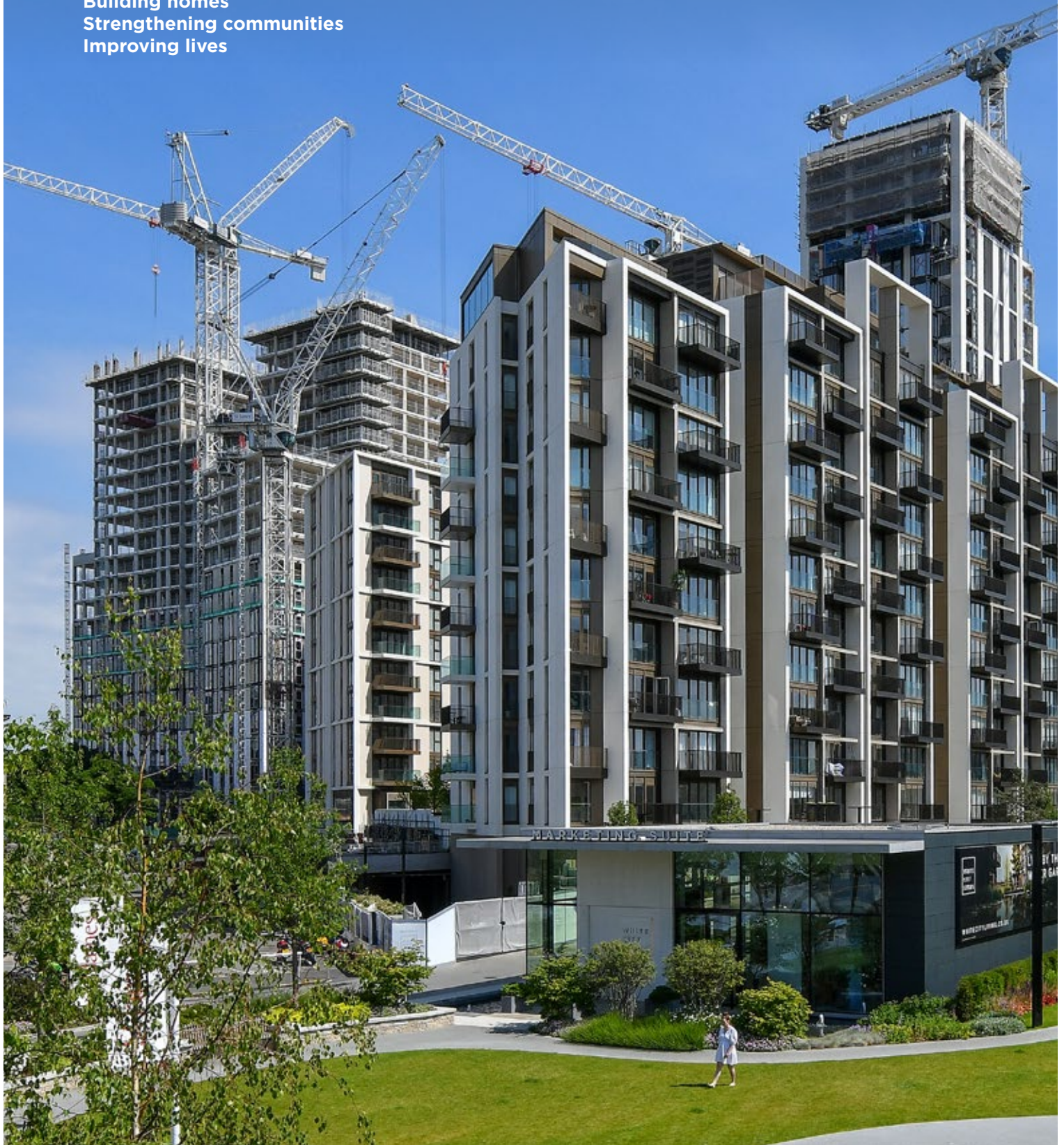




Berkeley
Group

Modern Slavery Statement 2019/20

Building homes
Strengthening communities
Improving lives





Chiswick Gate, Hounslow

Modern Slavery Statement 2019/20

The Berkeley Group Holdings plc, its subsidiary companies and their joint ventures ('Berkeley'), builds homes and neighbourhoods across London, Birmingham and the South-East of England. This is Berkeley's Modern Slavery Statement for 2019/20 and it is published in compliance with the Modern Slavery Act 2015.

The actions mentioned in this statement are undertaken at parent company or subsidiary and joint venture company level as appropriate to the action. The size and complexities of Berkeley's developments means that it can take a number of years for them to reach completion. For this reason, the turnover of its subsidiary companies can vary from year to year, taking them above and below the £36 million modern slavery reporting threshold. For that reason, Berkeley makes this modern slavery statement on behalf of all of the Berkeley subsidiary companies and joint ventures, all of whom adopt its terms.

This statement covers Berkeley's financial reporting year of 1 May 2019 to 30 April 2020, is signed by the Chief Executive and has been approved by the Board on 26 October 2020.



Our Purpose

To build quality homes, strengthen communities and improve people's lives.

Our Vision

To be a world-class business, defined by the quality of the places we create, generating long-term value and having a positive impact on society.

Our Values

- Have Integrity
- Be Passionate
- Think Creatively
- Respect People
- Excellence Through Detail

Our Business

Berkeley is made up of six autonomous brands: Berkeley; St George; St James; St Joseph; St Edward which is a joint venture with M&G Investments; and St William which is a joint venture with National Grid. Berkeley operates through these autonomous divisions and operating companies, each with its own board of directors.

Berkeley is engaged in residential-led, mixed-use property development in London, Birmingham and the South-East of England. In 2019/20, Berkeley had over 2,800 directly employed staff engaged in a variety of roles including management, finance and administration. An average of 11,000 people, including directly employed staff and contractor operatives, worked across Berkeley's 70 live construction sites each month. In 2019/20 Berkeley delivered 3,158 homes.

Berkeley also has six overseas sales and marketing offices in Bangkok, Beijing, Dubai, Hong Kong, Shanghai and Singapore. These overseas offices are not involved in any aspect of construction or development, with all Berkeley construction operations being UK based. The total number of overseas employees in the year was 34.

6

Autonomous brands

70

Live construction sites

2,844

Direct employees

~11,000

People working on our sites

The developments that Berkeley creates range in size from a small number of homes to complex mixed-use urban regeneration schemes with many thousands of homes. The types of home we build include modern city apartments and traditional family homes, as well as student and senior living accommodation. Our mixed-use developments incorporate offices, retail units, leisure facilities, hotels and restaurants. We sell our homes and commercial space to a broad range of customers: private buyers; housing associations; shared-ownership buyers; universities; investors and commercial occupiers.

Berkeley
Designed for life

St George
Designed for life

St James
Designed for life

St Joseph
Designed for life

St Edward
Designed for life

St William
Designed for life



Goodman's Fields, Aldgate

Our Supply Chain

The procurement of materials and the supply of labour are two of the key areas within the supply chain that Berkeley has identified as presenting a greater risk of modern slavery.

Berkeley's supply chain is geographically diverse; materials used in the construction of Berkeley's developments are procured from the UK, Europe and the rest of the world. This will include countries where there is a higher risk of modern slavery and/or child labour.

Berkeley sources some building materials directly from manufacturers and suppliers, but the majority of the materials used in our construction operations are procured by the contractors engaged to carry out the building works. Accordingly, Berkeley is often several steps removed from the procurement of materials which increases risk.

In relation to the supply of labour, the majority of construction operatives working on our sites are employed through sub-contractors with whom we directly contract. Occasionally there will be a main contractor who will employ their own sub-contractors. In this scenario our contract is with the main contractor only.

Berkeley's contractors supply their own labour to work on Berkeley construction sites. Some of this labour is presently from non-UK countries and there is a risk that some foreign labour could have been trafficked. We require that our main contractors and sub-contractors comply with all modern slavery legislation. In addition, we carry out our own right to work checks on all operatives that wish to work on our sites as part of the induction process that they undertake.

Berkeley also appoints a range of consultants such as lawyers, accountants and surveyors, but we consider the risk of modern slavery for these third parties to be low.

Berkeley recognises that the Covid-19 global pandemic may have increased pressure on supply chains and as a result, the risk of modern slavery.

Actions taken to address the above risks across Berkeley's supply chain are detailed from page 09 of this statement.

Our Policies

We are committed to working with companies who conduct themselves according to the ethical, professional and legal standards that we follow. Human rights are implicitly recognised in everything that we do, as shown by our company policies, including but not limited to our Human Rights, Modern Slavery and Child Labour Policy, Equality and Diversity Policy, Health and Safety Policy and Sustainable Specification and Procurement Policy.

We also make it clear to all of our employees that we expect them to comply with the policies we set regarding ethical behaviour. When new employees join our business, they are provided with copies of policies that set out the conduct that we expect of them. This includes our Human Rights, Modern Slavery and Child Labour Policy, Business Ethics Policy, and Whistle-blowing Policy which employees are asked to confirm that they have read and understood. The key policies that we have that are specifically relevant to modern slavery are:

Human Rights, Modern Slavery and Child Labour Policy

Anyone conducting business on our behalf is required to adhere to the standards set out in our Human Rights, Modern Slavery and Child Labour Policy.

1. We strive to engage in an open and honest dialogue with our suppliers, contractors and sub-contractors about the risks of modern slavery and child labour occurring in our supply chain;
2. We assess key social and ethical impacts of suppliers and contractors within the tendering process;
3. We incorporate consideration of social and ethical issues into the initial contractor approval process;
4. We set out in all new contracts the standards that we expect from all third parties that provide goods or services to us;
5. We provide relevant training to employees on recognising and reporting modern slavery.

Business Ethics Policy

We require anyone who is conducting business on our behalf or working for us to adhere to the standards set out in our Business Ethics Policy. This includes strictly enforced disciplinary sanctions including dismissal for violations of our Human Rights, Modern Slavery and Child Labour Policy.

Whistle-blowing Policy

Berkeley's Whistle-blowing Policy has always been open to staff and all third parties to report any suspected unlawful behaviour, breach of Berkeley's policies or any other matters that fall below established standards or practice. Our Whistle-blowing Policy makes explicit reference to modern slavery, acknowledging its importance.





Due Diligence and Risk Assessment

We believe that the risk of modern slavery for Berkeley arises predominantly in the following areas: (1) Contractors; (2) Procurement of materials; and (3) Provision of labour.

(1) Contractors

Our construction contracts include robust anti-slavery and child labour provisions that not only bind Berkeley's direct contractors and suppliers but also imposes obligations on them to cascade the provisions down the supply chain. These provisions are now rolled out across the whole of the construction supply chain and endorse Berkeley's commitment to anti-slavery and anti-child labour operations. In addition we have varied our purchase order terms and small contract terms and conditions to include the anti-slavery and anti-child labour terms similar to those already imposed in the construction contracts.

We also operate robust competency and pre-qualification checks on all contractors that wish to be approved to be included on our construction database and to be invited to tender or undertake work on behalf of our companies. As part of the Pre-Qualification Assessment that all our contractors are required to complete, we ask questions specific to modern slavery including whether the contractor is taking any measures to prevent modern slavery in their supply chain. In addition, all contractors are provided with a link to our Supply Chain Portal which contains copies of our Human Rights, Modern Slavery and Child Labour Policy, and Business Ethics Policy that we ask our contractors to review and confirm acceptance of the terms within.

In addition to the contractual provisions and pre-qualification checks that we have in place, we issue our contractors with a modern slavery questionnaire when they enter into a new contract with us. This questionnaire asks our contractors to provide specific information on the actions being taken to combat modern slavery in the supply chain. Berkeley believes that by asking our contractors to complete this questionnaire and confirm acceptance of our Human Rights, Modern Slavery and Child Labour Policy, this has made them give careful thought to their own supply chains. Having initially implemented the questionnaire in 2016, this year we have completed a review of the questions posed and have evolved these, including the addition of specific questions in relation to labour-only contracts, an area considered to be of risk to Berkeley (see page 10). The new questionnaire will be issued from 2020/21.

In 2019/20, Berkeley initiated a broader review of our pre-qualification and tender processes, to streamline activity, remove duplication and centralise the capture of non-project specific information. This work incorporates a review of when and how information relating to modern slavery is obtained from our contractors. Potential improvements identified to date include the addition of modern slavery as a topic within Berkeley's Tender Scoring Matrix; a tool used to assess contractors based on overall value across a range of quality, environmental and social criteria, rather than cost alone. The review will continue in 2020/21 and additional action taken as necessary.

From the onset of Covid-19, Berkeley worked quickly to establish safe protocols for our site operations; always with reference to industry bodies, including the Construction Leadership Council, and Government guidance. By stabilising our activities through the effective implementation of these safe working practices, we have maintained a high level of production capacity and been able to continue to work with our experienced and trusted contractors and suppliers. As a result, Berkeley has not been exposed to production pressures that could increase the risk of modern slavery, such as the need to quickly identify alternative contractors, including labour-only, to complete works.

(2) Procurement of Materials

Last year we undertook a process to review the procurement of materials from countries identified as having a higher risk of modern slavery. The first part of our review focused on procurement from China, India, the Middle East and Russia. We selected these countries having considered a number of factors including: (1) the prevalence of modern slavery as ranked in the Global Slavery Index; (2) the prevalence of modern slavery for the production of goods relevant to our business (as referenced in the US Department of Labour's 2018 List of Goods Produced by Child or Forced Labour) and (3) the countries/regions that we are likely to procure materials from. Commercial teams across Berkeley have identified known materials procured either directly or indirectly within a previous 12 month period from these countries/regions. The 2019/20 review of direct and indirect procurement from China, India, Russia and the Middle East demonstrated that China is a predominant source of materials.

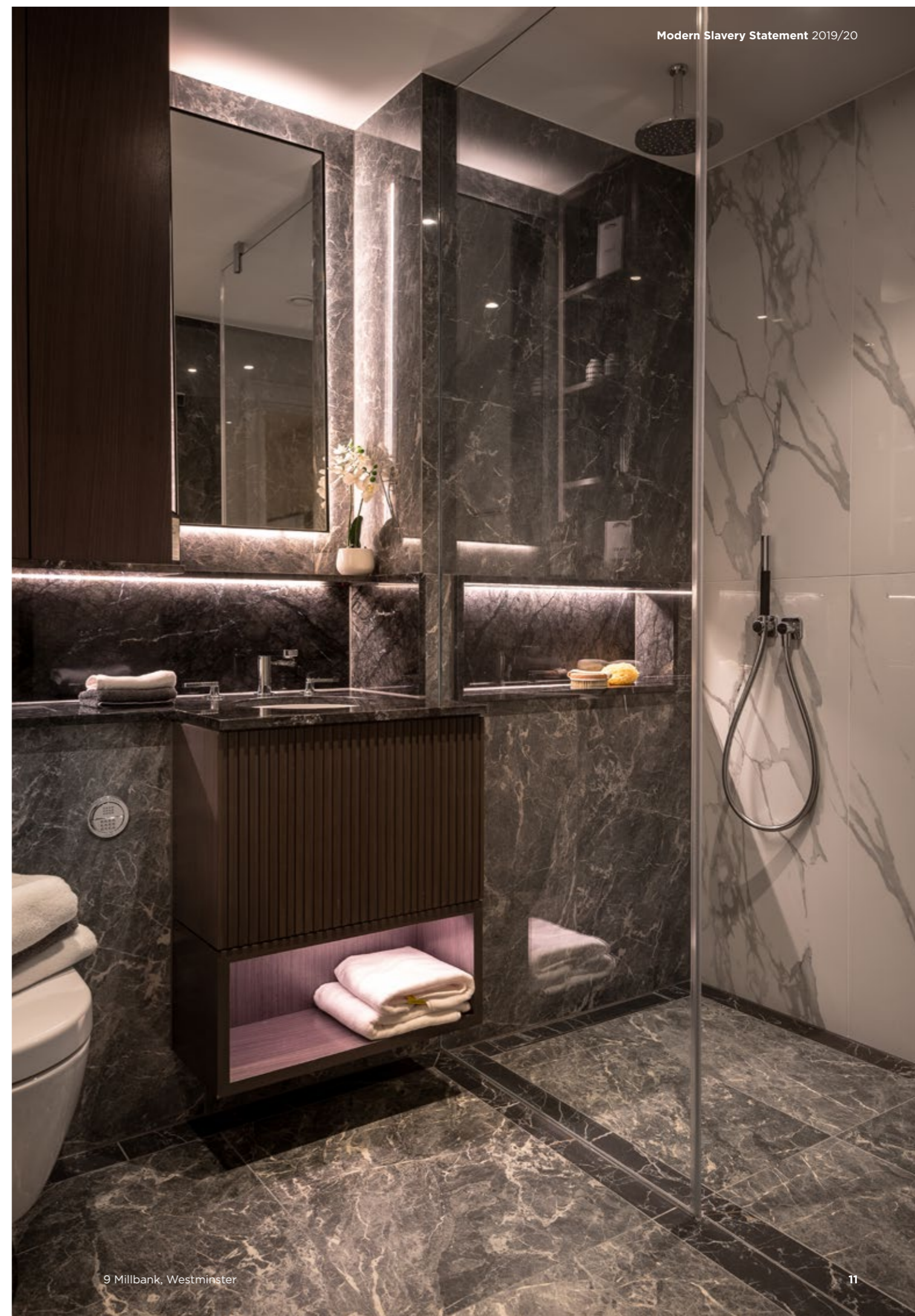
Since completing this initial work on identifying risks from the procurement of materials, Berkeley has made the strategic decision to standardise common base materials and manufacturers across the business where possible. This will create closer and more collaborative relationships, helping to mitigate risk and enhance resilience. Modern slavery will be a key criterion when assessing and agreeing the manufacturers and products to be used moving forward. Standardisation is planned across approximately 45 key product groups, including bricks and blocks, insulation and timber joists. By streamlining the suppliers and materials used across Berkeley, improved supply chain mapping of both the country of manufacture and raw material origin will be supported, and a better understanding of the geographical risks of our supply chain will be gained to inform the proactive actions required for 2020/21 and future years.

Throughout the year, the teams across Berkeley may also carry out overseas factory visits. These can take place for a number of reasons including to conduct due diligence on a contractor, to review factory facilities, to observe the manufacturing process, to review the quality of products and to attend design meetings. In the 12 month reporting period some of our teams have undertaken factory visits to Austria, France, Germany, Italy, Latvia, Poland, China and New Zealand. When making these visits we require staff to be alert and mindful of signs of modern slavery. As a result of the global Covid-19 pandemic, Berkeley has been unable to safely undertake global site visits since March 2020. In 2020/21, we will be identifying and implementing appropriate methods to gather enhanced information from overseas factories. We will also provide further training for individuals undertaking visits once these are safe to reinstate.

(3) Labour Only

In some circumstances we will engage contractors that provide labour-only services to us. This might arise in a number of ways. For example, we may engage a contractor under a contract for works where we provide free-issue materials. Under this arrangement the contractor is still engaged to carry out the works but they are not involved in sourcing the materials that are required. Another scenario is that we may engage a contractor under a contract for labour which might arise if, for example, there is a shortage of labour on site which we need to fill. The contractor/labour agency would provide labour only and would have no further contractual obligations in relation to the works.

We have identified and ranked our labour-only contractors by average contract spend over the past four years in order to gain a better understanding of how often we are using these contractors. Any labour-only contractor that we issue a new contract to is asked to complete our modern slavery questionnaire. This year we have modified the questionnaire additionally and specifically to address specific labour-only risks. The revised questionnaire will be in use from 2020/21.



Effectiveness and Training

Effectiveness

Since the Modern Slavery Act 2015 came into effect, we have received two whistle-blowing complaints that alleged modern slavery, both of which proved to be unfounded claims. One complaint related to right-to-work checks that a sub-contractor required from their employee and the other related to the value of work that a sub-contractor applied to work by its employees. We investigated both of these complaints with our sub-contractors and neither of them gave rise to any concerns that there had been modern slavery taking place. The reporting and investigating of these matters enabled us to work with our sub-contractors to understand the matters being complained of and we continue to encourage the reporting of modern slavery concerns, through our site posters and policies, so that they can be properly investigated.

Training

Last year we refreshed our on-site modern slavery posters which include alerts for workers to raise awareness of signs of modern slavery and provide details of an independent charity help-line. These posters are displayed on all Berkeley sites and are available in English, Romanian, Albanian and Polish which are presently the most commonly spoken languages on our sites.

We continue to appoint modern slavery champions for each of our divisions. Our modern slavery champions are asked to complete e-learning training on modern slavery with a particular focus on procurement. This year we have reviewed our training provision to ensure all employees are provided with the correct training and support. Enhanced training material has been drafted, with the roll out of this across the business expected to take place in 2020/21.

We have produced modern slavery induction material for all new site workers, and this is intended to be implemented in 2020/21. The material is aimed at continuing to raise awareness of the risk of modern slavery across our sites, the warning signs that slavery might exist and how to report any concerns. All individuals undergo an induction before they are permitted to work on our sites.

Commitments for 2020/21

Berkeley is committed to increasing its understanding of the risks of modern slavery and child labour in its supply chain and to their eradication if found, by undertaking the following actions in the coming year:

- a. Roll out our updated modern slavery training and induction material that has been developed in 2019/20;
- b. Issue our updated modern slavery questionnaire and review information submitted, identifying any follow-up action points for higher risk contractors, including ensuring that labour-only contractors are conducting robust checks in relation to any sub-contractors that they engage to provide labour to them and then on to Berkeley;
- c. As part of the broader pre-qualification and tender activity review being undertaken by the business, continue to ensure modern slavery is appropriately addressed, including its addition to the Tender Scoring Matrix;
- d. Continue to work with our supply chain to understand our key sources of materials and assess the modern slavery and child labour risks of source countries;
- e. Continue to monitor, review and address the impact of the Covid-19 pandemic on our business, including our supply chain, in a changing world and global market;
- f. Continue to engage and draw upon experiences shared across the industry;
- g. Assess the ongoing impact of Brexit on the labour forces coming to work on our sites and assess whether this will have any impact on the risks of modern slavery relating to the provision of labour and the procurement of materials.

Signed



R C Perrins

Chief Executive of the Board of The Berkeley Group Holdings plc for the year 2019/20



