

Modern Slavery Statement 2018/2019

The Berkeley Group Holdings plc, its subsidiary companies and their joint ventures ('Berkeley'), develops homes and communities in the UK. This is Berkeley's Modern Slavery Statement for 2018/2019 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 is signed by the Chief Executive and it has been approved by the Board on 6 September 2019.

Organisation Structure, Business and Supply Chains

Berkeley is made up of six autonomous brands: Berkeley; St George; St James; St Joseph, St Edward which is a joint venture with Prudential 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 2018/2019, Berkeley had over 2,000 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 staff worked across Berkeley's 69 live construction sites each month. In 2018/2019 Berkeley delivered 3,698 homes. Berkeley also has 6 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 35.

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's supply chains are geographically diverse. Materials used in the construction of Berkeley's developments are procured both directly and via our contractors 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 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 the risk. 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. To date, we have identified that China, India, Russia and the Middle East are countries/regions that may present a higher modern slavery risk for Berkeley and we are undergoing a review of procurement from these jurisdictions which we have detailed below in this statement.

In relation to the supply of labour, the bulk 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 other 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's Policies in relation to Modern Slavery and Human Trafficking

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 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 Business Ethics Policy which employees are asked to confirm that they have read and understood. We also plan to provide our new Human Rights, Modern Slavery and Child Labour Policy (referenced below) to all new employees as part of the joining process.

The key policies that we have that are specifically relevant to modern slavery are:

- Business Ethics Policy

We require anyone that is conducting business on our behalf or working for us to adhere to the standards set out in our Business Ethics Policy. This year we have reviewed and updated our Business Ethics Policy to make specific reference to modern slavery. The updated Policy has been published on our external website and intranet.

- Human Rights, Modern Slavery and Child Labour Policy

We have this year launched a standalone policy addressing human rights, modern slavery and child labour. This policy has been published on our intranet and external website.

- 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.

(i) 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 endorses Berkeley's commitment to anti-slavery and child labour. In addition we have varied our 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.

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 Questionnaire 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 policies that we ask our contractors to review. We will be updating this Portal to include a copy of our Human Rights, Modern Slavery and Child Labour Policy.

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, this has made them give careful thought to their own supply chains. To date, we have received 330 responses and we are reviewing and risk assessing these responses to identify where we may be able to provide further support.

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 last twelve months some of our teams have undertaken factory visits to Italy, Portugal, Spain and Latvia. When making these visits we require staff to be alert and mindful of signs of modern slavery. We will also be providing further training in the coming year to those individuals that are undertaking overseas factory visits.

(ii) Procurement of Materials

This year we have initiated 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 focuses 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 Labor's 2018 List of Goods Produced by Child or Forced Labour) and (3) the countries/regions that we are likely to procure materials from. We have asked the commercial teams across our group to identify which materials have been procured either directly or indirectly within the last 12 months from these countries/region. We will then undertake a more detailed review of the results in order to produce a risk assessment. Where contractors are supplying materials from one of these countries, we will be looking at working with them to ensure that their procurement is ethical.

We have also produced the enclosed Supply Chain Map at Appendix 1 which illustrates a section of the supply chain for the St Edward high-rise development of Vista, in Battersea, London. It was not possible to obtain the information required to map the entire supply chain for this development given the stage that the development was at when the information was collected. In the coming year we will therefore be looking at ways in which we can produce more comprehensive supply chain mapping and will identify a development in its early stages to pilot this.

(iii) 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 contract spend over the last 3 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. However, as a result of our ongoing review of these modern slavery questionnaires, we will be modifying the questionnaire to address specific labour-only risks. For example, asking our labour-only contractors to confirm how they address the risks of modern slavery where they do not have sufficient labour and have to sub-contract further.

Effectiveness

To date we have received two whistle-blowing complaints that have alleged modern slavery. 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

This year we have refreshed our on-site modern slavery posters which alert workers to signs of modern slavery and supply details of an independent charity help-line and Berkeley's whistle-blowing procedure should any of our workers wish to report concerns. These posters have been made available in English, Romanian, Albanian and Polish which are presently the most common spoken languages on our sites.

We have a nominated modern slavery champion 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. In the coming year, we will also be providing this training to any additional employees that are likely to be conducting an overseas supplier visit within the next 12 months. We will also be giving consideration to

training further groups of relevant employees and will be focusing on site managers and health and safety teams.

Additionally, this year we will be working on producing modern slavery induction material for all new site workers. This material will be aimed at continuing to raise awareness of modern slavery across our sites, the warning signs that slavery might exist and how to report any concerns. All individuals that work on our sites undergo an induction before they are permitted to work on site.

Berkeley is a partner of the Supply Chain Sustainability School ('the School'). The School, which is funded by partners including Berkeley, is a member organisation designed to educate the construction industry in sustainability and management issues and provide a common approach to developing competency in the supply chain. The School utilises an online platform to host e-learning modules and thousands of online resources, and runs supplementary awareness raising briefings and training workshops. In 2018/2019, Berkeley contributed to the Modern Slavery work stream of the School, helping to identify high risk areas within the industry and opportunities for supply chain engagement.

Commitments for 2019/2020

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. Continue to dig deeper and risk assess our supply chains for materials sourced in countries that have a higher risk of slavery or child labour. This will include producing a risk assessment for materials procured from China, India, Russia and the Middle East;
- b. Continue to review the information provided by contractors in response to our modern slavery questionnaire and identify follow up action points for any higher risk contractors;
- c. Develop a standalone questionnaire for our labour-only contractors to ensure that they are conducting robust right to work checks in relation to any sub-contractors that they engage to provide labour to them and then on to us;
- d. Review our further training needs and identify additional groups of employees that will undertake modern slavery training;
- e. Continue to engage and draw on the experiences shared across the industry;
- f. Assess the 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.

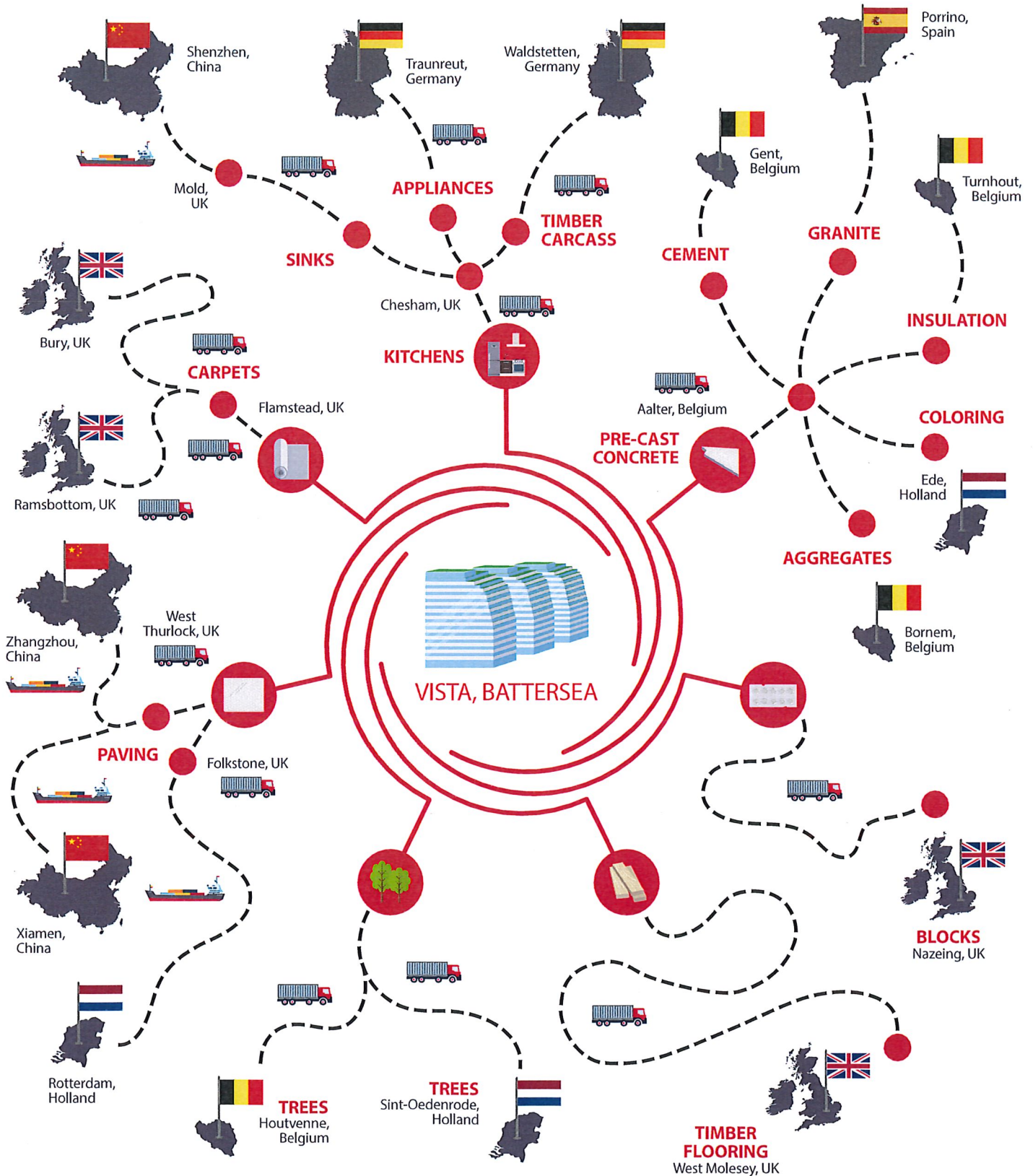
Signed.....

R C Perrins

Managing Director on behalf of the Board of The Berkeley Group Holdings plc for the year 2018/2019

SUPPLY CHAIN

Mapping the supply chain of Vista, Battersea



NOTE: THIS INFOGRAPHIC HAS BEEN PRODUCED FROM DATA COLLECTED FROM SUPPLY CHAIN PARTNERS IN 2018. THE INFORMATION DISPLAYED IS NOT EXHAUSTIVE AND SHOULD NOT BE VIEWED AS REFLECTIVE OF ALL BERKELEY GROUP SITES.