

Introduction:

The Berkeley Group Holdings plc, its subsidiary companies and their joint ventures ('Berkeley'), develops homes and communities in the UK<sup>1</sup>. The size and complexities of its developments means that it can take a number of years for its schemes 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.

The actions mentioned in this statement are undertaken at parent company or subsidiary and joint venture company level as appropriate to the action.

Organisation Structure and Supply Chains:

Berkeley operates through autonomous divisions and operating companies, each with its own board of directors. Whilst construction is not the only area of its business that carries the risk of modern slavery, Berkeley has identified this as its major risk area and it is the main focus for its attentions.

A home includes a huge number of different materials. Some are sourced in the United Kingdom but many are either not available or not commercially available in the UK. For this reason Berkeley's supply chain is geographically diverse and includes some countries where there is a risk of modern slavery and child labour.

Berkeley sources some building materials directly from suppliers but the majority of the materials used in its 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. This increases risk.

Berkeley's sub-contractors supply their own labour to work on Berkeley construction sites. Some of this labour is presently from other countries. There is a risk that some foreign labour could have been trafficked.

Berkeley's Policies in relation to Modern Slavery and Human Trafficking

Although Berkeley operates through autonomous companies, a centralised system for contracting construction services enables Berkeley to ensure that its own standards of behaviour and aspirations can be shared with those from whom it procures construction services and materials.

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. In 2017 Berkeley updated its Whistle blowing Policy to make explicit reference to modern slavery, acknowledging its importance.

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<sup>1</sup> Although the Group does have several overseas offices (Beijing, Shanghai, Hong Kong, Singapore, Dubai and Bangkok), these are focused on sales and marketing. They are not involved in any aspect of construction or development. The total number of overseas employees is less than 30 people.

Berkeley also has a number of longstanding approved policies in place that indirectly deal with issues related to slavery, child labour and human trafficking. Berkeley has begun a process to review its Policies in order to identify which require updating directly to address the risks of modern slavery and child labour. This will happen in the coming year.

#### Actions taken during 2017 to strengthen Berkeley's Due Diligence Processes

Berkeley aspires to make a significant, long-term contribution to the environment and the social and economic fabric of the communities in which it works and works with its supply chain to achieve this.

Berkeley has a long history of sourcing sustainable materials and sets the standards it requires its sub-contractors to meet. This in itself, however, is not sufficient to give Berkeley comfort that its supply chain is free from modern slavery and child labour.

Pursuant to Berkeley's "Our Vision" commitments, Berkeley procures its construction and materials based on best overall value. This ensures that other factors such as the long-term value of sustainability and health and safety are as important in awarding contracts as price. As part of the tender process and to reflect these values, those tendering are asked to complete a questionnaire about their approach.

Since May 2016, a more detailed questionnaire that requests specific information on the actions being taken to combat modern slavery and child labour in the supply chain has been issued to all contractors when they are engaged on Berkeley sites. Berkeley believes that by including this questionnaire it has made its contractors and suppliers give careful thought to their own supply chains.

In October 2015, Berkeley amended its construction contracts to 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. This contract is now rolled out across the whole of the construction supply chain and endorses Berkeley's commitment to anti-slavery and child labour.

Berkeley has rolled out a series of posters across all of its sites alerting workers to signs of modern slavery and supplying details of an independent charity help-line and Berkeley's Whistle Blowing procedure. In addition, Berkeley continues with its programmes of site inductions and right to work checks that were already in place.

Berkeley has plotted the supply chain for a "typical" house showing the materials used and their country of origin. A pictorial representation of the initial work follows this statement and the results have been used to inform a risk assessment.

Bearing in mind that construction is not the only area where there could be a risk to modern slavery and child labour, Berkeley has subsequently varied its purchase order terms and small contract terms and conditions to include the anti-slavery and child labour terms similar to those already imposed in the construction contracts.

Each Berkeley operating company has been asked to nominate a modern slavery champion. Berkeley's champions have been provided with specific training on modern slavery issues which includes guidance on conducting both desk based audits and site visits. This training was also rolled out to anyone identified as likely to be visiting an overseas supplier during the year.

Commitments for the coming year:

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. Reviewing all policies to identify whether the risk of modern slavery and child labour should be directly referenced;
- b. Investigating in greater depth the supply chains for materials sourced in countries that have a higher risk of slavery or child labour through detailed risk assessments;
- c. Plotting the supply chain for a high rise development where less traditional building materials are used as the basis for further investigative work;
- d. Establishing a review process of the supply chain as fashions in materials change to ensure that materials new to Berkeley and their sources are fed into the risk assessments for modern slavery and child labour during the procurement process.
- e. During the 2017, it came to Berkeley's attention that some of its labour only sub-contractors are themselves sub-contracting down to other firms that may then be sub-contracting down yet further. Berkeley is concerned that the further away it is from the actual supplier of labour, the greater the risk that its anti-slavery requirements and aspirations are watered down. Further work will be undertaken to understand these relationships better, ascertain whether there are valid concerns and, if so, put in place initiatives to deal with them.
- f. Review and refresh the construction site poster programme and consider further methods of alerting construction staff to the risk of modern slavery and human trafficking and how to seek help for anyone caught up in it.

Signed..........

R C Perrins

Managing Director on behalf of the Board of The Berkeley Group Holdings plc for the year 2017/2018



# SUPPLY CHAIN



Mapping the supply chain of Ryewood Meadows, Phase 5

