



Living green

working  
green

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# Solid performance

**We have a clear and practical approach to sustainability, which is based on six responsibilities that set out what we believe it means to be a responsible housebuilder.**

Further details about our responsibilities and governance procedures can be found on the Corporate Responsibility pages of our website.

## Putting customers first

# 93%

of our customers would recommend us to a friend.

*Go to page 4 for more information*



## Building sustainable homes

# 22%

of all the homes we sold in 2010 were built to the Code for Sustainable Homes standards, more than ever before.

*Go to page 8 for more information*



## Operating efficiently and responsibly



# 82%

of the waste we generated on our sites was recycled, a 9% increase compared to last year.

*Go to page 12 for more information*

## Being part of the communities in which we work

# Westbury partnerships

# 1,779

new affordable homes built in 2010, a 10% increase on 2009.

*Go to page 16 for more information*

## Investing in our people

# 5,359

training days provided for our employees, equating to 2.2 days per employee.

*Go to page 22 for more information*



## Prioritising health and safety

# New technology

has been introduced to increase the speed with which we can report potential health and safety issues and take action to make our sites safer.

*Go to page 26 for more information*



# About Persimmon

Persimmon is one of the UK's leading housebuilders with 25 local operating businesses across the UK. In 2010, we sold 9,384 homes and our turnover was £1.57 billion. Our business operates under three main brands, Persimmon Homes, Charles Church and Westbury Partnerships.



Persimmon Homes is our core operation. It builds a wide range of quality homes which provide the very best in design, construction and service.



Fairfield Park, Stotfold, Bedfordshire



**CHARLES CHURCH**

THE NAME ON THE FINEST HOMES

Charles Church is one of the country's foremost house building brands with an unrivalled reputation for the design and quality of the homes it builds. Charles Church provides a range of premium homes, in both modern and traditional styles.



Maresfield Park, Maresfield, East Sussex



Westbury Partnerships focuses on social housing, in conjunction with Space4, our timber frame manufacturing operation. By working closely with Housing Associations, this business aims to offer solutions to some of the country's affordable housing problems.



Knowle, Bristol

## About this report

This report provides a review of our sustainability performance and key initiatives during 2010, particularly against our six sustainability responsibilities (see page 1). It covers our 25 housebuilding operating businesses in the UK.

This document is only one part of our disclosure in this area. Additional information relating to our strategy, policies and approach are available on the Corporate Responsibility pages on our website.

# A robust approach

**Welcome to our 2010 sustainability report, in which we highlight our achievements over the past twelve months to improve the sustainability of our business and the homes we build.**

As we emerge from the economic challenges of the past few years, it is clear that sustainability has continued to play an ongoing and important role, whilst other agendas have diminished when faced with the challenges of a downturn in the housing market.

Persimmon builds homes and communities that our customers want to live in. We build energy efficient, affordable homes in a way that is respectful to the environment and the local communities in which we work. Our approach to sustainability is one of the fundamental ways that helps us achieve our goals and our ability to successfully demonstrate this is now an important part of what it means to be one of the country's leading housebuilders.

We developed our six key sustainability responsibilities to provide a consistent strategy and understanding for our business, underpinning many of the decisions we take every day. We aim to have an integrated approach where sustainability is part of our day to day business activities.

Our commitment to sustainability brings clear benefits for us. For example, our ability to demonstrate our sustainability credentials has helped us to gain Government funding to provide affordable homes for those that need them. Also our Space4 timber frame manufacturing operation has grown as the demand for highly energy efficient homes has increased.

There have been some challenges this year too. As we have started more new sites and built more new homes, we have generated more waste than last year. However we are now recycling over 82% of our waste and have reduced the amount of waste we send to landfill per home sold by 20%.

We have maintained our focus on health and safety this year, but we are disappointed to report an increase in the number of incidents at our sites. Reversing this increase is a top priority for us. We have therefore strengthened our approach across the business to minimise the risk of these incidents occurring.

Ultimately, it is our customers that tell us if we have got it right. Last year 93% of customers said that they would recommend Persimmon to a friend, continuing our improvement in customer satisfaction. This high level of customer satisfaction was also reflected in an independent Home Builders Federation survey.

As the sustainability agenda continues to evolve, Persimmon is well placed to take advantage of the benefits and opportunities that it offers. In turn, our robust approach to these issues will contribute to the creation of a strong business, where talented people want to work and which builds homes that our customers want to live in.

**Mike Farley**  
Group Chief Executive  
21 March 2011



# Helping every step of the way



## 2010 Objective

**Produce information for our customers on sustainability issues and efficient living.**

### Achieved

We produced and launched a publication entitled 'Living Green' which is now being included within every Masterfile to encourage sustainable living amongst our customers.

## Other achievements in 2010

- 2,605 sales to first time buyers through HomeBuy Direct and our shared equity plan, 'Helping Hand'.
- 'Recommendation to a friend' responses in our internal survey have increased from 91% to 93% continuing the trend of the past five years.
- Achieved a four star NHBC/HBF customer satisfaction rating for home quality and customer recommendations to a friend.
- Won best quality award at the British Homes Build Quality Awards 2010 for our development at Wyncliffe Gardens in Cardiff.
- Launched our online 'Buyers' Guide' to encourage sustainable living amongst our customers.

## Responding to the needs of the market

The recent economic downturn and the employment uncertainties this brings, combined with constrained mortgage availability has sharpened our focus on ensuring our homes are affordable and deliver good value for money for our customers.

We have introduced initiatives across our business to improve our efficiency – such as through the use of Space4 technology (see page 9) and innovative ways to help customers get a foot on the housing ladder, particularly first time buyers and customers looking to re-enter the housing market due to a change in their circumstances.

In 2010, 34% of the homes we sold were under £150,000, compared to a national average of 28% based on figures from the National House Building Council (NHBC).

Last year, we reported our participation in the Government's HomeBuy Direct scheme, through which buyers were offered a shared equity loan of up to 25% of the purchase price funded jointly by the Government and Persimmon. During the first phase of this scheme which ended in September 2010, Persimmon sold approximately 2,200 homes with HomeBuy Direct shared equity. Going forward, over the next twelve months we have in place an additional 1,200 new homes

across 40 sites in England that have received shared equity funding via Kickstart 1 and Kickstart 2 (further information on Kickstart can be found on page 17).

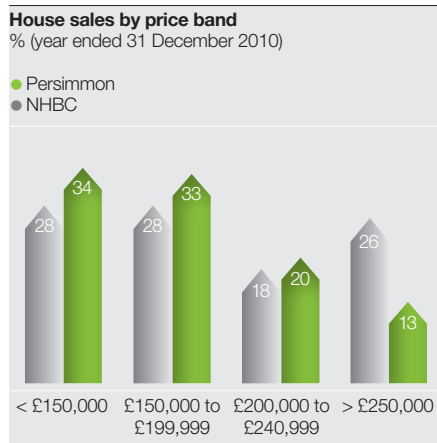
Recognising the benefits of this facility for our customers, we have developed our own shared equity scheme. Our 'Helping Hand' scheme enables some buyers to pay just 80% of the value of a new home, with Persimmon funding the remaining 20% with a shared equity loan. Through this scheme buyers can own their home and pay us back when they eventually sell it. Helping Hand has enabled about a third of our customers to purchase a home where they previously would have had an insufficient deposit.

We also know that there are certain key groups of people that require additional support, such as those in the Armed Forces, who may not be able to access traditional forms of finance. During 2010, we undertook visits to personnel in the UK and overseas offering guidance and advice, including access to our shared equity schemes. As a result over 400 homes have been sold to service men and women through shared equity schemes, enabling them to plan for their future, whilst still serving their country.

Overall we sold over 2,600 homes with a shared equity loan to our customers in 2010.

**“Choosing a home is one of the most important decisions that our customers will make, both emotionally and financially. We have a responsibility to help them make the right choice and provide the right level of service to make this as straightforward as possible.”**

Persimmon Sustainability Policy



### Westbury Partnerships – Building successful communities and affordable homes

Westbury Partnerships is the Group’s specialist affordable housing operating business, through which we aim to deliver high quality, energy efficient and sustainable homes for the community by working closely with our Housing Association partners.

The business is recognised as a major strategic partner of the Homes and

Communities Agency (HCA), with access to development opportunities including social rent, shared ownership, shared equity, rent to buy and intermediate rent.

Staff at Westbury Partnerships are highly experienced in working with local people and stakeholders on regeneration and community-based projects of all scales – from large city schemes providing thousands of new properties – to small rural projects which enable villages to thrive. Some examples of the work we have done are highlighted below:



*“It’s a really nice house and it’s good living round here.”*

**Bijou Nkumu**  
Key worker and rent to buy resident at Connaught Road, Knowle

At our Connaught Road development in Knowle, near Bristol, we have built 81 two and three bedroom homes for rent, intermediate rent and shared ownership for Somer Community Housing Trust. The majority of these were built to Level 4 of the Code for Sustainable Homes, and so are very energy efficient and incorporate the latest environmental features.



*“They are great people at Westbury and have made sure that this house is perfect for me as I have mobility problems.”*

**Harry Ross**  
Pype Hayes, Birmingham

At Pype Hayes in Birmingham, we have developed a mixture of apartments, bungalows and houses for Birmingham City Council and Waterloo Housing Group. These homes were built using modern methods of construction to Lifetime Homes standards, with one being constructed to full mobility specification, including lifts.



*“I rent a two bedroom flat here. I moved from living with my parents. I love it”*

**Kylie Monks with baby Brody**  
Admirals Walk, Portishead

At our Admirals Walk development in Portishead we have created a development of 44 apartments and houses for rent, shared ownership and private sale for Sovereign Housing Group.

### A promise to our customers

Our homes are built to a high standard and we aim to ensure that we meet our customers’ expectations. To do this we have a programme of ‘checks and balances’ across our business.

At the heart of this process is the Persimmon Pledge, our customer charter which outlines what our customers can expect from us when they buy a Persimmon home – from the moment they make a reservation – through the buying process and after they have moved in. All our staff are trained to provide a high level of customer service and to deliver our comprehensive pre-move and after-sales pledge to our customers.

Persimmon fully supported the introduction of the new Consumer Code for Home Builders in April 2010. The Consumer Code sets out safeguards for new homebuyers to ensure that they are treated fairly, know what service levels to expect, and are given reliable information upon which to make their decisions. The Persimmon Pledge and our other sales procedures already complied with the new Consumer Code requirements.

Persimmon’s online Buyers’ Guide ([www.persimmonhomes.com](http://www.persimmonhomes.com))





Persimmon's award winning development at Wynclyffe Gardens, Cardiff

**“Even though our standards of construction are currently at a very high level, we believe that there is always room for improvement and this is why our construction manual has been updated and improved.”**

**Adrian Smith**  
Construction Director, Persimmon Homes Midlands

Each customer is given a 'Masterfile' which includes a step-by-step guide to the buying process. This offers simple advice and checklists so that our customers are fully aware of what they can expect during the buying process and after they move in. For the first time this year, we have introduced a section called 'Living Green' which provides customers with information about the environmentally efficient aspects of their home, as well as providing straight forward advice about how to save energy and minimise their impact on the environment.

We have also created an online 'Buyers' Guide' that offers advice to customers at different stages of their life, with sections focused on first time buyers, growing families and those wishing to downsize.

### Ensuring a consistent approach to quality

We realise that buying a new home is probably one of the greatest financial and emotional commitments that our customers will make during their lives and therefore we try to make sure that the buying process runs smoothly and they are happy with the quality of their new home.

We undertake a 24 point inspection during the construction of each new home to ensure it meets our high standards and those of our customers. In addition regular inspections are undertaken by building inspectors, such as the NHBC during the building process.

To ensure consistency of workmanship and construction across our 25 operating businesses, we have recently introduced an updated construction manual for the Group. This details all aspects of the construction process and outlines best practice from foundations through to completion of properties.

We also have a sub-contractor control list that specifies the quality standards expected from our sub-contractors. On completion of their work, each sub-contractor is required to certify their workmanship against these criteria.

Each new home we sell has an NHBC 10 year new home warranty provided free of charge to our customers.

Persimmon was awarded the 'Best quality award for a large development' at the British Homes Build Quality Awards 2010 for our development at Wynclyffe Gardens, Cardiff, as judged by an independent panel of experts.

### Caring for customers

After moving into their new home, each customer will be visited by a member of our construction team to ensure they are happy with their home. Customers also have access to a dedicated customer care service with the reassurance of a 24 hour emergency helpline should they need it.

The directors of our operating businesses take responsibility for each site in their region and are accountable for the construction quality and the levels of customer service received by customers. Before each new home is handed over to a customer it is subject to a final inspection from a director or senior manager. These policies ensure that high standards are maintained and there is a clear link between the management of the Company and our customers.

Within the first month of our customers moving in we ask them to complete a 'customer inspection form' which enables them to let us know if there are any unresolved problems with their new home. If there are, then we endeavour to complete all works within 28 days. In cases where something does go wrong, we have revised our customer complaints procedure to provide clear guidance for our customers on how to make a complaint.

### Measuring our performance

We measure customer satisfaction through our own customer satisfaction surveys which are sent to customers four weeks after they move in and through industry-wide surveys undertaken by the Home Builders Federation (HBF) and the NHBC.

Our own internal customer satisfaction survey asks 10 questions relating to different aspects of the home buying process, including sales, the quality of information provided, the speed that any problems were resolved and the customer's overall satisfaction. It also includes a question on whether they would recommend Persimmon to a friend, which we regard as the best test of customer satisfaction.

We encourage all our customers to provide feedback to us and incentivise customers to do so, by for example, offering a five pound shopping voucher for surveys returned.

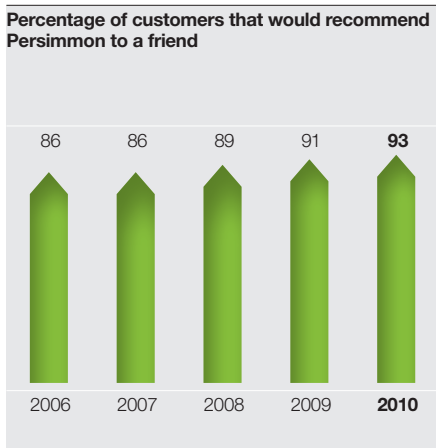
Over the past five years, our customer satisfaction surveys have shown increasing satisfaction in our performance. In 2010, we are pleased to report that 93% of our customers would recommend us to a friend, reflecting our continued focus on build quality and customer care.

Our customer performance is monitored on a monthly basis by each of our operating businesses senior management teams and divisional boards to identify areas for improvement across the Group. We have also introduced a programme of independent audits of customer care returns, through which customers are contacted by phone and their survey responses discussed.

The HBF's survey is an industry-wide initiative to evaluate customer satisfaction of new home purchasers of the UK's 15 largest housebuilders constructing in excess of 500 homes per year. Purchasers are sent a questionnaire eight weeks after legal completion. The survey is carried out by NHBC on behalf of HBF.

Based on the results of this survey house builders are rated on a scale from one to five stars, with one star indicating positive responses from between 50% and 60% of customers and five stars indicating over 90% positive responses from customers.

The latest survey results published in April 2010 (covering customers legally completing during the 12 months to September 2009) awarded Persimmon four stars in terms of overall quality of homes built and whether customers would recommend their builder to a friend. This equates to a positive response from over 80% of the 2,794 customers that responded, which supports the trend of our internal surveys. Further details can be found on the HBF website at [www.hbf.co.uk](http://www.hbf.co.uk)



Source: Persimmon customer surveys



The Bolger family moving into their new Charles Church home at the Woodlands development, East Anglia



# Building homes for the future



## 2010 Objectives

**Create a sustainable products list to facilitate the use of alternative products and materials.**

### Achieved

We have established a Zero Carbon Working Group to review new technologies and materials, and produced a list of sustainable products.

**Increase the utilisation of our best practice sustainability library.**

### Achieved

We have focused the use of our intranet best practice library on sustainable products for Group Buyers to enable them to keep pace with the rapid changes in technology.

## Other achievements in 2010

- We built more homes than ever before to the Code for Sustainable Homes standard, accounting for 22% of all homes sold during 2010.
- Our innovative Space4 timber frame is at the forefront of sustainable house design and construction. 29% of our homes sold during 2010 used Space4 technology.
- The average energy efficiency of our homes – as measured by the SAP rating – has increased from 82 to 83 against the industry average of 79.
- We have trialled and tested a variety of new technologies to improve the sustainability of our homes, whilst focusing our efforts on building homes that are inherently efficient.
- A form of technology to generate renewable energy was installed in 12.5% of the homes we sold in 2010.

## Why is building sustainable homes important?

Building sustainable homes means building homes for the future. As a leading house builder we are constantly looking at how we can build homes that will stand the test of time, which people will enjoy living in while saving energy, water and reducing waste.

We have found that in the recent tough economic climate, perhaps more than at any other time, our customers want to live in homes that are efficient and cost-effective to run. They also want access to facilities that will help them to be more energy efficient, such as renewable energy. We are responding to these expectations with innovation, research and development.

A change of Government in the last year has not lessened the drive towards zero carbon homes by 2016. The housebuilding industry faces considerable regulatory pressures both through the increasing requirements of new building regulations and a greater demand for homes meeting the Code for Sustainable Homes from local authorities.

Building homes that meet these standards is now an explicit requirement in most, if not all, Homes and Communities Agency (HCA) grants, housing association partnerships and many local authority contracts. We are well placed to meet these requirements, particularly by embracing modern methods of construction, such as Space4 timber frame construction, and maintaining an open mind to trialling and using new technology.

**“The homes we build have a significant lifetime. Through their occupation, each home we build will have an impact on the environment around it. We aim to create homes that are efficient and enable our customers to minimise their social and environmental impacts.”**

Persimmon Sustainability Policy

## An advancing regime – Code for Sustainable Homes

Since its introduction in 2006, the Code for Sustainable Homes (the Code) has become a crucial factor influencing the way we design and build our new homes. Progressively all our new developments will include some Code requirements.

The Code measures sustainability in nine key areas – including energy efficiency, water consumption and materials use – to provide an overall rating for each home. This rating is on a scale from Level 1 to Level 6, with Level 6 being the most sustainable. The majority of homes we are currently building are rated at Level 3. To put this in context, Level 3 broadly corresponds to a ‘Very Good’ rating on the previous EcoHomes standard, which the Code has replaced.

In 2010, the Code for Sustainable Homes requirements relating to the conservation of fuel and power were revised following changes to Part L of the Building Regulations. The changes require all new homes to be at least 25% more efficient, compared to the equivalent 2006 regulations. We support the Government’s attempt to standardise its approach in this area by aligning the Code and Building Regulations, which have raised the bar for the industry as a whole.

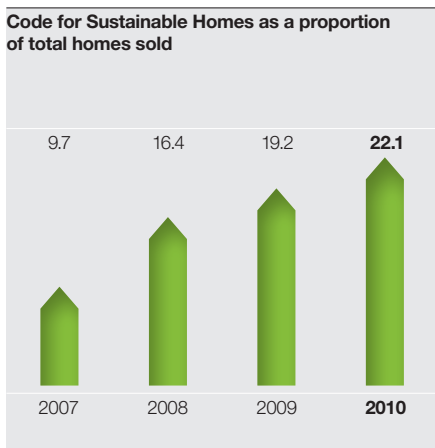
We want to build the most efficient homes that our customers can afford; homes that help them reduce their environmental impact. As part of our research and development we joined the Zero Carbon Hub’s Carbon Compliance Standard Working Group ([www.zerocarbonhub.org](http://www.zerocarbonhub.org)) which was set up to find a good balance between sustainability and energy efficiency and affordability for customers.



Our Archer's Gate development in Wiltshire includes a wide range of home types and uses innovative technology such as photovoltaic roof panels

Our experience has led us to the conclusion that the best way to build homes that are truly sustainable is to ensure that the building fabric is as efficient as possible. Our rationale is simple; if we can develop an approach that is consistent, based on modern methods of construction, then we can avoid any potential issues of technology failing or becoming obsolete. Space4's impressive insulated closed frame timber panels are an important part of Persimmon's approach to achieving this aim.

In 2010, we sold 9,384 homes of which 2,077 were built to the Code standard (or the equivalent EcoHomes standard), and of these 82% met Code Level 3 or above.



### Spotlight on Space4

Modern methods of construction (MMC) describes a range of technologies and processes which are used to reduce construction times on site and promote sustainability, as well as offer cost savings and on-site safety. Persimmon's timber frame manufacturing business, Space4, places our business at the forefront of this agenda.

Space4 operates the largest automated MMC factory in the UK, manufacturing insulated closed frame timber panels that can be quickly assembled to construct highly energy efficient new homes cost effectively. This product is particularly cost effective on schemes which require a very low carbon footprint, including developments built to the highest levels of the Code.

In some cases, we estimate that using Space4 products can achieve build cost savings of up to 20% compared with traditional 'brick and block' construction, as well as being more adaptable in meeting today's stringent standards. In 2010 29% of the homes we built used the Space4 timber frame system.

A typical Space4 timber panel contains a patented factory applied foam insulation that achieves insulation and air tightness and a higher energy efficiency than traditional brick and block construction. This high energy performance enables homes to achieve Code standards without the need to focus on additional technology such as renewable energy sources.

A recent 12 month energy study of occupied Space4 homes identified that a 59% reduction in gas usage could be achieved (saving around £360 per year, based on an average energy bill of £1,200 per year), compared with a house built without Space4 technology.

As it is a factory produced product, high quality can be assured through manufacturing controls. In addition, all the wood we use in the Space4 product range is sourced from sustainable sources (for example certified to the Forestry Stewardship Council FSC mark) and is 'A' rated in line with Building Research Establishment's Green Guide standards.

### Speeding up sustainability using Space4

In partnership with Peterborough City Council and local housing associations, L&H Homes and Accent Nene Housing, Persimmon designed and built 207 affordable homes to Code Level 3.

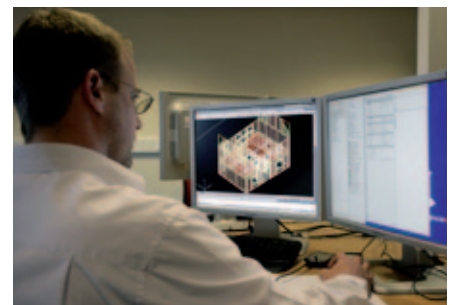
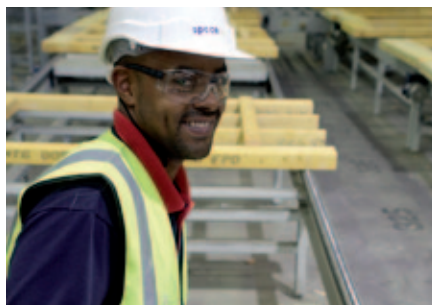
Hampton Vale is now one of the regions largest affordable housing developments. The 2,500 acres of previously brownfield land is already home to over 4,000 new properties, new schools, a large shopping centre and a host of restaurants and facilities, with plans in place to build a further 3,000 homes in the coming years to meet demand.

**“This is an innovative scheme delivered in a difficult economic market where I am delighted to say we have managed to offer a range of affordable rental, shared ownership and intermediate market rented homes. This has been a pioneering project where we have worked alongside both L&H Homes and Persimmon Homes, sharing resources and utilising the expertise of our teams. As a result we have delivered more for less and we will certainly look to do a joint project of this nature again.”**

**Cliff Walker, Chairman of Accent Nene**



The Mayor of Peterborough and other guests mark the build completion and official opening of Hampton Vale, Peterborough in July 2010



Our Space4 timber frame system is at the forefront of new technology for building sustainable homes

### Research and Development

As the sustainability agenda evolves in the housebuilding industry, the number of new technologies that are available has increased significantly. With a raft of new energy efficient and technological products coming onto the market over the past 12 months, it is important we establish which products are best for the future and will improve the homes we build.

We have established a working group consisting of a Divisional Chief Executive, three Divisional Commercial Directors and the Group Buying Co-ordinator to evaluate the growing stock of products and distribute the results to each of our 25 operating businesses.

This work supports our sustainability best practice library launched in 2009. This is regularly updated with technologies and materials and can be accessed at any time using our in-house 'in-vu' intranet system. Our commercial directors use this system across the business to share information about the best use of technology and materials.

With advances in technology occurring at an impressive speed we aim to use the best available technology of the time. In previous years this has included air source heat pumps.

However, with the introduction of 'feed-in' tariffs by the Government, the financial feasibility of renewable technology like photovoltaic cells has become more attractive. Photovoltaic high efficiency has made these products appropriate for developments requiring Code Levels 3 and 4. Other sustainability advances such as rain water harvesting are still cost prohibitive, but as technology develops we hope that these will also become more financially viable.

While we have experimented with many new technologies we have also found that simpler more reliable solutions have provided some excellent results. As an example, 'Gas Saver' boiler systems are designed to recover heat from the flue gases which are usually vented and wasted but are now used to pre-heat water as it enters the boiler. This reduces the amount of gas required to heat the water, reducing energy bills and carbon emissions.

While not considered to be a renewable energy source by the Code, gas savers do help to meet building regulations and have proved a cost effective way for us to help home owners reduce their carbon footprint and lower their gas bills by up to a quarter.

In addition, we are now using a new insulation range across the Group, which is manufactured using up to 60% recycled glass and which performs as well as traditional insulation.

To reduce energy demands of the homes we build, we install energy efficient light fittings and bulbs, and all appliances are A or B energy efficiency rated. We also use water saving devices, such as click cartridges in taps, dual low volume flush toilets and water flow restrictors on showers as standard in the majority of our new homes. Water butts are also included on some developments.

A form of renewable energy was installed in 12.5% of the homes we sold in 2010. In addition we have a range of eco products available to customers through our Finishing Touches range that reduce energy, water and waste in the home.

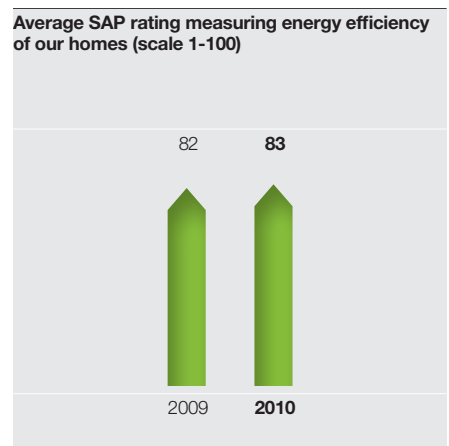
### Focus on energy efficiency

To measure the energy efficiency of our homes, we use the Standard Assessment Procedure (SAP) rating. SAP ratings take into account the cost of heating and hot water since these are the costs that dominate domestic fuel bills. The scale is from 1 for extremely inefficient buildings to 100 for a home costing nothing to heat.

In 2010, the average SAP rating of a Persimmon home was 83, against the housebuilding industry average of 79 (source: Homes and Communities Agency). Our SAP rating compares favourably with an average SAP rating for UK housing stock of 51.



Persimmon built 82 new homes to high environmental standards and with low carbon emissions, achieving Code Level 3 at Windsor Road, Redditch



# Minimising our environmental impact



## 2010 Objectives

**Identify and implement a system for monitoring on-site energy use.**

### Achieved

We can now collect data relating to the majority of our sites, which has enabled us to provide a complete footprint of Persimmon's carbon emissions for the first time.

**Reduce the amount of waste generated per home by 5%.**

### Not achieved

Unfortunately, the amount of waste we produce per home has increased, as we started more new developments which tend to produce more waste in the early phases.

## Other achievements in 2010

- Increased the amount of waste recycled from 75% to 82% reducing the overall amount of waste sent to landfill per home sold by 20%.
- Launched our 'Working Green' environmental awareness programme for employees.
- Reduced the CO<sub>2</sub> emissions generated from our Company car fleet by 5%.
- Planted over 103,000 trees during 2010. This equates to 11 trees per home completed.

## A well established and integrated approach to environmental management

We have reviewed our environmental policy annually since it was first introduced in 2002 and remain committed to minimising the environmental impact of all our operations.

We have an integrated Environmental Management System (EMS) which specifies good environmental practice associated with land appraisal, remediation, purchasing, manufacturing and construction. Our Space4 manufacturing site is certified to ISO 14001.

Our aim is to embed environmental thinking into what we do each day, whether on our sites or in our offices. For a number of years, we have undertaken combined health and safety and environmental site audits and this year we have redrafted our construction manual to specifically include environmental issues.

On all sites we undertake an Environmental Impact Assessment and produce a Site Waste Management Plan. On relevant sites we undertake a survey of local biodiversity to ensure that the local fauna and flora are preserved and protected during our construction activities.

## Building a network of environmental champions

Our network of environmental champions continues to thrive. These are groups of employee volunteers who have shown an interest in environmental issues and who meet regularly to find new ways of operating efficiently in our regional offices.

During 2010, we developed our 'Working Green' environmental awareness campaign, which was launched by Neil Davidson, the Chairman of the Persimmon Corporate Responsibility Committee. This initiative aims to encourage our employees to consider sustainability and work to incorporate Persimmon's six responsibilities as part of their day to day work. This supports an equivalent campaign – 'Living Green' – aimed at our customers.

**"As a housebuilder, our activities have a potentially significant environmental impact. We have a responsibility to manage and minimise this impact."**

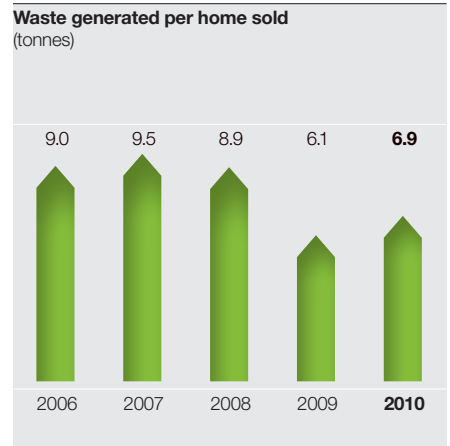
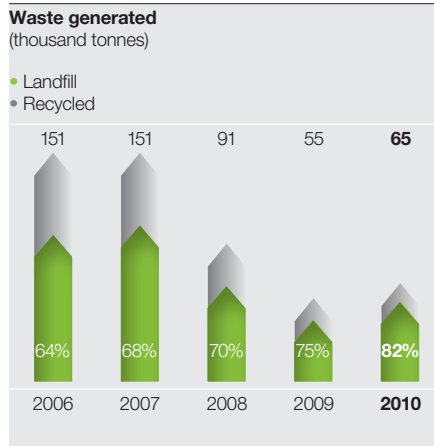
**Persimmon Sustainability Policy**



Chairman of the Persimmon CR Committee, Neil Davidson launches 'Living Green' and 'Working Green'



Working with our suppliers to improve the way we build new homes



### Tackling waste

Waste management continues to be our top environmental priority. We work closely with sub-contractors and waste management contractors to minimise waste and maximise recycling.

We work with our suppliers to reduce waste as part of the ordering process, particularly looking at reducing packaging waste.

We have also continued to work with our plasterboard supplier to develop 'made to measure' plasterboard panels and recycle any waste produced using a dedicated collection and recycling service provided by them. In 2010, over 5,000 tonnes of plasterboard was recycled in this way.

Demolition materials are often reused on-site for hard standing or landscaping or are used on other local sites. Virtually no material that is generated through ground working or site regeneration, unless it is contaminated, leaves our sites for disposal.

We continuously monitor our waste to identify better ways to manage it. Bi-monthly performance data is provided by each of our operating businesses so we understand how much waste we generate and recycle. This is reviewed by our Commercial Directors each month, and by the CR Committee on a quarterly basis. If any significant issues are identified, then these are followed up within each operating business and site.

In 2010, we generated 64.8 thousand tonnes of waste, compared to 54.9 thousand tonnes in 2009. This increase is a result of our increased new home sales and from starting more new developments, as the early stages of a new site tend to generate more waste. As a consequence the waste generated per home completed has increased from 6.1 to 6.9 tonnes.

Although our overall waste has increased, we are pleased to report that the proportion of waste we recycled has increased from 75% in 2009 to 82% in 2010. This means that for every home we sold the amount of waste sent to landfill reduced from 1.5 tonnes in 2009 to 1.2 tonnes in 2010, a reduction of 20%.

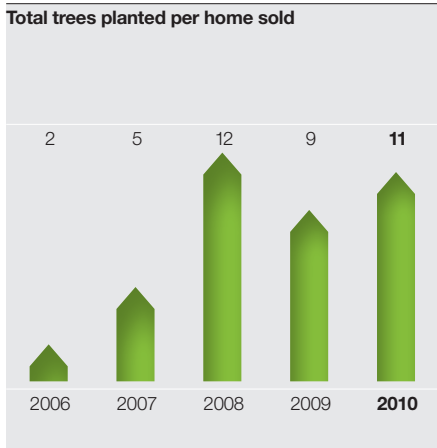
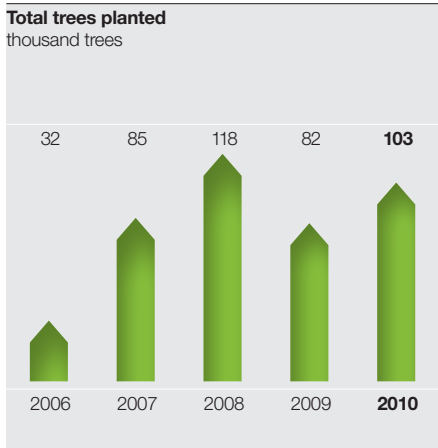
The good management of our waste not only brings environmental benefits but also significant financial benefits and provides benefits to all our stakeholders.

### Using the right materials and sourcing sustainably

We have developed a system to encourage the use of alternative products and materials to aid our Group Buyers to promote the use of sustainable products. We also have a set of Supplier Principles which specify the minimum standards that we expect our suppliers to meet in areas such as sustainability, health and safety, equality and diversity. We require all our suppliers to sign up to these principles.

Although we have a number of national contracts for products and materials, many of our operating businesses source materials locally. Local contracts provide flexibility and responsiveness to meet the needs of particular developments, as well as to support the local economy. Often items such as bricks, staircases and roof trusses are sourced locally to avoid transporting heavy products long distances by road. Sourcing locally for some of these large items not only reduces transport costs but also helps reduce CO<sub>2</sub> emissions from our supply chain.

Sustainable timber is also a big issue for our industry. All structural timbers, such as roof trusses and floor beams used in Persimmon homes are from Forestry Stewardship Council (FSC), Programme for the Endorsement of Forest Certification Schemes (PEFC) or Sustainable Forestry Initiative (SFI) sources. These standards ensure the legality of timber sourcing. Last year we used approximately 52.0 thousand cubic metres of softwood timber, a small increase from 48.2 thousand cubic metres used in 2009, in line with an increase in the number of new homes that we built in 2010.



## 103,000 new trees planted in 2010

### Reducing our energy use

The most significant way in which we can reduce our impact on climate change is to build houses that are energy efficient. This is the key tenet of our Climate Change Position Paper. We also aim to reduce our energy consumption in our offices and on our sites.

We monitor operational emissions relating to the energy used in our offices. The amount of energy that we used in 2010 increased from 9.6 to 10.7 million kWh, of which 6.2 million kWh was electricity and 4.5kWh gas. This increase reflects the very cold weather conditions in 2010 and the increasing productivity across the business. Our energy used per home completed has remained broadly the same, indicating that despite building more homes our energy efficiency has remained constant. We will continue to monitor our office energy use and identify ways in which this can be reduced.

In 2010 we have been able for the first time to collate reliable data for our onsite energy use. Where we have been unable to collect reliable data we have extrapolated reliable data to give an overall indication of our total energy use. In 2010 on our c.380 development sites, we used 14.0 million kWh of gas and electricity to power and heat the homes that had been constructed and to heat our show homes and our compounds. We will use this data to establish best practice and review how our power consumption and emissions can be reduced. Taking into account both our office and site energy use we used 24.7 million kWh of energy.

### Minimising our carbon emissions

As we have successfully developed systems to collect reliable data on our total energy consumption, we now have visibility on all of our key emissions and we are able to report on our total Group carbon emissions.

Our total carbon emissions for 2010 from energy used at our offices and sites and from our company vehicle fleet was 14.0 thousand tonnes. Our vehicle fleet generated 6.4 thousand tonnes of CO<sub>2</sub>, our offices 4.2 thousand tonnes and our sites 3.5 thousand tonnes. Our sites used more energy than our offices, but as more gas was used in our offices than electricity, emissions were less, as there is less carbon associated with gas compared to electricity.

The total emissions from our offices and company cars increased by 2% in 2010 from 10.4 to 10.6 thousand tonnes, reflecting increased productivity this year. This total equates to 1.1 tonnes per home completed compared to 1.2 tonnes the previous year, indicating that whilst our total emissions have increased our efficiency has improved. Our total emission per home completed – including sites – was 1.5 tonnes per home.

### Managing ecology and biodiversity

On many sites we carry out surveys of local biodiversity to ensure that the local fauna and flora are preserved and protected prior to commencing development.

At our Hillingdon House Farm development in Uxbridge we have gone to extra lengths to conserve a population of Great Crested Newts. In order to protect the future of this rare amphibian we teamed up with Natural England, the Government's advisor on the natural environment, and put measures in place to protect the newt population. Before work on the site could commence, all the newts were removed from the site and barriers were erected to stop them re-entering. A new habitat including ponds was set up in the surrounding woodland to act as their new home.

In addition to working on biodiversity we also strive to increase environmental awareness in local communities. This year in the North West, our Beeches site held a tree awareness event for primary school children. The site, which has a wide range of tree species, is a great location for the children to discover and learn about the various species of trees and the differences between them.

The number of trees we plant also provides us with a guide to the contribution we have made to developing green spaces for our residents and to offsetting our greenhouse gas emissions. Last year we planted over 103,000 trees. This is a significant increase on 2009, reflecting higher levels of activity and site development across the business. In 2010, we planted on average 11 trees for every home we sold.

### Travelling less

We have seen significant reductions in fuel used by our company vehicle fleet year-on-year since we first started reporting in 2007, when fuel use was at a high of 5.0 million litres. We now use half that amount (2.5 million litres).

Our vehicle fleet has decreased slightly in 2010 compared to 2009 from 765 to 758 vehicles. The introduction of a policy to move towards more fuel efficient cars, and introduce emissions limits on company cars has reduced our fuel use by 5% in 2010 against the prior year.

### Monitoring our water consumption

Water use is not a significant impact area for Persimmon. In 2009, we measured water consumption at our offices for the first time. Last year we again recorded our water use and it has increased from 16,120 cubic metres in 2009 to 17,782 cubic metres. We cannot be certain why our consumption has increased this year, but we suspect this is in part a reflection of our increased staff numbers, as well as better reporting. We will continue to monitor our water use in our offices so that we can identify any usage issues.



Archaeological dig at Stowford Rise, Sidmouth discovered the remains of Iron Age homes

### What do badgers, dormice and Iron Age pottery have in common?

Answer: all of them have been found at our Stowford Rise development in Sidmouth, Devon where we have been challenged by both nature and history.

Our development comprises 133 two and three bedroom homes, 62 of which will be rented by Devon and Cornwall Housing Association to local people. A further 27 will be sold on a 'shared ownership' basis, with the remainder of the properties available for private purchase.

During the initial development phases, some archaeological remains were discovered. An archaeological survey then uncovered the remains of houses from around 800 BC.

Simon Hughes of Exeter-based AC Archaeology, who undertook the excavation explained:

**“This is a significant find in Devon as there have been very few examples recorded to date from this period of the Iron Age”.**

As well as historical findings we discovered populations of dormice, badgers, toads, slow-worms and lizards.

Consultant Julian Perrett was engaged to ensure the preservation of the natural habitat throughout the construction process. As well as building a new badger sett, slow-worms and lizards have been moved to a nearby nature reserve and a new dormouse habitat is being included within the landscape plan. In addition, many existing trees are being preserved and additional ones will be planted to encourage wildlife to thrive in the future.



Preserving the natural habitat, including that of the slow-worm



# Being at the heart of our communities



## Achievements in 2010

- Achieved one of the largest allocations of funds within the housebuilding industry to support the Government's Kickstart and HomeBuy Direct schemes to provide affordable homes.
- Built 1,779 new affordable homes for housing associations in 2010, accounting for 19% of all the homes we sold, a 10% increase on 2009.
- Built over 5,700 homes on previously developed land, helping to regenerate local communities and improve infrastructure.
- Invested £18.2 million in community infrastructure projects as part of our planning agreements with local authorities.

## Balancing the needs of local communities

From the very first stages of designing a new development, it is important that we take into account the views and requirements of the local community and how our activities will affect them. In consultation with local planning authorities we aim to ensure these matters are taken into account.

We are generally supportive of the Government's proposed Localism Bill which aims to devolve many of the powers held by central Government to local councils and communities. We understand that the Bill will return decision making powers on housing to local authorities through a new community right to build, giving local authorities the freedom they need to build new homes and amenities in their towns and villages.

**"Our operating businesses are located in the heart of the communities in which we build. We have a responsibility to act in a way that is considerate and takes into account the views and opinions of local residents. We also recognise the opportunity to enhance their facilities and surroundings, and contribute to the local economy through employment and other opportunities."**

Persimmon Sustainability Policy



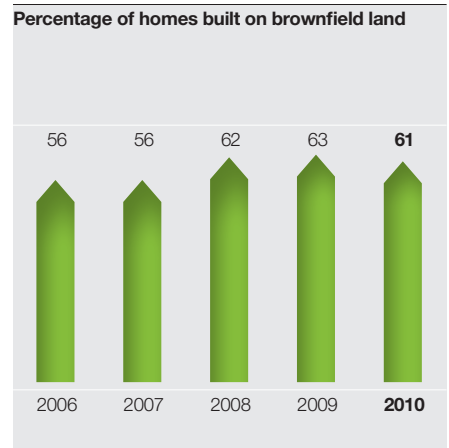
Care home at Bromford Lane, Birmingham built using Space4 technology



Creating developments, like Spring Gardens in Shrewsbury, that include a variety of house types and facilities for the local community



Representatives from the Homes and Communities Agency visit our Mitchells Brook development in Cape Hill, Smethwick



Our hope is that, with a decision making process that is more closely connected to the communities that it affects, the new system will speed up the planning process ensuring that housing needs of local people are met. With 25 operating business in the heart of the local communities we serve we believe that Persimmon is well placed to support this system.

### 'Kickstarting' the economy

In 2010 the Government launched its Kickstart initiative to build over 20,000 homes on mothballed developments across England, which has provided invaluable support to the house building industry through the recent market downturn. Over half of the properties will be for affordable rent or sale through the HomeBuy Direct shared equity scheme.

In March 2010 Persimmon was granted funding on 21 out of a total of 87 Kickstart awards to the housebuilding industry. These projects will unlock new homes, of which many will be affordable homes built on behalf of housing associations. Almost all of the schemes built by Persimmon are expected to meet Level 3 of the Code for Sustainable Homes.

Kickstart also enables Persimmon to build approximately 1,200 homes on which it can offer HomeBuy Direct shared equity, which is a key mechanism to bring first-time buyers into the property market. More information on HomeBuy direct and our approach to shared equity can be found on page 4.

**“The due diligence process for selecting these successful projects has been rigorous, assessing factors such as value for money, local fit, demand and sustainability to help ensure the homes meet the needs of the people who will live in them.”**

Sir Bob Kerslake, HCA Chief Executive

### Building on previously developed land

Once again we are pleased to report that almost two-thirds (5,716) of the homes that we sold during 2010 were on previously developed brownfield land. This equates to 61% of homes completed and remains at a similar level to previous years.

Our aim is to maintain a balanced portfolio of land that does not limit development style or our ability to meet the requirements of local communities. We do not aim to maintain a fixed proportion of brownfield development preferring to adopt an approach that is flexible and adaptable to local needs.

However, we recognise the benefits of being able to develop previously used land, particularly as we can often transform derelict or contaminated land, reinvigorating our urban landscape in our towns and cities and providing facilities which might not have previously been available.

As part of our initial evaluation process of brownfield sites we put in place plans to improve drainage, particularly surface water and storm drainage. In many cases, we will utilise Sustainable Urban Drainage (SUDs) systems that, through a combination of different drainage techniques, offer a single drainage system for a site that reduces risks of flooding.



### Building partnership homes

The provision of partnership homes for registered social landlords has become an increasingly important part of our business over the past few years. This has been partly in response to increasing demands from planning authorities to create mixed communities, with a variety of partnership and private homes.

The HCA estimates that there are 1.7m households on council waiting lists for rented accommodation. With the national average two bedroom house price £185,500, buying a home is increasingly out of reach for many. To address this need our Westbury Partnerships business focuses on social housing, in conjunction with Space4, our timber frame manufacturing operation. By working closely with Housing Associations, Westbury Partnerships aims to offer solutions to some of the social affordable housing problems the Government wishes to resolve.

In 2010, we built 1,779 partnership homes across the UK. This represents 19% of our total homes sold, a 10% increase compared to 2009.

If we take into account the proportion of homes that we sold in 2010 with a shared equity loan, either through the Government's HomeBuy Direct scheme or Persimmon's own Helping Hand scheme, the proportion of partnership and affordable homes we sold increased to almost 50% of the total homes we sold.

### Engaging with local communities

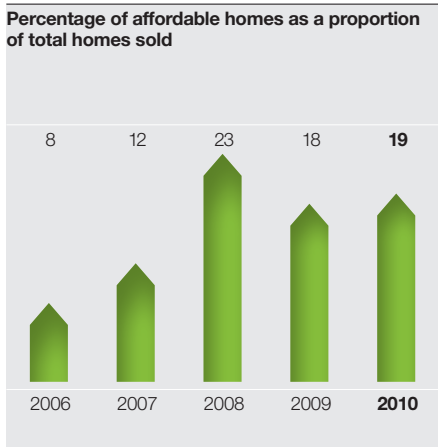
When planning a new development it is important that we understand what the local community needs to support the new housing, such as schools, transport links and open space. Our regional office management and employees live in the local communities in which we work so know the area well. Additional input is provided through detailed discussions with local planning authorities and their officers, as they spend a considerable amount of time deciding what is required for each development. However, in many cases the best and sometimes only way to plan our developments is to ask local people for their views.

On our larger developments we have traditionally held public meetings within the local community so that we can share our proposals with local people and hear their views.

We are also using the internet as a tailored way of engaging with local communities. This enables us to share our plans online, which can be updated on a regular basis, as well as create a forum that allows us to respond directly to any concerns or questions.



Using the internet to consult with our customers and keep them up to date with progress



Meeting the public, explaining our proposals and listening to their views is an important part of the planning consultation process

### Investing in community infrastructure

As part of the development process, we often incorporate features into our developments that are to the benefit of the wider community. These are often agreed with the local planning authority as part of planning consent being granted. The types of features can range from simply building new roads or open community spaces, such as playgrounds and parks, to the development of new schools or community centres.

During 2010, we invested £18.2 million in these community infrastructure projects, (2009: £17.0 million) with c.40% of our investment relating to the development of new educational facilities.

In many cases the development of new schools is undertaken by the local authority, supported in part by a financial contribution from Persimmon. However, during 2010 we began to review this process and undertake the construction of these facilities ourselves. Using our knowledge and expertise, we estimate that we can build a typical school for substantially less than other contractors. As an example, we are building a school at Peacock Farm in Bracknell, which will open in September 2011, for half the estimated budget suggested by the local authority whilst providing the same facilities and specification. In these austere times, we are proud that we can provide a contribution to these communities both in terms of physical facilities but also reducing the cost of their construction which in many cases would be paid for by the local authority.



Persimmon produced a green travel guide for residents at Linton Grove, Carlisle

### Promoting green travel at Linton Grove, Carlisle

As a housebuilder, Persimmon creates not only homes but whole communities. We have an important role to play in creating an environment in which people want to live, but also in raising awareness of how new home owners can live more sustainably.

We include green travel plans in our developments to help influence the way people travel and to encourage them to use public transport where appropriate. One such development is the Linton Grove development in Carlisle.

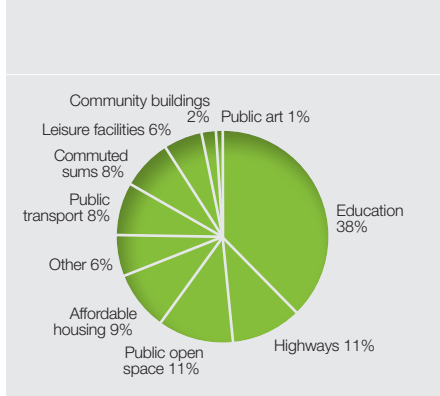
Designed to the 'Home Zones' principle, the development layout is prioritised so that roads do not dictate the form of the built environment and vehicles do not dominate the appearance, function or use of the space between the buildings. This helps create people orientated public spaces and helps control traffic speed which in turn creates a more enjoyable living space.

During the consultation letters were sent to local residents asking for their views on the new development. From the consultation responses we realised that there were concerns that traffic would increase on the main access road to the development. To reduce congestion in the local area Persimmon developed a green travel plan to encourage the use of public transport.

Residents were provided with a travel guide giving details of train and bus routes and times to promote the benefits of sustainable travel, together with a three month bus pass.

The development was designed so that each property had secure and covered cycle storage and each resident was given details of local cycle routes. The travel plan also encourages car sharing and provides details of the car club that has been set up in partnership with Option C ([www.optionc.co.uk](http://www.optionc.co.uk)), a car club operator in the north of England.

### Community investment through local planning agreements





Working with our charity of the year, Leukaemia and Lymphoma Research



Emma Jones' dream came true, the 300th supported by Charles Church

**Working with community groups and charities**

During 2010, Persimmon donated £93,200 to charities and community groups, including our charity of the year, Leukaemia and Lymphoma Research – [www.beatbloodcancers.org](http://www.beatbloodcancers.org) – which specialises in funding much needed research into rare blood cancers. We have continued our long standing support of cancer charities and also helped our employees to raise over £65,000 through various fundraising activities.

Persimmon has continued to provide financial support for the restoration of York Minster through the York Minster Fund which trains apprentices in skills needed to repair and conserve historic buildings.

Charles Church has also continued to support Dreams Come True – [www.dctc.org.uk](http://www.dctc.org.uk) – a charity which supports terminally and seriously ill children by fulfilling their dreams.

Emma Jones was diagnosed with a tumour, Ewing's Sarcoma, in her pelvis and lungs. The 17 year old dreamed of converting a small outhouse at her home into a room of her own where she could spend time with her friends and forget about her illness and the gruelling treatments which she has to endure. The charity was able to realise that dream for her, the 300th dream supported by Charles Church.

During the last eight years Dreams Come True and Charles Church have worked with our employees to undertake a number of fundraising challenges and together we have raised in excess of £600,000 for the charity. The challenges included parachute jumps, participation in the Dreams Come True Dream Mile, involvement with endurance expeditions and auctions, as well as numerous office and site-based initiatives.

Our 25 operating businesses also support local community groups and charities in their area. For example recently, our Anglia business has sponsored the Waveney Gymnastics Club in Lowestoft to assist with their ongoing costs and support the development of young gymnasts in the area.

During 2010, Persimmon also conducted its first nationwide Primary School competition, Grow Your Own. This initiative was aimed at school children between four and eleven years old to promote healthy eating, interest in the natural world and a better awareness of sustainability issues. Children from various schools grew their own fruit and vegetables and submitted a diary of their experiences and pictorial evidence of the planting and growing process.



Kacy James, six, takes part in Persimmon's Grow Your Own competition



Consulting with local residents as part of Westbury Partnerships' regeneration project in Coventry

### New Deal for Communities in Coventry

Westbury Partnerships is currently involved in a major regeneration project in Coventry to deliver 3,228 new affordable and private homes and a range of other facilities. The project will help to transform the lives of residents.

Westbury Partnerships has been deeply engaged in a series of consultation events with teams of residents and the New Deal for Communities Partnership Board, resulting in a clear set of principles guiding the whole regeneration process.

The regeneration project is part funded by New Deal for Communities, a key Government funded programme to tackle multiple deprivation problems. A total of £360 million will be invested over 12–15 years in the areas of Wood End, Henley Green, Deedmore and Manor Farm in north east Coventry, with major investment from public, private and voluntary sector providers.

The Homes and Communities Agency and Advantage West Midlands jointly provided financial support to enable development of the first 622 homes. In addition to mixed tenure homes, phase one will include a low carbon combined heat and power system.

At least 25% of the new homes will be provided as affordable housing, delivered in partnership with Coventry's largest social landlord Whitefriars Housing Group, part of West Mercia Housing Group.

**“We look forward to a long term partnership with Westbury Partnerships. They have shown a real commitment to regeneration and to working with others to create sustainable communities.”**

Lynn Wassell Project Director, Whitefriars Housing Group

**“It was a good consultation process. All the residents had a very good opportunity to input into the final decision and in fact they did influence the design.”**

Martin Smith, Chair of the Regeneration Action Group

# Developing skills and commitment



## 2010 Objective

Review our Homing in on Opportunity initiative to promote skills and encourage young people to consider housebuilding as a long term career.

### Achieved

This year we have launched Directions and supported other initiatives such as the FIRST Management Trainee programme designed to get young people working in the industry.

## Other achievements in 2010

- 30 winners of the NHBC Pride in the Job quality awards, including Dave Bullock being named Supreme Winner for the third year running.
- Successfully achieved the C2E Diversity Assured Equality Standard in three of our operating businesses as part of a pilot project.
- Provided 5,359 training days for our employees, equating to 2.2 days per employee.
- Recruited 16 school leavers and young people onto our FIRST Management Trainee Scheme – a four year programme designed to develop technical and office based skills in the housebuilding industry.

## Our workforce

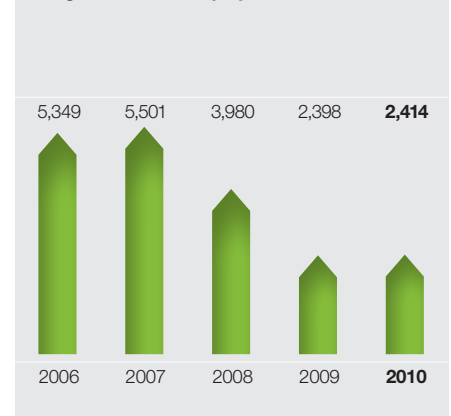
We are pleased to report that as the housing market stabilised in 2010 the average number of people we employ has remained consistent. We employed 2,414 people, compared to 2,398 in 2009.

The Group has a significant proportion of long-serving employees with nearly 10% of our workforce having been with us for over 10 years. This stability in our workforce and our ability to apply our collective experience and expertise will help us to meet the opportunities in a recovering housing market. We have continued to develop formal succession plans across our operating businesses to ensure that we have the right people in place with the talent to excel.

Across the UK there are 18,000 NHBC registered site managers eligible to win a Pride in the Job award. They are automatically entered into the competition. It is a testament to the quality of our site managers that Persimmon won 30 NHBC 'Pride in the Job' awards in 2010.

For an unprecedented third year running Dave Bullock, site manager at our Wyncliffe Gardens development in Cardiff, collected the NHBC Pride in the Job Supreme Winner award in 2010. It is a testament to Dave and his team that he has been recognised as the very best site manager from the housebuilding industry against some very strong competition.

Average number of employees



**“We acknowledge that our success depends heavily on the skills and commitment of those we employ. We have a responsibility to promote and develop the skills of people within our business and those wanting a career in the housebuilding industry.”**

Persimmon Sustainability Policy



Dave Bullock collects the NHBC Pride in the Job Supreme Winner award for the third year running

### Diversity and equality

The introduction of the Equality Act in October 2010 has brought into focus the issues of inequality and discrimination within the workplace. Persimmon has a robust policy framework that complies with all of the requirements of the Act, including detailed policies relating to equal opportunities, diversity, whistle-blowing, harassment and flexible working.

To strengthen our approach to equality and to demonstrate our credentials in this area, particularly to public bodies, three of our operating businesses have been involved in an independent review of our policies and procedures by Committed 2 Equality (C2E), a non-profit organisation. As a result we are pleased to report that our Head Office, South Midlands and Westbury Partnerships operating businesses were certified to the C2E Diversity Assured Equality Standard ([www.c2e.co.uk](http://www.c2e.co.uk)) during 2010.

Achievement of the C2E standard verifies that the Group's equality practices comply with public sector standards and statutory duties. As part of our ongoing commitment we have established a process of continual improvement within our businesses, including a detailed action plan to find ways to work with our suppliers and sub-contractors to promote better management of equality and diversity. We expect the C2E standard to be extended to other operating businesses in 2011.

Persimmon employs 822 women representing over a third of our workforce with 21 being directors of our operating businesses, equating to 15% of our senior management team.

### Training our employees

We have maintained our training focus on those areas most important to the business, primarily Health and Safety, Customer Care and IT. We also provided other training to employees on new legislation and working practices, particularly those working on our sites through 'tool box' talks, to ensure that they are working to the latest standards and best practice.

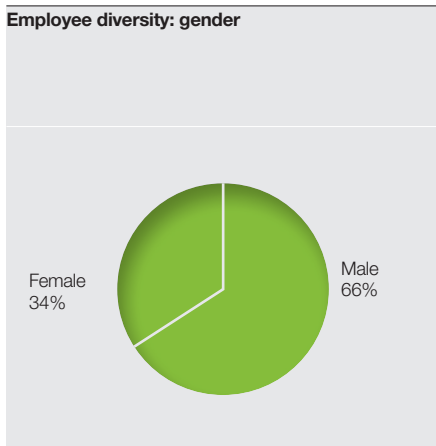
In 2010, we delivered 5,359 days of training to our employees, equating to 2.2 days per employee. Despite a reduction in the funding available from Construction Skills – the Sector Skills Council and Industry Training Board for the construction industry, the Company has still delivered nearly 750 more training days than it did in 2009, demonstrating a clear commitment to, and investment in, our workforce at all levels and across all parts of the Group.

We have continued to support the Construction Skills Certification Scheme (CSCS). The Scheme was set up to help the construction industry to improve quality and reduce accidents. Over 98% of our workforce meet the basic requirements of the CSCS and passed a health and safety test. We currently have around 78% of our workers that have passed relevant qualifications to enable them to gain a CSCS card. We are targeting a fully CSCS qualified workforce as soon as practical.



Persimmon achieved the C2E Equality Standard during 2010 in three of its businesses

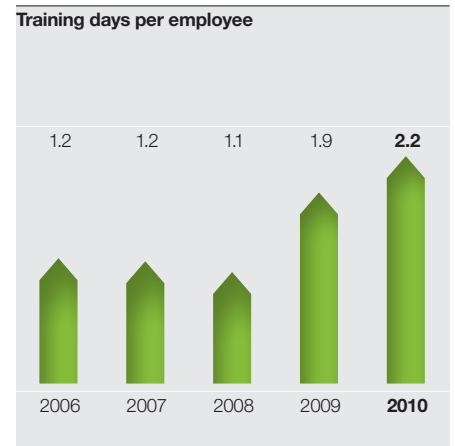
Employee diversity: gender



Training days



Training days per employee





### Encouraging a career in housebuilding

For young people who desire to work in the construction industry, the effects of the housing recession couldn't have come at a worse time, and with the rate of unemployment currently standing at 7.8%, some may feel that they can never get a foothold on the career ladder.

Over the past year Persimmon has promoted two initiatives to promote careers in the housebuilding industry by continuing its FIRST Management Trainee Scheme and by launching Directions, designed to encourage young people, school leavers and others to choose a career in housebuilding.

We have also continued to recruit apprentices into our operating businesses. We now have 48 trainees and apprentices in our operating businesses. As the market improves further we expect this number to increase, as training young people is a key part of our future growth.



Craig White, Ryan Lewis and Raj Sahota: the faces of Directions

### Developing talent and skills at Persimmon

Persimmon has always had a strong focus on developing and maintaining talent within the housebuilding sector. 'Homing in on Opportunity' was established over a decade ago and aimed to engage with school and university leavers who are preparing for the world of work.

**“Although the construction industry can be perceived as being all about hard hats and bricks, there is an awful lot more to it than that and no two days are ever the same. It's fast paced, exciting and challenging all at the same time and within Persimmon there are great opportunities to progress.”**

**Craig White, Persimmon graduate recruit**

### Setting a new direction

This year, we have renewed our focus on training and recruitment and launched our Directions initiative aimed at encouraging young people into the housebuilding sector.

Three new team members have become the faces of this initiative – Raj Sahota from Wolverhampton and Craig White from Lichfield came to Persimmon after graduating from Wolverhampton University, and Bedworth born Ryan Lewis joined the Company after obtaining a carpentry apprenticeship. All three believe that for young people, the industry makes for an exciting and varied career.

The key to our success is to make sure we have the best personnel within the industry, and we are firmly committed to offering all our employees the opportunities to continue their personal development to ensure the future growth of the business. Persimmon employs over 2,400 staff and by spearheading initiatives such as Directions we hope that we can further shape the industry and generate a greater pool of talent, to ensure the homes of the future are built to the same high standards as they are today.



Richard Cottier working at our Space4 factory after being made redundant from the motor industry in Birmingham

### Taking the FIRST steps

The FIRST Management Training Scheme, which was launched in July 2009, aimed to recruit 20 school leavers into a four year programme in either a technical or site-based capacity at one of our 25 regional businesses.

As part of the scheme, trainees are able to work alongside experienced site managers or technical professionals, and receive regular on-site or office training. They gradually take on more responsibility and work towards the role of Assistant Site Manager or a full technical role. Trainees study one day a week at college for a BTEC National Certificate and later a BTEC HNC or HND. In addition they have regular reviews and on-the-job assessment.

Mark Edwards from Burnham and David Rice from Slough were recruited onto the programme during 2009. Both Mark and David were successful in achieving commercial roles within the Thames Valley operating business based in Maidenhead.

Mark states:

**“I really had my heart set on working in construction as I believe it’s such an interesting sector. When I learnt that Persimmon had launched a training scheme with placements in my area, I applied straight away as I thought it would be a great opportunity to gain experience and knowledge about the industry.”**

David adds:

**“The placement is really beneficial for Mark and I as we have the chance to work in both the buying and surveying departments as part of our development. We alternate every six weeks, which allows us to gain a broad understanding of the sector.”**

Dawnet McLaughlin, Commercial Director commented:

**“Both Mark and David really stood out in the interview process and their eagerness to learn and enthusiasm to get involved were two very strong deciding factors when selecting our Thames Valley management trainees. At Persimmon we are keen advocates of on-the-job training and we pride ourselves on investing in young talent and building careers in the construction industry.”**



FIRST Management Trainees Mark Edwards and David Rice

## Minimising risk



### Achievements in 2010

- Rolled out our new 'smart pen' technology which has complemented the site inspection process and increased the speed with which we can identify potential health and safety issues and take action to make our sites safer.
- Strengthened the criteria used to measure health and safety on our sites to drive better practice amongst our operating businesses, employees and sub-contractors.
- Over 98% of our workforce meet the basic requirements of the Construction Skills Certification Scheme (CSCS) and have passed a health and safety test.
- Continued our senior management training for health and safety this year running dedicated training sessions across the business.
- High level compliance with health and safety standards.

### Minimising risks – a robust policy and approach

Looking after our employees, sub-contractors, customers and visitors to our sites and offices and ensuring the highest levels of health and safety is a key priority for Persimmon. There are inherent risks of working on a construction site and we take our responsibilities very seriously.

Underpinning our approach is the Group health and safety policy and manual. We ensure that all management personnel know their responsibilities for ensuring the implementation of a robust approach to health and safety and for instilling a culture of health and safety with all our employees. We ensure that all the necessary controls are implemented to prevent and reduce the risk of serious injury occurring on any of our sites.

### A culture of responsibility and accountability

Responsibility for Group health and safety remains with the South Divisional Chief Executive, Nigel Greenaway. Nigel is supported by, and works closely with, the Group Health and Safety Director and a team of 12 internal regional health and safety advisors.

This core team undertakes full health and safety risk reviews and each year sets objectives and targets for the management teams and employees. In addition, specific plans are devised by divisions and operating businesses to focus on areas that they would like to improve. Internally, our safety advisors undertake regular site inspections of all our operating businesses work and activities. This enables the team to identify best health and safety practice on all our operational activities and report back to management.

Last year, we trialed some new technology to improve the way we report and communicate incidents and any areas of non-compliance within the business. This new 'smart pen' system has now been rolled out across the business. This system has made a great improvement to the way we work, allowing our safety advisors to email results and reports to our Head Office and spend more time on-site rather than being tied up completing paperwork. It has enabled senior management to be made aware of non-conformance issues much quicker than by the previous paper-based system and take appropriate action. We believe that our sites are safer as a result.

**"The health and safety of our employees and those who come into contact with our activities is of utmost importance to us. We have a responsibility to provide a safe environment for our employees, sub-contractors, customers and other people visiting our sites and premises."**

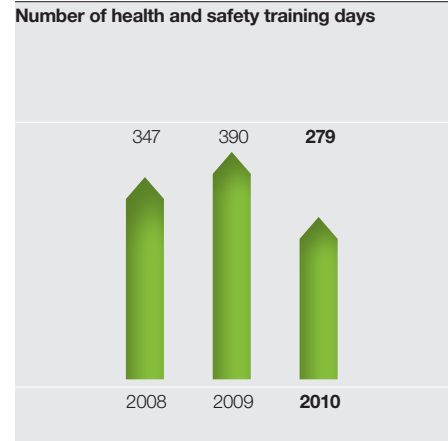
Persimmon Sustainability Policy



Pupils from Hilton Primary School visiting the Lily Gardens site in the North Midlands region to learn about Health and Safety

Health & Safety Gold Silver and Bronze Awards	Operational	Administration
	Companies achieving Gold (95%+)	0
Companies achieving Silver (85%+)	11	15
Companies achieving Bronze (75%+)	14	9
Companies not achieving an award	0	0

Health & Safety Prosecutions and enforcement notices	2006	2007	2008	2009	2010
	Prosecutions	0	1	0	0
Enforcement notices	7	0	2	5	1



### Performance monitoring and review

Our site inspection findings result in the allocation of gold, silver or bronze health and safety awards to the operating businesses depending on their level of compliance. This year we have raised our standards, making the awards more difficult to achieve in two ways:

- The criteria within the health and safety audit framework have been made more rigorous.
- The targets to achieve each grade have been raised. So, where previously to attain the Gold Award a company had to achieve 90% compliance now we require 95% compliance.

We are confident that resetting our standards will improve our businesses health and safety performance in the long term. Each operating business is measured in terms of its operational safe working activity on-site, administrative procedures and record keeping and the results of our 2010 performance monitoring and review are set out above.

November 2010 saw the completion of a nationwide audit of health and safety management systems to check for consistency across the Group. The results of these audits, carried out by external service providers have been used to prepare action plans to raise standards.

Further support for operating businesses whose management systems did not fully meet the requirements of the Group Health and Safety Policy will be provided by the Group Health and Safety Director to ensure suitable action plans are produced and implemented in 2011.

### Training and raising awareness

To complement the Health and Safety training provided by our operating businesses, the Group Health and Safety team delivered 279 days of health and safety training to our employees and sub-contractors, including on-site training and toolbox talks, reflecting a shift in emphasis towards more focused training and 'on-the-job' guidance.

We have continued our senior management health and safety training in 2010 across the business, ensuring that management remain fully conversant with current and impending legislation. The training sessions included presentations from our legal and insurance partners to simulate real life situations when planning and managing building sites.

We continue to review our policies and procedures and work closely with the HBF and Health and Safety Executive (HSE) to ensure that we are up-to-date with the latest industry best practice and legislative requirements.

### Reviewing our health and safety performance

During 2010, with our increase in production, the number of reportable incidents under the UK Reporting of Incidents, Diseases and Dangerous Occurrences (RIDDORS) increased from 47 to 59, with both major injuries and absences of over three days increasing. This equates to 6.5 RIDDORS per 1,000 workers in 2010 (2009: 5.8), or 1 RIDDOR per 159 homes completed in 2010 (2009: 191).

Whilst our long term trend shows considerable improvement in recent years, we are naturally disappointed with these results. The increase in our RIDDORS was as a result of more slips, trips and falls on our sites. Reversing this increase is a top priority for us over the next 12 months. We have implemented measures across the business to minimise the risk of these incidents occurring, including a more stringent auditing regime to ensure our standard operating procedures are closely adhered to.

We continue to work closely with the HSE to ensure that we are up-to-date with emerging best practice and are able to act quickly in the event of an incident occurring on one of our sites. In 2010 we had one enforcement notice issued against us by the HSE, which related to plant misuse at one of our sites. In this instance, as with all accidents and internal identification of non-conformance, action to prevent recurrence was taken immediately by our senior management.

# Key performance indicators

Key performance indicators		2006	2007	2008	2009	2010
Housing completions	No.	16,701	15,095	10,202	8,976	<b>9,384</b>
<b>Building sustainable homes</b>						
Homes built to Code for Sustainable Homes and EcoHomes standards	No.	–	1,539	1,670	1,720	<b>2,077</b>
Average SAP rating		–	–	–	82.0	<b>83.0</b>
<b>Operating efficiently</b>						
Carbon emissions	Thousand tonnes	–	14.6	11.9	10.3	<b>14.0</b>
Waste generated	Thousand tonnes	151	151	91	55	<b>65</b>
Waste per home sold	Tonnes	9.0	9.5	8.9	6.1	<b>6.9</b>
Percentage of waste recycled	%	64%	68%	70%	75%	<b>82%</b>
Homes built on brownfield land	No.	9,352	8,906	6,282	5,695	<b>5,716</b>
Percentage of homes built on brownfield land	%	56%	56%	62%	63%	<b>61%</b>
Trees planted	No.	32,424	85,472	118,616	82,770	<b>103,093</b>
Trees planted per home completed	No.	2	5	12	9	<b>11</b>
Environmental prosecutions	No.	0	2	0	1	<b>0</b>
<b>Prioritising health and safety</b>						
No. of RIDDOR reportable incidents	No.	172	172	78	47	<b>59</b>
RIDDORS per 1,000 workers	No.	12.9	12.3	9.1	5.8	<b>6.5</b>
HSE Prosecutions	No.	0	1	0	0	<b>0</b>
HSE Enforcement notices	No.	7	0	2	5	<b>1</b>
<b>Promoting skills</b>						
Average number of employees	No.	5,349	5,501	3,980	2,398	<b>2,414</b>
Female employees	No.	1,511	1,511	1,552	839	<b>822</b>
Percentage of female employees	%	28%	28%	39%	35%	<b>34%</b>
Female Directors		26	24	21	18	<b>21</b>
Training days provided	No.	6,714	6,320	4,510	4,615	<b>5,359</b>
Trainees and apprentices	No.	324	267	56	27	<b>48</b>
Trainees and apprentices as a percentage of total employees	%	6	5	2.4	1.1	<b>2</b>
<b>Caring for our customers</b>						
Customers who would recommend Persimmon to a friend	%	86%	86%	89%	91%	<b>93%</b>
<b>Developing relationships with our communities</b>						
Social and affordable homes completed	No.	1,402	1,967	2,389	1,622	<b>1,779</b>
Social and affordable homes as a proportion of total homes completed	%	8%	12%	23%	18%	<b>19%</b>
Charitable donations made by the Group	£	251,000	210,000	89,000	79,500	<b>93,200</b>
Employee charitable fundraising	£	326,000	340,000	23,500	14,000	<b>65,400</b>

Data marked – was not recorded at that time.

## Our objectives

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We have continued to make good progress over the past year in meeting our six sustainability responsibilities. Sustainability is an issue that will continue to grow in importance for us and for our customers over the coming years, and so we remain committed to embracing this agenda for our mutual benefit.

We have set three objectives for 2011 that will focus our business on the opportunities that sustainability brings and the benefits for Persimmon and its stakeholders:

- Roll-out our 'Living Green' campaign to raise awareness amongst customers of sustainability and the features of their new homes.
- Undertake a waste audit across a number of our sites to better understand waste arising from our operations and to identify opportunities to reduce waste generated and increase recycling.
- Evaluate the benefits of extending our C2E accredited diversity programme across the Group.

## Feedback

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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](mailto:feedback@persimmonhomes.com) or write to:

**Neil Francis**  
Company Secretary  
Persimmon Plc  
Persimmon House  
Fulford.  
York YO19 4FE