



Berkeley's corporate objectives are focused on the long-term. Delivering against these objectives requires us to run the business in a sustainable and safe way. Our plan for the business, [Vision2020](#), provides the framework through which we do this. It embraces all aspects of sustainability and seeks to position us as one of the most successful and sustainable businesses in Britain by 2020.

Vision2020 has now been in place for three years and continues to evolve. The changes we have made this year to the structure ensure it remains closely aligned with the overall business strategy. Ultimately we believe that an integrated business framework is fundamental to running a sustainable business; sustainability should not be considered as a separate entity.

Our people form the foundations of our framework. With a highly skilled and passionate workforce, we focus on the four areas of Operations, Homes, Places and Customers. This approach helps us to remain a profitable business, which in turn gives us the financial strength to operate sustainably and with a social purpose.

We are now half way through the current two-year cycle of commitments within Vision2020 and I am pleased to be able to report good progress. We have already met more than a quarter of our commitments and over half are on track to be met by April 2014. Our progress in the areas of social sustainability and climate change adaptation are some of our key achievements, but we are also proud of our wider business achievements, such as our highest ever customer satisfaction score of 98%. Of the 18% of commitments which are not on track, we will put in place action plans to work towards meeting them during the course of 2013 and early 2014. Unfortunately our water usage per person working on our sites rose by 20% in 2013 and efforts to reduce usage will be a key challenge for us in 2014.

Our strategy for sustainability, and our Vision2020 framework, continues to develop. Our initial work focused on the environmental agenda. However, sustainability is not just about the environment - it is also about people and it offers us a way to address some of the key social issues facing Britain today.

The riots in UK cities in 2011 prompted a rethink in Britain on what makes a good society. Since this time we have progressed with our work on social sustainability, in conjunction with Social Life. Social sustainability is about people's quality of life, now and in the future. It combines design of the physical environment with a focus on how the people who live in and use a space relate to each other and function as a community. We believe this should become central to everyone involved in the process of building new homes in the years ahead. We have now assessed nine of our developments and are using the findings to improve the places we build. We also plan to roll out the use of our measurement framework to more sites across the Group in 2014.

Over the past year in the UK we have also seen more coverage of economic issues, ranging from unemployment rates to the contribution of major corporations operating in the UK. We believe we have a key role to play; the delivery of new homes is recognised by the Government's growth agenda to be important not only in its own right but also because of the contribution it makes to economic growth and to reducing unemployment, particularly for the young and

unskilled workforce.

In 2013 we commissioned Ernst & Young to complete a study of our economic impacts. They found that during 2012 we supported over £2.6bn of economic activity in the UK - a 25% increase over the previous year - and 16,000 jobs. In addition to our positive day-to-day impacts, I am pleased to confirm that we are setting up a new Job Creation Programme as part of the Berkeley Foundation to help get 250 unemployed people back into work.

Alongside the strengthening of our approach in the areas of social and economic sustainability, we recognise that environmental issues, and in particular climate change, are still of critical importance. We remain supportive of the Government's drive towards zero carbon homes. However, the anticipated announcement on the next change to Part L of the Building Regulations is still awaited from the Government and this results in some uncertainty to the business.

We believe our new environmental focus over the past 12 months - climate change adaptation - is an important step in leading the industry towards the next environmental challenge. In future decades we are likely to experience a change in our climate: hotter, drier summers; warmer, wetter winters; and more extreme weather events. We need to ensure new homes will stand the test of time and be comfortable places in which to live. Since last year all of our new developments have incorporated adaptation measures within their initial design and we have also appointed external consultants to guide us in how we can seamlessly and effectively incorporate additional measures into our schemes.

Looking ahead, we are already beginning to establish our next set of two-year commitments to take us forward in the period May 2014-April 2016. We plan to engage with a number of stakeholders, including employees, to ensure that they are relevant and material to our business.

This is an exciting time for Berkeley. Our objectives remain clear and, through Vision2020, our stakeholders have specific, identifiable commitments which focus on every area of the business. I firmly believe that we have the right strategy and the right people to give the company, our shareholders and our wider stakeholders

confidence in Berkeley's ability to deliver its long term objective - to be one of the most successful and sustainable businesses in Britain.

A handwritten signature in black ink, appearing to read 'Rob Perrins', with a long horizontal flourish extending to the right.

Rob Perrins, Managing Director