

Persimmon Group Modern Slavery Transparency Statement

Introduction

This statement sets out the steps taken by the Persimmon Group to prevent modern slavery and human trafficking within the Group's business and its supply chain, and is published pursuant to the requirements of Section 54 of the UK Modern Slavery Act (2015). The statement covers all entities of the Persimmon Group, including Persimmon Plc, Persimmon Homes Limited, Charles Church Developments Limited, Hillreed Homes Limited and Springfir Estates Limited.

The statement has been structured to align with good practice as outlined in Home Office guidance (Transparency in supply chains: a practical guide) and to clearly set out the measures in place within the Group, further steps taken within 2021, and its strategy for continuous improvement in 2022 and beyond.

Organisation structure and supply chain

- Business model

Persimmon is one of the UK's leading housebuilders. Our business model involves identifying and investing in suitable land, and the design and build of good quality new homes at a range of price points across the UK. The Group is strongly focused on operating as a responsible developer, with safe working practices a key priority, delivering high levels of customer service, and building sustainable communities.

- Organisational structure

The Group operates through 31 regional housebuilding businesses that build homes across England, Scotland and Wales. These are supported by the Group's 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. The Group also operates through Persimmon Direct, which provides directly employed groundworks and joinery services to support a small number of our regional businesses, and our Internet Service Provider business, FibreNest. On average across 2021, the Group directly employed 5,121 staff, with the remainder our workforce being composed of sub-contracted labour (see below).

- Supply chain

The Group's business model requires a consistent supply of high quality materials and a skilled sub-contractor base. Our housebuilding operations involve 5,155 suppliers, the overwhelming majority of which are UK based, although some materials or components sourced by our suppliers may originate from outside the UK. Previous analysis of our supply chain has indicated that around 11% by volume of our suppliers sourced a portion of the goods they supply 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).

Our Group Procurement department, organises and negotiates group contracts for all construction materials with national supply chain coverage. Group Procurement works closely with suppliers to ensure they maintain appropriate controls to prevent and detect modern slavery and if under contract, report on their compliance to their equivalent policies or statement.

The Group also engages a significant number of sub-contractors, all of which are UK based. These range in size, from individual tradespeople to large sub-contractors in disciplines such as groundworks, which may have operations across the UK.

Group commitments on modern slavery and human trafficking

The Group has adopted the definition of modern slavery and human trafficking as outlined within section 54 of the Modern Slavery Act (2015).

We are committed to the fair treatment and respect of all of our stakeholders, including our employees, workers, sub-contractors, and suppliers. This includes adoption of good labour practices consistent with the eight fundamental conventions of the International Labour Office (ILO), as manifested by our status as a Living Wage Foundation accredited employer (see steps taken in 2021 below).

We are committed to taking the strongest possible measures to prevent the occurrence of modern slavery and human trafficking within both our immediate operations and our supply chain. This includes acting swiftly and decisively on any of the indicators of forced labour as set out by the ILO, such as 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 supporting policies setting out how we do this, including our Supplier

Principles, 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. The identification and assessment of risk is based on an assessment of the Group's comprehensive risk registers, with scoring of risk on impact and likelihood ratings. This is complemented by analysis of external sources of data, including publications from Global Slavery Index and materials obtained via the Gangmasters and Labour Abuse Authority (GLAA) Construction Protocol, to which the Group is a signatory.

Two main risk areas have been identified from the Group's risk assessment. First is a risk of non-compliance by sub-contractors with labour related legislation, which could result in modern slavery affecting our on-site operations. Second is the sourcing of a small minority of our construction materials, or components within certain items, that may originate from nations with a higher 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 issues among our employees, suppliers and sub-contractors. Our assessment is that, taking into account the mitigating controls and due diligence measures of the Group, the overall risk is low. Within 2021, there were no instances of modern slavery identified within the Group's operations (one such instance was identified previously, in 2018).

Business and supply chain due diligence

- Within the Group

The Group has established procedures to confirm all employees and labour-only sub-contractors are eligible to work in the UK. Our management systems and controls, supported by regular audits and data analysis from our Group Internal Audit department, help to ensure that our businesses adhere to our procedures and legislation. This includes those concerning working conditions, working hours, and obligations on rates of pay as a Living Wage Foundation accredited employer.

Our staff, suppliers and sub-contractors are required to remain vigilant to any unethical practices, including any concerns around modern slavery. We maintain a culture of openness where concerns can be reported freely, either through routine line management or through employee engagement mechanisms. Modern slavery training programmes are in place, and 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. All whistleblowing concerns are investigated by our Group Internal Audit department and reported to the Board via the Audit & Risk Committee. In 2021, no modern slavery related whistleblowing concerns were reported.

- Suppliers and sub-contractors

The vast majority of the Group's suppliers and sub-contractors are either UK based entities or are UK subsidiaries of large international companies. The Group has built long-term relationships with its suppliers, who also serve many industry peers and there is a collective interest to ensure compliance with the modern slavery requirements.

Most of the goods we buy are produced either in the UK or in jurisdictions that have well established frameworks for stakeholder protections. As noted elsewhere within this statement, a small proportion of materials procured originate from outside such jurisdictions. Where these are identified, either through routine supplier due diligence or through periodic internal audits, assurances are sought from suppliers to ensure appropriate safeguards are in place on the ethical sourcing of the materials. This includes assessment of modern slavery statements and other publicly available documents, and discussions with the suppliers.

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 sub-contractor 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. Additionally, as part of our commitments as a Living Wage Foundation accredited employer, we have undertaken to implement Real Living Wage obligations into our standard terms and conditions as agreements are renewed.

Training and workforce awareness

The Group continues to emphasise the importance of training to boost workforce awareness of modern slavery risks. A range of training courses are in place, tailored to different roles and the potential exposure to modern slavery risks. To address workforce risk, we have developed detailed training for our Site Managers and use toolbox talk sessions derived from GLAA materials for our site-based workforce (including sub-contractors). In addition, we have introduced specific training for our Commercial and Procurement teams to improve awareness of modern slavery risks within our supply chain. At the time of reporting 72% of commercial staff had attended

the training with the remainder planned through 2022. These training programmes will continue to be delivered on a rolling basis, ensuring staff turnover and engagement of additional sub-contractors does not dilute the effectiveness of training previously delivered.

Steps taken in 2021

Within the year ending 31 December 2021, the Group took a number of actions to enhance its control environment in respect of modern slavery prevention:

Real living wage

Persimmon became a Living Wage Employer following accreditation by the Living Wage Foundation in 2021. The Group had been paying its own directly employed staff the Real Living Wage since January 2019, but has now extended this commitment to include our sub-contractor workers.

Industry initiatives

The Group has continued to actively participate within GLAA Construction Protocol community, ensuring key staff remain up to date with trends and intelligence relating to modern slavery, and adopt further areas of good practice where required.

Training and awareness

As noted above, training remains a key area of the Group's focus. Within 2021, the Group has developed tailored training courses on modern slavery for staff working in Commercial and Procurement functions, in addition to the existing training for site-based construction roles. This ensures that staff involved in dealing with our supply chain understand the importance of modern slavery risks and supplier due diligence requirements.

Reporting concerns

The Group's whistleblowing provision was enhanced with the development of an ability to report concerns via web forms, accessed through a QR code on the site awareness posters. This new facility was developed to complement the existing phone and email reporting mechanisms.

Strategy and steps to be taken in 2022

The Group remains committed to finding, fixing and preventing modern slavery within its operations and its supply chain. In addition to maintaining measures introduced in 2021 (see above), the strategy for continuous improvement will include the following measures for 2022 and beyond:

Standardised programmes of inspection

As part of their routine programme of site inspections, the Group Health, Safety & Environment team will perform checks to ensure modern slavery awareness and reporting signage is in place on development sites, and spot check awareness with site operatives.

Routine operational and supply chain internal audits

The Group Internal Audit department will introduce a standardised annual programme of audits. These will focus on aspects of supply chain due diligence (including visits to production facilities of selected material suppliers) and site operational processes, in order to provide assurance on their effective operation on controls to prevent modern slavery.

Reporting concerns

Further enhancements to the Group's whistleblowing provision are being delivered in 2022. These enhancements are part of an action plan developed after a benchmarking exercise performed with the support of Protect, the whistleblowing charity, and build on earlier developments to expand mechanisms for the reporting of concerns (see above).

Training & Awareness campaign

The Group is a partner with the Supply Chain Sustainability School and will utilise the available modern slavery resources and training programmes to further support our supply chain.

To support the Group's training programme, an awareness campaign will be launched including new site posters and induction materials. This will help to ensure a high level of awareness on how to spot the signs of modern slavery and how to report concerns.

Performance monitoring and assessment of effectiveness

The Group's Sustainability Committee monitors the Group's modern slavery risks, together with the associated control environment and its overall performance, and provides updates to the Board through the Audit & Risk Committee where necessary. Performance monitoring includes 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 GLAA or in response to any incidents or concerns reported via the Group's whistleblowing provision.

The Board has reviewed the Group's control environment and training provision, the ongoing plans to develop these further, and the processes to monitor performance routinely through the Group's Sustainability Committee and Audit & Risk 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
June 2022