

SUSTAINABILITY REPORT 2020





THIS IS PERSIMMON'S SUSTAINABILITY REPORT 2020

This report details our sustainability progress and activity for the year ended 31 December 2020 and sets out our commitments for 2021 and beyond.

The report should be read together with our 2020 Annual Report and the Group Sustainability policy. We welcome your feedback on our Sustainability programme. If you would like to comment on our activity, the report itself or any of the issues we highlight, please get in touch: sustainability@persimmonhomes.com

CONTENTS



Overview

- 02 Our purpose
- 03 Group Chief Executive introduction
- 04 Sustainability Committee Chair 2020 Statement
- 05 Our business model
- 06 2020 progress



Our plan


- 07 Global context
- 08 Materiality assessment
- 09 Sustainability strategy
- 10 Alignment
- 11 Reporting and management



2020 review

- 12 Our year in review
- 19 Our sustainability pillars
- 24 Engaging with stakeholders
- 26 Key Performance Indicators
- 27 Climate change risks and opportunities
- 27 Task Force on Climate Related Financial Disclosures (TCFD)
- 30 Sustainability Accounting Standards Board (SASB) Disclosures
- 32 Independent Limited Assurance Statement
- 34 Feedback, policies and past reports



 The report should be read together with our 2020 Annual Report and the Group Sustainability policy www.persimmonhomes.com/corporate

OUR PURPOSE


We are one of the UK's leading housebuilders with a clear purpose:

To build good quality homes at a range of price points to meet the UK's housing needs. We aim to create and protect superior long term value for the benefit of our customers, workforce, suppliers, shareholders and wider stakeholders through the housing cycle.

WE ARE PROVIDING HOMES AND SERVING OUR COMMUNITIES ACROSS THE UK

With 31 operating businesses, three housebuilding brands and three off-site manufacturing facilities providing homes and serving their local communities across the UK.

STRATEGIC HIGHLIGHTS

 See page 06 for Sustainability highlights

13,575

homes sold

(2019: 15,855)

£230,534

average selling price

(2019: £215,709)

£783.8m

profit before tax

(2019: £1,040.8m)

31

operating businesses
across the UK

Three

off-site manufacturing
facilities

FibreNest

high speed
broadband service

5,156

employees

(2019: 5,097)

c.86,000*

construction jobs
supported

(2019: 99,500)

£3.33bn

revenue

(2019: £3.65bn)

c.£2m

donations to 900 charities
through Persimmon
Charitable Foundation

(2019: 99,500)

* Estimated using an economic toolkit which has been updated to reflect latest guidance.



Persimmon

Together, we make a home.



CHARLES CHURCH



Westbury
partnerships



See more about our brands at
www.persimmonhomes.com/corporate/about-us/our-brands

Broadband provider



Off-site manufacturing



space4



See our Annual Report for more information
www.persimmonhomes.com/corporate

Group Chief Executive introduction

WELCOME TO PERSIMMON'S SUSTAINABILITY REPORT



2020 has been a year of unprecedented change. Our priority has been to deliver for our customers while protecting their and our colleagues' safety and wellbeing during the pandemic. I would like to thank employees for their continued hard work, determination and positivity during this challenging period.

We continue to support the communities in which we operate during the Coronavirus through our charitable giving. We set up a colleague volunteering programme for those able to give their time to help the NHS and local communities. In 2020, our Community Champions initiative donated c.£2m to local charities and community groups.

The pandemic has shown how crucial it is to identify and plan for future challenges. Indeed, that we need to act now to both mitigate the effects and adapt to the likely impacts. Sustainability is very similar. I want to ensure that we continue to embed sustainability in the business, with the right strategy in place to ensure we are ambitious, reflecting the material issues relevant to our business and society today.

This is why we are adopting science based carbon reduction targets in line with the Paris Agreement's 1.5°C warming pledge. We are augmenting these targets with commitments to have zero carbon homes in use by 2030 and for our own operations to be zero carbon from 2040.

This report details our progress for the year ended 31 December 2020 and sets out these and many other challenging targets for 2021 and beyond, divided into three key pillars:

- **Building for tomorrow:** We will achieve net zero carbon homes in use and in our operations, supported by carbon reduction commitments, aligned to climate science.
- **Safe and inclusive:** We will positively transform communities directly connected to Persimmon's activities.
- **Transforming communities:** We will create a safe and inclusive culture focused on the wellbeing of our customers, communities and workforce.



The full list of our targets can be found on pages 19 to 23

I have recently set out sustainability as one of my five key priorities for the business to ensure we're providing the best quality homes and service. I am determined that we aim to be Britain's best housebuilder with homes that customers trust and value. Playing a leading role in the zero carbon transition and upholding the highest safety and sustainability standards is at the heart of this approach.

I am encouraged by the continued progress we have made against a challenging backdrop. However, we know we have more to do and our colleagues will be the key to our success in achieving the new commitments set out in this Sustainability Report.

Dean Finch

Group Chief Executive



"I want to ensure that we continue to embed sustainability in the business, with the right strategy in place to ensure we are ambitious, reflecting the material issues relevant to our business and society today."

Sustainability Committee Chair 2020 statement

PROGRESS THROUGH CLEAR GOVERNANCE AND COMMITMENT



I'm pleased to have been appointed as the Chair of Persimmon's Sustainability Committee. In 2020, this Committee helped to drive important progress against the material issues our stakeholders care about.

My role as Chair was to challenge and support Persimmon to ensure we have the right strategy and activity in place to operate as a sustainable business.

Principle roles and responsibilities

The Committee is responsible for the Group's overall sustainability strategy by overseeing the preparation of formal policies and commitments on all sustainability issues ensuring they are embedded across the Group. It is also responsible for communicating the strategy and its policies to key stakeholders.

Activities throughout the year

The Committee met three times in 2020 with the aim of establishing new and stretching sustainability commitments for 2021 and beyond as well as setting out effective governance and accountability for delivery.

Key themes from 2020 Sustainability Committee meetings included:


- Setting sustainability strategy and targets
- Ensuring effective governance and accountability
- Alignment to reporting standards and frameworks
- Increasing communications
- Setting science based carbon reduction targets.

I'm very pleased with the progress made during a challenging year, particularly the setting of science based targets, and believe the revised strategy set out in this report reflects the issues relevant to Persimmon and its stakeholders.

Operational responsibility

It's important that our sustainability commitments are embedded into our operations and, in order to ensure this, the Committee has established key steering groups which will be chaired by senior operational directors in order to drive progress.


Progress from these steering groups are reported into the Sustainability Committee with frequent briefings or presentations when required on key issues.

 Further details on sustainability governance at Persimmon can be found on page 11

Increasing transparency

We continue to increase our reporting transparency on climate related risks and opportunities, aligned to the Task Force on Climate Related Financial Disclosures requirements.

For the first time, Persimmon will also be reporting against the Sustainability Accounting Standards Board (SASB) housebuilding standard.

 Further details on Persimmon's disclosure can be found on pages 27 to 31

Changes for 2021

Given the importance of this agenda at Board level, and the need to ensure continued integration of sustainability into business processes, we have agreed that going forward the Sustainability Committee will become an Executive Working Group, chaired by Dean Finch, Group Chief Executive, with regular updates to the full Board.

The Working Group will meet on a bi-monthly basis and will report into the Executive Committee. These meetings will monitor progress, address any challenges and ensure our strategy remains relevant.

Joanna Place

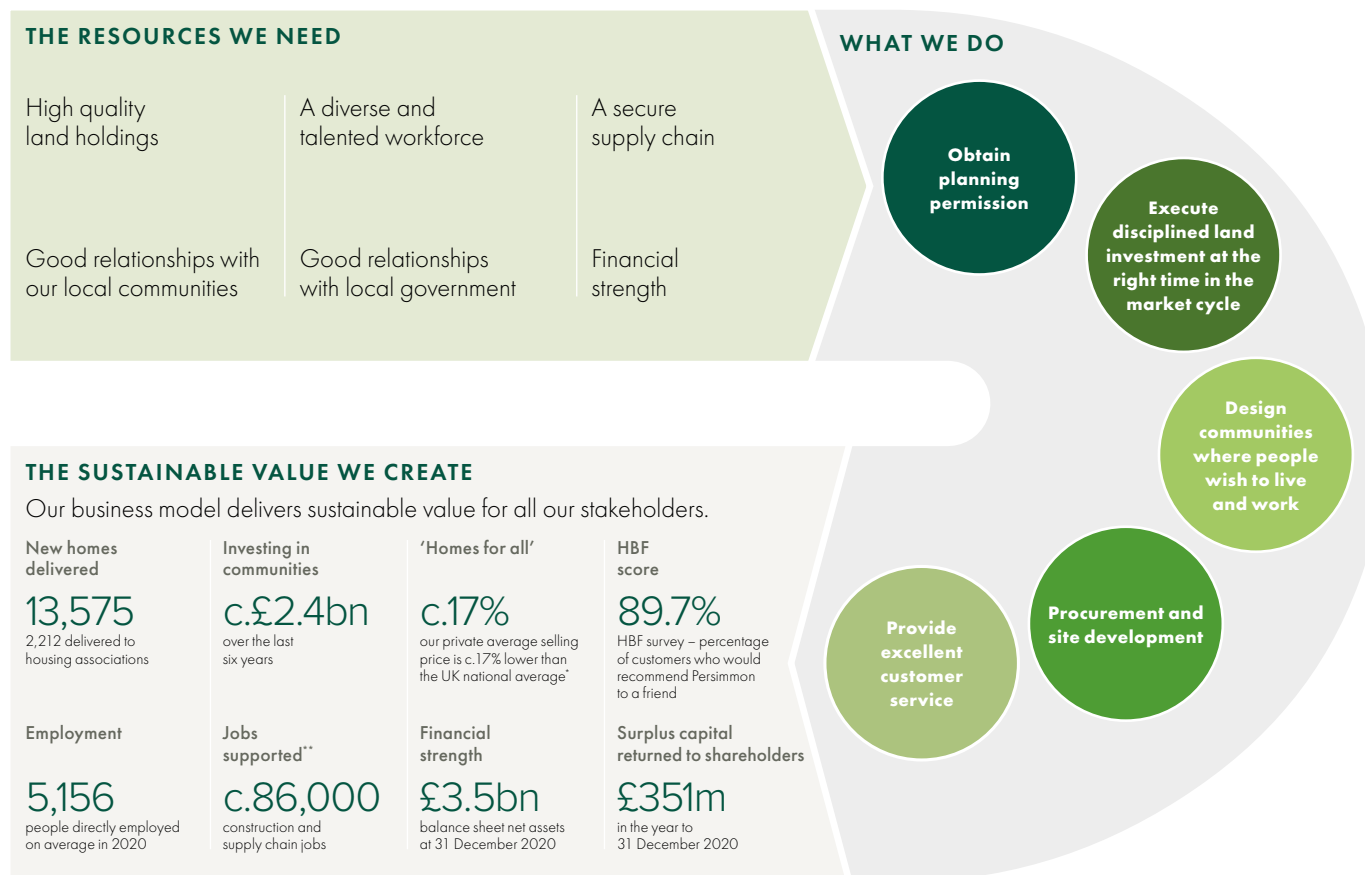
Non-Executive Director and Former Chair of the Sustainability Committee

"It's important that our sustainability commitments are embedded into operations."

Our business model

HOW WE CREATE SUSTAINABLE VALUE

The Group's established strategy, implemented over many years, of minimising financial risks and deploying capital at the right time, recognises the cyclical nature of the housing industry and ensures the business is well placed to face periods of uncertainty.



For more information read our Annual Report 2020 online at www.persimmonhomes.com/corporate

Identify areas of housing need

We have skilled Group and regional operational management and land planning and design teams who have a good knowledge of their local areas and understand where communities need more homes. Our teams work closely with local Government, land owners and their communities to identify and plan developments that best suit local needs. They identify areas that have good transport links, are close to local amenities and determine which mix of house types will best meet the needs of the local communities.

Linkage to strategy



Disciplined land investment at the right time in the housing cycle

The Group has high quality land holdings providing it with continuity of supply of outlets, a geographically diverse network of upcoming and current developments and the flexibility to invest only when it is the right time in the cycle and when the investment meets the Group's strict criteria. The Group prioritises strategic land investment – e.g. securing options over areas of land, having found that this secures a stronger return on investment.

Linkage to strategy



Design communities

The Group's planning and design teams aim to design developments with open space and the right balance of house types to meet local communities' needs. The Group has well designed core house types which provide a range of affordably priced homes meeting the lifestyle needs of our customers from first time buyers to larger family homes. Our newly built homes are on average 40% more energy efficient than existing housing stock meaning that our customers will generate lower carbon emissions and live more affordably in their new home.

Linkage to strategy



Material supplies, vertical integration and construction

Our Group Procurement department secures group deals for key material components. Each of our regional businesses have an experienced local buying team who utilise the Group deals and have the ability to secure deals with local suppliers where beneficial. The Group owns Space4 (a timber frame, wall panel and roof cassette manufacturing facility) and has built its own brickworks and tileworks facilities. This in-house manufacturing capability provides security of supply of key materials. The Persimmon Way, the Group wide consolidated approach to new home construction, is embedded within the business and making a real difference to improving build quality across the Group.

Linkage to strategy



Customer service

The Group has dedicated sales advisors and customer care teams to look after our customers throughout their home buying journey with us. We have invested significantly in increased training and improved communication for our customers and have seen marked progress in our eight-week customer survey score.

Linkage to strategy



* 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.

** Estimated using an economic toolkit.

2020 progress

HIGHLIGHTS

41%

homes sold using Brickworks
manufactured concrete bricks

89.7%**

HBF customer satisfaction score
(2019: 83.7)

75%

homes built using Modern
Methods of Construction with
31% of timber frames through
Space4 manufacturing site
(2019: 82%)

2.16

tonnes of greenhouse gas
emissions per home sold
(2019: 2.14)

100,000+

trees planted on our
developments

£376m

investment in local
communities
(2019: £522m)SUPPLY CHAIN SUSTAINABILITY
SCHOL
partners2020 **POSITIVE ABOUT**
Women into
Construction

c.12,600

employee training days
(2019: 14,300)

£740,000

donated to over-70s
community groups
during COVID

635 acres*

public open spaces and
gardens provided for families
(2019: 725)

2,758*

new school places created
(2019: 2,514)

2,433***

affordable homes
(2019: 3,589)

90%

timber purchased via Group
deals was FSC/PEFC certified

86

average SAP rating
of our homes
(2019: 84)

78%

sites with Sustainable
Urban Drainage
(2019: 78%)

80%

employee engagement score

THE
Persimmon *Way*Group wide consolidated
approach to new home
construction

96%

operational waste recycled
(2019: 97%)

members

* Estimated using an economic toolkit.

** We participate in a National New Homes Survey run by the HBF. The Survey year covers the period from 1 October to 30 September.
The rating system is based on the number of customers who would recommend their builder to a friend.

***Homes provided to our housing association partners and Discounted Open Market Value homes.

Global context

THE CHALLENGES WE ALL FACE

It is important that we recognise and respond to the global challenges that society faces. As a major housebuilder, we can play a key role in making positive change to address these issues within the communities we operate and within our supply chain.



Coronavirus pandemic

The pandemic has had a detrimental impact on the global economy and society as a whole. It has exacerbated inequalities with higher mortality rates amongst those from disadvantaged backgrounds, rising unemployment, increase in poverty and mental health issues. The affects from coronavirus is likely to be seen for years to come.

How we're addressing these challenges

- Throughout the pandemic, all colleagues have received full basic pay without Government support.
- We are signatories to the Social Mobility Pledge and will continue to work to provide job opportunities and affordable housing throughout the UK.
- Mental wellbeing guidance and support provided to colleagues.
- Community/charitable activity supporting the most vulnerable groups to the pandemic.



Climate change

Climate change is already effecting the way we live today, we see this through severe weather patterns, rising sea levels and temperatures with 2020 being the warmest year on record. Climate change could impact our business in a number of ways including severe disruptions to the construction process, reduction in the life of a property, loss of property value and land availability. It is important that we take action within our operations and supply chains to reduce our own impact.

How we're addressing these challenges

- Worked with the Carbon Trust to develop science based carbon reduction targets through our supply chain, operations and homes.
- Low carbon demonstration project in development in York to understand how we can build low carbon homes cost effectively at scale.
- Continued investment in modern methods of construction through our off-site manufacturing.
- Continued to increase our transparency on climate related risks through Task Force on Climate Related Financial Disclosure.



Inequality

Globally, despite continued momentum and progression, full gender equality remains unreached. In 2019, 28% of managerial positions in the world were occupied by women, a small increase from 25% in 2000.

Recent events in both the USA and the UK have raised greater awareness of the continued inequalities amongst ethnic minorities.

We believe in the importance of engaging with and supporting all colleagues, removing any barriers to ensure we are a diverse and inclusive business, providing real opportunities for all.

How we're addressing these challenges

- We are signatories to the Social Mobility Pledge and will continue to work to provide real job opportunities and affordable housing through our housing association partners throughout the UK.
- Key commitments on gender diversity include that by the end of 2025 we aim for:
- 40% of our employees to be female.
 - 35% of our Executive Committee and direct reports to be female.
 - 45% of our employees in management roles to be female.
 - In 2021, we have recruited a dedicated Director of Talent and Diversity to help achieve these targets.

Materiality assessment

FOCUSING ON WHAT MATTERS MOST

We undertook a sustainability materiality assessment to help identify the key environmental, social and governance risks and opportunities for Persimmon, taking into account potential impact on the business and the current issues that matter most to our key stakeholder groups.

Material issues and how they affect us

1 Climate change action and resilience Reducing greenhouse gas emissions, energy use and ensuring resilience to the effects of climate change in the supply chain, business operations, customer homes and communities.
2 Strategy Ensuring the right business strategy is in place to ensure long term value for key stakeholders.
3 Build quality and safety Building high quality homes that will last through generations.
4 Customer satisfaction Ensuring customers are happy with the service and process of buying a Persimmon home.
5 Health and safety Protecting and promoting the safety of employees.
6 Governance Implementing policies and practices to ensure all stakeholder expectations are met, manage risks and opportunities at the highest level in the business.
7 Helping customers to live sustainably Making it easier for customers to make daily sustainable choices through the design of our homes.
8 Social value and enhancing communities Demonstrating how we create value in the communities where we build.
9 Talent attraction, diversity, development and engagement Ensuring we attract and retain the best talent through policies and practices.
10 Cyber security and protection Protecting Persimmon's employees and customers' data from cyber attacks and improper use.


Our materiality matrix



Sustainability strategy

THREE KEY PILLARS

We have identified three key pillars to drive our focus and performance. These pillars reflect our material issues and are aligned to the Group's strategic objectives ensuring that sustainability is a core part of the Group's ongoing operations.

 See pages 19 to 23 of our Annual Report for more information on our sustainability approach



Alignment


UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS


At Persimmon, we want to address global challenges in a meaningful way that is relevant and aligned to our business strategy.


The table below shows how Persimmon's three key sustainability pillars, core focus areas and material issues aligns to 10 of the UN Sustainable Development Goals (UN SDGs).


The UN SDGs universally apply to all and aim to end all forms of poverty, fight inequalities, and tackle climate change on a global scale by 2030. These Goals cannot be realised without participation from all sectors including business.


Our core focus areas:


 Supporting our customers


 Creating and supporting sustainable and inclusive communities

 Investing in our colleagues

 Continue to invest in high quality land

 Working safely, responsibly and efficiently

 Maintaining financial strength through the housing cycle

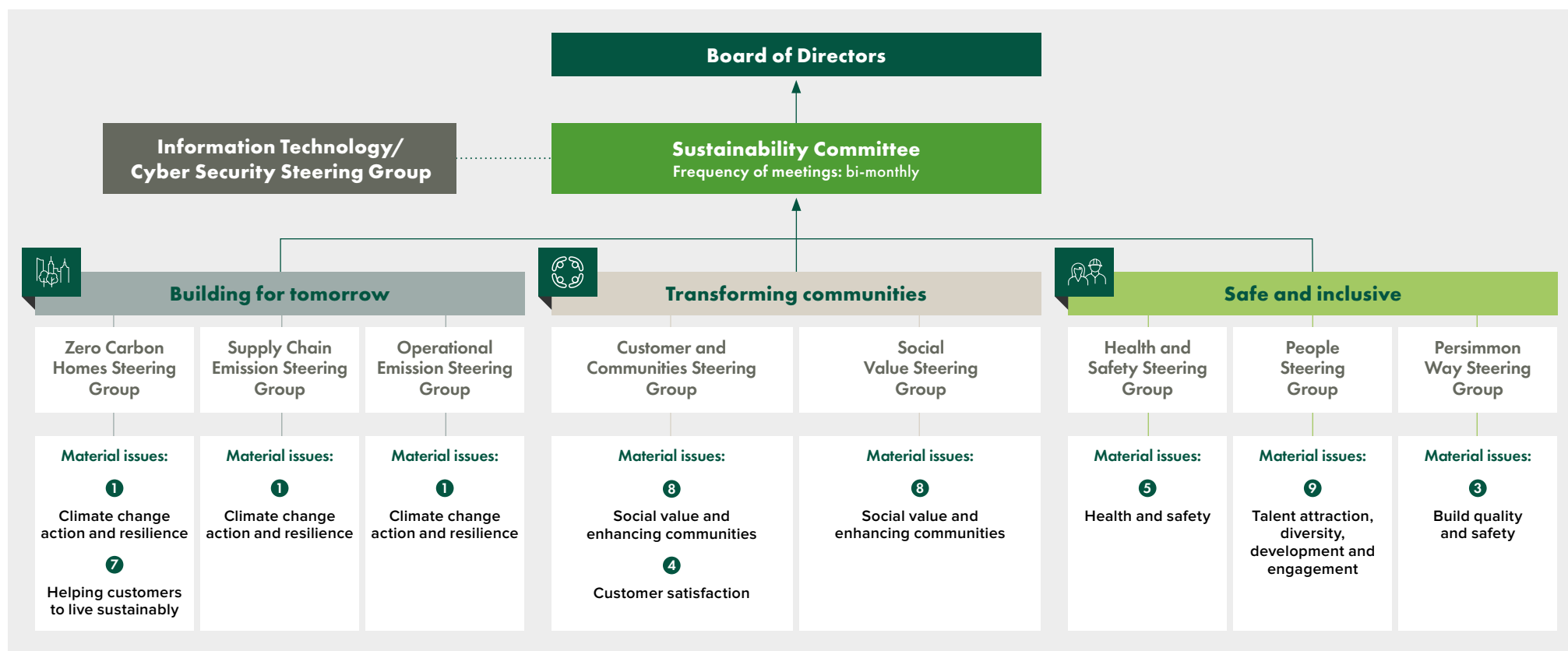
 Please read our Annual Report for more information on our core focus areas www.persimmonhomes.com/corporate



Reporting and management

OUR GOVERNANCE FRAMEWORK

The Sustainability Committee is responsible to the Board for the oversight of Sustainability policies and objectives. Eight steering groups feed into the Sustainability Committee, these steering groups are responsible for measuring progress against key targets and activity on relevant material issues as well as addressing related risks or challenges and ensuring sustainable processes are embedded into operations.



Our year in review

SUSTAINABILITY IN ACTION



Building for tomorrow

ENERGY EFFICIENT HOMES

The average Standard Assessment Procedure (SAP) rating of our new homes during 2020 was 86, which is more energy efficient than the existing housing stock which has an average SAP rating of c.60.

Our homes also contain a range of energy efficient features to promote sustainable living for our customers. These include LED lighting, double glazed A rated windows, many A rated or A+ rated appliances and combination boilers.

In 2020, all ovens, integrated laundry, integrated refrigerators, integrated dishwashers and wine coolers purchased via our group deals had a minimum Energy Efficiency rating of A.



86
average
SAP rating

100%
homes use
LED lighting

SETTING OUR PATHWAY TO NET ZERO

We have set two ambitious targets: to be net zero carbon in our operations by 2040 and to deliver net zero carbon homes in use by 2030. This will be achieved through a scale of emissions reductions consistent with pathways that limit warming to 1.5°C.

These commitments are supported by science based carbon reduction targets to reduce operational Scope 1 and 2 absolute emissions by 46.2% and Scope 3 emissions by 22% per m² by 2030.

Reaching net zero carbon emissions for a company is achieved by reducing value chain greenhouse gas emissions, in line with 1.5°C pathways, and by balancing the impact of any remaining greenhouse gas emissions with an appropriate amount of carbon removals.

Our carbon footprint



Highlights:

Carbon Disclosure Project
climate change score
B-
(2019: C)



Further information on our carbon reduction targets can be found on page 19 of our Annual Report

ZERO CARBON DEMONSTRATION PROJECT



We appointed consultants at The School of Built Environment, University of Salford, to monitor the true in-use carbon savings of our low carbon demonstration project in Germany Beck in York.

The aim of this project is to understand how we can build low carbon solutions cost effectively at scale looking at impacts to the homeowner as well as potential additional processes and costs to the build process.

The demonstration home has been designed using materials and systems that provide the best carbon saving for every £1 of construction costs.

The home will be occupied by live-in tenants to monitor liveability of the home. We're also including electric vehicle charging points in the home to understand further impacts on efficiency and energy demand.

The project is currently in build phase with estimated completion in late Summer 2021.

Our year in review continued



Building for tomorrow continued

REDUCING OUR OPERATIONAL IMPACT

We continue to focus on reducing operational emissions across the Group. During the year, the greenhouse gas emissions per home sold was 2.16 tonnes (2019: 2.14).

60% of our operational greenhouse gas emissions are from red diesel used on our developments. A number of the Group's owned JCB machines are 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 and there has been some improvement in fuel consumption as a result.

Operational emissions

Greenhouse gas emissions	Unit	2020	2019
Scope 1	t CO ₂ e	25,886	30,797
Scope 2			
Location based	t CO ₂ e	3,480	3,209
Market based		1,656	2,747
Energy consumption	kWh	110,034,884	116,392,708
Carbon intensity (per home sold)			
Location based	t CO ₂ e	2.16	2.14
Market based	t CO ₂ e	2.02	2.12
Total			
Location based	t CO ₂ e	29,367	34,006
Market based	t CO ₂ e	27,543	33,543



See our carbon reporting methodology statement for further information at www.persimmonhomes.com/corporate

SITE MANAGER TRAINING

We have included energy efficiency courses as part of our wider Site Manager Essentials training which included strategies to reduce fuel consumption at site for example by keeping machine idling time to a minimum, working at less than full throttle, avoiding excess revving, using appropriate travel speeds when moving around the development and reducing generator power to a minimum. The training also covers heating and lighting management on site.



ENVIRONMENTAL CHAMPIONS

Regional site environmental champions are now in place to manage environmental related issues and processes whilst championing key sustainability initiatives. Each Environmental Champion has received IEMA Environmental Management in Construction training, which covers subjects such as environmental risk assessment, environmental regulation, and waste and resource efficiency.

RENEWABLE ENERGY

During 2020, 855 of our homes sold were also fitted with photovoltaics (PV) panels. The energy generated by PV panels reduces the amount of electricity drawn from the grid and in turn reduces the homeowner's energy bills and greenhouse gas emissions.



Our year in review continued



Building for tomorrow continued

SUPPLY CHAIN ENGAGEMENT

The Group works with over 5,158 suppliers supporting c.49,000 jobs in its supply chain. Our regional offices engage with a large number of local subcontractors in the construction of our homes, supporting over 37,000 jobs on its sites*.

We became partners to the Supply Chain Sustainability School as part of our drive to engage our supply chain on sustainable sourcing. The School provides a learning and engagement platform to upskill people working within the built environment sector. Free online learning materials, seminars, workshops and other services are available to help assess and improve environmental, social and economic sustainability awareness on issues including waste reduction, resource use and human rights.

The Group continued to support its suppliers with, for example, securing forward orders and prepaying for material deliveries strengthening our supply chain's cash flows. The Group is also a signatory to the Prompt Payment Code.

* Estimated using an economic toolkit which has been updated to reflect latest Government guidance.



RESPONSIBLE SOURCING OF TIMBER



We are committed to responsible sourcing and look to use supply chain systems, which minimise the environmental impact associated with the production of key commodities such as timber.

All buyers, surveyors, suppliers and subcontractors to Persimmon via group deals are required to purchase Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certified timber and timber derived materials for use in all of our operations.

If FSC or PEFC certified timber and timber derived materials cannot be purchased, evidence must be provided that alternative materials are sourced from reputable and sustainable sources.

As a minimum, all buyers, surveyors, suppliers and subcontractors must ensure compliance to any applicable laws and regulation in relation to the sourcing of timber and timber derived materials.

In 2020, 90% of timber and timber based products via Group deals were from FSC or PEFC certified sources.

MODERN METHODS OF CONSTRUCTION

Persimmon's off-site manufacturing facilities:

- 5,300 timber frames and roof systems supplied
- 35m concrete bricks supplied
- 2.5m tiles supplied


We believe we are one of the leading UK housebuilders using Modern Methods of Construction (MMC). In 2020, 75% of the homes we built used a form of MMC. This included 36% of the homes we built using timber frames.

Our off-site manufacturing facilities consist of Space4, a timber manufacturing facility, Brickworks and Tileworks. We believe that this vertical integration is a key differentiator for the Group and we are committed to continuing to invest in these facilities.

Our Space4 facility uses off-site manufacturing techniques to manufacture timber frames using PEFC certified timber, highly insulated wall panels and roof cassettes based on our standard core house types. In 2020, 31% of homes sold were built using Space4 timber frames.

Typically, 28% less carbon is produced in the manufacture of concrete bricks in comparison to clay, with a total lifetime carbon savings of 2.4 tonnes of CO₂ per house built*. In 2020, 41% of homes sold used concrete bricks from our Brickworks manufacturing site.

The Group's roof tile manufacturing plant commenced deliveries to site in early 2020, and has supplied approximately 2.5m tiles to 115 sites across the Group.

 See our Space4 commitment on page 19



space4

* Provided by Edenhall and Marshalls – based on calculations made from publicly available EPD and housebuilding data.

Our year in review continued



Transforming communities

CUSTOMER SATISFACTION



Our 2020 eight-week customer satisfaction score from the HBF is 89.7% (2019: 83.7%), a four-star rating (the threshold for which is 80%). We are pleased with this progress and delighted with the increasing number of customers who would recommend us to a friend.

The Group has a target to achieve and maintain a five-star rating year on year.

The Group is also focused on improving the support it provides to its customers over the longer term and aims to continue to increase its score from the HBF customer satisfaction survey issued to new home owners after nine months of occupation.

HOME AFFORDABILITY

Affordable homes sold

2,433*

(2019: 3,589)

17%** lower

average private selling price lower than the UK national average

(2019: 18%)

New homes sold to first-time buyers

50%

(2019: 50%)

BUILDING FUTURES CAMPAIGN

2020 was the second year for the Foundation's 'Building Futures' campaign which, in conjunction with Team GB, supports community projects that benefit young people across the UK in the areas of sports, education, arts and health. The campaign held a public vote to select 96 finalists from thousands of nominated charities.

Finalists received a total of £945,000 with the top three winners in each category receiving £100,000, £50,000 and £20,000 donations respectively. Beneficiaries included hospital charities, local sports groups, eco-activity centres and refugee sports groups. The remaining 87 finalists received a donation of £5,000 each. During 2020, Building Futures donated over £1m to c.135 local good causes.



SUPPORTING OUR COMMUNITIES

We continued to support the communities most affected by Covid-19 through our charitable giving and activity.

We set up an employee volunteering programme for those able to give their time to help the NHS and local communities.

Our Community Champions initiative also supported those groups most affected by the pandemic, in particular the over-70s, with charitable donations over a six-month period.

In 2020, £740,000 was donated to local community groups and charities through the Community Champion initiative, with a total of c.£2m donated through Persimmon Charitable Foundation to c.900 charities and good causes across the UK.

The Group also signed up to the Covid-19 Business Pledge supporting colleagues, customers and communities through the crisis.

* Homes provided to our housing association partners and Discounted Open Market Value homes.

** 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.

Our year in review continued



Safe and inclusive

TRAINING OUR WORKFORCE



During 2020, Persimmon delivered c.12,600 training days (excluding apprenticeships and sponsored higher or further education courses) to employees and construction workforce, c.1,700 of which were delivered remotely.

Approximately 13% of our current workforce participate in a formal training programme with c.345 apprentices learning traditional craft skills such as bricklaying and joinery, which is among the largest commitment to apprentice training in the industry.

In addition, the Group has c.70 sales trainees and c.265 colleagues training in disciplines such as accounting, quantity surveying, planning and construction.

c.13%

of our workforce participate in formal training

680

trainees and apprentices

CASE STUDY: KATHERINE HORNSBY, CONSTRUCTION APPRENTICE

Katherine Hornsby, 19, joined Persimmon in 2020 as a Construction Apprentice. As part of her apprenticeship she is currently pursuing a Level 4 HNC in Construction and the Built Environment at Derby College to become a quantity surveyor. Katherine recognised the value of work experience and knew an apprenticeship would enable her to learn and qualify, while gaining a practical understanding of the job.



"I was very grateful to be given the opportunity to gain a broad understanding of all aspects of the commercial department, enabling me to make an informed decision on the direction of my training and future career. This flexible and real-life experience could not be possible if I had been in full time education. I would definitely encourage others to become an apprentice."

Katherine Hornsby
Construction Apprentice



PROMOTING GENDER DIVERSITY

Our gender data (as at 31 December 2020)		2020	2019
Board	Male	5 (63%)	5 (63%)
	Female	3 (37%)	3 (37%)
Senior Executive Committee and direct reports	Male	55 (74%)	NR*
	Female	19 (26%)	NR*
All colleagues	Male	3,768 (72%)	3,941 (75%)
	Female	1,453 (28%)	1,344 (25%)
Median gender pay gap		12.7%	12.4%

* NR = Data not reported during period.

The median Gender Pay Gap in 2020 for the Group was 12.7% (2019: 12.4%), which compares favourably with the Office of National Statistics figures for 2020 of 15.5% (2019: 17.3%). Consistent with our industry our median Gender Pay Gap is driven by the composition of our workforce with a higher proportion of men in skilled construction roles (such as bricklaying and site management), the market for which is competitive.

Persimmon is part of the Home Builders Federation's Diversity and Inclusion Group with the aim of developing a more diverse and inclusive workforce across the industry. We are also a member of the Apprenticeship Diversity Champions Network (ADCN), part of the National Apprenticeships Service to demonstrate our open and inclusive culture in recruiting and employing young people.

We recognise that women, as well as people from a broad range of backgrounds, are under-represented across the industry as a whole and the Group is determined to do more to attract a more diverse workforce, recognising the benefits that this brings.

We have set a number of stretching targets to improve gender diversity across the Group including, that by the end of 2025 we aim for:

- 40% of our employees to be female
- 35% of our Executive Committee and direct reports to be female
- 45% of our employees in management roles to be female
- In 2021, we have recruited a dedicated Director of Talent and Diversity to help achieve these targets.

Our year in review continued



Safe and inclusive continued

EMPLOYEE ENGAGEMENT



We conducted our first employee engagement survey in 2020 to monitor and improve engagement across the Group.

The Group's employee engagement index score was 80% with the survey finding that 90% of colleagues felt committed to Persimmon and what the Group is trying to achieve.

The survey also highlighted some areas for improvement – for example, employees would welcome better methods of communication and information distribution, an area that was also raised by Persimmon's Employee Engagement Panel.

To address this, the Group has increased its use of online training, regular Team Talk updates and investment in an online HR system.

EMPLOYEE AWARDS



Formerly known as the Group's Young Achiever of the Year Awards, the Achiever Awards were extended to recognise excellence amongst all colleagues regardless of age. There are five awards categories: Trade Apprentice of the Year, Trainee Sales Advisor of the Year, Business Trainee of the Year, the 'Unsung Hero' Award and the Duncan Davidson Award, from which the overall Achiever of the Year is selected.

In 2021, an employee awards programme for our Site Managers will be introduced, recognising achievements in build quality to drive further behavioural change to improve the service we deliver and the quality of our homes.

THE Persimmon Way

The Persimmon Way is a Group wide consolidated approach to new home construction which aims to ensure we consistently provide good quality homes to all of our customers.

It is a comprehensive programme covering all aspects of the build process including:

- **Build quality** – standardising new home design and construction detail across the business to support the drive for improved consistency of high quality.
- **Independent Quality Controllers (IQCs)** – we are doubling our team of IQCs across the Group to 62 by the end of 2021. This team undertakes quality inspections across all of our developments. A detailed 21 key stage inspection process now takes place during the construction of all of our new homes.
- **Training** – a three day 'Site Managers Essentials' programme, mandatory online modules and on-site Toolbox Talks targeting build quality were developed in 2020 to support the implementation of the Persimmon Way.
- **IT support** – investment in IT systems which provide support to the inspection and training processes.
- **External auditing** – an independent expert has been engaged to externally audit the implementation of the Persimmon Way across the Group.

Our year in review continued



Safe and inclusive continued



COVID RESPONSE: HEALTH AND SAFETY

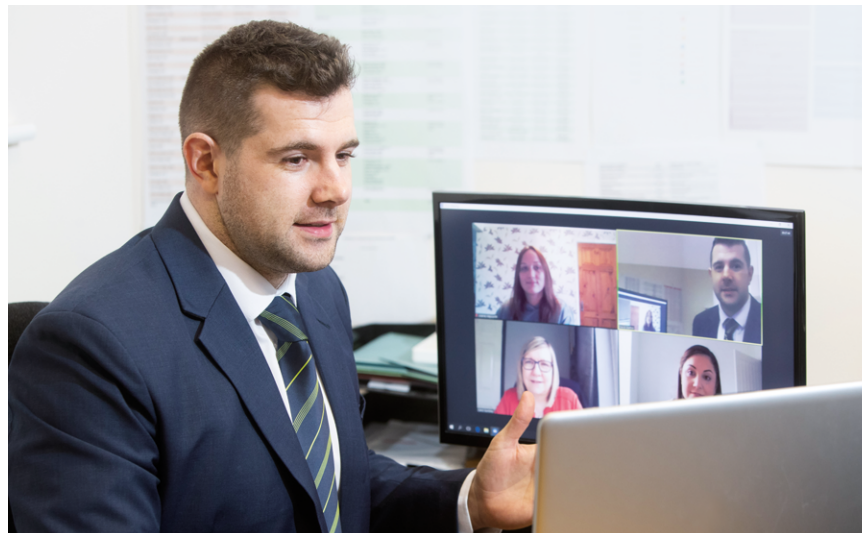


Following detailed risk assessments, the Group's Health, Safety and Environment (HS&E) department developed comprehensive Covid-19 policies and procedures compliant with all relevant guidance including the Construction Leadership Council Safe Operating Procedures, HBF Coronavirus Sales and Marketing Operating Procedures and HM Government Working Safely During Covid-19 guidance.

The Group developed a 'Covid-19 Passport to Work' system issued once a Contractor's operating procedures have been checked and all relevant colleagues have signed up to Covid-19 safe protocols.

HS&E teams perform regular independent site inspections ensuring work is consistently performed in a Covid secure manner.

Covid secure procedures are also in place for customers visiting our sites and for our customer care teams if they have to visit a customer's home.



SUPPORTING OUR COLLEAGUES

We provided guidance to our employees to promote mental wellbeing during the pandemic.

Our 108 Mental Health First Aiders were also on hand to provide additional emotional support. Those that were able to work from home did so remotely and were provided with the necessary tools and resources.

We also ensured that the small number of colleagues that were unable to work, received full pay without Government support.

108
mental health
first aiders

Covid-secure
sites and offices



**C-19 Business
PLEDGE**

£740,000
donations through
Community Champion
initiative

SOCIAL MOBILITY PLEDGE



We are signatories to the Social Mobility Pledge, a coalition of 450 businesses designed to boost opportunity and social mobility in the most deprived areas of the UK. Our track record in advancing social mobility was recognised by the Pledge as demonstrating best practice in the sector.

Working with the Social Mobility Pledge team, we will implement a number of recommendations through their Opportunity Action Plan to continue to improve social value in local communities in which we operate.



 For further information on our social mobility pledge please see our website

Our sustainability pillars



Building for tomorrow

We will achieve net zero carbon homes in use and in our operations, aligned to climate science.

We have a key role to play in minimising our environmental impact through our operations, our supply chain and the homes and communities we build, ultimately helping our customers to live more sustainably. Reducing our impact makes sense not only from an environmental perspective, but it also ensures greater efficiencies throughout our supply chain and operations.

UN SDG alignment



Material issue	Target	How we will achieve it
1 Climate change action and resilience	Homes to be net zero carbon in use by 2030 (2019 baseline).	<ul style="list-style-type: none"> Through a combination of fabric energy efficiency, electrification and sourcing of renewable energy.
	Net zero carbon in our operations by 2040 (2019 baseline).	<ul style="list-style-type: none"> Investment in low carbon solutions and technology, energy efficiency measures and initiatives and sourcing of renewable energy.
	Reduce Scope 1 and 2 emissions by 46.2% by 2030 (2019 baseline).	
	Reduce Scope 3 emissions by 22% per m ² completed floor area by 2030 (2019 baseline).	<ul style="list-style-type: none"> Continued efficiency of Persimmon homes and supply chain engagement to reduce embodied carbon within products and services.
	50% of homes sold will use timber frames from Persimmon's Space4 manufacturing site by 2025.	<ul style="list-style-type: none"> Continued investment to increase capacity in Space4 to deliver on modern methods of construction.
	In 2021, aim to purchase 100% renewable electricity for Persimmon's offices and manufacturing facilities.	<ul style="list-style-type: none"> Purchase energy from providers sourcing 100% renewable energy as part of tender process.
	In 2021, aim to purchase REGO certificates for plots, show homes and temporary building supplies electricity consumption.	<ul style="list-style-type: none"> Work with energy providers to purchase REGO certificates for consumption.
	In 2021, Persimmon will aim to offer electric cars and petrol-electric hybrids as primary fuel options to colleagues on the company car scheme where practical with the elimination of petrol and diesel from new company car orders and replacements by 2027.	<ul style="list-style-type: none"> Update company car policy and procedures during 2021 alongside decision tree to ensure colleagues are provided with a suitable car for their needs.
	Top suppliers by emissions to be encouraged to utilise the Supply Chain Sustainability School's carbon reporting tools and training.	<ul style="list-style-type: none"> Engagement with suppliers and the Supply Chain Sustainability School to monitor success.
	Maintain timber and timber derived products from responsible and sustainable sources via Group deals.	<ul style="list-style-type: none"> Ensure adherence to timber sourcing policy through engagement with supply chain.
	In 2021, undertake a detailed waste review across operations and implement a waste reduction strategy.	<ul style="list-style-type: none"> Implement recommendations from internal waste review. Work with suppliers and waste contractors to identify opportunities and solutions for waste reduction on our sites.

Our sustainability pillars continued



Building for tomorrow continued



Material issue	Target	How we will achieve it
7 Helping our customers to live sustainably	From 2021, increase sustainability messaging within Persimmon's customer marketing materials and website.	<ul style="list-style-type: none"> Marketing teams to ensure sustainability messaging is incorporated into materials, with a focus on practical tips and information on carbon reduction.
	Homes to be net zero carbon in use by 2030 (2019 baseline).	See page 19
	Reduce Scope 3 emissions by 22% per m ² completed floor area by 2030 (2019 baseline).	See page 19

Our sustainability pillars continued



Transforming communities

We will positively transform communities directly connected to Persimmon's activities.

It's important that we make a positive impact when building new homes, meeting stakeholder expectations and engaging local residents. We must aim to select the right projects where we can create true social value. We must also provide excellent service to our customers. Doing so builds positive recognition and customer loyalty.

UN SDG alignment



Material issue	Target	How we will achieve it
④ Customer satisfaction	Achieve HBF five star rating on the eight-week customer survey scores year-on-year.	<ul style="list-style-type: none"> Investment in customer services initiatives and procedures to ensure continuous improvement in performance.
⑧ Social value	From 2022, be proactive to ensure compliance with 10% Biodiversity Net Gain (expected during 2023).	<ul style="list-style-type: none"> Proactive management ahead of legislation to ensure our sites transition as soon as possible.
	From 2021, aim to review all non-developed land to identify opportunities to improve biodiversity.	<ul style="list-style-type: none"> This will include identifying a portfolio of sites for biodiversity enhancements.
	We will create an internal Persimmon Way framework for developments focusing on wellbeing and social value.	<ul style="list-style-type: none"> Framework for internal purposes to be introduced to incorporate best practice guidance.

Our sustainability pillars continued



Safe and inclusive

We will create a safe and inclusive culture focused on the wellbeing of our customers, communities and workforce.

Recruiting and retaining the right people means we deliver our strategic objectives and provide excellent customer service.

It is a priority that our processes meet stringent standards. This significantly reduces risk and meets customer expectations for quality and value.

UN SDG alignment



Material issue	Target	How we will achieve it
3 Build quality and safety	Report on Independent Quality Controller Review metrics and target to improve our % score year-on-year.	<ul style="list-style-type: none"> Implemented and monitored through Group Construction policies and procedures.
	Report on the results of independent quality audit against The Persimmon Way with target to improve % year-on-year.	
5 Health and safety	In 2021, reduce NHBC Reportable Incidents by 20%.	
	Report on Annual Injury Incidence Rate and reduce the rate year-on-year.	<ul style="list-style-type: none"> Implementation of key health and safety processes delivered and monitored through Group Health, Safety and Environment teams.
	Aim to achieve third party certification/auditing to ISO 45001/18001 or similar.	<ul style="list-style-type: none"> To be reviewed and implemented through Group Health, Safety and Environment department.
	Annually report on KPIs following our site inspection regime with a target to improve year-on-year.	<ul style="list-style-type: none"> Implementation of key health and safety processes.
9 Talent attraction, development, diversity and engagement	High risk suppliers by trade to be encouraged to utilise Supply Chain Sustainability School's Modern Slavery training.	<ul style="list-style-type: none"> Engagement with supply chain and Supply Chain Sustainability School.
	By the end of 2025, aim for 40% of Persimmon employees to be female.	<ul style="list-style-type: none"> Investment in diversity training and initiatives across the Group. Programmes to ensure effective development of talent. Development of enhanced policies and procedures to support women in the workplace.
	By the end of 2025, aim for 35% of Persimmon's Executive Committee and direct reports to be female.	
	By the end of 2025, aim for 45% of Persimmon employees in management roles to be female.	
	To become a Living Wage Foundation accredited employer.	<ul style="list-style-type: none"> Working with the Living Wage Foundation to ensure everyone who works on site or in our offices is paid a rate based on real life living costs.

Our sustainability pillars continued




Safe and inclusive continued



Material issue	Target	How we will achieve it
9 Talent attraction, development, diversity and engagement	Deliver a tailored training programme to every direct employee via the Persimmon Pathway.	<ul style="list-style-type: none"> Programme developed through Group Training delivered through a combination of class-based and online learning.
	Work with the Social Mobility Pledge to implement a number of recommendations from their independent social mobility assessment of Persimmon.	<ul style="list-style-type: none"> Independent review to be carried out in 2021 identifying key opportunities for Persimmon to further improve social mobility.
	By 2021, 150 Persimmon employees to be trained mental health first aiders.	<ul style="list-style-type: none"> Continue to increase the number of trained colleagues throughout the Group.
	Continue to monitor and improve employee engagement through Persimmon's employee engagement survey.	<ul style="list-style-type: none"> Launched employee engagement survey in 2020. Annual employee engagement surveys to be performed, with 2021 already underway. Monitor key questions such as 'I'm proud to work for Persimmon', 'I recommend Persimmon as a place to work' as well as overall employee engagement index score (2020: 80%).

Engaging with our stakeholders

At Persimmon, we are committed to maintaining positive relationships with our key stakeholders. Doing so helps us to develop as a business responding effectively to their changing needs.

 For more information read our Annual Report 2020 online at www.persimmonhomes.com/corporate

Stakeholder	Why?	How do we engage	What did they tell us?	How did the Board respond?
Customers Relevant material issues: <ul style="list-style-type: none"> 3 Build quality and safety 4 Customer satisfaction 7 Helping customers live sustainably 8 Social value/enhancing communities 	<p>Engaging with our customers helps us to identify their changing needs, set our strategy accordingly and ensure that we continue to improve the delivery of consistently good quality homes and customer service.</p> <p>Engaging with our Housing Association partners ensures that we provide the appropriate range of affordable homes to meet the needs of local communities.</p> <p>Maintaining positive relationships with our customers minimises reputational risk to the Group and drives long term demand for our homes.</p>	<ul style="list-style-type: none"> We communicate with our customers in a number of ways: through our sales teams, who are in regular contact with our customers from the point of reserving their new home to moving in day, through our site staff who attend key release meetings with our customers and through our customer care teams, who support our customers once they have moved into their new home. Our sales teams have worked throughout the year, including during the period of site shutdown in March and April, supporting our customers on the phone, on e-mail and on-line. We have a comprehensive communication approach for each customer including: new home demonstrations, courtesy calls, a seven day inspection and a one month home inspection. Participation in a National New Homes survey run by the Home Builders Federation to obtain feedback from our customers. We engage with our Housing Association partners through regular contact and meetings. 	<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. Customer service needs to continue after moving in day and any snagging works have been completed. 	<ul style="list-style-type: none"> Consistently building good quality homes and providing high levels of customer service remains a key focus for the Group. Continued to invest in and progress the Persimmon Way, our Group wide consolidated approach to new home construction which is considered to be a key driver to deliver consistent quality across our business. Continued to put customers before volume <ul style="list-style-type: none"> Improving build quality and assurance processes Improving customer communication throughout our customers' journey with us Improving consumer rights through the Homebuyer Retention Scheme
Employees Relevant material issues: <ul style="list-style-type: none"> 1 Climate change action and resilience 5 Health and safety 9 Talent, attraction, development, diversity and engagement 	<p>The Board aims to attract and retain a diverse and talented workforce, believing this to be fundamental to the long term success of the business.</p> <p>Rising UK housebuilding activity in recent years has increased demand for skilled labour. Retaining and investing in skilled staff is therefore a key priority for the Group.</p> <p>Engaging with our employees helps ensure they understand and align with the Group's strategy.</p>	<ul style="list-style-type: none"> Employee Engagement Panel established in early 2019, with representatives presenting to the Board. With the increase in home working, colleagues have been encouraged to 'keep in touch' through training, on-line meetings and calls. Through annual employee engagement surveys. Through feedback from the Gender Diversity Panel. Through our Health, Safety and Environment Department and increased on line training procedures. 	<ul style="list-style-type: none"> The Employee Engagement Panel held an additional unscheduled meeting to discuss the Group's response to the Coronavirus pandemic. The Panel reported that colleagues were generally pleased with the way the Group had responded and communicated its response to them. Colleagues would like to further understand the Group's commitment to reducing its carbon footprint. Our first employee engagement survey (conducted in February 2020) was extremely positive, with an 80% employee engagement score. The survey also highlighted some areas for improvement, for example, better methods of communication. 	<ul style="list-style-type: none"> Continued investment in the Group Training Department. Launched an employee engagement survey in 2020 with annual surveys to be performed. Appointed a Director of Talent and Diversity to assist in enhancing the Diversity of the Group and set new Diversity targets. Agreed the initiative to set and commitment to science based carbon reduction targets.
Communities Relevant material issues: <ul style="list-style-type: none"> 8 Social value/enhancing communities 	<p>Engaging with our local communities, throughout all phases of the development more accurately identifies their needs and addresses issues they may have.</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 'Planning and Environmental Risk Assessments'.</p>	<ul style="list-style-type: none"> Consultation throughout the planning and development process to more accurately identify the needs of local communities. Feedback from our local pre-launch marketing campaigns. Being actively involved in the communities in which we operate, through employing local people and supporting local charities and community groups through the Persimmon Charitable Foundation. 	<ul style="list-style-type: none"> Demand for homes in communities with high amenity value is strong. Local infrastructure investment is important in improving community environments. Be an active part of the community through supporting local charities and community groups. Be positive and responsive to the views of local people. 	<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 their local communities. Signed up to the Covid-19 business pledge supporting colleagues, customers and communities through the crisis. Continued the Community Champions and the Building Futures Campaigns.

Engaging with our stakeholders continued

Stakeholder	Why?	How do we engage	What did they tell us?	How did the Board respond?
Suppliers and subcontractors Relevant material issues: <ul style="list-style-type: none"> 1 Climate change action and resilience 5 Health and safety 8 Social value/enhancing communities 	<p>The Group benefits from robust and long standing relationships with many of its suppliers and subcontractors. This assists in securing the quality and supply of materials to deliver the Group's build programmes effectively.</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"> Regular, informal discussions with our key suppliers through our Group Procurement department, who are responsible for arranging and negotiating group supply deals. Our local operating businesses' buying and technical teams regularly engage with local suppliers and subcontractors. Our 'Toolbox Talks' ensure our subcontractors understand and adhere to the health and safety standards required on our sites. All suppliers sign up to the Group's supplier principles which describe our requirements and expectations. 	<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. They continue to monitor the impact of the UK's exit from the EU on supply chains. 	<ul style="list-style-type: none"> 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 Gangmasters and Labour Abuse Authority's Construction Protocol.
Shareholders Relevant material issues: <ul style="list-style-type: none"> 1 Climate change action and resilience 5 Health and safety 8 Social value/enhancing communities 9 Talent, attraction, development, diversity and engagement 	<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 core focus areas 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"> Regular discussion with analysts and investors as part of the Group's reporting cycle. We hold institutional shareholder meetings and specific consultations. Through shareholder roadshows. Hold a regular 'Capital Markets Day'. 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 Programme payments by the payment of a dividend for 2020. The Group will apply to become an accredited Living Wage employer during 2021. Maintain a rigorous process for each Board appointment led by the Nomination Committee. Renewed focus on the Group's ESG credentials – inclusion of commitment to deliver science based carbon reduction targets for the Group.
Government, regulators and industry bodies Relevant material issues: <ul style="list-style-type: none"> 1 Climate change action and resilience 5 Health and safety 8 Social value/enhancing communities 	<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. 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 the Future Homes Standard. 	<ul style="list-style-type: none"> Government policy is supportive of the UK housing market and has introduced a number of measures to support the industry. As part of the UK achieving its target of net zero by 2050, the Government is consulting on the Future Homes Standard which aims to significantly reduce the carbon emissions of a home built to current regulations. In August 2020, the Government consulted on the White Paper to reform England's planning system. One that makes the system quicker and simpler, provides 'sustainable, beautiful, useful and safe' development and one that secures investment in local infrastructure. Essential to maintain a skilled and adequately resourced Health and Safety Department and Covid-secure sites, offices and manufacturing facilities. 	<ul style="list-style-type: none"> The Board receives updates from the Chairman and Group Chief Executive regarding direct engagement with Government, Homes England and the Home Builders Federation.

Key Performance Indicators

KPI	2020	2019	2018	2017	2016
Housing completions	13,575	15,885	16,449	16,043	15,171
Average selling prices	£230,534	£215,709	£215,563	£213,321	£206,765
Building for tomorrow					
Greenhouse gas emissions (Tonnes CO ₂ e)	25,886	34,006	38,400	33,520	32,599
Greenhouse gas emissions per home completed (Tonnes CO ₂ e)	2.16	2.14	2.33	2.09	2.15
Average SAP rating	86	84	83	83	83
Homes incorporating renewable energy	1,034	1,402	993	901	1,218
Waste generated (Tonnes)	113,689	117,936	110,726	116,261	100,444
Waste per home completed (Tonnes)	8.4	7.4	6.7	7.3	6.6
Waste recycled %	96%	97%	96%	92%	93%
Trees planted	109,402	146,153	82,922	83,863	73,990
Trees planted per home completed	8	9	5	5	5
Safe and inclusive					
Average number of employees	5,156	5,097	4,809	4,535	4,526
Average number of female employees	1,453	1,338	1,208	1,125	1,127
Female employees %	28%	26%	25%	25%	25%
Female employees on Senior Management team %	26%	21%	19%	13%	13%
Training days delivered (excluding apprenticeships)	12,573	14,256	11,031	10,669	10,550
Number of trainees and apprentices	c.680	c.750	c.630	c.590	c.550
No. of construction work related incidents in our housebuilding operations	20	39	45	49	47
No. of worker RIDDOR reportable incidents in our manufacturing operations	3	2	3	3	–
RIDDORs per 1,000 workers in our housebuilding operations	3.4	3.8	3.2	3.6	3.6
HSE Prosecutions	0	0	0	0	0
HSE Enforcement Notices	0	1	1	1	0
Transforming communities					
Social and affordable homes completed*	2,433	3,589	3,333	3,005	2,448
Value of social and affordable homes delivered	£303m	£428m	£394m	£348m	£262m
Social and affordable as a proportion of total completions	18%	23%	20%	19%	16%
Infrastructure contributions (£m)	72.9	94.1	80.7	64.4	65.5

* Homes provided to our housing association partners and Discounted Open Market Value homes.

Climate change risks and opportunities

CLIMATE RELATED FINANCIAL DISCLOSURES

The Board recognises the risks and opportunities posed by climate change to the Group's business model and strategy. Climate change was introduced as a principal risk for the Group in its 2018 Annual Report & Accounts and last year the Group began its pathway to align with the disclosures recommended by the TCFD by 2021.

Task Force on Climate Related Financial Disclosures (TCFD)

Governance

Board oversight of the Group's climate related risks and opportunities

Climate change is considered a principal risk for the Group and as such, it is governed and managed in line with the Group's risk management framework. See our annual report for further details.

The Board has overall responsibility for the management of risks and opportunities arising as a result of climate change. The Sustainability Committee oversees the Group's climate change strategy and reports its findings and recommendations to the Board. The Committee was restructured in 2020 to bring more focus to this important area.

The Committee met three times in 2020 and comprised, Joanna Place, Non-Executive Director (Chair), the Group Chief Executive, the Group Strategy Director, the Group Sustainability Manager, the Group Corporate Reporting Manager and the Company Secretary. It receives external expert advice as necessary.

Strategy

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

Pathway to full TCFD disclosure in 2021

The Group's progress in 2020 includes:

- Adoption of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Revised Edition) as the method to measure and report the Group's emissions from its own operations;
- Publication of a Carbon Reporting Methodology Statement to describe the processes and methodologies for measuring and reporting the Group's emissions from its own operations;
- Begin to establish and set science based GHG emissions targets for the Group's emissions from its own operations, its homes in use and its supply chain;
- Established operations led steering groups to direct, manage and integrate the impact of potential regulatory changes and GHG emission reduction strategies throughout the business; and
- Performed a high-level balance sheet, profit and loss account and cash flow review of the asset classes and cost categories likely to be most significantly impacted by climate change.



The Group's current progress and future plans for 2021/2022 include:

- The calculation and publication of the Group's science based GHG emissions targets for its own operations and those from its homes in use and its supply chain (see page 48 of our Annual Report);
- Submit the Group's science based targets to the Science Based Target Initiative for formal accreditation;
- Measure and publish the Group's emissions from its homes in use and its supply chain within its 2021 annual financial statements;
- Embed GHG emission reduction strategies, into 'business as usual' via the Group's steering groups;
- Publication of progress against these emissions targets;
- Perform climate change scenario analysis;
- Assess and develop the pathway to net zero for the operations of the Group; and
- Assess and develop the pathway to developing low carbon homes at scale.



Task Force on Climate Related Financial Disclosures (TCFD) continued

Climate change risks to the Group's strategy and business model

The risks identified below are those that are considered to have a potentially material financial impact on the Group's strategy and business model.

Risk	Potential impact	Strategy impact	Resilience of the Group's strategy and business model
(0-5 years) Transition to a low carbon economy through changing regulations	<p>On 1 October 2019, the Government set out its plans for the introduction of a 'Future Homes Standard' in England (planned to be introduced by 2025) which will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency. Whilst the detailed changes have yet to be announced, the industry is currently considering the likely impact of these new regulations.</p> <p>The Ministry of Housing, Communities and Local Government's 'Planning for the Future' White Paper published in August 2020 outlined proposals to introduce a simpler and quicker planning system in England, which would promote developments that actively address the challenges of climate change.</p> <p>Regulatory change may lead to:</p> <ul style="list-style-type: none"> constrained land supply leading to an increased cost of land investment for the business; extended planning delays impacting the Group's new home delivery rate; increased cost and pressure on the availability of labour and materials; and requirement for the use of new technology and skills impacting overall build cost. 		<p>Based on the high level review of the Group's balance sheet, the carrying value of the Group's owned and under control land holdings is most likely to be impacted by the transition to a low carbon economy through changing regulations. At 31 December 2020, the Group has 84,174 owned and under control plots in its land holdings. The Group's underlying gross margin* achieved in 2020 of 31% serves to highlight the quality of these land holdings and provides some mitigation against potential increased costs associated with delivering low carbon homes. These diverse and high quality land holdings supports the Group's strong network of outlets and ensures the Group is well positioned to invest in land at the right time in the cycle. The strong gross margins embedded in the Group's existing land holdings helps to absorb potential volatility caused by increases in build costs.</p> <p>The Group has core house types used across its national network of development sites which helps ensure that any new regulatory requirements (e.g. home design and construction) can be effectively and consistently applied across the Group.</p> <p>The Group's business model includes vertical integration – the Group owns its own timber frame, wall panel and roof cassette manufacturing facilities. These modern methods of construction are considered likely to assist in building low carbon homes.</p> <p>The Group's significant ongoing investment in training ensures that it maintains an appropriate skills base to manage changes in regulation.</p>
(11-100 years) Changes in weather patterns and the frequency of extreme weather events, particularly storms and flooding	<p>This may increase disruption to the construction process resulting in build delays and increased costs.</p> <p>Land availability may become constrained in higher flood risk areas.</p>		<p>The Group's strategy and business model considers the risk of climate change at a number of key stages, including:</p> <ul style="list-style-type: none"> Identifying land investment opportunities in the most sustainable locations, in places where our customers wish to live and work. Developing sustainable communities which includes the consideration of climate change risk assessments (e.g. consideration of flood risk and developing appropriate flood defence mechanisms).

Climate change opportunities for the Group's strategy and business model

Opportunity	Potential impact	Strategy impact	Resilience of the Group's strategy and business model
(0-10 years) Transition to a low carbon economy through changing buildings regulations and evolution of home design	<p>Changing regulations and the evolution of new home design may lead to increased demand for new build homes which include low carbon solutions for our customers, leading to increased revenue.</p>		<p>The Group's high quality land holdings, land investment strategy, well designed core house types and skilled teams will ensure an agile response to changing regulations to take advantage of any increase in customer demand.</p>
Identification of a pathway to 'net zero'	<p>In establishing and setting a pathway to achieving net zero carbon in its own operations by 2040, the Group is likely to identify areas of cost and operational efficiencies.</p>		<p>The Group's robust operating systems will ensure that any changes can be implemented promptly and effectively.</p>

* Stated before legacy buildings provision (2020: £75.0m, 2019: £nil) and based on new housing revenue (2020: £3,129.5m, 2019: £3,420.1m).

Task Force on Climate Related Financial Disclosures (TCFD) continued

Risk Management

The Group maintains a risk register which identifies the significant climate change risks which may impact the Group. The risks and their potential consequences are identified by relevant stakeholders in the Group and the process of managing each risk is considered. Each risk is allocated a 'risk owner' with the Board holding ultimate responsibility for risk management.

The register is updated at least once a year and reviewed by the Group Sustainability Manager, the Group Internal Audit Manager and the Risk Committee. During the year, a high-level review of the balance sheet profit and loss account and cash flow review of the asset classes and cost categories was also undertaken to ensure climate change risks to the business are fully considered from a quantitative and qualitative perspective. As risks are identified, the Group considers whether the business' strategy and business model already manages/mitigates the relevant risk. Should any gaps be identified, the Group establishes appropriate risk management procedures.

Through these processes, the Group has identified the material risk associated with climate change to be in relation to the Group's investment in its land holdings and land investment opportunities, together with the evolution of the design of its core house types. We assess the significant environmental and climate change risks for each of our potential sites and conduct full environmental impact assessments for each development we acquire. See Annual Report for further details.

In order to manage the potential change in regulation through the Future Homes Standard, the Group has established a Steering Group to plan, manage and implement the transition to low carbon homes. It is investing in a new technical department headed by the Group Technical Director which includes expertise in assessing the impact of changing building regulations and new home design. See pages 48 to 49 of our Annual Report for more detail.

Metrics and targets

The Group monitors emissions from its own operations, which have been measured in accordance with GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition).

The Group is committed to playing its part in the international effort to reduce greenhouse gas emissions by reducing its own emissions across the business' operations, the supply chain and from the homes we sell. As such, Persimmon has set an ambitious target to be net zero in our homes in use by 2030 and in our operations by 2040. This commitment is supported by interim science based carbon reduction targets to reduce operational emissions by 46.2% and our indirect emissions (i.e. those from our homes in use and our supply chain) by 22% per m² completed by 2030 which will be achieved through a number of measures including wider supply chain engagement, product innovation as well as changes to current operational processes.

Steering Groups have been established to plan and manage the Group's greenhouse gas emission reduction pathway, assisted by an independent expert, for its operations, its supply chain and the new homes it delivers.

We participate in the CDP climate survey, our rating for 2020 improved to a B– (Management), (2019: C (Awareness)).

Greenhouse gas emissions*

tonnes CO₂e

Greenhouse gas emissions		2020	2019
Scope 1 emissions from gas, transport and construction site fuel use		25,886	30,797
Scope 2 emissions from electricity use	Location based	3,480	3,209
	Market based	1,656	2,747
Total greenhouse gas emissions	Location based	29,367	34,006
	Market based	27,543	33,543
Carbon intensity (per home sold)	Location based	2.16	2.14
	Market based	2.02	2.12

* Our Scope 1 and Scope 2 greenhouse gas emissions data for 2020 has been externally verified to a limited level of assurance by Bureau Veritas. The Group has used the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) as the method to quantify and report greenhouse gas emissions. They have been reported in line with the UK Government's 'Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance' (dated March 2019). We have continued to evolve our reporting methodologies. As such, in 2020, for Scope 1 business travel, the Group has improved the accuracy of its information by basing the calculation on specific information provided by a sample of colleagues from across the business and extrapolating the results across the whole population. In 2019, the Group analysed fuel card usage and expense claims to estimate the level of Scope 1 business travel. Estimates were based on a smaller representative sample of company car users and extrapolated across the actual population.

The Group's total energy use for 2020 was 110,034,884 kWh (2019: 116,392,708 kWh). The Group operates in England, Wales and Scotland only. As such, the emissions stated are amounts for UK and offshore emissions, with no additional global emissions.

Our carbon reduction targets

From 2030, our new homes in use will be net zero carbon.

By 2040, we aim for net zero carbon across our operations.

We have set science based carbon reduction targets for Scope 1, 2 and 3 emissions. These targets are aligned with the Paris Agreement's aspiration to limit global warming to 1.5°C.

Scope 3

22% per m²

We will reduce our Scope 3 emissions by 22% per m² completed floor area by 2030

Scope 1 and 2

46.2%

We will reduce our Scope 1 and 2 emissions by 46.2% by 2030



See our carbon reporting methodology statement for further information at www.persimmonhomes.com/corporate

Sustainability Accounting Standards Board (SASB) Disclosures

The Group has chosen to evolve its sustainability reporting further by disclosing sustainability topics and certain accounting metrics in line with the HOME BUILDERS Sustainability Accounting Standard, where possible.

SASB was founded in 2011 as a not-for-profit, independent standards setting organisation to assist companies in disclosing financially material, decision-useful sustainability information to investors.

It is a US standard, therefore where possible, the UK equivalent has been provided as an alternative measure. In addition, we have provided additional metrics where we believe they will provide further information regarding a specific sustainability topic.

Sustainability Disclosure Topics and Accounting Metrics

Activity metric	Code	Category	Unit of measure	Data
Number of controlled plots	IF-HB-000.A	Quantitative	Number	84,174
Number of homes delivered	IF-HB-000.B	Quantitative	Number	13,575
Number of active selling communities	IF-HB-000.C	Quantitative	Number	c.300

Topic	Accounting metric	2020 data		SASB code
Land use and ecological impacts	Number of (1) plots and (2) homes delivered on redevelopment sites	(1) 21,979 plots	(2) 3,414 homes	IF-HB-160a.1
	Number of (1) plots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	(1) 2,842 plots	(2) 598 homes	IF-HB-160a.2
	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	£Nil		IF-HB-160a.3
	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	The Group performs a 'Planning and Environmental Risk Assessment' for each potential site identified covering matters including contaminated land, water contamination and biodiversity impacts. This assessment is used to plan and design the site and put in place appropriate measures to mitigate adverse environmental impacts. The Group's technical and construction teams are involved in site planning and development from an early stage in the planning process through 'land technical team meetings' and 'prestart meetings' to discuss progressing the scheme and ensure the environmental conditions are effectively implemented on site.		IF-HB-160a.4
	Public open spaces and gardens provided for families**	635 acres		Additional information

** Estimated using an economic toolkit.

Sustainability Accounting Standards Board (SASB) Disclosures continued

Topic	Accounting metric	2020 data	SASB code
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(1) (a) Annual Injury Incidence Rate of 1.7 per 1,000 workers (reported in line with UK Health and Safety Executive (HSE) methodology) (2) (a) 0, (b) 0	IF-HB-320a.1
	Construction work related incidents per 1,000 workers	3.4	Additional information
	Health and safety training days delivered	1,028 days	Additional information
Design for resource efficiency	Average energy efficiency score of our new homes (SAP rating)*	86	IF-HB-410a.1
	Percentage of new homes delivered that were fitted with LED bulbs	100%	Additional information
	Percentage of installed water fixtures certified to WaterSense® specifications	This is a program sponsored by the US Environmental Protection Agency and as such, not specifically relevant to Persimmon. For information on the efficiency of our homes, please see page 48 of our Annual Report.	IF-HB-410a.2
	Number of homes delivered certified to a third party multi-attribute green building standard	Note that there are no equivalent multi attribute green building standards in the UK.	IF-HB-410a.3
	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	All of our homes are designed to achieve high levels of energy efficiency, see page 12 for more details.	IF-HB-410a.4
Community impacts of new developments	Description of how proximity and access to infrastructure, services, and economic centres affect site selection and development decisions	When selecting sites for development, Persimmon's objective is to develop natural extensions to existing communities that have the least environmental impact. As such, proximity to existing infrastructure and local amenities such as schools, shops and towns is a key consideration for the Group's land, planning and design teams when identifying potential sites.	IF-HB-410b.1
	Number of (1) plots and (2) homes delivered on infill sites	(1) 60,205 plots (2) 9,819 homes	IF-HB-410b.2
	(1) Number of homes delivered in compact developments and (2) average density	(1) 6,644 homes (2) 17 plots per net developable acre	IF-HB-410b.3
	First occupation expenditure – customers' expenditure on furnishing and decorating their new home**	£74m	Additional information
	Residential expenditure – spending within local shops and services by residents of new homes delivered**	£402m	Additional information
Climate change adaption	Number of plots located in 100-year flood zones	The Group does not build directly on 100-year flood zones. If any area within our sites fall into this category, it is not developed, in line with the planning requirements, which will have been agreed before land investment.	IF-HB-420a.1
	Percentage of sites with sustainable urban drainage systems	78%	Additional information
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Please see the Group's Task Force on Climate Related Risk Disclosures (TCFD) on page 27.	IF-HB-420a.2

* SASB requirement refers to a US regulation/standard. The UK equivalent has been provided as an alternative measure where possible.

** Estimated using an economic toolkit.

Independent Limited Assurance Statement

TO THE STAKEHOLDERS OF PERSIMMON PLC



Introduction and objectives of work

Bureau Veritas UK Limited ('Bureau Veritas') has been engaged by Persimmon Plc ('Persimmon') to provide limited assurance over Scope 1 and Scope 2 greenhouse gas (GHG) emissions data as reported in its Annual report and accounts 2020 (hereafter 'the Report'). This Assurance Statement applies to the related information included within the scope of work described below. The aim of this process is to provide assurance to Persimmon's stakeholders over the accuracy, reliability and objectivity of the reported information.

Scope of work

The scope of our work was limited to assurance over Persimmon's Scope 1 and 2 GHG emissions data included within the Report for the period 1 January to 31 December 2020 (the 'Selected Information').

The boundary of the verification included Scope 1 and 2 GHG emissions and associated data from the activities under Persimmon's financial control.

Reporting Criteria

The Selected Information are reported according to the Persimmon Group Greenhouse Gas Emissions Methodology which is aligned to the GHG Protocol.

Limitations and Exclusions

Our assurance process was subject to the following limitations as we have not been engaged to provide assurance over:

- Activities outside the defined reporting period;
- Positional statements (expressions of opinion, belief, aim or future intention by Persimmon) and statements of future commitment;
- Financial data provided in the Report which are audited by an external financial auditor, including but not limited to any statements relating to production, tax, sales, and financial investments; and
- Other information included in the Report other than the scope defined above.

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

The preparation and presentation of the Selected Information in the Report is the sole responsibility of the management of Persimmon.

Bureau Veritas was not involved in the drafting of the Report. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been appropriately and accurately prepared;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- Report our conclusions to the Directors of Persimmon.

Assessment Standard

We performed our work to a limited level of assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after 15 December 2015), issued by the International Auditing and Assurance Standards Board.

Summary of work performed

As part of its independent verification, Bureau Veritas undertook the following activities:

- Assessed the appropriateness and accuracy of the Selected Information;
- Conducted interviews with relevant personnel of Persimmon;
- Reviewed the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, the data scope and reporting boundaries;
- Reviewed a sample of the Selected Information against the corresponding source documentation provided by Persimmon; and
- Performed a selection of aggregation calculations of the Selected Information.

The scope of a limited assurance engagement is substantially less than for reasonable assurance both in terms of the risk assessment procedures and in performing the procedures to address the identified risks.

Independent Limited Assurance Statement continued

Conclusion

On the basis of our methodology and the activities described above for the agreed scope, nothing has come to our attention to indicate that the Greenhouse Gas (GHG) emissions data as stated below and in the Report are not fairly stated in all material respects.

Reported GHG emissions		
Scope 1:	Scope 2 (location based):	Scope 2 (market based):
25,886 tonnes of CO ₂ e	3,480 tonnes of CO ₂ e	1,656 tonnes of CO ₂ e

Further detailed recommendations are provided in the form of an internal management report to be issued to Persimmon.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years' history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)² across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Persimmon.

Bureau Veritas UK Limited
London

25 February 2021

¹ Certificate of Registration available on request.

² International Federation of Inspection Agencies – Compliance Code – Third Edition.

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 sustainability@persimmonhomes.com or write to:

Philippa Bolton-Hadfield

Group Sustainability Manager

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:



Further information on the policies that support Persimmon's approach to sustainability can be found on our website: www.persimmonhomes.com/corporate

Corporate Responsibility

For more information on our Sustainability Report please visit our website:



www.persimmonhomes.com/corporate/corporate-responsibility