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## Chief Executive's Welcome

It gives me great pleasure to introduce our Sustainability Report for 2012, a milestone year for Persimmon as we celebrated forty years since our founding in 1972. In that time Persimmon has grown to be one of the largest and most successful house builders in the UK completing over 200,000 homes for families and individuals, contributing to the creation of new sustainable homes and communities across England, Wales and Scotland.

Our commitment to sustainability has enhanced our ability to create, shape and build thriving communities that meet our customers' expectations, while at the same time protecting the natural environment and contributing to society.

New initiatives focusing on quality in customer care have resulted in us once again being recognised as a four star home builder by the Home Builders Federation (HBF). We have also maintained a high level of customer satisfaction, with 84% of customers saying they would recommend Persimmon to a friend.

We are utilising our Fabric First approach and Space 4 technology to build more homes that are inherently efficient, helping our customers to live more sustainably and reduce their home running costs. We have also offered more 'eco-choices' for customers who want to customise and enhance their homes further.

We are a more efficient business, building more homes than last year, while generating less waste per home and so minimising our environmental impact and costs. We have done this while improving our underlying building processes and operating practices. Our sites are safer, with reportable accidents down by over 40%. We have rolled out a new worker engagement procedures and our workers are more involved in the decision making process and implementation of our health and safety practises.

I am particularly proud that Persimmon was able to donate a house worth £250,000 to The Harley Staples Cancer Trust, as part of our 40th anniversary celebrations. Our support helped contribute to the Trust providing a holiday home offering young cancer sufferers respite from hospitals and treatment.

As environmentally and socially responsible practices have become more embedded in our business, we can demonstrate how a robust approach to sustainability creates value. Sustainability has reduced costs through efficiency gains, contributed to a more skilled and safer workforce, allowing us to manage risk more effectively and build our brands in the marketplace.

I am confident that the business is in a strong position for continued growth and well able to address any future social and environmental challenges that it may face.

Mike Farley, Group Chief Executive  
18 March 2013



*Fig 1 - Mike Farley, Group Chief Executive*



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## Our Six Sustainability Responsibilities

At the heart of our approach are six responsibilities. They underpin what we do and encapsulate what sustainability means to our business. They also allow us to clearly explain our approach to our employees, shareholders and other stakeholders.

Our six responsibilities are:

- **Putting customers first:** Meeting our customers' needs and expectations of value, quality and service.
- **Prioritising health and safety:** Protecting our employees, subcontractors, customers and others affected by our activities.
- **Building sustainable homes:** Creating new homes that are environmentally efficient through the life cycle of design, construction and occupancy.
- **Operating efficiently:** Maximising efficiency gains from better operating practises and minimising our environmental impact.
- **Investing in our people:** Promoting a culture that supports skills development for our employees to develop long and fulfilling careers.
- **Being part of local communities:** Contributing to the establishment and maintenance of thriving communities.



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## Putting Customers First

Over the past 40 years Persimmon has grown by supplying quality homes to our customers. Ensuring our customers' satisfaction is at the heart of what we do and we work hard to meet their needs and expectations. We do this through:

- **A focus on customer care** - In 2012 we regained our 4 star rating in the 2012 HBF survey, with 84% of customers saying they would recommend Persimmon to a friend.
- **Making new homes more affordable** - We help our customers, particularly first time buyers, by operating a number of schemes and initiatives, such as shared equity loans that make new home purchases affordable. 26% of the homes we built were sold with help from a shared equity scheme. A further 17% of the homes we built were sold to housing associations and social landlords.
- **Building quality homes** - We provide all our homes with a NHBC or equivalent 10 year new home warranty. 21 Persimmon site managers were recognised by the National Housebuilding Council (NHBC) for the quality of work at our sites.

To view the Persimmon Pledge which sets out what customers can expect from us please go to the Policies section.



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### ***Focus on customer care***

It is important that our customers' expectations are met from first contact with our sales teams, during the buying and moving in period and through to the after sales service our customers receive.

Customer care is at the top of our priorities and throughout 2012 we have further improved the service we provide. We fully support the Consumer Code for Home Builders, which safeguards new homebuyers.

New improved processes implemented in 2012, include:

- ***Moving in:*** Construction staff contact customers seven days after moving in, and then again a week later to deal with any issues that need addressing quickly.
- ***Senior manager accountability:*** On every development, a senior manager, usually a Director personally contacts customers three and six weeks after moving in to ensure they are satisfied with their new home.
- ***Continually monitoring performance:*** Frequent reviews of performance at site, regional, divisional and Group board meetings are undertaken to ensure high levels of customer satisfaction are maintained.
- ***Independent review:*** Every customer receives an independent customer satisfaction survey, on behalf of the Home Builders Federation (HBF), at two and nine months after moving in. Customers rate our performance and provide comment on how well we have done.

We are pleased that we regained 4 star rating in the 2012 HBF survey, with 84% of customers saying they would recommend Persimmon to a friend. Our improved performance reflects the action we have taken to identify and satisfy our customers' requirements and expectations.



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### ***Making new homes more affordable***

During 2012 over 30% of the homes we sold were below £150,000. This compares to a national average house price of £163,000.

We are a major participant of FirstBuy, the shared equity scheme that lends up to 20% of the value of a new home, through a shared loan from us and the Government. We sold our initial allocation of 2,035 FirstBuy homes and subsequently received further funding for around an extra 750 homes.

We also participate in New Buy, the Government-backed mortgage indemnity scheme launched in 2012 that helps homebuyers who only have access to a 5% deposit. A similar scheme - MI New Home - is also available to house purchasers in Scotland.

As lenders' mortgage rates under NewBuy have reduced this scheme is becoming more successful in the market and we have been able to assist over 600 customers with this product.

Helping Hand is our own shared equity scheme funded entirely by Persimmon for first time buyers and customers re-entering the housing market. We have assisted some customers with a small deposit to buy a new home by providing a shared equity loan up to 20% of the purchase price.

In 2012, 26% of our customers benefited from a Persimmon Group shared equity loan to enable them to buy a new home.

We offer a free service for Armed Forces and Ministry of Defence personnel to assist throughout the home buying process whilst based overseas.

Our Westbury Partnerships brand continues to expand and is operated nationally delivering affordable social housing solutions to Social Landlords and Housing Associations. In 2012 we built 1,686 affordable (social) homes representing 17% of our total output.

Examples of how we have helped customers to buy a new home can be found in the Sustainability in Action - Putting Customers First" section.

**FirstBuy**

 **NewBuy**  
In partnership with HM Government





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## ***Ensuring good quality homes***

On all our developments we monitor and manage the quality of our work throughout the construction process. During 2012 we undertook a rationalisation of our home style portfolios across the Group. This ensures that all our sites follow the same approach to delivering homes of consistent quality, as well as gaining waste, logistic and economic efficiencies.

The National House Building Council (NHBC) recognise the top site managers in the country in the Pride in the Job Quality Awards. Managers given awards are selected by NHBC Building Inspectors and Inspection Managers, who judge winners on meticulous and consistent attention to detail, quality of workmanship on site, excellent leadership, technical expertise and robust health and safety processes.

This year we are pleased that 21 of our site managers have won Pride in the Job Quality Awards. Furthermore, five site managers received special recognition by winning Seal of Excellence Awards which are presented to the top regional site managers selected from the Quality Award winners.

To find out more about our award winners, please see "Sustainability in Action - Putting Customers First" section, page 25.



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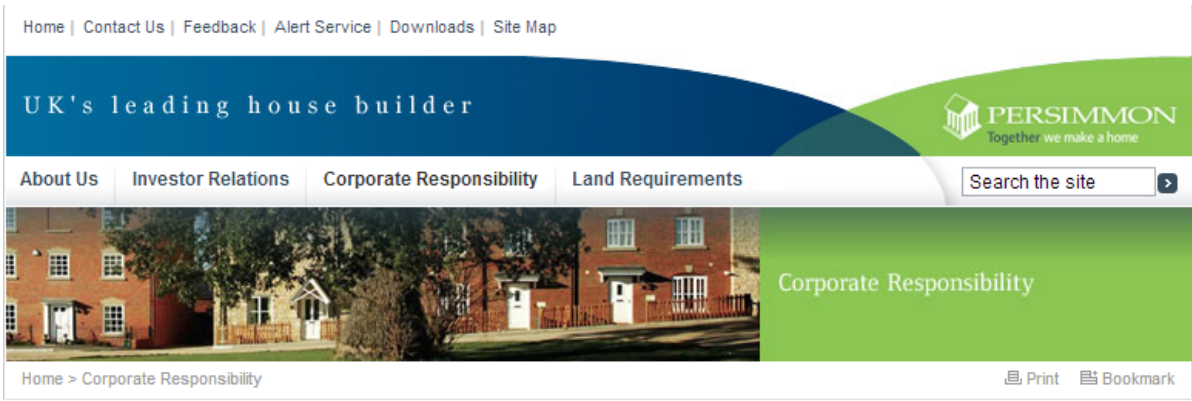
## Prioritising Health & Safety

The health and safety and welfare of our employees, subcontractors, customers and visitors to our business underpins all the construction work we undertake.

We achieve this by:

- **Creating a safety culture and engaging workers** - Health and safety is the responsibility of everyone on our sites. In 2012 we established new Worker Engagement Procedures to support a safety based culture across the business. During 2012 we increased our dedicated health & safety training to 540 days (2011: 382).
- In addition we undertook toolbox talks and other health and safety guidance training to both our staff and subcontractors of a further 6,624 days. To find out more about our worker engagement procedures and the training we provide to our employees please see "Creating a safety culture and engaging workers" section, page 8.
- **Making a safer business**—We monitor health and safety performance on all of our sites through regular site inspections and audits. The number of reportable RIDDOR accidents decreased by 41% in 2012 compared to the previous year. To read more about our health and safety performance during 2012 please see "Making a safer business" section, page 9.

To view our Health & Safety Policy please see the Policies section.



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***Creating a safety culture and engaging workers***

During 2012 our key focus has been to work with our employees and subcontractors to reinforce a culture where everyone has individual responsibility for putting safety first in every decision taken.

The Worker Engagement Procedures, launched this year centres on the concept that planning for and managing safety issues on sites involves everyone. Whilst we co-ordinate and provide all the necessary information, instruction and training, we encourage responsibility at individual level for health and safety risk identification and mitigation.

This is delivered through:

- **Clearer safety management:** Our operating businesses utilise a system which highlights information and instructions relating to hazards and risks to both new and regular site personnel. Detailed briefings and training are held quarterly to which subcontractor representatives are asked to attend and contribute. Regular on site toolbox talks maintain a continued focus on health and safety and have helped to embed the Worker Engagement Procedures.
- **Health and safety representatives:** Each site appoints an individual to act as a focal point for health and safety communication between site managers, employees and subcontractors. We require every subcontractor to nominate their own health and safety representative prior to commencing work on site.
- **Encouraging feedback:** All site based personnel are encouraged to comment and make best practice suggestions to reduce the hazards and risks associated with work activities and/or near misses and dangerous occurrences.

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

For examples of how the Worker Engagement Procedure is working on our sites please see "Sustainability in Action – Prioritising health & safety" section, page 26.





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### ***Making a safer business***

The number of reportable accidents under the Reporting of Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) decreased to 53 in 2012 from 90 in 2011, a significant reduction of 41%. This equates to 5.8 RIDDORs per 1,000 workers compared to 9.8 in 2011.

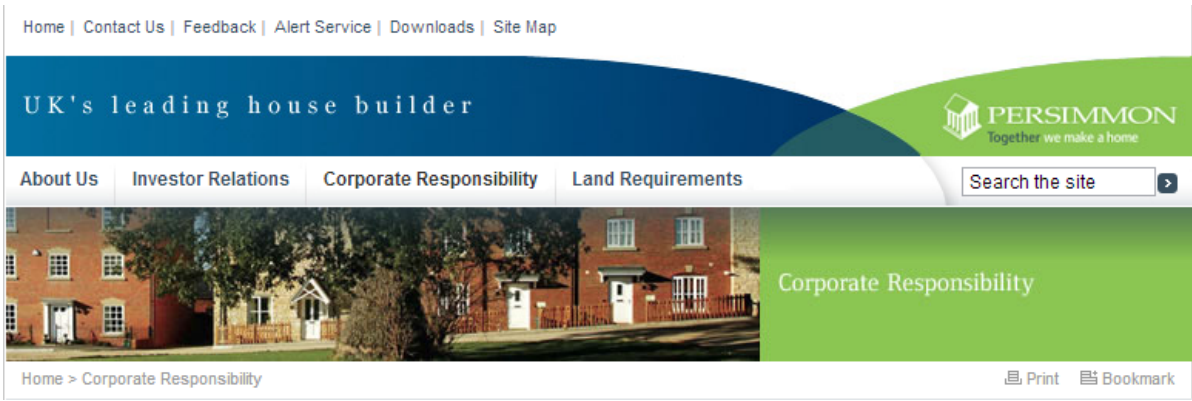
This reduction in RIDDORs is an excellent result from the renewed commitment to improve our health and safety performance in the past year.

We monitor our health and safety performance through regular Health and Safety performance checks and site visits by the Operating Business senior management. Regular inspections of work activities by Contract, Site and Sales Managers are also undertaken.

The Group Health and Safety Department, in conjunction with an externally appointed advisor, undertake both unannounced inspections and scheduled audits of all construction, sales, customer care and office based work activities. 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.

We operate an internal audit process through which our regional operating businesses are assessed against the requirements of the Group Health & Safety Policy. The result of the 2012 audits showed that all of our operating businesses are now achieving a Bronze award, representing over 75% policy conformance.

96% of our site based workforce hold a Construction Skills Certificate Scheme (CSCS) Card. The scheme which is part of the Home Builder Federation's Qualifying the Workforce Initiative confirms both competency in the work they undertake and successful completion of a mandatory health and safety test.



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## Building Sustainable Homes

At Persimmon we understand that the homes we build will be occupied for many years to come, so we build them to be desirable, sustainable and comfortable to live in, now and in years to come. Our view is that new homes must be environmentally efficient, throughout the whole life cycle of design, construction and occupancy.

We achieve this by:

- **A Fabric First Approach** –Homes should be sustainable by being inherently efficient in their design and construction. We have developed our Space4 technology to deliver homes that adhere to this principle. In 2012 we built 3,200 Persimmon homes using Space4 technology. This represents a third of our new home completions overall.
- **Building energy efficient homes** – We assess all the homes we build against the Standard Assessment Procedure. A further measure we use is The Code for Sustainable Homes. Over 2,100 homes have been built to this or the preceding Eco Homes standard.
- **Helping our customers live sustainably** - By designing eco-features into our homes we are able to influence our customers to live in a more sustainable way. Persimmon built 900 homes in 2012 with a form of renewable energy technology.
- **Building homes for the future** – Our customers require homes that are adaptable to a changing world. Our homes need to be connected to a digital world, feel part of a secure community and designed to protect against a changing climate.



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## ***A Fabric First approach***

Persimmon's "Fabric First" approach is based on our strong belief that new homes should be designed to be sustainable by being inherently efficient without the need to use additional technologies to improve energy efficiency.

The adoption of a fabric first approach and the research we are undertaking into energy technology places Persimmon in a good position to comply with future Building Regulations as they become more stringent.

Our Space4 business is now the largest automated closed timber framed manufacturer in the UK. The patented manufacturing process produces a unique wall and floor system that achieves superior fire resistance, thermal efficiency and air tightness.

As a result Space 4 homes:

- are energy efficient resulting in low fuel consumption and heating bills for our customers
- meet or exceed acoustic performance standards set by building regulations
- use considerably less water during construction than conventional building methods
- can be rapidly and easily assembled resulting in a better and safer working environment for our employees
- generate minimal waste during construction resulting in tidier and safer sites

Find out how about more about Space 4 at [www.space4.co.uk](http://www.space4.co.uk)



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### ***Building energy efficient and sustainable homes***

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We use the Standard Assessment Procedure (SAP) for all new homes we build to assess how much energy a dwelling will consume and how much carbon dioxide (CO<sub>2</sub>) will be emitted during occupancy. This enables a like for like comparison of each home's performance. The higher the SAP rating, on a scale of 1 to 100, the lower the running costs and the more efficient the building.

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In 2012 the average SAP rating for all the homes we built was 83, substantially exceeding the UK average housing stock rating of 53.

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A further measure we use is The Code for Sustainable Homes. The Code measures the sustainability of a home against design categories, rating the 'whole home' as a complete package, assessing energy efficiency, water consumption and materials use as well as other sustainability criteria to give a Code rating from 1 to 6.

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In 2012, Persimmon built 2,165 homes assessed against the Code or the preceding Eco Homes standard, equating to 22% of our total output. The majority of these homes met Code Level 3 or equivalent. This is fewer homes than last year, caused by slightly lower demand from the social housing sector for homes that adhere to these standards.

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Whilst many of the other homes we build that are not formally assessed to the Code standards, we utilise what we have learnt to incorporate some, if not all, of the standards required into them.

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Renewable technologies have been incorporated into over 900 new homes we sold in 2012. In particular we have used solar panels and photovoltaics (PV) which are highly efficient and which in some cases have helped to save our customers up to £800 per year on their electricity bill. PVs are now available to our customers through Finishing Touches, our service that allows them to add or upgrade the specification of their new homes.

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Smart meters are installed in all new Charles Church homes, allowing the homeowner to monitor energy use, well ahead of a national requirement to fit them which comes into force late in 2014. Promotional material is also provided to educate customers on the use of the smart meters and ways to reduce their energy bills.

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We have introduced voltage optimisation technology in some new homes. These devices manage the electricity voltage coming into the home and trials have shown that many appliances can actually work better and more efficiently at a lower voltage. The VPhase device we use reduces the voltage, saving both energy and money.

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All but a few household appliances that we include in new homes have the highest energy efficiency performance, with A through to A+++ rating. All boilers we fit are high efficiency, with Sedbuk Band A ratings considered the most efficient by the UK Government's energy efficiency best practice programme.

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All our houses are built to meet and in most cases exceed the Part G building regulations maximum standard of 125 litres per person per day for internal water use. In some cases, we have reduced this to 90 litres per person by installing flow restrictors to taps, low flow showerheads, low and dual flush toilets and low capacity baths.

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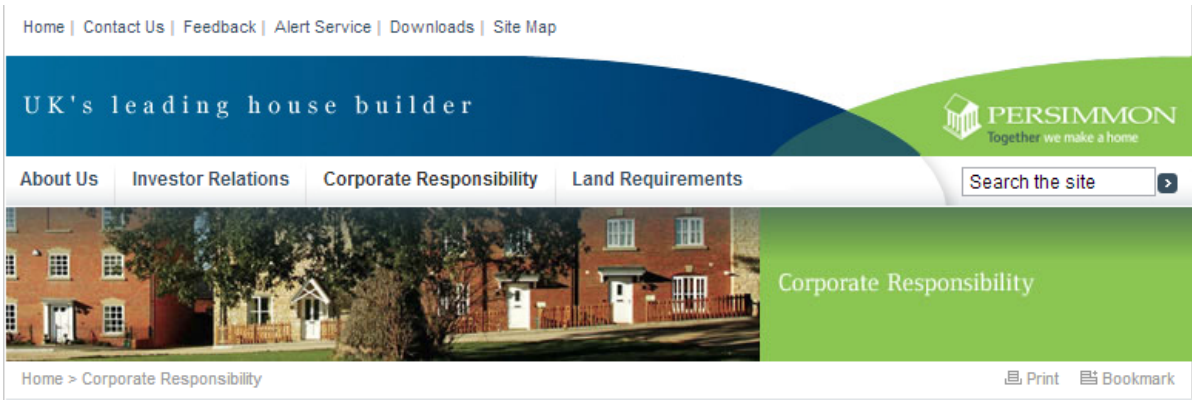
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***Building homes for the future***

Currently flooding is a particular potential concern on new housing development. We undertake flood risk assessments on all of our developments and management strategies are developed if any risk exists. These strategies are agreed in consultation with the Environment Agency as part of the planning approval process.

We use a variety of prevention measures to minimise the risk of flooding. Each drainage solution is intended to relieve the pressure from the main drainage network. Sometimes simple soakaways or underground water storage tanks will suffice, but in more complex situations more extensive sustainable urban drainage systems are developed.

We adopt design principles set out in the Building for Life or Secure by Design standards which consider how families and individuals will live in the homes now and in the future. Building for Life includes criteria covering environment and community, character, streets, parking and design. Secure by Design focuses on crime prevention. Both standards give our customers the reassurance of secure and safe environments in which to live.

Access to the internet and digital services is important to all our customers. We have partnered with Virgin Media to bring new home buyers the benefits of a fully connected digital home. Buyers can also design their property's bespoke communications and entertainment needs to suit their lifestyle and accommodate the requirements of every member of the family.



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## Operating an Efficient and Responsible Business

We embed our environmental practices into all our business operations. Our operating businesses work together to find innovative ways of working efficiently, particularly with regard to our construction waste and energy consumption.

Persimmon operates an Environmental Management System (EMS) which is modelled on ISO 14001 criteria and covers all processes from land appraisal, site remediation to manufacturing and construction. In 2012 there were no environmental prosecutions against the Group on any of our developments

We focus our efforts on three key areas:

- **Reducing waste and increasing recycling** - Waste is our most significant environmental impact and its management is an important part of our business. Accordingly, we monitor and manage waste streams from our development sites and offices. This year we reduced waste generated per home sold by 3% and recycled 88% of our construction waste.
- **Minimising our carbon footprint**- We monitor our energy use and CO<sub>2</sub> emissions and continue to reduce our emissions. CO<sub>2</sub>emissions per home sold has reduced by [2.6%] in 2012.
- **Sustainable sourcing** – We use a significant amount of raw materials, such as timber, when we build a new home. As we design our homes we are mindful of how much material we are using and seek to minimise waste. All timber we use is from sustainable sources.



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## ***Reducing waste and increasing recycling***

All our employees and subcontractors are responsible for reducing waste. Our operating procedures facilitate and promote waste reduction and recycling through actions such as Site Waste Management Plans and on site waste segregation. Our waste management policy was developed in consultation with WRAP, the Governments' Waste and Resources Action Programme.

Since 2005, we have reduced waste by almost 70% per new home sold. In 2012, we generated 63,000 tonnes of waste, which is broadly similar to last year (2011: 62,000 tonnes), but we have built more homes. This means that the average waste per home has reduced from 6.6 tonnes of 6.4 tonnes, a reduction of 3%.

The amount of waste we have recycled has increased again to 88% in 2012, up from 84% in 2011. This has resulted in only 0.75 tonnes of waste per home sold going to landfill, less than a standard skip.

We achieved this through efficient design, logistics and stock control, the use of prefabricated or pre-sized materials, minimising packaging and efficient construction techniques.

Furthermore, 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 crush this for re-use as hardcore in driveways, paths and hard standing.





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### ***Minimising our carbon footprint***

The amount of energy used in our main offices has decreased from 10.2 million kWh in 2011 to 9.6 million kWh in 2012. Of this, 65% was electricity and 35% was gas.

We consumed a further 20.1 million kWh to power and heat the show homes and site offices and homes on our development sites.

Total energy consumption in our offices and on our sites was 29.7 million kWh in 2012 equating to 8,336 tonnes of CO<sub>2</sub>. (2011: 8,223 tonnes)

Our company car fleet increased from 738 to 815 vehicles. Despite this, we have used less fuel consuming only 2.0 million litres compared to 2.4 million litres in 2011. This equates to 5.2 thousand tonnes of CO<sub>2</sub>, a reduction of 16% on the previous year (2011: 6.2 thousand tonnes). Our policy remains to offer staff low emission cars, a strategy that continues to help us reduce emissions from our vehicle fleet on a year by year basis.

Our total operational carbon footprint for 2012 was 13,548 tonnes equating to 1.37 tonnes of CO<sub>2</sub> per home completed. This is a decrease on the 1.54 tonnes of CO<sub>2</sub> per home completed in 2011.

(Note: 2010 and 2011 plot gas data has been recalculated due to revised information received from our gas supplier. In addition, previous year's carbon emissions data has been restated using updated conversion factors from Defra's revised CO<sub>2</sub> conversion factors dated 28/05/12)



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## ***Sustainable sourcing***

We work closely with our suppliers at both a national and local level to promote and encourage use of products and materials that have excellent environmental credentials. We require all material suppliers to adhere to our Supplier Principles.

Our supply contracts are generally managed at a national level, but are flexible enough to accommodate products that are best sourced locally, whether it is for aesthetic reasons, such as local stone, or to avoid high transportation costs, such as for bricks and roof trusses.

All the timber we use in our homes, such as floor joists and roof trusses, comes from legal and sustainable sources. We have agreements with our suppliers that ensure that timber provided is from sources 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). In 2012 we used 68,000 cubic metres of soft wood timber (2011: 58,000).

When sustainable building products come available on the market we often run trials to assess their potential uses across the business. Recently we have tested products made from recycled materials such as plastic hoardings, decking, kerbs and bollards. Where appropriate, these products will be used across all our developments.



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## Investing in our People

We foster a culture to promote and develop the skills within our business and those wanting a career in the housebuilding industry. We recognise the role of our employees and their commitment to our ongoing success. We seek to equip them with the skills they need to make a valuable contribution to our business. In return we reward our employees fairly and provide a supportive working environment.

Our employment policies and procedures set out a consistent approach to the workplace as well as skills development.

Our approach centres on:

- **Investing in talent**- We value a diverse workforce and workplace where all our employees are involved, supported and respected. This policy is supported and managed through a range of well established employment policies. To build a thriving business, we need employees with the right skills and training. We provided over 4,600 days of training for our employees last year, equating to almost 2 days per employee.
- **Supporting school leavers and creating jobs** - As well as training our existing employees we are continually looking for opportunities to develop new talent. Our FIRST management training programme and graduate recruitment scheme help us to do this.



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***Our people and investing in talent***

In 2012, Persimmon employed an average of 2,515 people (2011: 2,432 people), with women representing 36% of our workforce. We have 20 female Directors across the Group representing nearly 15% of our senior management team.

We operate a workplace where diversity is valued and where all our employees are involved, supported and respected. This belief is supported and managed through policies relating to equality, diversity, whistle-blowing, harassment and flexible working.

Our Group Head Office has again been accredited to the Committed2Equality (C2E) Standard which is designed to make a real difference to the issues of equality in the workplace.

Persimmon encourages a culture that supports our employees to develop long and fulfilling careers with the company, an approach that is supported by the fact we have 141 employees who have more than 25 years of service, representing nearly 6% of our workforce.

We invest in personal development programmes to build competences in both the technical field as well as behavioural skills. On the job training and development is a critical part of this as we understand that our employees learn best through experience. In 2012 Persimmon delivered a total of 4,621 days of training for our employees. This equates to 1.8 days of training for every employee.

Our 'Inspire and Lead' development programme for managers, now in its second year, focuses on leadership styles and communication and how these can be used to best effect to lead others through motivation, teamwork and objective setting. 49 employees took this course during 2012.

To follow this programme we have also launched our 'Leading Excellence' programme this year, on which 90 of our employees were enrolled. The course introduces employees to concepts such as the balance between strategic and day-to-day leadership, leadership through change and leading through culture.

More about the training programmes we offer can be found on our dedicated careers website: <http://www.persimmonjobs.com/training-and-development>



*Figure 2: Persimmon has been accredited to the C2E standard for the third time*



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### ***Supporting school leavers and creating local jobs***

We offer young people an opportunity to develop a career in site management, technical, sales and customer care roles through our structured FIRST Management Training Scheme. This four year programme offers school leavers the opportunity to work alongside experienced teams on site or within one of our regional offices. FIRST Management Trainees also spend one day a week at college gaining BTEC qualifications.

We recruited 16 graduate trainees in 2012. We now have 90 (2011: 72) trainees and apprentices across the business.

On our sites we employ people from the local area wherever possible, particularly site trades. We believe that it is in our interest to develop close and long term relationships with local suppliers and contractors so that they provide us with reliable and high quality resources. In return we offer regular and consistent opportunities to work with us.

Our North East operating business has developed an Economic Toolkit to help demonstrate the intrinsic value of proposed developments to the economy. The toolkit generates an estimate of the headline economic benefits of development proposals which assist us in the early stages of planning discussions with Local Planning Authorities, as well as community engagement exercises. The model is able to draw out potential number of jobs our developments might create, the spending potential for local leisure and retail, as well as other local benefits for the economy.



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## Being Part of Local Communities

Our work brings us into close contact with existing local communities. Building positive relationships as well as creating trust is important to our work and ultimately the success of our business.

We do this in a number of ways:

- **Investing in local communities** - By the very nature of our work we find ourselves at the heart of creating new communities. We provide housing which helps establish thriving communities, encourages economic activity, creates employment for local people, and utilises local goods and services on many of our developments.
- Conserving and enhancing biodiversity around our developments improves the local environment. In 2012, we invested £33 million in new community facilities including schools and community spaces.
- **Supporting community and charitable initiatives** – We have a long history of supporting community groups across the UK. In 2012 we launched our Charity House campaign where we donated a new house worth £250,000 to charity.

To find out more about our work with the local community groups and charities please see "Sustainability in action – Being part of local communities" section, page 30.



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### ***Investing in local communities***

In 2012 we invested over £33million in new community facilities. This is substantially more than in 2011 (£24 million). A third of this investment has been in new educational facilities and schools, with 18% in new affordable homes and a further 17% in open spaces and leisure facilities for local people. Other contributions include support for local business; local employment; or design for safety and security.

We often rejuvenate run-down or derelict land to create green and vibrant community spaces. In 2012, 56% of the homes we sold were built on brownfield land (2011: 57%). Wherever we build it is important that we are sympathetic to the needs of existing local communities, as well as to local habitats and biodiversity.

Many of our sites take part in the Considerate Constructors scheme. Following the principles behind the scheme has seen us provide window cleaning to existing residents' homes; agreeing sensible traffic routing to and from sites; and consulting with existing residents on preferred delivery times to sites.

During the planning application process and prior to submission we consult with the local neighbourhoods in which our developments are being built. Often through public events, the process helps inform the general public of our proposals and gives them an overall understanding of each scheme. We have created community websites for a number of our sites so residents can keep up to date with developments on a regular basis, such as at our new community at Newcastle Great Park ([www.newcastlegreatpark.com](http://www.newcastlegreatpark.com))



Figure 3: Members of the public attend a public consultation on development proposals in Oundle and Sleaford (East Midlands)



Figure 4: Website for Newcastle Great Park





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### ***Supporting community and charitable initiatives***

As part of our 40th birthday celebrations in 2012 we ran a hugely successful Charity House Competition to donate a new house worth £250,000 to charity. This, along with other charitable activities and fundraising resulted in a total charitable donations of £359,000 during 2012. A further £45,000 was raised through fundraising by our employees.

The Charity House competition saw involvement from all operating businesses across the Group. Over 3,000 nominations were submitted, of which 24 charities were selected. The winner was then selected by a public vote. Following more than 130,000 casted votes, The Harley Staples Cancer Trust was announced as the winner in September 2012.

Katherine and James Staples set up the Trust following the death of their son Harley in November 2009. He died from a rare and aggressive form of leukaemia at the age of eight. They aimed to raise £500,000 to build Harley's House – a holiday home to give young cancer sufferers time away from hospitals and treatment. They had already raised £250,000, so winning the house helped them achieve their target. All the finalists also received a charitable donation.

*"Our whole company has got behind this competition. It's wonderful to celebrate our 40th birthday by giving something back to smaller charities that often miss out on funding"* - Mike Farley, Group Chief Executive



Figure 5: Jamie and Katherine Staples with Mike Farley, Group Chief Executive





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### ***Putting Customers First***

#### ***- Making new homes more affordable***

Luke and Caroline Dendy were able to afford their new home at the Persimmon Homes Great Western Park Development with the help of the NewBuy initiative. Having rented for the last five years NewBuy provided them with the help they needed to buy a home for their growing family. They are now firmly settled in their new family home. Caroline said "We fell in love with the Wallingford. We couldn't believe our luck and had to grab the chance while we could".



Figure 6: The Dendy family in their new home

Persimmon's own shared equity scheme, Helping Hand enabled 25 year old Lee-Ann Barclay and her son to get on the property ladder at a young age at our Linburn View development in Dunfermline, Scotland. Lee-Ann is paying less for a mortgage on her three bedroom house than she was paying to rent a two bedroom flat.



Figure 7: Lee-Ann Barclay outside her house at our Linburn View development in Dunfermline

In order to continue to build more affordable homes Persimmon works to develop new working partnerships and bring new and interesting sites to fruition. In 2012 construction commenced on the £77m housing Private Finance Initiative (PFI) scheme which will deliver 350 new affordable rented homes in West Wiltshire. The project sees Westbury Partnerships and Persimmon Homes joining forces with Wiltshire County Council and Aster Communities to deliver a mixture of one, two, three and four bedroom houses, flats and bungalows. The first residents moved in during 2012.

Steve Roche, Managing Director, Westbury Partnerships Wessex, is overseeing the project on behalf of the company. He said: "Creating new communities is at the heart of our business, and we pride ourselves on building homes to an excellent standard and delivering projects on time. This initiative was spearheaded by Westbury Partnerships, so it is particularly pleasing to see the first residents move in."

#### ***- Ensuring good quality homes***

We enter our site managers into the NHBC Pride in the Job Awards, recognised as the house-building industry's most prestigious awards programme. Running for 32 years, Pride in the Job continues to recognise the UK's best site managers. Short listed from over 13,000 site managers across the UK, 21 Persimmon site managers collected NHBC Pride in the Job Quality Awards. Selected from the Quality Award Winners, 3 Persimmon employees, Mark Thomas, Lee Tysoe and Richard Channon repeated their success of 2011 and were again presented with the Seal of Excellence recognising the Top 130 site managers in the UK. Two other of our site managers, Alan Harlow and Mark Damerell also celebrated receiving the award for the first time.



Figure 8: Mark Edwards, one of the first residents, is handed his keys to his new home in the Westbury development



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### Prioritising Health & Safety

#### - **Worker engagement procedure**

Our new Worker Engagement Procedure is helping us to effect long-term change among our employees. The introduction of the procedure has been a success at our Abbot's Field development in the West Midlands. Craig Thomas, Persimmon's site manager uses monthly health and safety committee meetings as well as tool box talks to spotlight relevant general and site specific issues. Topics of the tool box talks are chosen to align with work being undertaken on site and to which trades are on site at the time.

Craig says, "Communication is essential to my job and the Worker Engagement Procedures is helping this. Both the meetings and the tool box talks allow me to engage with our contractors on site to promote the achievement of safe and healthy conditions. It's a two way process, I can highlight the relevant safety issues on site at the time but it also allows effective 'upward' communication back from our contractors. This is important to good health and safety performance".

On our Blossom Meadows Development in Bradford, West Yorkshire quarterly site health and safety meetings have been received so well by site personnel that they are now held on a bi-monthly basis. Representation from sub-contractors is varied to reflect the level of work being undertaken by a particular trade on site. This has ensured relevant issues are raised and appropriate actions taken.

Tool box talks are given on a monthly basis as a minimum and have covered general subjects such as manual handling; noise and vibration; eye and ear protection, as well as more specific topics such as personal protective equipment use and care.

A mobile fire point on site has been modified to also act as an information point of all site health & safety issues detailing daily hazardous work activity and other health & safety related information, as well as general site specific information. For those site personnel with frequent contact with harmful substances such as wet cement and solvents, our site manager, John Edwards checks hands for signs of work related dermatitis on a regular basis and advises on its treatment and prevention.

The flexibility of the Worker Engagement Procedures is allowing our site managers to develop a new approach to health and safety issues. At our Lakeside Walk development in Wath upon Dearne, South Yorkshire, site manager Kevin Tovey not only holds bi monthly meetings with contractor representatives on site but also ensures that health and safety issues raised by our contractors are fed back to their employers. This helps foster good communication amongst all parties involved in the development, and ultimately has led to better health and safety performance, a key aim of the Worker Engagement Procedures.



Figure 9: Group H&S Director, Steve Acaster (front left) with Safety Advisors and Divisional Safety Representatives.



Figure 10 – Scott Lothian, one of Persimmon's site managers in Scotland delivers a tool box talk



Figure 11 – The worker engagement procedure encourages responsibility at individual level for health & safety



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## Sustainability in Action

### **Building Sustainable Homes**

#### **- Building energy efficient and sustainable homes**

At our Charles Church development at Earlswood Park in Bagshot, Surrey 50% of the development was built to the Code for Sustainable Homes Level 3. As well as utilising Space4 timber frames, enhanced insulation measures and low flow water appliances we incorporated various renewable technologies across the development including solar panels, gas savers and whole heat recovery ventilation systems. The result was a reduction in the overall environmental footprint of the development together with benefits to our customers through reduced running costs.

We included renewable technologies as standard on our Charles Church development at the Oaklands in Wymondham. However, in addition, new home owners are also able to select additional technologies through our Eco Select Sales options, including, Aura wireless solar thermal monitoring, Viridian Photovoltaic solar panels, Honeywell Evohome wireless zoning and VPhase voltage optimisation.

Many of our developments are built in accordance with the Secured By Design principles which focus on crime prevention of buildings and promotes the use of minimum standards of physical security. At Edwin Mews, Hornchurch, Essex 35 homes built by Persimmon achieved this through careful consideration of the design layout and access routes in and around the properties. Other considerations we have incorporated in developments include lighting of all public and communal areas through either adoptable street lighting or privately managed lighting within parking courtyards.

#### **- Helping customers to live more sustainably**

Beyond the building fabric, renewable technologies and Secured by Design Principles we help customers to lead more sustainable lives through the development of travel plans. At the Lemon Grove and Fairways development in Newton Abbot, Devon residents have been provided with a travel pack which provides useful information on travel alternatives allowing residents to consider how best to travel from their new homes. Included within this pack are bus vouchers to the value of £250 and a voucher to use at a local cycle retailer worth £50.

#### **- Building homes for the future**

At our Newcastle Great Park Development we developed a flood management strategy and drainage solutions designed to reduce pressure on the main drainage network. We created five discreet substantial Sustainable Urban Drainage Systems to adequately drain the area after heavy rain. The success of these were proved in the torrential rains of June 2012 when storms hit the region. As well as acting as drainage for the development the area provides an enhanced landscaped environment including amenity areas, wildflower meadows and trees.



Figure 12 – Earlswood Park, Bagshot where homes were built to code for sustainable homes standards.



Figure 13– Honeywell Evohome wireless zoning and voltage optimisation system



Figure 14 – Edwin Mews where secure by design fencing and sheds for secure cycle storage were provide.

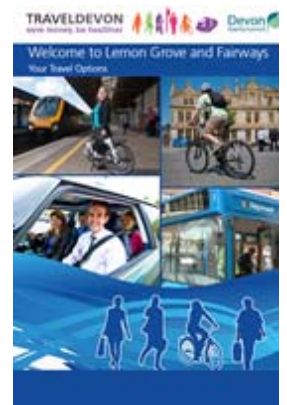


Figure 15 – Lemon Grove and Fairways development travel pack provided to new residents



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## Sustainability in Action

### *Operating an Efficient and Responsible Business*

#### - *Reducing waste and increasing recycling*

Our approach to waste segregation varies across our operating companies depending on how we can achieve the highest rates of recycling. Our waste is either segregated on our own sites or sent off site for segregation at waste handling facilities.

Charles Church Southern uses segregated waste management procedures on all developments and build into all supplier agreements the responsibility for subcontractors to remove and dispose of their own waste. Our Midlands operating business has reviewed house type build schedules to identify opportunities for waste minimisation. We regularly hold meetings with suppliers to discuss the reduction of packaging and pallets, as well as investigating the possibility of the suppliers reusing their own waste.

By working closely with our subcontractors we have been able to continue to improve our recycling rates across the whole of our developments. Our Midlands Division has agreements with landscaping contractors to take back their waste to their own premises for reuse. We stress to contractors the importance of correct plot specification quantities in order to make accurate orders for the building materials we need on site.

At the Persimmon Homes development at Bannerbrook Park, Coventry, West Midlands much of the concrete rubble from the controlled explosion of a 16 storey former office block has been crushed on site and re-used under the development's new roads, saving the import of thousands of cubic metres of material and diverting the waste concrete from landfill.

Other examples include the recycling of material at our Charles Church development at Earlswood Park in Bagshot, Surrey by sieving of existing soil to reclaim gravel. The excavated material was reused for paths in and around the development to re-profile the public space, minimising off site transportation and local traffic disruption.

In the Midlands, all cement is made by premixing with water in silos. This ensures accurate consistency and reduces the amount of waste water.



Fig16 – Waste segregation facilities on a site



Fig 17– Bannerbrook Park, Coventry tower demolition where concrete rubble has been recycled and reused



Figure 18 – Mix mortar silo on one of Persimmon Homes' sites on the south coast



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## Sustainability in Action

### *Investing in Our People*

#### - *Our people and investing in talent*

Our 40<sup>th</sup> year has seen a few of our employees reach career landmarks at Persimmon. Steve Smith, who works at Persimmon Homes South Coast's head office in Fareham, has worked for us for 25 years. Steve looks after handing over responsibility for the roads, sewers, open spaces and street lighting of developments once all properties are sold.

Persimmon Homes South Coast's construction director, Tom Moody, said: "Steve is a great example to young people of what can be achieved with hard work and dedication. He is an invaluable member of the Persimmon South Coast team and very well respected by his colleagues and counterparts in local councils."

Alison Slote is celebrating two decades as part of the sales team at Persimmon Homes Essex. Sales director Norman Sharpe has worked with Alison for the last two years. He said "Alison is a valuable member of our sales team and her enthusiasm and approach to her work set an example to us all."

#### - *Supporting school leavers and creating local jobs*

Supporting employment and creating local jobs is important to us. Bricklayer Connor Hughes and joiners Ross Bailey and Mark Evans have embarked on Persimmon's Trades Apprenticeship programme whilst working at the Charles Church development at Woodilee Village in Lenzie, Scotland. Throughout the programme they will gain experience in commercial practice, technical administration and construction.

Persimmon Homes, Essex has taken on Stuart Grainger as an apprentice plumber. Stuart commented "I enjoy working at Station Approach, I have learnt a lot while working on a busy fast moving development. I am grateful for the opportunity Persimmon Homes has given me in granting me an apprenticeship."



Figure 19 – Steve Smith celebrates 25 years with Persimmon Homes



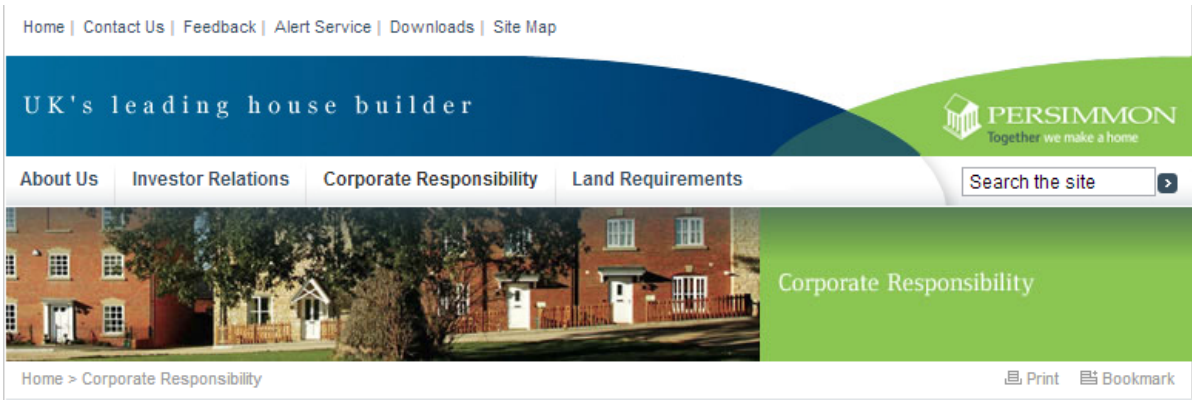
Figure 20 – Alison Slote is congratulated by colleagues for 20 years with Persimmon Homes, Essex



Figure 21 – Stuart Grainger apprentice with Persimmon Homes, Essex



Figure 22 – Richard Channon Seal of Excellence winner



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### Being Part of Local Communities

#### - Supporting community and charitable initiatives

As well as the Charity House competition which you can read about in the [Being Part of Local Communities](#) section we also undertook many other charitable activities. Charles Church and its employees raised nearly £39,000 for the Dreams Come True charity whose mission is to make dreams come true for seriously and terminally ill children. Charles Church has supported the charity for the last ten years and 2012's fundraising brought the total raised to over £600,000.

Eleven employees from Persimmon Yorkshire raised £7000 for St Leonard's Hospice after cycling 140 miles in 3 days. The cyclists took on the Coast to Coast from Whitehaven to Sunderland to help raise funds for the hospice. The team was from various departments including sales, construction and design, and they each spent around eight to nine hours in the saddle per day.

We continue to work with schools to develop their understanding of safety issues around building sites. Pupils from the Holy Trinity Primary School in Lower Beeding, West Sussex visited Charles Church's Trinity Fields development to gain an insight into the working of an active new build housing development. The 22 pupils, aged between seven and nine, were given a site safety tour of the development by contract manager Daren Eagle. This also gave them the chance to get up close and personal with a whole range of tools and building materials used by workers at the site.

Tracey Bishop, head teacher at Holy Trinity Primary School, said: "The children love spending time in 'real' environments as it helps to support their learning by adding that extra dimension. We knew they'd be really excited to visit Charles Church's nearby Trinity Fields development and were very pleased to have been invited. The children all had a fantastic time and left the development knowing more about the whole house building process and why it is so important to not enter a building site unsupervised."

Persimmon Homes Severn Valley invited pupils from Sharpness Primary School to see at first-hand how its homes were being built at The Mallards in Berkeley. Dressed in hard hats and high visibility jackets, the children were shown by site manager Paul Hubbard how each home is built with good quality insulation and air-tightness to create a cosy and comfortable living space.

Nicola Reed, sales and marketing director for Persimmon Homes Severn Valley, said: "Showing the pupils around our Mallards development is a great way for them to experience the different processes involved with house building. It also gave them the opportunity to ask us lots of questions."

Hylands Primary School visited the Charles Church site Edwin Mews, Hornchurch, as a practical addition to their House and Homes history topic. Taken to the development for a closer look, 60 Year One pupils were given the opportunity to examine the house styles and materials and see how houses were built.

Year One children from Cedars Infant School donning hard hats and high visibility vests to visit the Persimmon Homes development at Laburnum Walk, Blackburn with their teachers and parents. The children learnt about health and safety from site manager Neville Hodgson.



Figure 23 – Left to right Peter Newman, Dreams Come True with Steve Roche, Charles Church



Figure 24 – Holy Trinity Primary School at Trinity Fields



Figure 25 – Hyland Primary School pupils with John Maitland (Edwin Mews site manager)



Figure 26 – Cedars Infant School at Laburnum Walk



Figure 27 – Gloucestershire primary school at The Mallards

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|  | 2008    | 2009   | 2010    | 2011    | 2012    |
|--|---------|--------|---------|---------|---------|
| Housing completions                            | 10,202  | 8,976  | 9,384   | 9,360   | 9,903   |
| <b>ENVIRONMENT</b>                             |         |        |         |         |         |
| Carbon emissions (Thousand tonnes) (* **)      | 11,641  | 10,137 | 13,871  | 14,401  | 13,548  |
| Sustainable homes built (No.)                  | 1,670   | 1,720  | 2,077   | 2,512   | 2,165   |
| Average SAP Rating                             | -       | 82.0   | 83.0    | 84.0    | 83.0    |
| Waste generated (Thousand Tonnes)              | 91,000  | 55,000 | 65,000  | 62,000  | 63,000  |
| Waste per home completed (Tonnes)              | 8.9     | 6.1    | 6.9     | 6.6     | 6.4     |
| % waste recycled                               | 70%     | 75%    | 82%     | 84%     | 88%     |
| Homes built on brownfield land                 | 6,282   | 5,695  | 5,716   | 5,370   | 5,546   |
| % of homes built on brownfield land            | 62%     | 63%    | 61%     | 57%     | 56%     |
| Trees planted                                  | 118,616 | 82,770 | 103,093 | 169,576 | 77,177  |
| Trees planted per home completed               | 12      | 9      | 11      | 18      | 8       |
| <b>HEALTH &amp; SAFETY</b>                     |         |        |         |         |         |
| No. of RIDDOR Reportable incidents             | 78      | 47     | 59      | 90      | 53      |
| RIDDORS per 1,000 employees                    | 9.1     | 5.8    | 6.5     | 9.8     | 5.8     |
| HSE Prosecutions                               | -       | -      | -       | -       | -       |
| HSE Enforcement notices                        | 2       | -      | 1       | -       | -       |
| <b>WORKING AT PERSIMMON</b>                    |         |        |         |         |         |
| Total employees                                | 3,980   | 2,398  | 2,414   | 2,432   | 2,515   |
| Female employees                               | 1,552   | 839    | 822     | 852     | 895     |
| % Female employees                             | 39%     | 35%    | 34%     | 35%     | 36%     |
| Female Directors                               | 21      | 18     | 21      | 22      | 20      |
| Training days provided                         | 4,510   | 4,615  | 5,359   | 3,507   | 4,621   |
| Trainees and Apprentices                       | 2%      | 1%     | 2%      | 3%      | 4%      |
| <b>CUSTOMERS</b>                               |         |        |         |         |         |
| NHBC/HBF "Would you recommend Persimmon to     | 69%     | 82%    | 77%     | 85%     | 84%     |
| <b>PERSIMMON IN THE COMMUNITY</b>              |         |        |         |         |         |
| Social and affordable homes completed          | 2,389   | 1,622  | 1,779   | 1,791   | 1,686   |
| Social and affordable homes as a proportion of | 23%     | 18%    | 19%     | 19%     | 17%     |
| Charitable donations made by the Group (£k)    | 89,000  | 79,500 | 93,200  | 94,000  | 359,000 |
| Employee charitable fundraising (£k)           | 23,500  | 14,000 | 65,400  | 91,000  | 45,200  |

\* 2010 and 2011 plot gas data has been recalculated due to revised information received from our gas supplier.

\*\* Previous year's carbon emissions data has been restated using updated conversion factors from Defra's revised CO2 conversion factors dated 28/05/12



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## Management and governance

Managing sustainability at Persimmon is a fully integrated activity. It is part of what we do every day. It is the responsibility of all our employees, from the ground workers on our developments around the UK to our senior management teams.

A Corporate Responsibility (CR) Committee provides direction for our business making recommendations on strategy and policies in this area to the Risk Committee.

The CR Committee is chaired by a non-executive Director, Neil Davidson CBE and is made up of representatives from across the Group, including those with operational responsibility and functional responsibility. Membership is reviewed on an annual basis to ensure the right mix of strategic and operational experience is achieved. The Divisional Commercial Directors coordinate activities on sustainability issues across the Group.

Our sustainability strategy and policies are cascaded through the Divisions to the Board of Directors of each operating business. This ensures that sustainability is on the agenda of each operating business and that best practice across the Group can be shared effectively.

We have developed and evolved our approach to sustainability over the past decade, and we have taken into account our stakeholders opinions and views. This has been balanced with needs of the business and an understanding of how sustainability can add value and help us to meet our commercial goals. We have identified our key stakeholders through consultation with the 24 regional operating businesses and formal evaluation by the CR Committee.

We measure our sustainability performance using a set of key performance indicators (KPIs) collated on a regular basis from our operating businesses and reviewed at each CR Committee meeting. Monitoring these KPIs provides a good indication of how well we are performing across the Group.



Figure 28: Responsibility for sustainability is cascaded through the Group



Figure 29: Our stakeholder groups



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## Policies

Our supporting policies are:

- 1) Sustainability policy
- 2) Environment Policy
- 3) Health & Safety Policy
- 4) Persimmon Pledge
- 5) Waste and Resource Management Policy
- 6) Climate Change Position Statement
- 7) Supplier Principles
- 8) Complaints Procedure
- 9) Human Rights Policy
- 10) Code of Ethics
- 11) Anti-Bribery Policy



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## Going Forward

### 2012 objectives - progress

In our 2011 sustainability report we noted we would be putting particular emphasis on two areas and we are pleased to report we have achieved the objectives we set ourselves. These were:

- Improved health & safety – we are extremely pleased to report a 41% reduction in RIDDOR accidents.
- Improved customer satisfaction – this has been achieved through revised procedures and improved after sales service provided to our customers enabling us to regain our HBF 4 star status.

### 2013 objectives

We will continue to focus on activities under our six sustainability priorities and shall commit to the following:

- Undertake a strategic review of our approach to sustainability, including a review of stakeholder expectations, to ensure its relevance to the business and the achievement of our commercial aims.
- Review KPI's used to measure sustainability performance and their relevance to Persimmon's approach.
- Continual improvement in customer satisfaction to achieve HBF 5 star rating.
- Maintain our focus on embedding a stronger safety culture across our business, through initiatives such as our Worker Engagement Procedures, as measured by a reduction in reportable accidents.
- Review site waste management processes and identify opportunities for improvement.

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

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