

Group Greenhouse Gas Emissions Methodology 2020

Introduction

This statement summarises the reporting methodology for Persimmon plc for the accounting year covering period ended 31 December 2020. This methodology is in line with Persimmon's requirements to report on operational greenhouse gas emissions including Mandatory Carbon Reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 and Streamlined Energy and Carbon Reporting (SECR) regulations.

Reporting guidance

The methodology used to calculate our GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

Persimmon plc report on emissions using a financial control approach.

Definition of financial control approach: The company has financial control over the operation if the former has the ability to direct the financial and operating policies of the latter with a view to gaining economic benefits from its activities. For example, financial control usually exists if the company has the right to the majority of benefits of the operation, however these rights are conveyed. Similarly, a company is considered to financially control an operation if it retains the majority risks and rewards of ownership of the operation's assets.

Scope and reporting boundary

Persimmon Plc is the holding company for the Persimmon Group of companies. It operates from 31 regional offices throughout the UK. The Group trades under the brand names of Persimmon Homes, Charles Church and Westbury Partnerships across England, Wales and Scotland.

Persimmon Plc also operates Space4, Tileworks, Brickworks manufacturing sites and Fibrenest broadband services.

Persimmon reports on the above emissions within its Annual Report and Accounts, covering scope 1, 2 and scope 3 (business travel and transmissions and distribution losses).

Scope 1 emissions: Direct greenhouse gas emissions occurring from sources that are controlled by Persimmon Homes including Space4, Brickworks, Tileworks and Fibrenest.

Scope 2 emissions: Greenhouse gas emissions from the generation of purchased electricity.

Scope 3 (business travel): Emissions from transportation in vehicles owned or controlled by Persimmon through company car scheme.

Scope 3 transmission and distribution losses: Transmission and distribution (T&D) factors have been used to report the Scope 3 emissions associated with grid losses (the energy loss that occurs in getting the electricity from the power plant to the organisations that purchase it). These emissions have been calculated from Scope 2 electricity and district heat and steam using the latest UK Government (DEFRA/DECC) conversion factors for each energy source.

Excluded activities

Based on materiality, any joint ventures, part-exchanges, the letting of premises to third parties and emissions occurring from refrigerant losses from air conditioning units from a selection of our regional offices have been excluded from our calculations.

Data collation and methodology

a. Electricity and gas

Emissions factors are applied to the Group's electricity and gas consumption (kWh).

Electricity and gas consumption is provided by our energy suppliers for the following operations:

- Regional offices
- Show homes
- Stock properties that legally complete in the year
- Brickworks, Tileworks and Space4
- FibreNest broadband
- Temporary building supplies (e.g. site cabins)

Show homes and temporary building supplies

Meters installed within show homes and temporary building supplies use NHH electricity meters. Meter readings are provided to our energy supplier during the course of the year.

Stock properties that legally complete in the year

The Group's stock properties have Non Half Hourly meters installed. Final meter readings are taken when the home is handed over to a customer and provided to our energy supplier on a regular basis throughout the year.

Regional offices

Half Hourly electricity meters have been installed in our offices across the Group, with 28 Non Half Hourly electricity meters. Meter readings are also provided to our energy broker on an annual basis.

Brickworks, Tileworks and Space 4

Half Hourly electricity meters have been installed within Brickworks, Tileworks and Space4. Meter readings are also provided by Persimmon to our energy broker on an annual basis.

Gas meters across the Group

Gas meters are fitted across the Group. Meter readings are provided to our energy providers on a regular basis.

b. Fuel

Operational fuel

Operational fuel emissions are calculated using a spend-based methodology. Operational fuel includes fuel used across our sites, including Red Diesel, LPG, Kerosene and Petrol, is recorded based on supplier invoices received through Persimmon's financial accounting software, COINS, for Regional operating businesses and Groundworks. For Space4, Tileworks and Brickworks, usage is provided through individual site's financial team based on supplier invoices.

Business travel

The methodology for calculating business travel emissions has changed from a spend-based methodology in 2019 and is now calculated through employee surveys using a distance-based methodology, which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used.

This information has been extrapolated from a representative sample of employees to the total business travel of all employees.

Estimations

Where emissions for individual periods that make up the financial year are not available at the time of reporting, the Group applies the use of estimates and pro-rates.

Emissions conversions used

Emissions conversions has been calculated for all carbon streams using 2020 Government conversion factors for company reporting of greenhouse gas emissions from the Department for Business, Energy and Industrial Strategy, which can be found here: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

Consumption	Recorded as	Conversion used	Source
Electricity	KwH	0.23314 kg CO2e	2020 Government conversion factors – UK electricity
Natural gas	KwH	0.18387 kg CO2e	2020 Government conversion factors – Fuel – Natural Gas
Site fuel – Diesel	Litres	2.75776 kg CO2e	2020 Government conversion

			factors – Fuels – Gas oil
Site fuel – LPG	Litres	1.55537 kg CO2e	2020 Government conversion factors – Fuel – LPG
Site fuel – Petrol	Litres	2.31467 kg CO2e	2020 Government conversion factors – Fuels – Petrol
Site fuel - Kerosene	Litres	2.54039 kg CO2e	2020 Government conversion factors – Fuels – Burning oil
Business travel - Diesel	Miles	0.22082 (small car) 0.26775 (medium car) 0.32863 (large car) kg CO2e	2020 Government conversion factors – Passenger vehicles
Business travel – Petrol	Miles	0.23768 (small car) 0.30029 (medium car) 0.44643 (large car) kg CO2e	2020 Government conversion factors – Passenger vehicles
Business travel – no fuel type specified	Miles	0.27584 kg CO2e	2020 Government conversion factors – Passenger vehicles

Market-based emissions

Emissions factors for scope 2 purchased electricity was calculated using supplier specific fuel mix information.

Greenhouse gas emissions per home sold

Greenhouse gas emissions per home sold are calculated by multiplying total greenhouse gas emissions by the number of completions during the financial year.