

Corporate Responsibility

Corporate Responsibility (CR) has continued to gain in profile both socially and politically. Our stakeholders are increasingly asking us about the way our business activities impact on the environment, how we build homes that meet the needs of our customers and local communities, and how we treat our employees.

A robust approach to CR can improve our reputation, leading to increased customer and employee loyalty and facilitate improvements in both efficiency and business performance. Conversely, failure to take proper account of these issues can damage our reputation, and in some instances lead to sanctions or penalties, all of which can impact negatively on our business.

APPROACH

Our approach is based on concentrating on what we do well – building good quality houses – and doing this in a responsible manner. We take a pragmatic view which integrates CR with our existing activities. This takes time and is sometimes contrary to what our stakeholders want us to do, but we firmly believe this is the best way the value of these activities can be realised for our customers and the business.

Whilst CR has helped to raise the profile of these issues in the minds of our stakeholders, they are not concepts that are new to us. Our business has grown taking these issues into account. We have to build good quality homes, at the right price, in surroundings and with facilities that our customers want. We must treat and reward our employees well, so that they feel motivated and proud of what they do. Without their skills and dedication we could not achieve anything. We must also build with respect and consideration for the environment and demonstrate that we contribute to, and not damage, the local community and surroundings.

MANAGEMENT

We have a formal CR policy – the Persimmon Values – that provides a constant set of guiding principles in this area. This is supported by a suite of detailed policies in each area, for example, our Environment Policy.

Managing CR is the responsibility of the Persimmon CR Committee, a sub-committee of the Risk Committee. It is comprised of senior representatives from across the Group to ensure the right mix of strategic and operational experience is achieved.

Objectives and targets are set on an annual basis. In 2006, we set ten targets, of which six were completed, with four relating to ongoing activity. These targets are supported by a set of detailed Key Performance Indicators which allow the CR Committee to regularly review progress and performance in each area.

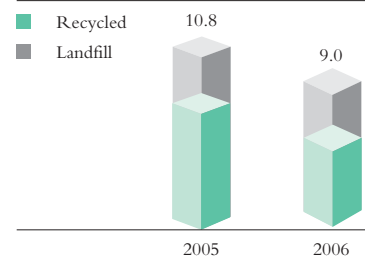
PERFORMANCE HIGHLIGHTS

Environment

We acknowledge that building energy efficient housing has a significant role to play in tackling Climate Change. We have continued to improve the energy performance of the homes we build, as measured by the Standard Assessment Procedure, maintaining the trend of recent years.

During 2006, we generated 151,000 tonnes of house building waste, equating to 9.0 tonnes per home built. This is a reduction of 17% on the previous year. We have recycled two thirds of this waste thereby reducing the amount sent to landfill.

Waste generated per dwelling Tonnes



We continue to seek new methods of construction and opportunities to incorporate innovative materials and technology into our homes. Our highly efficient timber framed building system, manufactured by Space4, is a good example of this. Living I at Irlam, Manchester, our Modern Methods of Construction project, was awarded the Best Innovation in the Use of Materials and Products at the 2006 House Building Innovation Awards. We hope to use this project to demonstrate to Government and other stakeholders what is possible and what obstacles stand in the way of delivering more sustainable homes and communities.

We have again had no environmental convictions this year. However, Westbury Homes pleaded guilty to damaging trees protected by a tree preservation order damaged by its ground workers in December 2005 prior to our acquisition of Westbury plc.

Working at Persimmon

We have maintained our focus on training our employees and promoting skills within the industry, primarily through our Homing in on Opportunity education initiative. In 2006, our apprentice programme produced 116 qualified, skilled workers and we recruited our 50th graduate into our Management Development Programme since 2002. We also launched an industry leading recruitment website to promote careers with Persimmon.

Health and Safety

Unfortunately, the overall number of reportable incidents increased during the year contrary to the trend of previous years. This was largely due to an increase in the number of sites we operated following the acquisition of Westbury. We have worked hard to introduce our policy and working practices to these sites, and will continue to focus our efforts on halting this increase and re-establish the reducing trend.

RIDDORS* per 100,000 employees



*Legally reportable incidents under the UK Reporting of Incidents, Diseases, Dangerous Occurrence Regulations 1995. The number of RIDDORS are measured per 100,000 employees. Our workforce includes our employees, sub-contractors and self-employed workers.

During this process, we have focused our efforts on ensuring our most significant health and safety issues are well managed. Subsequently, we are pleased to report that, despite an increase in the overall number of reportable incidents, the number of major injuries has reduced by 15%. We have again had no health and safety convictions this year.

COMMUNITIES

We have strengthened our capability to deliver affordable and social housing through a combination of better knowledge of this area, available through Westbury Partnerships, the use of new technology and our Group expertise and procurement strengths. In 2006, we completed 1,402 affordable and social homes, over 8% of the total homes completed by the Group.

We are also pleased to have been selected to take part in the Design for Manufacture Competition, run by English Partnerships on behalf of the Department for Communities and Local Government, to build 42 high quality homes for a construction cost of £60,000 at Park Prewett Hospital, near Basingstoke.

CUSTOMERS

Over the past two years we have improved our quality control processes and invested heavily in training our staff to improve customer service. Our 2006 customer satisfaction survey found that 86% of our customers would recommend Persimmon to a friend. Whilst we constantly endeavour to improve customer satisfaction, we were encouraged by these results.

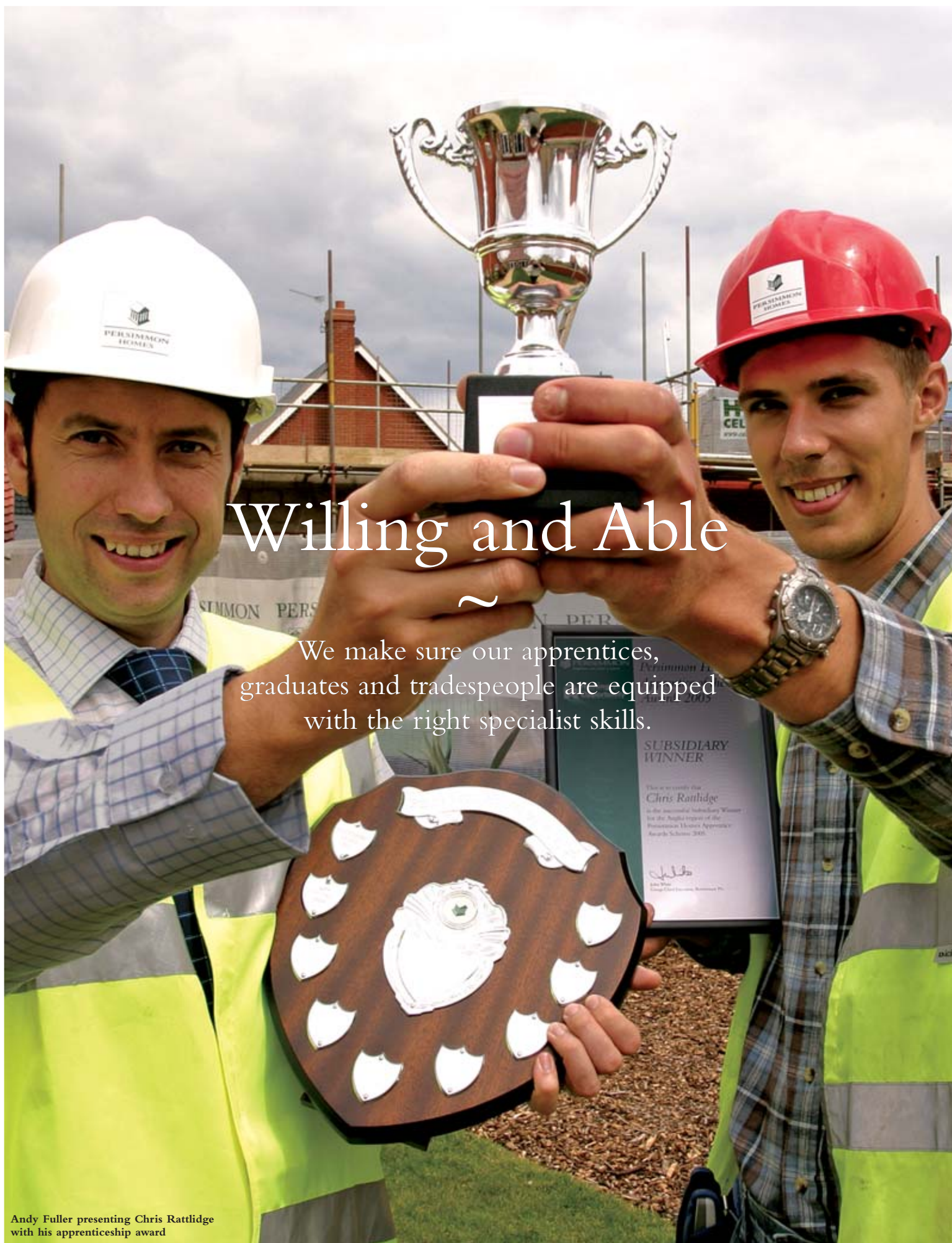
AIMS

We have continued to develop our approach to CR. We have robust policies and have worked hard to monitor and review our performance on a regular basis through the collection of Key Performance Indicators. This has delivered measurable benefits to the business, our customers and to the communities in which we build. We believe we are in an ideal position to strengthen our approach to CR even further and over the next year we will be setting our strategy for the forthcoming years.

Our 2006 Corporate Responsibility Report and further information on our policies and procedures can be found on our website at www.persimmonhomes.com.

By order of the Board

Neil Francis Group Company Secretary
23 February 2007



Willing and Able

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We make sure our apprentices, graduates and tradespeople are equipped with the right specialist skills.

Andy Fuller presenting Chris Rattlidge with his apprenticeship award



Apprentice bricklayer, Elizabeth Hodgkinson



Our 2006 graduate trainees