
Business Review: Corporate Responsibility

Sustainability is a key issue for Persimmon. Our stakeholders expect us to behave in a responsible manner and we have an obligation to demonstrate to them that we are living up to this expectation. In particular, local authorities and planners increasingly expect us to consider sustainability when we plan our developments and build new homes.

This means taking into account the direct impacts of our activities, and the future impact of our buildings during their lifetime. Our risk management takes these impacts into account in protecting and enhancing our reputation.

Approach

We aim to be a responsible housebuilder and embed the concept of sustainability into our core operations. We have identified six key responsibilities that define our approach to:

- Build sustainable homes.
- Operate efficiently to minimise our impact on the environment.
- Work with local communities.
- Promote skills within the house building industry.
- Ensure a healthy and safe working environment.
- Care for our customers.

Our Sustainability Policy is supported by a number of specific policies focusing on issues pertinent to our business, such as Climate Change.

Management

Responsibility for sustainability rests with the Corporate Responsibility (CR) Committee. The Committee includes representatives from across the business, including those with operational responsibility and functional responsibility. Divisional commercial directors coordinate activities across the Group and implementation is the responsibility of each operating business.

Building sustainable homes

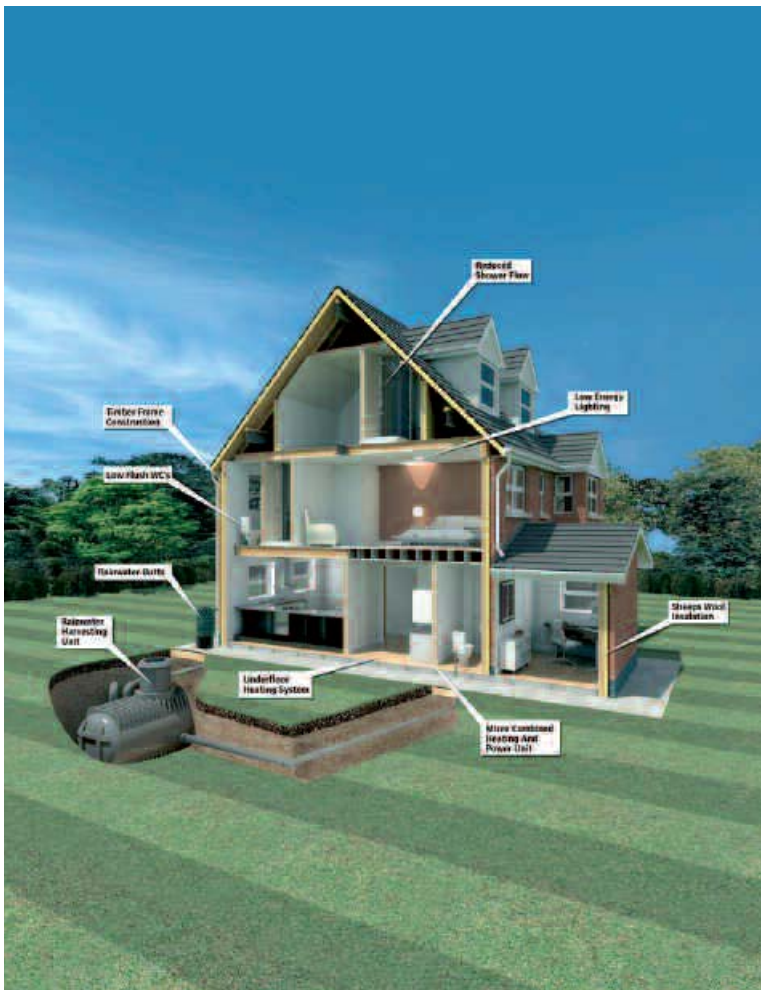
The homes we build will last for many years. The way they are designed and built has an impact on how people choose to live and consequently their impact on the environment and society around them.

In 2007, just under 10% of the homes we built were assessed against Building Research Establishment's EcoHomes standard, with almost half of these achieving either a 'very good' or 'excellent' rating. We welcome the introduction of the Government's Code for Sustainable Homes as an enhanced method for assessing sustainability.

We have maintained the standards of energy efficiency of the homes we build compared to last year, measured against the Standard Assessment Procedure (SAP) used for calculating energy efficiency for Home Information Packs.

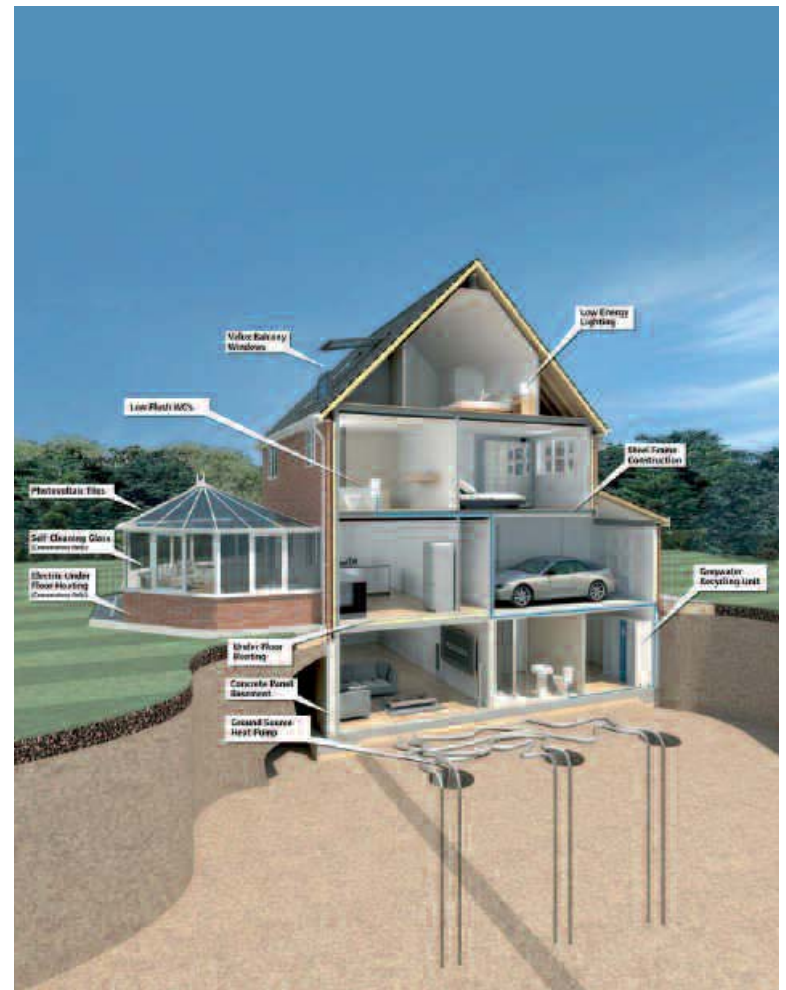
We continue to promote innovation, particularly the use of modern methods of construction techniques, such as our innovative Space4 system and technology such as those trialled at our award winning Living-i project to improve the sustainability of the homes we build.

The Living-i project



The Eco-Home concept

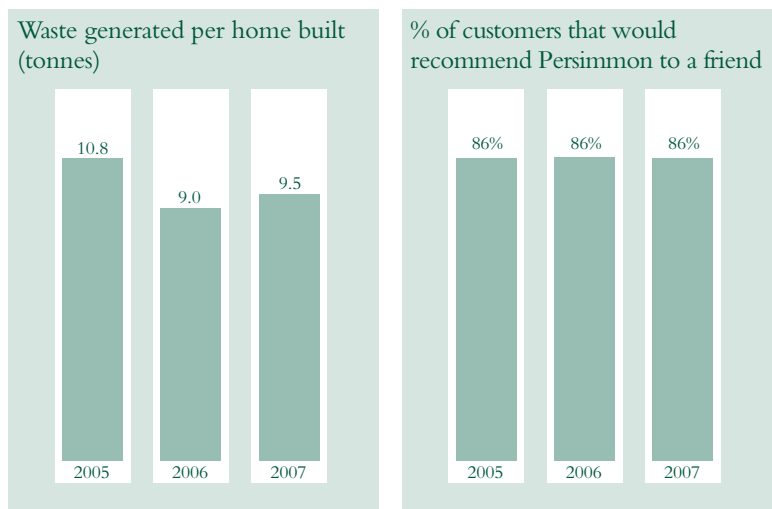
Built with eco friendliness and sustainability in mind, the house makes extensive use of materials that are recyclable, renewable, reusable and natural. To minimise energy demands, the Eco House uses a micro combined heat and power unit, photovoltaic roof tiles and has highly insulated walls and roof. Other features include rainwater recycling and A-rated appliances.



The Techno Home concept

Constructed largely off-site to minimise site waste, the house has lighting and heating which are controlled in an energy efficient manner through the intelligent smart home system, which can even be accessed via the internet or a mobile phone. Other features include waste water recycling and conservation, renewable energy using ground heat extraction and self cleaning glass.

Business Review: Corporate Responsibility continued



Brownfield land regeneration: Mitchell's Brook, Cape Hill, West Midlands

Operating efficiently to minimise our impact on the environment

We have a robust approach to environmental management to ensure that our impacts are identified and well managed, particularly on our sites. Space4, our timber frame manufacturing business, is accredited to ISO14001.

Our primary focus remains on waste management. We have for many years recycled demolition waste and spoil on our sites and in recent years collated and monitored the house building waste generated on our sites. During 2007, we generated 150,000 tonnes of waste (9.5 tonnes per home built). This remains broadly consistent with last year. However, improvements in the way we handle waste on site means that the proportion recycled has increased to 68% (2006: 66%).

Understanding the risks and impacts of climate change is playing a growing role in business. Greenhouse gas emissions are becoming more and more regulated, analysed and priced. It is important that we stay abreast of these changes and their implications for us as one of the UK's leading housebuilders.

In 2007 we developed our climate change position statement that explains the key risks and opportunities for our business from climate change, what we believe our responsibilities to be and the actions we are taking to address these. Our statement is available on our website.

Working with local communities

Our regional operating structure, with businesses located in the communities in which we build our homes, means we can be flexible during the planning and design process, engage with the local community and build developments in which people want to live.

As one of the country's largest housebuilders we have a role to play in helping the Government to deliver on its promise to increase the number of affordable homes. Westbury Partnerships enhances our capability in this area, together with Persimmon Partnerships in Scotland. In 2007, we built 1,962 partnership homes, representing 12% of our total completions, a 40% increase on the levels of 2006.

Promoting skills within the house building industry

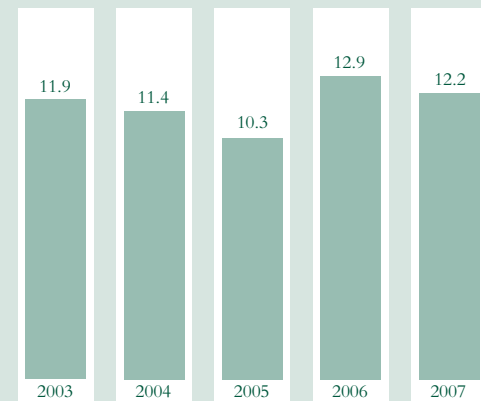
Persimmon directly employed 5,501 people in 2007 of whom 31% are female. Our success relies on the skills and technical ability of our employees, and we invest in significant training and development.

Our Homing in on Opportunity education initiative continues to be at the heart of our approach by encouraging young people to consider a career in house building, giving apprentices the opportunity to gain recognised qualifications and developing our managers of the future.



Brownfield land regeneration: Mitchell's Brook, Cape Hill, West Midlands

RIDDORS (per 1,000 employees)



Ensuring a healthy and safe working environment

Health and safety is an integral part of the way we work and it is factored into almost every decision that is taken within the business, particularly those relating to site operations.

In 2007, we launched our Safe Teams Avoid Risk (STAR) campaign and our first internal health and safety magazine entitled 'Safety Matters'. In addition, we delivered over 60% more health and safety training days this year.

The number of incidents reportable under the UK Reporting of Incidents, Diseases and Dangerous Occurrence Regulations 1995 (RIDDORS) has remained unchanged in 2007, despite the growth in the number of our employees and subcontractors.

Caring for our customers

We continue to focus on our approach to customer care. We have monitored our customer satisfaction and quality control for many years. Recently we have adapted our regular customer satisfaction surveys to the emerging house building industry standard. These ask our customers a series of questions, including whether they would recommend Persimmon to a friend. In 2007 86% of our customers responded saying they would, continuing the trend of the past two years.

Aims

During 2007, we developed a new approach to sustainability. Our six responsibilities provide a set of guiding principles for the Group on which we can build and improve our performance.

Our primary objective during 2008 is to embed these responsibilities into our business and its operational practices, ensuring that our employees and those working with us understand how we aim to work and our expectations of them.

Our 2007 Sustainability Report and further information on our approach can be found on our website at www.persimmonhomes.com

Neil Davidson

Chairman Corporate Responsibility Committee
25 February 2008