

Building a
*sustainable
business*

Sustainability Report 2011

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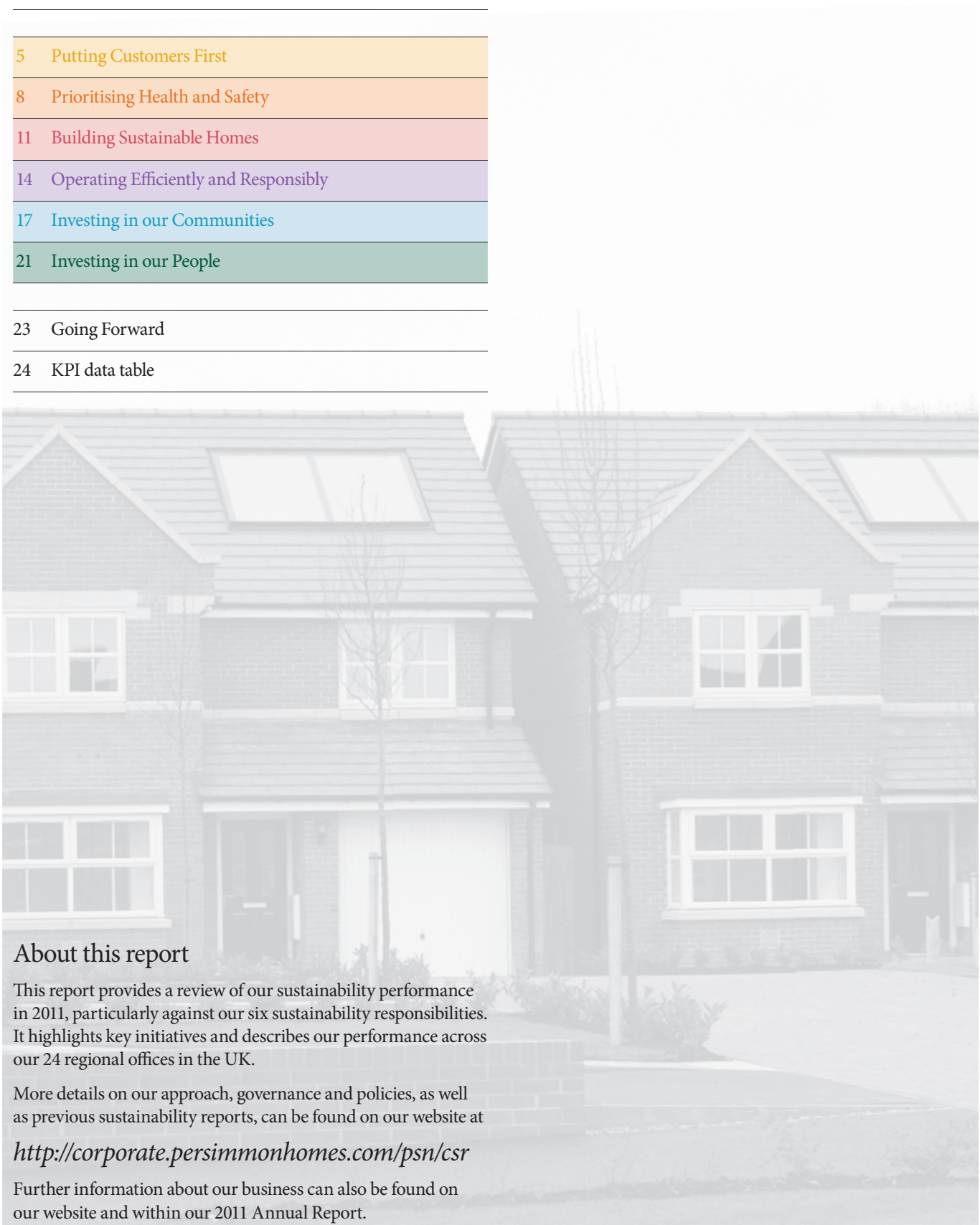
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About this report

This report provides a review of our sustainability performance in 2011, particularly against our six sustainability responsibilities. It highlights key initiatives and describes our performance across our 24 regional offices in the UK.

More details on our approach, governance and policies, as well as previous sustainability reports, can be found on our website at

<http://corporate.persimmonhomes.com/psn/csr>

Further information about our business can also be found on our website and within our 2011 Annual Report.

Building a Sustainable Business

Persimmon is one of the UK's leading housebuilders. In 2011 we legally completed 9,360 new homes. We operate under three main brands: Persimmon Homes, Charles Church and Westbury Partnerships.

Our ability to successfully demonstrate a strong and integrated approach to sustainability is now an important part of what it means to be one of the country's leading housebuilders. The implementation of our sustainability strategy is helping to improve the way we do business, access new market opportunities, become more efficient, and ultimately build homes and communities that our customers desire.

As market conditions, stakeholder attitudes and legislation change we respond and adapt accordingly, but at the heart of our approach are six responsibilities. These are the foundations of what we do:

Putting customers first

Prioritising health and safety

Building sustainable homes

Operating efficiently and responsibly

Investing in our communities

Investing in our people

Being clear and delivering what we promise helps us to build stronger and more enduring relationships with our stakeholders. In recent years we have seen growing interest from our key stakeholders in how we are building a sustainable business. We have also seen more stringent legislation and requirements introduced from Government, as well as from local planning authorities and housing associations. Sustainability is clearly now near the top of their agenda, as well as ours, when considering working in partnership with us. Our customers care too, and recent evidence suggests these issues are an increasingly important consideration when buyers choose a new home.

Since 2001, we have recognised the emergence of the sustainability agenda as a key strategic issue for us. We have worked hard to integrate this thinking into the way we conduct our business and we take it very seriously.

Ten years on we are able to reap the rewards. We can respond quickly and effectively to emerging changes in legislation and planning, such as the Code for Sustainable Homes or Localism Act, and to the expectations of our customers. Our strategic approach ensures that our responsibilities are considered in a practical and meaningful way, just like any other commercial consideration. This has given us additional resilience and contributed to our ongoing success.

Chief Executive's Sustainability Review

Welcome to our 2011 Sustainability Report, which I am delighted to say is our tenth. Over the past decade we have shown how our business has prospered and how sustainability has played an important role in this success. 2011 has been no different as we have continued to address our key responsibilities with vigour. We build homes that are both affordable and sustainable, but most importantly that our customers want to live in.

Mike Farley
Group Chief Executive



Sustainability is now very much business as usual for Persimmon and I am proud of what we have achieved when I review the past ten years of activities. The facts and figures speak for themselves as we have

- doubled the proportion of affordable homes we are building
- built almost 10,000 sustainable homes
- diverted almost 500,000 tonnes of waste from landfill
- planted over 620,000 trees
- invested over £73 million in local community infrastructure in partnership with local authorities
- provided 50,000 days of training for our employees.

Over the course of 2011, we have strengthened our long held view that new homes must be inherently efficient in their design and construction, without the need for supplementary technologies such as wind turbines. This policy provides our customers with better quality homes that work efficiently for them, rather than them having to change their way of living. This 'fabric first' approach is proving successful and as we have shared our approach with the Government and others, it has been adopted by the industry more widely.

As a sign of our sustainability commitment and despite the challenging market conditions, we have recently invested in the expansion of our Space4 operation so that we can build more highly efficient timber frame homes. In 2011, production at Space4 increased by 19% and this cutting edge technology was used in over a third of the homes we built last year. We expect this will increase again during the next twelve months.

We have continued to invest in the career development and skills of our employees, as we have introduced our 'Inspire and Lead' management development programme. This will continue into 2012 and aims to help our management teams realise their full potential. Our FIRST management trainee scheme, focused on school leavers, is now well established and has continued to grow.

By working closely with communities and through our genuinely local, yet national approach, we have been able to help local communities achieve both their housing and community requirements. As an example during 2011, we have worked in partnership with a number of local authorities to build new, modern primary schools in a cost effective way for local communities, by combining our local expertise with our Group wide resources and experience.

During 2011, we worked closely with the Government's Waste and Resources Action Programme (WRAP) to introduce new ways of working and involved our subcontractors in helping us to reduce waste and improve recycling rates. Over the year we recycled 84% of our waste and successfully diverted 52,000 tonnes of waste from landfill.

Our customers remain at the heart of what we do and we have been working extremely hard to ensure we meet their needs in terms of quality and service. I am pleased to report that 91% of our customers say that they would recommend Persimmon to a friend, maintaining the high levels of satisfaction seen in previous years.

We are helping our customers in other ways too. Many of our customers have small house purchase deposits, which makes obtaining an affordable mortgage very difficult. We are working to help them by providing a wide range of shared equity schemes.

Buyers utilising a shared equity scheme typically need a mortgage of 75% of the purchase price with the balance being the buyers 5% deposit and a loan from the Government and/or us.

We have secured the largest allocation in the industry for the Government's FirstBuy shared equity scheme, through which over 2,000 first time buyers will be directly helped to buy a new home. We also have our own shared equity scheme, *Helping Hand*. Our new company Westbury Housing Investments, launched during 2011, is helping us unlock previously uneconomic affordable housing schemes and bring a large number of new affordable homes to our customers.

As a result of these and other initiatives, the number of first time buyers visiting our sites increased by over 35% in 2011 compared to the previous year.

We have also worked hard to improve our operational efficiency and reduce our impact on the environment. During 2011, we worked closely with the Government's Waste and Resources Action Programme (WRAP) to introduce new ways of working and involved our subcontractors in helping us to reduce waste and improve recycling rates. Over the year we recycled 84% of our waste and successfully diverted 52,000 tonnes of waste from landfill.

We continue to focus on the health and safety of both our workforce and visitors to our sites. During 2011 the number of accidents on our sites increased. We are naturally disappointed with these results, although the types of incidents we have experienced are a reflection of the overall house building industry figures. Our priority is to reverse this trend in 2012.

Going forward we will further engage with our workforce in order to raise awareness and involve everyone in the process of hazard identification and risk assessment associated with their work activities. Our intention is to engender a culture in which everyone who works on our sites takes responsibility for the health, safety and wellbeing of themselves and that of others who are affected by their actions.

In our 40th anniversary year, I am certain that our approach to sustainability will stand us in good stead to respond to future challenges. Our commitment will remain steadfast as we build a stronger, larger business over the next decade.

Mike Farley
Group Chief Executive
19 March 2012

A Decade of Progress

Over the past decade we have provided annual updates on our sustainability performance. We are amongst a few companies in the housebuilding sector that have demonstrated such a long standing commitment to transparent reporting on this issue.

Since our first report was published in 2002, we have explained to our stakeholders how we have developed and established our strong approach to sustainability; described the implementation of our strategy and how we are realising the mutual benefits of our work for our business, our customers and our key stakeholders.

Putting Customers First

More satisfied customers: In 2011, 91% of customers said that they would recommend Persimmon to a friend. This has continued to reflect the high levels of satisfaction we have observed since we first began reporting this information in 2005, when 86% of our customers said they would recommend Persimmon to a friend.

Building affordable homes: The percentage of affordable (social) homes we built as a proportion of total homes has risen from 8% in 2002 to 19% in 2011.

Operating Efficiently and Responsibly

Less waste, more recycling: Since 2005, we have diverted almost 500,000 tonnes from landfill, reduced the amount of waste generated per home built by 38% and increased recycling from 67% to 84% over the same period.

Using sustainable timber and planting more trees: All the timber we use is from sustainable sources and we have planted over 620,000 trees to enhance the landscape on our developments.

Prioritising Health and Safety

Commitment to health and safety awareness and training: Since 2005 we have provided over 3,400 days of dedicated health and safety training, as well as ongoing 'on-the-job' training and tool box talks for workers.

A safer working environment: We have reduced the number of reportable accidents (RIDDORs) by 35% since 2002, from 139 to 90.

Investing in our Communities

Regenerating previously developed land: Since 2002 we have built over 67,000 new homes on previously developed land, reclaiming derelict and redundant sites and turning them into vibrant new communities for local people.

Investing in local communities: Since 2008, when we first collated this information, we have invested over £73 million in local community infrastructure as we work in partnership with local authorities to develop new communities.

Building Sustainable Homes

Building more sustainable homes: We have increased the proportion of homes we built to Code for Sustainable Homes or EcoHomes standards from 9% in 2007 to 27% last year.

Pioneering new approaches to building sustainably: Our ground breaking Living I project in 2005 helped us to evaluate the best way to build sustainable homes. Since then our Space4 timber frame business has grown to supply us, and other housebuilders, with highly efficient timber frame panels. We now use Space4 technology in over a third of the homes we build.

Investing in our People

Developing a highly skilled workforce: Over the past decade, we have invested in our employees and have provided 50,000 days of training.

Investing in young people: Our 'Homing in on Opportunity' scheme, launched in 2002, was the first of its kind to promote a career in home building to school children and recent school leavers. Our FIRST Management Trainee Scheme continues to support young people starting their career in our industry today.

Putting Customers First

2011 highlights

1,791 new affordable homes built for housing associations, representing 19% of all homes sold.

26% of our customers were supported with a shared equity loan to buy their first home.

91% of our customers said that they would recommend Persimmon to a friend.

A wide range of initiatives introduced to improve levels of service for our customers.

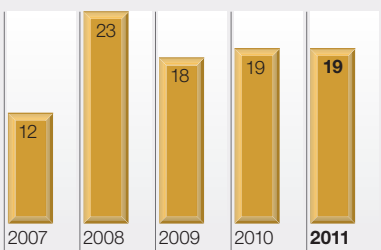
Building affordable homes and supporting first time buyers

Over the last 10 years the housing market has changed significantly in favour of building more affordable homes and Persimmon has responded by offering more homes at affordable prices.

We have continued to build homes that offer good value for money for our customers. In 2011, 35% 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).

Included in these figures, we built 1,791 affordable (social) homes working primarily in partnership with local housing associations, representing 19% of our total output.

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



The single biggest challenge for home builders is the ongoing low level of mortgage availability. Shared equity loans can help to address this, as they reduce the deposit required to buy a new home and reduce our customers mortgage payments to affordable levels.

FirstBuy is a Government shared equity scheme that will lend a qualifying first time buyer up to 20% of the value of a new home, with the Government and the developer each providing a 10% shared equity loan to the customer. In 2011, we were the largest recipient of FirstBuy, with allocations of funding on 290 sites across England. We also participate in a similar scheme in Scotland, where Persimmon and the Scottish Government each provide a shared equity loan of up to 20% of the price of a property. Persimmon also offers its own shared equity scheme called *Helping Hand*, funded entirely by the Company.

In 2011, we provided a shared equity loan to our customers with 26% of the homes we sold. As a result of these and other initiatives we have seen first time buyer visitors to our sites increase by 35% compared to 2010, as they seek to take advantage of the schemes we offer.

Unlocking new homes for local communities

Over the last few years, there have been a large number of sites on which we have been unable to develop due to the uneconomic cost of planning agreements, particularly those providing rented and shared ownership homes at low values.

In 2011 Persimmon established Westbury Housing Investments as a separate not for profit company to help address this issue. This business works with local authorities to help improve the cost effectiveness and attractiveness of new developments, drawing on the expertise and experience of Westbury Partnerships.

Westbury Housing Investments is able to advise on the best tenure mix for affordable housing on sites, including rented, shared ownership and shared equity homes, to improve their financial viability. This approach benefits both the local authority and the local community, as mothballed sites become 'unlocked' and much needed homes can be provided.

The first Westbury Housing Investments site has just started in Braintree, Essex, with others in the pipeline throughout England and Wales.

A continuing focus on quality

All our customers expect a well built property that is delivered on time. We monitor and manage the quality of our homes carefully throughout the construction process and provide all our homes with an NHBC or equivalent 10 year new home warranty.

We have detailed procedures specifying all the steps in the construction process from start to finish. This helps ensure that all our sites follow the same approach to consistently deliver quality homes.



Above Our construction manual outlines best practice and ensures consistency

We have subcontractor quality check procedures where we ask all our subcontractors to verify their work has been completed to our standards, giving them greater responsibility for the quality of their work before their work is reviewed by our site manager. This has led to increased quality and standardisation, enabling subcontractors to meet our high standards.

We regularly update our new home designs to ensure they accurately reflect our customers' preferences for modern living. In 2010 we focused on the exterior of our properties. In 2011 all our internal layouts have been reviewed, taking into account feedback from our customers who sought a more open plan design, particularly in kitchen and dining layouts.



Above Each customer is provided with a detailed view of their new home and layout

Ensuring the best experience for our customers

Ensuring customer satisfaction and the provision of a seamless journey through the buying process, moving in and throughout our warranty period are very important to us. After all, buying a new home is often one of the most significant decisions our customers will make during their lifetime.

All our customer focused employees are trained to be fully conversant in *Masterfile*, the *Persimmon Pledge*, the *Persimmon Commitment*, the *Moving In experience* and the *Customer Journey* – the tools we use to ensure a smooth transition for our customers through the construction and buying process.



Above Each customer receives a Masterfile to guide them through the buying process

Across the Group we make sure that before a customer moves into their property it is inspected by a regional office director. A few days after completion every customer receives a courtesy visit from the site manager and a telephone call from their dedicated customer care coordinator to ensure that they are satisfied with their new home.

After a month of occupation, we ask customers to report any matters requiring attention. If certain elements of a new home do not meet our customers' expectations then we seek to rectify any problems within 28 days. This process is supported by customer construction clinics which are held in our Sales Offices every Monday between 5 – 6pm. In addition, there is a dedicated customer care helpline and full emergency cover hotline.

During 2011 in response to customer feedback, we replaced a range of industry standard floor joists as our customers commented they creaked. The replacements are a different design which have eliminated squeaks and improved the quality of our homes.

Also in 2011 we made changes to our procedures to bring customer care to the forefront of the business. As a result, each regional company is implementing measures to improve our customers' experience and satisfaction in buying a new home. The initiatives under way can be broadly grouped into four areas:

- **Listening more to our customers:** We regularly survey our customers for their opinions about the quality of their new home and the service we have provided. Where our customers raise issues we have introduced a process to contact them and get more detailed feedback. This in turn provides us with insight which we can use to make further improvements.
- **Identifying the core skills we need:** We have identified 15 core skills needed by our Sales Advisors. These cover different aspects of our customers' sales experience, from meeting a potential customer through managing the sale to completing the after sales process. These skills will be the basis of ongoing recruitment and training and will be instrumental in measuring performance of our sales staff.
- **Better and more regular training:** The majority of our businesses have introduced regular training sessions and seminars for customer focused employees. For example, we held a series of interactive 'Improving Customer Satisfaction' seminars including videos and role playing.
- **Incentivising our teams:** Our businesses have been encouraged to reward excellent customer service, sometimes individually but often on a team basis. Our South Midlands regional company has introduced a sales team and site team of the year award to encourage and reward our staff based on both the overall presentation of a development and customer satisfaction surveys.



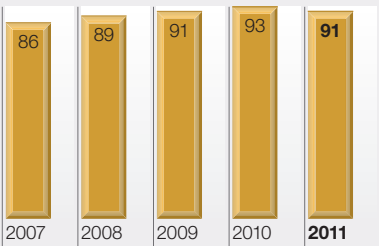
Above Jane and Stephen Bishop, customers at our Regency Walk development Sidmouth

Monitoring customer satisfaction

To measure our performance we use our own customer satisfaction surveys which are sent to customers four weeks after they move into their new home. We also monitor industry wide surveys carried out by the NHBC on behalf of the Home Builders Federation (HBF), which are carried out eight months after home buyers move in.

In 2011, 91% of customers said that they would recommend Persimmon to a friend. This proportion is slightly lower than in 2010, but maintains the high level of previous years.

Percentage of customers that would recommend Persimmon to a friend %



As our internal customer survey responses show consistently high performance, we were disappointed in 2011 to only receive a 3* rating in the latest independent NHBC/HBF survey, with a recommendation to a friend score of 79%. We suspect that this may be a function of the different lengths of time between when our survey and when the NHBC/HBF survey is undertaken and our customers' expectations of our after sales service.

We are working extremely hard to improve after sales service to customers and have implemented a number of new initiatives. As a result of these initiatives we are confident that the NHBC/HBF survey of customer satisfaction in 2012 will recognise the progress we are making.

Case study: Providing flexible options for customers

Our flexible sales incentives help customers who would otherwise find it difficult to buy a new home.

Our financial strength means we have the ability to offer our own shared equity scheme called *Helping Hand* for first time buyers and customers re-entering the housing market. *Helping Hand* enables a customer to buy a new home with a small deposit, a mortgage they can afford and a shared equity loan from Persimmon of up to 20% of the purchase price.

Helping Hand enabled Kirsty Power and her partner Evan Davis move into a three bedroom home at our Rosemary Court development in Haverfordwest. The couple had rented for three years and were unable to save enough money for a large deposit. By using *Helping Hand* buying a new home became affordable. After the move, Kirsty said: "I don't think people realise just how much help there is for first time buyers like us"



Above Kirsty Power and Evan Davies

We also offer customers our long standing Part-Exchange and Part-Exchange Plus schemes. Using our expertise and contacts we can buy or help customers sell their current home so they can move into one of our new homes quickly and easily. Matt Smith and partner Dawn Carvey have benefited from the Part Exchange scheme and recently moved into the Quaker's Walk development in Devizes. Matt said: "We had a deposit and were geared up to move, but without a buyer for our existing home, an imminent move was impossible, so Part Exchange proved to be the best way of doing it for us."



Above Matt Smith and Dawn Carvey



Prioritising Health and Safety

2011 highlights:

Group Health and Safety Department delivered 382 days of health and safety training, a 37% increase on 2010.

A third of regional companies achieved a silver award based on the results of site inspections, indicating over 85% conformance with the requirements of the Group's Health and Safety Policy and procedures.

Site Management and Operatives participation in the HSE's non-unionised Health & Safety Representative Initiative, which promotes better worker engagement practices.

Minimising health and safety risks

We take our health and safety responsibilities very seriously. The Health and Safety Executive (HSE) identifies construction as a high risk industry when it comes to health and safety and we accordingly take our responsibilities in this area very seriously. Consideration of health and safety underpins all the construction work we undertake and taking care of our employees, subcontractors, customers and others affected by our work activities is a key priority for us.

Our overall approach is set at Group level through our Health and Safety Policy and supporting procedures. Our policy and procedures are reviewed regularly and changes were made to ensure these documents include suitable and sufficient guidance for implementation by our management, in accordance with legislative requirements.

We take a proactive approach to monitoring and maintaining health and safety on site. Health and Safety performance checks are carried out by our regional companies including site visits by senior management and regular inspections of work activities by contract managers, site managers and field sales managers. The Group Health and Safety Department, plus an externally appointed auditor, also undertake unannounced and scheduled inspections and audits of both construction and sales activities. The findings from our performance monitoring activities are reviewed by management and actions are taken to ensure the sharing of best practice and/or the remedy of non-conformance. The aim is to continually improve health and safety in our operations.

Competency & Training

Ensuring the competency of individuals and organisations who undertake management, supervisory and operational work activities on our sites is essential.

We co-ordinate and provide all the necessary information, instruction and training for our own employees and utilise the Safe Systems in Procurement (SSIP) Forum to confirm the competency of our subcontractor organisations.

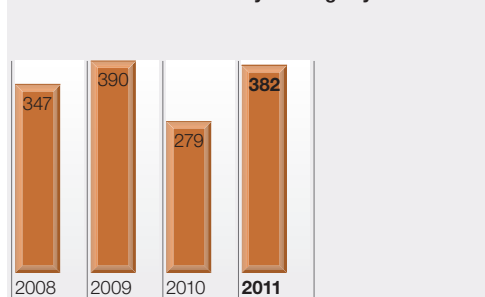
All site managers are first aid trained and undertake a five day Site Management Safety Training Scheme (SMSTS) course.

As part of the Home Builder Federation/Major House Builder Group's Qualifying the Workforce initiative we confirm, through regular audits, the number of our site workforce who hold a relevant supervisor or trade card with the Construction Skills Certification Scheme (CSCS). CSCS is the largest competence-based card scheme in the construction industry, representing over half a million individuals and covering 220 core trades. To obtain a CSCS Card supervisors and operatives must successfully pass the mandatory health and safety test. In 2011 98% of our site based workforce held a CSCS Card which is above the HBF industry average.

The competence and training of our staff and subcontractors is supported by our on-site induction process which provides information, instruction and training relating to specific site rules and regulations.

Regular toolbox talks maintain a continued focus on health and safety and have historically emphasised operational 'do's and don'ts'. The vast majority of site based personnel now understand the 'do's and don'ts' associated with their work activities and therefore going forward our toolbox talks will concentrate on behaviour and attitude with an underlying message "We don't expect you to work unsafely, if you see something that is unsafe tell your supervisor or the Site Manager" to improve health and safety culture.

Number of health and safety training days



Working with our supply chain

In 2011 we amended our subcontractor terms and conditions to better reflect their health and safety responsibilities when undertaking work on our sites. In particular we have emphasised the level of supervision they should ensure is in place on our sites and the role their supervisors have in liaising with our Site Management to ensure the safety of their employees on our sites.

This increased clarity will help us create a management and supervisory structure on site that will result in a safer working environment for everyone. We intend to promote this message to our supply chain throughout 2012 via media events including workshops and promotional DVD's.

Additional worker engagement and involvement practices will be introduced in 2012, including regular site based meetings chaired by Site Managers and attended by relevant Health and Safety representatives and supervisors.

To support the worker involvement initiative we intend to re-introduce comment sheets for completion by site based personnel to provide us with their feedback on health and safety matters for discussion at these meetings.

Protecting people who may be affected by our work activities

In addition to those who carry out work activities on our sites we strive to ensure the health and safety of everyone who may be affected by our work activities, including customers and site visitors through the provision of appropriate information and instruction.

Front of site signage and visitor information cards are just two of the ways in which we achieve this and in addition all new home buyers receive a home demonstration from a member of the site management team. Our customers' Masterfile also provides further reminders and advice.

We establish a development traffic management plan for each of our sites from the outset which assists us to manage traffic in and out of our sites during busy times of the day, for example, during school runs in the morning or early evening.

We often engage with local schools to ensure children know the dangers of building sites. At Berrow Primary School, Burnham-on-Sea Somerset, in addition to talks to the children about safety on our construction sites, we provided 60 fluorescent jackets for pupils to wear during their walk to and from school.



Above School children from Berrow Primary School learning about health and safety

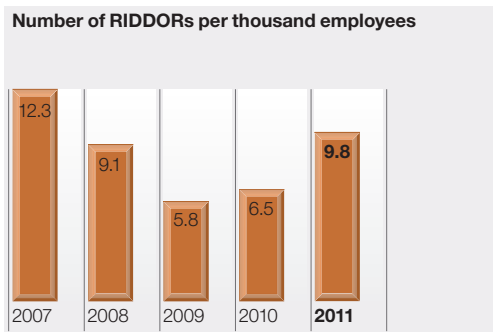
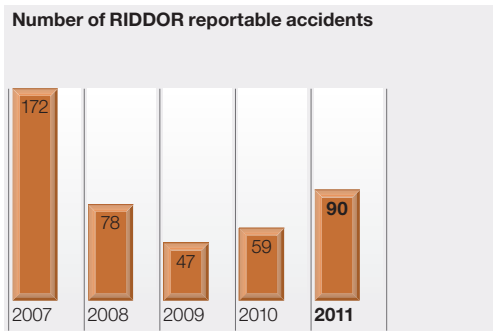
Monitoring our performance

The primary way that we make sure our regional companies are working safely is through the results of regular inspections and audits. Each business is evaluated in terms of their on-site operational practice and their administrative processes. The results help us to identify areas of good practice that can be shared across the Group, or issues of non-compliance that need to be addressed. Last year, we explained how these assessments had been made more rigorous by introducing a more comprehensive external audit framework.

Our regional companies are allocated Gold, Silver or Bronze awards for their health and safety compliance. Whilst our companies aspire to meet the Gold standard by achieving 95% conformance with the requirements of the Group Health and Safety Policy, a third of regional companies have achieved the silver standard by attaining 85% or higher in terms of operational conformance.

Our health and safety results are regularly reviewed by management at all levels of the business. To give us greater focus, we have established Health and Safety Working Groups that meet on a bi-monthly basis and provide reports for review by both divisional and regional company boards of directors.

We have a robust incident led investigative reporting system that monitors the number of RIDDOR (Reporting of Incidents, Diseases and Dangerous Occurrences Regulations) incidents. In 2011, these increased from 59 to 90 which equates to 9.8 RIDDORs per 1,000 workers compared to 6.5 in 2010.



We are naturally disappointed in this increase in RIDDORs and while investigations show no systematic failures in management, it is evident that slips, trips and falls are the major contributors to these statistics.

We maintain a good working relationship with the HSE and co-operate with them in incident investigation. Although the amount of contact with the HSE reduced in 2011 it is pleasing to note that when they have visited our sites the sites have been compliant with health and safety legislation.

In 2012 we will continue to engage with our workforce to ensure they recognise the hazards and risks associated with their work and the impact any unsafe activity they undertake can have on themselves, their families or others. We will maintain our focus on eliminating unsafe working practices and continue to ensure that health and safety remains one of the Group's top priorities.

“In 2012 we will continue to engage with our workforce to ensure they recognise the hazards and risks associated with their work ”

Case study: Senior Management Commitment to Health and Safety Training

Persimmon operates on around 400 sites across the country. It is important that we have a consistent approach to health and safety across them all and our employees have a clear understanding of their roles and responsibilities. Senior managers have a key role to play to make sure group procedures are followed and a robust safety culture is instilled across the workforce.

As part of this process, as well as ongoing training, we run annual refresher courses for senior managers led by our health and safety department, often with input from external support services including our brokers and legal advisers. Through these, senior managers are trained to know how to both help prevent and reduce accidents, and to ensure that when an accident does occur that the correct procedures are followed to enable an effective and quick response. The result of these training courses is a stronger and more robust approach to health and safety management.

“The attendance from all senior management, from all regional companies, has been exemplary. Managing Directors, Construction Directors, Sales Directors and Technical Directors all take part. I'm confident they are in a strong position to manage health and safety risks.”

Richard Barraclough, Managing Director Oval Insurance Broking Limited

“While many businesses undertake similar training initiatives, what is impressive is the regularity with which Persimmon undertake refresher courses and the commitment of the attendees. Persimmon's management want to create a safe and positive place to work.”

Steffan Groch, Partner Litigation, Regulatory, DWF LLP

Award winning

In 2011 Persimmon South Coast won the Construction Health and Safety Group 'Outstanding Contribution to Training' category. This award recognised Persimmon's continued commitment to improving health and safety by delivering targeted training to employees and subcontractors to ensure a safer working environment.

The CHSG is a charity formed in 1952, working in the field of accident prevention. It has established itself as one of the premier safety groups and main providers of construction safety training in the country.



Above Persimmon is recognised for its outstanding contribution to training

Building Sustainable Homes

2011 highlights:

2,512 homes sold that met the Code for Sustainable Homes or EcoHomes standards, 21% higher than the prior year.

34% of our homes sold incorporated our highly efficient, innovative Space4 timber frames.

Strengthened our fabric first approach to build homes that are inherently efficient.

Building homes for the future: a fabric first approach

We know that the homes we build will be used for many years to come, so we aim for them to be both desirable and sustainable, now and in the future. We seek to achieve this using a 'fabric first' approach. This means building new homes that are inherently efficient and are designed to be sustainable, rather than having to incorporate additional renewable technologies to make them so. While we support the use of some renewable technologies, they can sometimes prove difficult to operate and costly for our customers to maintain.

In 2011, we worked with the Zero Carbon Hub and the Government to promote this approach. As a result we have seen uptake in the fabric first approach across the home building industry as we have demonstrated the benefits.

Key to our approach is the use of Modern Methods of Construction such as our Space4 timber frame system. The Space4 panels use timber sourced from sustainable and recycled sources, which are injected with high performance foam insulation. The foam insulation has superior fire resistance and thermal efficiency.



Above State of the art timber frame manufacturing at Space4

Research has shown that homes using the Space4 system are 50% more energy efficient than the average UK home. This offers environmental benefits as well as significant reductions in energy costs for customers. In 2011, 3,252 homes were built across the country using Space4 technology. In some regions such as our East Midlands regional company, Space4 timber frame construction accounted for 70% of our new home completions.



Above Tanner Gate, Hampshire (top left) and Redstone Court, Pembrokeshire (top right and bottom) where Space4 timber frame technology provides better insulation and cost savings for our customers

In 2011 Space4 production volumes increased by 19%, as the benefits of our fabric first approach have been recognised. As a result we have invested in the expansion of our production facility to increase capacity to fulfil the increased demand to build sustainable homes.

We have also found ways to improve the efficiency of traditionally built homes, by improving insulation in walls, ceilings and floors. In some homes, we have trialled a new insulated foundation technique called *Insuslab*. This process saves on the amount of concrete that is normally required for traditional foundations as well as providing a more energy efficient product with enhanced insulation values.



Above An energy efficient home at Ffos Las, Trimsaran

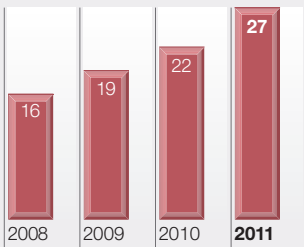
Homes at the Ffos Las development in Trimsaran, Wales have incorporated energy efficient walls, windows and doors, a mechanical heat ventilation recovery system and photovoltaic panels on the roof. As a result the carbon emissions from these homes are 31% lower than a typical house.

Building Sustainable Homes

One measure of the sustainability of the homes we build is the Code for Sustainable Homes ('the Code'). This Government scheme benchmarks homes using sustainability criteria, covering areas such as energy efficiency, water consumption and materials which are used to give a Code rating from 1 to 6. Code 6 is the best rating available and equates in essence to a 'zero carbon home'. The Government has an aspiration to achieve Code 6 on all new homes approved for construction from 2016.

In 2011, Persimmon built 2,512 homes assessed against the Code or the preceding EcoHomes standard, equating to 27% of our total output. The majority of these homes (96%) met Code Level 3 or equivalent. Those not formally assessed also incorporate many, if not all, of the features required for a Code Level 3 home.

Percentage of sustainable homes as a proportion of total homes sold %



We used renewable technologies in over 13% of the homes we sold in 2011, in particular photovoltaic panels which have proved to be highly efficient. We support the development of new renewable technologies and continue to trial and test their suitability.

As well as building energy efficient homes and using materials from sustainable sources, we also include other features that contribute to their sustainability, such as storage provision, home office space and water butts. Where possible, we also position new homes and increase window sizes to allow the best possible chance of each property receiving direct sunlight for the longest period of time.



Above Utilising renewable technology (photovoltaic panels) at developments in Portishead (left) and Malvern (right)

Although the Code does not apply in Scotland, the Scottish building regulations 2009 introduced a bronze, silver and gold category for sustainability. All homes currently being built by the Group in Scotland are designed to comply with at least the bronze category and higher categories are being reviewed.

Building for Life and Secure by Design standards

Many of our housing developments are also designed to other standards such as Building for Life and Secure by Design. Building for Life scores the design quality of housing developments against 20 criteria covering environment and community, character, streets, parking and design. Secure by Design focuses on crime prevention, giving our customers further re-assurance that the homes they buy from us will provide safe and secure environments for their family.

BUILDING FOR LIFE



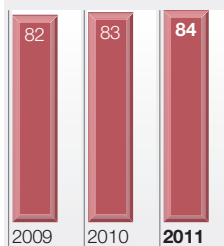
In Essex, all our developments are built to Secure by Design standards while in the South East, both standards are complied with on all Housing Association developments. We generally achieve compliance with both sets of standards providing increased specification on storage, office space and circulation space with enhanced specification of windows and doors and safe design of the external environment. While not all our developments undergo a formal assessment against the Building for Life or Secure by Design standards, many will often incorporate key elements into their design.

Measuring energy efficiency

We use the Standard Assessment Procedure (SAP) system for measuring the energy efficiency of our homes. The SAP rating is a measure of energy consumption required for space and water heating, ventilation and lighting and makes allowances for savings from renewable technologies. It is adjusted by floor area so that all houses regardless of size can be compared against one another. The SAP rating is expressed on a scale of 1 to 100; the higher the number the lower the running costs and the more efficient the building.

In 2011, the average SAP rating for all the homes we built was 84. This represents another improvement on last year when the average was 83. This is a good score when compared to the industry average of 79 and the average SAP rating for the UK housing stock of 53.

Average SAP Rating (2008 Edition)



Integrating features to help customers to live more sustainably

Our homes use energy efficient lighting and we install energy efficient appliances, all of which are A or B rated. Gas boilers with an integrated Gas Saver are also an effective way to reduce energy consumed for heating, as waste heat is recovered from the flue and used to pre-heat water entering the boiler.

In some homes, such as those built by our East Wales regional company, we incorporate an energy monitor to help home owners identify high energy consuming appliances and adapt their lifestyles to be more energy efficient.

To save water, we install flow restrictors to taps, dual flush toilets and low capacity bath tubs. In most homes we achieve a water consumption per person, 16% lower than required by building regulations, which specify average water use of 125 litres per day.

Most of our homes have internal recycling facilities, where three bins are provided so that buyers can sort their waste and recycle it. Where space and requirements allow, homes are also provided with a composting facility in the rear gardens which avoids large amounts of grass cuttings and garden waste being put into waste bins.

To encourage our buyers to travel more sustainably, we have implemented travel plans on a number of sites in 2011. We engage with local residents to develop an integrated package of measures within these plans, that are designed to reduce the need for travel and to encourage the uptake of more sustainable modes of transport, such as cycling and public transport.

At our development in Clarence Place, Minster, Kent, we offered £75 towards the cost of a bicycle or a contribution of £30 towards a yearly rail card. Buyers of homes at Victoria Grange, Countesthorpe, Leicestershire were given a travel pack, including details of public transport, car sharing initiatives and free bus passes.

Protecting homes from the risk of flooding

Before we start a development, the risk of flooding is assessed. If there is a risk, we develop a flood management strategy and identify appropriate mitigation measures in consultation with the Environment Agency as part of the planning approval process.

We use a variety of prevention control measures to minimise the risk of flooding. Each drainage solution is intended to relieve the pressure from the main drainage network, which means that sometimes simple soakaways or underground water storage tanks will suffice, but in more complex situations more extensive sustainable urban drainage systems (SUDs) are required.

At our development in Parc Glyndwr, Monmouth we have designed a SUD system that feeds into an attenuation pond whereby storm water is stored and released into a nearby natural watercourse in a controlled way preventing potential flooding downstream from storm surges.



Above A typical SUD system constructed at our site in Llanwern, Newport

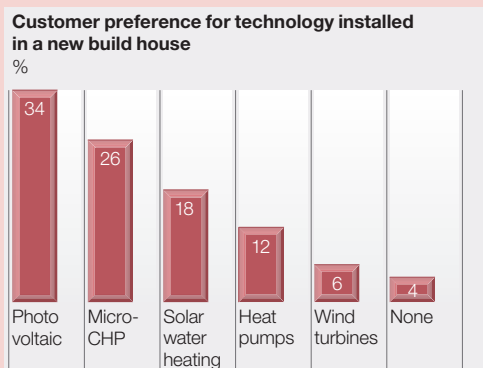
Case study: Surveying customer attitudes to renewable technologies

In 2011, we undertook a survey of existing and potential Persimmon and Charles Church customers to find out what they thought about energy efficient technology in the home. A total of 3,251 people responded from across the country.

As well as judging their awareness of renewable technologies, participants were asked how important it was to them to have renewable technologies in their properties. 77% indicated it was either quite or very important.

The survey described five different renewable technologies available and asked which technology potential buyers would like in their homes and whether they thought any would increase the value of their home when selling.

When we started the survey, photovoltaic technology and micro-combined heat and power systems (micro-CHP) were least well known by participants. Interestingly, when we provided information about them, they were considered the most attractive technologies. However, less than half would pay more for a home which had these technologies installed.



The findings from this survey provide us with some useful insight into customers' attitudes towards renewable technologies. They certainly provide some evidence that customers are interested and take into account these features when considering buying a home. Surveys by the Energy Savings Trust – the UK Government's energy efficiency agency for consumers – have produced similar findings.

Operating Efficiently and Responsibly

2011 highlights:

Recycled 84% of the waste generated in 2011, diverting 52,000 tonnes of waste from landfill.

Reduced waste sent to landfill by 60% since 2008.

Reduced vehicle fleet fuel consumption by 4%.

An integrated approach to environmental management

We maintain an integrated Environmental Management System (EMS) covering both environmental and health and safety issues. The EMS has been specifically adapted for our business and is modelled on the requirements of ISO 14001. In addition, our Space4 manufacturing site is ISO 14001 certified.

Within our regional offices we have a network of environmental champions who have shown an interest in environmental issues and are working together to find new ways of operating efficiently, particularly in recycling and energy consumption.

On each of our development sites we generally undertake an Environmental Impact Assessment (EIA) to ensure we manage and minimise our impact on the local environment throughout our operations. On many sites, we will also undertake a biodiversity audit to ensure flora and fauna are protected before construction commences. Many of our site management plans are supported by the use of expert advice to minimise the risk of environmental damage.

Tackling waste in our business and working with WRAP

Waste is our most significant environmental impact and its management is a very important part of our business. All Persimmon employees and contractors are responsible for reducing waste and we have introduced operating procedures to facilitate and promote recycling.

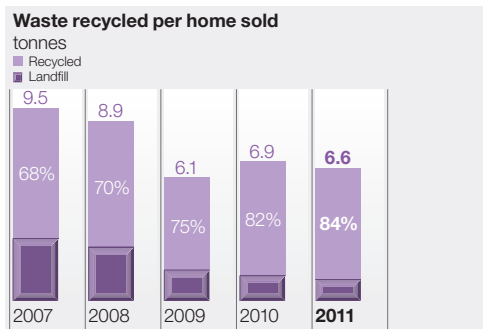
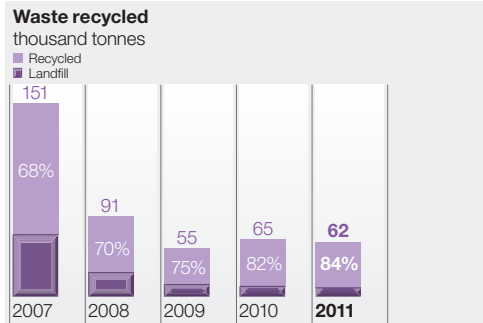
In partnership with WRAP, the Government's Waste and Resources Action Programme, we have undertaken six site audits to identify variances in waste management across our business, as well as examples of best practice that can be shared.

As a result we are finding ways to reduce site waste by more efficient design, better logistics and stock control. We are also using more prefabricated products, such as Space4 timber frames.

We provide a Site Waste Management Plan for every site and employ a mix of on-site and off-site segregation for recycling different materials, depending on each site and local recycling facilities. As an example our South Coast regional company uses on-site segregation with five categories of waste being readied for recycling. The same region also recycles slate roofing tiles where possible. In contrast in the North East virtually all waste is segregated off site at a Materials Recycling Facility.

On all sites we aim to maximise the reuse, recycling and recovery of construction, demolition and excavation waste. We routinely reclaim general rubble on site and systematically crush this for re-use as hardcore in driveways, paths and hard standing.

In 2011, we generated 62,000 tonnes of waste, equating to 6.6 tonnes of waste per house sold. This is a decrease from 6.9 tonnes in 2010, reversing the slight increase observed the prior year. Furthermore, the amount of waste we have recycled has improved again to 84% in 2011, up from 82% in 2010.



We have supported WRAP's commitment to halving waste to landfill between 2008 and 2012. We are pleased to report our waste per home sold sent to landfill has already reduced by 60% from 2.67 tonnes in 2008 to 1.05 tonnes in 2011.



Above Working with WRAP and halving waste to landfill

Using the right materials, sourcing sustainably and working with suppliers

During 2011, we worked with our suppliers to reduce the amount of packaging used on their products. This included changes to our supplier terms and conditions requiring suppliers to remove their packaging waste from our sites and encouraging them to reduce waste packaging.

We generally manage our supply contracts at a national level. However some products are best sourced locally, for example a number of our sites source bricks from local brick works to reflect the local vernacular. Staircases and roof trusses are also typically sourced locally to avoid transporting heavy goods long distances. Sourcing locally helps the local economy, reduces our transport costs and helps reduce CO₂ emissions.

We promote and encourage the use of products and materials that have good environmental credentials. We set up a working group in 2010 which evaluates new environmental products that come onto the market and has continued to share information across the Group through our sustainability best practice library. During 2011 we selected a new underground drainage pipe manufactured using at least 50% recycled content which is available across the business on a Group supply contract. We also increasingly use other products made from recycled plastics such as kerbs, park benches and bollards.

Sustainable timber sourcing

In 2011 we used 58,000 cubic metres of softwood timber. This is a modest increase in volume compared to 2010 (52,000 cubic metres), as our production has increased.

Unsustainable logging practices around the world remain a major threat to climate change. To ensure we are not contributing to harmful deforestation, all our timber is sourced from sustainable sources and certified to one of three standards – The Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification Schemes (PEFC) or the Sustainable Forestry Initiative (SFI). These schemes use a traceability system which allows us to have confidence that all the timber we are using in our developments comes from legal and sustainable sources.

We value suppliers with strong, verifiable and improving environmental credentials. James Jones & Sons Ltd supply around 85% of our engineered joists. Their wood is all FSC certified and their saw mills are designed to reduce wood waste. Any waste generated is sold to Norboard for chipboard and MDF production and in 2011 we sourced the majority of our chipboard (70%) and MDF (90%) from them.



Above Working with suppliers with good environmental credentials

Reducing our operational carbon footprint

Our primary focus is on building homes that are energy efficient as during a building's lifetime it will use far more energy than we will during its construction.

However, we do recognise that our own operations also consume large amounts of energy. Accordingly we monitor and manage our CO₂ emissions from energy used in our offices and development sites, as well as fuel used by our company vehicles.

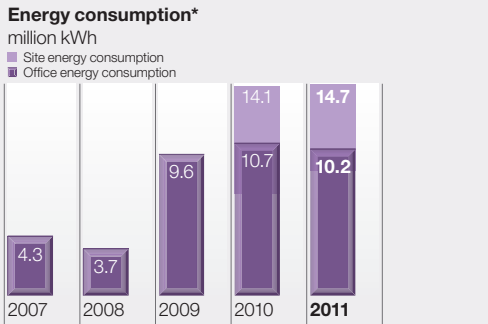
In 2011, the amount of energy used in our offices decreased from 10.7 million kWh to 10.2 million kWh. Of this, 59% was electricity and 41% was gas. We continue to look for ways to reduce the energy use in our offices, so when we were designing our new office in Garthamlock, Glasgow we included solar panels to provide hot water and electricity. Any excess power we generate is fed back into the national grid.



Above Our West Scotland regional office in Glasgow

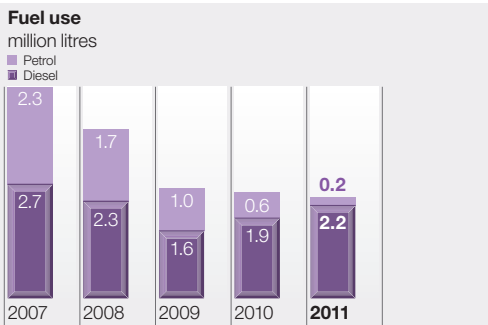
We first collated energy use data for some of our development sites in 2010. We now have accurate data for around two-thirds of our development sites and use this to estimate a figure for all our sites to give an indication of our total energy use. In 2011, we estimate we used 14.7 million kWh of gas and electricity across c. 390 sites under development. This includes energy used to power and heat the homes that have been constructed and to heat our show homes and site offices. We have introduced various initiatives to reduce energy use on site. Our West Yorkshire regional company uses time restrictors on generators to ensure that they are not left running when not required, such as during tea and lunch breaks.

Total energy consumption in our offices and on our sites was 25 million KWh in 2011. This equates to 7,700 tonnes of CO₂. This is a small increase from 7,500 tonnes of CO₂ in 2010, which can be largely attributed to the additional heating we required during the particularly cold winter of 2010/11.

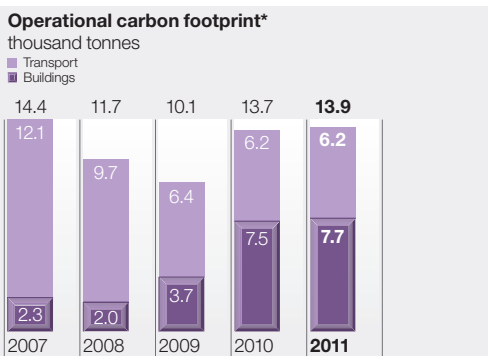


*Site energy first collated in 2010. Office energy data 2007/8 excluded gas usage

Our company car fleet includes c.740 vehicles and used 2.4 million litres of fuel in 2011. This compares to 2.5 million litres in 2010. Our policy to encourage staff to choose more efficient cars, through limiting participants' options to lower emission cars has helped reduce our emissions in this area over the past few years. This fuel consumption equates to 6,200 tonnes of CO₂ which is unchanged since 2010.



Our total carbon footprint for 2011 was 13,900 tonnes of CO₂, an increase of 1% compared to 2010 (13,700 tonnes). This equates to 1.5 tonnes per home completed, broadly unchanged since 2010.



*Figures restated in accordance with DEFRA guidelines 2011

Case study: Sharing a legacy with homeowners to protect nature



Our Priory Walk housing development at Portishead, Bristol was built on a former brownfield site located next to the Portbury Wharf nature reserve. The reserve was created as part of the development process, but since the site has been completed ongoing funding for its upkeep and preservation has been provided by the local homeowners. Buyers have pledged to pay annually towards the cost of Avon Wildlife Trust looking after the reserve and employing a nature warden to run nature based activities, both for residents and visitors and provide wildlife and environmental education.

The waterways and reed courses in the reserve are integral to the development as they take surface water run-off from the roofs and roads. The reeds filter out any impurities and cleanse the water as it goes along its course and forms part of a sustainable urban drainage system.

The launch of the Portbury Wharf Nature Reserve at Portishead received wide media coverage and has been received positively by local residents. "£5 a month to have a nature reserve, that's managed, on your door step. You can't really complain can you...the feeling of being out in an environment like this, even if it's for 5 minutes as you are passing through is just so exhilarating" said Helen Mason, a local resident speaking on BBC Radio 4 Open Country.

Investing in our Communities

2011 highlights:

57% of new homes built on brownfield sites.

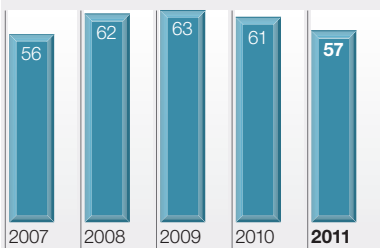
New Schools for Old scheme to build modern stimulating new primary schools.

170,000 trees planted on our developments in 2011

A balanced approach to land use

In 2011, 5,370 (57%) of the homes we sold were built on previously developed or so-called brownfield land (2010: 61%). We do not set targets in this area, as we choose instead to meet the requirements of local communities by maintaining a mixed land portfolio. However, over the past five years this proportion has remained at a broadly similar level.

Percentage of homes built on Brownfield land %



Building on brownfield sites usually requires extensive remediation, rejuvenating the often contaminated or derelict landscape to provide a vibrant appealing urban community.

Our Jasmine Gardens development at Annesley, Nottinghamshire is located on a former derelict colliery. Most of the old buildings have been demolished and the ground remediated for residential use. However one of the buildings, the Electric House, has been kept and is being refurbished into two new residential units retaining the development's heritage.



Above Transforming Jasmine Gardens, Annesley

At our development in Hellingly, East Sussex which was the site of a former hospital, there were many issues that had to be overcome, including asbestos lagging to piping. We were also able to successfully resolve several ecological issues which emerged as we sought to protect natural habitats and wildlife on the site.



Above Redeveloping a former hospital at Hellingly, East Sussex

Developing strong partnerships with local communities

In November 2011, the Localism Act received royal assent with the aim of transferring power from central Government back into the hands of communities and local authorities. Under the reforms local communities will have greater control of planning in their area and are given the freedom and flexibility to determine how they plan for their future growth in retail, industry, commercial and housing projects.

With 24 regional companies that understand the needs and requirements of their local communities we are able to adapt to the new planning regime. Where a need for new homes has been identified, we often have suitable land available in our strategic land bank. Our knowledge and expertise allows us to work directly with local communities to provide the facilities and new houses that they need. We believe this is positive for both us and the communities we work in.

Before planning applications are submitted we aim to consult with the local community, often through public events. This helps inform the general public of our proposals and give them an overall understanding of each scheme. We have also created websites for a number of our sites so we can keep residents up to date with progress on a regular basis. At our Godsey Lane development in Market Deeping, Peterborough public exhibitions and Town Council meetings were held prior to applications being submitted. As a result of the consultations with the local community we amended our development plans to include bungalows and allotments in our scheme.



Above Local residents at a stakeholder consultation

Prior to a new development commencing in Beck Row, Suffolk, a number of archaeological open days were held by our Anglia regional company. Attended by local residents, the archaeological digs gave visitors the opportunity to learn more about their local history.



Above Local residents invited to dig a little deeper into their local history at Beck Row, Suffolk (left) and (right) local school children invited to an archaeological dig at Amesbury, Wiltshire

Being a considerate constructor

We put many of our sites that satisfy the relevant criteria into the Considerate Constructors scheme. This voluntary initiative provides a formal structure to ensure we are responsible, considerate, environmentally conscious and accountable to local residents. This often means restricting delivery times to sites and agreeing sensible traffic routing to and from sites. Sometimes we can provide window cleaning to existing residents' homes if, for example, our construction or demolition activities cause dust. We also restrict our working to normal working hours Monday to Saturday to reduce disturbances to our neighbours.

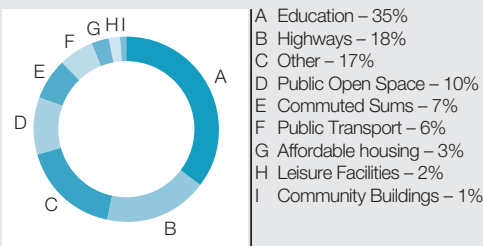
The adoption of the scheme is widespread across the Group, but some regional companies (including in the South Coast and Essex regions) register all their sites.



Investing in the local community

As we plan and develop new sites we often make a significant contribution to local communities through the investment in new shared facilities or infrastructure, usually through 'Section 106' planning agreements with the local planning authority.

Community investment through local planning agreements %



In 2011 we invested over £24 million in community facilities at our developments. This included the provision of educational facilities, highways, community buildings and a range of other facilities. At Thorpe Astley in Leicestershire a major public open space was provided for the community which included a community centre, football pitches, tennis courts, play areas and open spaces.



Above Thorpe Astley Community Centre

Home building by its very nature generates local employment opportunities and boosts the local economy. We employ people from the local area wherever possible, particularly labour only trades. There are many examples of local job creation as a result of our developments particularly through the provision of new commercial premises. For example, we built a shop at our development in Salisbury and shops and a pub at our development in Amesbury.

During 2011, we continued to support Leukaemia & Lymphoma Research as our charity of the year. Through this and our support of York Minster and other local charities and community groups, we donated £94,000. We also enabled our staff to hold fund raising events in support of our nominated charities. During 2011 our staff raised an additional £91,000 for charitable organisations.

We run an annual 'grow your own vegetable' scheme with local schools which has helped us to develop better relationships with them, as well as teaching children about their local environment and healthy eating. Other initiatives have included reading days and inviting pupils to our sites to promote safety.



Above Examples of Persimmon's local community activities

Building New Schools for Old

In the last year, we have developed a new way of building modern, stimulating and unique primary schools. The scheme is called New Schools for Old and works by securing a new site and building a new school, before redeveloping the old school site for housing.

Through our design expertise and procurement controls we can build new schools at a lower price than local education authorities. We involve the teachers, governors and parents in the design to ensure that each school matches their requirements and it is energy efficient and cost effective to maintain.

We use the value derived from the residential development of the old school site to fund the purchase of the new school site and its construction. There is no disruption to the children's education as the transfer to the new school is arranged to take place in school holidays.

This model has been delivered at six new schools already and is providing a new dynamic learning environment for more than 2,000 primary school pupils.



Above Explaining our innovative New Schools for Old initiative

Through our design expertise and procurement controls we can build new schools at a lower price than local education authorities.

Case study: A New Schools for Old – Westbury Leigh Primary School

Westbury Leigh Primary School in Wiltshire is one school that has already benefited from our New Schools for Old scheme. The school had an admirable track record, but its Victorian building was inadequate and the school operated out of two permanent classrooms and nine mobile units in the playground. The local education authority concluded that it should be relocated to new premises.



Above The new Westbury Leigh Primary School

An area of land owned by Persimmon adjacent to one of our housing developments became available. Persimmon submitted a proposal to the Council to develop a new school and the decision was taken to relocate Westbury Leigh Primary School to the new site.

In conjunction with local architects, Persimmon worked with head teacher Mary Murray from the outset to design a new school which would not only satisfy the needs of her teachers and pupils, but also be delivered to budget.

Although the building had to adhere to National Educational guidelines other design details could be tailored to the school's requirements. Just 12 months later, the building was finished to the agreed deadline and Westbury Leigh's 400 pupils started their new term in a new school, under one roof.

Mary Murray explains: "We were able to have a say in where internal walls were to be erected, the door furniture design and even the outside landscaping. By the finish of the project we had our bespoke and highly individual school."

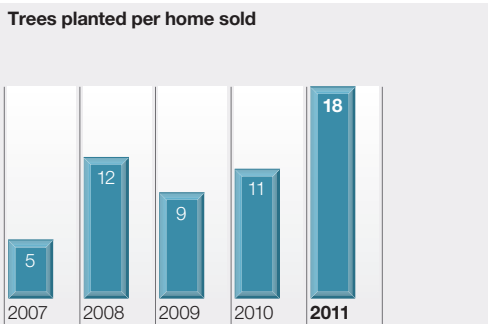
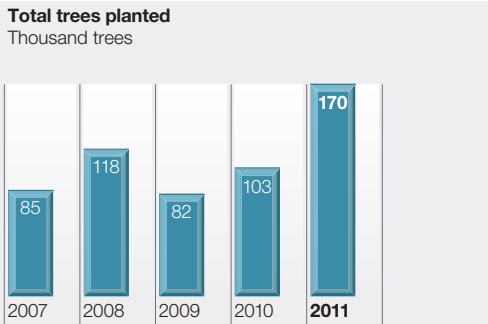
Providing open, green living spaces

At many of our developments we have provided new public open space, which has included substantial landscaping and tree planting. In many cases these spaces are designated as Local Equipped Areas of Play and Neighbourhood Equipped Areas of Play providing specifically designed play areas for 4–14 year olds.



Above Play area at Wynclyff Gardens, Cardiff

The number of trees we plant provides a good indication of how we are providing a greener and better landscaped environment for local residents. In 2011, we planted 169,576 trees (2010: 103,093).



Our Charles Church development at Earlswood Park, Bagshot, Surrey has been exemplary in the provision of green open spaces, which were integral to the design and planning of the development. Within the area of housing, amidst a carefully landscaped and planted environment, three open spaces have been provided, two of which feature children’s play areas. Green corridors run through the development and link it to a country park which adjoins its western edge. This park also contains a variety of habitats such as meadows, ponds and woodland. Charles Church provided a residents guide explaining the work that has been completed and the areas to visit.



Above Planning with green open spaces at Earlswood Park, Bagshot

We have also encouraged thriving biodiversity at the site. Around 2,500 newts were moved to a new home in a newly formed pond and other special measures were put in place to manage flora and fauna for young deer. In addition, protection for a rare species of rhododendron with national importance has been provided.

Our Charles Church development at Earlswood Park, Bagshot, Surrey has been exemplary in the provision of green open spaces, which were integral to the design and planning of the development.

Investing in our People

Our achievements in 2011:

21 site managers collected NHBC Pride in the Job Quality Awards

109 managers undertook the Inspire and Lead development programme aimed at supporting them to achieve their full potential.

Our FIRST Management Trainee Scheme employed 26 new trainees.



Our people

In 2011, Persimmon employed an average of 2,432 people (2010: 2,414 people), with women representing 35% of our workforce. 22 of our Directors are female (2010: 21) representing 15% of our senior management team.

We encourage a culture that supports our employees to develop long and fulfilling careers with Persimmon. We have 120 employees with the Group who have more than 25 years service, representing 5% of our workforce, reflecting the culture and rewards we can offer our employees.



Above Janet Ruck receiving an engraved plate and gold watch from Group Chief Executive Mike Farley in recognition of her 25 years working for Persimmon

Persimmon is committed to providing equal opportunities and we have policies relating to equality, diversity, whistle-blowing, harassment and flexible working.

To build on our Group wide approach, our Group Head Office, South Midlands and Westbury Partnerships regional companies have been reaccredited against the Committed 2 Equality (C2E) standard. Our Persimmon Homes Southern regional business was also accredited for the first time. This involved a review of our policies and procedures to demonstrate this commitment through our working practices. C2E accreditation helps the Group to meet the contractual requirements of central Government, local authorities and public sector organisations, as well as ensuring our work force is treated with fairness and respect.

As a result of our continual improvement and changes made over the year our Head Office and Westbury Partnerships have increased their scores from last year.

Following its reaccreditation, our South Midlands business held an Equality and Diversity training day for its Managers, while Westbury Partnerships conducted an external presentation day with suppliers and subcontractors to communicate the benefits of C2E in the public sector supply chain.

With recognition that our Head Office and Human Resources Department, which is responsible for setting Group wide policies in this area, has re-certified and is performing well it was deemed unnecessary for all our regional companies to obtain accreditation. However, we will review accreditation annually in accordance with each regional company's activity in the public sector.

Investing in training and skills development

We train all our staff to ensure they have the necessary skills and qualifications for their roles. Specific training requirements are identified by each regional company and managed locally. If employees exhibit skills and job commitment, they are encouraged to pursue additional training towards certification and accreditation.

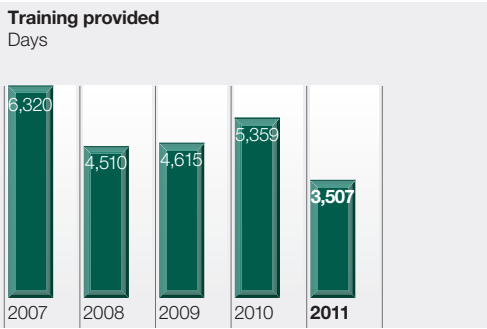
To help motivate our staff and ensure that we maintain and attract the best talent we launched our 'Inspire and Lead' development programme in 2011. This Group wide initiative focused on helping managers to inspire and motivate their staff to achieve their full potential. 109 employees have taken this course over the year. Our executive leadership team have also undertaken external media and sales training.



Above Our Inspire and Lead programme for promoting managerial talent

In West Scotland we operate a Site Manager Training Programme to develop skilled site managers for the future. This is a four-year, site based programme which is aimed at ambitious tradesmen. It combines formal skills training with mentoring by an established manager, together with office placement and external specialist training in key management expertise areas.

Overall, we delivered 3,507 days of training to our employees during 2011, equating to 1½ days per employee.



FIRST Management Training Scheme – an update on progress

We recognise the need to retain skills within our industry and so actively promote a programme to train young people who want a career in house building with Persimmon. The FIRST Management Trainee Scheme has continued its success with 26 new trainees taken on under the scheme during 2011.

Aimed at school leavers, the FIRST Management Trainee Scheme is a four year programme which offers the opportunity for trainees to gain a BTEC qualification such as Construction in the Built Environment studying at college one day a week, while gaining on-the-job work experience. This way trainees benefit from the practical elements of working on the job which enables them to more easily understand the theoretical elements learnt at college.

Over the course of 2011, the first scheme was expanded to include sales trainees. By providing a mix of experience and training in sales and administration the scheme offers a pathway to a career in sales management.

Christopher Weir was recruited on the FIRST Management Training Scheme in 2011. Having taken his GCSE exams and left school, Christopher was recruited by Persimmon after struggling to find an apprenticeship as an electrician. He is now working at Persimmon’s Camberley office in the technical department and spends one day a week at college in Reading, where he is completing a BTEC course.



Above Christopher Weir (left) and Jamie Harris – FIRST Management Trainees

We have continued to recruit graduates and apprentices as we seek to invest in employees for the future. There are 72 (2010: 48) trainees and apprentices who are working across the business. We also have a dedicated recruitment website (www.persimmonjobs.com) where interested applicants can browse the current opportunities available to them and learn more about our business.

Case study: Pride in the job

Each year we enter our site managers into the NHBC Pride in the Job Award. The award evaluates sites managers against 38 criteria including leadership, technical expertise and health and safety. Each year Persimmon site managers are well represented in the awards and 2011 was no exception. In 2011, 21 site managers collected NHBC Pride in the Job Quality Awards. Of these, four of our site managers, Richard Channon, Mark Thomas, Ray Winney and Lee Tysoe went on to collect the Seal of Excellence Awards in which the top 130 site managers are recognised as being the best in the country.



Above Lee Tysoe – NHBC Seal of Excellence winner.

Going Forward

Progress against our 2011 objectives

Last year we set three objectives, which we are pleased to say have been achieved. These were:-

- *Roll-out our 'Living Green' campaign to raise awareness amongst customers of the sustainability features of their new homes.*

This has been achieved with the inclusion of a sustainable living guide within both the Persimmon (www.persimmonhomes.com/living-green) and Charles Church home finders websites (www.charleschurch.com/living-green) allowing access by a wider audience.

- *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.*

Over the year we have worked with WRAP and undertaken six site audits (two from each of our three Divisions) which has informed our approach, and been used to identify best practice and actions to reduce waste in 2012 and beyond.

- *Evaluate the benefits of extending the C2E Equality standard programme across the Group.*

We recognise the benefits that the C2E accreditation can offer our business and have rolled out across the Group many of the elements learnt from our participation.

Going Forward

We continue to make good progress against our six sustainability priorities and will continue to work on these over the coming years, with special emphasis on improving our performance in:

- customer satisfaction
- health and safety

Feedback

We value your feedback on our approach to sustainability and would appreciate your comments on this report and our performance. You can email us at feedback@persimmonhomes.com or write to:

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

KPI data table

	2007	2008	2009	2010	2011
Housing completions	15,905	10,202	8,976	9,384	9,360
Environment					
Carbon emissions (tonnes)*	14,400	11,700	10,100	13,700	13,900
Sustainable homes built*	1,539	1,670	1,720	2,077	2,512
Average SAP Rating (2008 edition: scale 1-100)	–	–	82	83	84
Waste generated (tonnes)	151,000	91,000	55,000	65,000	62,000
Waste per home completed (tonnes)	9.5	8.9	6.1	6.9	6.6
Waste recycled	68%	70%	75%	82%	84%
Homes built on Brownfield land	8,906	6,282	5,695	5,716	5,370
Homes built on Brownfield land (%)	56%	62%	63%	61%	57%
Trees planted	85,472	118,616	82,770	103,093	169,576
Trees planted per home completed	5	12	9	11	18
Health & Safety					
No. of RIDDOR reportable incidents	172	78	47	59	90
RIDDOR's per 1,000 employees	12.3	9.1	5.8	6.5	9.8
HSE Prosecutions	1	–	–	–	–
HSE Enforcement notices	–	2	5	1	–
Working at Persimmon					
Total employees	5,501	3,980	2,398	2,414	2,432
Female employees	1,511	1,552	839	822	852
Female employees (%)	28%	39%	35%	34%	35%
Female Directors	24	21	18	21	22
Training days provided	6,320	4,510	4,615	5,359	3,507
Trainees and apprentices	267	56	27	48	72
Trainees and apprentices as a percentage of total employees	5%	2%	1%	2%	3%
Customers					
Customers who would recommend Persimmon to a friend	86%	89%	91%	93%	91%
Persimmon in the community					
Affordable (social) homes completed	1,967	2,389	1,622	1,779	1,791
Affordable (social) homes as a proportion of total homes completed	12%	23%	18%	19%	19%
Charitable donations made by the Group	£210,000	£89,000	£79,500	£93,200	£94,000
Employee charitable fundraising	£340,000	£23,500	£14,000	£65,400	£91,000

*restated on the basis of latest DEFRA guidance published in August 2011, including revised CO₂ emission factors

*sustainable homes are homes built to the Code for Sustainable Homes and EcoHomes standards