

OUR VISION  
**2030**  
TRANSFORMING TOMORROW



# GREEN FINANCE FRAMEWORK

Allocation and Impact Report 2023

# INTRODUCTION

The Berkeley Group (“Berkeley”) presents its Allocation and Impact Report under its Green Finance Framework (“GFF”) for the year ended 30 April 2023.

Under its GFF, Berkeley raised £660 million of Green Finance Instruments (“GFI”) during the year ended 30 April 2022:

- £400 million Green Bond with a maturity in August 2031
- £260 million Green Term Loan with a maturity in February 2028

This report is consistent with Berkeley’s GFF prepared in accordance with the ICMA Green Bond Principles (“GBP”) 2021 and LMA Green Loan Principles (“GLP”) 2021, collectively Green Finance Principles (“GFP”).

Berkeley, through our long-term “Our Vision 2030: Transforming Tomorrow” strategy, is the only UK homebuilder delivering brownfield regeneration at scale. We transform the most challenging and complex brownfield sites into welcoming and sustainable places, with homes and amenities for all. Returning neglected brownfield land to community use is a Government priority; helping to meet local housing needs, revive left behind places, energise local economies and relieve pressure on greenfield land.

# GREEN FINANCE FRAMEWORK


In order for Berkeley to finance project developments and assets that will deliver environmental benefits in support of Our Vision 2030, the GFF supports the issuance of Bonds, Loans and other financing instruments.

This report is released in relation to the £400 million Green Bond and the £260 million Green Term Loan in issue as at 30 April 2023. This report is publicly available on Berkeley’s website and will be reissued annually. In this report, Berkeley is providing an update on the following:

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Front cover: Chelsea Creeks’ canal side apartments, in central London



 **Further information** about Our Vision: Transforming Tomorrow and the positive impacts for stakeholders from Berkeley’s regeneration development activity can be found within Berkeley’s Annual Report, available on its website.

# USE OF PROCEEDS

Berkeley utilises amounts equivalent to the proceeds (the “Proceeds”) raised from any GFI in accordance with the GFF, to finance or refinance its development of a pool of projects and assets which meet (or are expected to meet) the criteria below (“Eligible Green Assets”).

As a home builder, the Green Development Pool consists of Eligible Green Assets under development, covering all costs of such developments that remain on Berkeley’s balance sheet at the relevant point of measurement.

The table below outlines the eligibility criteria for these Eligible Green Assets and their alignment with the UN Sustainable Development Goals (“SDGs”).

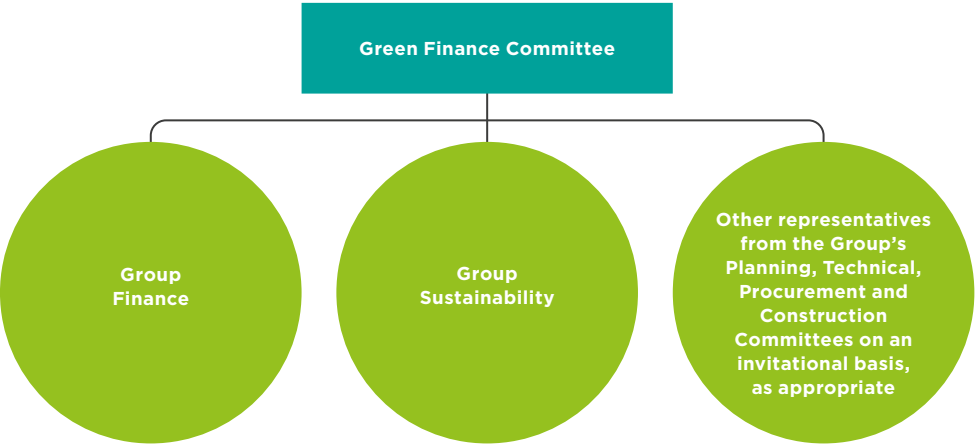


## Eligibility criteria for these Eligible Green Assets and their alignment with the UN Sustainable Development Goals (SDGs).

Type	IMCA Category	Eligibility criteria	UN SDGs	SDG Targets	Environmental targets
Green	Green buildings	All of the development costs associated with delivering private and affordable homes which are:  – EPC A or B rated  and  – Delivered on brownfield land	7 AFFORDABLE AND CLEAN ENERGY 	7.3	Climate change mitigation
			11 SUSTAINABLE CITIES AND COMMUNITIES 	11.6 & 11.7	Biodiversity conservation
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.2	
			13 CLIMATE ACTION 	13.1	

# PROCESS FOR ASSET EVALUATION AND SELECTION

Berkeley has established a Green Finance Committee (the “Committee”) that includes representatives from the following departments.



### Green Finance Committee

The Green Finance Committee is chaired by the Chief Financial Officer and convenes to:

- Review and approve Eligible Green Assets selected to be included within the Green Development Pool
- Monitor assets still included within the Green Development Pool to ensure ongoing compliance with the Green Finance Framework whilst any relevant Green Finance is outstanding
- Remove assets from the Green Development Pool, as the development costs are removed from Berkeley’s balance sheet as the properties are sold off, or no longer meet the Eligibility Criteria, and replace those with an equivalent eligible asset as soon as feasible
- Review annual allocation and impact reporting to facilitate reporting



# MANAGEMENT OF PROCEEDS AND REPORTING

As established within the GFF, Eligible Green Assets are those delivering private and affordable homes that are EPC A or B rated and on brownfield land.

Berkeley includes the costs associated with development of green buildings within inventories on its balance sheet. Given Berkeley's focus on the regeneration of inherently sustainable large, complex brownfield projects at scale the majority of inventory on its balance sheet consist of green buildings at various stages of development. As Berkeley completes the sale of green buildings (homes) under the GFF the associated development costs come off Berkeley's inventory on the balance sheet.

To identify assets eligible for allocation within the Green Development Pool, Berkeley has considered Eligible Green Assets currently under development and held on its balance sheet that have had completions (home sales) since the financial year in which the GFIs were issued to the year ended 30 April 2023 and have an EPC certificate rated A or B.

Therefore, the allocation does not consider other Eligible Green Assets which have inventory balance on Berkeley's balance sheet at 30 April 2023 but which do not yet have completions. Once completions occur on those additional Eligible Green Assets, supported by the issuance of EPC certificates rated A or B, they will be considered to be available to be allocated to the Green Development Pool.

The amount of inventory on the sites allocated to the Green Development Pool at 30 April 2023 totals £2.8 billion and therefore exceeds the Proceeds from GFI. The table to the right sets out the main brownfield developments included within the Green Development Pool:

1. Includes Eligible Green Assets that completed since the financial year in which the GFIs were issued to the year ended 30 April 2023  
Δ KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (Δ) using the assurance standard ISAE (UK) 3000. See "KPMG Limited Assurance Report to The Berkeley Group on its Allocation and Impact Report under its GFF for the year ended 30 April 2023.

## Green Development Pool Sites in Green Development Pool with over £50m of inventory as at 30 April 2023

King's Road Park, Fulham	
White City Living	
Oval Village, Lambeth	
The Green Quarter, Ealing	
Prince of Wales Drive, Battersea	
Grand Union, Brent	
250 City Road, Islington	
South Quay Plaza, Canary Wharf	
Clarendon, Haringey	
Chelsea Creek	
Huntley Wharf, Reading	
West End Gate, Marylebone	
London Dock, Wapping	
Royal Exchange, Kingston	
<b>Amount allocated to Green Development Pool</b>	<b>£2,787m</b>
<b>Proceeds</b>	<b>£660m</b>
<b>Total completions<sup>1</sup></b>	<b>6,332</b>
<b>Proportion EPC A or B</b>	<b>90%</b>

## Full Allocation of Proceeds

Prior to the implementation of the GFF during the year ended 30 April 2022, the balance sheet value of Eligible Green Assets at 30 April 2021 was in excess of Proceeds raised through the GFI, therefore Proceeds have been used to wholly refinance development activity.

Inventory for Eligible Green Assets has been allocated to the Green Development Pool in proportion to the percentage of completed EPC certificates rated A or B rated against total inventory for each Eligible Green Asset. Each Eligible Green Asset has then been allocated to Proceeds of £660m on a weighted basis against total inventory within the Green Development Pool.

**£660m** Total proceeds raised under the Green Finance Framework

**£660m** Total proceeds allocated against refinanced Eligible Green Assets<sup>Δ</sup>

**£nil** Balance of unallocated proceeds

## APPENDIX: IMPACT REPORTING

Reviving under-used spaces, which include redundant gasworks and industrial estates, is vital to re-energising our cities and town centres. It creates an increasingly sustainable, socially inclusive, lower carbon model of modern living, with land, energy, resources and infrastructure used more efficiently and responsibly.

### ENVIRONMENTAL

Indicator	Measure	Unit	2023	2022	2021
<b>Environmentally responsible operations</b>	Number of environmental prosecutions	#	0	0	0
	Monetary cost of environmental fines and penalties	£	0	0	0
	Scopes 1 and 2 (location-based) emissions	tCO <sub>2</sub> e	5,223	7,832	8,738
	Scopes 1 and 2 (market-based) emissions	tCO <sub>2</sub> e	963	2,211	2,549
	Water consumption	m <sup>3</sup>	201,979	236,234	240,232
	Total waste generated (including construction, demolition and excavation wastes)	tonnes	596,921	734,320	382,824
	Total waste reused or recycled	%	97	90	95
	Total waste classified as hazardous	tonnes	4,799	5,669	2,602
	Construction waste generated	tonnes	106,466	126,765	154,409
	Construction waste reused or recycled	%	95	95	96
	Construction waste classified as hazardous	tonnes	225	606	397
<b>Sustainable homes</b>	Completed homes with an EPC rating of at least a B	%	93	89	96
	Average EPC score	#	84	83	84
	Completed homes with an EIR rating of at least a B	%	98	-	-
	Average internal water efficiency of completed homes	lpppd	102.6	104.2	104.5
	Completed homes constructed on brownfield land	%	86	86	87
	Completed homes with internal recycling facilities	%	100	100	96
<b>Sustainable places</b>	Developments newly committed to deliver biodiversity net gain	#	8	6	7
	Developments newly committed to deliver biodiversity net gain on site	%	100	100	100
	Developments newly committed to deliver biodiversity net gain greater than 10%	%	100	100	100
	Live development sites regenerating brownfield land	%	76	80	77
	Live development sites with SuDS	%	100	92	91
	Live development sites with cycle storage being provided	%	100	100	100
	Live development sites with electric car charging infrastructure being provided	%	98	93	84

Berkeley monitors a range of environmental and social metrics to measure its performance. A summary of these, which derive from all developments across the Group, is set out on this page; alongside a Case Study on Oval Village where the first residents moved into their homes during the year ended 30 April 2023.

## SOCIAL

Indicator	Measure	Unit	2023	2022	2021
<b>Charitable giving and the Berkeley Foundation</b>	Employees involved with GAYE	%	<b>30</b>	29	32
	Employees involved with the Berkeley Foundation	%	<b>59</b>	55	53
<b>Considerate construction</b>	Average Considerate Constructors Scheme (CCS) score	#/50	<b>44.14</b>	43.40	43.37
<b>Customer experience</b>	Six-month rolling average NPS (to March 2023)	#	<b>79.2</b>	77.2	77.9
	Customers who would recommend us to a friend (to March 2023)	%	<b>97.5</b>	98.0	98.3
<b>Health and safety</b>	AIIR per 100,000 people – direct employees and on site contractors	#	<b>79</b>	72	124
	AIIR per 100,000 people – direct employees only	#	<b>0</b>	33	70
	AIIR per 100,000 people – on site contractors only	#	<b>106</b>	85	140
	Work-related fatalities – direct employees and on site contractors	#	<b>0</b>	0	0
	Accident Frequency Rate (AFR) per 100,000 hours – direct employees and on site contractors	#	<b>0.04</b>	0.03	0.06
	Hours of training delivered on health and safety matters	#	<b>24,326</b>	24,165	24,843
<b>Skills and training</b>	Average monthly percentage of direct workforce who are graduates, direct apprentices or sponsored students undertaking formal training	%	<b>10.0</b>	8.9	7.2
	Graduates joining the business via Berkeley's Graduate Scheme programme	#	<b>42</b>	38	26
	Average monthly number of directly employed apprentices	#	<b>162</b>	121	89
<b>Society and community contributions</b>	Contribution to UK GDP, including through direct activities by Berkeley, indirectly through supply chain spend and the induced effect of household spend	£bn	<b>2.6</b>	3.2	2.5
	Contribution to UK tax, including taxes paid directly by Berkeley and the taxes paid by customers and suppliers as a result of Berkeley activities	£m	<b>837</b>	774	595
	Contribution to facilities and services for local communities, including affordable housing subsidies	£m	<b>560</b>	556	204
	UK jobs supported directly and indirectly through the supply chain	#,000	<b>29</b>	29	25
<b>Supply chain</b>	Average number of days taken to pay suppliers	#	<b>30</b>	30	29
	Average monthly number of on site contractors	#	<b>9,473</b>	9,415	8,859
<b>Quality</b>	Homes with fewer than five defects reported by customers on completion	%	<b>91</b>	94	95

## CASE STUDY

# OVAL VILLAGE

Oval Village is one of Berkeley's 32 long-term brownfield regeneration projects. Unlocking this 8-acre inner London site (which includes four derelict gasholders and an adjacent supermarket and warehouse) required a complex package of enabling works, highly sensitive working practices and extensive engagement with the surrounding community, the London Borough of Lambeth, local businesses, the Greater London Authority, Tesco, SGN and Surrey County Cricket Board.

The upfront capital investment was over £150 million, with the initial investment phase of seven years, from site purchase to delivery of the first homes.

The first residents moved in to Oval Village in 2022, with the total masterplan on course to deliver more than 1,300 homes set around car-free streets, public squares and biodiverse landscaping. This low carbon, mixed use neighbourhood is located a short walk from the transport hubs at Vauxhall interchange station and Kennington and Oval stations on the Northern Line. It will deliver more than 1,000 permanent jobs across 160,000 square feet of commercial and community space, including Oval Works; an innovative flexible workspace being delivered in partnership with Landsec.

### Challenges

- Closed-off and contaminated site including four gasholders
- Close residential and commercial neighbours
- Retention of listed gasholder
- Retaining an active gas network pressure reduction station
- Early delivery of a new Tesco store to release previous supermarket footprint
- Utility services diversions
- Working with London Borough of Lambeth to create the Oval and Kennington Development Area Masterplan, which led to the area's designation as a new mixed use community



An 8-acre brownfield site, including four derelict gasholders

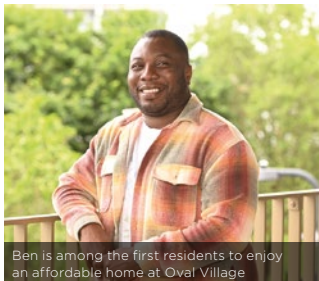


A computer generated image of Oval Village



## Solutions

- Over £150 million upfront capital investment to unlock site prior to delivering the first homes
- Close working with surrounding community to co-create a locally influenced masterplan
- Sensitive operational approach respecting close neighbours
- Re-integrating the site with surrounding street network
- On site restoration of listed gasholder which forms the historic centrepiece of Oval Village
- Partnership working with neighbouring housing estates to enhance local environment and maximise local employment and skills training



Ben is among the first residents to enjoy an affordable home at Oval Village



## Outcomes

### Homes for all

1,300

homes including around 500 affordable homes

### Community investment

£28m

contribution through Community Infrastructure Levy and S106

### Natural open space

179%

biodiversity net gain through a green and pedestrian-friendly landscape, with car-free streets, trees and public squares

### Local amenities

160,000

square feet of commercial and community space including shops, cafés, supermarket, restaurants, flexible office space and community space

### Low carbon living

energy efficient building fabric, communal heat and power network, electric car charging, close to transport hubs

### Awards


Best Housing Scheme Award at the Planning Awards 2023

Mayor of London's Award for Good Growth at the London Planning Awards 2020

**PLANNING  
AWARDS 2023  
WINNER**

## Third party assurance

KPMG has been engaged to provide an independent limited assurance opinion over certain information (as indicated by the symbol  $\Delta$ ) in accordance with ISAE (UK) 3000.

 **The limited assurance report is available on Berkeley's website at the following link, and we recommend that it is read in full.**

**[www.berkeleygroup.co.uk/about-us/investors/debt-investors](http://www.berkeleygroup.co.uk/about-us/investors/debt-investors)**



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