



Report scope

This report focuses on the progress made by Berkeley over the last year in the implementation and development of its sustainability strategy.

The Berkeley sustainability strategy covers all of our main operating Divisions as set out under 'who we are' on page one. Reported performance data has been aggregated from these same operating Divisions. Reporting against Targets and KPIs can be found throughout the report, and is summarised in detail on page 32. The sustainability section of the Berkeley website has been updated to coincide with the publication of this report and contains more detail on the Berkeley sustainability strategy, its relevant policies and management systems:
www.berkeleygroup.co.uk/sustainability.

The information presented within this report covers the financial year for Berkeley - May 2006 to April 2007, unless otherwise indicated.

Who we are

Brands that deliver

Our brands form the building blocks that enable us to realise the full potential within the business, each contributing in its own unique way to Berkeley's overall success.



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2007 Highlights

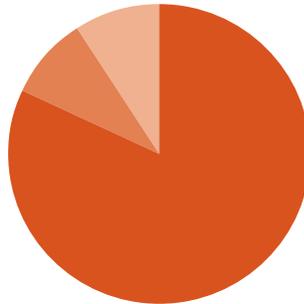
- 82% of our 2006/07 Sustainability Targets fully achieved. For a full detailed picture of our performance against each target see pages 34-36.

- Continued external recognition of our sustainability strategy, including:
- Regeneration Housebuilder of the Year (Berkeley Group)
- Sustainable Developer of the Year (Berkeley Homes)
- Sustainable Development of the Year (Ropetackle)

For a complete list of our awards, please see pages 38-39.

- Communicating key sustainability issues throughout the business through our series of 'Let's Talk' conferences:
 - 'Let's Talk' Energy (page 15)
 - 'Let's Talk' Health and Safety (page 13)
 - 'Let's Talk' Water (page 19)

Progress against 2006/07 sustainability targets



- 100% complete
- 75% - 99% complete
- 50% - 74% complete
- 25% - 49% complete
- 1% - 24% complete
- 0% complete



Regeneration Awards 2006

- Regeneration Housebuilder of the Year



The Sustainability Awards 2006

- Winner Sustainable Housebuilder of the Year: (Berkeley Homes)
- Winner Sustainable Development of the Year: Ropetackle (Berkeley Homes)



RoSPA Occupational Health & Safety Award

- Nationwide winner, Housebuilding & Property Development Sector (St George)

Driving performance at every level

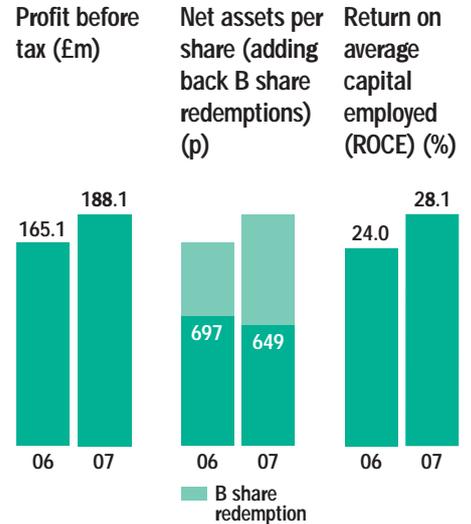
Financial

With £820 million of cash generated over the last 3 years before payments to shareholders, the continued enhancement of the Group's unrivalled land bank and the strong forward sales position, the Board has sufficient visibility and confidence to seek shareholder approval for the acceleration of the remaining B shares.

Return of capital to shareholders

2004 B share - Paid on 3rd December 2004	£5
2006 B share - Paid on 8th January 2007	£2
2008 B share - Original scheduled payment date of January 2009 - Proposed payment date of January 2008	£2
2010 B share - Original scheduled payment date of January 2011 - Proposed payment date to be determined, but no later than the original scheduled payment date of January 2011	£3
Total	£12

Balanced sustainable results



£102.0 million cash generated before £241.6 million 2006 B share redemption on 8th January 2007

£81.0 million net cash at the year-end (2006: £220.6 million)

30,128 plots in the land bank up from 23,819 at last year-end

£936.3 million of forward sales up from £793.3 million last time

Social

A big plus for our below average accident rate

Average accident rate of 7.2 compared to House Builder Federation all-builder average of 10.7

98% of sites are signed up to the Considerate Constructors Scheme



Gold Considerate Constructors Scheme Award for Chelsea Bridge Wharf

Environmental

100% brownfield land used on completed land developments over the last 2 years

96.1% of sites starting construction are implementing site waste management plans



Chairman and Managing Director's Introduction



We are living in a decade when, perhaps for the first time since industrial society developed, there is a genuine and widespread concern about the impact of what we do on the planet we inhabit. For generations, our culture has prized economic growth and social advancement above all else, with remarkable results which have seen wealth and opportunity spread ever more widely. No serious person wants to reverse this progress but increasingly we are all thinking about the consequences of growth and the environmental legacy we are creating for those that will follow us. And we are also looking at how to repair the damage that has already been done.

In parallel, our societies are becoming more complex. We are more informed, better educated, more doubtful of authority, more demanding as consumers with access to a wider range of empowering information than ever. We live in more diverse ways and our cities (London, as it emerges as a truly global city, more than anywhere else perhaps) have become the places where different elements of our lives – home, work and play – fuse and sustain us. And there is now a recognition that our built environment plays a crucial – if often underestimated – role in ensuring the success or otherwise of a modern community.

This is where our business thrives. Berkeley long ago ceased being an ordinary developer of land, building standard houses on the edge of towns. Perhaps ahead of our time, it was almost fifteen years ago that we took the decision to concentrate our business in the centre of towns and cities, offering opportunities to a much wider range of customers. We have succeeded in this ambition and Berkeley is now part of the dynamic which drives the regeneration of

London and the urban areas of the South East of England. The results have been extremely positive: Berkeley brings derelict land back to useful life, and creates the opportunity for new communities to prosper. We say that with some pride, but we also say it with a sense of great responsibility as we understand the duties it continues to place on us. Urban regeneration is complex. It requires that complexity to be respected. And it needs capital which is patient enough to remember that such schemes take longer to deliver than traditional housing developments.

Recognising the scale of our responsibilities, Berkeley has a passion to meet the challenges that are expected of us. In previous years – and this is now our sixth such report – we have discussed how the principles of sustainability are at the heart of our business. However, this year, we have focussed on getting to grips with the reality of implementing our detailed sustainability policies, not in strategic terms but on a day to day basis. In parallel, we have been working through the uncertainties concerning some of the issues we all face, not least of all climate change, and the choices they bring, and hope that our stakeholders – including planning authorities – will continue to reward our efforts by choosing Berkeley over less progressive developers. With this in mind we have this year also set ourselves new challenges in some key and critical areas.

What has spurred us forward? The Code for Sustainable Homes has undoubtedly had a major impact on the development industry and we have reviewed its requirements to understand the commercial implications of reaching the higher Code levels. We have also responded to our customers, who are showing greater interest in living in homes that respect the environment. We believe that portends a lift in market demand for homes which are demonstrated to be more in tune with the principles of sustainable living. Another spur has been our own people, who have become passionate about sustainability and who have also been motivated by our success in winning awards this year: Berkeley has been named Regeneration Housebuilder of the Year, Sustainable Housebuilder of the Year and Ropetackle in Shoreham was granted the

prestigious title of Sustainable Development of the Year. And of course, our investors, who wish us to sustain value in the medium and longer term and not rush for immediate profit alone.

During the course of the last year, we initiated a series of internal forums to address the range of challenges facing us. This 'Let's Talk' initiative has become an innovative engine of change within Berkeley. Its results are evident in the report that follows and cover such key issues as climate change, waste, and water usage.

We see ourselves as part of a wider community which is trying to understand the changes we need to make if our society is to become truly sustainable, and we believe this can help enhance the value of our own business in the long term in a way which in turn helps build better futures for our customers. We ask you to encourage the steps we are taking, as part of the effort we must all make to live more sustainable lifestyles.

We hope you will find this report interesting, and we would welcome your comments on it.

Roger Lewis, Chairman

Tony Pidgley, Managing Director

On target with our strategy

This is our sixth year of reporting on performance against our sustainability strategy. Over this time, we have become even more convinced that the success of our sustainability strategy is fundamental to the fulfilment of our business objectives. We believe that what we do brings benefit to the community, and that has always been the case. Our sustainability strategy develops this core activity into a set of principles and targets which ensure we can both measure and enhance our legacy. In doing so we are moving forward in meeting housing needs in ways that are environmentally, socially and economically more sustainable.

We believe that our sustainability initiatives represent investment in the future of our business by enabling us to respond to the changing needs and expectations of society. We set a target last year to complete the review of our sustainability strategy to ensure that it is more closely aligned with our business strategy and addresses the most significant risks and opportunities. Our new Sustainability Policy can be viewed on the sustainability section of our website: www.berkeleygroup.co.uk/sustainability. Our key sustainability objectives have also been reviewed with a number of objectives in mind. First and foremost, we wanted to ensure that our commitments could more directly motivate both our employees and external stakeholders. We also aimed for targets that would challenge our people, and make progressive change realistic and tangible.

The Sustainability Governance Committee, which has significant executive board representation, continues to provide strategic leadership in the development of our sustainability strategy. Berkeley is a company that prides itself in being at the leading edge and understanding the commercial opportunities that this can present. So, from the top of the company, our management teams are always motivated to improve and innovate.



2007/08 Sustainability Targets

Target setting has been focused on those areas where there are clear links between business performance and sustainable development. Targets were developed through a process of internal consultation, with independent advice provided by our sustainability consultants. As a result, we have set 28 targets this year against key impact areas to drive forward our sustainability strategy in the coming year. A full list of these can be found on page 37.

Sustainability Key Performance Indicators (KPI)

Our KPIs have been selected on the basis of their relevance to the business, and allow us to measure our performance against key impact areas. The parameters of our existing KPIs were refined in 2006, and we believe this has led to more robust data collection over the past year. As part of the KPI review this year, it was decided to adopt 2 new KPIs to measure our operational energy and water use. Details of all our KPIs can be found on page 32.

Berkeley has a well defined governance structure to drive the implementation of its sustainability strategy within the business (see p6). Over the last year, we have also established a number of forums to examine specific challenges in more detail and stimulate progress. These committees have looked at issues including energy, water, human resources and business ethics. These committees have allowed us to focus our most energetic minds on key sustainability issues, both to define challenges and hone solutions which can then be developed for use across the business.

Our experience to date has led us to believe that there are no quick fixes or 'off the shelf' solutions. This is not a surprise. Sustainability is a long-term challenge and

any approach needs to be tailored to the individual location and the needs of the stakeholders in any given case. Examples of how we do this have been provided throughout this report.

The key components of our sustainability strategy are set out on our website. This includes copies of our Sustainability Policy and supporting policies, as well as further case studies and previous Sustainability Reports.

For further information please visit www.berkeleygroup.co.uk/sustainability or contact us at: sustainability@berkeleygroup.co.uk

Benchmarking performance

The Berkeley Group has selected two measures to communicate its sustainability performance to the investment community and other stakeholders; these are:



FTSE4Good



We believe that they provide robust frameworks for understanding sustainability. FTSE4Good identifies what is considered to be good business practice generally whilst NextGeneration provides us with a measure of what is best practice in the housebuilding sector specifically.

Our sustainability strategy continued

Governance

Berkeley's governance structures for sustainability issues are set out below. Each of the Divisions has incorporated environmental considerations into their management systems and procedures. All of the Divisions have reviewed their management systems against the ISO14001 standard, and all are working to ensure consistency with this standard.

The Main plc Board

Ultimate responsibility for all matters relating to sustainability rests with the main board of The Berkeley Group Holdings plc. Updates are provided to the Board about the implementation of our strategy at every meeting, and there are opportunities for discussion and debate.

Sustainability Governance Committee (SGC)

The Sustainability Governance Committee is a board level committee charged with setting the sustainability strategy and ensuring that it is aligned with business objectives. The SGC demonstrates the integral nature of sustainability to the business. The SGC meets three times a year and is attended by external consultants who provide independent counsel on our sustainability strategy and its implementation.

Sustainability Working Group (SWG)

Sustainability Working Group meetings are held once a quarter and comprise directors and senior managers from across the

company. The SWG is used as a forum to disseminate the Group's approach to sustainability into the operating businesses. The SWG reviews progress towards targets, performance against the sustainability KPIs and shares good practice. The SWG is supported by external consultants, and is occasionally attended by other third party experts.

Other forums

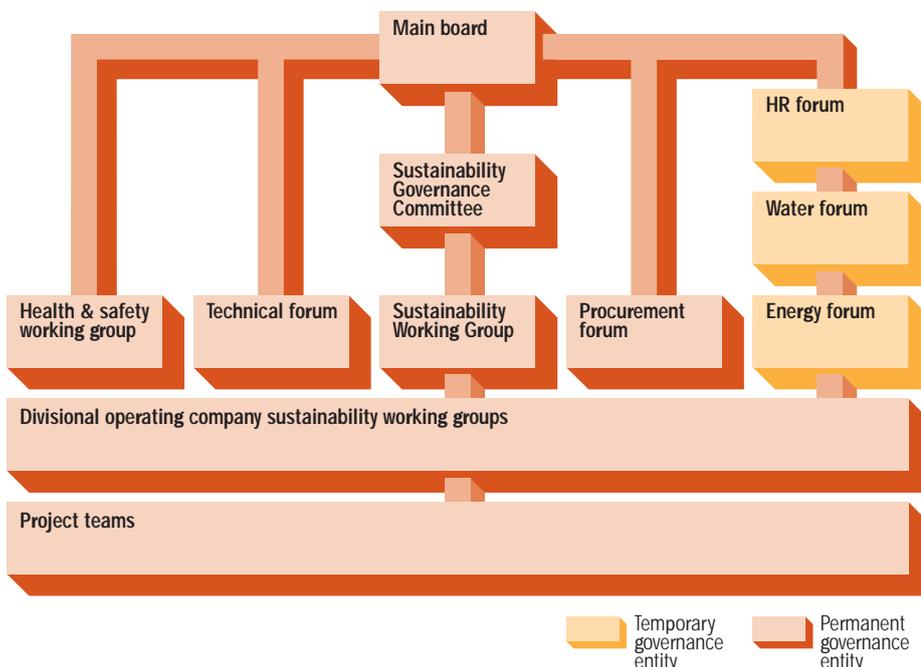
As shown in the diagram below, there are a number of other forums which are used to support the implementation of our sustainability strategy. Where appropriate, these forums will take responsibility for completing sustainability targets and report back to the SWG on progress. In order to understand a number of key sustainability issues in more detail, we have established temporary forums to look at the risks and opportunities associated with these issues in more depth and provide recommendations.

Divisional Sustainability Working Groups

Berkeley Homes, St George and St James have their own sustainability working groups, which meet at least quarterly. Berkeley Homes Sustainability Working Group is attended by representatives from the smaller Divisions. These working groups enable the Group's sustainability strategy to be disseminated within the Divisions, and ensure that they are implementing their own strategies. These all report to the Group SWG.

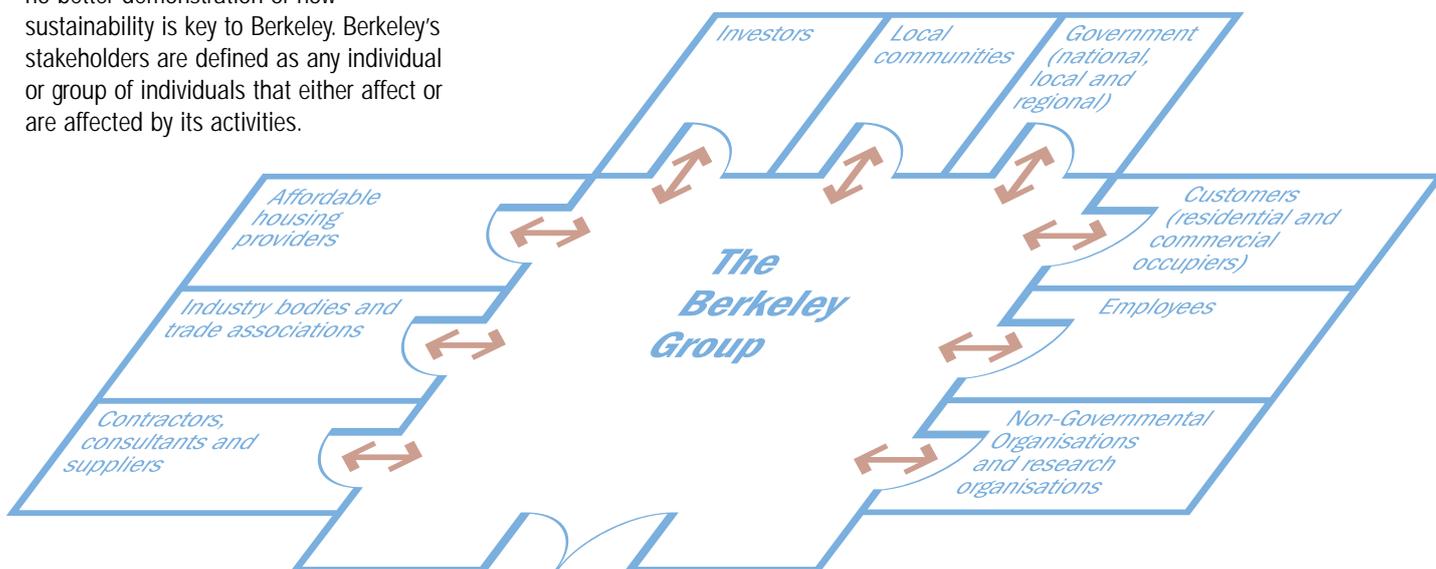
Project meetings

At a project level, teams will meet to discuss sustainability issues at various points within the developments process. From next year, all projects will be required to fill in Project Sustainability Data Sheets, which will enable the Group to understand how sustainability issues are being resolved on a project level.



Our stakeholder engagement blueprint

Stakeholder engagement is at the core of Berkeley's sustainability strategy, and also forms the nexus of partnerships which enables Berkeley to move forward. There is no better demonstration of how sustainability is key to Berkeley. Berkeley's stakeholders are defined as any individual or group of individuals that either affect or are affected by its activities.



Affordable housing providers

Berkeley works with affordable housing providers, including housing associations, registered social landlords and English Partnerships to deliver mixed tenure developments. The example of our first time buyers initiative at Beaufort Park (see page 28) provides an example of this work.

Industry bodies and trade associations

Berkeley works with industry bodies and trade associations to promote good practice in sustainability. An example of this is our work with WRAP at Battersea Reach.

Contractors, consultants and suppliers

Contractors, consultants and suppliers are critical to the delivery of our projects. We aim to treat our suppliers and contractors fairly and work with them to achieve our sustainability objectives. More information on our supply chain can be found on page 9.

Investors

Our investors are interested in both Berkeley's financial performance, and the factors that may affect that performance in the short and long-term. We continue to engage with our investors to demonstrate that our approach to sustainability adds value to our business.

Local communities

Berkeley is committed to listening to the concerns and aspirations of the communities in which we work, and finding appropriate solutions in every development. See page 24 for an example of our community engagement in action at Queen Mary's Hospital, Roehampton.

Government (national, local and regional)

We aim to work with all levels of Government to inform their approach to sustainability. For example, we sit on the All Party Parliamentary Committee on Climate Change. See page 15 for more details.

Customers (residential and commercial occupiers)

Customers – who purchase our homes and commercial premises – are, of course, critical to the success of our business. Examples of how we have worked to promote sustainable lifestyles to our residential customers can be found on page pages 16, 17 and 30.

Employees

Our employees are of paramount importance to us in achieving our business objectives. We aim to protect the health and safety of our employees, treat them fairly and with respect, help them to develop their skills and reward them for their contribution to the company's success. More information can be found on page 8.

Non-Governmental Organisations and research organisations

We regularly work with non-governmental and research organisations to achieve sustainable communities and to further our knowledge of sustainability. An example of this is our work with the Carbon Trust to audit the offices of our Divisions.

Working hard to minimise impacts

Our most significant sustainability impact does, of course, lie within the developments we build. However, we recognise the importance of reflecting sustainability principles in the way we run our business and ensure we 'walk the talk'. This includes our relationship with our employees, how we run our sites and offices and how we communicate with our supply chain.

Office management

The Group has a range of initiatives to minimise the impact of its offices. Recycling facilities are provided in all offices; briefing notes on how to save energy in the office have been issued to staff; and all Divisions have worked with external organisations to understand the environmental impacts of its operations. For example, the Carbon Trust recently audited St James' offices and sales and marketing suites, and Berkeley Homes is about to follow suit. Similarly, Envirowise undertook an audit of St George in 2005. In the past year, a number of our offices also took part in the '100 days of carbon clean up', an initiative championed by the Institute of Chartered Building Services Engineers.

Employees

Berkeley has a well respected management philosophy, the foundation of which is the conviction that people work most effectively and are best motivated when they have responsibility for their component of the enterprise, however large or small that may be. The Group is therefore a collegiate of Divisions, which themselves are formed by devolved operating companies, each of which has its own properly constituted Board of Directors. This autonomy, allied with proper mandates and accountability procedures, forms the cornerstone of Berkeley's approach to motivating and rewarding people. It allows a flat management structure which enables operating companies to assess staff on a continuous basis. The results show not only in the financial performance of the business: in Management Today's 2006 Most Admired Company League Table we were judged 1st in the Home Construction Section and 12th overall.

To continue this progress, and further develop our dynamic management systems, last year saw the creation of a Human Resources Forum, with representatives from each division. This Forum has reviewed current practice within each of the Divisions as well as against our peers, and has made a number of recommendations to the Sustainability Governance Committee. This work will be taken forward over the coming year.

Communication

Berkeley is continually reviewing its systems to find new and better ways to communicate

with employees and listen to their views. A key aspect of this was the launch of the intranet in 2005 with an emphasis on it as a tool to enhance communication within the Group. The intranet is accessible to all employees and is regularly updated. In addition to the intranet, we also provide updates to employees regarding key issues such as financial results and awards. We have also held three 'Lets Talk' conferences attended by directors across all of the businesses and have sought feedback from attendees to ensure outcomes can be delivered. Both St James and St George produce regular staff newsletters, which provide information on new staff, promotions, as well as information on the company's projects.



Training and development

New employees receive induction training, which covers information on the company structure, history, as well as on specific issues such as health and safety and sustainability. Each of the Divisions undertakes training for employees on sustainability depending on the role and responsibilities of individuals. For example, when we developed the current sustainability targets and KPIs, extensive consultation was undertaken with senior management responsible for delivery to develop the targets. Once finalised, training

Case Study: Greening our car fleet

In the past year we undertook a Green Fleet Review, which set out our options for reducing the carbon emissions associated with our car fleet. As part of this work we have revised our car fleet matrix, which will allow employees to select from hybrid models. Over the next year we will be seeking to build on this work through the introduction of a green transport policy, which will be introduced in conjunction with the Climate Change Policy that we will be developing.

Case Study: Investors in People

St James Thames Valley is in the tenth month of the Investors in People accreditation process, which will be assessed in July 2007. It is finding the process thought provoking and is already seeing the benefits within the company, including improved communication, better understanding of company and department strategies, more positive attitudes, motivated staff, and improved sales and customer satisfaction scores.

was undertaken within each of the Divisions to ensure that the targets were understood and responsibilities for delivery identified. In the past year we have undertaken a sustainability training needs analysis, to identify what sustainability training needs to be undertaken for specific roles within the company. A number of these training programmes are already in place and, over the next year, we will be completing their development and implementation.

Equal Opportunities

Berkeley has an equal opportunities policy which applies across the whole company, and which is available publicly on our website. Our Group Legal department tracks employment legislation to ensure full compliance and all of our offices are accessible environments. In the past year 36% of employees were female. From next year we will be adopting additional equal opportunity performance measures to allow us to gain a greater understanding of diversity within the company.

Community involvement

As many of our projects take some years to complete, our employees become involved at a grassroots level in numerous community initiatives. Berkeley's commitment to local communities is driven from the top, and many directors volunteer their time as governors of local schools and on community projects. Examples of such support include the programme with Brentford FC Community Sports Trust to help young people into a range of community sports initiatives (see the case study below). We also procured the site for the Stephen

Lawrence Centre in Deptford (near to our ONESE8 development) and have given donations to facilitate it. We continued to provide funding and support to the Wetlands Visitors Centre in Barnes, which we were instrumental in creating, long after we left the site. Over the coming year, we will be putting in systems to ensure that we are better able to see the range of charitable initiatives in which our employees are involved.

Suppliers and contractors

Berkeley makes a significant contribution to the UK economy through its supply chain. Berkeley has around 5,000 suppliers currently working across the Group and it is estimated that the value of goods and subcontract labour purchased for the year to 30th April 2007 was £488 million. We outsource much of the development process and therefore engagement with the supply chain is crucial in meeting our sustainability objectives. The formal relationship with our sub-contractors (and consultants) is encapsulated by what we call 'Call-Off Contracts'. The Call-Off Contract establishes the basis for the ongoing relationship with sub-contractors and consultants, and covers *inter alia* the standards expected regarding health and safety, insurance and relevant sustainability requirements.

We have been developing a new programme of supply chain management for some time, specifically to ensure our sustainability commitments are being effectively communicated to all suppliers. Each of the Divisions examined how environmental requirements can be integrated into their

own supply chain management procedures. For example, Berkeley Homes has integrated sustainability considerations into its management rules for contractors, which have been sent to all of its 1100 contractors. St George recently completed its review of the sustainability risks of its major consultants. St James has developed an Environmental Performance Evaluation Form which must be completed by all suppliers, contractors and sub-contractors. The lessons learned are being fed back to the Procurement Forum and Build Cost Committee to drive progress in the most effective way possible.

We recognise that work still needs to be undertaken in this area, and in going forward we have set a number of targets to drive these improvements. This includes undertaking a sustainability risk assessment for all major suppliers and contractors and a targeted engagement with any companies identified as 'high' risk. More information on these targets can be found on page 37. Please also see the section on materials for more information.

Case study: Working within the community - St George and Brentford Football Club

In 2006 St George and Brentford Football Club were awarded 'Best Club Sponsorship' category at the prestigious Football League Awards.

St George has recently announced a 4 year sponsorship deal to help ensure a sustainable future for the club and Trust. In addition they continue to provide volunteering support as well as connecting the club with other businesses. The two trainees sponsored by St George have now become full time members of the Trust staff,

which has swelled to 23, and one of the contacts St George introduced has re-designed the Community Trust website.

Keith Dickens, Managing Director of Brentford Football Club commented "It's one of those alliances where everyone wins; St George builds its awareness, the local community benefit from the activities of our Community Sports Trust and our club can engage youngsters in The Brentford Spirit. A role model for how football, business and community can work together".

Site management

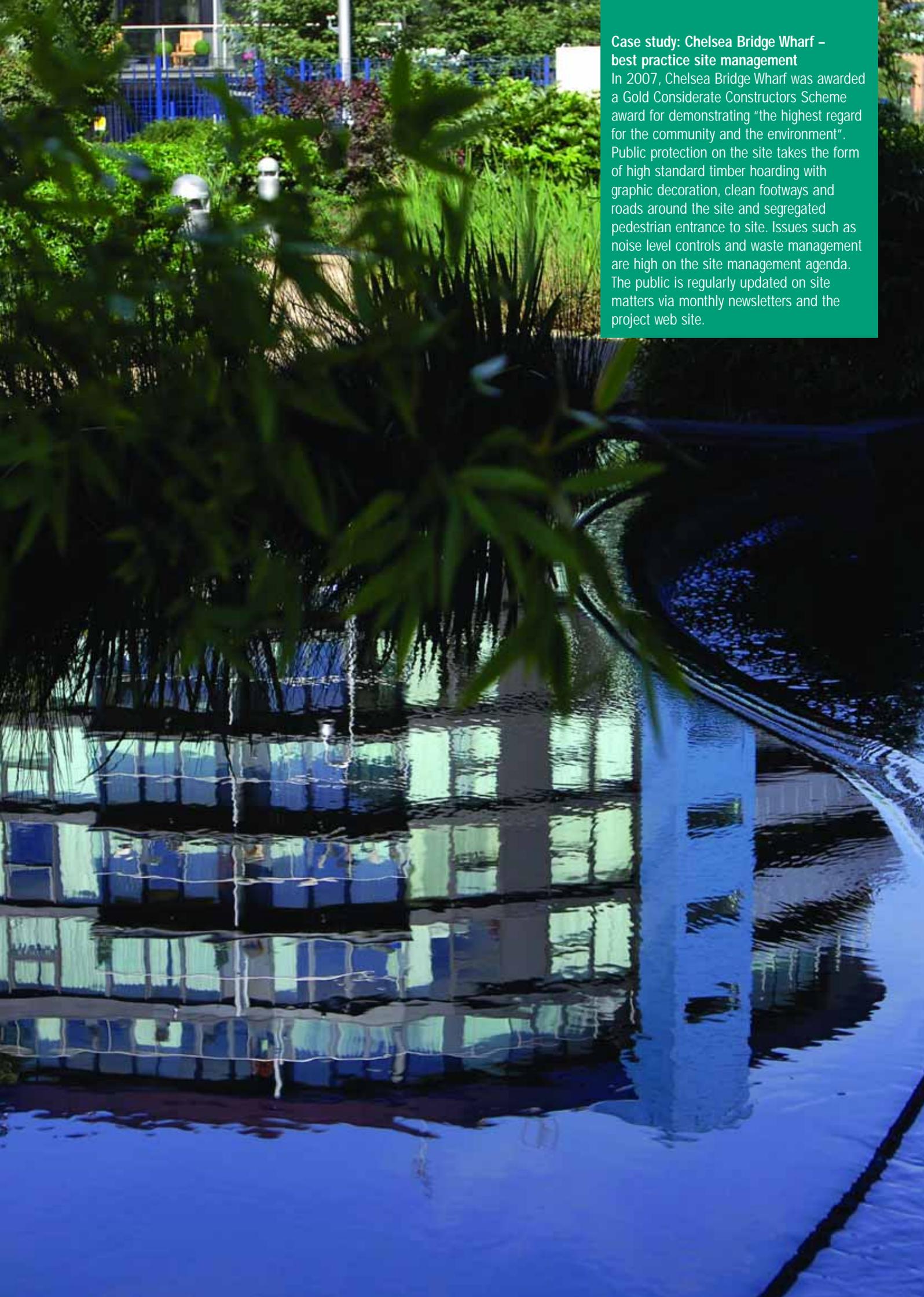
In the past year, 98% of sites were signed up to the Considerate Constructors Scheme, providing an external verification of our strong commitment to the good site management we believe reduces our risk of not meeting minimum legislative standards. In 2007, Berkeley was the proud recipient of a Gold Award at Chelsea Bridge Wharf (see case study opposite). St George was also named second most considerate private housing contractor at this year's Considerate Constructor 10 Year Awards. Berkeley Homes were also highly commended. Berkeley received no environmental prosecutions in the last year.

96% of sites that started construction in the year are implementing Site Waste Management Plans (SWMP) in line with the DTI's voluntary code of practice. SWMPs set out responsibilities for waste management on site, and ensure that opportunities to reduce, reuse and recycle waste have been identified. To support the implementation of these plans we have been working with WRAP to run an internal training course for construction managers on advanced SWMPs, which will go ahead next year. This requirement to have SWMPs pre-empts forthcoming legislation which will make the implementation of such plans mandatory on construction projects.

Following the trial of the waste data tool at Battersea Reach last year, we have rolled the tool out to a range of project types to test its applicability across the Group. The feedback from the 12 projects (representing 25% of projects under construction last year) trialling the tool has been extremely positive, and we plan to implement the tool on all projects or phases of projects starting construction next year. We also plan to set performance targets on those projects that have been using the tool in the past financial year, to ensure improvements in recycling are achieved.

We also work hard to reduce the environmental impacts of transport during construction and thereafter. At Kingsway Square, the advertising for local labour facilitated a reduction in workers' transport. Contractors also signed up to a green transport plan, which encouraged the use of public transport and cut car use. At Chelsea Bridge Wharf we are monitoring the ways in which site workers are reaching site in order to understand what measures could be taken to reduce car use.





Case study: Chelsea Bridge Wharf – best practice site management

In 2007, Chelsea Bridge Wharf was awarded a Gold Considerate Constructors Scheme award for demonstrating “the highest regard for the community and the environment”. Public protection on the site takes the form of high standard timber hoarding with graphic decoration, clean footways and roads around the site and segregated pedestrian entrance to site. Issues such as noise level controls and waste management are high on the site management agenda. The public is regularly updated on site matters via monthly newsletters and the project web site.

Our operations continued

Occupational Health and Safety (OH&S)

The effective management of occupational health and safety (OH&S) standards remains a fundamental and integral part of our business. Our strong performance continues to be recognised externally – St George was the proud winner of the coveted 'Housebuilder and Property Development Sector Award' at the 2007 Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards. St George and Berkeley Homes have also been nominated for the 2007 Building Magazine 'Best Housebuilder Safety Initiative'.

A comprehensive OH&S Management System operates in each Division, which is compliant with the Health and Safety Executive's Guidance, HS(G)65. Performance is regularly monitored by OH&S management teams, with zero tolerance for non-compliance. These standards are audited regularly, and performance is reported to The Berkeley Group Main Board. Berkeley also maintains regular OH&S specific site visits by our Directors and senior managers. Through these visits, and regular reports, the Board is able to monitor the strategic development of OH&S across the Divisions. Berkeley also continues to maintain our representation on various national

committees, including the Construction Industry Advisory Committee CDM Guidance Working Party.

The committed management approach to continuous improvement in OH&S standards enables us to measure and demonstrate a strong performance against our peers in the sector. In the past year, our average Incident Rate (per 1000 employees), consolidated for both our principal contractor and client only sites, was 7.2. Although this is higher than our incident rate last year, it still remains considerably below the NHBC/HBF All Builder Average for the same period, which was 10.7 (per 1000 employees).



However, we are always mindful never to become complacent. We were all deeply saddened by the tragic accident in December 2006 that took the lives of three subcontractors working on one of St James' projects. They were overcome by fumes from a combustion driven generator used inside an on-site steel storage container. We are working closely with the Health and Safety Executive to establish all details of this regrettable incident. In addition, we have taken some very positive initiatives on all our projects, and within national health and safety forum, to warn of the dangers of exhaust fumes in confined spaces, and ventilation of steel containers used on sites by contractors for storage or other purposes.

Training

Berkeley's success in managing OH&S is derived from having competent, well managed and well trained staff. To support our people in this critical area of work, we continue to provide comprehensive OH&S training programmes. These form part of staff development and personal plans are produced following training needs assessments. Berkeley continues to measure the number of training days per employee, as well as the number of site managers who have completed the 5 day CITB training course.

Berkeley also continues the progressive roll-out of the Construction Skills Certification

Scheme towards their agreed full implementation plan. As of October 2006, the number of site operatives with current CSCS cards or their equivalent was 58%.

'Let's Talk' Health and Safety

As part of our overall OH&S programme this year, Berkeley also held a 'Let's Talk' Health and Safety conference for Directors and senior staff to raise awareness of new and continuing OH&S issues, and launch their 'Good Order' campaign. This is an initiative being implemented on all Berkeley's projects to make our sites even safer by seeking the cooperation of all site workers under our adopted slogan 'if you see it, sort it or report it'.



Case study: Battersea Reach – an exemplar in construction waste management

Battersea Reach is an exemplar for waste management during the construction process. The strong waste management ethos on site, supported by training for site operatives, has meant that there have been significant improvements in waste management efficiency between the first and second phases of the project. The total volume of waste generated was reduced by 35%, and the volume of waste produced per 100m² was reduced by 44%.

The Berkeley Group Waste Data Tool has

been used on the project since 1st January 2006 to measure the waste being produced. It has allowed the project team to have a detailed understanding of the waste being produced. In the past year 26% of waste produced on site was recycled directly, and approximately, a further 59% was recycled at a materials recycling facility.

Work is currently being undertaken to develop the tool to be used for future phases, to reduce waste and increase recycling and to further increase savings made through good waste management practices.

Building for future generations

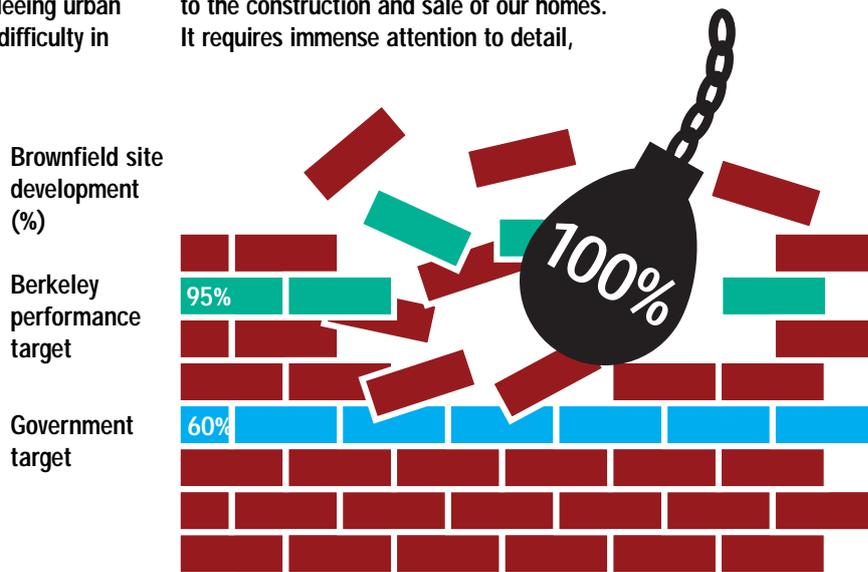
The creation of sustainable communities

Urban regeneration projects are complex and take longer to deliver than traditional housing developments. To prosper, they need a blend of experience, imagination and expertise, delivered in a way that is inclusive and shows leadership in a geographic area where there is true knowledge and market understanding. While many of our peers are fleeing urban areas because of the greater difficulty in

delivering development in such places, Berkeley has reinforced its commitment to the towns and cities of the South East of England. It is thriving in the business of delivering development solutions which create the 'sense of place' so essential to a real community. Sustainability is now fundamental to our decision-making processes, from the acquisition of land and the planning and design process, through to the construction and sale of our homes. It requires immense attention to detail,

openness to radical ideas and an undiluted passion for achieving the best.

Our journey is a continuous one. We believe that our pioneering approach to sustainable urban regeneration enables us to deliver developments that will leave a positive legacy for future generations. Whether they do, will be the real measure of our success.



Smashing brownfield site targets

100% of development on brownfield land over the last two years.

Our objective

To create long-lasting, high quality, environmentally sensitive living spaces where people have the opportunity to lead more sustainable lifestyles

We take our environmental responsibilities seriously and strive to minimise the adverse impacts of our activities. We aim to make a positive contribution to the quality of the communities in which we work, creating homes which are environmentally sensitive and give their occupants the opportunity to live more sustainable lifestyles.

Many Local Planning Authorities now have sustainability Supplementary Planning Guidance and Checklists, and Berkeley ensures that it not only responds to these, but also demonstrates how it implements best practice. For instance, St James introduced a sustainability checklist for projects some time ago and, more recently, Berkeley Homes and Berkeley First have introduced a checklist based upon the

sustainability model produced by the South East England Development Agency (SEEDA). By introducing these checklists at an early stage in the planning process, Berkeley ensures its design teams and consultants incorporate sustainability principles into the concept design.

Berkeley continues to measure the percentage of completed dwellings certified using the EcoHomes methodology as a general benchmark of the environmental performance of the dwellings we build. The table below provides a breakdown of our performance in

the past year. Our extensive understanding of the EcoHomes methodology has allowed us to prepare for the introduction of the Code for Sustainable Homes, which was introduced by the Government in December last year as a single national standard for measuring the sustainability of new housing. Certification to Level 3 of the Code is now required by the affordable housing bodies. In order to ensure that we are fully aware of its commercial implications we have set a target to trial the assessment of the Code for Sustainable Homes on a range of dwelling types over the coming year.

EcoHomes rating	Pass	Good	Very Good	Excellent	Total
Percentage certified of total units completed	2.7%	17.1%	23.4%	0%	43.2%

Land use

Land is one of the UK's most precious resources. Our focus on previously used sites reflects our commitment to make the best use of this resource. With 100% of development on brownfield land for the past two years, we have constantly exceeded the Government's target of 60%, and our own performance target set last year of achieving at least 95%.

Building on previously developed land requires the removal of pollutants and hazardous materials, and Berkeley has pioneered a number of decontamination and trenching technologies, including bioremediation techniques. We have spent many millions reclaiming former industrial, derelict or neglected sites to bring them back into use. Examples include Imperial Wharf, Battersea Reach, West 3 and Oxford Waterside. Where possible, we reuse existing materials on site. At Beaufort Park, for example, we have contoured the site to minimise the need to export soil, saving 20,000 lorry movements. Innova Park is using new 'trenchmod' technology to reuse existing soil on the site itself.

Climate change

Climate change is the one of the biggest challenges that we all face, and at Berkeley our most significant climate change impact is the homes we build. A key objective is therefore to reduce the overall carbon footprint of our projects. We are tackling this head-on and seeking to capitalise upon the commercial opportunities that it presents. For Berkeley, it follows that addressing issues such as energy efficiency, car dependency, waste management, materials specification and water management will play an important role in reducing the carbon emissions of development and help to mitigate the potential effects of climate change.

In the past year we established an Energy Forum with advisors from the Government's Sustainable Development Commission, along with a range of other external experts, to establish the practical steps we could take to reduce the carbon footprint of our developments. This Energy Forum created a 'Route Map' for addressing our climate change impacts. This 'Route Map' enables our design teams to go through a decision-making process to find the right solution for each site. The Route Map is accompanied by a detailed guidance which

sets how carbon dioxide emissions can be calculated and reduced.

To inform Berkeley's directors about climate change and how it affects our business we held a 'Let's Talk' Energy conference in September 2006. The conference covered the scientific evidence for climate change, the current policy environment, as well as taking delegates through each of the steps of the Energy Route Map. The conference was attended by 63 of Berkeley's Executive, Non-Executive, Land and Technical Directors, and was preceded by a screening of the film *'The Inconvenient Truth'*. Following the launch of the Route Map at the conference, it has been embraced by the operating companies and is actively being used to inform decision-making.

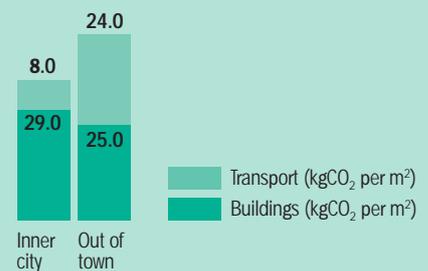
In addition to the steps taken to underline within the company the importance of climate change, we have also been engaging with external stakeholders on this issue. We sit on the All Party Parliamentary Committee on Climate Change, and in December we made a presentation to the Committee on how UK planning legislation could better facilitate developers to meet climate change targets.

To take forward the work we have undertaken in the past year, we have set a target to develop a climate change policy that covers both business management and product impacts. This will set out how we seek to capitalise on the opportunities and manage the risks posed by climate change as well as how we can both mitigate and adapt our operations and the product we build.

What is the carbon footprint of a typical Berkeley development?

As part of our work to better understand the climate change impacts of our developments, we commissioned Best Foot Forward to undertake a carbon footprint analysis of a 'typical' Berkeley development. The brief was to compare the carbon dioxide emissions attributable to two typical, similar-sized developments; one out-of town and the other located in an urban, inner city, environment (assumed to be a 'typical' Berkeley development). The brief was to cover both household and transport emissions to explore the relative impact of both building performance and location. The results showed that, by benchmarking carbon emissions based on floor area, a typical inner city development has a footprint approximately one fifth less (22%) than the out-of-town site (see chart). Though the emissions from the out-of-town buildings are slightly less per m² of floor area, this is more than counterbalanced by the larger size of the development and the greater transport emissions.

Overall CO₂ emissions from an inner city and out of town development (kgCO₂ per m²)



Berkeley believes that while the Government's policies to tackle the carbon emissions associated with energy use play an important role in addressing climate change, more needs to be done to recognise the important role that location and transport play in the overall carbon footprint of a development. The transport section on page 19 provides more details of how we seek to reduce the transport element of out developments carbon footprints.

Taking steps to reduce our carbon footprint



Energy

A key way in which we have sought to address the energy use of our developments is through the establishment of the Energy Forum, as outlined in the climate change section above. Both the 'Let's Talk' Energy conference and Energy Route Map have played an important role in raising awareness in design teams about the key issues that need to be considered when developing energy solutions for projects. Through our Technical Forum, we have been building a practical understanding of the different energy solutions that can be utilised on developments.

The key ways in which we can reduce the carbon footprint from occupational energy use is to:

1 Increase energy efficiency

We seek to provide our customers with energy efficient homes, using:

- Modern construction techniques – For example, at Holborough modern construction techniques were used to build highly energy efficient homes; the air leakage rates are 5 to 6 times lower than a traditional home minimising heat loss and energy use;
- Improved building envelope performance – For example, at Ropetackle and Royal Arsenal, carbon emissions were reduced by improving building envelope performance by an average of 32% above what is required by Building Regulations;
- Energy efficient white goods – All white goods supplied to customers are at least B rated for energy use.

We continue to measure the average SAP ratings of completed dwellings to provide an approximate measure of the carbon emissions associated with our product. A key challenge continues to be how we improve the energy efficiency of developments that include historic buildings. Due to changes last year in the Building Regulations to the scale on which SAP is measured, we will be changing the way in which we gather data against this KPI from next year to ensure that we can accurately assess performance.

2 Incorporate low carbon technologies and renewable energy

We are increasingly looking at the feasibility of including renewable sources of energy on our developments. We were one of the only property developers to have been awarded funding under the 2006 Photovoltaic (PV) Support Programme and this will be used to part-fund PV roof tiles on 50 new homes. A number of developments have now incorporated renewable energy or will soon do so. They include:

- City Quarter, where 26 homes will have heat pump cooling systems combined with solar hot water systems;
- Envirohome show homes at Kennet Island and Innova Park that feature a range of technologies including solar panels;
- Grosvenor Waterside will feature a gas-fired CHP with a biomass boiler, which will generate 10% of the site's total energy demand;
- Silkworks which will include gas-fired communal heating and solar thermal hot water which will generate 10% of the site's total energy demand;
- St George Wharf, will feature one of the tallest environmentally-friendly residential towers in the country. This 50-storey tower will utilise the thermal storage capacity of the River Thames aquifer and the energy generated by a wind turbine to provide heat and light to the common areas, resulting in energy savings of approximately 60% and hence reducing carbon emissions.

We have also sought to understand consumer perceptions about different types of energy solutions. At our Envirohome in Reading we surveyed visitors to the showhouse about their views on the various technologies on display (see case study for further details). With the introduction of Energy Performance Certificates, we believe that consumers will be increasingly interested in the energy performance of the homes they buy. By undertaking research into consumer attitudes about sustainable homes, and in particular innovative technologies, we believe we are equipping ourselves with the knowledge needed to address likely changes in market demands.



Case study: The Envirohome, Kennet Island, Reading

The Envirohome is a showcase for innovative environmentally-friendly technologies and emits 70% less carbon dioxide than a normal terrace house.

The energy savings have been achieved through a range of measures including:



- High insulation and air tightness standards
- Solar photovoltaic roof tiles
- Solar thermal roof tiles
- A rated appliances
- Energy efficient lighting
- Efficient controlled heating

The house also features a range of water-saving technologies including grey water recycling and rainwater harvesting, as well

as recycling and composting facilities, and sustainable materials and furniture. Local schools are being shown the development in order to educate children of the benefits of living more sustainably.

In addition to raising awareness of sustainable housing to our customers, we have also been seeking their general feedback on the Envirohome, as well as

specific information on the technologies on display. The feedback received has allowed us to judge which technologies would be welcomed by consumers. 81% of visitors said that the Envirohome had taught them more about how to conserve energy and help protect the environment in their own homes. 85% of visitors said that they would encourage friends and family to visit the Envirohome.

Case study: The Hamptons, Surrey – Sustainable Urban Drainage

The Hamptons drainage strategy has been designed to mimic natural water movements by adopting the principles of a Sustainable Urban Drainage System (SUDS).

By capturing rainfall and surface water run off and using it to top up the four acres of

lakes, outflow into the local watercourse has been minimised, reducing flood risk. In addition water butts are being installed within the community centre and certain plots for collecting rainwater from roofs and to irrigate adjoining landscaped areas. The office also has a rainwater harvesting system.



Our legacy continued

Transport

One important way in which we can reduce the carbon footprint of our developments is to provide accessible environments that give the opportunity for residents to reduce their car use. Our research shows that transport is an important factor in determining the size of a development's carbon footprint. We seek to reduce car dependency on all sites in a number of ways, including designing the site to encourage the use of public transport, locating homes and places of work close together to reduce the need to travel, and providing facilities and incentives that reduce car use.

Over 90% of our developments under construction are located within 500m of public transport facilities. Car clubs have been created at a number of developments including Grosvenor Waterside, The Residence, and OneSE8. We have also included an electric car club at St George Wharf. Further clubs are planned for The Hamptons, New River Village, Kingsway Square, The Waterside, Royal Worcester, High Wycombe, Silk Works and Royal Arsenal. At a number of developments we have also produced green travel plans to promote sustainable transport. For example, at Grosvenor Waterside we produced a green travel plan to supplement a 40% reduction in on site parking provision. The plan incorporates a car club, a walkways agreement, cycle routes, substantial cycle parking and promotion of local public transport and infrastructure. On a number of our riverside developments we have also made significant improvements to river access, for example the development of Royal Arsenal was instrumental in the extension of the Thames Clippers service to Woolwich, providing fast access for residents and the local community to Canary Wharf and the City. In the past five years we have developed 3 km

Imperial Wharf, London

At Imperial Wharf major investment has been made to encourage residents and the local community to use sustainable transport options through:

- The creation of a new railway station, due to open in 2008
- Improved bus service and facilities
- Intending to include enhanced river moorings and the provision of river bus service to the city.

of Thames river frontage on 23 different sites, enhancing habitats and improving access to the river for the general public.

Water

Following on from the work undertaken by the Energy Forum, and in recognition of the growing importance of water efficiency, a Water Forum was established. This Forum was asked to examine current practice within Berkeley and externally and provide strategic recommendations to the Group to improve water efficiency. The Water Forum spoke to a range of external stakeholders including the Department for Communities and Local Government, DEFRA as well as our suppliers.



'Let's Talk' Water was presented to Berkeley's senior management in April. It set out a route map that all design teams should follow when considering the issue of water. The Water Route Map is accompanied by detailed guidance which provides a breakdown of measures that can be taken to increase efficiency, including information on different products, their water efficiency, cost and reliability, as well as case studies of how they have been used on developments.

Dual Flush toilets and at least B rated white goods are fitted as standard, with other water saving technologies including flow restrictors

Innova Park - rainwater and greywater recycling

At Innova Park, two ultra-low water use units have been built. One includes low water use fittings and appliances and a grey water recycling system to provide water to all non potable applications. It is expected that this house will achieve a reduction of over 40% when compared with a standard house. The other unit includes all the same water efficiency measures but replaces the grey water system with a rainwater harvesting system to again feed all non potable applications. Both units will be used to help understand the effectiveness of these technologies in reducing water use.

and aerated taps being frequently used. Rainwater harvesting is increasingly being used for our developments and we have integrated more innovative water saving technologies into a number of schemes. For example, Imperial Wharf has five units which include greywater recycling, while two units at Innova Park are being used to test the performance of these technologies (see case study).

As part of our work in increasing water efficiency on the dwellings we build, we are also looking at development-wide issues. SUDs are being used on a number of developments within the group (see the Hamptons case study). We are also increasingly considering how to reduce the water demands of the landscaping of developments. For example, Kennet Island has a completely self-sufficient landscape water system; a reservoir has been set up on site which can be used to irrigate the site landscaping. This reservoir is fed by rainwater and is being drained from the site via a sustainable urban drainage system.

Increasing water efficiency in the developments we build will be challenging, but we believe that the work we have undertaken to understand current good and best practice measures allows us to understand the commercial and technical implications of increasing water efficiency in dwellings. This helps us to prepare for, and meet, the demanding water requirements set out within the Code for Sustainable Homes, proposed Building Regulations, as well as by Local Planning Authorities.

Green light for sustainable transport



Domestic waste

With the public becoming more aware of the need to reduce the amount of waste being sent to landfill sites, recycling is increasingly popular within residential housing communities. We seek to encourage our residents to recycle either through the provision of separate bins within the dwelling or through the provision of communal recycling facilities.

Case study: Domestic recycling at Aragon Tower, London

In Deptford, Berkeley Homes joined forces with the Pepys Community Forum (PCF) and the local community organisation for the Pepys Estate to introduce a recycling initiative at their Aragon Tower development.

All apartments have been provided with an airtight bucket and biodegradable bags for food waste. Community facilities have been provided for the recycling of both the compostable waste, as well as for items like tins, cans, glass and paper.



Ecology

On all of our sites, we aim to enhance the natural environment and ecology for the benefit of the environment, residents and local communities. We have created numerous high-quality wildlife habitats on our developments. For example, at The Hamptons we have created 30 acres of new parkland, including four lakes, which will be handed over to the London Wildlife Trust. At Kew Riverside Park, a new parkland has been created, including a nature reserve that provides a habitat and protection for the rare two-lipped snail.

On a number of developments we have been enhancing urban ecology through the use of brown and green roofs; at OneSE8 a brown roof has been created to provide habitat for existing Black Red Start that were native to the site. The Envirohome garden at Reading has been designed to show visitors about environmentally friendly gardening and contains a variety of native planting along with a garden composter, beehive and insect habitat and bird feeders.

In the past year we were awarded Green Apple awards for our Brentford Lock, Kew Riverside Park and 4 Little Green developments. St George was also awarded a Green Heroes shield, an award presented exclusively to companies which have demonstrated their commitment by helping others to follow their environmental lead.

Getting the right balance between urban demands and...



...nature's needs

Holborough Valley, Kent

A rich mix of wetland, woodland and chalk down environments surround the properties at Holborough. An Ecological Mitigation Strategy and Conservation Management Plan was drawn up for the site to ensure that populations of birds, newts, slowworms,

bats, fish and many wild plant species will be able to flourish in and around the development. Located close to a lake and native woodland, new habitats have been created providing plenty of wildlife interest to compliment existing Nature Conservation Sites and Sites of Scientific Interest.



Materials

Berkeley does not have a centralised procurement function, believing instead that goods and services should be procured to suit the design and specification of each development. We use a wide variety of materials in the construction and refurbishment process and in fitting out our developments ready for occupation. The use of sustainable materials is important in creating sustainable developments and it is,

rightly, one of the issues addressed by the Code for Sustainable Homes.

We seek to use materials with a low environmental impact, and wherever practicable we also seek to use local materials, which not only enables us to reduce transport-related greenhouse gas emissions but also supports the local economy. We have had a sustainable timber policy in place for two years, which specifies

a preference for FSC timber. All our timber suppliers are issued a copy of this policy. Over the coming year we will be seeking to undertake an audit of the origins of materials for one project, to have a more in depth understanding of the challenges associated with this issue. We will also be piloting our Sustainable Procurement Policy within one Division, with a view to rolling this out across the company.





Case study: Sustainable material specification at Ropetackle

The specification of the materials used in our Ropetackle development benefited both the environment and the local economy. Over 60% of the materials originated from within a 35 mile radius to sustain the local economy and save on transportation pollution. Materials were sourced against the Green Guide to Specification, which provides a measure of the environmental impact of individual elements. FSC timber (Cedar) from certified sustainable sources was used throughout the development.

Our objective To build strong, balanced, vibrant communities

A regeneration project is ultimately judged on whether it meets the needs, and improves the lives, of the people it affects. Our purpose in every case is to create the environment for a vibrant and balanced community. The sections below describe how we do this.

Case study: Community Consultation in action - Queen Mary's Hospital, Roehampton

Prior to submission, extensive pre-application consultations were carried out to gain the opinions of local stakeholders of the proposals to renovate Grade I listed Roehampton House and re-develop the former Queen Mary's Hospital site. A number of different stakeholders were consulted including local residents, the Putney Society, The Roehampton Quadrant Residents Society, the Roehampton Forum, local ward Councillors, English Heritage and the local MP. The consultations took a number of different formats including leaflets, presentations, exhibitions and the construction of a website, all aimed at providing the relevant information regarding the proposals and seeking to explain and address any potential concerns.

In response, St James considered issues raised and refined the proposals where possible to address concerns, for example;

- The total number of units was reduced
- Specific overlooking issues were addressed
- A comprehensive Green Travel plan was included to encourage sustainable modes of travel.

Following the above amendments, a Planning Application and Listed Buildings Consent Application was submitted to Wandsworth Borough Council. Shortly afterwards the same extensive consultation process was repeated to seek further views. As a result St James made a legal commitment to Wandsworth Borough Council to ensure the proposed pedestrian and cycle access routes were not opened to vehicles in the future.

Despite being an extremely sensitive site, St James secured a resolution to grant detailed planning and listed building consent within just 11 weeks.

Community engagement

Listening, understanding and responding to the needs of local people is essential in securing community support for development proposals and ensuring that we can deliver sustainable communities. People's interests vary from location to location, but local communities are unsurprisingly most concerned with how the development will affect their everyday lives. Berkeley is committed to listening to these concerns, as well as to the community's aspirations, and finding appropriate solutions in every development. Berkeley seeks to consult the local community on all developments it builds. We seek to involve the local community in the design of the development, and communicate with them through mechanisms such as newsletters, websites, telephone help lines and regular meetings. In the past year we have developed Guidelines for Community Consultation, which will be used to inform consultation strategies for future projects. Berkeley believes that its approach to consultation and sustainability is instrumental in its ability to maximise the planning potential of its sites.

Once construction commences, Berkeley maintains its commitment to engaging the local community through signing developments up to the Considerate Constructors Scheme. On many of its larger projects, the Group's Divisions appoint community liaison officers and establish community based offices where local people can contribute their views.

Local economy & employment creation

Berkeley knows that its developments make a very real and very lasting difference to towns and cities as a whole. So, Berkeley works closely with local and regional stakeholders, communities, and authorities to ensure that sustainability principles are applied beyond its sites. The form this process takes differs from place to place. What is common, however, is the fact that the regeneration of major urban sites can provide unique opportunities to kick-start the next stage of an area's social and economic development. As a result, mixed-use developments, more than any solitary housing block or business park, are recognised as contributing to the

increased diversity and growth of local economies and can therefore make a long-term contribution to economic, as well as social regeneration.

Berkeley is rare amongst the house building sector in its ability to deliver mixed-use, mixed-tenure developments that drive economic regeneration and create long-term job opportunities. It is difficult to make comparisons in our performance against our peers in this area as there are no established benchmarks by which to do this. However, our ability to create economically robust developments that contribute to the local and regional economy has been consistently recognised externally most notably through the achievement in 2005 of the BURA Crystal Award for 'Best of the Best' for Gunwharf Quays.

We are not afraid of working in challenging areas, and in the past five years we've developed over 2,600 homes in 7 of the 10 most deprived Local Authorities in the South East. Our planned regeneration of council estates at Woodberry Down in Hackney and the Ferrier Estate near Kidbrooke in Greenwich will give us the opportunity to continue learning about regeneration, and improve our ability to deliver opportunity for all the community.

Our project at Royal Arsenal has catalysed the regeneration of Woolwich and will create around 1,000 jobs in the offices, retail units, theatre, cinemas and museums that will occupy the site. The scheme has also participated in the 'Construction Careers in Action' programme which raises awareness of the construction industry in local schools.

The positive economic impact that our developments have is not only evident once construction is over. During construction we will often encourage local suppliers and contractors to bid for contracts on our developments. Many of our Divisions operate local labour initiatives to attract construction labour from the local workforce. Where there is a skills shortage, we will train up the local labour force so that once we are gone, they are left with the legacy of new skills, as we are doing at Woodberry Down (see case study).



Case study: Economic regeneration – Imperial Wharf

Imperial Wharf will create more than 1,000 permanent jobs and a strategy to ensure opportunities for local people to gain employment are maximised has been developed with local partners including Hammersmith & West London College, Job Centre Plus, Family Mosaic; and North Fulham New Deal for Communities. This strategy includes an “opportunities portfolio” developed with the Housing Associations to identify the type of jobs that will be available and to provide training through local agencies. One example of this is the training scheme run in conjunction with Hammersmith & West London College which seeks to find local people work at Jury’s Inn, the hotel operator at Imperial Wharf. We will also provide discounted office space to nominated start-up-businesses.

Case study: Community Investment – Grosvenor Waterside

As part of a Public Art Strategy, Grosvenor Waterside has sponsored the Tate to Tate Boat for a period of two years, promoting the arts and river transport. The Public Art Strategy has also seen an association with the Chelsea School of Art & Design and the on site provision of a new gallery space, called Chelsea Futurespace. A further three artists have been commissioned to create distinctive art/sculptural pieces within the

development, including a collaboration between the architects MAKE and the artist Claire Woods on the external cladding of one of the buildings Grosvenor Waterside has also provided a dedicated on site facility for the Sea Cadet Association which seeks to train officers to run cadet units throughout the country. The development will also accommodate up to 6 residential moorings to ensure the continued use of the inner dock basin in line with preserving river based activity.



Community investment

Communities cannot thrive without the right infrastructure to support them. When we begin to design a major new scheme, we seek to understand what the needs of the local community are and integrate appropriate facilities into the overall plan for the development.

Our developments make a significant contribution to enhancing local facilities through the creation of homes and commercial space, enhanced transport facilities, and new public realm. St James' cultural strategy has been in place for over

5 years, and has provided significant benefits to local communities which would not have been available otherwise. At St George Wharf we have built a major new medical centre, which will benefit both residents and the local community. The regular farmers market at Imperial Wharf attracts around 700 visitors a month. At Aragon Tower, the ground floor is to be used as a community art space operated by the Pepys Community Forum. The Hamptons incorporates Maple Lodge Community Centre, where the Residents Association is based. New theatres have been created at Ropetackle and The Hamptons.

Case study: Long term opportunities – Woodberry Down Training Centre

At Woodberry Down, we have been integral in the development to date of the Woodberry Down Construction Training Centre. The Centre will provide on site training in basic construction skills for unemployed residents in the neighbourhood. The centre will produce site ready candidates to work on the important regeneration projects in Hackney such as Woodberry Down and the 2012 Olympics.

We have worked closely with the Council and other stakeholders to drive this initiative. The joint vision for improving the life opportunities of residents in deprived areas has played a leading role in the effort to improve facilities and opportunities for residents in the period before physical regeneration commences. We needed a strong understanding of the cultural sensitivities in areas such as Hackney. We have helped to develop a tailor made construction training package for key local minority groups such as the Orthodox Jewish community in Stamford Hill which will become operational in the Spring 2007.

Case study: Community Investment – 4 Little Green

At 4 Little Green, we restored the façade of the former United Reformed Church built in the 1880's to maintain the prominent landmark for Richmond Green. We also built a new church and church hall behind the development providing new facilities for members of the United Reformed Church and the wider community. The church facility provided a much needed boost to the congregation of the United Reformed Church and has been commended by The Richmond Society.



Housing choice

By providing a wide variety of homes at different prices and tenures for people with differing needs including families, professionals, key workers, student housing and homes for the frail and elderly, we are also able to create more integrated - and therefore more sustainable - communities.

Delivering affordable housing - of both a shared-ownership and socially rented variety - while meeting financial and sustainability objectives, remains a key challenge, but it is a challenge which the Group has been responding to for many years. The Berkeley Group is a pioneer in delivering innovative approaches to the integration of affordable housing into private developments.

In partnership with local authorities and housing associations, Berkeley has ensured that its developments cater for a wide range of different housing needs. We were one of only two developers selected for Starter Homes Initiative Funding from Government to generate 94 affordable homes for public sector workers in Newham and Hammersmith, and the case study below demonstrates how we are addressing affordability amongst first time buyers.

Case study: Housing choice at Beaufort Park

At Beaufort Park we were one of the first developers to pilot the Government's First-Time Buyers' Initiative (FTBI), in association with English Partnerships, the national regeneration agency. The FTBI enables aspiring first time buyers who cannot otherwise afford to buy a home outright to purchase, through an affordable mortgage, and with Government assistance, a new home.

Well-being

We aim to create places where people can live safely and healthily – not least, by providing open spaces, improving permeability and building foot and cycle paths. Berkeley also provides safe, secure environments by adopting Secure by Design principles and using Home Zones on larger developments. We consult Police Architectural Liaison Officers on most planning applications. St George has worked with the Joint Mobility Unit and the Centre for Accessible Design to ensure that development designs promote accessibility.

Increasingly, we're designing to the principles of Lifetime Homes – design standards that make a house more accessible and adaptable and allow it to be used throughout an occupant's life. Our Technical Forum has undertaken work this year to understand the extent to which we are building to both Lifetime Homes and Secure by Design Principles, which allows us to pre-empt future planning requirements and standards set out within the Code for Sustainable Homes.

Many of our developments also include health and fitness facilities such as gyms, tennis clubs, play areas, boating facilities and cycle clubs to encourage healthy lifestyles in the years to come.

Case study: Fire safety at Chelsea Bridge Wharf

The fire safety strategy for Chelsea Bridge Wharf was of prime importance in the design of the site, due to the scale of the development. Berkeley Homes has installed landlord heat detectors in all apartments to give the management suite an early warning of the outbreak of fire in any apartment before it threatens the rest of the building; particularly important in the case of unoccupied apartments.

The use of smoke curtains to reduce the effects of smoke and fire is an established practice but, until Chelsea Bridge Wharf, they had never been used in a car park environment. Chelsea Bridge Wharf was also one of the first sites in the UK to use smoke shafts to ventilate the communal corridors.

Housing quality

The vision that underpins all our schemes aims to create real places where communities will grow and prosper. It requires high quality design to provide desirable, vibrant places – inside and outside buildings – that produce an uplifting quality of life in which everyone can live, work and play whilst minimising their impacts on the environment.

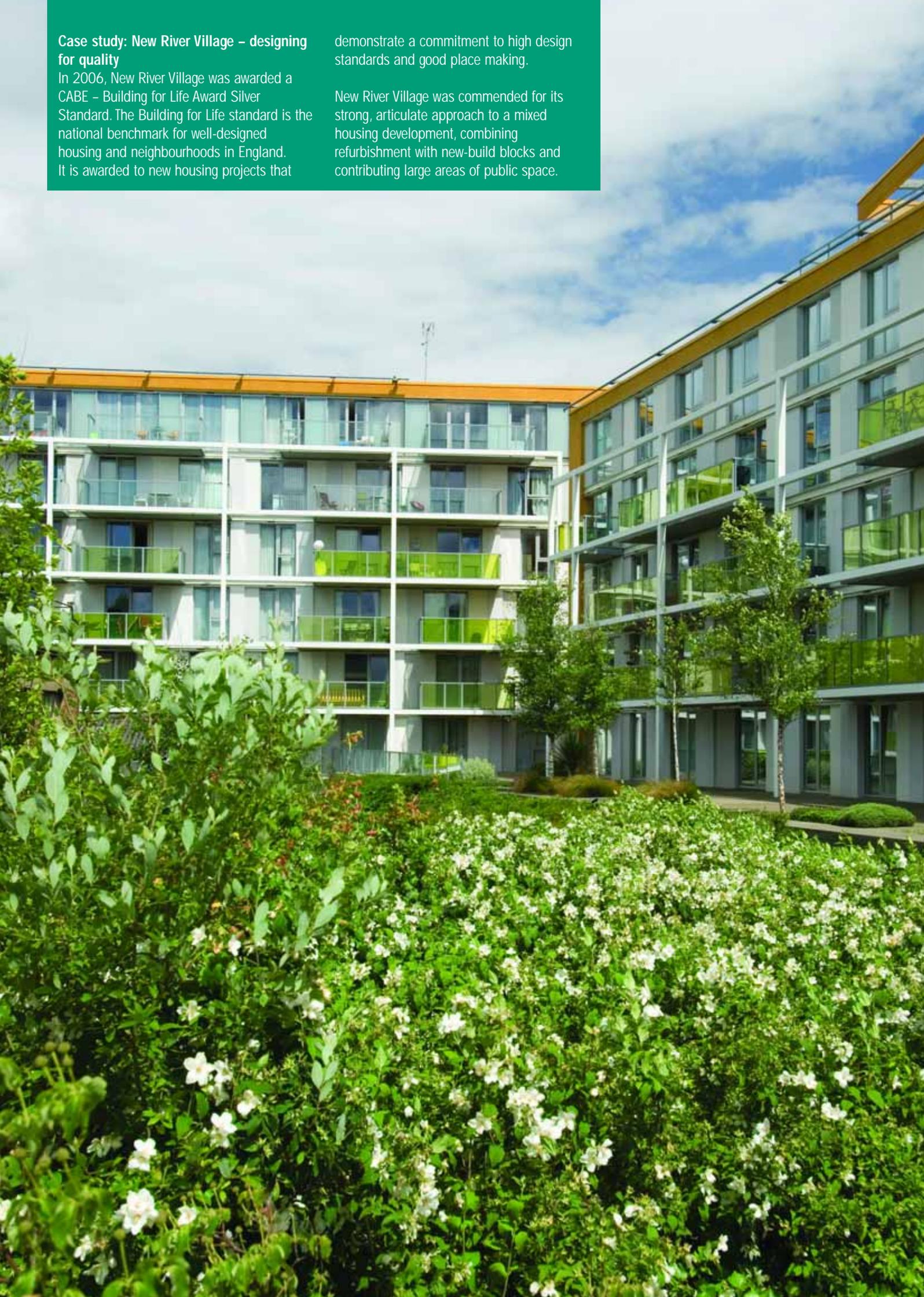
Berkeley has been ranked first out of the top 10 housebuilders for the design of its schemes by design watchdog CABI. We have also won numerous awards for the design quality of our developments, including the 2006 OPDM & RIBA Housing Design Awards and a Silver Building For Life Award for New River Village, Hornsey (see case study).

Case study: New River Village – designing for quality

In 2006, New River Village was awarded a CABI – Building for Life Award Silver Standard. The Building for Life standard is the national benchmark for well-designed housing and neighbourhoods in England. It is awarded to new housing projects that

demonstrate a commitment to high design standards and good place making.

New River Village was commended for its strong, articulate approach to a mixed housing development, combining refurbishment with new-build blocks and contributing large areas of public space.



Our legacy continued

Customer satisfaction

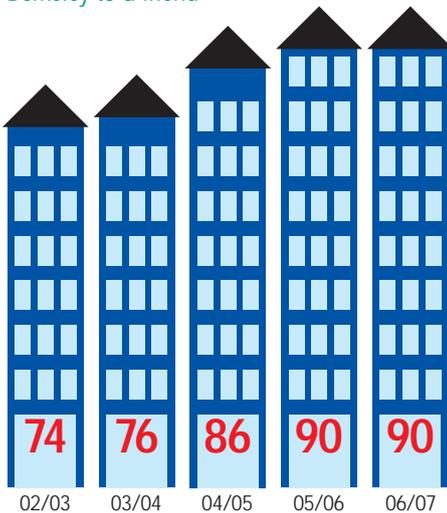
As a mixed use, mixed tenure developer, our customer reputation is critical to the success of the business. We sell homes and commercial space to a wide variety of customers, including:

- Individual purchasers
- Registered Social Landlords
- Major property investors
- Financial institutions
- Commercial operators

Every operating company has a Customer Service Department, which, in conjunction with our Sales department, ensures that we look after customers from the initial reservation through to legal completion and then onto post occupation maintenance. Berkeley has in place a number of mechanisms to ensure that we maintain the standard of customer care to which we aspire. Customer care and customer service forms an important part of our Main Board Agenda and every quarter a substantial report is discussed at the Board Meeting.

Rising customer satisfaction

% of customers who would recommend Berkeley to a friend



Communicating with Customers about Sustainability

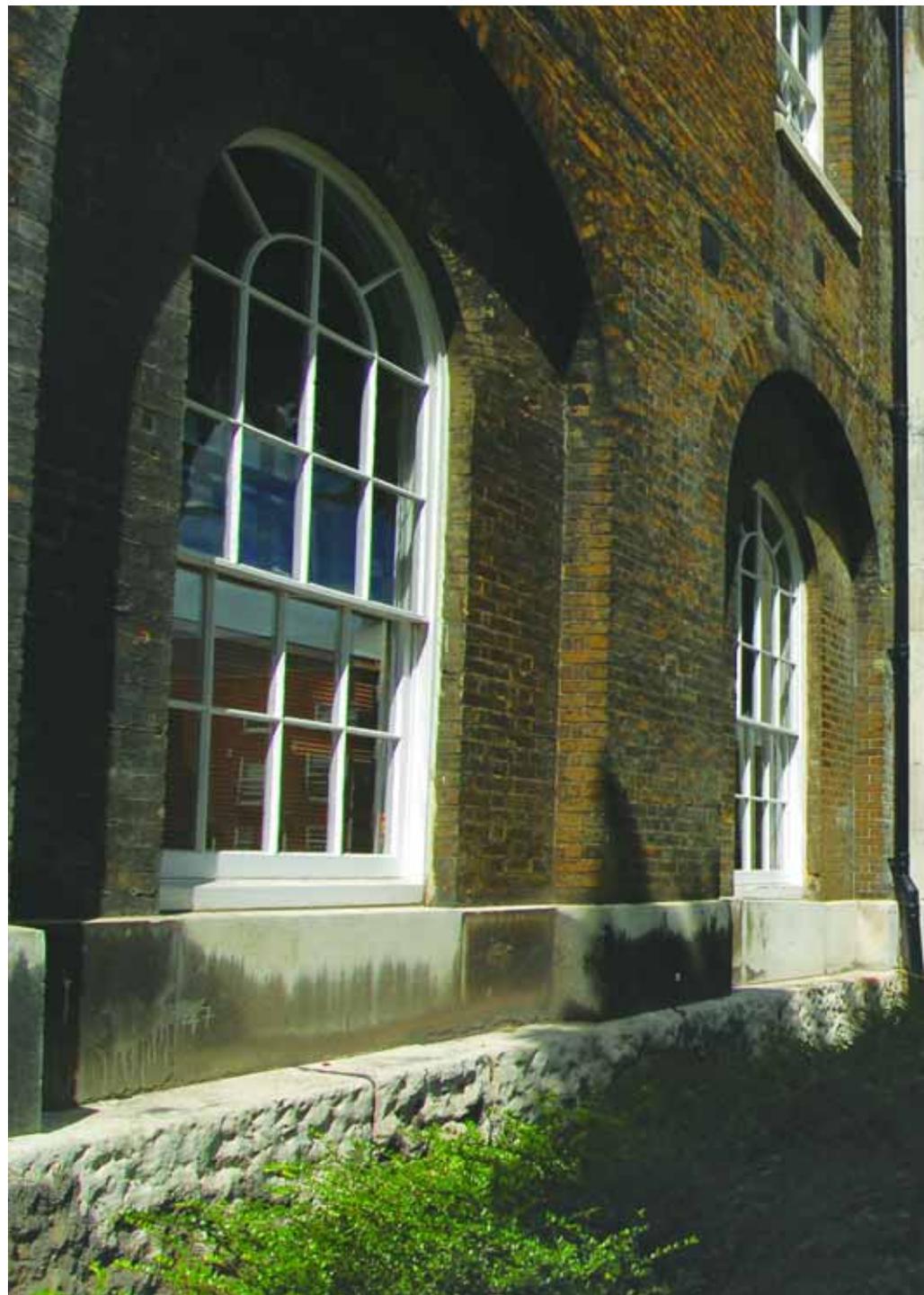
Sustainability is becoming an increasingly important issue for our customers. We actively promote sustainable development to our customers to encourage them to live more sustainable lifestyles. We are using our Envirohome show house at Kennet Island to demonstrate to customers how they can reduce their climate change impacts. We are also using the show house as an education

tool, with local schools using the Envirohome to educate children about sustainability (see case study on page 16).

Berkeley Homes has also launched an interactive tool on its website to provide tips to customers on how to reduce the environmental impact of their homes.

We have been undertaking surveys in the past year with existing and potential

customers regarding sustainability. We have been seeking to understand the extent to which sustainability affects purchaser's decisions, and what particular sustainability features customers find attractive. Sustainability information is increasingly being provided in our sales centres and on project websites.



Historic conservation

The Berkeley Group is renowned for the innovative and attractive developments that it creates. But we never forget the importance of protecting our existing heritage, both for the enjoyment of the community and out of a respect for the skill and expertise of craftsmen and builders who have gone before. Indeed, there are few places in the world with such a rich architectural heritage as Britain. Preserving that heritage for future

generations is a national responsibility, which is why conservation and restoration are so important to Berkeley.

Case study: Protecting our heritage – Royal Arsenal

The Royal Arsenal development sits in a conservation area and contains seven listed buildings, five of which are Grade 2*. Berkeley Homes has worked closely with English Heritage and CABI in developing the plans for the site, ensuring the site became an exemplar of the creation of good new design in a historic setting. Members of the project team at Royal Arsenal have also

joined with other European partners through the INTERREG programme to identify the common issues that face heritage regeneration projects and finding a framework within which projects can have the best opportunity for success. Earlier this year, a book 'Regeneration Through Heritage: Understanding the development potential of historic European arsenals' was published to share the lessons learned.



Key performance indicators

Our KPIs have been selected on the basis of their relevance to the business, and allow us to measure our performance against key impact areas. The parameters of our existing KPIs were refined in 2006, and

we believe this has led to more robust data collection over the past year. As part of the KPI review this year, it was decided to adopt 2 new KPIs to measure our operational energy and water use.

Key Performance Indicator (KPI)	2003	2004	2005	2006	2007	Comments
Business management:						
Office Management						
Energy use – site and office buildings (kgCO ₂)	ND	ND	ND	ND	ND	Our target for 2007/08 is to 'Gather data on office and site energy consumption (gas and electricity) in order to report our direct climate change impacts.'
Employees						
Percentage of direct employees that are female	31%	34%	35%	32%	36%	
Number of training days per direct employee	ND	ND	ND	0.84	0.96	Despite the slight increase in our RIDDOR rate, this is still well below the HBF/NHBC All Builder average of 10.7.
Health & Safety						
RIDDOR Rate per 1000 employees (Client and principle contractor sites)	10.2	6.8	7.4	4.5	7.2	
Percentage of site managers that have completed the five day CITB SMTSTS course	93	85	93	91	96.5	This exceeds our target set last year to ensure that 90% of site managers have completed the CITB 5 day health and safety training course.
Percentage of planned health and safety site visits by directors achieved	ND	ND	ND	ND	86.7%	

Key Performance Indicator (KPI)	2003	2004	2005	2006	2007	Comments
Creating long-lasting, high quality, environmentally sensitive living spaces where people can lead more sustainable lifestyles						
Pollution						
Number of health and safety and environmental prosecutions	0	0	0	0	0	
Percentage of sites registered under the Considerate Constructors Scheme	ND	ND	ND	95%	98%	This exceeds our target set last year to ensure that at least 90% of sites under construction are signed up to the Considerate Constructors Scheme (where eligible).
Land use						
Percentage of completed developments on brownfield land	96%	98%	98%	100%	100%	This exceeds our target set last year to maintain over 95% of development on Brownfield land.
Energy						
Average SAP rating	79.0	74.7	79.6	83.3	80.8	We have completed a large number of refurbishments this year, which has led to a decrease in our average SAP ratings. Given amendments to the Building Regulations last year which has changed the scale to which average SAP ratings are measured, we will be changing the way in which data is gathered against this KPI in future.
EcoHomes						
Percentage of completed dwellings certified using the EcoHomes methodology	ND	ND	ND	38%	43.2%	
Waste						
Percentage of sites commencing construction implementing site waste management plans (SWMP) in line with the DTI's Code of Practice	ND	ND	ND	87%	96.1%	This exceeds our target last year to ensure that at least 90% of sites commencing construction are implementing site waste management plans in line with the DTI's Voluntary code of Good Practice.
Transport						
Percentage of sites where 80% of the development is located within 500m of a transport node	ND	ND	ND	ND	91.8%	
Building strong, balanced, vibrant communities						
Community Investment						
Total charitable donations	£287,000	£440,957	£162,287	£190,977	£171,973	
Housing quality						
Average customer satisfaction (Percentage of customers who would recommend Berkeley to a friend)	74%	76%	86%	90%	90%	

Performance against 2006/07 sustainability targets

Target setting has been focused on those areas where there are clear links between business performance and sustainable development. Targets were developed

through a process of internal consultation, with independent advice provided by our sustainability consultants

Target	% complete	Progress report
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Governance and strategy

Complete the review of The Berkeley Group's sustainability strategy to ensure that it meets business objectives and addresses the most significant risks and opportunities	100%	The review of our sustainability strategy has now been completed. More details of the outcomes of this can be found on page 5.
Develop performance indicators which are able to capture the socio-economic aspects of the developments we build	100%	The adoption of a number of socio-economic performance indicators was considered as part of the KPI review. It was decided that it was not appropriate to adopt these measures as Key Performance Indicators at this point in time, but the Berkeley Group will continue to review performance in relation to socio-economic impacts internally through the sustainability data sheets.
Maintain listing in FTSE4Good	100%	Berkeley has maintained its position in FTSE4Good.

Business management

Employees

Undertake a sustainability training needs analysis for all Divisions and identify suitable training programmes on the basis of the findings	67%	The Berkeley Group developed a sustainability training matrix which identified the type of sustainability training that should be delivered by the Divisions according to job function. The Divisions have begun to implement these training programmes, and over the coming year, we will continue to develop targeted sustainability training.
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Health and safety

Maintain reportable accident rates at or below the HBF all builder average	100%	In the past year the RIDDOR Rate per 1000 employees (Client and principle contractor sites) was 7.2 which was below the HBF/NHBC All Builders average for 2006/07 financial year of 10.7.
Ensure that 90% of site managers have completed the CITB 5 day health and safety training course	100%	In the past year 96.5% of site managers completed the CITB 5 day training course.

Supply chain management

Continue to ensure that sustainability requirements are included in the tendering process, contractual requirements and ongoing monitoring of suppliers performance	33%	Each of the Divisions examined how environmental requirements can be integrated into their own supply chain management procedures. For example, Berkeley Homes has integrated sustainability considerations into its management rules for contractors, which have been sent out to all of its 1100 contractors. St George recently completed its review of the sustainability risks of its major consultants. St James has developed an Environmental Performance Evaluation Form which must be completed by all suppliers, contractors and sub-contractors. The lessons learned are being fed back to the Procurement Forum and Build Cost Committee to drive progress in the most effective way possible. In going forward, we have set a number of targets to drive forward progress on this issue see page 9.
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Creating long-lasting, high quality, environmentally sensitive living spaces where people can lead more sustainable lifestyles

Energy/climate change

Establish an energy forum, with representatives for all Divisions, with a remit of looking at energy issues across the whole of The Berkeley Group	100%	An Energy Forum was established at the start of the financial year. Each of the Divisions was represented on the Forum alongside advisors from the Government's Sustainable Development Commission and a range of other external experts. The remit of the Energy Forum was to establish the practical steps we could take to reduce the carbon footprint of our developments. This Energy Forum created a "Route Map" for addressing our climate change impacts. This route map was presented to 63 of Berkeley's Executive, Non-Executive, Land and Technical Directors at our 'Let's Talk' Energy conference in September 2006. For further details please see page 15.
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Target	% complete	Progress report
Creating long-lasting, high quality, environmentally sensitive living spaces where people can lead more sustainable lifestyles cont.		
Capture the measures being undertaken to address energy related issues for projects, as selected by the energy forum	100%	An energy pro-forma was developed for projects to complete. This pro-forma enabled the Group to gather information on the specific energy solutions being utilised on site, which included energy efficiency, energy supply and generation. This information has helped inform strategic decision making and our discussion with key stakeholders.
Complete the construction of the Envirohome, which incorporates a range of renewable energy technologies, analyse feedback from customers and communicate outcomes to the Divisions	100%	The Envirohome was completed during the year, and customer feedback was gathered. A case study on the Envirohome can be found on page 16.
Land use		
Maintain over 95% of development on brownfield land	100%	In the past year 100% of development was on brownfield land.
Pollution		
Ensure that at least 90% of sites under construction are signed up to the Considerate Constructors Scheme (where eligible)	100%	In the past year 98% of sites were registered with the Considerate Constructors Scheme.
Water		
Develop a schedule of water efficiency measures which can be considered on developments, reflecting current good and best practice initiatives and standards within Berkeley and externally	100%	A Water Forum was set up to establish current practice within Berkeley and externally and to provide strategic recommendations to the Group to improve water efficiency. The Water Forum spoke to a range of external stakeholders including Communities and Local Government, DEFRA and as well as our suppliers. 'Let's Talk' Water was presented to Berkeley's senior management in April. It set out a route map that all design teams should follow when considering the issue of water. The route map is accompanied by detailed guidance which provides a breakdown of measures that can be taken to increase efficiency, including information on different products, their water efficiency, cost and reliability, as well as case studies of how they have been used on developments.
Waste		
Expand waste data gathering to a range of project types being undertaken by the Group and monitor the proportion of waste recycled	100%	Following the trial of the waste data tool at Battersea Reach last year, we have rolled out the tool across a range of project types to test its applicability across the different projects in the group. The feedback from the 12 projects (representing 25% of projects under construction last year) trialling the tool has been extremely positive, and we plan to implement the tool on all projects or phases of projects starting construction next year. We also plan to set performance targets on those projects that have been using the tool in the past financial year, to ensure improvements in recycling are achieved.
Ensure that at least 90% of sites commencing construction are implementing site waste management plans in line with the DTI's Voluntary code of Good Practice	100%	In the past year 96.1% of sites were implementing SWMPs in line with the DTI's Voluntary Code of Practice.
Materials		
Understand the level of recycled content within commonly specified materials to allow the Group to assess the benefits of increasing this proportion	100%	All Divisions provided information on the top 10 specified materials. Based upon this list, research was undertaken on products with a high recycled content. This information has been distributed to the Divisions.

Performance against 2006/07 sustainability targets continued

Target	% complete	Progress report
Building strong, balanced, vibrant communities		
Local economy and employment creation		
Understand, and communicate internally, the benefits of working with local employment agencies, businesses and schools to enhance employment opportunities on the sites The Berkeley Group develops	75%	Each of the Divisions provided information on the work that has been undertaken to engage with local employment agencies, business and schools to enhance employment opportunities on our developments. Examples of such initiatives can be found on page 24.
Well-being (accessibility and safety and security)		
Investigate the approaches taken by the Divisions to design to Lifetimes Homes standards to determine whether and how a consistent set of design principles could be used across the Group	100%	The approach to designing to Lifetime Home standards was investigated by the Technical Forum. The need to establish a consistent set of design principles was superseded by the requirements set out within the Code for Sustainable Homes, which The Berkeley Group can now use as a reference point.
Research the approach being taken by the Divisions to incorporate Secure by Design Principles on its projects	100%	The approach to designing to Secure by Design Principles was investigated by the Technical Forum. The incorporation of Secure by Design principles is considered on a project-specific basis, and is now also one part of the Code for Sustainable Homes.
Community engagement		
Examine within one Division the feasibility of establishing Good Practice Guidelines for community and stakeholder engagement, communicating the outcomes throughout the Group	100%	Good Practice Guidelines for community and stakeholder engagement were drawn up by representatives from each of the Divisions. These guidelines provided examples of good and best practice community engagement strategies. These have been circulated throughout the Divisions for use on projects.
Customer engagement		
Review the content of handover packs for customers and ensure that these all contain information on the sustainability attributes, and in particular the environmental performance, of the dwellings and the development	50%	A schedule of sustainability issues that need to be considered in putting together a handover pack has been prepared and circulated within the Divisions. A number of handover packs have now been prepared covering a range of sustainability information, including public transport links, community facilities and environmental tips. We have a set a target to ensure that all new handover packs will include this information.
Undertake surveys to examine customer awareness and interest in sustainability issues (both prior to and following purchasing), in order to help inform future sustainability commitments	100%	We have undertaken surveys on customers on a number of developments both prior to, and following, purchasing to understand how the sustainability features influenced their decisions and to understand what features they found attractive. Further details of the survey undertaken at the Envirohome at Kennet Island can be found on page 16.

2007/08 Sustainability Targets

Target

Governance and strategy

Ensure that all projects complete the sustainability data sheets which capture the range of sustainability initiatives being undertaken on our projects
Develop a climate change policy covering both business management and product impacts
Benchmark our approach to sustainability compared to other housebuilders as part of the NextGeneration initiative
Maintain listing in FTSE4Good

Business management

Suppliers

Trial within one Division the implementation of the Sustainable Procurement Policy
Undertake a sustainability risk assessment for all major suppliers and contractors and undertake targeted engagement with any companies identified as "high" risk
Establish a set of sustainability management rules for trade contractors, which cover both environmental and ethical issues

Employees

Measure data against the new internal workforce performance indicators
Develop targeted sustainability training, based on the outcome of the training needs analysis undertaken last year

Health and safety

Maintain reportable accidents at or below the HBF/NHBC All Builder average
Ensure that 90% of site managers have completed the CITB 5-day safety training course
Roll out the Good Order campaign across all Divisions and establish a measurement system, with a view to setting performance targets for next year

Creating long-lasting, high quality, environmentally sensitive living spaces where people can lead more sustainable lifestyles

Waste

Implement the Berkeley Group Waste Data Tool on all new projects (or new phases of projects) beginning in the year
Set performance targets for recycling on all projects that gathered data using The Berkeley Group Waste Data Tool during 2006/07

Energy

Produce a report outlining the energy strategies utilised on all projects gaining planning consent during the course of the year
Gather data on office and site energy consumption (gas and electricity) in order to report our direct climate change impacts

Ecology

Work with an external organisation to develop an ecology toolkit which can be implemented on projects

Code for Sustainable Homes

Trial the assessment of the Code for Sustainable Homes on a range of dwelling types

Water

Develop an action plan to take forward the recommendations of the 'Let's Talk' Water conference

Transport

Review the work being undertaken at The Hamptons in relation to innovative transport initiatives and share the outcomes within the Group

Materials

Undertake an audit of the origins of materials for one project

Pollution

Ensure that at least 95% of sites under construction are signed up to the Considerate Constructors Scheme
Maintain average score in the Considerate Constructors Scheme above 32 for all sites participating in the scheme

Building strong, balanced, vibrant communities

Community investment

Undertake an analysis of the investment made by The Berkeley Group in the communities it works in the last financial year
Capture more detailed information on the range of charitable initiatives that staff are involved in

Local economy and employment creation

Ensure that at least one site per region is undertaking training initiatives with educational facilities

Customer engagement

Ensure all new handover packs produced in the year contain information on the sustainability attributes, and particularly the environmental performance, of dwellings and the development
Engage with our independent customer satisfaction research providers to discuss the incorporation of sustainability questions in customer surveys

Awards and external recognition



Regeneration Awards 2006

- Regeneration Housebuilder of the Year (The Berkeley Group)



The Sustainability Awards 2006

- Winner Sustainable Housebuilder of the Year: Berkeley Homes
- Winner Sustainable Development of the Year: Ropetackle (Berkeley Homes)



WWF/Insight Investment Sustainability Survey

- Berkeley scored 84%, joint top among the 12 surveyed housebuilders



Housing Design Awards 2007

- Overall Winner, Developer: Berkeley Homes for Tabard Square



BURA Regeneration Awards 2005

- A Crystal Award Winner for 'best of the best' for Gunwharf Quays (Berkeley Homes)

BURA Waterways Renaissance Awards 2006

- Winner, Design & Construction Award: Putney Wharf (St George)



Horticulture Week Awards 2005

- Winner, Best Landscaped Project: Battersea Reach (St George)



CABE - Building for Life Awards 2005

- Silver Standard Award - Putney Wharf (St George)



London Planning Award Winner 2005

- Winner Best Built Project Contributing to London's Future: Imperial Wharf (St George)



'Working Well Together' Health and Safety Awards

- Winner, Best Housebuilder Safety Initiative (Berkeley Homes)

The Liveable City Awards

City of London's Liveable City Awards

- Winner of the Built environment category (Berkeley Homes)



RoSPA Occupational Health and Safety Awards 2007

- Nationwide winner, Housebuilding & Property Development Sector (St George)
- Silver Awards (x5): (Berkeley Homes)
- Silver Award: (Berkeley First)
- Silver Award: (Berkeley Urban Renaissance)



CIOB Construction Awards 2005

- Silver, Site Manager of the Year (Housing 4 Storeys and Over): Frank Sime (Berkeley Homes)



Considerate Constructors Scheme Awards 2007

- Gold Award: Chelsea Bridge Wharf (Berkeley Homes)
- Silver Award: Imperial Wharf (St George)
- Silver Award: Royal Clarence Yard (Berkeley Homes)
- Bronze Award: The Hamptons (St James)
- Bronze Award: Battersea Reach (St George)



Considerate Constructors 10 Year Awards

- Second Place, Most Considerate Private Housing Contractor (St George)
- Highly Commended, Most Considerate Private Housing Contractor (Berkeley Homes)



Civic Trust Awards 2006

- Chelsea Bridge Wharf: Bridge Link (Berkeley Homes)



NHBC Pride in The Job 'Quality Award' 2006

- Seal of Excellence & Regional Winner: Frank Sime, Chelsea Bridge Wharf (Berkeley Homes)
- Seal of Excellence: Tim Orme, Building 22, Royal Arsenal (Berkeley Homes)
- Supreme Winner: Paul Hatfield, Building 22, Royal Arsenal (Berkeley Homes)
- Winner: New River Village (St James)
- Winner: Grosvenor Waterside (St James)
- Winner: Kew Riverside Park (St George)



The What House Awards 2006

- Gold: Best Medium Sized Developer, St James
- Silver: Best Exterior Design, The Hamptons (St James)
- Silver: Best New Apartment, OneSE8 (St James)
- Bronze: Volume Housebuilder of the Year, Berkeley Homes
- Bronze: Sustainable Development of the Year, Ropetackle (Berkeley Homes)



ODPM & RIBA Housing Design Awards

- Project Winner, New River Village, Hornsey (St James)



Building Magazine 'Building Communities Awards'

- Private Sector Housebuilder of the Year (St James)
- 'Placemaking Award' for Kew Riverside (St James)



Evening Standard New Homes Awards 2007

- Winner, Best New Development in Affordable Homes Sector: Paragon (Berkeley First)
- Highly Commended, Best New Large Development: Tabard Square (Berkeley Homes)
- Highly Commended, Best New Apartment: Imperial Wharf (St George)
- Highly Commended, Best New Starter Home: Holborough Valley (Berkeley Homes)
- Highly Commended, Best New Small Development: 4 Little Green (St George)
- Special Commendation, Best Luxury Apartment: Battersea Reach (St George)



Daily Mail UK Property Awards 2006

- 5 Star, Best UK Redevelopment (Multiple Units): Aragon Tower (Berkeley Homes)
- 5 Star, Best UK Architecture (Multiple Units): Tempus Wharf (Berkeley Homes)
- 5 star, Best London Development: Battersea Reach (St George)
- 4 Star, Best London Apartment: Apartment 25.04 Aragon Tower (Berkeley Homes)
- 4 Star, Best UK Developer Website: www.berkeleyhomes.co.uk
- 4 star, Best London Development: Imperial Wharf (St George)
- 4 star, Best London Apartment: Imperial Wharf (St George)



The Mail on Sunday National Homebuilder Design Awards 2006

- Commended, Best Large Housing Development: OneSE8 (St James)
- Commended, Best Landscaping: Kew Riverside (St James)
- Commendation, Best Interior Design of a new home: Imperial Wharf (St George)



Bentley International Property Awards

- Winner, Best Waterfront Property Development: Imperial Wharf (St George)



London District Surveyors Association Built in Quality Award 2005

- Winner, Apartments Category: New River Village, Hornsey (St James)



Green Apple Awards 2006

- Winner: Battersea Reach (St George)
- Winner: Kew Riverside (St George)
- Winner: Brentford Lock (St George)
- Winner: 4 Little Green (St George)



HBF Innovation Awards

- Winner, Best Design Initiative: Tabard Square (Berkeley Homes)



National Built in Quality Awards

- Winner, Best Partnership with a client or housebuilder: Chelsea Bridge Wharf (Berkeley Homes)
- Highly Commended, Best Housing or Residential Project (2 or more units): Chelsea Bridge Wharf (Berkeley Homes)



Zurich Building Guarantee Awards 2005

- Winner, Customer Service First Award: Imperial Wharf (St George)

Glossary of terms

Air Leakage Rate

The uncontrolled movement of air in and out of a building.

Air Permeability

The rate of air flow passing through a known area under a prescribed air pressure.

Biodiversity

The variety of plant and animal life in a particular habitat. Preserving the diversity of species and habitats is an important aspect of sustainable development.

Brown Roofs/Green Roofs

A living roof that uses a substrate material and is allowed to colonise naturally with flora and fauna.

Brownfield Land

Berkeley follows the definition set out in Planning Policy Statement 3, which defines brownfield land as previously-developed land that is, or was, occupied by a permanent structure (excluding agricultural or forestry buildings), and associated fixed surface infrastructure. The definition covers the curtilage of the development.

Carbon Index (CI) Rating

A measure of the carbon dioxide emissions of a dwelling. Measured on a scale of 0.0 to 10.0, with the higher the number the lower the emissions.

CFCs

Chlorofluorocarbons. A catalytic agent in ozone depletion.

CITB

Construction Industry Training Board. The national training organisation for construction in the UK.

Code for Sustainable Homes

A system of sustainable building standards based on voluntary compliance. Homes are rated on a scale of one to six, where a six star home is zero carbon for all energy use.

Combined Heat and Power

An efficient method of producing heat and power simultaneously, through the burning of a fuel. Electricity is generated at the point of use, making the system intrinsically more efficient.

Considerate Constructors Scheme

A voluntary code of practice adopted by the construction industry which commits contractors to be environmentally conscious, clean, safe, accountable, responsible and good and considerate neighbours.

DCLG

The Department for Communities and Local Government. Created on 5 May 2006, its remit is to promote community cohesion and equality and it has responsibility for housing, urban regeneration, planning and local government.

EcoHomes

The EcoHomes methodology assesses a range of environmental features within a dwelling, and rates performance as either pass, good, very good or excellent.

FTSE4Good

An index for socially responsible investment set up by FTSE.

Green Energy Tariffs

Electricity provided through the national grid that comes from renewable sources such as wind farms.

HFCs

Hydrofluorocarbons. Viable alternative to CFCs which do not directly affect stratospheric ozone.

Key Performance Indicators (KPIs)

Quantifiable measurements of performance for comparison with previous years.

Lifetime Homes

Design standards that allow a house to be used throughout an occupant's life, incorporating features that make it more accessible and adaptable.

Management Targets

A commitment to undertake an action, whose level of achievement can be assessed, but where degree of achievement is essentially qualitative and not pre-defined in quantifiable terms.

Next Generation (formerly the WWF/Insight Investment Housebuilders benchmarking)

Benchmark of the top 20 housebuilders in the UK on the basis of their sustainability performance.

Performance Targets

A target with a clear, quantifiable level of desired performance.

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)

The UK requirement for reporting work-related accidents, diseases and dangerous occurrences.

SAP Ratings

The SAP rating is the 'Standard Assessment Procedure' which provides an indication of the overall energy efficiency of a dwelling. It is measured on a scale of 1-100 where the higher the number, the better the performance.

Secured by Design Principles

A police initiative that encourages the adoption of crime prevention measures in the design of buildings. It aims to help build a safer and more secure environment, with less crime and less fear of crime.

Site Waste Management Plan (SWMP)

A plan which identifies responsibilities for managing and monitoring waste on developments. SWMPs ensure that opportunities to recycle materials and reduce waste to landfill are identified. The Berkeley Group has set a requirement that SWMPs must comply with nine steps set out in the DTI Voluntary Code of Practice.

Advisor's statement

The Berkeley Group has asked Upstream to comment upon its sustainability strategy and disclosure. As the company's long-standing strategic sustainability adviser, this statement does not represent a fully independent statement of assurance or verification. Rather, it is intended as a commentary on the basis of our in-depth knowledge of Berkeley's sustainability strategy, management and performance.

In the past year, Berkeley has continued to embed sustainability principles within the heart of its operations. Sustainability issues have become an increasingly important focus of strategic discussions, with Berkeley ensuring that its sustainability strategy is clearly aligned with its core business objectives and focusing upon the opportunities that sustainability presents to the business. In particular, Berkeley's focus on urban regeneration provides the backdrop to a holistic approach to sustainability, with complementary environmental, social and economic sustainability objectives.

Berkeley has also worked hard this year to evolve its understanding of priority sustainability issues. The Energy Forum, which included industry experts and representatives from the Government's Sustainable Development Commission, has

enabled Berkeley to develop its approach to addressing climate change and culminated in an Energy Route Map. This has been embraced by the operating companies and provides employees with a flexible decision-making framework, used by design teams to develop appropriate solutions for each site. The subsequent 'Let's Talk Energy' conference was instrumental in communicating this approach to employees. This demonstrates the intelligent and thorough approach that Berkeley has sought to apply in addressing key sustainability issues and a willingness to be challenged by key external stakeholders. A similar framework was developed for water later in the year, and we would endorse Berkeley's commitment to using the Let's Talk format to address other key issues.

It is also encouraging to note that Berkeley is increasingly looking at actions it can take to improve the sustainability of its own internal operations – the review of its car fleet, and the implementation of its green car policy over the coming year is a key demonstration of this. These steps will ensure that Berkeley can increasingly demonstrate to both its employees and other stakeholders that it can 'walk the talk'.

Future challenges for Berkeley are likely to be focused around the practical implementation of sustainability

considerations, particularly in relation to the Governments Code for Sustainable Homes and the move towards zero carbon homes by 2016. Perhaps one of the most important overarching issues for the coming year will be supply chain management and sourcing of materials. Berkeley will also need to ensure that sustainability issues are a fundamental aspect of the marketing and sales process and that it can respond effectively to increasingly demanding and sustainability-conscious residential and commercial customers. We look forward to reviewing progress in relation to the targets that Berkeley has set to drive its performance in these and other areas.

Finally, a sustainability strategy should always be supported by demonstrable improvements in performance and case studies that illustrate innovative approaches. The performance data and case studies in this report show that Berkeley is delivering upon its strategic commitments and we look forward to seeing even more examples of sustainability in practice over the next year.

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