

## Persimmon Group Modern Slavery Transparency Statement

### Introduction

This statement sets out the steps taken by the Persimmon Group during the year ended 31 December 2018 to prevent modern slavery and human trafficking in our business and supply chains. The statement covers the Persimmon Group including Persimmon Plc, Persimmon Homes Limited, Charles Church Developments Limited, Space4 Limited, Hillreed Homes Limited, Persimmon Finance Limited, Persimmon Holdings Limited and Persimmon Developments (No 5) Limited.

### Our Organisation

Persimmon is one of the UK's leading housebuilders. We are opposed to modern slavery and human trafficking and take this matter very seriously. We treat all of our stakeholders, including our employees, workers, subcontractors, and suppliers fairly and with respect, and we will not tolerate illegal practices in our own business or in our supply chain.

The Persimmon Group has 31 regional housebuilding businesses that build homes across England, Scotland and Wales. Our Space4 business is based near Birmingham and operates the largest automated manufacturing plant for the production of timber frames, highly insulated wall panels and roof cassettes in the UK. In addition, our brick manufacturing plant in Harworth, Nottinghamshire provides a substantial proportion of the Group's brick requirements. We are also in the process of establishing a new roof tile manufacturing facility at the same site. Our FibreNest business operates as an Internet Service Provider and commenced operations within 2018.

### Our Business Model

We identify areas of demand for new homes across the UK, invest in suitable land either through our strategic land portfolio or through land purchased with planning consent on the open market. We design and build good quality new homes at a range of price points across the UK and focus on delivering good levels of customer service.

Our business model requires skilled employees and a consistent supply of good quality materials and a skilled subcontractor base. At 31 December 2018 we employed 4,943 staff. Our operations involve approximately 4,200 suppliers, the overwhelming majority of which are UK based, although some materials or components sourced by our suppliers originate from outside the UK. We also engage approximately 5,200 subcontractors, all of which are UK based.

### Policies

We treat all of our stakeholders, including employees, suppliers, subcontractors, business partners and customers in a fair and respectful manner and uphold all basic human rights. We have various policies in place setting out how we do this, including our Human Rights Policy, Code of Ethics and Anti-Bribery Policy, which are available on our website.

### Assessing the Risk of Modern Slavery

Based on our annual review, we believe the Group has a low overall risk of modern slavery in both our own operations and within our immediate supply chain. Specific risk areas that have been identified include non-compliance by subcontractors with labour related legislation and

the sourcing of a small minority of goods from nations with a perceived high exposure to modern slavery risks (as determined by Global Slavery Index). The Group is committed to maintaining effective controls to mitigate these risks and in being proactive in raising awareness of modern slavery risks among our employees, suppliers and subcontractors.

## **Our Procedures**

### *Our Own Business*

We do not employ any person below the age of 16 in any of our business operations, including on our sites. As a reputable UK business, we ensure that as a minimum we comply with all relevant employment legislation, including legislation upholding minimum pay levels, legally mandated benefits, working conditions and working hours.

We have procedures in place to ensure that each of our businesses checks that all employees and labour only subcontractors are eligible to work in the UK. We also have systems in place to ensure that our businesses adhere to our procedures and legislation. In addition to this, our Group Risk function conducts regular checks to ensure adherence to procedures.

Our staff, suppliers and subcontractors are encouraged to remain vigilant to unethical practices, and we maintain a culture of openness where concerns can be reported freely. We also maintain whistleblowing procedures for the anonymous reporting of concerns. Within 2018, one instance of modern slavery was identified within an external third party supplying agency labour to our Space4 facility. This was reported to and dealt with swiftly by the third party, who liaised with the Gangmasters and Labour Abuse Authority to report the case. Following this, a review was performed to identify potential areas to strengthen existing procedures further. As a result, additional controls have been established including issuing of awareness posters and the strengthening of checks on employee eligibility to work in the UK.

### *Our Suppliers and Subcontractors*

The vast majority of our suppliers and subcontractors are either UK based entities or are UK offices of large international companies. We look to develop long term and mutually beneficial relationships with our suppliers, built on respect and honesty.

The significant majority of the goods we buy are produced either in the UK or in jurisdictions that have well established frameworks for stakeholder protections. Analysis of our supply chain (see below) indicated around 11% of our suppliers sourced goods from overseas, the majority of which were from EU states. A small proportion of the goods we purchase, or components within these goods, originate from geographies that do not have such well-established frameworks and have a heightened risk of modern slavery in respect of working conditions and child labour, for example. These include, but are not limited to, stone supplies from India and China, timber products from Asia and Latin America and various manufactured goods from China.

We do not condone the sale and use of materials that have been obtained or manufactured from an illegal, unethical or unauthorised source. Our suppliers must agree to our terms and conditions, which includes adherence to our Supplier Principles. Our Supplier Principles specify that all suppliers must comply with all relevant labour related legislation in the countries in which they operate, including those relating to working hours, employee wages and benefits, and that our suppliers must not engage in business practices that may be considered unethical or corrupt.

We have procedures in place to obtain confirmation from our suppliers, particularly those sourcing goods from countries deemed to be of higher risk that they continue to adhere to our Supplier Principles. Our Supplier Principles are reviewed regularly.

### Steps Taken in 2018

During 2018 the Group Risk function completed an analysis of modern slavery risks within our supply chain. An online survey was issued to all suppliers and subcontractors to gain a better understanding of the original source of materials provided by our suppliers and the controls and safeguards put in place by suppliers to reduce the risks of modern slavery and, secondly, to increase supplier awareness of the Group's expectations and commitments in this area.

This assessment was reviewed by our Risk Committee and Corporate Responsibility Committee, which considered that due to the low level of overseas exposure, our overall risk of non-compliance with the Act from within our supply chain remains low. In order to ensure ongoing compliance and strengthen the Group's systems and controls, it is intended to repeat the supplier assessment every two years. The overall response rate to the survey was lower than we would like and we will seek to improve this when the supplier assessment is repeated in 2020.

The Group has also amended its standard Terms and Conditions for subcontractors to reflect our expectations in raising awareness and reducing the risks around modern slavery. This aligns with the obligations placed on our suppliers through our Supplier Principles. Failure to adhere to these terms could result in subcontractors losing their contract with the Group.

Following the incident at Space4, and to increase employee awareness of the risks around modern slavery and human trafficking, posters have been issued to all operating company offices, in addition to Space4 and the brickworks, outlining risk factors and providing information on how to report any concerns.

### Steps to be taken in 2019

Within 2019, we will join the Gangmasters and Labour Abuse Authority's (GLAA) Construction Protocol. This will provide access to additional industry specific information and sharing of good practices that will further strengthen our controls against modern slavery and human trafficking.

We also intend to deliver targeted training to boost employee awareness of modern slavery risks, focusing on staff in procurement and construction site management roles.

We will continue to keep our practices and procedures under review to ensure their continued effectiveness.

Approved by the Board on 26 February 2019 and signed on its behalf by:

**Dave Jenkinson**  
Group Chief Executive  
26 February 2019