

Persimmon Group Modern Slavery Transparency Statement

Introduction

This statement sets out the steps taken by the Persimmon Group during the year ended 31 December 2020 to prevent modern slavery and human trafficking within the Group's business and its supply chain. The statement covers the Persimmon Group including Persimmon Plc, Persimmon Homes Limited, Charles Church Developments Limited and Hillreed Homes Limited.

Organisation Structure and Supply Chain

Business Model

Persimmon is one of the UK's leading housebuilders. We identify areas of high demand for new homes across the UK, investing 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.

Organisational Structure

The Persimmon Group has 31 regional housebuilding businesses that build homes across England, Scotland and Wales. These are supported by Persimmon Direct, which provides directly employed groundworks and joinery services to support a small number of our regional businesses. The Group also operates three manufacturing businesses; our Space4 business near Birmingham produces timber frame products, in addition to our Brickworks and Tileworks facilities at the Group's manufacturing hub in Harworth, Nottinghamshire. Our FibreNest business operates as an Internet Service Provider and commenced operations within 2018. At 31 December 2020, the combined operations of the Group directly employed 5,221 staff.

Supply Chain

Our business model requires a consistent supply of good quality materials and a skilled subcontractor base. Our housebuilding operations involve 5,158 suppliers, the overwhelming majority of which are UK based, although some materials or components sourced by our suppliers originate from outside the UK. Previous analysis of our supply chain has indicated that around 11% of our suppliers sourced goods from overseas, the majority of which were from EU states. Internal analysis indicates that 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 (as determined by Global Slavery Index).

We also engage a significant number of subcontractors, all of which are UK based. These range in size, from individual tradespeople to large subcontractors in disciplines such as groundworks, which may have operations across the UK.

Policies on Modern Slavery and Human Trafficking

The Group is firmly opposed to modern slavery and human trafficking and takes these matters very seriously. We aim to treat all of our stakeholders, including our employees, workers, subcontractors, and suppliers fairly and with respect, and take steps to prevent unethical practices in our own business or in our supply chain. This includes all aspects of the indicators of forced labour as set out by the International Labour Office, including any abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions and excessive overtime. The Group has established policies setting out how we do this, including our Human Rights Policy, Code of Ethics, and Anti-Bribery and Corruption Policy, all of which are available on our website.

Assessing the Risk of Modern Slavery

The Group's Sustainability Committee monitors the risks of modern slavery and human trafficking and reviews these on an annual basis. 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 which may

originate from nations with a perceived high exposure to modern slavery risks. The Group is committed to maintaining effective controls to mitigate these risks and in being proactive in raising awareness of modern slavery issues among our employees, suppliers and subcontractors. Our assessment is that, taking into account the mitigating controls and due diligence measures of the Group, the overall risk is low.

Within 2020, there were no instances of modern slavery identified within the Group's operations (one such instance was identified previously, in 2018).

Our Procedures and Due Diligence

Our Own Business

As a reputable UK business, we have controls in place to comply with all relevant employment legislation, including legislation upholding minimum pay levels, legally mandated benefits, working conditions and working hours. The Group has voluntarily adopted the payment criteria of the Living Wage Foundation and has been a signatory to the Social Mobility Pledge since 2019.

The Group has established procedures to confirm 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 Internal Audit function conducts regular checks and data analyses 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, either through routine line management or through employee engagement mechanisms. Modern slavery awareness posters have been issued to all sites and offices. A whistleblowing provision is maintained for the anonymous reporting of concerns, with details of how to report concerns displayed on posters in all sites and offices.

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. The Group has a valued reputation for developing long term and mutually beneficial relationships with our suppliers, built on respect and honesty.

Most of the goods we buy are produced either in the UK or in jurisdictions that have well established frameworks for stakeholder protections. A small proportion of materials originate from outside such jurisdictions. Where these are identified through periodic internal audits, assurances are sought from suppliers to ensure appropriate safeguards are in place on the ethical sourcing of the materials.

Our suppliers must agree to our terms and conditions, which includes adherence to our Supplier Principles. Our Supplier Principles require suppliers to 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.

The Group's subcontractor terms and conditions also include provisions on modern slavery awareness, training and reporting protocols for any concerns identified or observed in the performance of their work.

Training and workforce awareness

The Group continues to emphasise the importance of training in boost workforce awareness of modern slavery risks, focusing on staff working on our construction sites (see below for steps taken in 2020).

Performance monitoring

The Group's Sustainability Committee monitors the Group's modern slavery risks, together with the associated control environment and its overall performance. This includes monitoring of indicators such as training hours and reports of any modern slavery concerns. The Group Internal Audit Manager attends the Committee on an ad hoc basis to provide updates from the Gangmasters and Labour Abuse Authority (GLAA) or in response to any incidents or concerns reported via the Group's whistleblowing provision.

Steps Taken in 2020

The Group remains a signatory to the GLAA's Construction Protocol. This has provided access to additional industry specific information and sharing of good practices that have contributed to the further strengthening of our controls against modern slavery and human trafficking.

As noted above, training remains a key area of focus. Within 2020, the Group has delivered 110 modern slavery training sessions to Site Managers. The Group has also adopted GLAA developed materials for a toolbox talk for our site-based workforce (including subcontractors), which was delivered across the Group in early 2020, reaching c.4300 workers. Both of these training modules will continue to be delivered on a rolling basis in future years.

The Group Internal Audit department conducted a review focusing on management of modern slavery risk within our supply chain, building on similar work performed and disclosed in our 2018 Modern Slavery Transparency Statement. The review was carried out primarily through a detailed email survey of suppliers meeting higher risk criteria, and a benchmarking of supplier controls and disclosures against government published good practices. The report from this review was shared with the Group's Audit, Risk and Sustainability Committees.

Objectives and steps to be taken in 2021

Within 2021, we will continue to actively participate within the GLAA's Construction Protocol community, ensuring we remain up to date with trends and intelligence relating to modern slavery, and adopt further areas of good practice where required.

Training programmes established in 2019 and 2020 will continue to be delivered as routine items, ensuring staff turnover and engagement of additional subcontractors does not dilute the effectiveness of training previously delivered. Additional tailored training is planned for staff in Commercial and Procurement roles.

The Group voluntarily already adopts the payment criteria of the Living Wage Foundation for its own employees. In 2021, we will apply to become an accredited Living Wage Foundation employer.

Further enhancements to the Group's whistleblowing provision are also being delivered in 2021, which will enable easier reporting of concerns and through a broader range of media.

Assessment of effectiveness

The Board has reviewed the controls and training provision established by the Group, the ongoing plans to develop these controls further, and the processes to monitor performance routinely through the Group's Sustainability Committee and Audit Committee. It is considered that these measures provide a broadly effective mitigation of modern slavery risk within the Group's operations and immediate supply chain. The Group will continue to keep its practices, procedures, and training programmes under review to ensure ongoing effectiveness and continuous improvement.

Approved by the Board

Dean Finch
Group Chief Executive
29 April 2021