



Focusing on
our customers

Sustainability Report 2019

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.

Throughout this report, we include a range of stakeholders who directly input into our purpose, or benefit from it.

Our Customers



See page 17

Our People



See page 23

Our Wellbeing



See page 29

Our Environment



See page 33

Our Communities



See page 41

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Corporate Responsibility Committee Chairman's Statement 2019



“In society everyone needs somewhere to live and we help meet this requirement on a national scale.”

Marion Sears

Chairman, Corporate Responsibility Committee

Overview

Persimmon is one of the UK's largest housebuilders and in 2019 we sold 15,855 homes across the UK. Over the last five years we have opened seven new offices to support our ability to provide new homes and we have increased output significantly. In 2019, 50% of our private new homes were bought by first time buyers and 35% of all private sales were at a price point of less than £200,000. With 3,589 affordable homes, including homes delivered to housing associations and Discounted Open Market Value Housing we are a housebuilder aiming to meet the demands of all communities.

We recognise the demands of society on businesses, and acknowledge there is a balance between meeting the UK's housing needs and improving our build quality and our customers' experience. To reflect this, from the start of 2019, the Board made a strategic decision to place the interest of 'customers before volume' and focused on delivering rapid change and improvement of its culture and operations. We made significant additional investment in our customer care improvement plan ('the Plan'), which places the customer at the centre of our business. The Plan is a comprehensive programme of measures to improve the Group's performance on all aspects of build quality and customer experience pre and post completion of each new home.

Supported by investment in digital technology, it focuses on our build and inspection procedures and a team of Independent Quality Inspectors will assess each key stage of our construction process to provide increased levels of quality and safety assurance.

In April 2019 the Board, led by our Chairman Roger Devlin, commissioned an Independent Review of Persimmon to assess the effectiveness of the Group's improvement initiatives to determine whether they would enable the business to deliver consistent high standards of quality, safety and customer service across all of our regions. The review, led by Stephanie Barwise QC of Atkin Chambers, reported its recommendations and conclusions to the Board in December 2019 and these, together with Persimmon's detailed responses, can be found [here](#). One of the key recommendations of the Review was to establish a consolidated, consistent Group wide approach to construction 'the Persimmon Way'. Our Construction Working Group, established in 2019, is developing the Persimmon Way to include external verification and it will be formalised and rolled out throughout 2020.

Persimmon believes that all stakeholders should, and will, share in the success of the Company. Our intention is to evolve in such a way that we keep our strong core values but ensure they are better balanced to reflect our role in wider society whilst maintaining commercial success and transforming the customer experience.



Corporate Responsibility Committee Chairman's Statement 2019 *continued*

2019 activity

Our People and our Wellbeing

The Committee has supported the significant changes made by Persimmon in 2019 across the Group. The Employee Engagement Panel ('Panel') convened three times in 2019 with representatives meeting the Committee and the Board separately for feedback sessions. There has been engagement with the Panel on Executive Director remuneration and we have implemented a new employee engagement survey (see page 26) across the Group. Employee engagement has demonstrated that colleagues welcome the cultural and process changes in Persimmon.

The Gender Diversity Panel continued to promote the importance of roles for women in the construction industry and the Group has adopted the Construction Ambassadors programme involving colleagues visiting schools and colleges to outline the training and career opportunities in the housebuilding sector. We have expanded the HR and Training departments, increased the number of Group training modules developed and delivered, and we employ the highest number of trainees and apprentices in the housebuilding industry. Our Health & Safety record remained a key focus in 2019 and we appointed a new Health and Safety Director during the year who presented to the Board.

Our Customers

As outlined above, the Persimmon Way is a clearly defined end-to-end process, which includes our approach to new home construction standards and embeds best practice across the Group. Aiming to ensure every customer receives a good home first time, Persimmon has invested in a range of customer care and quality initiatives. We introduced a Homebuyer Retention Scheme in 2019, a first for the housebuilding industry. This scheme allows the customer's solicitor to retain 1.5% of the purchase price until all matters identified by the customer up to seven days after the completion of the new home have been addressed. Our HBF customer satisfaction score has shown steady improvement during the year and is trending strongly ahead of the Four Star threshold. Continuing engagement with customers throughout the two-year warranty period will further enhance each customer's journey.

Our Environment

Environmental and sustainability matters are receiving increasing focus both within Persimmon and in the housing industry generally. We have appointed a Group Sustainability Manager who will be responsible for further embedding our strategy into our core operations through central co-ordination. To date, we have focused on using more sustainable products and materials such as timber frame homes and concrete bricks, however there is an increasing drive for further improvement. The Government is consulting on 'The Future Homes Standard' with the aim to increase the energy efficiency requirements for new homes. We have established a 'low carbon home' working group to plan and manage the transition to low carbon homes effectively and we are actively engaging with the housing industry and Government to establish a strategy to meet the challenge of achieving proposed new regulatory requirements. We also reviewed our supply chain engagement in 2019 which highlighted the opportunity to work more closely with our suppliers on preparing for a low carbon economy and this will be an important area for future work.



Our Communities

We have 31 operating businesses across the UK and we place great importance on our wider contribution to the communities we serve. During 2019, we invested £522m in local communities through the delivery of new homes to lower income families and planning contributions. Our operations have also supported almost 50,000* jobs in construction and the supply chain. We are a signatory to the Prompt Payment Code and we endeavour to pay our sub-contractors as promptly as possible. The Persimmon Charitable Foundation donated £2.3m during the year. The Foundation's Building Futures Campaign supported 127 charities with payments of over £1m to good causes in our local communities. Our Community Champions Scheme supported c.770 charities making payments of c.£740,000 to local community groups and good causes and we donated £400,000 to a national charity and £200,000 to a regional homeless charity (see page 46). We also supported over 150 schools with their sports days through our sponsorship with Team GB, and helped Doncaster Flood Victims.

Outlook

The Group has undergone rapid, necessary change over the last 12 months and whilst this forms part of our longer-term strategy, we believe our stakeholders are already benefitting. Further improvements across all areas of the Persimmon Group will continue through 2020 and beyond and the Committee will continue to provide the necessary guidance and support. We have previously set a climate change target of reducing the intensity of the Group's Scope 1 and Scope 2 Green House Gas Emissions by 10% from 2017 to 2026, on a like for like basis. During 2020, the Group will review this target to determine how it aligns with the latest climate science.

* Estimated using an economic toolkit.

Marion Sears

Chairman, Corporate Responsibility Committee
17 March 2020

Chief Executive's Q&A



“As part of the Board’s commitment to maintaining effective engagement with all of the Group’s stakeholders, in early 2019 we established our Employee Engagement Panel. The Panel members sent me questions about sustainability issues that are important to them. Here is a selection of their questions and my responses.”

Dave Jenkinson
Group Chief Executive

Does the Group work with the Environment Agency or local authorities to identify ways to reduce flood risk not just at our development sites but in the wider environment?

The Group works closely with local planning authorities and other statutory bodies to identify, plan for and mitigate the potential impacts of climate change, which of course includes flooding. Currently our developments would typically accommodate flood events which have a frequency of 1 in 100 years and 78% of our sites have sustainable urban drainage systems to minimise flood risk on our sites. Peacock Gap, one of the case studies described on [page 34](#) of this report, is a good example of where the Group has worked with the Environment Agency, which developed flood defences on part of the Group’s land to reduce the risk of flooding for 1,000 homes and businesses in the town of Morpeth.

What commitment does the Board have to ensure that employees are well trained and motivated?

Considerable investment last year to establish a Group Training Department has led to a significant increase in internal training activity, particularly in areas such as construction and mental health. As the department develops, their activity will take account of our employee engagement and performance review feedback to ensure training is appropriate to business and employee needs.

We established an Employee Engagement Panel in 2019, which gives feedback on all employee related matters direct to the Board. In addition, we recently conducted our first Employee Engagement Survey which showed that 96% of colleagues understood how their individual efforts contributed to Persimmon’s ability to meet its objectives which is an excellent indication of the motivation of our staff.

What information do we provide to our customers about our Corporate Responsibility initiatives?

We take our long-term commitment to the local communities in which we build seriously. Every new customer receives a ‘Your Info’ brochure which outlines our sustainability and environmental programmes. When looking for a new home, we provide prospective customers with a Development Brochure. Included within this brochure are details about the environmental benefits of purchasing a new home and how our customers can help ease their own impact on the environment further.

Persimmon’s Charitable Foundation runs two hugely successful schemes to support local communities – Building Futures donates more than £1 million a year to help children in sport, education and health and Community Champions donates c.£740,000 per year in £1,000 donations to local groups and organisations in England, Wales and Scotland. A robust PR and social media programme promotes both schemes to existing customers and prospective buyers. We receive numerous requests for donations each month.

How does the Board engage with our stakeholders to show that we behave ethically and conduct business fairly?

It is important to the Board that we engage with all of our key stakeholder groups. We engage regularly with our stakeholders in a variety of ways to listen to their key messages. Information on how the Group engages is set out on [pages 10 to 13](#). The Board regularly considers the outcome from its stakeholder engagement and where appropriate we adapt our strategy and operational practices accordingly.

Dave Jenkinson
Group Chief Executive
17 March 2020



Our approach and link to business strategy

Ensuring that we operate in a responsible way, and that we build homes and communities that are both efficient and sustainable, is fundamental to the continued success of our business.

The Group's Sustainability Policy (available at www.persimmonhomes.com/corporate) outlines five guiding principles that shape our approach to sustainability and how we undertake our activities in a responsible way.

Our five principles are:

Our Customers

Our People

Our Wellbeing

Our Environment

Our Communities



By organising our sustainability strategy into these five principles, we ensure that our work addresses the requirements of each of our stakeholders and is closely linked to our strategic objectives (see below).

Our strategic objectives are:

Providing good quality homes and customer service



Creating and supporting sustainable and inclusive communities



Maintaining a diverse, talented, engaged and motivated workforce



Providing a sustainable supply of high quality land



Working safely, responsibly and efficiently



Maintaining financial strength



Further information regarding our strategy can be found on pages 2 to 71 of our 2019 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 10 to 13](#) summarises how we engage with each of our main stakeholders.



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

[Governance](#)
[Key sustainability risks](#)

Key areas of focus for 2019

Focusing on our customers

Throughout 2019 the Group's key focus has been on the quality of the homes we build and the service we offer to our customers. At the start of the year, we implemented our customer care improvement plan, with a clear priority of putting our customers before volume. It included a comprehensive programme of initiatives to improve the Group's performance on all aspects of build quality and customer experience. The Group exercised increased discipline over the timing of sales releases, invested in work in progress, quality and service resources, digital technology and enhancing Group wide processes.

The Independent Review commissioned by the Board assessed the effectiveness of Persimmon's improvement initiatives to determine whether they would enable the business to deliver consistent high standards of quality, safety and customer service across all of our regions. The Independent Review's recommendations have been embraced by the business and are now in the process of being rolled out. All of these measures are designed to ensure that the Group builds well-designed, high quality, safe homes for all our customers.

The Group has made good progress against these initiatives, though we recognise there is more work to do. In the year to 30 September 2019, the last annual measurement period, the percentage of our customers who would recommend Persimmon to a friend under the independent Home Builders Federation ('the HBF') survey is currently trending strongly ahead of the Four Star threshold. While our ongoing quality and customer care improvement programme goes far beyond a focus on the criteria of the HBF survey, we are pleased that this external measure provides tangible evidence of the improvements being delivered to our customers.

For further details of how we focused on our customers, see [page 17 to 22](#).



Diversity and Inclusion

Diversity and inclusion continues to be a key part of Persimmon's strategy. The Group is committed to increasing the number of women in its workforce and senior management team. To address this, the Group established a Gender Diversity Panel in 2018. The panel recommended a revised flexible working policy for office based staff. Enhanced maternity pay has been introduced recently and the Group has adopted the Construction Ambassadors programme, increasing the Group's engagement with schools and colleges with a particular focus on promoting roles for women within the industry.

In 2019, the Group signed up to the Social Mobility Pledge which encourages businesses to boost social mobility in the UK by partnering with schools and colleges to provide mentoring, coaching and structured work experience, and by adopting open recruitment practices which promote a level playing field for people from all backgrounds.

Persimmon has been chosen by the Pledge team to lead its work within the housebuilding sector, reflecting the valuable work the Group is doing in this area. In addition, we have signed up to the Business Disability Forum which promotes best practice in order to help its members manage disability issues with employees, customers and other stakeholders.

Climate Change and related risk

The Group has continued to carefully consider its impact on climate change and the environment at both an operational level and across each of our developments.

The potential impacts of climate change and how best to address them are systematically considered during each stage of a site's development. 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 sites.

During 2019, the Group performed an Energy Savings Opportunity Scheme ('ESOS') assessment. The recommendations from the assessment will be reviewed and implemented where possible.

The Group's greenhouse gas emissions data has been externally verified to a limited level of assurance by Bureau Veritas. Our Scope 1 and Scope 2 greenhouse gas emissions per home sold have reduced by c.8% since 2018.

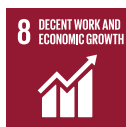
The Group has also reviewed the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We support the Task Force's aims and will seek to increase our disclosures in line with its recommendations. Our approach to managing climate change related risk and opportunity is outlined on [page 35](#).













UN Sustainable Development Goals

The UN Sustainable Development Goals (UN SDGs) provide a common sustainability framework for countries and businesses. As a responsible business, we continue to recognise the importance of contributing to wider society.

During the year, the Corporate Responsibility Committee reviewed each of the 17 UN SDGs and their related targets to identify areas where we believe we can make a positive contribution to these common aims and to ensure our ongoing strategic objectives are aligned.

The Committee identified 6 Sustainable Development Goals that fell into this category.









| SDG | Related strategic objectives | Contribution through our strategic objectives |
|--|--|---|
|  |  Providing good quality homes and customer service  Maintaining a diverse, talented, engaged and motivated workforce  Working safely, responsibly and efficiently  Maintaining financial strength | <ul style="list-style-type: none"> Contributed £3.6bn to UK GDP in 2019 (2018: £3.7bn) and £16.9bn in the last five years. Support approximately 20,000¹ jobs within the construction industry and a further c.30,000¹ jobs within our supply chain. Voluntarily adopted the payment criteria of the Living Wage Foundation for our employees. Invest in training and career development, providing c.14,300 training days to employees in 2019. Employed c.750 trainees and apprentices in our workforce in 2019, (aligning with target 8.6). Member of the Apprenticeship Diversity Champions Network (ADCN), part of the National Apprenticeships Service and, in June 2019, signed up to the Social Mobility Pledge. Maintain effective controls to mitigate the risk of modern slavery and human trafficking both in our business and in our supply chain (aligning with target 8.7). |
|  |  Providing good quality homes and customer service  Creating and supporting sustainable and inclusive communities  Working safely, responsibly and efficiently | <ul style="list-style-type: none"> Invest in the provision of full fibre broadband for the homes we build through our FibreNest business (aligning with target 9.C). Use modern methods of construction ('MMC') in our build process. In 2019, c.82% of our homes were built using MMC methods. Invest significant funds in infrastructure and local communities, supporting economic development and wellbeing within the communities we develop (aligning with target 9.1). Contributed £94m to local communities in 2019 (2018: £80m) through planning contributions to local authorities. Of the money contributed, £40m (2018: £31.2m) related to education provision. We have established a 'low carbon home' working group to effectively plan and manage the transition to low carbon homes. |
|  |  Providing good quality homes and customer service  Creating and supporting sustainable and inclusive communities | <ul style="list-style-type: none"> We aim to build good quality, affordable, safe homes in areas where people wish to live and work (aligning with target 11.1). In 2019 the Group's private average selling price of £241,985 was 18% lower than the UK national average². During the year, we provided 3,392 affordable homes to our housing association partners. Create attractive communities on the most sustainable parcels of land with high amenity value and public open spaces (aligning with target 11.7). Invest in local infrastructure to improve community environments (see above). Design developments that mitigate risks associated with climate change and minimise their environmental impact (aligning with targets 11.6 and 11.B). Support local charities and community groups. |

¹ Estimated using an economic toolkit.

² National average selling price for newly built homes sourced from the UK House Price Index as calculated by the Office for National Statistics from the data provided by HM Land Registry.

UN Sustainable Development Goals *continued*

| SDG | Related strategic objectives | Contribution through our strategic objectives |
|---|--|---|
|  |  Working safely, responsibly and efficiently | <ul style="list-style-type: none"> The Group works with over 5,700 suppliers and over 6,200 subcontractors. We support c.50,000¹ jobs in our supply chain and our sites. Established Supplier Principles which govern our relationships with and expectations of each of our suppliers. All timber and timber products that we purchase via Group agreements are from suppliers with FSC/PEFC chain of custody certification (aligning with target 12.7). Established a Waste and Resource Management Policy raising awareness of waste management and resource use issues across the Group's operating businesses. This includes the provision of specific training for employees with relevant responsibilities (aligning with targets 12.2 and 12.5). During the year the percentage of waste recycled increased to 97%. |
|  |  Creating and supporting sustainable and inclusive communities | <ul style="list-style-type: none"> We seek to mitigate the Group's impact on climate change by monitoring and reducing the production of greenhouse gases from our operations and by systematically considering climate change impacts across each of our developments. Currently our developments would typically accommodate flood events which have a frequency of 1 in 100 years (aligning with target 13.1). Established a cross function working group to identify the most sustainable, cost effective and efficient method of developing a net zero carbon home in line with the proposed changes in Building Regulations (aligning with target 13.2). |
|  |  Creating and supporting sustainable and inclusive communities | <ul style="list-style-type: none"> We aim to protect and enhance the natural environment, including terrestrial and water eco systems (aligning with target 15.1). We ensure our developments are located in the most sustainable areas, protecting woodland and forest areas (aligning with target 15.2). As noted above, all timber and timber products that we purchase via Group agreements are from suppliers with FSC/PEFC chain of custody certification (aligning with target 15.2). c.750 acres² of public open space and gardens provided for families in 2019. c.146,000 trees planted in 2019. |

¹ Estimated using an economic toolkit.

² Estimated using average garden size and site density.

Stakeholder engagement

Our strategy strives to maintain strong relationships with all our key stakeholders ensuring a long term sustainable business model that provides good quality homes for our customers, rewarding careers for our employees, mutually beneficial relationships with our suppliers and great places for local communities.

| Stakeholder | Why? | How have we engaged? | What did they tell us? | How did the Board respond? |
|------------------|--|---|--|--|
| Customers | <p>We engage with our customers to identify their needs and to ensure that the communities we develop, our build quality and customer service meet the high standards they expect.</p> <p>We engage with housing associations to ensure that we are providing the right range of affordable homes to meet their residents' needs supporting diversity and inclusivity in our communities.</p> <p>Understanding our customers' needs ensures that the Board is able to set and adapt our strategy to ensure the long term success of the business.</p> <p>Maintaining positive relationships with our customers minimises the risk of reputational damage to the Group and mitigates the resulting negative impact on the ability of the Group to achieve its strategic objectives.</p> | <ul style="list-style-type: none"> ▪ Regular contact through our sales teams throughout our customers' home buying process. ▪ We have a comprehensive communication approach for each customer including: new home demonstrations, courtesy calls, a new seven day inspection and a one month home inspection. ▪ Through our customer care teams once our customers have moved into their new home. ▪ Use and monitoring of social media sites such as Instagram. ▪ Participation in a National New Homes survey run by the Home Builders Federation. ▪ Through regular contact and meetings with housing associations. | <ul style="list-style-type: none"> ▪ We need to have consistency on construction quality and assurance. ▪ Customers want regular communication with us, particularly regarding the timing of their 'move in' date. ▪ The customer care service they receive needs to be efficient and effective. Where a home appointment is necessary, these should be at times convenient for the customer. | <ul style="list-style-type: none"> ▪ Implemented a customer care improvement plan, placing our customers' needs at the centre of the business. ▪ The Plan focusses on improving build quality and the service we provide to our customers. Key areas of focus are: <ul style="list-style-type: none"> – Increased financial investment in work in progress, technology and resource – Improved build quality and assurance processes – Improved customer communication throughout our customers' journey with us – Introduction of the Homebuyer Retention Scheme. ▪ Commissioned an Independent Review in April 2019 to review the effectiveness of the Plan. ▪ Responded to the recommendations of the Independent Review in December 2019. |

Stakeholder engagement *continued*

| Stakeholder | Why? | How have we engaged? | What did they tell us? | How did the Board respond? |
|--------------------|--|---|--|---|
| Employees | <p>Persimmon's employees are the foundation upon which the Group's strength and future success is built.</p> <p>The Board believes that a diverse, talented, engaged and motivated workforce is fundamental to the long term success of the business.</p> <p>Rising UK house building activity in recent years has increased demand for skilled labour. Retaining and investing in skilled staff is therefore a key strategic priority for the Group.</p> <p>We also engage with our employees to ensure they understand and align with the Group's strategic objectives.</p> | <ul style="list-style-type: none"> Employee Engagement Panel established in early 2019, with representatives presenting to the Board. Through the 'YourSay' employee engagement survey. Through feedback from the Gender Diversity Panel. Through the Young Achievers of the Year awards scheme. A number of more informal meetings are performed – members of the Board regularly visit the Group's local businesses and informal dinners are held with the local management teams. A formal feedback facility is provided through 'HQ', our regular employee newsletter. Through our Health and Safety Department and training procedures. Performed c.14,300 training days (2018: c.11,000). | <ul style="list-style-type: none"> The Employee Engagement Panel feedback highlighted the opportunity for improved communications within the Group, environmental sustainability matters and employee appraisals. Our first 'YourSay' employee engagement survey was extremely positive, with an 80% employee engagement score. Employees would like to see further improvement in the attractiveness of Persimmon as a place to work for women. | <ul style="list-style-type: none"> Significant investment in the Group Training Department which is responsible for developing Group wide training resources and delivering a consistent approach to all our operating regions. An increased programme of employee communications was launched during the year. Launched the first employee survey in January 2020. Agreed a number of initiatives to attract more women into the business, including a revised flexible working policy and enhanced maternity pay. Determined that the Group should become a member of 'The 5% Club', an employer organisation creating momentum behind the recruitment of apprentices, sponsored students and graduates into the workforce. Signed up to the 'Social Mobility Pledge' which encourages businesses to boost social mobility in the UK. |
| Communities | <p>We proactively engage with local communities throughout the planning and development phase to more accurately identify their needs and address issues they may have. This allows us to develop attractive neighbourhoods that meet local requirements and provide much needed housing supply.</p> <p>During this collaboration, we aim to address and minimise the impact of our activities during the construction phase of our developments through our environmental management plans.</p> <p>By engaging with communities we are able to provide sustainable neighbourhoods with high amenity value in places where people wish to live and work.</p> | <ul style="list-style-type: none"> Consultation throughout the planning and development process to more accurately identify the needs of the local community. Through feedback from our local pre-launch marketing campaigns. Through the employment of local people who are aware of the needs and aspirations of the local community. Through supporting local charities and community groups through the Persimmon Charitable Foundation. The Foundation supports through the Community Champions and Building Futures programmes. | <ul style="list-style-type: none"> Attractive developments with high amenity value are important to our communities and our customers. Invest in local infrastructure to improve community environments. Be positive and responsive to the views of local people. Provide a way for our customers and the wider community to report any safety concerns out of normal hours. Support local charities and community groups in the areas in which we build. | <ul style="list-style-type: none"> Continued investment in skilled land, planning and design teams to provide communities with the range of well-designed affordable homes that best suit the needs of the local community. Established the Group's Safety Concerns line, details of which are on our website and included in the new homeowner welcome pack. Continued the Community Champions Campaign and launched the Building Futures Campaign. |

Stakeholder engagement *continued*

| Stakeholder | Why? | How have we engaged? | What did they tell us? | How did the Board respond? |
|--------------------------------------|---|--|---|--|
| Suppliers and sub contractors | <p>Robust, well established relationships with our suppliers and subcontractors are essential to secure quality of materials, continuity of supply and meet our construction schedules.</p> <p>We engage with them to ensure adherence to our stringent health and safety standards and required standards of ethical behaviour and integrity.</p> <p>Engagement with our suppliers assists us in continuing to improve the long term sustainability of our supply chain.</p> | <ul style="list-style-type: none"> Through our centralised procurement department. This team secures deals with all of the Group's major suppliers. They are in regular contact with our suppliers and have long standing established relationships with them. Through our local operating businesses' buying and technical teams who regularly engage with local suppliers and subcontractors. Hold regular 'Toolbox Talks' with our subcontractors to ensure they adhere to the health and safety standards required on site. Established supplier principles which govern our relationships with and expectations of each of our suppliers. | <ul style="list-style-type: none"> The Group works in partnership with its suppliers, providing continuity and visibility of future work flows. Timely payment of invoices is important to them. Appropriate arrangements are being made to address the risks to supply associated with the UK's exit from the EU. | <ul style="list-style-type: none"> The Corporate Responsibility Committee received a report on supplier engagement with key suppliers with some potential areas for improvement. Maintain a set of Supplier Principles which all suppliers must sign up to. We are a signatory to The Prompt Payment Code (PPC). Joined the Gang Masters and Labour Abuse Authority's Construction Protocol. Maintained dialogue regarding the prevention of modern slavery. |
| Shareholders | <p>Access to capital is important to the long term success of the business.</p> <p>Through our engagement we aim to create investor buy-in of our strategic objectives and how we execute them.</p> <p>We create value for our investors by generating surplus capital beyond the reinvestment needs of the business as the market cycle develops.</p> | <ul style="list-style-type: none"> We hold institutional shareholder meetings and specific consultations. Through shareholder roadshows. Hold a 'Capital Markets Day' every two years. We held consultation meetings with institutional investors and proxy advisors on the proposed new remuneration policy. Obtain feedback from the Company's brokers and market analysts. Obtain feedback from shareholder groups. | <ul style="list-style-type: none"> Preference for a sustainable dividend. Fair pay for all employees. Increased need to demonstrate 'ESG' credentials. Require a diverse Board composition. Remuneration must be appropriate, performance related and linked to strategy. | <ul style="list-style-type: none"> Approved the Capital Return plan payments by the payment of an interim and final dividend. Adopted the payment criteria of the Living Wage Foundation from 1 January 2019. Maintain a rigorous process for each Board appointment led by the Nomination Committee. Appointed a Group Regulatory Director to oversee operational management and co-ordination of the Corporate Responsibility Committee. Recruited a Group Sustainability Manager. Approved a new Remuneration Policy which will be put to shareholders at the 2020 AGM. |

Stakeholder engagement *continued*

| Stakeholder | Why? | How have we engaged? | What did they tell us? | How did the Board respond? |
|---|--|--|---|--|
| Government, regulators and industry bodies | <p>Our purpose is to build good quality homes at a range of price points, directly aligned with Government policy to increase housing supply. Changes to this policy have the potential to impact on several aspects of our strategy and operational performance.</p> <p>We engage with Government in respect of Government policy that affects the Group.</p> <p>We meet with local authority planning departments to ensure we are able to provide sustainable communities with high amenity value in places where people wish to live and work.</p> <p>We engage with the Health and Safety Executive in relation to industry-wide initiatives to reduce health and safety risks to both our workforce and the local communities.</p> | <ul style="list-style-type: none"> Participating in industry meetings with Ministers. MP site visits. Engaging with Government departments directly, and working with the Home Builders Federation, to explain industry opportunities and challenges. Member of Homes for Scotland. Engaged with Home Building Skills Partnership. Regular dialogue with the Health and Safety Executive. Engaging with local planning authorities. Engaging with Government regarding their policy on low carbon homes by 2025. Engaging with Government on the transition to the Future Homes Standard. | <ul style="list-style-type: none"> Government policy is targeting an increase in the rate of construction of new homes and supporting an increase in 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. Essential to maintain a skilled and adequately resourced Health and Safety Department. | <ul style="list-style-type: none"> The Chairman and Chief Executive have direct engagement with Government, Homes England and the Home Builders Federation. The Group is actively engaging with the housing industry and Government to identify cohesive solutions to meet the requirements of the Future Home Standard. |
| Environment | <p>The Group must manage and mitigate the impacts of its operations and of the homes we build on the environment to ensure the long term sustainability of the business.</p> | <ul style="list-style-type: none"> Monitoring the greenhouse gas emissions of our operations. Monitoring the level of waste produced by our operations. Taking part in the CDP survey. Measuring the SAP ratings of our new homes. Engaging with Government on the transition to the Future Homes Standard. | <ul style="list-style-type: none"> Our greenhouse gas emissions reduced by 8% per home sold in 2019. The levels of waste recycled has increased in 2019 to 97%. Planted c.146,000 trees in the year. Provided c.750* acres of green space to the communities we serve. | <ul style="list-style-type: none"> Established a low carbon homes working group to effectively manage the transition to low carbon homes. Set a target of reducing the intensity of our Scope 1 and Scope 2 greenhouse gas emissions by 10% from 2017 to 2026 on a like for like basis. Recruited a Group Sustainability Manager. The Group is actively engaging with the housing industry and Government to identify cohesive solutions to meet the requirements of the Future Home Standard. |

Further information on how we engage is included in our Strategic Report on pages 2 to 71 of our 2019 Annual Report.

* Estimated using average garden size and site density.

Social Contribution Statement 2019

A summary of the contribution made by the Group to society and the economy during 2019.

Our environment

We are committed to managing the direct and indirect impacts on the environment of our developments, the new homes we build and our ongoing business operations. We have established internal working groups and will proactively engage with the wider housing industry to determine how best to achieve the transition to low carbon homes in line with the Future Homes Standard proposed for 2025.

The Group aims to reduce the intensity of our Scope 1 and 2 emissions by 10% from 2017 to 2026 on a like for like basis. We will be reviewing our carbon reduction targets during 2020.

We support the Task Force on Climate-related Financial Disclosures' (TCFD) aims and have begun to include disclosures in line with its recommendations see [page 35](#).



97%

Waste recycled

2018: 96%

82%

Homes built including modern methods of construction

2018: 74%

41%

Percentage of bricks used that were manufactured by our Brickworks

2018: 21%

c.750 acres

Public open spaces and gardens for families provided*

2018: c.750 acres

78%

Sites with sustainable urban drainage systems

2018: 75%

100%

New homes fitted with LED bulbs

2018: 100%

84

SAP rating of new homes we build

2018: 83

2.14

Greenhouse Gas Emissions per home sold

2018: 2.33



During the year we identified six UN Sustainable Development Goals where we believe we can make a positive contribution to these common aims.

 [For more information](#)
See pages 8 and 9

* Estimated using average garden size and site density.

Social Contribution Statement 2019 *continued*

Our social contribution

We are proud to support our local communities, providing 'homes for all' and creating attractive neighbourhoods.

The Group provides rewarding careers and aims to protect the wellbeing of its staff.

15% of our employees are involved in a formal training programme (2018: 15%).

The Persimmon Charitable Foundation has donated £2.3m to local charities and community groups (2018: £1.3m).



Homes for all

3,589

Affordable homes delivered*

2018: 3,333

4,679

Homes provided with FibreNest ultrafast broadband

2018: 582

35%

Private sales below £200,000

2018: 39%

50%

Private sales to first-time buyers

2018: 51%

Our communities

£522m

Investment in local communities**

2018: £474m

£82m

Local councils revenue support†

2018: £84m

2,514

New school places created***

2018: 2,413

Our employees

£9.30

Minimum hourly pay

2018: £9.00

From January 2019 we have adopted the Living Foundation Wage criteria for our employees.

c.750

Trainees and Apprentices

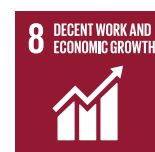
2018: c.630

3.8

Construction work-related incidents per 1,000 workers

2018: 3.2

Member of GLAA****
Construction Protocol



 For more information
See pages 8 and 9

* Includes homes delivered to housing associations & Discounted Open Market Value Housing.

** 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.

**** Gangmaster and Labour Abuse Authority.

† Council tax revenues and new homes bonus. Estimated using an economic toolkit.

Social Contribution Statement 2019 *continued*

Our economic contribution

As one of the UK's largest housebuilders, we make significant contributions to our national and local economy.

We employed 5,097 people on average during 2019. Our operations have supported almost 50,000* jobs on our sites and within our supply chain.



£3.3bn

Economic output*
(Gross Value Added
to the economy)

2018: £3.4bn

£79m

First occupation expenditure*
(customers' expenditure on
furnishing and decorating
their new home)

2018: £82m

£378m

Residential expenditure*
(spending within local shops
and services by residents
of new homes delivered)

2018: £392m

20,095

Construction
jobs supported*

2018: 20,768

5,097

Average directly
employed workforce

2018: 4,809

29,127

supply chain
jobs supported*

2018: 30,041

6,245

subcontractors
supported

2018: 5,865

£1,416m

total spend
with subcontractors

2018: £1,351m

5,762

Suppliers
supported

2018: 5,541

£547m

total supplier spend

2018: £525m



8 DECENT WORK AND
ECONOMIC GROWTH



11 SUSTAINABLE CITIES
AND COMMUNITIES



For more information
See pages 8 and 9

* Estimated using an economic toolkit.

Our Customers

“The whole experience from Persimmon Homes was excellent from start to finish and it’s lovely to be part of a new community.”

Helen Rushton
Persimmon Homes Customer



2019 Performance

Number of homes sold

15,855

2018: 16,449

HBF Customer Satisfaction survey score

83.7%

2018: 78.9%

Private sales below £200,000

35%

2018: 39%

Number of operating businesses in 2019

31

2018: 30

Average selling price

£215,709

2018: £215,563

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. Ensuring that the UK has sufficient, good quality homes, in the right locations and at a price that makes them affordable has been a central focus of political debate over recent years. Persimmon's scale, combined with the knowledge and skills of colleagues throughout the business, allows us to contribute to solutions that are both ambitious and practicable.

Our business strategy is predicated on creating homes that meet the diverse needs and aspirations of our customers. Through our 31 operating businesses we have a good understanding of local social, environmental and economic issues. Each of our developments incorporates insights from stakeholders – national and local government, suppliers, land owners and local people – to ensure that they become sustainable communities that are fully integrated into the surrounding area.

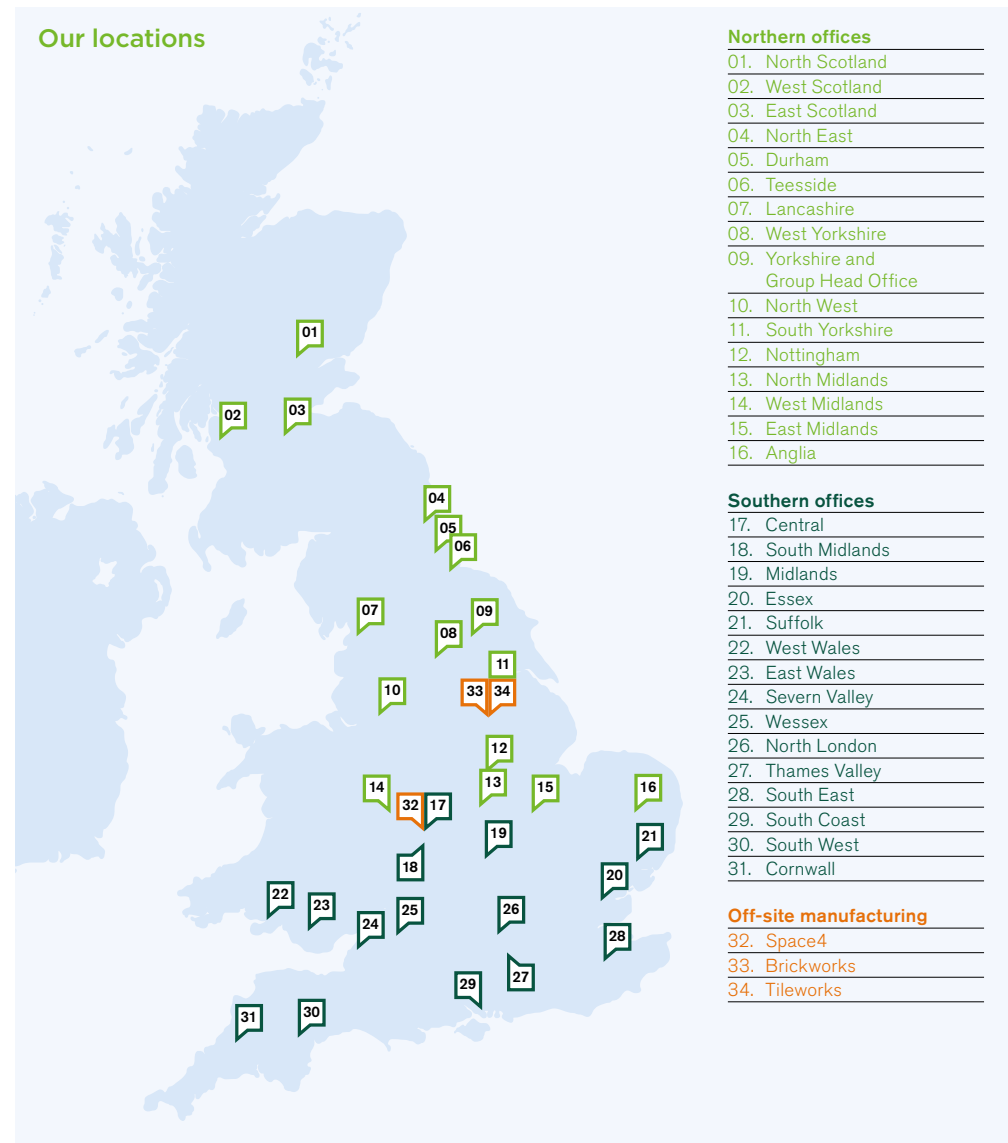
Since the launch of the Group's strategy in 2012 we have made a significant contribution to increasing UK housing supply by investing £4.3bn in land, opening 1,478 new sales outlets and delivering 113,030 new homes to the market, by increasing annual production by almost 70%.

31

Regional operating businesses

2018: 30

Our locations



Our Customers *continued*

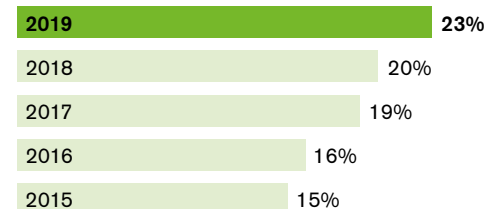
Commitment to delivering a range of homes at affordable prices

The Group's strategy remains focused on increasing the supply of good quality homes for all with more first time buyers helped onto the housing ladder than any other UK housebuilder – 6,262 new homes were sold to first time buyers in 2019, representing 50% of Group private sales.

Affordability is central to our strategy with the average private selling price of a Persimmon home being £241,985 in 2019, c.18% lower than the national average for newly built homes sold to owner occupiers*. 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.

In 2019, we built 3,392 homes on behalf of our housing association partners (2018: 3,108), plus a further 197 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. Overall, we sold 3,589 affordable homes in 2019 representing 23% of our sales during the year. The value of the affordable homes we delivered in 2019 was £428 million (2018: £394 million).

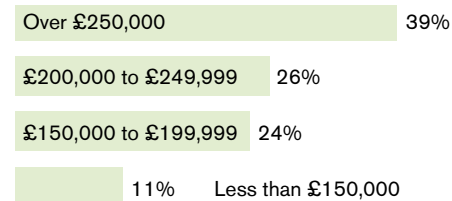
Percentage of affordable & social homes as a proportion of total homes sold



We appreciate the challenges to owning a home, especially for first time buyers. Persimmon supports more first time buyers onto the housing ladder than any other UK major housebuilder, with 50% of our private new homes being sold to first time buyers in 2019. We offer a comprehensive programme of support to all of our customers, should they require it, including access to a panel of independent mortgage and legal advisors. This advice covers both identifying and accessing the most appropriate mortgage product and utilising 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.

* National average selling price for newly built homes sourced from the UK House Price Index as calculated by the Office for National Statistics from data provided by HM Land registry.

Percentage of private sale homes by price band



Fugglestone Red



Fugglestone Red is a new community being developed to the north of Salisbury in Wiltshire that will eventually comprise 1,250 new homes, business and industrial space, community facilities, a primary school and significant open space and green infrastructure. Forty per cent of all the homes being built on the site (500 in total) will be affordable housing.

The homes have also been carefully designed to ensure they are integrated with the neighbouring market housing. These homes will have a very significant impact in terms of addressing affordable housing needs in the local area.

In addition to affordable housing, Fugglestone Red has delivered a Primary School, a cemetery and playing fields. In addition to the onsite benefits, the development also delivers almost £8m in contributions towards education, maintenance, highways, public art, community facilities and allotment maintenance.

Our Customers *continued*

Good quality homes and customer service

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

From the start of 2019, the Group implemented a detailed customer care improvement plan 'the Plan' to drive through improvements in the quality of our build, our customer service and to embed a culture of putting our customers first.

The Group is embracing the changes made under the Plan and this is already yielding positive results. There is more to do however as we seek to further enhance and standardise our build processes and our customers' journey with us.

Ensuring that all of our homes are built to a high standard is a key priority for the Group and to support this the Group has implemented a strategy of putting customers before volume with appropriate quality checks consistently performed at all key stages of build progress. The development and introduction of the Persimmon Way of building is an integral part of the customer care improvement plan and will provide an end-to-end build policy for all regions in the Group.

Investing in our build

We have invested an additional £213m in work in progress and have delayed sales releases on developments with high demand to allow build to reach a more advanced stage prior to sale. This alleviates pressure on our construction teams to enable them to manage their build programmes more effectively and ensures that our quality assurance processes are consistent and more effective for each home.

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

| | |
|------|-------|
| 2019 | 83.7% |
| 2018 | 78.9% |
| 2017 | 79.1% |
| 2016 | 74.6% |
| 2015 | 73.5% |

Consistent build processes

The Persimmon Way further strengthens our pre-commencement and build processes by establishing a Group policy specifying a consistent, Group wide approach to new home construction.

In October 2019 we established a Construction Working Group comprising senior experienced construction professionals from across the business. During 2020, this team will draw from best practice, the Independent Review recommendations and safety and regulatory requirements to develop the Persimmon Way. Once established, mandatory standardised training and support will be provided by the Group Training Department to all relevant employees. In addition, a 'Group Construction Champion' has been appointed to manage and monitor implementation and execution of the Persimmon Way across all regions.

Quality inspection processes

The Persimmon Way encompasses internal quality control and inspection procedures, which have been strengthened during 2019, occur throughout our build processes and are supported by significant investment in IT systems and digital tools to support site management.

We have appointed a team of 'Independent Quality Inspectors' to critically assess each key stage in the construction process across all the Group's developments. This team is independent from site management and will provide an additional level of assurance that our homes are being built to the high standard that we require and that our customers expect. Further assurance will be achieved through external verification of the Persimmon Way.

When our homes are nearing completion, we perform a seven stage inspection process, which includes home inspections by senior employees from the relevant regional companies as well as a 'New Home Demonstration' which takes place with the customer, the site manager and the sales adviser.

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. Each warranty provider conducts their own independent checks at key build stages.

These initiatives, coupled with our careful and detailed build process, are designed to deliver homes to a consistently high standard for our customers across all our operating regions.

Our customer service

The Group has made good progress in improving the service that the business provides to its customers. A dedicated Group Customer Care Director was appointed in June 2019 to oversee all aspects of our customer service.

Our customers continue to tell us that good communication throughout the home buying process is very important to them, particularly regarding the crucial 'move in' date. We have therefore established a comprehensive communication approach for each customer. This will be further enhanced by the implementation of a 'customer portal' in 2020 designed to inform all our customers of the build progress of their new home and provide them with accurate, timely information regarding their anticipated 'move in' date. This portal will further enhance our customers' home buying experience providing them with access to a range of information about their new home, including the ability to personalise the home's specification to suit their needs and purchase any finishing touches.

Our Customers *continued*

Good quality homes and customer service *continued*

Important consumer protection

We are the first major UK housebuilder to offer a Homebuyer Retention Scheme. Introduced from 1 July 2019, the scheme allows our customers' solicitors to retain 1.5% of the home's sales price until outstanding items identified up to 7 days post completion have been resolved.

Any such items are identified on our 'Seven Day Inspection Form' which all of our customers are encouraged to complete. This gives our customers a week to live in the property to identify any items that they require us to deal with under the Retention Scheme.

The introduction of this scheme and the investment in the relevant training for our site managers, sales advisers and customer care teams provide a clear message to all our employees of the importance of consistently delivering high quality new homes to our customers.

Our customer care

We listen to our customers and act as promptly as possible to deal with any concerns they may have. We have successfully introduced new digital technology which has and will continue to improve the communication between our regional offices, our customer care departments and our customers.

We have invested significantly in additional training in our customer care departments. In 2019 we delivered c.620 training days to our customer care teams aimed at reducing the time taken to rectify any points raised. Resource in our customer care departments has also increased. At 31 December 2019, the Group's customer care team had increased by 52%.

In response to feedback, our customers are now able to contact a customer care team member outside of normal working hours. Our site based customer care operatives are now also available out of hours, including Saturday mornings, to attend appointment times that are most convenient for our customers.

Regular communication with our customers will extend to cover the full two year warranty period following the date the customer moves into their new home. This provides us with the opportunity to focus on the longer term satisfaction of our customers.

Customer care and build quality metrics are included in performance conditions for annual bonus awards made to the senior management team, aligning their interests with this priority for the Group.

The Group participates in the National New Homes Customer Satisfaction Survey, carried out by the Home Builders Federation ('the HBF') which asks customers whether they would recommend their builder to a friend. The Group achieved a score of 83.7% for the year to 30 September 2019 and we believe we will attain a Four Star rating when the annual results are published in March 2020.

While our plans for delivering a sustained improvement in quality go far beyond a focus on the criteria of the HBF customer satisfaction survey, we are pleased that our customers have seen improvements in our quality and service. We recognise there is further work to do in implementing the Group's customer care improvement plan and the recommendations of the Independent Review and this will remain a key focus for the business throughout 2020.

#LoveMyPersimmonHome



Persimmon Homes launched a rolling Instagram competition in December 2018 for customers to show off their new homes and interior inspiration. The monthly competition has positively impacted online conversation and engagement with the brand whilst creating an online community of happy homeowners. The competition gives all Persimmon homeowners the opportunity to win a voucher by simply using #LoveMyPersimmonHome and uploading an image. To date a total of 18,412 posts have used the hashtag.

In addition, our social media team produce national and regional content calendars for Persimmon's 31 businesses across LinkedIn, Instagram, Twitter, Facebook and Google PPC.







Bringing the 'fourth utility' to our customers' homes



Following the successful launch of our FibreNest broadband service in August 2018, the service has now been extended to 110 developments nationwide with 4,679 homes connected as at December 2019. FibreNest responds to customer demands by providing what is now considered the 'fourth utility' from moving-in day, together with speeds that support modern expectations of the internet. FibreNest offers excellent levels of customer service, both during installation and for the duration of the service provision. To achieve this, we operate a UK-based call centre, employ highly skilled engineers and capable partners, as well as selecting an experienced and well-equipped supply chain. Feedback from customers continues to be extremely positive, particularly with regard to the rapid availability of connectivity and the quality of service provided. Given the progress made and performance achieved since launch, we plan to increase the level of coverage across our sites throughout 2020 to ensure we continue to deliver an industry-leading experience to our customers as part of their new home purchase.

Our Customers *continued*

Sustainability objectives

| Sustainability objectives | Actions and measurement | Progress |
|--|---|---|
| Ensure we satisfy and exceed customer expectations | <p>In 2019:</p> <ul style="list-style-type: none"> Our customer experience as measured by our HBF Customer Satisfaction rating increased to 83.7% equal to a four star rating (2018: 78.9%). We made significant investments in customer care including increasing the number of colleagues working in this area; delivering an extensive training programme; and rolling out a series of IT enhancements to improve the quality and speed of interactions with our customers. We continued to extend the reach of our superfast broadband offering – FibreNest – at 31 December 2019 we provided the service to 4,679 customers across 110 of our developments. Introduced our Homebuyer Retention Scheme, allowing the customer's solicitor to retain 1.5% of the new home purchase price until any matters identified in their 7 day inspection review are resolved. <p>In 2020:</p> <ul style="list-style-type: none"> We will continue to develop and implement 'the Persimmon Way', a consistent Group wide end-to-end method of building to ensure that well-designed, high quality and safe homes are built for all our customers. We will continue to extend the reach of FibreNest, our superfast broadband offering. |  |
| Continue to improve the quality of customer interaction during and following the home buying process | <p>In 2019 we:</p> <ul style="list-style-type: none"> Introduced our customer care improvement plan, which includes a focus on improving communication with our customers and the service we offer to them once they have moved into their new home. Have delayed sales releases on sites with higher demand to allow build progress to reach a more advanced stage – this enables us to enhance our customer service provision as we are able to offer homes at a more advanced stage of build and provide a more accurate moving in date. <p>In 2020:</p> <ul style="list-style-type: none"> We will enhance our comprehensive customer support process by the implementation of a 'customer portal' that provides real time updates on the build process and more timely information regarding the anticipated 'move in' date. Regular communication with our customers will be extended to cover the full two year warranty period following the move in date to provide us with the opportunity to focus on the longer-term satisfaction of our customers. |  |
| Continue to offer a more flexible service for our customers | <p>In 2019 we:</p> <ul style="list-style-type: none"> Offered 'out-of-hours' appointments to resolve any issues with our customers' new homes. Appointed a dedicated Group Customer Care Director to oversee all aspects of our customer service. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue to focus on the availability of out-of-hours appointments and openings of customer care departments. Aim to give customers the opportunity to personalise their new homes through an online portal. |  |
| <p>Key:  Achieved  In progress  Missed</p> | | |

Our People

“We are committed to delivering enhanced customer service and improving the aftercare we provide.”

Raj Baines
Persimmon Homes
Customer Care Admin Manager



2019 Performance

Average number of employees

5,097

2018: 4,809

Male/Female (%)

75/25%

2018: 75/25%

Number of apprentices & trainees

c.750

2018: c.630

Total training days delivered
(excluding apprenticeships)

14,256

2018: 11,031

Gender pay gap

12.4%

2018: 8.0%

Our People

Our culture and why it matters

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

Maintaining a diverse and talented workforce is a key part of our strategy and our success is dependent on the skills, passion and commitment of colleagues throughout the organisation. At 31 December 2019, the number of people we employed increased by 7% to 5,285 (2018: 4,943), of which 1,344 (25%) were female and 3,941 (75%) were male (2018: 1,238 female (25%); 3,705 male (75%)). Our culture is one of hard work with a drive for excellence where 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 c.60% have been internal appointments, a similar level to that reflected within our operational senior management. In 2019, we promoted 374 people internally. Our succession planning ensures that continuity is maintained but we also recognise the benefit of new talent recruited into our business at more senior levels, appointing 169 new Persimmon employees into senior positions within the Group in 2019.

Voluntary Living Wage

The Group has voluntarily adopted the payment criteria of the Living Wage Foundation. The Real Living Wage is set by the Living Wage Foundation annually and is based on the cost of living. In line with the Foundation's guidance, we have increased the pay rate to £9.30 per hour, and £10.75 per hour within the London region, from 1 January 2020.



Our People *continued*

Promoting diversity

Persimmon's success is dependent on the commitment and skills of our colleagues throughout the business. In a competitive employment market we need to provide a compelling employment offer if we are to attract and retain people and ensure we recognise the benefits of a diverse workforce.

Our participation in the Hampton-Alexander Review and publication of our Gender Pay Gap data highlighted 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 2019 we had three female and five male directors on the Company's Board and 40 female and 153 male colleagues in our 193 strong senior management team.

The median Gender Pay Gap for the Group in 2019 was 12.4% (2018: 8.0%), compared to the official government statistics from the Office for National Statistics of 17.3% (2018: 17.8%).

To address these issues, the Board established a Gender Diversity Panel in 2018 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. A specific example of how the Panel has contributed to changing the organisation's approach was its recommendation to introduce a revised flexible working policy for office based staff, which was adopted in February 2019. Enhanced maternity pay, aiming to encourage women back to work after having a baby, has also recently been introduced. In addition, the Panel was instrumental in developing an outreach programme involving senior female colleagues visiting schools and colleges to outline the training and career opportunities for women in the housebuilding sector more generally.

We recognise the value of engaging with others to identify solutions to issues around diversity and under-representation in the workforce of certain groups. We are proud to be a member of the Apprenticeship Diversity Champions Network (ADCN), part of the National Apprenticeships Service. 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.

In 2019 we joined the Business Disability Forum, which aims to make it easier and more rewarding to do business with and employ disabled people. Through a range of support, sharing expertise, giving advice, providing training and facilitating networking opportunities, the Forum helps Persimmon and its other members to become fully accessible to disabled customers and employees. We will provide updates on our progress in future reports.

Also in 2019, Persimmon signed the Social Mobility Pledge. At a practical level, this commits Persimmon to:

- Partnering with schools or colleges to provide coaching through quality careers advice and mentoring young people from disadvantaged backgrounds or circumstances.
- Providing structured work experience and apprenticeship opportunities to people from disadvantaged backgrounds or circumstances.
- Adopting open recruitment practices which promote a level playing field for people from disadvantaged backgrounds or circumstances.

Persimmon will continue to work in partnership with the Social Mobility team to build upon the excellent work that we have already done to improve social mobility for our employees, our customers and the communities in which we operate.



Our People *continued*

Employee voice

In 2019 we established an Employee Engagement Panel to enrich and strengthen engagement with our employees.

The panel has a diverse membership, including colleagues of different seniority and roles. It comprises 12 members with representatives from across each of the Group's three regions, one from Persimmon Plc and one from the Group's manufacturing operations, and is chaired by Richard Latham, the Group Human Resources Director. The panel met three times in 2019 and presented their feedback to both the Corporate Responsibility Committee and to the Board. In summary, the panel:

- Highlighted that communications to employees could be improved, particularly Group communication to the operating businesses.
- Reported an increasing desire among employees and customers to reduce their environmental impacts.
- Recognised the progress made during 2019 in customer care and build quality. Both of these developments had contributed to improvements in employee morale.
- Requested more widespread use of formal appraisals and that the results be incorporated into remuneration.

The panel will continue to meet and its valuable insights have been complemented by the results from 'Your Say', an employee engagement survey covering our entire workforce that was conducted during January 2020. The initial results showed that 96% of colleagues understood how their individual efforts contributed to Persimmon's ability to meet its objectives and demonstrated very strong employee engagement (the measure of overall satisfaction) with an employee engagement index score of 80%.

Members of the Board regularly visit the Group's local businesses to review operations first hand. Informal dinners are held with Board members and local senior staff, which are an opportunity for the Directors to receive feedback from staff and to further explain matters of particular focus and importance for the Group. In addition, we publish an employee newsletter 'HQ' regularly throughout the year which includes a formal facility for employees to provide feedback for further consideration by the Group's Corporate Responsibility Committee.



Young Achievers Of The Year Award



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 2019 was **Ryan Sims** (above, receiving his award from Persimmon's Group Chief Executive, Dave Jenkinson) from Persimmon Homes West Wales. Ryan also won the Business Trainee of the Year.

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

Trade Apprentice of the Year

Deri Jones from Persimmon Homes East Wales

Sales Trainee of the Year

Samantha Meaden, Persimmon Homes South West

Duncan Davidson Award (which recognises young people with the same entrepreneurial flair and spirit demonstrated by Persimmon's founder)

Liam Clarke, Persimmon Homes North Scotland

Our People *continued*

Skills, recruitment and training

We recognise the importance of ensuring that every one of our colleagues has the right skills and knowledge to perform to the best of their abilities and realise their potential.

We have invested significantly in expanding the size and capabilities of our Human Resources function. Allied to a new HR Information system, which gives easier access to administrative tasks and employee records, we have recruited additional expertise – particularly in respect of training delivery – and aligned the function more closely with our business structure. Improvements are already being achieved and based on this we have joined The 5% Club. This is a voluntary initiative whose members commit to achieving 5% of their workforce in 'earn and learn' positions (including apprentices, sponsored students and graduates on formalised training schemes) within five years of joining.

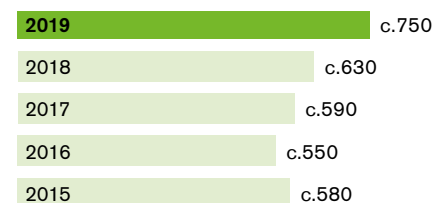
In 2019, we provided 14,256 training days to our employees and construction workforce (2018: 11,031) and increased the number of traditional apprentices training with the Group to c.450, which is amongst the largest commitment to apprentice training in the house building industry. Additionally, we have around 300 colleagues training in disciplines such as sales, quantity surveying, planning and other technical roles.

We continue to support the Home Building Skills Partnership (HBSP). Against the demand for more homes to meet the needs of the UK's population, the HBSP is seeking 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.

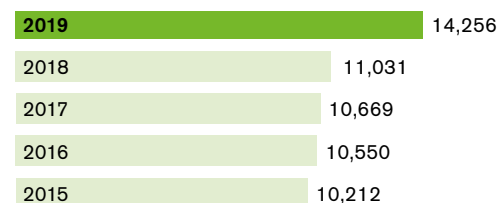
We also took a leading role with others in the industry to develop an apprenticeship standard for operatives involved in the on-site installation of off-site manufactured components, which includes the erection of timber frames in the home building sector. This has resulted in the new level II Construction Assembly Installation Operative Apprenticeship, which is adaptable with options, for the pre-cast concrete and modular building sectors, as well as timber frames for home building.



Number of apprentices, trainees and graduate trainees employed each year










Number of training days delivered annually



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 2019 we:</p> <ul style="list-style-type: none"> Achieved our highest ever number of colleagues engaged on formal training programmes (c.750). Provided 14,256 training days – a 29% increase on the previous year, to colleagues across the business. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Increase the number of trainees across the Group and continue to broaden our apprenticeships beyond traditional site-skills. Use our Construction Ambassadors to increase our formal engagement in schools and colleges. |  |
| Demonstrate commitment to improving the wellbeing of our workforce | <p>In 2019 we:</p> <ul style="list-style-type: none"> Delivered mental health awareness courses to over 500 colleagues across the Group and began to train Mental Health First Aiders. Established an Employee Engagement Panel and carried out our first engagement survey. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Establish a network of c.75 Mental Health First Aiders across the Group. Continue to engage with our workforce and review all our employment-related policies and procedures to ensure they are still relevant and fit for purpose. |  |
| 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 2019 we:</p> <ul style="list-style-type: none"> Became a member of The 5% Club. Expanded our in-house training function and established a comprehensive programme of formal courses to support the Group's strategy. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue the rollout of our Site Manager development programmes to support the establishment of the 'Persimmon Way'. Increase the number of employees who receive formal performance reviews or appraisals. |  |
| Continue to demonstrate commitment to equality and diversity | <p>In 2019 we:</p> <ul style="list-style-type: none"> Joined the Business Disability Forum. Signed the Social Mobility Pledge. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Extend our partnership with the Social Mobility team to showcase our achievements in promoting social mobility. Continue to work with Women in Construction to promote the opportunities for women to join the construction industry with Persimmon. |  |
| Key:  Achieved  In progress  Missed | | |

Our Wellbeing

“We are committed to delivering safe sites for contractors, employees and homeowners. Health and Safety briefings and training are delivered regularly through our ‘Toolbox Talks’ sessions for site personnel and our supply chain workforce.”

Abigail Bainbridge
Group Health & Safety Director



2019 Performance

Number of construction work related incidents in our housebuilding operations

53

2018: 45

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

6,233

2018: 5,971

Number of legal completions per construction work related incidents

299

2018: 365

Total health and safety training days

3,528

2018: 7,682

Construction Skills Certification Scheme (CSCS) Card holders

95%

2018: 96%

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 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 Group Health and Safety Department 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.

We provide extensive training to safeguard the wellbeing of everyone who comes 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 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 work with our supply chain to identify their responsibilities and confirm that the work they undertake is being carried out safely.

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 2019, the Group Health and Safety Department undertook 6,233 pro-active site inspections (2018: 5,971).

Our Wellbeing *continued*

Plan, Do, Check, Act *continued*

During 2019, the reported number of construction work related incidents* in our housebuilding operations to the Health and Safety Executive (HSE) under the Reporting of Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) (including, where relevant, those reported by our contractors) was 53 (2018: 45). 39 RIDDORs were reported by the Group (2018: 37) and none have led to enforcement action by the HSE. The level of build per incident was 299 legal completions per incident (2018: 365). The incidents per thousand workers also increased slightly compared to last year at 3.8 incidents per thousand workers (2018: 3.22). Our Group Annual Incidence Injury Rate (AIIR) for 2019 was 2.8 per 1,000 workers, in line with the 'Home Builder' AIIR and lower than the construction industry AIIR. In our manufacturing operations we reported 2 RIDDORs in 2019 (2018: 3).

Based on our results of ongoing performance monitoring we identified an increased number of injuries on our sites caused by slips and trips in 2019, therefore in 2020 the Group Health and Safety Department will implement a safety campaign focusing on the importance of good order on site which helps prevent these types of incidents. In addition, Toolbox Talks, for specific, industry wide, high risk areas (for example working at height) will be delivered to all site personnel, with the aid of centrally produced safety films on these topics. We continue to work hard to reduce the level of incidents on site.

Mental wellbeing at work

Poor mental health in the construction industry is an issue that we are committed to addressing. As a member of the HBF Diversity and Inclusion Group, we are actively participating in their initiative to raise awareness of mental health in the construction industry. We have signed up to the Building Mental Health Charter, led by the Lighthouse Club, a charity that provides financial and emotional support to the construction community.

Across the Group, we are undertaking a comprehensive mental health training and awareness programme. We have trained three members of our Group Training Department to become accredited mental health first aid trainers. In 2019, they delivered mental health awareness courses in each of our 31 operating businesses and to date have trained our first 22 mental health first aiders. By the end of 2020 we aim to have c.75 mental health first aiders across the Group. Our first aiders are the first point of contact for anyone who may be suffering from stress, anxiety or depression. Their role is to listen and point people in the right direction to receive the appropriate professional help.

Number of construction related incidents in our housebuilding operations

| | |
|------|----|
| 2019 | 53 |
| 2018 | 45 |
| 2017 | 49 |
| 2016 | 47 |
| 2015 | 47 |

* Incidents reported to the Health and Safety Executive under the Reporting of Incidents Diseases and Dangerous Occurrences Regulations (RIDDOR) (including, where relevant, those reported by our contractors)

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.

- All new starters to the business receive a full health and safety induction, accompanied by role specific training and updates by the Health and Safety Department. We also coordinate and provide Construction Industry Training Board (CITB) recognised training for our construction management teams. In addition to this formal training, 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.
- Via site IT equipment, site managers will have access to an area where they can easily obtain all health and safety policies, procedures, forms and guidance. A dedicated area on the Group Health and Safety Department intranet page will also enable all personnel to get an array of interactive health and safety information.

Number of construction related incidents per 1,000 workers in our housebuilding operations

| | |
|------|-----|
| 2019 | 3.8 |
| 2018 | 3.2 |
| 2017 | 3.6 |
| 2016 | 3.6 |
| 2015 | 3.6 |

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.

- During 2018, we provided 3,528 training days (2018: 7,682).
- 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.

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 2019 we:</p> <ul style="list-style-type: none"> Trained three members of our Group Training Department to become accredited mental health first aid trainers. Trained 22 Mental Health First Aiders. Delivered Senior Management Seminars (over 150 attendees in total), focusing on their individual roles and responsibilities as influencers on reducing accidents at work. Carried out a 'Thumbs Up' safety campaign, based on promoting awareness of personnel when moving around plant machinery. Produced a Persimmon work at height safety film, to assist in a consistent message to site personnel during Toolbox Talks. This is the first in a series of Persimmon safety films that will be produced by the Group Health and Safety Department. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Train all our operational Directors and Heads of Department via the accredited IOSH Safety for Executives and Directors course. Deliver Contract Manager training on the importance of health and safety considerations when planning the build sequence. Have safety campaigns that target improving site security and good site order. Produce a Persimmon traffic management safety film. |  |
| Provide robust operational support through our Group Health and Safety Department resource | <p>In 2019 we:</p> <ul style="list-style-type: none"> Undertook a full review of our Group policy in relation to dust controls on site. Replaced the Soft Landing Bags currently in use at the end of their serviceable life with safety decking. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Relaunch a new Group Health, Safety and Environment Policy, with the aim of improving functionality. Introduce a Carpentry Safety Manual in response to the increase in directly employed carpentry work being carried out by the business. |  |
| Strive to ensure the highest standards of health and safety across our workforce and sites | <p>In 2019 we:</p> <ul style="list-style-type: none"> Established a dedicated Safety Concerns helpline to better monitor and take appropriate action in relation to any health and safety concerns raised about our sites. Completed external audits across all operating businesses and manufacturing sites and proposed implemented recommendations. <p>In 2020 we will:</p> <ul style="list-style-type: none"> On a regular basis, site management will inspect and score their own site against our site health and safety KPIs, in the presence of their local Group Health and Safety Advisor. This is with the aim to raise awareness as to the standards, and be an effective interactive training session. Introduce internal site health and safety awards, to promote and award site management teams that achieve the highest standard of health and safety. |  |
| Key:  Achieved  In progress  Missed | | |

Our Environment

“Our commitment is to delivering high quality design and sustainable developments where people are proud to live and are happy to call their home.”

Alastair Stewart
Planning Manager



2019 Performance

Operational carbon footprint

34,006 tonnes CO₂e

2018: 38,400 tonnes CO₂e

Recycling rate

97%

2018: 96%

Volume of greenhouse gases per home completed

2.14 tonnes CO₂e

2018: 2.33 tonnes CO₂e

Amount of waste per home completed

7.44 tonnes

2018: 6.73 tonnes

CDP Score

C (Awareness)

2018: C (Awareness)

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

As we explain on [page 7](#), Persimmon is proactive in managing the potential impacts of climate change and how best to address them. At a corporate level, we are developing scenarios to assess the impact on our business of changes in temperature and weather patterns. This strategic approach is coupled with a systematic examination – during the planning and building phases – of how climate change might affect our developments. The Group conducts full environmental assessments for each parcel of land we acquire to ensure our activities comply with regulatory and other requirements while also 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 2019 we incorporated over 750* acres 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 78% of our current developments incorporate Sustainable Urban Drainage Systems and other technology to address the risks of flooding caused by changes in weather patterns.

Peacock Gap – Flood Alleviation Scheme



The historic town of Morpeth, Northumberland suffered from severe flooding events in both 2008 and 2010 which had devastating impacts for local residents. To prevent a recurrence, the Environment Agency developed an innovative flood alleviation scheme combining in-town defences and upstream storage. The scheme was completed in 2017 and reduces the risk of flooding for 1,000 homes and businesses in the town.

Part of the scheme was constructed at the Cotting Burn watercourse on land owned by Persimmon. Our land was used to provide construction access and housed the building compound. The works included the construction of a river dam and flood storage which increased the flood plain on Persimmon's land to provide betterment for the local community.

Uphill from the dam, we are bringing forward our Peacock Gap site for new housing. We have worked closely with the EA to ensure our scheme took account of the new flood plain and that residents would be protected from future flooding. All new housing is planned outside of the flood plain and the design includes safeguards for the future effects of climate change. Our approved masterplan also provides a permanent access to the dam so that the critical alleviation scheme can continue to be maintained and provide long term benefits.

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. In 2019 we maintained our rating at C (Awareness).

* Estimated using average garden size and site density.

Our Environment *continued*

Managing climate change related risk

Governance

The Board has overall responsibility for the management of risks and opportunities arising as a result of climate change.

Climate change has been identified as a principal risk for the Group. The Group has developed a climate change risk register. This was formally reviewed by the Risk Committee in December 2019 and will be regularly reviewed in line with all of the Group's existing risk registers.

In addition, the Corporate Responsibility Committee, which was chaired by Marion Sears, a Non-Executive Director, during 2019, monitors and reviews the Group's response to climate change and reports its findings and recommendations to the Board. The Committee meets three times a year and has a wide cross section of members from across the Group's disciplines. It receives external expert advice as necessary.

A senior Executive Director has recently been appointed to the Committee, who is directly responsible for overseeing and executing the decisions of the Committee at a Group and operational level. This, together with the appointment of a Group Sustainability Manager, will bring increased focus to the risks and opportunities surrounding climate change.

Strategy

The Board monitors the impact of climate change risk and opportunities on its strategy and business model. It considers the impact over the short (0–5 years), medium (6–10 years) and long (11–100 years) term.

In the short term (0–5 years), we consider the material risk of climate change to be in relation to the transition to a low carbon economy through changing building regulations.

On 1 October 2019, the Government set out its plans for the 'Future Homes Standard' including proposed options to increase the energy efficiency requirements for new homes in 2020 as a 'stepping stone' to achieving the new standard. The Future Homes Standard will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by 2025.

The industry is currently considering the likely impact of these new regulations. Their implementation may lead to constrained land supply, increased planning delays, increased cost and pressure on materials and require the use of new technology and skills.

The physical risks associated with climate change for example, 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 consider the possible impacts relating to climate change. The business considers these risks to be longer term risks.

The change in regulations may also in fact be an opportunity resulting from increased demand for low carbon solutions from our customers. Opportunities may also arise from the reduction in operational costs as a result of reducing carbon emissions from our businesses.

Risk management

The potential impacts of climate change and how best to address them are systematically considered during each stage of a site's development. 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 sites. For example, currently our developments would typically accommodate flood events which have a frequency of 1 in 100 years to address the risks caused by changes in weather patterns.

The homes we build are designed to have good levels of energy efficiency. Our fabric first solutions provide a good level of insulation and air tightness and we use design techniques and improvements in materials to deliver energy efficient homes for our customers.

During the year, the Group established a 'low carbon homes' working group to effectively plan and manage the transition to low carbon homes. The working group is working to identify the most efficient, cost effective way of developing a low carbon home that can be built at scale, by reviewing fabric, and heating system, solutions. The working group will also be considering the ongoing running cost of the homes we build to ensure that our customers are provided with sustainable solutions. The working group will develop and build a 'pilot' low carbon home over the next 12 months and will identify a development where the homes will be 'pre-enabled' for low carbon solutions (e.g. solar panels, EV charging points, alternative sustainable heating solutions) to identify best case solutions and engage with customer demand for these technologies.

The working group meets regularly and reports to the Chief Executive. The Group is also proactively engaging with the housing industry and Government to identify effective cohesive solutions to meet the requirements of the Future Homes Standard.

The development of a formal climate change risk register ensures that the management and mitigation of the risk is embedded within the Group's risk management process. The Group, in conjunction with external experts, is also developing meaningful scenario based analysis to enable it to more effectively identify, assess and measure the impact of climate change related risk. We expect to report on the results of this analysis in next year's Strategic Report.

Metrics and targets

The Group monitors its Scope 1 and Scope 2 Green House Gas Emissions. It has a target of reducing the intensity of these emissions by 10% from 2017 to 2026 on a like for like basis. During 2020, the Group will review this target to determine how it aligns with the latest climate science. We participate in the CDP climate survey and we maintained our rating for 2019 at C (Awareness).

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 of CO₂e)

| | 2019 | 2018 |
|--|---------------|--------|
| Scope 1 emissions from gas, transport and construction site fuel use | 30,797 | 35,450 |
| Scope 2 emissions from electricity use | 3,209 | 2,950 |
| Total greenhouse gas emissions | 34,006 | 38,400 |
| Greenhouse gas emissions per home sold | 2.14 | 2.33 |

Methodology

Our Scope 1 and Scope 2 greenhouse gas emissions data for 2019 has been externally verified to a limited level of assurance by Bureau Veritas. To calculate this information we collate data from across the Group and from our suppliers to identify the amount of energy used in our operations. Where actual emissions for the financial year are not available by the reporting date, then the Group applies the use of estimates for the last one to two months of the period. Where actual emissions data from energy consumption is not available, the Group calculates an average energy consumption for its offices, showhomes, plots and site cabinets and extrapolates this across the actual population. We do not consider refrigerant losses on our air conditioning units to be material and as such these are not reported in our emissions data. For business travel, the Group analyses fuel card usage and expense claims to estimate the level of scope 1 emissions. Estimates are based on a representative sample of company car users and extrapolated across the actual population. Where emissions for the period that cover the financial year are not available, the Group pro-rates for business mileage. For site diesel, usage is based on the actual cost for the financial period and an average cost per litre for the year. Greenhouse gas (GHG) emissions are reported in line with the UK Government's Environmental Reporting Guidelines, including mandatory GHG reporting guidance.

We remain focused on reducing the level of greenhouse gas emissions from our operations, on a like for like basis. We continue to review our processes to identify areas where emissions can be reduced and to embed sustainable practices. The appointment of senior operational management to oversee implementation of policies and specific actions agreed by the Group's Corporate Responsibility Committee and the recruitment of a Group Sustainability Manager will bring further focus to this aim.

A significant proportion of our Scope 1 emissions comes from diesel consumed during the development of our sites to power on site generators and our plant and equipment. We actively monitor each site's diesel usage, secure faster connection of new homes to the National Grid (thereby reducing the need for diesel to power on-site generators) and replace old plant and equipment with newer, more fuel-efficient alternatives. During 2019, all of the Group's owned JCB machines were fitted with a diagnostic reporting tool which monitors the efficiency of each machine. These reports are reviewed on a routine basis as part of the Group's regular monitoring of on site costs. During 2020, we will aim to identify further operational efficiencies.

Operational carbon footprint per home sold

(tonnes of CO₂e)

| | | | |
|------|------|------|------|
| 2019 | 1.94 | 0.2 | 2.14 |
| 2018 | 2.15 | 0.18 | 2.33 |
| 2017 | 1.87 | 0.22 | 2.09 |
| 2016 | 1.85 | 0.30 | 2.15 |
| 2015 | 1.90 | 0.27 | 2.17 |

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

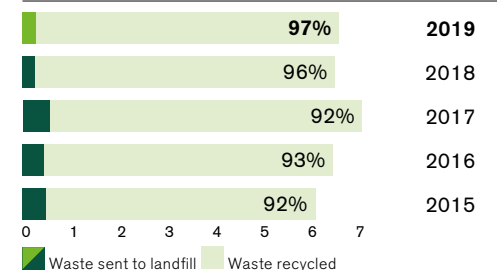
During 2019, the Group performed an Energy Savings Opportunity Scheme ('ESOS') assessment. The recommendations from the assessment will be reviewed and implemented where appropriate.

Waste

During 2019 the percentage of waste we recycled increased to 97% (2018: 96%) and the amount of waste per home built increased to 7.44 tonnes (2018: 6.73 tonnes) reflecting the increased investment in work in progress and the lower number of homes sold in 2019. We have continued to recycle 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.

In 2020 the Health and Safety department will be transitioning to become the Group Health Safety and Environmental department to oversee at Group level environmental risks from our work activities. An Environmental Champion has been appointed for each operating business to assist with the environmental legislation compliance. Site inspections will benefit from an increased number of environmental KPIs and drive improvement in the planning, managing and monitoring of our environmental risks.

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 84 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.

On 1 October 2019, the Government set out its plans for the 'Future Homes Standard' including proposed options to increase the energy efficiency requirements for new homes in 2020 as a 'stepping stone' to achieving the new standard. The Future Homes Standard will require new build homes to be future proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by 2025. As explained on [page 35](#), the Group has established a 'low carbon homes' working group to effectively plan and manage the transition to low carbon homes.

Off-site manufacturing

More widespread adoption of off-site manufacturing has been identified as one means of improving the environmental performance of new homes while also increasing build capacity and reducing 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

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. The facility was fully operational throughout 2019 and provided c.50m bricks (2018: 30m) to c.180 sites across the Group representing c.40% of the Group's requirements. Output is expected to increase further in 2020 to c.60m bricks.

From an environmental perspective, 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.



Our Environment *continued*

Building sustainable homes *continued*



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 factory is located adjacent to the Group's Brickworks, sharing common infrastructure. The Tileworks factory aims to commence deliveries to site in spring 2020.

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. 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.

During 2019 Space4 delivered c.6,900 timber frame house kits and insulated roof systems to the Group's housebuilding businesses. Since 2012, Space4 has supported the delivery of over c.43,000 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 engage regularly with our suppliers and sub contractors focusing on operational matters and their wellbeing. The health and safety of our sub contractors is extremely important to us and as noted on [page 31](#), they take part in regular 'Toolbox Talks' covering health and safety aspects on our sites.

The Group has a centralised procurement department which engages regularly with our main suppliers, many of whom we hold strong, long standing relationships with. This department seeks to secure Group deals covering all major elements of our construction requirements. This helps the Group establish consistent standards 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 5,700 suppliers and is proud to support c.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 c.20,000* jobs on its sites.

During the year, the Group has improved the speed with which it pays its suppliers. We are a signatory to The Prompt Payment Code (PPC). The Code sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management on behalf of the Department for Business, Energy and Industrial Strategy (BEIS).

The Group's Supplier Principles govern our relationships with and expectations of each of our suppliers. As we purchase substantial amounts of timber, we have recently reviewed our timber sourcing policy. All timber and timber products that we purchase via Group agreements are from suppliers with FSC/PEFC chain of custody certification.

During 2020 we will be reviewing our Supplier Principles and seeking to engage further with our suppliers and identify ways we can enhance the sustainability of our supply chain.

Modern Slavery








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

We continue to take our role in combatting modern slavery and human trafficking seriously, and have implemented a number of initiatives within the year to strengthen support in this area. This has included joining the Gangmaster and Labour Abuse Authority (GLAA) '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. We have also rolled out a programme of modern slavery training, including a section within our 'Site Manager Essentials' course and a GLAA developed 'Toolbox Talk' for other site based staff. Further detail on these measures are set out in detail within our 2019 Modern Slavery Statement on our website at www.persimmonhomes.com/corporate.

* Estimated using an economic toolkit.

Our Environment *continued*

Sustainability objectives

| Sustainability objectives | Actions and measurement | Progress |
|--|---|---|
| Manage the transition to low carbon homes | <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue to develop plans to meet the requirements of the Future Homes Standard through the Group's 'low carbon homes' working group. Proactively engage with the housing industry and Government to identify effective cohesive solutions to meet the new regulatory requirements. |  |
| Continue to manage our carbon emissions effectively | <p>In 2019 we:</p> <ul style="list-style-type: none"> Participated in the CDP climate survey maintaining our rating at C (Awareness). Commissioned Bureau Veritas to provide a limited level of assurance for our greenhouse gas emissions. Utilised diagnostic reporting to monitor fuel consumption in our forklift trucks on site. Reduced our Scope 1 and Scope 2 emissions per home sold by 8%. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Review our greenhouse gas emissions reduction target to determine how it aligns with the latest climate science. Continue to review our processes to identify areas where emissions can be reduced. Review the recommendations of the 2019 ESOS assessment and implement them where appropriate. |  |
| Engage further with our supply chain | <p>In 2020 we will:</p> <ul style="list-style-type: none"> Review our Supplier Principles to further embed sustainability into our supply chain. |  |
| Continue to investigate and invest in the use of off-site manufacturing | <p>In 2019:</p> <ul style="list-style-type: none"> Space4 supplied c.6,900 timber frame house kits and insulated roof systems to the Group's housebuilding businesses. The Group's Brickworks factory delivered c.50m concrete bricks to c.180 sites for use in our homes. The Group continued to invest in its Tileworks factory which is expected to provide roof tiles to the business during spring 2020. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue to invest in the use of off-site manufacturing. Commence supply of our own roof tiles to our sites. |  |
| <p>Key:  Achieved  In progress  Missed</p> | | |

Our Communities

“We consistently engage with local communities and always aim to deliver cohesive and sustainable neighbourhoods while fulfilling our responsibility to help meet local housing needs.”

Matt Lacey
Layout Designer



2019 Performance

Number of affordable homes delivered*

3,589

2018: 3,333

Value of affordable homes delivered

£428m

2018: £394m

Community investment

£94m

2018: £80m

Persimmon Charitable Foundation – donations

£2.3m

2018: £1.3m

* Includes homes delivered to housing associations & Discounted Open Market Value Housing

Our Communities

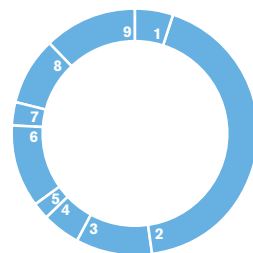
Supporting sustainable communities

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

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 2019 we provided £404m of housing to housing associations and a further £24m of housing to qualifying customers using Discounted Open Market Value Housing. Overall, we provided £428m of affordable housing for lower income families (2018: £394m).

£94m

Community Investment



| | | |
|---|---|-----|
| 1 | Off-site contribution to affordable housing | 5% |
| 2 | Education | 43% |
| 3 | Public Transport | 10% |
| 4 | Public Open Spaces | 5% |
| 5 | Leisure Facilities | 2% |
| 6 | Highways | 11% |
| 7 | Community Buildings | 3% |
| 8 | Future Maintenance | 9% |
| 9 | Other | 12% |

Chellaston Fields Spencer Academy



In July 2019, Persimmon Homes completed the construction of a state-of-the-art primary school with associated facilities in the village of Chellaston, Derbyshire. The build cost was £4m.

The seven-classroom school will cater for 210 pupils from the ages of 4 to 11. The one hectare site was designed in accordance with BREEAM principles. Facilities on-site include eco-friendly features such as underfloor heating, a heat recovery system, and carbon dioxide monitoring. The development also provides a wildflower habitat zone as well as a turfed playing field that will be available for community use.

The school will serve the 450 Persimmon Homes' Regents Place scheme, forming an integral part of creating the flourishing new community.

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

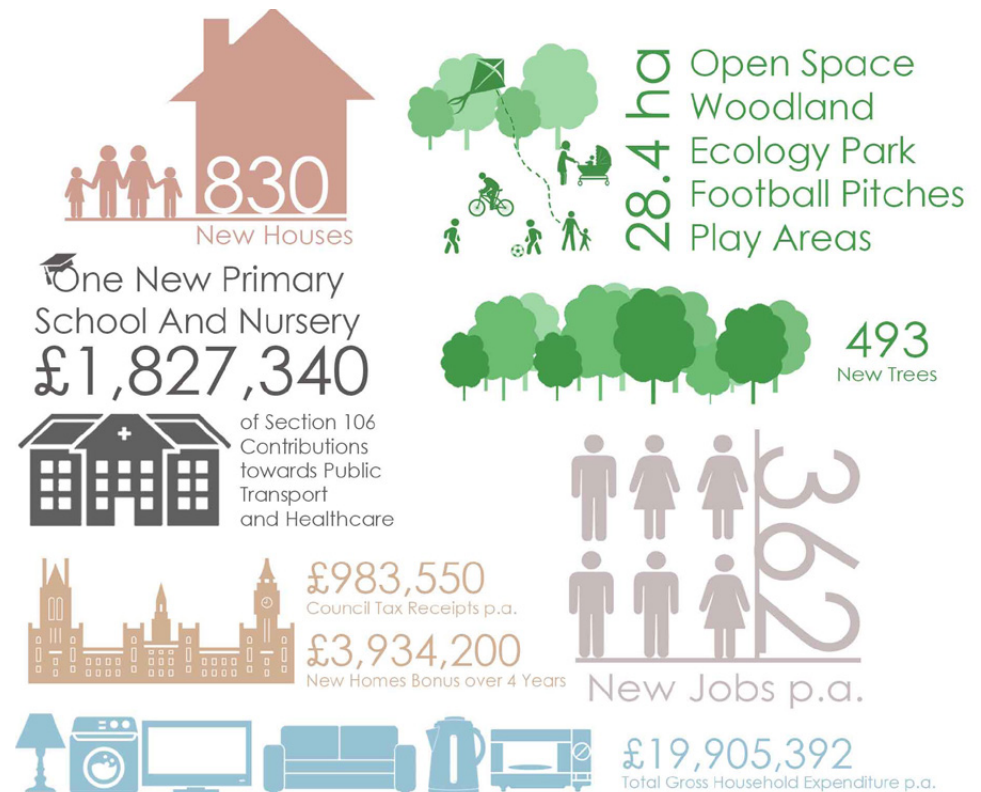
Our Communities *continued*

Supporting sustainable communities *continued*

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 planning 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 2019 we contributed over £94m to local communities (2018: £80m) through planning contributions to local authorities. Of the money contributed over £40m related to education provision.



Above: In addition to providing 830 new homes, Persimmon's development at Rivendell, Nottinghamshire will make a considerable contribution to the local economy, infrastructure and environment.

Our Communities *continued*

Supporting sustainable communities *continued*

Promoting biodiversity

We always plan our developments in a sustainable way in accordance with the planning system and relevant legislation. In doing so, we ensure our schemes contribute to and enhance the natural environment by minimising and mitigating any impact on biodiversity.

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 the surrounding areas. Once the results of these surveys have been analysed, we work with local planning authorities and other stakeholders to ensure that protected species, 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.

Aligned with the UK Government's 25 Year Environment Plan, we ensure that our new schemes provide for biodiversity net gains. In this way, we ensure that our developments enhance biodiversity by providing habitats and spaces for the UK's fauna and flora. Persimmon have extensive experience of delivering ecological improvements as demonstrated by the Newcastle Great Park case study.

Newcastle Great Park – Biodiversity

Newcastle Great Park is a major urban extension to the north of Newcastle which has been developed by a consortium of builders, including Persimmon since 2001. A new town centre sits at the heart of the community and underpins its sustainability. The wider development, when complete, will comprise over 4,000 homes, education facilities, community facilities as well as commercial and retail development. Over half of the 1,200 acres of Great Park are retained as green infrastructure with significant landscaping undertaken. Neighbourhoods with different character sit within a large country park specifically designed for recreation and biodiversity to flourish. To date, over 20 kilometres of strategic pedestrian, cycle and equestrian routes have been delivered – these are well used and highly popular with residents.



The development has produced significant ecological gains in terms of habitat creation, connectivity and functionality. Along the Ouseburn River valley, which runs through the site, a range of habitats including wetlands, grassland and woodland have been delivered. The wetlands also forms part of the SuDs for the scheme, improving water quality flowing into the Ouseburn River and, since development has progressed, both kingfisher and otter have been recorded using the site.

Great Park is also covered by a bespoke Biodiversity Action Plan which is used to monitor the created habitats to ensure their success, as well as the success of the animal species using them. The Action Plan is managed in partnership with the planning authority and local community groups and a steering group meets regularly to provide input into the future management of created habitats.

Stone Cross Mansion



Persimmon's commitment to safeguarding the nation's heritage was recognised in the Housebuilder Awards 2019 when Charles Church won Best Refurbishment project for its work at Stone Cross Mansion, a Grade II listed mansion on the outskirts of the historic market town of Ulverston, Cumbria. The mansion was built in limestone to a Gothic/Scottish Baronial style between 1874–79. Working closely with the local authority and Historic England, the building has been brought back to its former glory and provides a range of 2 and 3 bedroom apartments in close proximity to the Lake District and Cumbrian coast.

Our Communities *continued*

Persimmon Charitable Foundation

The Persimmon Charitable Foundation made c.900 donations in 2019, amounting to £2.3m, to local charities and sporting groups through our successful Community Champions campaign and Building Futures campaign, launched in association with Team GB, as well as supporting the work of Crisis and SASH, two homeless charities.

The Persimmon Charitable Foundation ran two campaigns during the year, our ongoing Community Champions campaign, aimed at local charity and community groups, and our Building Futures Campaign, launched in association with Team GB, aimed at supporting local clubs working with 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 has provided over £3m of additional funding to over 3,600 local community groups and charities operating in the areas where we build across the UK. Each of our businesses and our head office recommends donations of up to £1,000 every month to each of two local good causes to match the organisations' own funding. In 2019, Community Champions donated c.£740,000 to c.770 local groups.

More information on Community Champions, including details of some of the beneficiaries, can be found at www.persimmonhomes.com/community-champions

Building Futures

Following on from our hugely successful Healthy Communities initiative, which concluded in 2018, Persimmon Homes joined forces with Team GB – the British Olympic Association – to launch our Building Futures campaign. Building Futures was launched in January 2019 and donated over £1 million to support community projects for under 18's across three categories, sport, education and arts and health in England, Wales and Scotland.

Building Futures made donations of £1,000 to 127 groups over four months from February to May 2019 to improve the delivery of vital grass roots community projects benefiting children and young people. A total of 96 groups made it through to our finals – where the winners of our three top awards in each category were decided by a public vote – and their success was celebrated at a gala dinner held at York Racecourse in October. The dinner was generously supported by a number of the Group's major suppliers and the evening itself raised c.£21,000 for the Charitable Foundation's funds.

Swindon Children's Scrapstore (sport), Portsmouth Down Syndrome Association (education & arts) and The Young People's Counselling Service (health), won the most votes in their categories and were each awarded £100,000. Three other groups were awarded £50,000 as runners-up in each category, Leeds Rowing Club (sport), UK Astronomy (education & arts) and Toy Like Me (health) were each awarded £50,000 as second place winners, along with £20,000 each to three third place winners. The remaining 87 finalists received a donation of £5,000 each.

More details about each of our overall winners can be found here:



Sport: Swindon Children's Scrapstore



Education & Arts: Portsmouth Down Syndrome Association



Health: The Young People's Counselling Service



Our Communities *continued*

Sustainability objectives

Team GB and Persimmon

Persimmon continues to be a proud supporter of Team GB and their efforts to be successful at the Tokyo Olympics and beyond. This summer, recognising the positive impact of bringing children and young people into direct contact with their sporting heroes from a wide variety of disciplines, we organised a series of fantastic sports days at schools across the country with Team GB athletes. These events were incredibly popular with all the participants and spectators and we intend to repeat them over the coming years.

A further benefit of our relationship with Team GB was access to their 2019 Partner Challenge, which is designed to engage employees and drive home the importance of healthy habits. The four week programme aimed to help employees achieve balance in their day to day lives. Working with Team GB's experts in the fields of nutrition, exercise and mentality, the participants followed a similar routine to that devised for Team GB athletes in the run up to an Olympic Games. As well as the direct benefits to individuals' health and wellbeing, such as reduced stress, increased energy and moods, the initiative also aims to deliver tangible improvements in teamwork and collaboration.

The campaign began with a body health check, which determined participants personal 'body age' and based on their desire to push themselves, provided a bespoke 'daily points goal'. We were delighted that 49 of our colleagues took part with over two thirds completing the programme earning a total of 226 additional body years as a result – an average increase of 6.6 years per person. Over the four weeks, participants increased their light, moderate and extreme exercise while significantly reducing levels of 'digital distraction', smoking and volume of coffee and snacks consumed. There was also an increase in participants' quantity of sleep.



Crisis and SASH

In the course of 2019, the Persimmon Foundation made donations to two charities aimed at helping those vulnerable to or experiencing homelessness.









Crisis is a national charity founded in 1967 to tackle homelessness. Since then, it has helped tens of thousands of people out of homelessness and campaigned for change. Persimmon has donated £400,000 to help Crisis secure stable housing for over 820 people and improve the housing situation of 1,080 people across the UK in 2019/20.



SASH (Safe and Sound Homes) is a regional charity that aims to prevent homelessness in young people aged 16 to 25 throughout the North and East Yorkshire including Hull and York by providing a safe place to stay in a volunteer's home. Persimmon will donate £200,000 to deliver emergency short term and longer term accommodation. The donation will also fund flexible support to help young people develop skills and self-confidence through one-to-one support and group based learning sessions.

Our Communities *continued*

Sustainability objectives

| Sustainability objectives | Actions and measurement | Progress |
|--|---|---|
| Continually improve engagement with local communities | <p>In 2019:</p> <ul style="list-style-type: none"> We undertook c.90 community consultations furthering our use of web based media. The Persimmon Charitable Foundation donated £2.3m to local charities and sporting groups through our successful Community Champions and Building Futures campaigns and through our support of the work of Crisis and SASH. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue to improve our approach to accessible community consultation including a review of our use of consultation websites to ensure these are user friendly and effective. Continue our Community Champions and Building Futures campaigns. |  |
| Continue to provide high quality and accessible housing to people locally | <p>In 2019:</p> <ul style="list-style-type: none"> We continued to drive local affordability and ensured sufficient range and choice was available to our customers to help address local need and demand with 50% of our private sales made to first-time buyers; 35% of our private sales were for less than £200,000; and we delivered £428m of affordable housing. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Continue to drive local affordability and ensure sufficient range of choice is available to our customers. |  |
| Design our new housing developments so that they create a 'good place to live' | <p>In 2019:</p> <ul style="list-style-type: none"> We sought to align all new developments with the 12 Building for Life Principles and ensure this was clearly articulated in our design and access statements. We contributed over £94 million to local communities through the planning process. <p>In 2020 we will:</p> <ul style="list-style-type: none"> Seek to work with all stakeholders in order to plan our developments in accordance with the National Design Guide and the 10 characteristics used to measure good design. We will engage proactively in relation to the forthcoming Nation Design Code so that it will assist in delivering high quality housing schemes. |  |
| <p>Key:  Achieved  In progress  Missed</p> | | |

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 in 2019 included 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 Internal Audit 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 54](#) and our sustainability policies can be found on our [corporate website](#).

During 2019, the Group complied with the UK Corporate Governance Code 2018 which came into effect on 1 January 2019. Our Annual Report 2019 provides further information on our corporate governance.

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

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 |
|--|---|---|
| Climate change Residual Risk Medium Change since 2018 Increased  | <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 consider the possible impacts relating to climate change. Changes in weather patterns may increase build costs and/or development timeframes.</p> <p>The impact and likelihood of this risk has increased compared to the prior year as an ever heightening awareness and demand for action is likely to result in a more urgent transition to a lower carbon economy.</p> | <p>We monitor our operational efficiency and direct environmental impact in a number of ways including measuring our own CO₂e emissions and the amount of waste we generate for each home we sell.</p> <p>The Group has developed a climate change risk register which ensures that the management and mitigation of the risk is embedded within the Group's risk management process. We have also appointed a Group Sustainability Manager bringing increased focus to both the risk and opportunities surrounding climate change.</p> <p>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 these 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 on all our new sites, subject to local planning requirements, to address the risk of flooding.</p> <p>On 1 October 2019, the Government set out its plans for the 'Future Homes Standard' including proposed options to increase the energy efficiency requirements for new homes in 2020 as a 'stepping stone' to achieving the new standard. The Future Homes Standard (to be introduced by 2025) will require new build homes to be future-proofed with low carbon heating and world leading levels of energy efficiency.</p> <p>During the year, the Group established a low carbon homes working group (consisting of members from across the Group's various disciplines) to effectively plan and manage the transition to low carbon homes. The Group, which collaborates with key suppliers, is aiming to identify the most effective solutions to developing low carbon homes. It meets regularly and reports its findings to the Board. The Group is proactively engaging with the housing industry and the Government to develop industry wide solutions to meet the requirements of the Future Homes Standard.</p> <p>We continually seek to strengthen our supply chain, for example, 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. The Group procurement team maintain strong links with our suppliers delivering value through our supply chain by regular engagement and robust tendering processes.</p> |

Key sustainability risks *continued*

| Risk | Impact | Mitigation |
|---|---|--|
| Mortgage Availability Residual Risk High Change since 2018 No change → | Any restrictions in the availability or affordability of mortgages for customers could reduce demand for new homes and affect revenues, profits and cash flows. | We monitor Bank of England commentary on credit conditions including the monthly approvals for house purchases and UK Finance's monthly reports and lenders' announcements for trends in lending. We ensure that our investment in land and work in progress is appropriate for our level of sales and our expectations for market conditions. The Government's Help to Buy scheme, which is currently scheduled to remain in place until 2023, supports customers to gain access to the housing market across the UK with competitive mortgage rates. |
| Health and Safety Residual Risk High Change since 2018 No change → | 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 also lead to reputational damage and financial penalties. | The Board has a very 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. |
| Labour and resources: skilled workforce, retention and succession Residual Risk Medium Change since 2018 No change → | <p>Access to an appropriately skilled workforce is a key requirement for the Group. Rising UK housebuilding activity in recent years has increased demand for skilled labour, which has increased pressure on costs.</p> <p>A skilled management team is essential in maintaining operational performance and the implementation of the Group's strategy.</p> | <p>We closely monitor our build programmes to enable us to manage our labour requirements effectively. We operate in-house apprentice and training programmes, to support an adequate supply of skilled labour. Our in-house Group Training Department has been established to standardise and more effectively coordinate training activity.</p> <p>We are also 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.</p> <p>Where appropriate, we also use the Group's Space4 modern method of construction which helps diversify resource requirements on site.</p> <p>The Group focuses on retaining its key staff through a range of measures, including the establishment of a Gender Diversity Panel, an Employee Engagement Panel, employee engagement surveys, further development of performance management frameworks, career management, and incentives. At the most senior level, the Nomination Committee oversees these processes and promotes effective succession planning.</p> |

Key sustainability risks *continued*

| Risk | Impact | Mitigation |
|---|---|---|
| Labour and resources: materials and land purchasing Residual Risk Medium Change since 2018 No change → | Materials availability 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. | Materials availability Our build programmes and our supply chain are closely monitored to allow us to manage and react to any supply chain issues and to help ensure consistent high quality standards. 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 be commissioned in spring 2020. This complements our existing off-site manufacturing capability at Space4, which produces timber frames, highly insulated wall panels and roof cassettes as a modern method of constructing new homes. |
| | Build quality may be compromised if unsuitable materials are procured leading to damage to the Group's reputation and customer experience. | Our procurement team ensures that the Group's suppliers provide materials to the expected specification. Materials are inspected on receipt at site. During build, each of our new homes undergoes a seven stage internal quality check process, supported with IT tools to enable monitoring. This process has been further strengthened during 2019 by the introduction of a new team of Independent Quality Inspectors across each of our regional businesses. |
| | Land purchasing Land may be purchased at too high a price, in the wrong place and at the wrong time in the housing market cycle. | Land purchasing The Group has strong land holdings. 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 existing market conditions and sales rates. |

Key sustainability risks *continued*

| Risk | Impact | Mitigation |
|--|--|---|
| Reputation Residual Risk Medium Change since 2018 No change → | <p>Damage to the Group's reputation could adversely impact on its ability to deliver its strategic objectives.</p> <p>For example, should governance, build quality, customer experiences, operational performance, management of health and safety or local planning concerns fall short of our usual high standards, this may result in damage to customer, commercial and investor relationships and lead to higher staff turnover.</p> | Management Supervision <p>The Group has a strong commitment to appropriate culture and maintaining the high quality of its operations. Oversight from the Board seeks to ensure key processes are robust and any matters are promptly and effectively addressed.</p> <p>The Group's build quality and customer service processes are a key strategic priority and significant investment has been made in this area during the year with further ongoing improvements being made.</p> <p>Where management oversight identifies inconsistencies in adherence to agreed processes, correcting actions are swiftly taken. The identification of instances of incorrect cavity barrier installations, for example, resulted in immediate action and a detailed programme of inspections and rectifications, including training and introduction of the initiatives described below to strengthen oversight during construction.</p> <p>A Construction Working Group comprising senior experienced construction professionals from across the Group was established in October 2019 in order to strengthen Group build processes and establish a consolidated, consistent Group wide approach to construction (the Persimmon Way). A new senior 'Construction Champion' role has also been created to strengthen oversight of Group build processes across all regions. The Group has appointed a team of Independent Quality Inspectors to undertake regular inspections of all aspects of construction activity on our sites as well as continually assessing the finished quality of our new homes. Once implemented there will be an external audit of this process on an annual basis in line with the Persimmon Way.</p> <p>Other senior appointments have been made at Group level to promote and enforce compliance with policies and procedures as well as to provide the Board with assurance that they are being implemented properly.</p> |

Key sustainability risks *continued*

| Risk | Impact | Mitigation |
|--|---|--|
| Reputation Residual Risk Medium Change since 2018 No change → | | Stakeholder Relationships <p>We take actions to maintain positive relationships with all of our stakeholders to minimise the risks of reputational damage and aim to comply with best practice in corporate governance.</p> <p>Within 2019 we have further developed our engagement activities with all stakeholders. For example, we have improved engagement with our employees through the Employee Engagement and Gender Diversity Panels which meet regularly and report to the Board. We have invested in a number of measures to improve customer experience by putting customers before volume. These measures have included the introduction of a retention scheme for customers with cover to include any faults identified during the first week of occupation, and invested in a customer portal which will be rolled out across the Group in 2020. We continue to foster long term, mutually beneficial relationships with our suppliers.</p> <p>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.</p> |
| Regulatory Compliance Residual Risk Low Change since 2018 Increased ↑ | <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.</p> <p>Any failure to comply with regulations could result in damage to the Group's reputation and potential imposition of financial penalties.</p> <p>The potential risk impact in this area has increased during the year, reflecting increasing regulatory requirements, and the scale of potential penalties under recent legislation (for example those under the General Data Protection Regulation ('GDPR')).</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. Where these systems identify inconsistencies in adherence to agreed processes, correcting actions are swiftly taken. The identification of instances of incorrect cavity barrier installations, for example, resulted in immediate action and a detailed programme of inspections and rectifications, including training and a range of other initiatives to strengthen oversight during construction.</p> <p>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> |

Key Performance Indicators

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|----------|----------|----------|----------|
| Housing completions | 14,572 | 15,171 | 16,043 | 16,449 | 15,885 |
| Average selling price | £199,127 | £206,765 | £213,321 | £215,563 | £215,709 |
| Our Customers | | | | | |
| HBF Customer Satisfaction Survey Scores | 73.5 | 74.6 | 79.1 | 78.9 | 83.7 |
| Our People | | | | | |
| Average number of employees | 4,188 | 4,526 | 4,535 | 4,809 | 5,097 |
| Average number of female employees | 1,162 | 1,127 | 1,125 | 1,208 | 1,338 |
| Female employees % | 27% | 25% | 25% | 25% | 26% |
| Female employees on Senior Management team % | 10% | 13% | 13% | 19% | 21% |
| Training days delivered (excluding apprenticeships) | 10,212 | 10,550 | 10,669 | 11,031 | 14,256 |
| Number of trainees and apprentices | c.580 | c.550 | c.590 | c.630 | c.750 |
| Our Wellbeing | | | | | |
| No. of construction work related incidents in our housebuilding operations | 47 | 47 | 49 | 45 | 53 |
| No. of worker RIDDOR reportable incidents* in our manufacturing operations | – | – | 3 | 3 | 2 |
| RIDDORs per 1,000 workers in our housebuilding operations | 3.6 | 3.6 | 3.6 | 3.2 | 3.8 |
| HSE Prosecutions | 0 | 0 | 0 | 0 | 0 |
| HSE Enforcement Notices | 2 | 0 | 1 | 1 | 1 |
| Our Environment | | | | | |
| Greenhouse gas emissions (Tonnes CO ₂ e)** | 31,557 | 32,599 | 33,520 | 38,400 | 34,006 |
| Greenhouse gas emissions per home completed (Tonnes CO ₂ e)** | 2.17 | 2.15 | 2.09 | 2.33 | 2.14 |
| Average SAP rating | 83 | 83 | 83 | 83 | 84 |
| Homes incorporating renewable energy | 1,338 | 1,218 | 901 | 993 | 1,402 |
| Waste generated (Tonnes) | 91,161 | 100,444 | 116,261 | 110,726 | 117,936 |
| Waste per home completed (Tonnes) | 6.3 | 6.6 | 7.3 | 6.7 | 7.4 |
| Waste recycled % | 92% | 93% | 92% | 96% | 97% |
| Trees planted | 123,897 | 73,990 | 83,863 | 82,922 | 146,153 |
| Trees planted per home completed | 9 | 5 | 5 | 5 | 9 |
| Our Communities | | | | | |
| Social and affordable homes completed*** | 2,147 | 2,448 | 3,005 | 3,333 | 3,589 |
| Value of social and affordable homes delivered | £221m | £262m | £348m | £394m | £428m |
| Social and affordable as a proportion of total completions | 15% | 16% | 19% | 20% | 23% |
| Infrastructure contributions (£m) | 46.9 | 65.5 | 64.4 | 80.7 | 94.1 |
| Charitable donations made by the Group (£) | 593,000 | 699,000 | 664,500 | 798,300 | 127,200 |

* RIDDORs reported, including where relevant, those reported by our contractors.

** 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. 2017-2019 figures include Discounted Open Market Value Housing.

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:

Richard Stenhouse

Group Regulatory Director
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