

Persimmon and the Gender Pay Gap reporting requirements

This is the fourth Gender Pay Gap Report published by Persimmon and it relates to the “snapshot date” of 5 April 2020.

For the previous three years, the Company has published the gender pay gap for Persimmon Homes Limited, which until recently was our only employing company with over 250 employees, together with a consolidated gender pay gap for the Persimmon Group as a whole. The Persimmon Group included data for Persimmon Plc and Space4 Limited, both of which had less than 250 employees.

The year to the 2020 snapshot date has seen an increase in the Persimmon Plc headcount that has taken it over the 250 employee threshold, so for the first time we shall report separately on the gender pay gap for Persimmon Plc, in addition to that of Persimmon Homes Limited. For comparison, we shall also report on the gap for the Persimmon Group.

In accordance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (“the Regulations”) we have measured six key metrics calculated on the snapshot date.

Those metrics are:

- The difference in mean hourly rate of pay of men and women, expressed as a percentage;
- The difference in median hourly rate of pay of men and women, expressed as a percentage;
- The difference in mean bonus pay of men and women, expressed as a percentage;
- The difference in median bonus pay of men and women, expressed as a percentage;
- The proportion of men and women who received bonus pay; and
- The proportion of men and women in each of the four quartile pay bands.

OVERVIEW

The overall gender balance for Persimmon has improved by 1% in favour of women during the year, however the imbalance in the number of men and women throughout the organisation remains one of the primary causes of our gender pay gap.

The construction industry has historically been more attractive to men than women, however unlike the wider construction sector, house builders such as Persimmon have significant sales functions that traditionally employ more women. During the year Persimmon’s sales cohort has remained relatively constant and it is hoped that the proportionate increase in females is the start of a trend, resulting from our initiatives to promote the wide variety of careers available to women within house building.

The most representative set of figures that the Company publishes are those for Persimmon Homes Limited. Not only do they account for the majority of our employees (93%) they also represent all the colleagues in our core house building operations. The median pay gap for employees in Persimmon Homes Limited has increased slightly for the second year, to 12.7% (from 12.0%), which we believe is due to the continuing market pressures on the salary levels for key employee groups such as site managers and quantity surveyors. These roles are predominantly held by men and upward pressure to recruit and retain good, experienced people has increased male pay. By comparison, the pay levels for sales people and administrative staff, who are mainly women, have not been subject to the same market forces.

This trend is illustrated by a more detailed comparison of two key site-based roles; site managers and sales advisors. When the Company recruits a site manager, they are likely to be male due to the fact that the majority of site managers in construction are men. They will usually be an experienced manager who as a result will command a relatively high salary. By contrast, the majority of our sales staff tend to be female and normally commence with us in trainee roles. By virtue of this, it means they will earn a proportionately lower salary until they have completed their training.

The mean bonus for 2020 in Persimmon Homes Limited (-6% compared to -10% in 2019) is a reflection of our sales people, who are predominantly women, receiving a relatively high proportion of their pay in bonus compared to male colleagues in non-sales roles. The reduction from -10% is likely to be due to the effects of the coronavirus pandemic which saw our sales offices closed for a period of time during the first lockdown, reducing the opportunity for sales people to earn commission, which is included the bonus calculation.

The exercise in the period of share options in the 2012 Long Term Incentive Plan (“the 2012 LTIP”) by a very small number of very senior participants, has once again had a disproportionate effect on the bonus metrics, which is particularly evident in the Report for Persimmon Plc. The mean bonus of 54%, which is due to Persimmon Plc employing the executive directors and the most senior managers in the Company, who are predominantly men; rises to 94% when the effect of the 2012 LTIP is included.

The Persimmon Long Term Incentive Plan

In 2012, the Company introduced the Persimmon Long Term Incentive Plan, which was a long-term incentive scheme that was expected to last 10 years with awards vesting in two tranches. This occurred earlier than was originally anticipated when 40% of the awards vested in 2018. All 133 participants were senior managers in the upper quartile of Group employees, which was 84% male in the year to 5 April 2018. The majority exercised a proportion of their awards in accordance with the scheme's rules and as a result, the bonus metrics used in the reporting of the Gender Pay Gap in 2018 did not represent the bonus metrics for a typical year. We therefore reported our bonus metrics both with and without the value of the LTIP, an exercise that was repeated in our Gender Pay Gap Report for 2019 due to the remaining 60% of awards vesting in the year to 5 April 2019.

It was anticipated that the 2012 LTIP would not have a material effect on this Report for 2020, however some participants (who were employed by Persimmon Plc) had delayed the exercise of their awards and did so in the year to 5 April 2020. To allow a clearer comparison to previous years, we have reported the bonus metrics for both Persimmon Plc and the Persimmon Group, with and without the value of the LTIP.

Coronavirus

The snapshot date of 5 April 2020 occurred shortly after the acceleration of the coronavirus pandemic and during the first national lockdown. As a consequence, a number of employees were absent from work due to sickness absence or because they were self-isolating or shielding. At the same time, Persimmon had begun to place employees on furlough leave. The Company chose not to claim any financial support from the Government through the Coronavirus Job Retention Scheme, but instead continued to pay all those employees who were stood down 100% of their basic pay.

In the absence of definitive guidance as to how to deal with the impact of coronavirus on the gender pay gap data, we have excluded employees who were absent during the pay period including the snapshot date from our data. Those employees who had commenced their furlough leave were included, but because they were not in receipt of normal bonus payments this explains the reason why the number of employees in receipt of bonus payments in Persimmon Homes Limited and the Persimmon Group (see below) has reduced. This was particularly evident with males because the largest proportion of our colleagues on furlough leave were site-based operatives, who are predominantly men.

Gender Pay Gap Report 2020

GENDER PAY GAP REPORT 2020 CONTINUED

PERSIMMON HOMES LIMITED

Persimmon Homes Limited employs all the directly employed staff who are engaged in our house building activities, which comprises managers, operatives, trades people and sales staff on development sites, plus a wide range of senior managers, technical professionals and administrators in our 31 regional offices.

Employees at the snapshot date:

4,830

This is an increase of 3.8% on last year (4,655) and accounts for 93% of Persimmon Group employees (2019: 94%).

Hourly rate of pay

	2020 Gap	2019 Gap
Difference in Mean Hourly Rate of Pay	15.8%	16.0%
Difference in Median Hourly Rate of Pay	12.7%	12.0%

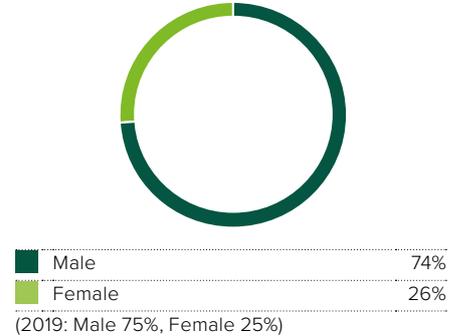
Quartiles	2020 Male	2019 Male	2020 Female	2019 Female
Lower	67%	66%	33%	34%
Lower Middle	70%	76%	30%	24%
Upper Middle	75%	74%	25%	26%
Upper	83%	84%	17%	16%

The quartiles show how many men and women are in each quarter of our payroll.

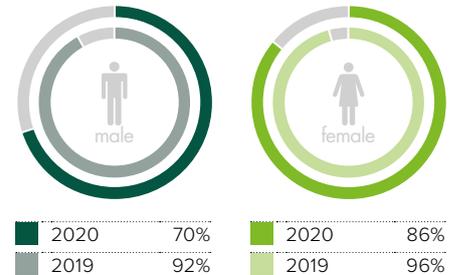
Bonus pay

	2020 Gap	2019 Gap
Difference in Mean Bonus Pay	-6%	-10%
Difference in Median Bonus Pay	20%	12%

Gender balance



Percentage of male and female employees in receipt of bonus



PERSIMMON PLC

Persimmon Plc employs a range of employees who provide professional, technical and administrative support from the centre, to the whole of the Persimmon Group. It also employs the executive directors and the most senior managers within the Group, who are predominantly male.

Employees at the snapshot date:

276

This represents 5.3% of Persimmon Group employees

Hourly rate of pay

	2020 Gap	2019 Gap
Difference in Mean Hourly Rate of Pay	40.9%	N/A
Difference in Median Hourly Rate of Pay	33.5%	N/A

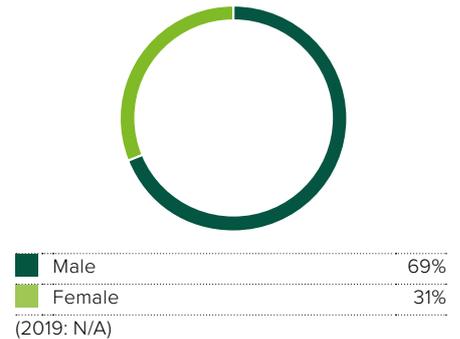
Quartiles	2020 Male	2019 Male	2020 Female	2019 Female
Lower	41%	N/A	59%	N/A
Lower Middle	75%	N/A	25%	N/A
Upper Middle	78%	N/A	22%	N/A
Upper	83%	N/A	17%	N/A

The quartiles show how many men and women are in each quarter of our payroll.

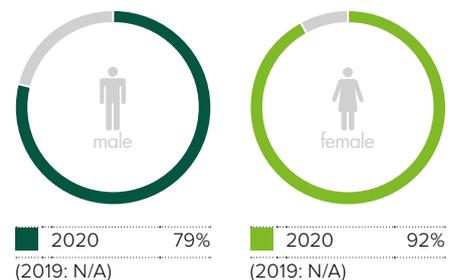
Bonus pay

	2020 Gap Excl. LTIP	2019 Gap Excl. LTIP	2020 Gap Incl. LTIP	2019 Gap Incl. LTIP
Difference in Mean Bonus Pay	59%	N/A	94%	N/A
Difference in Median Bonus Pay	29%	N/A	30%	N/A

Gender balance



Percentage of male and female employees in receipt of bonus



Gender Pay Gap Report 2020

GENDER PAY GAP REPORT 2020 CONTINUED

THE PERSIMMON GROUP

The Persimmon Group includes all the employees from Persimmon Homes Limited and Persimmon Plc, plus an additional 76 employees from Space4 Limited, which is a manufacturing company producing timber frame components.

Employees at the snapshot date:

5,182

This is a 4.6% increase on last year (4,954). It represents 100% of Persimmon Group employees

Hourly rate of pay

	2020 Gap	2019 Gap
Difference in Mean Hourly Rate of Pay	17.3%	16.9%
Difference in Median Hourly Rate of Pay	12.7%	12.4%

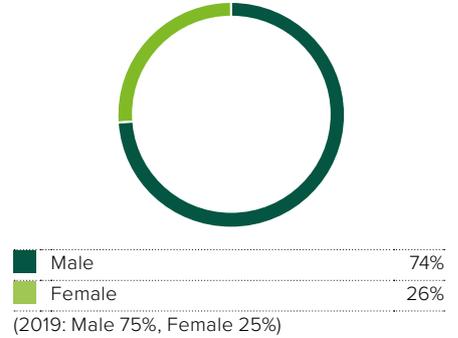
Quartiles	2020 Male	2019 Male	2020 Female	2019 Female
Lower	67%	66%	33%	34%
Lower Middle	71%	75%	29%	25%
Upper Middle	74%	74%	26%	26%
Upper	83%	84%	17%	16%

The quartiles show how many men and women are in each quarter of our payroll.

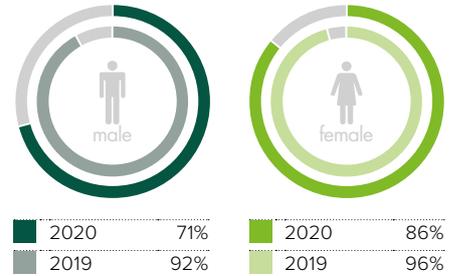
Bonus pay

	2020 Gap Excl. LTIP	2019 Gap Excl. LTIP	2020 Gap Incl. LTIP	2019 Gap Incl. LTIP
Difference in Mean Bonus Pay	-2%	-5%	36%	73%
Difference in Median Bonus Pay	18%	11%	19%	11%

Gender balance



Percentage of male and female employees in receipt of bonus



OUR ACTIVITIES

Reducing the gender pay gap will require a concerted commitment over an extended period. Since we first reported our gender pay gap, we have introduced a number of initiatives to make Persimmon more appealing to women and it is pleasing that this year we have been able to report a slight increase in the proportion of female employees, which we signposted last year and has resulted from our recruitment of more women than men into the organisation.

The Company has recognised that increasing the diversity of its workforce, including the reduction of the gender pay gap, will have more chance of success with dedicated focus. As a consequence we have recruited a Director of Talent and Diversity, who will commence with the Company in May 2021 with a specific remit to increase workforce diversity throughout the Group. In addition, the senior managers in the Company are predominantly male and another key objective for this appointee will be to increase the diversity of our talent pipeline, to improve our succession processes and enable us to bring more women through the organisation into senior roles. The seniority of this appointment provides a strong indication of how seriously the Company takes this matter and it coincides with our publication of diversity targets for the first time in our 2020 Annual Report and Accounts.

The Company continues to make improvements to the way it attracts, recruits and retains its workforce to remain focussed on the challenge to improve our gender diversity. Under the leadership of a new CEO, the Company's ambition is to be the employer of choice in the house building sector and recent initiatives have included the benchmarking of pay and benefits across the Group to ensure we remain competitive in relation to our peers in a challenging recruitment market, where skilled and experienced people are at a premium.

We have recently launched our "Persimmon Pathways" training programme, which is a comprehensive range of strategic development that takes staff from induction, through to competence and on to excellence, by giving them a structured career path and encouraging them to forge a long-lasting and rewarding career with the Company.

This is augmented by activities to promote careers in house building specifically to women. We have retrained a nationwide team of Construction Ambassadors who have a remit to engage with schools and colleges, to educate young women in particular to the wide variety of job roles and professions within Persimmon. Our partnership with "Women into Construction" has continued to evolve and once the coronavirus pandemic eases to enable more face-to-face interaction, we will once more embark on providing work placements for women who are considering a career in the industry.

Our increased maternity and adoption pay, introduced in the 2020 reporting year and which resulted directly from our engagement with the workforce, was received positively and 90% of the women who commenced maternity leave during the year elected to receive the significantly enhanced payments.

We are also working closely with the Social Mobility Pledge. Since signing the Pledge in 2019, we have focused on our successful track record of providing opportunities for people to embark upon a rewarding career, particularly from deprived areas. Our on-going partnership will see us focusing community activity in the social mobility 'cold spots' around the country, with the objective of increasing the diversity of our workforce and creating more opportunities for young people as part of the wider 'levelling-up' agenda as the economy recovers from the pandemic.

The Company has already had success in attracting young women into the organisation to start their career. We currently have close to 400 young people engaged on apprenticeships throughout the Group. While the site based craft apprenticeships such as bricklaying and joinery still attract far more male than female applicants, 35% of our non-site apprentices are female, which includes a cross-section of technical and commercial apprentices working towards professional qualifications, some at degree apprenticeship level.

Like most employers, we envisage that post-coronavirus we will be operating very differently. It is inevitable that more of our colleagues will want to work more flexibly, and those who are undertaking a role that does not require full-time attendance in an office or on site will be allowed to operate with increased choice in respect of their work-life balance. Our expectation is that this will appeal to all our colleagues, but we hope it will have a positive impact for our female colleagues, or those contemplating joining the Company, particularly if they have child-care arrangements to consider.

The Gender Pay Gap in Persimmon Homes Limited has remained relatively constant during the year and despite the traditional dominance of men in the construction industry we remain confident that our activities and initiatives will begin to have the effect of narrowing of the gap in the short to medium term.

Accuracy statement

I confirm that the gender pay gap data contained in this report is accurate and has been produced in accordance with the Regulations.

Richard Latham
Group HR Director