

Taking our responsibilities seriously

We continue to recognise and respond to the challenges of sustainable development including the increasing threat of climate change. Our CSR practices are our way of addressing this complex global issue.



1 Christine Cross, Non Executive Director (Chair); **2** Baroness Dean of Thornton-le-Fylde, Non Executive Director; **3** Steve Parker, President, Morrison Homes; **4** Ian Sutcliffe, Managing Director, George Wimpey UK; **5** James Jordan, Group Company Secretary, also attends meetings of the Committee.

Corporate responsibility makes sound business sense for housebuilders. It helps us to:

- Demonstrate high standards of governance to stakeholders whose opinions and actions can have an impact on our business
- Meet our customers' needs and wants
- Attract and retain high calibre employees
- Save money and protect our reputation by managing our business effectively, rather than engaging in expensive or damaging remedial action
- Win competitive tenders because we can deliver sustainable solutions
- Respond to the UK Government's focus on building sustainable homes
- Reduce business risk
- Identify opportunities for business development and innovation
- Anticipate and comply promptly with new legislation

Our high level CSR Committee includes our UK Managing Director and the President of Morrison Homes. The CSR Committee meets at least three times per year and is responsible for our Group CSR strategy, policies, reporting and performance monitoring. Other responsibilities include ensuring that CSR strategy and activity is adequately resourced, has appropriate standing within the Group and is aligned to the needs of our business. Ultimate responsibility for CSR within the Group rests with the CSR Committee and Plc Board.

We are committed to reporting annually on our CSR performance and progress. In 2007, we will reassess the 26 Key Performance Indicators published at the end of this report. Please also visit our website for policy documents and further information on our CSR practices including relevant management systems.



Governance

We remain committed to achieving high standards of corporate governance. The Board considers that, in the year under review, it has complied with all the provisions of the updated Combined Code on Corporate Governance that was published in June 2006. To meet the recommendations of the updated Code, we reappointed our Chairman to our Remuneration Committee. We were already compliant with the other implemented changes of providing a 'vote withheld' option on proxy appointment forms and publishing details of the proxy voting made at our shareholder meetings. To further strengthen our governance practices, Morrison Homes introduced a formal whistleblowing procedure (see page 25).

We also introduced a new software package to improve the Board's formal and rigorous annual evaluation of Board, Committee and individual Directors' performance. Evalu8 software allows us to develop and then analyse detailed appraisals of Directors, thereby increasing the effectiveness as well as retaining the anonymity of our evaluation procedure.

Please refer to our 2006 Annual Report for further details of corporate governance issues and performance.

Ethics

Ethics is a fundamental part of good governance and we aim to conduct our business to the highest standards of honesty and fair dealing. Our UK Code of Business Conduct and US Company Policy Manual set out our approach to ethics, our responsibilities to our stakeholders and what standards we expect of our employees and contractors. Further detail is given in the Employee section of this report.

Risk management

Being able to identify financial and non-financial risks and opportunities is of vital importance to our business. The established systems and procedures that we have in place – including ISO14001:2004 certification – help us to recognise risks and opportunities. Our Audit Committee is responsible for identifying financial and non-financial risks. These risks are included in the Board's annual assessment of the risks affecting the Group as well as the ensuing plans for effective management of those risks including internal controls. In addition, our CSR Committee is tasked with highlighting significant non-financial risks for the attention of the Board.

Core Values

The five core and non-negotiable values that underpin everything we do are:

- Integrity
- Customer focus
- Continuous improvement
- Respect for people
- Teamwork



Our CSR Management System

Our CSR policies are monitored and reviewed in order to continuously improve our approach to CSR strategy and performance.



We produce monthly UK Board reports on all health, safety and environmental issues and incidents. We use this information to continually reassess and improve the effectiveness of our procedures. In addition, we encourage employees and contractors to voice their concerns and set up working parties to address specific issues. Please refer to the Environment section of this report for information on site-specific environmental risks.

A key area of focus for us is to recognise potential issues before they become problems. In 2006 we launched our new preferred house type range along with a standard technical build specification. The house type review process involved input from a wide range of disciplines to ensure that health and safety, environmental, customer care, procurement and other issues were addressed at the design stage.

We strive to be a proactive company and turn risks into opportunities. UK housebuilders have been under increasing pressure for some years to build more affordable homes, our response to this was to identify a profitable way to deliver low cost housing without grant funding. The result is G2 (see page 17), which provides much needed homes for under £100,000 and gives us access to a growing and valuable new market.

Assurance

Our website includes verification statements from our health, safety and environment advisors. In addition, ISO14001:2004 certification provides external validation of the rigour of our environmental management system.

Benchmarking performance

In 2006 we joined a new Sustainable Homes Benchmarking Club set up by conservation organisation WWF and Insight Investment. The club will help housebuilders to benchmark and improve on their sustainability performance. In 2005, WWF and Insight Investment's most recent benchmark named George Wimpey Plc as 'one of three clear leaders' in sustainability performance. We were ranked 3rd overall (one percentage point behind the joint leaders) and achieved 1st place in terms of environmental impact and 2nd place in terms of social impact.

1st
place in terms of environmental impact

2nd
place in terms of social impact

3rd
place overall in sustainability performance

Global 100 Most Sustainable Corporations

George Wimpey Plc is the only UK housebuilder included by Innovest Strategic Value Advisors and Corporate Knights in the 2007 list of the Global 100 Most Sustainable Corporations.



Stakeholder engagement

Ongoing stakeholder dialogue is vital for a successful business, as it enables us to understand our financial, social and environmental impacts. We strive to engage with a wide range of internal and external stakeholders as well as other interested parties. We seek to learn from the experience of organisations such as English Partnerships, WWF and Business in the Community. This report and our Annual Report and Accounts provide numerous examples of stakeholder engagement.

We have identified our primary stakeholders as follows:

- Shareholders
- Customers
- Employees and sub-contractors
- Communities in which we operate
- Suppliers and business partners
- Local, regional and national government
- Landowners
- Planners and regulators
- Trade and industry bodies
- Charities and other groups interested in sustainable housing

We are currently undertaking a review of stakeholder engagement in relation to UK land buying and planning. This process began with workshops for key personnel in our regional companies in late 2006. We aim to better understand the nature of our existing stakeholder relationships and identify how to support and improve engagement with key groups. We will report further on this initiative in 2007.