

PERSIMMON GROUP GENDER PAY GAP REPORT 2019

The Gender Pay Gap Reporting Requirements

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 ("the Regulations") require all UK employers with over 250 employees to publish a range of data to provide a measure of the difference in the average pay of men and women within the organisation. Employers are required to measure six key metrics, all calculated on an annual "snapshot date" of 5 April. This is Persimmon Homes Limited's third report, which relates to 5 April 2019.

The six key metrics employers are required to measure 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.

The Persimmon Group and the Gender Pay Gap Report

As it has done for the previous two years, the Company is reporting the gender pay gap for Persimmon Homes Limited, which is the only employing company with over 250 employees. However, we will also continue reporting a consolidated gender pay gap for the whole of the Persimmon Group, which in addition to Persimmon Homes Limited, includes Persimmon Plc and Space4 Limited, both of which do not have the minimum number of employees to be required to report under the Regulations.

In 2012, the Company introduced the Persimmon Long Term Incentive Plan ("the 2012 LTIP"), which was a long-term incentive scheme that was expected to last 10 years with awards vesting in two tranches, rather than in parts annually. The participants in the 2012 LTIP were all senior managers in the Group and all in the upper quartile, which is 84% male. In the year to 5 April 2018, 40% of the awards under the 2012 LTIP vested and the majority of its 133 participants at the snapshot date, exercised a proportion of their awards in accordance with the scheme's rules. 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.

As anticipated in our Gender Pay Gap Report for 2018, because the remaining 60% of awards under the 2012 LTIP vested in the year to 5 April 2019, the bonus metrics for reporting our Gender Pay Gap in 2019 are once again not representative of a typical year.

As it did last year, the Company will report the bonus metrics both with and without the value of the LTIP, to allow a clearer comparison with previous (and future) years. The 2012 LTIP was an exceptional event and concluded with the second vesting therefore it is not anticipated that it will have a material effect on the Company's Gender Pay Gap Report for 2020.

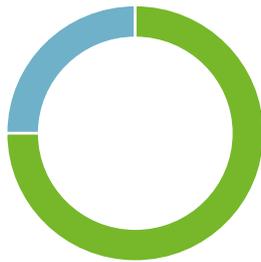
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Persimmon Homes Limited

Our key findings

Gender Balance:



No change from 2018.

Hourly Rate of Pay:

	Gap 2019	Gap 2018
Difference in Mean Hourly Rate Of Pay	16%	15%
Difference in Median Hourly Rate Of Pay	12%	10%

Quartiles	Male 2019	Female 2019	Male 2018	Female 2018
Lower	66%	34%	66%	34%
Lower Middle	76%	24%	79%	21%
Upper Middle	74%	26%	73%	27%
Upper	84%	16%	84%	16%

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

Bonus Pay:

	Gap 2019	Gap (Excluding LTIP) 2019	Gap 2018
Difference in Mean Bonus Pay	53%	-10%	-9%
Difference in Median Bonus Pay	12%	12%	3%

Percentage of Male and Female Employees in receipt of a bonus:



Persimmon Homes Limited (“the Company”) - Overview

Persimmon Homes Limited employs the majority of staff in the Persimmon Group (93%) and includes all the employees who are engaged in our housebuilding activities; ranging from site-based operatives and trades people to a wide range of administrators, technical staff and senior management in our 30 regional offices. The overall gender balance for the Company remained constant compared to last year and we recognise that this imbalance in the number of men and women throughout the organisation is the primary cause of the gender pay gap. Inevitably people in more senior positions receive the highest rates of pay and the Company has a tradition of promoting from within, which together with the fact that the construction industry has historically been more attractive to men than women, has led to the highest proportion of males in the Company occurring in the upper quartile.

While the median pay gap for employees has increased slightly to 9.8%, we believe we will make progress towards improving this ratio in the longer term (see Our Activities, below).

As mentioned above, the exercise of awards under the 2012 LTIP in 2018 has had a significant effect on the bonus metrics, hence the large difference in the mean bonus pay of 62.0% compared to -3.5% in 2017.

However, if the value of the 2012 LTIP is excluded from the calculations, the difference in mean bonus pay in 2018 is -9.2% compared to -3.5% in 2017, demonstrating that women are, on a mean average, paid more bonus than men. The median bonus also reduced from 9.3% in 2017 to 2.8% in 2018. The bonus gaps (excluding LTIP) reflect the fact that the remuneration of our sales teams, which are predominantly female, contains a high percentage of bonus. This compares to our site-based construction teams, which are predominantly male and contain some of the most junior roles in the lower quartile. Site-based employees have a remuneration structure whereby bonuses are not paid to everyone and where they are, their value as a proportion of total earnings is lower. However, we are pleased that more of our employees, both male and female have received bonus payments this year.

Employees at the snapshot date:

4,655

This is an increase of 5.1% on last year (4,430) and accounts for 94% of Persimmon Group employees (2018: 93%).

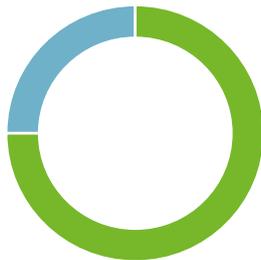
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The Persimmon Group

Our key findings

Gender Balance:



No change from 2018.

Hourly Rate of Pay:

	Gap 2019	Gap 2018
Difference in Mean Hourly Rate Of Pay	17%	17%
Difference in Median Hourly Rate Of Pay	12%	8%

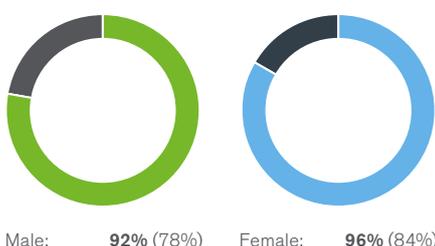
Quartiles	Male 2019	Female 2019	Male 2018	Female 2018
Lower	66%	34%	68%	32%
Lower Middle	75%	25%	77%	23%
Upper Middle	74%	26%	72%	28%
Upper	84%	16%	84%	16%

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

Bonus Pay:

	Gap 2019	Gap (Excluding LTIP) 2019	Gap 2018
Difference in Mean Bonus Pay	73%	-5%	68%
Difference in Median Bonus Pay	11%	11%	4%

Percentage of Male and Female Employees in receipt of a bonus:



The Persimmon Group (“the Group”) – Overview

Persimmon Homes Limited employs 94% of the staff in the Persimmon Group, including all the directly employed staff who are engaged in our house building activities, which comprises operatives, trades people and sales staff on development sites, plus a wide range of administrators, technical professionals and senior management in our 31 regional offices. The overall gender balance for the Company has remained constant over the last two years and this imbalance in the number of men and women throughout the organisation is one of the primary causes of the gender pay gap. The construction industry has historically been more attractive to men than women and despite the Company's initiatives to promote the wide variety of careers available to women within homebuilding (see Our Activities, below) there is a long-term legacy to overcome. The Company has historically promoted from within, which from a predominantly male pool of candidates has, over time, led to the highest proportion of males (84%) occurring in the upper quartile.

The median pay gap for employees has increased to 12% (from 10%), which we believe is due in the main to external market pressures on the salary levels for site managers. We employ over 600 site managers, which is a key operational role predominantly held by men. Upward pressure to recruit and retain good, experienced site managers has increased male pay. Conversely, the pay level for sales people, another key role of which we have c.450 in the Company, but who are mainly women, has not been subject to the same market forces. The majority of our sales staff commence with us is trainee roles, whereas we are more likely to recruit an experienced site manager, who will command a proportionately larger salary from their first day of employment.

For the second Gender Pay Gap report running, the exercise of share options in the 2012 LTIP scheme has had a significant effect on the bonus metrics. The participants in the 2012 LTIP were all senior managers in the upper quartile, which is 84% male. As anticipated, the mean bonus pay for 2019 again shows a high percentage in favour of male employees of 53% (from 62% in 2018).

As last year, we have also reported the bonus metric with the value of the 2012 LTIP excluded from the calculations, with the mean bonus for 2019 of -10% compared to -9% in 2017. This reflects the fact that our sales people, the majority of whom are female, receive a high proportion of their pay in bonus. By comparison, our site-based construction teams, which are mostly male and include the junior hourly-paid roles in the lower quartile, have a remuneration structure whereby the value of bonuses as a proportion of total earnings is lower. However, we are pleased to report that more of our employees, both male and female have received bonus payments in 2019 compared to 2018.

Employees at the snapshot date:

4,954

This is a 3.7% increase on last year (4,776). It represents 100% of Persimmon Group employees.

GENDER PAY GAP REPORT 2019

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The Gender Pay Gap – Our Activities

Reducing the gender pay gap will require a concerted commitment over an extended period. Since the Company first reported, we have introduced a number of initiatives that have changed the working environment to make Persimmon more appealing to women who are seeking a career in construction. However, as the widening of the pay gap this year has shown, external events beyond the control of the Company can make in the task more challenging.

Nevertheless, the Company recruited 13% more females into the organisation during 2019 and if this trend continues, the ratio of male to female employees will begin to narrow. The challenge for the Company is to ensure that the increase in women joining the business includes people in more senior management roles that will also reduce the gender pay gap. The Company remains focussed on the extent of the challenge and a number of initiatives have been launched during the last 12 months.

We have invested heavily in our HR resources for the second year running, with a 3-fold increase in the Group HR Department between the 2018 and 2019 snapshot dates, to allow it to be more pro-active. This has led to improvements to our succession planning processes and an increase in the number of employees who benefit from a performance review. The Company has also invested in a new HR information system. These steps will significantly improve our ability to monitor and manage our workforce to ensure our initiatives to narrow the gender pay gap are working positively in the business.

Following the introduction of flexible working, and to further ensure our working environment is more attractive to women, we have also enhanced the maternity benefits that our employees will receive, which will ensure they are competitive in the general labour market, not just amongst our peers in construction.

As well as internal policy improvements, the Company has started to work in partnership with Women in Construction, which is an organisation that is dedicated to the promotion of construction careers

for women. This has resulted in some initial work placements and job shadowing within Persimmon at different levels, from aspiring site managers to those looking for a professional career.

It is amongst our salaried population that there is the best chance to narrow the gender pay gap. Our ratio of males to females in our salaried pay group is 59:41, which compares favourably to our overall ratio of 75:25. Of the 745 employees in Persimmon who are engaged in some form of formal training programme, 294 are non-craft trainees and we are pleased to report that 124, or 42% of them are female. This includes people studying for higher and degree apprenticeships and an objective for the whole business is to increase the number of females who are studying for qualifications or on formal training programmes within our offices. This will be a joint effort between the HR Department and our operating businesses, however we are confident that this will gain more traction as we have already experienced the appeal of some of our office-based disciplines, such as planning and land acquisition to women seeking a construction career.

Last year also saw the first meetings of our Employee Engagement Panel, which comprises a mix of employees from different disciplines and levels of seniority who represent each of our operating regions, our head office and our manufacturing facilities. Amongst the recommendations from the Panel was to increase maternity benefits, which confirmed to the Company that the decision to enhance maternity pay was appropriate. The Company intends to engage with the Panel during 2020 to discuss how we will increase gender diversity and to obtain their views. The Company has also conducted its first Employee Engagement Survey with the whole of its workforce invited to participate. Whilst questions did not ask specifically about gender pay, on the wider topic of diversity and inclusion the results were very positive; demonstrating that the working environment within the Company is free from any form of discrimination or exclusion on the grounds of an employee's gender.

Despite the widening of the Gender Pay Gap in the year, the Company remains confident that its activities and initiatives will begin to have an effect and we expect to see a narrowing of the gap within the short term. The Company's gender pay gap is smaller than most of the wider construction industry, but the traditional dominance of men in the industry has left a legacy that will not be easy to break-down. Nevertheless, the Company will continue to ensure that all its initiatives, whether or not they are direct interventions to reduce the gender pay gap, will assist the on-going promotion of opportunities for females across the Company.

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
17 March 2020