sports teams and individuals aged 21 and under in England, Wales and Scotland.

Every one of our regions chose a local sporting ambassador to launch the scheme and we were fortunate to secure the support of top athletes including Olympic Champions Alistair and Jonny Brownlee, Olympic gold medallist Helen Richardson Walsh, England cricketer Ian Bell and Wales and Lions legend Gethin Jenkins.

The initiative encouraged local sports teams to apply for a donation from the Foundation. Almost 200 sporting organisations or individuals received a donation of £750 for sporting equipment and kit.

In January 2018, the trustees of the Foundation, together with an independent leading fundraiser, picked 30 finalists from all of the applications received to be put forward to a public vote, with the winner receiving a £200,000 donation and two runners up receiving £50,000 each. The other finalists received a donation of £5,000 each. In determining the finalists, the panel were looking to reward those who came up with the most innovative and compelling ideas as to how they would use the prize money to benefit young people in sport.

OUR COMMUNITIES CONTINUED

PERSIMMON CHARITABLE FOUNDATION

CONTINUED

The Healthy Communities winners were announced at a gala dinner held in March 2018, to which representatives of each of the finalists were invited. The dinner was generously supported by a number of the Group's major suppliers and the evening itself raised £13,000 for the Charitable Foundation's funds.

The eventual winner was Heart of England Boxing Club, which was just four weeks away from being forced to relocate when they won the money in March 2018. This significant cash injection will allow the club to purchase land and build its own gym thus removing any future risk of forced relocation and, in the words of the club's Head Coach, "make them masters of their own fate". It will allow the club to concentrate on what it does best: delivering expert coaching and nurturing young talent within Leicestershire and the wider Midlands region. The club also has plans to use its new premises to benefit the wider community.

The two runners-up were:

- Park Wrekin Gymnastics Club, based in Telford, which has trained some of Britain's top gymnasts. The money will be used to develop and expand the club's disability programme as well as supporting its efforts to engage with disadvantaged young people.
- Sportsable, based in Maidenhead, specialises in increasing accessibility to and participation in a wide range of sports amongst disabled people.

Following the success of Healthy Communities, in January 2019 we launched a new initiative, Building Futures, which aims to donate over £1 million to support children across the UK. We are joining forces with Team GB - the Great Britain and Northern Ireland Olympic Team run by the British Olympic Association – to help organisations that support children across England, Wales and Scotland. Building Futures is solely for children under the age of 18. We will be aiming to make donations in three areas; amateur sport, health (physical and mental) and Arts and Education (schools and clubs outside of schools).

As an official partner of Team GB, we are extremely proud to be supporting the organisation in the run up to, and beyond, the next Olympic Games in Tokyo.






Anthony Ogogo, London 2012 Olympic bronze medallist, who visited the Heart of England Boxing Club as part of our Building Futures initiative.



Nadine O'Dowd, North Midlands Sales Director, Nick Griffin, head coach at Heart of England Boxing Club, Christine Griffin and North Midlands Managing Director Liam Scott. On accepting the award, Nick said: "We want the gym to become a beacon of excellence within the Midlands but eventually we want to create a centre for all young people in the area."

OUR COMMUNITIES CONTINUED

SUSTAINABILITY OBJECTIVES

SUSTAINABILITY OBJECTIVES	ACTIONS AND MEASUREMENT	PROGRESS
Continually improve engagement with local communities	<p>In 2018:</p> <ul style="list-style-type: none"> We undertook c. 100 community consultations increasing the amount of use made of digital and web-based media; and The Persimmon Charitable Foundation made donations of £1.3m to c. 900 charities and organisations largely through our Community Champions and Healthy Communities campaigns which supported local charities and sporting groups in the communities where we operate. <p>In 2019 we will:</p> <ul style="list-style-type: none"> Continue to improve our approach to accessible community consultation and ensure that all major site consultations include a fully accessible and user friendly website with an associated and integrated feedback questionnaire; and Continue our Community Champions campaign and launch our Building Futures campaign. 	
Continue to provide high quality and accessible housing to people locally	<p>In 2018:</p> <ul style="list-style-type: none"> Just over 50% of our private sales were to first-time buyers; Just under 40% of our private sales were for less than £200,000; and We delivered £394 million of affordable housing. <p>In 2019 we will continue to drive local affordability and ensure sufficient range and choice is available to our customers and help address local need and demand.</p>	
Design our new housing developments so that they create a 'good place to live'	<p>In 2018:</p> <ul style="list-style-type: none"> We continued to seek to align our new homes and developments with the 12 Building for Life Principles that relate to the quality of place making. We contributed over £80 million to local communities through the planning process. <p>In 2019 we will continue to align all new developments with the 12 Building for Life Principles and seek to ensure this is clearly articulated in our design and access statements that form part of our planning submissions.</p>	

Key:  Achieved  In progress  Missed

GOVERNANCE

Persimmon's business operations are conducted through our 31 housebuilding businesses. The Group's streamlined management structure enables individual operating businesses to work within a framework set by the Executive Directors with clear guidelines.

Ultimate responsibility for sustainability rests with our Board which is supported by the Corporate Responsibility (CR) Committee.

The CR Committee's purpose is to coordinate the Board's sustainability strategy across the Group, identify and assess sustainability issues that are significant for the Group both in the short and long term and monitor sustainability performance within the business. Committee membership is diverse, being drawn from all parts of operations so that there can be a close link with our business strategy. Committee members include the heads of departments of Health & Safety, HR, Land/ Planning and Commercial/Procurement, the Company Secretary, an operating business Managing Director and a Divisional Director. The Group Risk Manager regularly attends the committee meetings and the Group Chief Executive attends occasionally. The meetings are chaired by Marion Sears, an Independent Non-Executive Director. The CR Committee also benefits from the advice and guidance of Carnstone Partners Limited, our external corporate responsibility advisor.

Our sustainability policies are regularly reviewed by the CR Committee. This ensures that sustainability is on the agenda of each operating business and that best practice across the Group can be shared effectively.

We measure, monitor and report on our sustainability activities and performance on an annual basis. Sustainability management is an integrated activity and is the responsibility of all our employees, from those on the front line of our developments around the UK to our senior management teams.

Persimmon operates an Environmental Management System (EMS) to provide a structured approach to managing environmental issues. The EMS covers all processes from land appraisal, site remediation to manufacturing and construction.

We measure our sustainability performance using a set of KPIs collated on a regular basis from our operating businesses and reviewed at each CR Committee meeting. After each CR Committee meeting a report is made to the Board. A summary of our KPI performance data can be found on page 41 and our sustainability policies can be found on our corporate website.

During 2018, the Group complied with the UK Corporate Governance Code 2016 and made preparations for the introduction of the new UK Corporate Governance Code 2018 which came into effect on 1 January 2019. Our Annual Report 2018 provides further information on our corporate governance.

For more information visit

www.persimmonhomes.com/corporate

GOVERNANCE CONTINUED

KEY SUSTAINABILITY RISKS

Our Principal Risks are set out in our Annual Report. The table opposite sets out the key sustainability risks which may affect our business together with the corresponding actions we are taking to mitigate their impact. These risks are reviewed and updated on a regular basis.

Risk	Impact	Mitigation	Change in 2018
Climate Change	<p>Should the effects of climate change and the UK's transition to a lower carbon economy lead to increasing national regulation this could cause additional planning delays, increase the cost and accessibility of materials required within our construction process and potentially limit their supply or require additional features which could significantly increase our costs.</p> <p>Changes in weather patterns and the frequency of extreme weather events, particularly storms and flooding, may increase the likelihood of disruption to the construction process. The availability of mortgages and property insurance may reduce should financial institutions take account of impacts relating to climate change. Changes in weather patterns may increase build costs and/or development timeframes.</p>	<p>We monitor our operational efficiency and direct environmental impact in a number of ways including measuring our own CO₂ emissions and the amount of waste we generate for each home we sell. We systematically consider the potential impacts of climate change throughout the land acquisition, planning and build processes and work closely with planning authorities and other statutory bodies to manage and mitigate risks. For example, we conduct full environmental assessments for each parcel of land we acquire for development to ensure our activities fulfil all obligations, respecting the natural environment and the communities for which we are delivering newly built homes. We are keen to adopt Sustainable Urban Drainage Systems and other technology on all our new sites, subject to local planning requirements, to address the risk of flooding. We continually seek to strengthen our supply chain. Our off-site manufacturing facilities provide us with greater assurance of quality and supply, and use modern methods of construction and technology to assist the mitigation of climate change related risks.</p>	
Regulatory risks	<p>The housebuilding industry is subject to extensive and complex laws and regulations, particularly in areas such as land acquisition, planning and the environment. Ensuring compliance in these areas can result in delays in securing the land required for development and in construction. Any failure to comply with regulations could result in damage to the Group's reputation and potential imposition of financial penalties.</p>	<p>We operate comprehensive management systems to ensure regulatory and legal compliance, including a suite of policies and procedures covering key areas of legislation and regulation. We engage extensively with planning authorities and other stakeholders to reduce the likelihood and impact of any delays or disruption. We also hold a land bank sufficient to provide security of supply for medium term land requirements.</p>	
Financial risks	<p>Reduction in the availability of mortgages and house insurance which could adversely affect consumer demand.</p>	<p>We monitor lead indicators on the future direction of the UK housing market so as to manage our exposure to any future market disruption.</p>	
Materials and land availability	<p>Materials Recent growth in UK housebuilding has led to an increased demand for materials which is placing greater pressure on the supply chain. This may continue to cause availability constraints and increase cost pressures.</p> <p>Land purchasing Land may be purchased at too high a price, in the wrong place and at the wrong time in the housing cycle.</p>	<p>Materials Our build programmes and our supply chain are closely monitored to allow us to manage and react to any supply chain issues. We build strong relationships with key suppliers over the long term to ensure consistency of supply and cost efficiency. We have invested in expanding our off-site manufacturing hub at Harworth, near Doncaster, to strengthen security of supply. Our brick plant is providing a significant proportion of the bricks we use and our roof tile manufacturing facility will commence operations in 2019. This complements our existing off-site manufacturing capability at Space4, which produces timber frame highly insulated wall panels and roof cassettes as a modern method of constructing new homes.</p> <p>Land purchasing All land purchases undergo stringent viability assessments performed by our dedicated land and planning teams and must meet specific levels of projected returns. The Board review and determine the appropriate timing of land purchases having regard to current market conditions and sales rates.</p>	

Key: Increased risk No change Decreased risk New principal risk

GOVERNANCE CONTINUED

KEY SUSTAINABILITY RISKS

CONTINUED

Risk	Impact	Mitigation	Change in 2018
Reputational risk	Access to housing is a significant social issue and housebuilding is a high profile industry which attracts a great deal of media and political attention. In cases where customer experiences, operational performance, management of health and safety, remuneration matters or local planning concerns fall short of our usual high standards, this may attract media attention. This may impinge on the reputation of the business which may have an adverse impact on the Group's operations.	The Group has a strong commitment to high quality of operations. Oversight from the Board seeks to ensure key processes are robust and any matters are addressed. We engage actively with stakeholders to minimise the risks of reputational damage and we aim to comply with best practice in corporate governance. We actively support local communities in addressing housing needs, in creating attractive neighbourhoods and employing local people, both on our sites and in the supply chain. Significant contributions are made to local infrastructure and good causes within the communities in which the Group operates.	+
Health and safety risk	The health and safety of our employees, subcontractors, customers and visitors to our construction sites is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	The Board has a strong commitment to health and safety and managing the risks in this area effectively. This is implemented by comprehensive management systems and controls, managed by our Group Health and Safety Department, which includes detailed training and inspection programmes to minimise the likelihood and impact of accidents on our sites. While all reasonable steps are taken to reduce the likelihood of an incident, the potential impacts of any such incident are considered to be high.	→
Skilled workforce risk	Access to an appropriately skilled workforce is a key requirement for the Group. Increasing UK housebuilding activity in recent years has increased demand for skilled labour, which has increased pressure on costs. A skilled management team is essential in maintaining operational performance and the implementation of the Group's strategy.	We closely monitor our build programmes to enable us to manage our labour requirements effectively. We operate in-house apprentice and training programmes, including our Combat to Construction (C2C) programme, to provide adequate supply of skilled labour. We are committed to playing a full and active role in external initiatives to address the skills shortage such as the Home Building Skills Partnership, a joint initiative of the Construction Industry Training Board and the Home Builders Federation. Where appropriate, we also use the Group's Space4 modern method of construction which helps diversify resource requirements on site. The Group focuses on retaining its key staff through a range of measures, including career management and performance incentives. At the most senior level, the Nomination Committee oversees these processes and promotes effective succession planning.	↑



For information on our Principal Risks see pages 45-48 of our 2018 Annual Report

Key: ↑ Increased risk → No change ↓ Decreased risk + New principal risk

GOVERNANCE CONTINUED

KEY PERFORMANCE INDICATORS

	2014	2015	2016	2017	2018
Housing completions	13,509	14,572	15,171	16,043	16,449
Average selling price	£190,533	£199,127	£206,765	£213,321	£215,563
Our Customers					
HBF Customer Satisfaction Survey	3 star	3 star	3 star	3 star	3 star
Our People					
Average number of employees	3,453	4,188	4,526	4,535	4,809
Average number of female employees	1,001	1,162	1,127	1,125	1,208
Female employees %	29%	27%	25%	25%	25%
Female employees on Senior Management team %	13%	10%	13%	13%	19%
Training days delivered (excluding apprenticeships)	7,911	10,212	10,550	10,669	11,031
Number of trainees and apprentices	c. 440	c. 580	c. 550	c. 590	c. 630
Our Wellbeing					
No. of worker RIDDOR Reportable incidents in our housebuilding operations	41	47	47	49	45
No. of worker RIDDOR reportable incidents in our manufacturing operations	–	–	–	3	3
RIDDORs per 1,000 workers in our housebuilding operations	3.5	3.6	3.6	3.6	3.2
HSE Prosecutions	1	0	0	0	0
HSE Enforcement Notices	7	2	0	1	1
Our Environment					
Greenhouse gas emissions (Tonnes CO ₂ e)*	27,851	31,557	32,599	33,520	38,400
Greenhouse gas emissions per home completed (Tonnes CO ₂ e)*	2.06	2.17	2.15	2.09	2.33
Average SAP rating	83	83	83	83	83
Homes incorporating renewable energy	1,215	1,338	1,218	901	993
Waste generated (Tonnes)	86,000	91,161	100,444	116,261	110,726
Waste per home completed (Tonnes)	6.4	6.3	6.6	7.3	6.7
Waste recycled %	90%	92%	93%	92%	96%
Trees planted	93,595	123,897	73,990	83,863	82,922
Trees planted per home completed	7	9	5	5	5
Our Communities					
Social and affordable homes completed**	2,256	2,147	2,448	3,005	3,333
Value of social and affordable homes delivered	£226m	£221m	£262m	£348m	£394m
Social and affordable as a proportion of total completions	17%	15%	16%	19%	20%
Infrastructure contributions (£m)	48.4	46.9	65.5	64.4	80.7
Charitable donations made by the Group (£)	113,000	593,000	699,000	664,500	798,300

* 2017 data has been restated to include some direct groundworks operations which have been brought in-house.

** 2016 figures include shared equity sales and Discounted Open Market Value Housing. 2017-2018 figures include Discounted Open Market Value Housing.

GOVERNANCE CONTINUED

FEEDBACK, POLICIES AND PAST REPORTS

Feedback

We value your feedback on our approach to sustainability and would appreciate your comments on this report and our performance.

You can email us at feedback@persimmonhomes.com or write to:

Tracy Davison

Company Secretary
Persimmon Plc
Persimmon House
Fulford, York
YO19 4FE

Policies

Further information on the following policies that support Persimmon's approach to CR and sustainability can be found on our website:

- [Sustainability Policy](#)
- [Environment Policy](#)
- [Health & Safety Policy](#)
- [Persimmon Pledge](#)
- [Waste and Resource Management Policy](#)
- [Climate Change Position Statement](#)
- [Supplier Principles](#)
- [Complaints Procedure](#)
- [Human Rights Policy](#)
- [Modern Slavery Statement](#)
- [Code of Ethics](#)
- [Anti-Bribery Policy](#)
- [Tax Strategy](#)
- [Prevention of Facilitation of Tax Evasion Policy](#)

Corporate responsibility



For more information visit:
www.persimmonhomes.com/corporate/corporate-responsibility