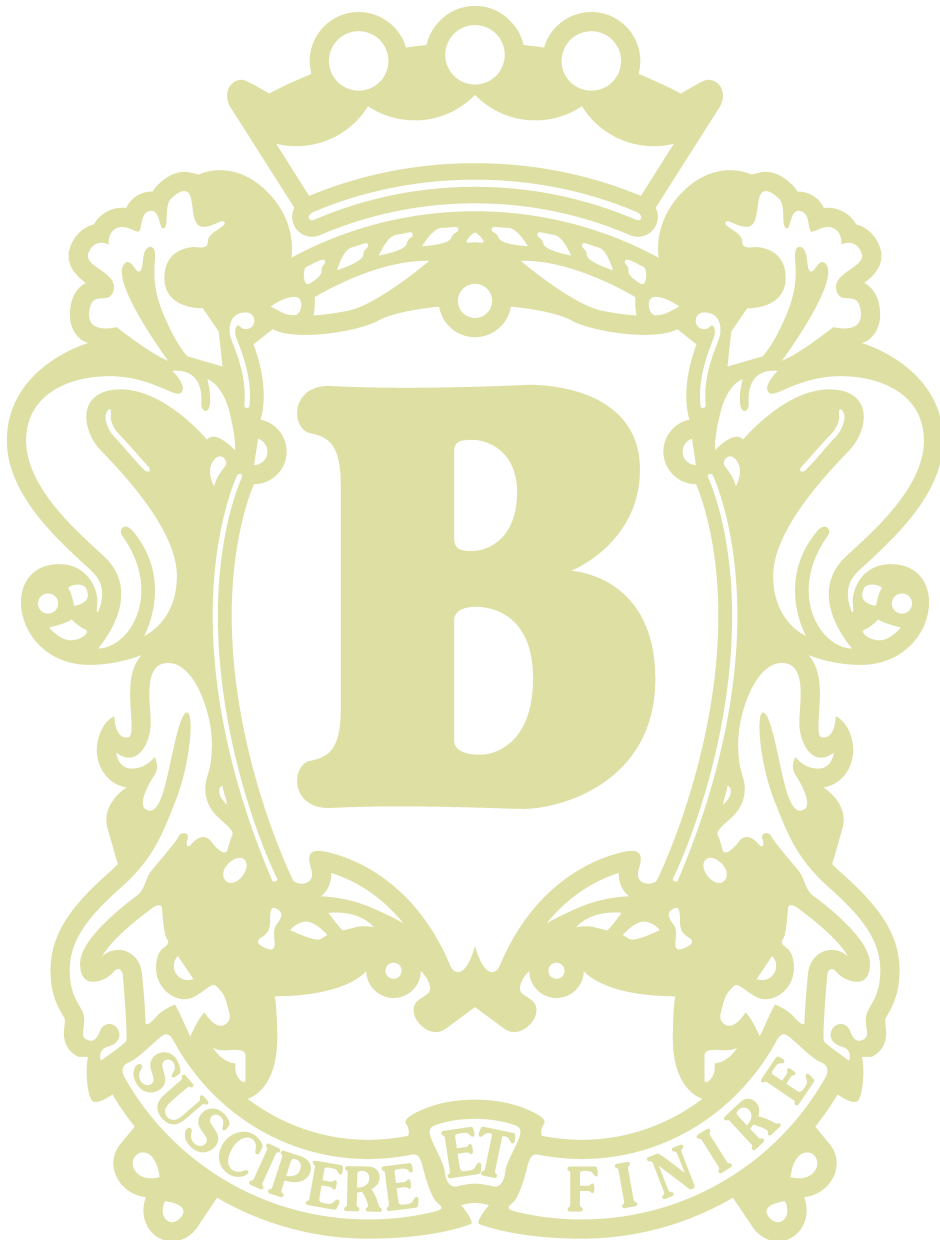




Berkeley sustainability report 2006

Creating places for people



For Berkeley the term 'Sustainability' describes how we manage our corporate environmental, social and economic responsibilities. As such, we consider sustainability to encompass our wide-ranging corporate responsibilities, sometimes referred to by our peers as CSR. Our reporting practices enable us to respond to our stakeholders' aspirations and concerns and allow us to demonstrate how our business activities make a long-term contribution to the environmental, social and economic fabric within the communities in which we work.



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Report scope

This Report focuses on the progress made by Berkeley over the last year. The report is purposely set out as a narrative of the development process as a means of making the information contained within much more digestible to a wide audience and to help readers to understand the nature and complexity of our business.

The sustainability section of the Berkeley website has been updated to coincide with the publication of this report and contains more detail on the Berkeley sustainability strategy, its relevant policies and management systems and explicit performance against each of last year's Management Targets. In contrast to the report, our website is structured according to our key sustainability impacts: www.berkeleygroup.co.uk/sustainability

The Berkeley sustainability strategy covers all the main operating Divisions of Berkeley as set out under Our Building Blocks on the inside cover. Reported performance data has been aggregated from these same operating Divisions.

Reporting against Management Targets has been embedded into the text of the report where relevant and reporting of KPIs has been distributed throughout the report where they are most appropriate to that area of business and development activity.

The information presented within this report covers the financial year for Berkeley - May 2005 to April 2006.

Our business

Creating sustainable communities

where people will choose to
live, work and play



Our building blocks



ST-GEORGE PLC

London's leading regeneration company, St George pioneers mixed-use, mixed-tenure schemes on a majestic scale, with signature developments across the capital. St George was granted *The Queen's Award for Enterprise: Sustainable Development 2002* and remain the only property developer ever to hold the award. www.stgeorgeplc.com



ST JAMES
HOMES

A joint venture with Thames Water, St James' high quality, design-led developments in the South East have become exemplars of brownfield regeneration, refurbished buildings and sustainable communities. www.stjameshomes.co.uk



Berkeley Strategic focuses on the identification and promotion of strategic land opportunities across the United Kingdom. www.berkeleystrategic.co.uk



Building successful and sustainable communities on redundant brownfield sites has earned Berkeley Homes a dynamic reputation as the trusted and innovative regeneration force in London and the South East. www.berkeleyhomes.co.uk



Berkeley First is the first private developer committed to delivering well designed, well located affordable homes for those that need them most. www.berkeleyfirst.co.uk



Berkeley Commercial is the Group's dedicated commercial property developer and investor. www.berkeleycommercial.co.uk

Our commitment

As the UK's premier urban regenerator

sustainability is at our core



Highlights

The most important strategic move the company has made over the last year has been to establish a Sustainability Governance Committee with Board level representation to oversee the integration of sustainability into the core business of the company. Associated with this, a member of the Executive Board has been tasked to ensure detailed implementation of the sustainability strategy throughout all areas of activity and to more closely align the application of the Berkeley sustainability strategy with the Group business objectives. With this new focus for Berkeley, this year's report seeks to emphasise, wherever possible, the synergies between the Berkeley sustainability strategy and its business objectives.

Over the last year, across all the Divisions, 11 of the 23 sustainability targets set in our last report have been fully achieved. The remaining 12 were partially achieved - for the most part around 80% completed. Where these targets have not been fully completed, then these have evolved into new, and in most cases more stretching, targets for the year 2006/07, as detailed on pages 4-6. Full details of performance against each of last year's sustainability targets is provided on our website at www.berkeleygroup.co.uk/sustainability

As part of the process of embedding sustainability into our core business activities, we have placed greater emphasis on the importance of consistency, robustness and clarity in our Key Performance Indicator reporting. To this end, our website now has detailed definitions of the parameters measured by our KPIs, which have been refined following the review we reported last year. Details of performance against our KPIs are provided in the text boxes presented throughout this report and are supported by a glossary at the back of the report.

Progress against 2005/06 Sustainability Targets



Our performance

Another successful year, on target to deliver the 2006 B share payment



Return of capital to shareholders

2004 B share paid on 3rd December 2004	£5
2006 B share expected record date: 29th December 2006	£2
2008 B share expected record date: 31st December 2008	£2
2010 B share expected record date: 31st December 2010	£3
Total	£12

On target to meet next B share payment (£2 per share in January 2007).
Further payments scheduled for January 2009 (£2 per share) and January 2011 (£3 per share).

£475.7 million cash generated

£246.0 million from continuing Group and £229.7 million from Crosby (discontinued operations)

£220.6 million net cash

up from £255.1 million net debt last year

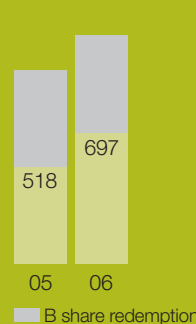
£165.1 million pre-tax profit

up 6.2% from £155.4 million last year from continuing Group

Profit before tax (£m)



Net assets per share (adding back B share redemptions) (p)



Return on average capital employed (ROCE) (%)



697 pence net asset value per share

up 34.6% from 518 pence last year

24.0% return on average capital employed

up from 22.0% last year

23,819 plots in land bank

up from 23,123 last year

£581.9 million forward order book

down from £687.0 million last year

Chairman and Managing Director's introduction

Berkeley is not an ordinary developer. We don't just build homes, we create communities. We don't only have a vision for change. We make it happen. That passion for our work, that attention to detail to deliver it on the ground is, we believe, unusual. It's put us at the forefront of the land development industry. It's also how we've found a way of combining our duty to our shareholders, with the nation's policies for sustainable development. For many, there may seem to be a conflict between the two – but not for us, as we believe that what Berkeley creates is inherently for the benefit of the community, and a commitment to delivering the detail of this vision is now embedded at every level within our company.

Cities are complex. They are where work, play and domestic life intersect. Respecting this diversity of people's lives is the key to the form of regeneration that Berkeley has evolved, which is now almost entirely in urban areas. True regeneration is about taking a neglected area and transforming it into a community which people will choose as a destination for work, for pleasure, and for making their home. That is what Berkeley does. That is why our business is a success. And why its very essence is sustainable. It also gives us a competitive edge, both in terms of Berkeley's reputation and in comparison with our customers' alternative choices.

Delivering this is, of course, a challenge, and requires not only our skill, but also a determination from people at every level in Berkeley to examine all that we do and embrace external influences. These range from: our investors, who are keen to see how we can continue to create and sustain value in the medium and longer term; legislators concerned to ensure that our activities leave a positive legacy for future generations (most recently illustrated by the proposed new Code for Sustainable Homes); and planners, now specifically tasked with the delivery of sustainable development at a regional and local level. In addition, concern about environmental impacts, especially in respect of climate change, has never been greater.

These challenges that we meet in delivering our vision are complex, but we are committed to meeting them all. That starts at the top of the company and cascades down to impact each individual project. Its heart is a new Sustainability Governance Committee, created by the main Board, which combines executive Board members with project managers and external counsel. Over the course of the coming year, it will drive further progress across more challenging sustainability targets and a wider range of meaningful performance indicators. The latter have been expanded to include new socio-economic factors as well as refined environmental measures.



We know that a good business means more than profit alone. Profit today is essential, and our record of financial success is outstanding, but has to be balanced with the ability of the business to deliver a return tomorrow. We believe that our sustainability initiatives represent investment in the future of our business by enabling it to respond to changing needs and the expectations of society. The vision that underpins all our schemes is based upon the creation of places where real communities will grow and prosper. It requires high quality design to provide desirable, vibrant places – inside and outside the buildings – that produce an uplifting quality of life in which everyone can live, work and play while minimising their impacts upon the environment.

Berkeley has made great progress since we first published a Sustainability Report five years ago, but there is still much to do, and we look forward to reporting again next year. We wish to learn from the expectations of our stakeholders, and welcome any comments you may have on this report, or our work more generally. Thank you again for your interest in Berkeley.



Roger Lewis
Chairman

Tony Pidgley
Managing Director



△
◀ Gunwharf Quays, Portsmouth (Berkeley Homes)

Our sustainability strategy

Berkeley's sustainability strategy is fundamental to the delivery of our business objectives.

Berkeley has entered the fifth year of reporting performance against our sustainability strategy. During this time the company's business strategy has moved to focus on urban regeneration, building the sustainable communities desired by customers and the community as a whole. More than ever before, Berkeley's sustainability strategy is fundamental to the delivery of our business objectives.

During 2005/06 Berkeley initiated a comprehensive review of our sustainability strategy. As a first step, a new Sustainability Governance Committee was established with significant executive board level representation. The responsibilities of this Committee are to ensure that the Group sustainability strategy is aligned with business objectives, that our commitments are progressive and delivered, and, put simply, to make change happen.

As a starting point, the Sustainability Governance Committee defined two key points of reference; these are:

- FTSE4Good Indices
- WWF and Insight Investment Housebuilders Benchmarking

The table below sets out Berkeley's 2006/07 management and performance targets categorised according to the key impact areas identified by the existing sustainability strategy. Against each target the business drivers that have influenced the setting of that target are identified.



Key sustainability impact area

Berkeley's 2006/07 targets

Protecting and Enhancing the Environment

Land – In the UK, land is an increasingly scarce resource. To address this, the Government has set a target that 60% of new housing development should be on brownfield land.

Maintain over 95% of our development on brownfield land.

Energy – Climate change is now a critical issue on both international and national political agendas. For Berkeley, this has translated into national and local planning policies to increase energy efficiency and the use of low or zero carbon energy sources.

Establish an energy forum – with representatives from all Divisions – to assess current and future energy issues across projects, with the remit of providing strategic recommendations to the Group.

Capture the measures being undertaken to address energy related issues for projects, as selected by the energy forum.

Complete the construction of the Enviro-House (see page 25), which incorporates a range of renewable energy technologies; analyse feedback from customers; and communicate outcomes to the Divisions.

Water – Water is becoming an increasingly scarce resource, particularly in the South East. Understanding how water consumption can be reduced enables better performance against external standards such as EcoHomes and allows the Group to pre-empt future legislation.

Develop a schedule of water efficiency measures which can be considered on developments, reflecting current good and best practice initiatives within Berkeley and externally.

Waste – Increasing landfill charges increases waste disposal costs; minimising waste and increased recycling through good management can decrease the cost and environmental impact of our waste.

Ensure that at least 90% of sites commencing construction are implementing site waste management plans in line with the DTI's Voluntary Code of Practice.

Expand waste data gathering to a range of project types being undertaken by the Group and monitor the proportion of waste recycled.

■ Performance target ■ Management target

These were selected as the two overarching measures which could best communicate our performance to the investment community. They also provide robust industry-wide frameworks for understanding sustainability, identifying what is accepted as being good business practice generally, and best practice in house building specifically.

The new Sustainability Governance Committee oversaw the process of reviewing Key Performance Indicators and setting new Performance and Management Targets for the Group and its Divisions for the coming year. A key emphasis has been placed on consolidation of the components of the sustainability strategy to make sure that management systems and procedures deliver genuine benefits and enable consistent data collection across the Divisions. Target setting has focused on those areas where there are clear links between business performance and sustainable development. The review was undertaken through a process of internal consultation, with independent advice being provided by our external sustainability advisors.

Full definitions of the terms used throughout this report can be found in the glossary section at the report's end.

Key Performance Indicators* – Following the extensive review of our Key Performance Indicators in 2005 (see the 2005 Sustainability Report for further details), the parameters for existing KPIs have been further refined in order to enhance the collection of information and to better align the Indicators with Berkeley's business objectives. The existing KPIs have been rigorously tested to ensure their continued relevance. Full details of our KPIs and their parameters can be found on our website. Going forward, we have set a target to develop performance indicators that are able to capture the socio-economic aspects of the developments we build.

Key Performance Indicators

*Details of performance against our KPIs can be found throughout this report and are collated on our website at www.berkeleygroup.co.uk

Performance Targets – Berkeley is now sufficiently confident of our data collection against certain KPIs, and their relevance to our business, that this year, for the first time, we have introduced five performance targets against our KPIs.

Management Targets – Berkeley has set 15 new Management Targets for 2006/07 against key impact areas to drive forward our sustainability strategy in the coming year. >>

Key sustainability impact area

Materials – The specification of sustainable materials is an increasingly significant issue for the construction sector. Systematically addressing this issue enables better performance against external standards such as EcoHomes.

Making a long term contribution to communities

Local economy – Creating mixed use developments can increase local employment and make a long-term contribution to revitalising local economies.

Accessibility – The tightening regulatory framework poses compliance risks. In addition, the increasing emphasis of the use of the Lifetime Homes standard in the planning process requires an understanding of how these issues can be addressed.

Security – Residents demand safe and secure developments. Failure to provide these could result in decreased customer demand and a damaged reputation.

Stakeholder engagement – Good neighbourliness and regular communication with local residents and community representatives reduces the risk of complaints and potential reputational damage.

Developing partnerships with stakeholders

Customers – Customers are manifestly critical to the success of our business. Understanding customer needs can improve sales, increase customer satisfaction and enhance Berkeley's reputation.

Berkeley's 2006/07 targets

Understand, by looking at performance on one project, the level of recycled content of currently specified materials, allowing the Group to assess the benefits of increasing this proportion.

Understand, and communicate internally, current examples of good and best practice initiatives for working with local employment agencies, businesses and schools to enhance employment opportunities on the sites Berkeley develops.

Investigate the approaches taken by the Divisions to design to Lifetime Homes standards, determining whether and how a consistent set of design principles could be used across the Group.

Research the approach being taken by the Divisions to incorporate Secure by Design Principles on their projects.

Ensure that at least 90% of sites under construction are signed up to the Considerate Constructors Scheme.

Review the content of handover packs for customers and ensure that these all contain information on the sustainability attributes, and particularly the environmental performance, of the dwellings and the development. >>

»» Our sustainability strategy continued

We recognise that the review of our sustainability strategy is an ongoing process, reflecting the approach set out in our strategic sustainability model.

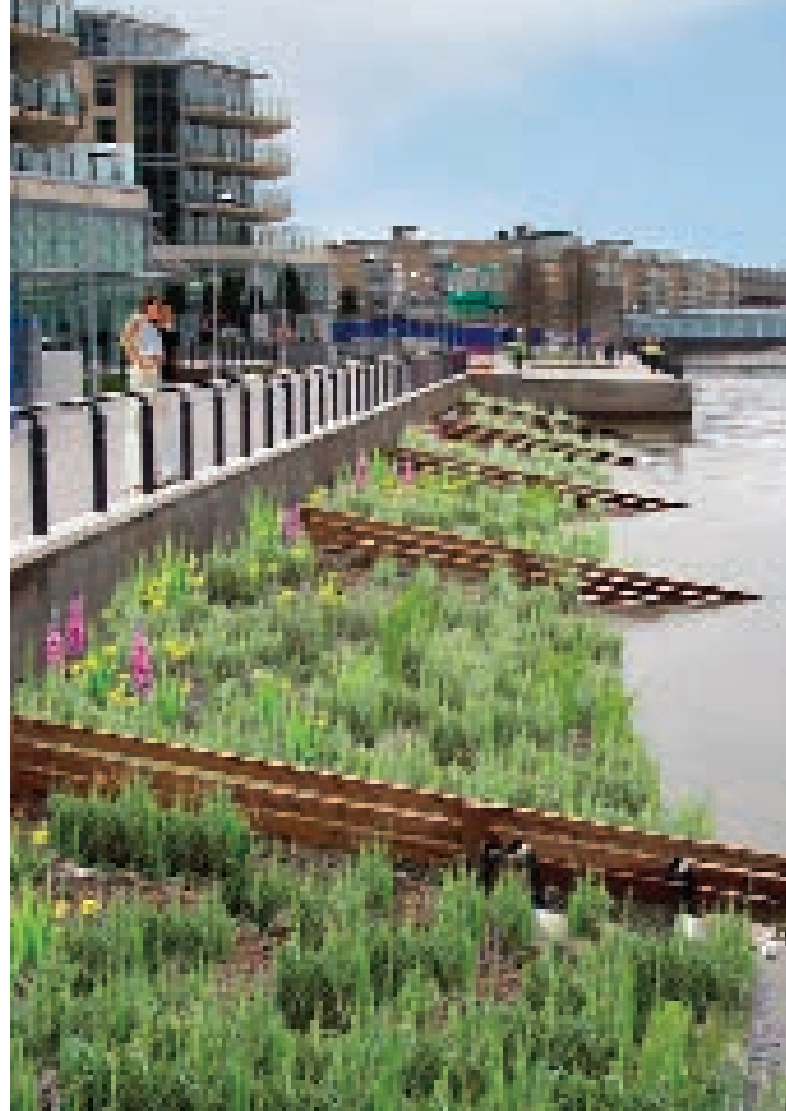
Over the coming year our strategy will be further revised and refined to reflect rapidly changing internal and external stakeholder needs and the tightening regulatory environment.

We have set a Management Target to complete the review of our sustainability strategy to ensure that it meets business objectives and addresses the most significant risks and opportunities. The full outcome of this review will be reported on in the 2007 Sustainability Report.

The key components of the existing Berkeley Sustainability Strategy, described in the last Sustainability Reports, are set out on our website. These include our sustainability policy and supporting policies, as well as further details on our key impact areas and objectives.

For further information please visit:
www.berkeleygroup.co.uk or contact Berkeley at:
sustainability@berkeleygroup.co.uk.

Tidal plantings at Battersea Reach, London (St George) »



Key sustainability impact area

»» Customers continued

Contractors and suppliers – A clear understanding of Berkeley's sustainability requirements by contractors and suppliers minimises risk, and enhances delivery of project objectives.

Local community – Listening, understanding and responding to the needs of the local community can increase community support for development proposals, and reduces the risk of costly planning delays.

Investors – Understanding shareholder needs is critical to ensuring continued investment and access to capital.

Safe, healthy and fulfilled workforce

Health and safety – The construction sector is one of the most dangerous industries to work in, and therefore it is critical to manage health and safety effectively. Time lost through injury or sickness is costly, and healthy staff are more productive.

Training – Training enhances employee knowledge and helps to address the skill shortages facing the industry.

Berkeley's 2006/07 targets

Undertake surveys to examine customer awareness and interest in sustainability issues (both prior to and following purchasing), in order to help inform future sustainability commitments.

Continue to ensure that sustainability requirements are included in the tendering process, contractual requirements and ongoing monitoring of suppliers performance.

Examine within one Division the feasibility of establishing Good Practice Guidelines for community and stakeholder engagement, communicating the outcomes throughout the Group.

Maintain listing in FTSE4Good Index.

Maintain reportable accident rates at or below the HBF 'all builder average'.

Ensure that 90% of site managers have completed the CITB 5 day safety training course.

Undertake a sustainability training needs analysis for all Divisions and identify suitable training programmes on the basis of the findings.

■ Performance target ■ Management target

Governance

The governance procedures in place relating to sustainability issues include:

- **Sustainability Governance Committee (SGC) meetings**

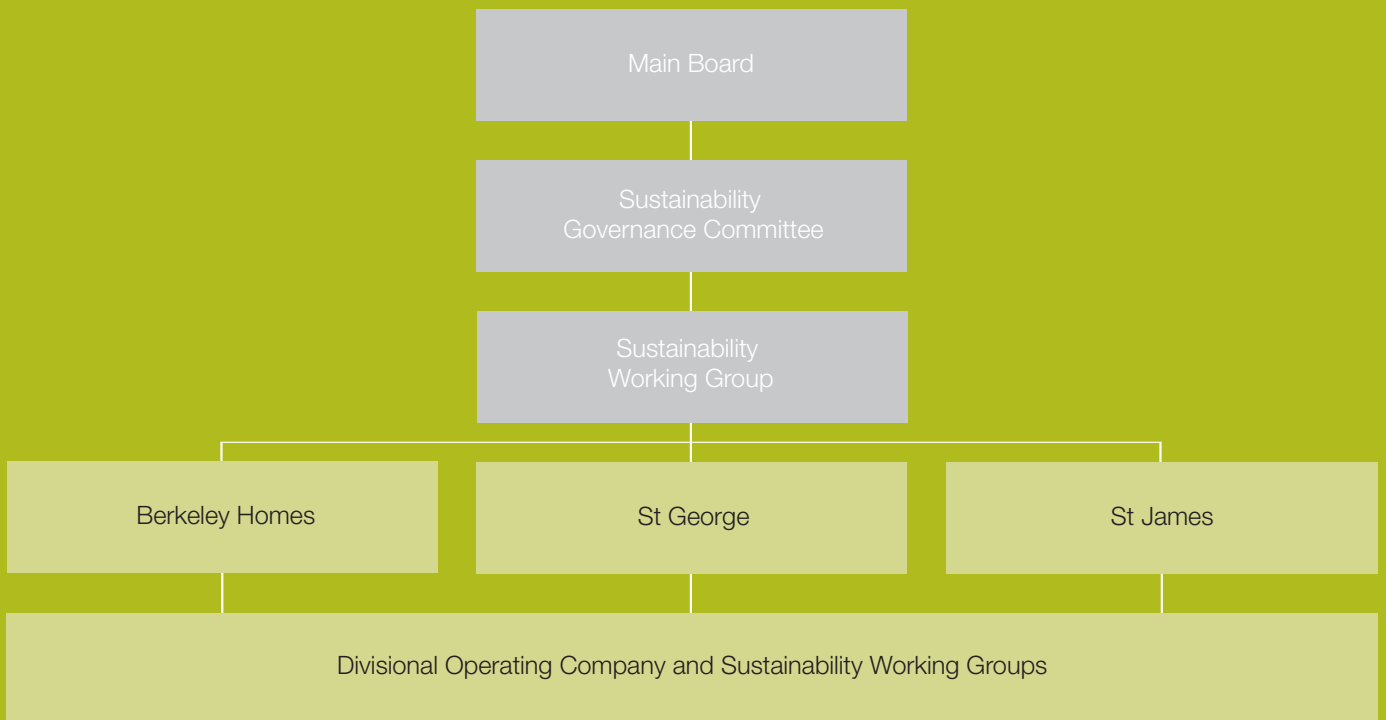
– In September 2005, Berkeley established the Sustainability Governance Committee (SGC). This board-level committee has been charged with overseeing the sustainability strategy and objectives of the Group. The establishment of the SGC reflects the increased importance that Berkeley has placed in ensuring a seamless harmony between our business and sustainability objectives. The SGC meets twice a year and is attended by external consultants, who provide independent counsel on our sustainability strategy and its implementation.

- **Group Sustainability Working Group (SWG) meetings**

– Sustainability Working Group meetings are held once a quarter and are made up of directors and senior managers from across the company. The SWG is used as a forum to disseminate the Group’s approach to sustainability to the Divisions. The SWG reviews progress towards targets, performance against the sustainability KPIs and shares good practice. The SWG is also supported by external consultants, and is occasionally attended by other third party experts.

- **Divisional Sustainability Working Groups** – Berkeley Homes, St George and St James have their own internal sustainability working groups, which meet at least quarterly. Berkeley Homes’ Sustainability Working Group is also attended by representatives from the smaller Divisions. These working groups enable the Group’s sustainability strategy and objectives to be disseminated within the Divisions, and ensure that they are implementing their own sustainability strategies. These all report to the Group SWG.

- **Divisional Operating Company and Project Sustainability Working Groups** – A number of the larger operating companies within the Divisions also have sustainability working groups to enable dissemination of Berkeley’s sustainability strategy throughout its operations. These are supported at a project level by teams meeting to discuss sustainability issues at various points within the development process.



Engaging with our stakeholders

Berkeley is committed to engaging with our stakeholders. At a Group level this includes corporate stakeholders, and at a Divisional level it addresses the concerns and aspirations of project specific stakeholders.

In our view, a stakeholder is anyone that either affects or is affected by our activities. We have identified a range of stakeholders at both Group (corporate) and Divisional (project) level. The table below provides a short description of each of our stakeholders, highlighting specific examples of how we communicate with them.

Stakeholder	How Berkeley communicates with this stakeholder group
<p>Customers (residential and commercial occupiers) Customers – who purchase our homes and commercial premises – are, of course, critical to the success of our business. They want our developments to enhance their lives, bringing home work and leisure closer together. By engaging with our customers we aim to meet their changing needs and expectations.</p>	<p>Berkeley undertakes regular customer satisfaction surveys and their responses form one of our key performance indicators.</p> <p>We actively engage with our customers on the sustainability attributes of the developments we build. Examples of such initiatives can be found under the sales and marketing section on page 25.</p> <p>Next year, one of Berkeley's targets is to gain a deeper understanding of the critical sustainability issues for our customers.</p>
<p>Investors Our investors are interested in both Berkeley's financial performance, and the factors that may affect that performance in the short and long-term. We continue to engage with our investors to demonstrate that our approach to sustainability adds value to our business.</p>	<p>In addition to making regular presentations to mainstream analysts, Berkeley continues to actively engage with socially responsible investors. In the past year, the Group participated, for a second time, in the WWF and Insight Investment house builders benchmarking, and was ranked equal first amongst our peer group in terms of sustainability performance. Berkeley also maintained its listing within FTSE4Good.</p>
<p>Local communities Local communities can be critical in determining the success of the developments we build. People's interests vary from location to location, but local communities are most concerned with how the development will effect their everyday lives. Berkeley is committed to listening to the concerns and aspirations of the communities in which we work, and finding appropriate solutions in every development.</p>	<p>Berkeley seeks to consult the local community on all developments, seeking to involve it in the design of the development, communicating through mechanisms such as newsletters, websites, telephone helplines and regular meetings.</p> <p>Once construction commences, Berkeley maintains its commitment to engaging the local community through signing developments up to the Considerate Constructors Scheme (see page 20). On many of our larger projects, the Group's divisions appoint community liaison officers and establish community based offices where local people can contribute their views.</p>
<p>Employees Our employees are of paramount importance to us in achieving our business objectives. We aim to protect the health and safety of our employees, treat them fairly and with respect, help them to develop their skills and reward them for their contribution to the company's success.</p>	<p>Berkeley communicates with our employees in a range of ways, including meetings, training, newsletters, and the Intranet. In the past year, we have upgraded our Intranet to enhance communication within the Group and Divisions on a range of issues. In December 2005, Berkeley held a directors' conference, bringing together 100 senior people from across the Group for two days of workshops and presentations. Environmental and social issues were at the forefront of the conference's agenda.</p>
<p>Contractors, consultants and suppliers Contractors, consultants and suppliers are critical to the delivery of our projects. We aim to treat our suppliers and contractors fairly and work with them to achieve our sustainability objectives.</p>	<p>Berkeley does not have a centralised procurement function. Our approach requires goods and services procured to suit the design and specification of each development. Despite this diverse nature of procurement, we are in the process of contacting the entire supply chain to communicate our approach to sustainability and to establish the sustainability credentials of our suppliers, contractors and consultants.</p>

Stakeholder

How Berkeley communicates with this stakeholder group

Housing associations and registered social landlords

Berkeley works with housing associations and registered social landlords to deliver mixed tenure developments. We believe that our approach to sustainability enables us to effectively deliver the increasingly stringent sustainability requirements of these bodies.

Registered Social Landlords (RSLs) have led the way in increasing sustainability targets and standards. In order to ensure Berkeley understand and meet these standards, we have developed excellent partner relations with a number of leading RSL's within it's operating regions. These relations extend from Board to Officer level thus ensuring Berkeley understands RSL strategic and project sustainability objectives. An example of the effectiveness of such co-operation is the ease of transition involved in the recent increase in EcoHomes standards from Pass to Very Good.

The Group also regularly meets key Staff & Officers at the Housing Corporation to ensure that we understand the sustainability requirements that will drive future funding initiatives and technical standards.

Industry bodies and trade associations

Berkeley works with industry bodies and trade associations to promote good practice in sustainability.

Berkeley continues to engage with industry bodies and trade associations. Representatives from the Divisions have been key speakers at industry events including the HBF Sustainability Conference. Berkeley Homes continues to be an Associate Member of the Considerate Constructors Scheme, reflecting Berkeley's strong commitment.

Government (national, regional and local)

The Government sets the context within which we operate through laws, regulations, general policy and strategy. Regional and local Government set the specific parameters within which individual development still take place. All of these levels of Government are placing an increasing emphasis on the role business can play in delivering sustainable development, and more specifically sustainable communities. We aim to work with all levels of Government to inform their approach to sustainability.

Nationally, Berkeley has actively participated in the consultation on the Code for Sustainable Homes. Berkeley spoke at an event, along with Yvette Cooper MP, Minister for Housing and Planning, and representatives from the Environment Agency, WWF, and the Energy Saving Trust, on this subject.

At a regional level, Berkeley has formal partnerships with a range of regional government bodies, including the London Development Agency (for example, at Royal Arsenal) and the South East England Development Agency (at Ropetackle).

At a local level, Berkeley sees all local planning authorities as partners in delivering sustainable development and actively develops relationships in areas of operation.

Non-Governmental and Research Organisations

We regularly work with non-governmental and research organisations to achieve sustainable communities and to further our knowledge of sustainability.

In the past year, a number of the Divisions have met with WWF to discuss Berkeley's approach to sustainability. We have also communicated with organisations such as Forum for the Future, the New Economics Foundation and CABI on our approach to addressing sustainability.

Berkeley has also worked with the Waste and Resources Action Programme (WRAP) to look at waste management on our sites (for specific details of the work undertaken at Battersea Reach please see page 20). Berkeley continues to work with a range of NGOs on our projects.

Land acquisition

Sustainability adds value to Berkeley by helping us see opportunities and manage risks.

Berkeley's business strategy has focused our principal operations on complex, mixed-use urban regeneration schemes. This meets the aspirations of our customers, and also coincides with the objectives of public policy, particularly in London and the South-East, to bring redundant land back into use. We create places in which people will choose to live and provide them the opportunity to have more sustainable lifestyles.

As an organisation we have developed the skills to overcome the complex hurdles associated with urban regeneration and to harness the opportunities to add value to both the places where we operate and to our shareholders.

The opportunities include:

Land assembly – bringing disparate land ownerships together through site acquisitions to enable development to proceed. Investors are beginning to recognise the value in companies being able to deliver this. There is a growing acknowledgement that the complexity of the urban regeneration process has an impact on the initial values of

sites, but that, conversely, those companies with the skills to unlock the potential of this complexity are in a position to enhance their financial performance.

Design – being uncompromising in the search for quality to make places where people want to live. Berkeley's development at Putney Wharf provides an award winning example of this (see page 13).

Planning – having the stamina to find the optimum town planning solutions which are also commercial and practical.

Scale – developing large, high quality projects where the scale of developments themselves will change the character of local areas to raise land values and make those areas more desirable places to live, work and play.

The risks are wide-ranging, but Berkeley manages these through a variety of measures, including:

- A Sustainability Land Purchase Risk Assessment Checklist, completed prior to site acquisition, which enables us to understand the full range of environmental and socio-economic risks and opportunities associated with the potential development. In the past year this has been fully integrated into each of the Divisions' management systems and will be implemented on all sites acquired in the future. >>



The process in action

Royal Worcester

Berkeley's development of parts of the Royal Worcester Porcelain Works in Worcester exemplifies our approach to reviving areas of deprivation, re-using land to create new mixed-use developments where people can live and work.

www.royalworcester.co.uk

The Royal Worcester Site has been the centre of the country's porcelain industry for many years, but overall activity and employment on the site has been in decline for a prolonged period. As a result of this, much of the site was no longer needed to support the continued operation of the factory and was therefore surplus to requirements. Berkeley, in association with Royal Worcester, has sought to bring forward a development proposal that meets the changing circumstances and needs of the company, while redeveloping the redundant areas of the factory. The development will bring about the regeneration and urban renaissance of a large site in Worcester city centre through the creation of a mixed-use development, incorporating 356 residential units, of which 30% will be affordable housing. The development will not only enhance the environmental and historic attributes of the site, but also create significant economic and tourism opportunities.

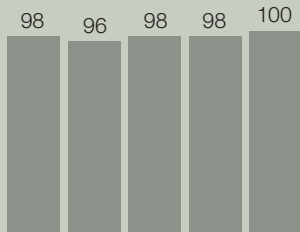
In designing the scheme, careful consideration was given to the strategic nature of the site and its significance to the city of Worcester. The existing historic buildings will be retained and re-used and the integration of the site within the city centre will be improved. The canal and riverside locations, which sit in a Conservation Area and lie adjacent to the site, will be enhanced and opened up for public access. The >>



Royal Worcester: artist's impression

Key Performance Indicators

Brownfield utilisation %



01/02 02/03 03/04 04/05 05/06

Berkeley's focus on regenerating redundant land in the UK means that we have consistently exceeded the Government target of 60% development of new housing on brownfield land. 100% of the land we have developed in the past year is on brownfield land. However, the Group does not intend to maintain this performance, but aims instead to ensure that at least 95% of our development is on brownfield land.

- Ensuring that the development teams have the knowledge and training to understand how to deliver successful regeneration projects with full awareness amongst project teams of the wider sustainability opportunities and risks at each stage. St James, for example, now requires all projects to complete Sustainability Checklists at each step of the development process. A wide range of stakeholders were consulted on the content of the checklist, including Forum for the Future and Thames Water, both of whom responded positively to its contents.
- Willingness and eagerness to work with partners to deliver better and more sustainable developments, which provide lasting legacies well beyond the immediate site boundaries. Berkeley has worked with numerous partners, including SEEDA; to deliver the EcoHomes Excellent project at Ropetackle; with English Heritage, Greenwich Heritage and the Royal Arsenal Woolwich Historical Society at Woolwich Arsenal; and with the Environment Agency and the Port of London Authority at Battersea Reach to deliver a new tidal habitat.

Adding value for all

The process in action

» Royal Worcester continued

historic Bone Mill and other period factory features will be refurbished, contributing to the culture and heritage of the city. New public squares will enhance the public realm and provide opportunities for holding formal and informal events. The development will positively contribute to the aims and objectives of the Worcester Visitor Economy Strategy, which aims to make Worcester a "top rank cathedral city".

A fundamental component of this mixed-use scheme is the provision of new employment opportunities as part of the development. Around 70,000m² of small office and business accommodation will be provided by the scheme, which is likely to provide around 200 job opportunities. When added to the retained employment at Royal Worcester and the proposed hotel and retail and leisure outlets on the sites, this could result in levels of employment above those set out within the Local Plan.

Understanding community needs

From the outset of the project, Berkeley was keen to consult with the local community and its representatives about the proposed plans. The major component of the consultation was a public exhibition attended by over 700 residents and other interested parties. 234 feedback forms were received and these were independently analysed to enable feedback to be incorporated into the planning application, wherever

possible. The vast majority of the feedback received was positive about the plans, with those aspects of the scheme that were particularly welcomed being the creation of a mixed-use development which retained the heritage and character of historic buildings, and which opened up the canal. The main concerns raised by stakeholders at the exhibition and during discussions were the issues of traffic flow, access and car parking provision. To address these issues, routes into and out of the site were altered and footpaths were widened to improve access.

Our award winning development at Putney Wharf is an excellent example of how we use our experience to deliver successful regeneration projects. Delivering highly complex projects such as Putney Wharf, which involved the refurbishment of an old office block into residential apartments alongside new mixed-use, mixed-tenure development, requires professional management supported by architectural, engineering and communications skills. Putney Wharf is both a stunning and successful riverside development that is now being enjoyed by residents and the community alike.



Planning and concept design

Consultation is a fundamental part of Sustainability and helps to formulate planning applications that are sympathetic to local environments and communities.

The sense of diametric opposition that once characterised the planning system – the era of ‘developer vs council’ – is now, thankfully, consigned to the past. Berkeley is justifiably proud of our own role in helping the system to emerge from this cloud of mutual misapprehension and today enjoys the opportunity to work enthusiastically within a planning system geared towards effective dialogue between the whole array of partners.

This new atmosphere in the planning system is beginning to open up opportunities, encouraging improvements in – and sharing of – skills and knowledge for all project stakeholders – developers, consultants, planning officers, and even the communities in which we operate. This new approach has been codified into the planning system through PPS1: Delivering Sustainable Development. And as the new thinking continues to be embedded within planning policy (for example PPS3: Housing to be adopted in the near

future), more and more opportunities arise for regenerating our towns and cities and sharing good practice between all those involved.

We are acutely aware that new development represents change in the locations where it is proposed. People, unless they are involved and engaged in this change, always have the potential to be antagonistic to new proposals. We see the new emphasis on consultation as a way to help local communities to take ownership of the changes and see the benefits that can accrue to them from regeneration projects. As the Kingsway Square scheme, in Battersea, ably demonstrates, this enthusiastic and inclusive approach is by far the most effective way for achieving the desired result for all involved.

Designing for sustainability

One of the key ways in which the Government is seeking to improve the sustainability of the new dwellings built in the UK is through the Code for Sustainable Homes. The proposed Code, which is likely to be based on the EcoHomes standard, may be a requirement on all grant funded dwellings, and may ultimately be a requirement on all new developments. Berkeley welcomes the proposed Code as a means of providing consistency in sustainable design, and has consulted with a number of parties including the DCLG and WWF on its content.



The process in action

Kingsway Square, Battersea

St James' development at Kingsway Square, Battersea, demonstrates Berkeley's commitment to listening to the concerns and aspirations of the communities where we work. Berkeley believes that full stakeholder engagement in the planning process, particularly with local communities, can reduce planning objections and speed up the time in which planning permission is granted. The consultation process undertaken in Battersea meant that it only took 13 weeks to obtain detailed planning permission for the project (including section 106 agreements), listed build consent and conservation area consent.

St James purchased the former Westminster Kingsway College site, some 2.25 acres, following its closure in July 2004 and developed a primarily residential scheme for 153 private and 51 (25%) affordable units. At the heart of the scheme was the preservation and restoration of the Grade II Listed Buildings and their sensitive conversion to residential use. It was proposed that the magnificent Tate Library, which is one of the finest pieces of architecture on the site, would be preserved in its entirety and opened up for the enjoyment of the public as a restaurant/bar.

St James' approach to consultation was to gauge stakeholders' opinion on the development, where possible incorporating this feedback into the proposals. St James sent out newsletters to local residents introducing them to the scheme, inviting them to send back their comments and to attend a public exhibition. In addition to this feedback, St James also consulted with bodies such as English Heritage and Wandsworth Borough Council together, with local councillors and the local MP.

The consultation process generated 263 responses and indicated that the majority of residents were in favour of the site's regeneration. However, a number of concerns were raised in relation to traffic and parking, the impact of the proposed new building on the surrounding area, and the construction process itself. St James sent a second newsletter to residents following the planning application to put forward the following solutions to issues raised:

- To address concerns about lost privacy by some neighbours, St James agreed with Wandsworth Borough Council to change some of the roof terraces in the development from public to private use.

Pre-empting the adoption of the Code for Sustainable Homes, Berkeley is now regularly undertaking EcoHomes assessments. The Group frequently meets the higher EcoHomes ratings on both private and affordable units. For example, 155 homes at our Ropetackle development will be certified as EcoHomes Excellent; 158 units at St George Wharf and 124 units at Battersea Reach have been certified as Good; 124 units at Innova Park will be built to EcoHomes Very Good; and all 2,800 dwellings at Beaufort Park will be built to an EcoHomes rating of Very Good.

The Beaufort Park scheme, in Hendon, also demonstrates where commercial benefit can be achieved from taking a proactive approach to sustainability in the design process. At the masterplanning stage, the contouring of this site has been carried out with the express objective of minimising the need to export soil off-site; not only does this minimise the costs of waste disposal, but it also reduces transport impacts and associated nuisance to local residents from lorry movements. In addition to this, the existing surface of the site has been stripped and is being composted for future use in the landscaping across the development.

Key Performance Indicators

In 2005/06 38% of completed dwellings were certified using the EcoHomes methodology, of which 37% were certified very good or excellent.

Berkeley recognises the growing importance of EcoHomes to its stakeholders, particularly the affordable housing bodies. Since April 2005, the Housing Corporation and English Partnerships require all their homes to be built to EcoHomes 'Very Good' standard. Berkeley assesses a large proportion of its developments using the EcoHomes methodology. However, the Group only undertakes a formal certification of this assessment when required to do so by external stakeholders.

An active process

Kingsway Square, London (St James)



- To reduce the impact of traffic from the proposed development, the parking arrangements were modified, while St James proposed that it would establish a car club for use by local residents, as well as new residents living on the site. It also proposed that it would provide bicycle parking for every resident, as well as for visitors.
- To reduce disruption during the construction phase, a construction vehicle management plan was drawn up for the site. St James signed up to the Considerate Constructors Scheme and appointed a designated Neighbourhood Liaison Officer to work with local residents to ensure that any issues raised were resolved quickly and effectively. The existing buildings were wrapped to protect the area from dust and to minimise disturbance from construction.

A second public exhibition was held following the planning application. Each of the exhibitions were held on site in the Tate Library over two evenings and a weekend and were staffed by representatives from the Development team. St James also constructed a purpose built website to enable stakeholders to view the proposals and provide feedback. The website continues to be utilised today to update residents with the construction programme.



Detailed specification: technological innovation

Technology will provide the answers to many of the environmental challenges facing us today. With its commitment to innovation, Berkeley is quickly able to implement new methods and techniques across the whole business.



Across society as a whole, concerns about the environmental impacts of our lifestyles have never been greater, obliging each of us in turn to make carefully reasoned decisions. Business has a particular responsibility to both minimise its impacts and to find ways of ensuring that growth is sustainable across a wider range of measures than economics alone. Consequently, Berkeley is determined to fully understand the sustainability impacts of our developments. While some of the required changes are more systemic, technology will provide many answers to these challenges, a great deal of which are being enshrined in legislation or codified.

Climate change is at the top of the nation's environmental agenda. This presents both strategic risks and opportunities to us as a business, and is increasingly being studied by investors interested in the long-term effects of climate change on the value of businesses. >>

Our award winning development at OneSE8 demonstrates how sensitive design can enhance the ecology of the site. A number of the roofs within the development have been designed to provide a habitat for the black redstart, which has been adversely affected by regeneration projects in the capital. These brown roofs have been specially treated to provide the habitats for the plants and invertebrates that the redstarts feed on. >



The process in action

Energy and technological innovation – Holborough



Berkeley Homes' development at Holborough in Kent demonstrates how Berkeley is using innovative design to reduce the environmental impact of our developments. Holborough is being built within the site of a former quarry and cement works and will provide an important urban extension to the nearby community of Snodland. The scheme will eventually include 1,000 new homes and is expected to boost the local economy, as well as bring significant improvements to this area of Kent. Identified as one of three key strategic development sites in Kent by the DCLG, it is also expected to meet housing needs in the local area for the next 10 years. A range of measures are being undertaken on the development to enhance the sustainability of the development.

Energy

The first phase of the scheme is being built using Super E[®] technology, which is a building program utilising timber frame construction that ensures the highest standards of environmentally friendly construction and operation. The use of the Super E[®] technology means that all dwellings will meet high standards of thermal efficiency, which will enable residents to use less energy, reducing annual heating costs

△
Holborough, Kent (Berkeley Homes)



sustainability

as well as carbon emissions. All the houses on the development will achieve SAP ratings of at least 100, with many achieving ratings over 110. Every Super E[®] Home is tested for air permeability, and has an extremely low air leakage rate (on average 5 to 6 times lower than a traditional home). This reduces drafts, minimises heat loss, and increases the comfort for occupiers.

Well-being

The use of Super E[®] technology has a number of benefits for residents, including improved indoor air quality, moisture control and sound insulation. Studies undertaken in Canada have shown that houses built using Super E[®] technology have an indoor air quality superior to that found in conventional housing. The high levels of insulation within the homes reduce sound transmission. All the homes feature air filtration systems which increase air movement, reduce dust, and are fitted with heat exchangers to minimise heat loss.

Transport

In addition to providing highly energy efficient homes, the development has been designed to enable residents to reduce their transport related carbon emissions. The area

will benefit from a network of new pathways and cycle routes for the enjoyment of residents and the wider community, helping to reduce noise and air pollution from traffic. In addition to this, there will be a new bus route through the site as well as improvements to existing bus routes.

Ecology

A rich mix of wetland, woodland and chalk down environments surround the properties at Holborough. In conjunction with environmental consultants and planners, Berkeley Homes has gone to great lengths to survey the existing wildlife and biodiversity, mitigate and monitor the effects on it, and create new habitats such as chalk down areas, new woodland and ponds. An Ecological Mitigation Strategy and Conservation Management Plan was drawn up for the site to ensure that populations of birds, newts, slowworms, bats, fish and many wild plant species will be able to flourish in and around the development. Located close to a lake and native woodland, the new habitats have been created to compliment the existing Nature Conservation Sites and Sites of Special Scientific Interest.

Coupled with this, legislative requirements such as Part L of the Building Regulations and the proposed Code for Sustainable Homes, as well as the increasing emphasis on climate change within the planning process (most notably in London and the South-East) pose a risk to us as a business if we are not able to demonstrate how we are addressing these matters. We also recognise that addressing climate change may present opportunities; for example, as electricity and gas prices rise customers may be increasingly interested in purchasing homes with lower running costs and reduced environmental impacts.

Understanding Climate Change:

In light of these increasing demands, Berkeley has sought to understand what climate change and carbon reduction means to us as a business. We recognise that as well as enhancing the designed energy efficiency of the dwellings we build, and including renewable energy where feasible, addressing issues such as waste management, materials specification, water use, access to public transport, and locating developments near places of work and leisure, can all play a role in reducing the carbon emissions of our developments.

Berkeley continues to measure our average SAP ratings, which provide an indication of the energy efficiency of the developments we build, and performance continues

to improve (see box on page 19). In line with last year's target, each of the Divisions has undertaken work to look at how the energy efficiency of developments can be improved. In addition to looking strategically at these issues, Berkeley has also examined this issue in detail on a number of projects. In the past year energy demand assessments or renewable energy feasibility studies were undertaken on 19 projects. As a result of these studies, a number of our developments will incorporate some element of on-site renewable energy generation. For example, Vauxhall Tower at St George Wharf will use the London Aquifer as a thermal store to help heat and cool the building. Berkeley is also incorporating community heating (which includes combined heat and power) in a number of its developments, including at Royal Arsenal in Woolwich. Community heating is a low carbon technology, which increases the efficiency of energy delivery and reduces the overall carbon emissions of a development.

Berkeley also recognises that reducing car use on our developments can significantly reduce carbon emissions. We seek to reduce car dependency on all sites, and do this through a number of means, including designing the site to encourage the use of public transport, locating homes and places of work close together to reduce the need to travel, and providing facilities and incentives that reduce car use.



The process in action

The use of modern methods of construction – The Paragon

The Paragon, a Berkeley First development in Brentford, demonstrates how the use of innovative design and construction techniques can enhance quality, reduce time on site and improve value for clients. Prior to its acquisition in 2003, the site had lain dormant for 12 years. Berkeley First worked closely with Thames Valley University and the London Borough of Hounslow to develop a pioneering scheme to regenerate the highly accessible and under-utilised site. The project consists of 839 student en-suite rooms, 221 key worker apartments, 130,000ft² of academic facilities for Thames Valley University as well as 3,000ft² of retail space.

Berkeley is keen to investigate how we can embrace the Government's target of increasing the use of modern methods of construction in house building. At Paragon, modular units are utilised. Manufactured off-site, they arrive fully-furnished. A range of benefits of this method are described in detail below.

Energy and materials

The modules are insulated to a high degree and meet, and in some areas exceed, requirements on thermal and sound insulation. The average carbon index ratings for Block A were 8.5, with over 20% of the dwellings achieving a score

of 9.0. The insulation material used to achieve these standards is a mineral wool fibre which does not contain or involve the use of CFCs, HFCs or any other environmentally damaging gas in its manufacture. A minimum of 70% of the raw materials used in the manufacture of the modules can be recycled.

Reducing on-site waste

If Paragon had been undertaken using traditional construction methods, it would have generated approximately 1500 standard skips, based on the number of units being constructed and the average number of skips used per dwelling. Through the use of modular units constructed off-site, we have estimated that on-site waste generated will be reduced by two-thirds, to 500 skips. We will monitor the number of skips used during the construction of Paragon; so far the estimates have been borne out, with two-thirds fewer skips used in the construction of Block A than would normally be expected.

Safe, healthy and fulfilled workforce

Part of the challenge of developing the site was to safely manage construction close to the elevated section of the M4 motorway. The controlled factory environment used

The section of this report that focuses on sales and marketing contains details of some of the initiatives we have undertaken in the past year to reduce car dependency. Berkeley also seeks to reduce the impact of transport during the construction phase.

In addition to continuing to specify energy efficient white goods with at least a B rating, the case study at Battersea Reach in the construction section, shows how we have begun to consider the life cycle attributes of the materials we use. The case study below demonstrates how we have used sustainable materials and innovative design to reduce the environmental impact of our developments.

In going forward, Berkeley intends to strategically address the issue of carbon reduction through our newly established energy forum; details of the outputs of this forum will be provided in the 2007 Sustainability Report.

Key Performance Indicators

Average SAP rating of completed dwellings (out of-120)

2005/06 - 83.3
2004/05 - 79.6
2003/04 - 74.7
2002/03 - 79.0
2001/02 - 79.4

Berkeley recognises the increasing importance of improving the energy efficiency of the dwellings we build, and continues to explore the ways in which we can improve our performance in this area. Our average SAP rating for new built homes in the past year was 90, with many achieving over 100. However, the average is reduced due to the large number of apartments that we build, as well as the challenge of refurbishing old historic buildings which were not originally designed with energy efficiency in mind.

In the coming year Berkeley will be reviewing this KPI in light of the changes in Part L of the Building Regulations.

to manufacture the units consequently reduced the health and safety risks during construction, and made it easier to monitor and maintain health and safety standards.

Reducing the impact of construction on local communities

The programme time was reduced by 14 months compared to an equivalent site being built using traditional methods, as the build programme is less affected by weather and material shortages. Once on site, neighbours suffer fewer disturbances as construction time is reduced, as are other nuisances such as dust.

Delivering a quality product

The quality of the finished product is more easily assessed by the Design Team as the manufacturing process enables strict quality control standards to be adhered to, which are not practical on a traditional site. Through a thorough pre-planning process, which draws upon the whole design team, the design is questioned and checked and by the time the first module passed through the manufacturing process the minutest detail can be controlled.

The Paragon, London (Berkeley First) >



Construction

The construction process creates both the biggest impacts and biggest opportunities, at a local and environmental level. Effectively managing these impacts and opportunities, in a sustainable manner, is central to our business.

The construction process is the most disruptive part of property development activities. While planning consultation and engagement with local communities deals with the theory of what might happen if development were to proceed, it is when development starts on site that Berkeley begins to produce physical effects on local communities and environments. We view the management of the construction process as an essential part of building sustainable developments.

The starting point for demonstrating this commitment is good site management. Berkeley has a strong commitment to the Considerate Constructors Scheme (CCS), which provides an external verification of the high management standards we expect our sites to meet. In 2005/06, 95% of sites were signed up to the Considerate Constructors Scheme and 19% of these achieved Considerate Constructors Awards. A further demonstration of the strength of management on our construction sites is the fact that we received no health and safety or environmental prosecutions in the year.

In the past year, Berkeley has placed a continued emphasis on the importance of construction waste management. >>

Reducing waste



ST GEORGE PLC

The process in action

Managing waste effectively – Battersea Reach

Battersea Reach is a 13 acre mixed-use development fronting the River Thames, adjacent to Wandsworth Bridge. The site lay dormant for 10 years until St George acquired it with a view to creating a vibrant new sustainable community. The new development will provide 658 new homes and create around 1,000 new jobs. 25% of the new homes will be affordable for key workers and those on low incomes. More than 60% of the site will become landscaped public space fronting the River Thames. Phase 1 of the development comprising two twelve storey blocks each containing 101 apartments was completed in August 2005. Phase 2, a fourteen story tower of 124 apartments, is currently in progress and due for completion in October 2006.

Battersea Reach exemplifies Berkeley's approach to managing waste. A Site Waste Management Plan was drawn up for the site in accordance with the DTI Code of Practice by staff that had attended the Waste Resource Action Programme (WRAP) seminar on Site Waste Management Plans. >>

Battersea Reach, London (St George)



Key Performance Indicators

In 2005/06 87% of sites commencing construction were implementing Site Waste Management Plans in line with the DTI's Code of Practice

Rising landfill taxes, changes in the waste acceptance criteria and the environmental impacts associated with waste means it is a critical issue for the Group to address. Berkeley understands these business imperatives and, following the waste review undertaken last year, set a target to implement Site Waste Management Plans on our sites. The Group has set the requirement that these SWMPs must comply with the nine steps set out in the DTI's Code of Practice, which enables us to manage and reduce the waste we produce.

The Group has set a target that, as a minimum, 90% of sites commencing construction must implement SWMPs in line with the DTI's Code of Practice. This will enable the Group to adequately prepare for any future legislation which may require SWMPs to be implemented on all sites.

In 2005/06 Berkeley received

zero Environmental or Health
and Safety Prosecutions

Integral to any sustainability strategy is to ensure, at a very minimum, compliance with legislation. Berkeley believes that our strong commitment to good site management reduces our risk of not meeting minimum standards set out within environmental and health and safety legislation.

Increasing safety



»» Construction continued

In 2004/05, Berkeley undertook a detailed waste review to assess waste management practices and recommend a high level waste policy and strategy. As a result of this review, Berkeley concluded that it needed to reformulate our approach to waste management. The first step in this process was to ensure that all sites beginning construction were implementing site waste management plans (SWMPs) in line with the DTI Voluntary Code of Practice. In the past year, all the Divisions, in consultation with each other, have produced generic SWMPs meeting the Code of Practice. These generic plans are designed to enable individual projects to undertake a comprehensive process to manage waste on site. 87% of our sites under construction are implementing SWMPs. Going forwards, we have set a performance target that at least 90% of sites starting construction implement such plans. Putting such targets into place not only allows us to ensure that opportunities to reduce and recycle waste have been considered, but also allows us to meet standards in EcoHomes 2006, as well as pre-empt any future legislative requirements.

Berkeley has also sought to gain a more detailed understanding of the waste being produced on sites. In the past, we have measured waste production across all projects in terms of average number of seven yard skips removed per dwelling.

In addition to this, we also measured waste production in a more comprehensive manner on a number of our sites. This

was undertaken using the BRE Smart Waste System to measure waste streams (e.g. plasterboard, wood, metal) and the old Berkeley waste data tool to measure disposal route (e.g. landfill, materials recycling facility). During 2005/06, we worked on developing a tool which could provide a more intelligent insight into the effectiveness of our waste management practices by monitoring both waste streams and disposal routes. The new Berkeley Group Waste Data Collection Tool was completed at the end of 2005, and the case study below details the trial of the tool at Battersea Reach.

As a result of the reformulation of this tool, Berkeley did not achieve its 2005/06 target to “Expand waste data gathering to all major projects”. In the coming year, a new target has been set to trial this new tool on a range of projects, from small to large, to find out whether it can be used on all projects or whether it will need to be tailored to different scales. With waste disposal costs rising year-on-year, this tool is likely to become essential to our operations. However, the tool must work in a way which permits data to be gathered easily and robustly without being an overly onerous activity for staff on sites, while enabling projects to be able to implement smart site waste strategies which are environmentally and commercially beneficial.

The process in action

»» Managing waste effectively – Battersea Reach continued

The SWMP identifies who is responsible for managing and monitoring waste, and ensures that opportunities to recycle materials and reduce waste to landfill have been identified, wherever possible.

Waste generated on the site is monitored using the new Berkeley Group Waste Data Tool. Battersea Reach, because of its large size and diversity, was chosen as the ideal development to trial the tool. In addition to this, waste generation at the site had previously been measured using both the BRE Smart Waste Tool and the old Berkeley Group waste data tool, and therefore staff on the site were in a good position to appraise the effectiveness of the new tool.

The new Waste Data Collection Tool was put in place with staff being trained to use it accordingly. Site waste removed from site is monitored by material category (e.g. plasterboard, wood, metal) as well as disposal route. Quarterly management reports are compiled using the tool, and enable site managers to identify opportunities to reduce waste generation and increase recycling. The graphs opposite demonstrate the outputs of the tool.

Under a collaborative working arrangement with British Gypsum, plasterboard is segregated on site into bags and is then collected for recycling. Phase 1 of the development produced 334 tonnes of plasterboard for recycling and it is estimated that a further 205 tonnes will be produced from Phase 2. St George agreed special arrangements to minimise plasterboard waste on site by agreeing that the boards were pre-cut to height. British Gypsum recycles 100% of the standard plasterboard including removal of the paper face which is composted. The recycled plaster content is then used in the production of new boards with approximately 18% of the board being produced from recycled material.

In the past year, St George has worked with the Waste Resource Action Programme (WRAP) to look at how it manages plasterboard waste on Battersea Reach. The output of this work is a case study, which is available on WRAP's website: www.wrap.org.uk/procurement.

Key Performance Indicators

Average RIDDOR incident rates per 1,000 employees on all sites



2001/02 – 11.4



2005/06 – 4.5

Health and safety is an integral part of good site management. Berkeley continues to demonstrate strong performance in this area (see page 28). This data includes sites where the company is the principle contractor and those where it does not have primary management responsibility for health and safety. Over the past five years, Berkeley has decreased the incident rate by 60%.

In 2005/06 95% of sites under construction were registered with the Considerate Constructors Scheme

In 2006 19% of these sites received Considerate Constructors Awards.

Berkeley continues to maintain a strong commitment to good site management, which it verifies externally through participation in Considerate Constructors Scheme. Berkeley was the proud recipient of two Gold CCS Awards in 2006 for Chelsea Bridge Wharf and St George Wharf; the Group also received five Silver Awards and three Bronze Awards.

The Group has set a target that, as a minimum, 90% of sites under construction must be CCS registered. All sites must use the principles of Considerate Constructors, even if they are not formally registered with the scheme.

Running total waste streams by disposal route



This data covers the period 1st January 2006 – 31st March 2006. This data was generated using the new Berkeley Group Waste Data Tool, which breaks down data to show where waste is disposed (e.g. MRF, directly recycled, sent directly to landfill etc), as well as letting users analyse the waste streams being generated (e.g. plasterboard, metal, wood etc). The Berkeley Group Data Tool allows projects to gain a detailed understanding of waste arisings, which enables them to target areas to reduce waste and increase recycling.

Following the trial at Battersea Reach, the Group will be expanding the use of the tool over the next year to a range of project types. This will allow the project managers to understand the types of waste being generated and monitor the proportion of waste recycled, and will allow the Group to understand the applicability of the tool to its projects.



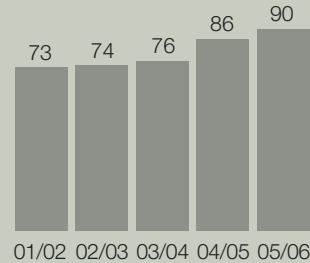
Sales and marketing

Berkeley understands that people want to live in homes which are affordable and accessible, with good quality public realms and access to a range of work and leisure opportunities. Berkeley undertakes a range of initiatives to communicate to both potential customers and purchasers, the sustainability of the developments Berkeley builds as demonstrated by the case studies below.

Key Performance Indicators

Average customer satisfaction %

Would you recommend Berkeley to your best friend?



Berkeley recognises that without customers it would not have a business. Their response to the product we build and the service we provide is vital to our on-going success. Berkeley has continued to perform strongly in relation to customer service, and was pleased to be given a four star rating in the most recent annual Home Builders Federation Survey.

Raising awareness of sustainability benefits

The process in action

Communicating with potential customers

Berkeley is increasingly engaging with our prospective customers on our corporate approach to sustainability, highlighting how this improves long-term performance of the developments we build, and outlining the potential benefits that this has for future residents. Berkeley communicates our approach to sustainability in a number of ways, including within sales and marketing suites and site hoardings, as well as through its corporate and sales literature. Berkeley understands that customers' purchasing decisions are governed by a multitude of different factors, and while the demand for sustainable homes may not yet be explicit, taking a proactive approach helps address the increasing interest in these issues. The following examples highlight some of the measures undertaken in the past year on our sites to communicate with our customers:

- All Divisions have sustainability displays within their sales and marketing suites. A number of projects also provide detailed information on specific issues such as how Berkeley's homes can help to reduce energy and water consumption.
- Many of the project websites have specific sections on sustainability, the development and their neighbourhoods. For example, Royal Arsenal's website provides detailed information about the history of the site and how it is being preserved in the development of the scheme, while Beaufort Park's website has a specific focus on local leisure facilities, parks, water features and wildlife habitats.
- St James is currently in the process of building an Enviro-House at its Kennet Island Development, Reading. This will be used initially as one of the show homes, and will showcase a range of sustainable technologies, including solar panels, wind-turbines, water efficient pipes, grey-water recycling, all of which will be able to be purchased by customers. Berkeley will be providing details of customer feedback on this initiative in next year's report.
- Berkeley Homes has placed sparrow boxes in 15 of its sales and marketing suites. This not only helps the falling sparrow population, but also helps to raise customer awareness of this issue. To support this initiative, Berkeley Homes is planning to provide a range of leaflets by English Nature in its marketing suites to encourage customers to enhance biodiversity in their gardens. Over 20 different leaflets are provided including: composting and peat-free gardening, and gardening with wildlife in mind.



The process in action

Communicating with purchasers

Once a customer has purchased a home with Berkeley, we aim to make them aware of what measures Berkeley has included in the development to improve its sustainability, and what residents can do to optimise the use of these facilities. The examples below provide just a few examples of this:

- Berkeley Homes has signed up over 10 projects to green energy tariffs, reducing the carbon dioxide emissions associated with occupation. Berkeley's development at Bromyard Avenue, the winner of the 2006 Liveable Cities Award built environment category, impressed judges with its approach to encouraging low-impact living. All 512 homes were signed up to a green energy tariff, representing around a 1% uplift of the total number of UK homes connected to such tariffs.
- St James' development at OneSE8 provided a cycle club to encourage residents to use more sustainable methods of transport. The cycles are available for the residents to use free of charge. The scheme is managed through the concierge service, and all of the cycles are regularly serviced and stored undercover in a lockable cycle store. The service is very popular (particularly during the spring and summer months) and complements the car share club also provided on site.
- At the New River Village site at Hornsey, St James has provided an 'electronic information kiosk' known as the "Urban Brain" to provide residents with information about their local area and services. It is located in the concierge area of the Amazon Building, and is housed in a 5m high coloured glass box with integrated changing light displays, scrolling LED display and a large plasma flat screen. Users can access a range of information including real-time public transport updates, details of local amenities such as local shops, pubs and restaurants, as well as providing access to a resident message board.
- St George has developed a wildlife guide for Kew Riverside Park, highlighting to residents the key features of nature conservation interest at the site. For the earliest design stages, St George engaged ecologists to ensure that the development proposals incorporated a high level of design for nature conservation. The brochure reflects the range of measures taken to protect and enhance the wildlife habitats on site, and highlights to residents the key wildlife features, including the new nature reserve to conserve the Two-Lipped Door Snail, an extremely rare invertebrate species and an important component of London's biodiversity.



△
Kew Riverside Park, Surrey (St George)

- Berkeley provides car clubs on a number of its projects to reduce transport related carbon emissions from residents of its developments. Projects that incorporate/will incorporate car clubs include St George Wharf, Grosvenor Waterside, and OneSE8.

To make customers more aware of the sustainability features that are now being designed into their new homes, the Divisions are beginning to incorporate customer guides to sustainability within their handover packs. For example, St James' customer guide outlines the environmental benefits of well known items such as energy efficient appliances, low energy light fittings, recycling facilities and low water use bathroom fittings as well as highlighting often unnoticed measures such as the use of certified timbers, high levels of insulation and sustainable materials. In the next year, Berkeley has set a target to review the content of handover packs for customers and ensure that these all contain information on the sustainability attributes of the dwellings and the development.

Workforce

Berkeley's commitment to sustainability extends beyond its developments, embracing all aspects of the relationship between Berkeley and its dedicated workforce.

Equal opportunities

Berkeley has an Equal Opportunities Policy which commits us to ensure that all employees, potential employees, and other individuals receive equal treatment (including access to employment training and opportunity for promotion) regardless of their age, colour, disability, ethnic origin, marital status, nationality, religion, sex or sexuality. A copy of this policy is available at: www.berkeleygroup.co.uk/sustainability. As part of this, Berkeley is committed to measuring the percentage of women employed. Furthermore, in the past year, we have been undertaking work to implement the Disability Discrimination Act within the Divisions.

Training and development

Berkeley is determined that all employees should receive appropriate training. Last year we set a target to "ensure that the Divisions have appropriate sustainability training programmes in place" in recognition of the fact that training is crucial to ensuring that sustainability strategies can be implemented and targets met. All Divisions have induction training on sustainability to ensure that new employees understand the integral nature of sustainability to Berkeley's business operations. In the past year, the Divisions have also started to adopt more on-going training programmes to ensure that employees are able to adapt to the ever-changing requirements in relation to sustainability.

Occupational health and safety

The effective management of OH&S standards remains fundamental and an integral part of managing the Group's business. Our strong performance continues to be recognised externally, and in the past year, we have won a range of health and safety awards, including Building Magazine's 'Best Housebuilder's Safety Initiative' for Berkeley Homes for 2005. Berkeley was also awarded seven silver RoSPA Awards which recognise an achievement of very high standards of health and safety over three years.

A comprehensive OH&S management system operates in each Division, which is integral to other key business processes, and performance is regularly monitored by OH&S management teams dedicated to each Division, with zero-tolerance for non-compliance. These standards are audited regularly, and performance is reported to the Berkeley Group Main Board. Through these regular reports, the Board is able to monitor the strategic development of OH&S across its Divisions. Berkeley has continued to maintain our representation on various national committees, including the Construction Industry Advisory Committee.

Berkeley continues to invest in improved communications and has developed an Intranet based system providing all required OH&S information to staff.

Continual improvement in performance

The committed management approach to continuous improvement in OH&S standards has led to sustained and measurable improvements in our health and safety performance. In the past year, the average incident rate for the Group (including both principal contractor and client only sites) was 4.5 (full details of our performance against this KPI can be found on page 23).

In the past year, Berkeley has begun measuring its health and safety performance against 21 of the major housebuilding companies through the Home Builders Federation accident benchmarking database.

Berkeley is performing strongly against its peers, maintaining an incident rate well below the national average. Going forward, Berkeley is committed to ensuring that it maintains its RIDDOR incident rate below the average of all those contributing to this database.

Berkeley also maintains regular OH&S specific site visits by our senior management, and demonstrates a strong performance in this area with 92% of planned visits undertaken (of the visits planned 135 were achieved).

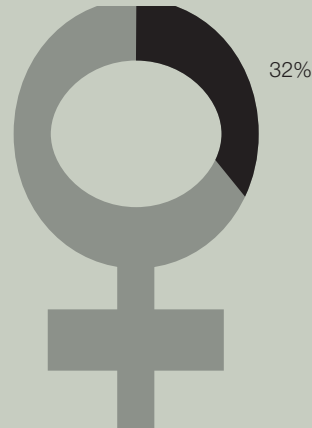
For example, Berkeley Homes run a range of sustainability training programmes which includes a 2 hour Sustainability Workshop, a one day Sustainability and Environmental Awareness Course, and a 2 hour Introduction to EcoHomes Workshop. In going forward, we have set a target to undertake a sustainability training needs analysis for all Divisions and identify suitable training programmes on the basis of the findings. This will allow each of the Divisions to target training in relation to specific issues (e.g. energy), where this is not already been undertaken.

Communication

Berkeley is firmly committed to the continuation and strengthening of communication lines with all employees. In the past year, we have relaunched the intranet and are placing an increasing emphasis on this as a tool to enhance communication within the Group. The intranet contains a specific sustainability area, which allows employees access to a wide range of information including guidance notes, case studies and performance data. Going forwards, further work will be undertaken on this section of the website to ensure it provides the maximum benefit to our employees. In addition to the intranet, each of the Divisions uses a range of other tools to communicate with employees including newsletters, presentations, as well as training courses. >>

Key Performance Indicators

Percentage of women directly employed



As part of its equal opportunities policy, Berkeley is committed to measuring the percentage of women employed. Berkeley continues to examine the ways in which we can enhance the diversity of its workforce.

Training

Berkeley's success in managing OH&S is derived from having competent well trained personnel. Accordingly, we continue to provide a comprehensive range of OH&S training programmes for all our staff. Berkeley's OH&S programmes form part of staff development, and training plans are produced following training needs assessments for employees. These programmes are monitored and reported upon regularly. Berkeley adopted the average number of training days per employees as a KPI last year, in recognition of the importance of health and safety training in ensuring a safe and healthy workforce. As part of our overall programme this year we undertook an OH&S workshop for Safety Directors and OH&S Safety management teams, and, a briefing workshop for Group Main Board Executive Directors. Berkeley continues to progressively implement the Construction Skills Certification Scheme (CSCS), and as a member of the Major Home Builders Group, has committed to qualify our site workforce by 2010.

A cornerstone of our safety management training programme continues to be the 5 day CITB Site Managers Course. Performance continues to be maintained at a high level (see KPI: Percentage of Site Managers completing the 5 day CITB safety training course). Berkeley has set a performance target that at least 90% of directly employed site managers should have received this training.



Key Performance Indicators

In 2005/06, employees received in excess of 1,000 man-days of health and safety training.

Training is crucial to effective delivery of Berkeley's health and safety strategy and targets. This indicator refers to the total number of training man-days for employees in the year. The amount of training provided to employees is determined by training needs, and as a result may fluctuate annually.

Office management

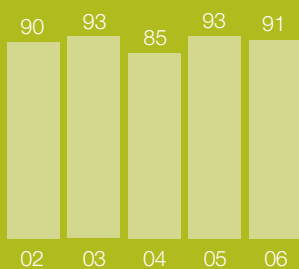
Following the sustainability KPI review undertaken last year, it was decided that the environmental impact associated with Berkeley's offices was not significant, relative to the impacts associated with our developments. Berkeley has therefore dropped KPIs measuring carbon dioxide emissions and water consumption in our fixed offices, though all offices have been signed-up to Green Energy tariffs and use water-efficient appliances. However, the Group and the Divisions continue to undertake a range of measures to ensure that they continue to maintain and where possible reduce the impacts of their offices. For example, all divisions recycle a range of materials including paper, plastic bottles, and printer cartridges. In September 2005, Envirowise carried out a FastTrack Visit to St George House, with their assessment concluding that "there is a strong commitment to good waste minimisation and recycling practices. Only minor opportunities for further improvement could be identified."

Charitable initiatives

Employees within the Group and Divisions continue to support a range of charitable initiatives, both in terms of time spent volunteering and in donations. In the past year, the Group donated £190,977 to charity.

» Occupational health and safety continued

Site managers completing five day CITB SMTSTS course %



Training is crucial to effective delivery of Berkeley's health and safety strategy and targets. This indicator refers to the five day CITB Site Managers training course on health and safety issues. The Group has set a target to ensure that at least 90% of site managers have completed the CITB 5 day safety training course.

Health and safety management throughout the supply chain

From a currently strong position Berkeley recognises that to sustain further improvement in OH&S performance, working closely with our contractors is a key consideration. Accordingly, we actively support and encourage our contractors to continually improve and demonstrate this through providing support to our medium sized and smaller contractors (training, advice, seminars, etc).

The Divisions have undertaken a range of initiatives in the past year, in consultation with their supply chains to ensure that they can 'design-in' health and safety considerations. For example, Berkeley Homes is working with a design company to produce roof-trusses that are tailored to accept working platform assemblies, thereby 'designing-out' the fall risk. This initiative has developed from the working at height protocol which the Group implemented last year, to reduce the risk of working at height for its workers. St George and St James are also investigating different design considerations with their timber-frame producers and assemblers that will complement the existing work at height protocol for timber frame erection.



Awards and external recognition

Berkeley is delighted that its commitment to quality and continuous improvement was again recognised by a range of industry awards. These independent validations of achievement are important yardsticks of the progress Berkeley is perpetually trying to make. A full list of the awards won in the last twelve months is included on our website at www.berkeleygroup.co.uk and include:

WWF/Insight Investment Sustainability Survey

Berkeley scored 84%, joint top among the 12 surveyed housebuilders

BURA Awards for Best Practice in Regeneration 2005

A Crystal Award Winner recognising 'best of the best' for Gunwharf Quays (Berkeley Homes)

ODPM & RIBA Housing Design Awards

Project Winner – New River Village, Hornsey (St James)

CABE – Building for Life Award 2005

Silver Standard Award – Putney Wharf (St George)

London Planning Award Winner 2005

Winner Best Built Project Contributing to London's Future: Imperial Wharf (St George)

'Working Well Together' Health & Safety Awards

Winner, Best Housebuilder Safety Initiative (Berkeley Homes)

The Liveable City Awards 2006

Winner, Built Environment Award: West 3 London Apartments (Berkeley Homes West London)

Considerate Constructors Scheme Awards 2006

Gold Award: Chelsea Bridge Wharf Phase 3 (Berkeley Homes)

Silver Award: Talwin Street (Berkeley Homes)

Silver Award: Royal Clarence Yard (Berkeley Homes)

Bronze Award: Knowle Village (Berkeley Homes)

Silver Award: Royal Quarter Phase 3 (St George)

Silver Award: Heron View (St George)

Gold Award: St George Wharf (St George)

Silver Award: The Hamptons (St James)

Bronze Award: New River Village (St James)

Bronze Award: Imperial Wharf (St George)

Civic Trust Awards 2006

Chelsea Bridge Wharf: Bridge Link (Berkeley Homes)

NHBC Pride In The Job 'Quality Award' 2005

Winner: Royal Quarter (St George)

Winner: Battersea Reach (St George)

Winner: St George Wharf (St George)

Winner: Royal Clarence Yard (Berkeley Homes)

Winner: Arcadian Place (Berkeley Homes)

Winner: Landmark (Berkeley Homes)

Winner: Chelsea Bridge Wharf (Berkeley Homes)

Winner: Royal Arsenal, Building 50 (Berkeley Homes)

Winner: Royal Arsenal: Building 36 (Berkeley Homes)

Winner: Tempus Wharf (Berkeley Homes)

Winner: Leybourne Lakes (Berkeley Homes)

Winner: Battersea Reach (Berkeley Homes)

Winner: Grosvenor Waterside (St James)

Building Magazine 'Building Communities Awards'

Private Sector Housebuilder of the Year (St James)

'Placemaking Award' for Kew Riverside (St James)

The Daily Telegraph What House Magazine Awards 2005

Gold Award in the Best Exterior Design Category:

Macellum Gate (Berkeley Homes)

Gold Award in the Best Landscaping Category:

Kew Riverside (St James)

Gold Award for Best Brownfield Development:

One SE8 (St James)

Silver Award in the Best Sustainable Project Category:

West 3, Acton (Berkeley Homes)

Bronze Award in the Housebuilder of the Year Award:

Berkeley Homes

Evening Standard New Homes Awards 2005

Winner, Best House up to 4 beds:

Arcadian Place (Berkeley Homes)

Winner, Best Apartment: The Grand Store, Royal Arsenal (Berkeley Homes)

Highly Commended, Best House up to 4 beds:

The Vermont, Leybourne Lakes (Berkeley Homes)

Highly Commended, Best New Luxury Home:

Imperial Wharf (St George)

Special Commendation, Best New Development:

Battersea Reach (St George)

Highly Commended, London Lifestyle Award:

One SE8 (St James)

Daily Mail UK Property Awards 2005

Winner 5* Award: UK Waterfront Home:

Imperial Wharf (St George)

Winner 4* Award: UK Development: Imperial Wharf (St George)

Winner 5* Award: Best Developer Website:

Royal Arsenal (Berkeley Homes)

The Mail on Sunday National Homebuilder Design Awards 2005

Winner, Best Conversion: Putney Wharf (St George)

Winner, Best Landscaping of a development:

Chelsea Bridge Wharf (Berkeley Homes)

Winner, Best Interior Design of a New Home: Apartment 102,

The Grand Store, Royal Arsenal (Berkeley Homes)

Bentley International Property Awards

Winner, Best Waterside Development: Imperial Wharf (St George)

Green Apple Awards 2005

Gold award in the Building and Construction Category:

Kew Riverside Park (St George)

Gold award in the Conservation and Regeneration Category:

Brentford Lock (St George)

Silver Award in the Conservation and Regeneration Category:

4 Little Green (St George)

Horticulture Week Awards 2005

Winner, Best Landscaped Project: Battersea Reach (St George)

RoSPA Awards for Excellence in Occupational Health and Safety

Winner, Seven Silver Awards

Glossary of terms

Air Leakage Rate

The uncontrolled movement of air in and out of a building.

Air Permeability

The rate of air flow passing through a known area under a prescribed air pressure.

Biodiversity

The variety of plant and animal life in a particular habitat. Preserving the diversity of species and habitats is an important aspect of sustainable development.

Brown Roofs

A living roof that uses a substrate material and is allowed to colonise naturally with flora and fauna.

Brownfield Land

Berkeley follows the definition set out in Planning Policy Statement 3, which defines brownfield land as previously-developed land that is, or was, occupied by a permanent structure (excluding agricultural or forestry buildings), and associated fixed surface infrastructure. The definition covers the curtilage of the development.

Carbon Index (CI) Rating

A measure of the carbon dioxide emissions of a dwelling. Measured on a scale of 0.0 to 10.0, with the higher the number the lower the emissions.

CFCs

Chlorofluorocarbons. A catalytic agent in ozone depletion.

CITB

Construction Industry Training Board. The national training organisation for construction in the UK.

Code for Sustainable Homes

A system of sustainable building standards based on voluntary compliance.

Combined Heat and Power

An efficient method of producing heat and power simultaneously, through the burning of a fuel. Electricity is generated at the point of use, making the system intrinsically more efficient.

Considerate Constructors Scheme

A voluntary code of practice adopted by the construction industry which commits contractors to be environmentally conscious, clean, safe, accountable, responsible and good and considerate neighbours.

DCLG

The Department for Communities and Local Government. Created on 5 May 2006, its remit is to promote community cohesion and equality and it has responsibility for housing, urban regeneration, planning and local government.

EcoHomes

The EcoHomes methodology assesses a range of environmental features within a dwelling, and rates performance as either pass, good, very good or excellent.

FTSE4Good

An index for socially responsible investment set up by FTSE.

Green Energy Tariffs

Electricity provided through the national grid that comes from renewable sources such as wind farms.

HFCs

Hydrofluorocarbons. Viable alternative to CFCs which do not directly affect stratospheric ozone.

Key Performance Indicators (KPIs)

Quantifiable measurements of performance for comparison with previous years.

Lifetime Homes

Design standards that allow a house to be used throughout an occupant's life, incorporating features that make it more accessible and adaptable.

Management Targets

A commitment to undertake an action, whose level of achievement can be assessed, but where degree of achievement is essentially qualitative and not pre-defined in quantifiable terms.

Performance Targets

A target with a clear, quantifiable level of desired performance.

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)

The UK requirement for reporting work-related accidents, diseases and dangerous occurrences.

SAP Ratings

The SAP rating is the 'Standard Assessment Procedure' which provides an indication of the overall energy efficiency of a dwelling. It is measured on a scale of 1-120 where the higher the number, the better the performance.

Secured by Design Principles

A police initiative that encourages the adoption of crime prevention measures in the design of buildings. It aims to help build a safer and more secure environment, with less crime and less fear of crime.

Site Waste Management Plan (SWMP)

A plan which identifies responsibilities for managing and monitoring waste on developments. SWMPs ensure that opportunities to recycle materials and reduce waste to landfill are identified. The Berkeley Group has set a requirement that SWMPs must comply with nine steps set out in the DTI Voluntary Code of Practice. See:

WWF/Insight Investment Housebuilders benchmarking

Benchmark of the largest listed housebuilders in relation to their sustainability performance. See: www.wwf.org.uk/sustainablehomes/

Advisor's statement

The Berkeley Group has asked Upstream to comment upon its sustainability strategy and disclosure. As the company's long-standing strategic sustainability adviser, this statement does not represent a fully independent statement of assurance or verification. Rather, it is intended as a commentary on the basis of our in-depth knowledge of Berkeley's sustainability management and performance.

Over the last year, Upstream has observed a genuine step-change in the Berkeley Group's consideration of sustainability and in the importance the company places on its wider corporate environmental, social and economic responsibilities. During the year, Upstream has seen Berkeley seek to integrate sustainability more directly into its core business activities. Not only are such issues now considered as an integral part of mainstream risk management but, rather encouragingly, Berkeley is increasingly thinking about sustainable development in terms of the opportunities it represents.

One outcome of this was the creation of the Sustainability Governance Committee (SGC) and the allocation of a member of the Group Executive Board to take day-to-day responsibility for sustainability governance. This has led to better implementation of associated strategies into the core business of the Group and its Divisions and the setting of clear and reportable strategic objectives against external standards.

In line with this evolution of the Group's corporate attitude to sustainability, a considerable focus has been placed on consolidating the Group Key Performance Indicators (KPIs) and Management Targets. The aim has been to ensure that they address those issues that are of most 'material'

concern to the Berkeley Group – that is, the economic, social and environmental issues that have the greatest potential to affect value. An intensive review was undertaken during the year on the quality and consistency of the data gathering process and the data itself (covering all three main operating Divisions), which has enabled the Group to set itself Performance Targets against its KPIs for the first time. Formalised procedures have now been put in place to improve quantitative internal reporting of performance against management actions. All the above has taken place through the close involvement of those management staff at the front-line of project delivery to ensure that targets and systems will be practical and beneficial over the coming year.

Upstream has observed a significant increase in Berkeley's engagement with a wider circle of stakeholders as the Group seeks to capitalise on its sustainability commitments, to position itself in the market place and identify how these can enable it to gain competitive advantages. A good example of this was the proactive and positive response that the Group gave to the Government's consultation on the Code for Sustainable Homes, both written and in a public conference.

Future challenges for the Berkeley Group will remain rooted in the practical implementation of sustainability considerations at the detailed level of design and project delivery. The Group has also committed to undertake a comprehensive review of its sustainability strategy over the coming year and we look forward to seeing evidence of the continued integration of a sustainability culture within the heart of the organisation.

Julie Hirigoyen
Director
Upstream

The Berkeley Group Holdings plc
Berkeley House
19 Portsmouth Road,
Cobham
Surrey KT11 1JG
UK

Telephone +44 (0)1932 868555
Facsimile +44 (0)1932 868667
Website www.berkeleygroup.co.uk



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