

## Climate Change Position Statement

### Introduction

Climate change is a principal risk for the Group and a significant issue facing us all today, with more extreme weather events such as heatwaves, rising sea levels and flooding being experienced and resulting in impacts of both global and local significance.

As one of the UK's leading housebuilders, we acknowledge that climate change presents a number of risks to our business. We manage these risks in a pragmatic and robust manner.

We recognise that we have a role to play in minimising our contribution to climate change, through our own operations, our supply chain and by striving to ensure that the homes and communities we build are sustainable, inherently energy efficient and encourage our customers to live in a way that minimises any impact to climate change.

This statement sets out Persimmon plc's (the "Group") position with regard to climate change and outlines the basic principles of our approach to measure our contribution and adapt our business.

### Understanding the risks of climate change

Climate change presents a number of risks to our business. These can be broadly categorised into the following areas, which we have considered when developing our approach:

- *Physical risks:* changes in weather patterns and the frequency of extreme weather events, particularly storms and flooding may increase the likelihood of disruption to the construction process.
- *Regulatory risks:* increasing national regulation relating to more stringent environmental standards may cause additional planning delays, increase our construction costs, increase administration and could increase the costs associated with carbon pollution.
- *Financial risks:* as financial institutions take account of impacts relating to climate change, such as flooding, this may affect the availability of property insurance and mortgages, and consequently consumer demand.
- *Product risk:* meeting increased Government and customer demands for sustainable housing, whilst taking account of other buying considerations such as location and affordability.
- *Supply chain risk:* increasing regulation aimed at energy intensive manufacturers and the impact of climate change could increase the cost and accessibility of materials required within the construction process, and potentially limit their supply.
- *Competitive risk:* meeting the expectations of stakeholders, protecting our reputation and ensuring our ability to adapt to changing consumer and regulatory needs.

The medium to long term implications of these risks could be significant for the housebuilding industry and for the Group. It is important that we take them into account during our business planning, whilst identifying potential opportunities for us.

### Our responsibilities

We are committed to responding in a pragmatic and robust way to mitigate the adverse impacts of climate change on the environment and our stakeholders.

We are fully supportive of the UK Government's targets for energy use reduction. We aim to reduce the intensity of our operational carbon emissions by 10% from 2017 to 2026 (on a like for like basis). We will continue to increase the sustainability of our new homes.

We believe our responsibilities fall into three key areas:

**1. *Reducing emissions from our operations:* Minimising our contribution to climate change through the reduction of emissions from our operational use of energy and fuel.**

This means we will:

- Set quantitative targets for reducing carbon emissions from our operations.
- Measure and monitor our operational energy use and emissions.
- Promote energy efficiency awareness amongst our employees.
- Seek opportunities to implement cost effective measures to reduce our energy and fuel consumption.
- Procure materials in accordance with our Supplier Principles and from local sources where possible.
- Encourage our supply chain to reduce the emissions and waste associated with the goods and services they provide to us.

**2. *Building sustainable homes:* Building quality sustainable homes and communities for our customers, that are inherently energy efficient and which encourage them to live in a way that minimises their contribution to climate change.**

This means we will continually seek to improve the sustainability and energy efficiency of the houses we build by:

- Building to the standards required by Part L of the Building Regulations.
- Seeking opportunities, when practical and cost effective, to incorporate modern methods of construction and technologies, including proven renewables, to improve energy efficiency.
- Sharing best practice of energy efficient building methods and materials across our Group operating businesses.
- Only installing electrical appliances with an energy rating of A or above.
- Developing the communities we build in a way that promotes environmentally efficient and sustainable living, including transport planning.
- Providing practical advice to our customers on how to use energy efficiently.
- Providing features that encourage residents to live a more sustainable lifestyle, such as smart meters that enable residents to monitor their energy usage.

**3. *Building for the future:* Designing homes that take into consideration the potential need to adapt to changes in our climate and subsequent impacts on the local environment in which they are built.**

This means we will:

- Design and build homes and communities effectively and sensitively taking account of climate change risks to our sites through diligent planning, assessment of their environmental impact and the use of appropriate construction methods and materials.

- Take account of the thermal and energy security needs of our houses for their entire lifetime.
- Adhere to planning and building regulations with regard to appropriate adaptation techniques and technologies.
- Maintain a watching brief and use new methods of construction that will allow us to take account of changes in our climate and meet consumer demands.

Our management data has indicated that our carbon footprint is very small when compared to the collective emissions of all the homes we build over their lifetime. Moreover, as the houses we build are lived in for many years, the carbon emissions associated with them over this period are far greater than our own operational emissions.

Whilst we will continue to seek ways to reduce our operational emissions, we believe that the most significant way in which we can contribute to reducing the impact of climate change is to build houses that are energy efficient and that encourage their occupants to live in a way that minimises their contribution to climate change.

### **Roles and Responsibilities**

Ultimate responsibility for all matters related to sustainability including our approach to climate change rests with the Board. This policy will be reviewed at least annually and amended where appropriate.

The Group's activities will be reviewed on a regular basis by the Corporate Responsibility Committee (the "CR Committee") and supported by the development of objectives and targets for the business when appropriate. The CR Committee will also maintain an overview of the issues outlined in this policy statement, and adjust our response according to new initiatives and developments within our industry on at least an annual basis.

We will engage with policy makers to develop appropriate measures for reducing energy use and carbon emissions across the housebuilding sector.

**David Jenkinson**  
**Group Chief Executive**  
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