

## SGS UNITED KINGDOM LTD'S ASSURANCE OPINION ON KPIS IN REDROW PLC'S ESG SCORECARD FY2021

### NATURE, SCOPE AND PURPOSE OF THE ASSURANCE

SGS United Kingdom Ltd was commissioned by Redrow Plc (Redrow) to conduct an independent assurance of selected Environmental, Social and Governance KPI data in their ESG Scorecard ('the Report') as reported on pages 8-15 of the Redrow Annual report 2021.

The purpose of this assurance exercise was, by review of objective evidence, to independently review whether the KPI data is as declared by Redrow, and reported in the Report, is accurate, complete, consistent, transparent and free of material error or omission.

The scope of the assurance included FY2021 data only for the following KPIS:

#### Carbon & Energy (Scope 1 & 2)

- Total emissions per 100m2 of build (tCO<sub>2</sub>e )
- Operational energy use (kWh) from sites and offices
- % of electricity used in operations procured from renewable sources

#### Resource Efficiency:

- Construction waste per 100m2 build (tonnes)
- Construction waste diverted from landfill (%)
- Water use per 100m2 build (m3)
- Percentage of timber certified (%) - (Reporting period is a calendar year 01/01/2020 to 31/12/2020)

#### Sustainable Design data:

- Average SAP rating (No. 1-100)
- Average EPC rating (A-G rating)

#### People data:

- Overall engagement score (%)
- Employee turnover rate (%)
- Number of internal promotions
- Proportion of direct employees that are trainees (%)
- Training days (total and per employee)

#### Diversity and Inclusion data:

- Profile by band: % Black, Asian, and minority ethnic employees
- Profile by band: % Female employees (by management category)

#### Health & Safety (H&S) data:

- Number of notifiable accidents in financial year/Average number of live sites

#### Suppliers: Payment on Time data

- Average time taken to pay invoices (days)
- Invoices paid within 30 days (%)
- Invoices paid in 31 to 60 days (%)
- Invoices paid in 61 days or more (%)
- Invoices due but not paid within agreed terms (%)

Supplier data: Modern Slavery legislation (MSL) and Redrow Code of Conduct compliance

- % of material suppliers and manufacturers who have actively confirmed compliance with the MSL and Redrow Code of Conduct
- % of temporary labour suppliers who have actively confirmed compliance with the MSL and Redrow Code of Conduct

Customer data:

- Net promoter score (%)
- 8 week recommend - Customers that would recommend Redrow to a friend (%)
- Average Trustpilot Review Score (No. 1-5 stars)

Build Quality and Considerate Construction data:

- Average Considerate Constructors Scheme (CCS) score (No. out of 50)
- NHBC Construction Quality Review (CQR) Average score per inspection (No. 1-6)
- Average Reportable Items (RIs) from the NHBC (No.)

### **CARBON AND ENERGY (Scope 1 and 2) FY2021 (01/07/2020 to 31/06/2021):**

CO<sub>2</sub> emissions from own operations were verified to a limited level of assurance according to standard EN ISO14064-3:2006 Specification with Guidance For The Validation And Verification Of Greenhouse Gas Assertions, to establish conformance with the requirements of Redrow's reporting methodology as stated in its 'Greenhouse Gas Emissions Procedure 2021' and the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard ('The WRI/WBCSD GHG Protocol'), within the scope of the verification. The materiality required of the verification was considered by SGS to be below 10%, based on the needs of the intended user.

The engagement included verification of emissions from anthropogenic sources of greenhouse gases included within the organisation's boundary and meeting the requirements of Redrow's 'Greenhouse Gas Emissions Procedure 2021, and the WRI/WBCSD GHG Protocol. The organisational boundary was established following the operational control approach.

- Description of activities: Construction/Housebuilding
- Location/boundary of the activities: United Kingdom
- Physical infrastructure, activities, technologies and processes of the organisation: Offices, sites and plots.
- GHG sources, sinks and/or reservoirs included:
  - Scope 1 – stationary combustion, mobile emissions and fugitive emissions (excluding fugitive emissions from fire extinguishers/suppressants)
  - Scope 2 (location and market-based) – purchased electricity and heat
- Exclusions:
- Types of GHGs included: CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs and PFCs
- Directed actions: none

### **ESG & OTHER DATA – FY2021 (reporting period 27/06/2020 to 25/06/2021)**

ESG data in the Report has been assured at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described above using SGS Sustainability Report Assurance protocols, including the Global Reporting Initiative (GRI) Principles for Report Quality: accuracy, balance, clarity, comparability, reliability and timeliness, to enable robust evaluation of data subject to verification.

### **METHODOLOGY**

The assurance was carried out in two phases. Phase 1 (May 2021) was designed to assess the readiness of previously unverified KPI data sets for verification, and to prepare data owners for verification of data at the end of the financial year. As a result of this we provided an analysis of risks and gaps in data reporting, to allow Redrow to prepare for verification in Phase 2 (July 2021).

Both Phases comprised a combination of:

- Pre-assurance research
- Management interviews, including the Manager, Senior Managers and Directors with responsibility for performance in the areas within scope
- Interview with data owners &/or managers responsible for internal data collection and reporting databases
- Document review of relevant systems, policies and procedures where available
- Understanding, analyzing and sample testing the key data collection, aggregation, validation and reporting systems, processes, procedures, and controls

At Phase 2, verification was conducted upon all KPIs within the verification scope as an evaluation of historical data and information to determine whether the reported KPI data is materially correct and conforms to criteria described above.

SGS' approach is risk-based, drawing on an understanding of the risks associated with modelling GHG emission and other KPI information and the controls in place to mitigate these risks. Our examination included assessment, on a sample basis, of evidence relevant to the voluntary reporting of ESG KPIs, including carbon, energy and Resource efficiency information.

#### **STATEMENT OF RESPONSIBILITIES, INDEPENDENCE AND COMPETENCE**

The information in the Report and its presentation, including the underlying systems, procedures and records, are the responsibility of the directors and the management of Redrow. SGS United Kingdom Ltd has not been involved in the preparation of any of the material included in the Report. Our responsibility is to express an opinion on the data within the scope of verification with the intention to inform Redrow's stakeholders.

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS United Kingdom Ltd affirm our independence from Redrow, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and conducted the assurance in accordance with the [SGS Code of Integrity](#).

#### **ESG ASSURANCE OPINION AND CONCLUSION**

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the KPI data within the scope of our verification as reported by Redrow in the Report is not, in all material respects, fairly stated. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

#### **CARBON, ENERGY AND RESOURCE EFFICIENCY INDICATORS OPINION AND CONCLUSION**

SGS concludes with limited assurance that there is no evidence to suggest that the presented CO<sub>2</sub> equivalent assertion and the reported KPIs listed below is not materially correct and is not a fair representation of the CO<sub>2</sub> equivalent data and information and is not prepared following the requirements of Redrow's 'Greenhouse Gas Emissions Procedure 2021', the WRI/WBCSD GHG Protocol and Redrow in-house methodology documents for the resource efficiency indicators.

Redrow provided the GHG assertion based on the requirements of its 'Greenhouse Gas Emissions Procedure 2021' and the WRI/WBCSD GHG Protocol. The GHG information for the period 01/07/2020 to 31/06/2021 disclosing gross emissions of 14,680 tonnes of CO<sub>2</sub> equivalent (Location-Based) and 16,099 tonnes of CO<sub>2</sub> equivalent (Market Based) are verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

## **Carbon**

Scope 1 emissions: (Direct): 11,417 tCO<sub>2</sub>e

Scope 2 emissions – Location based (Indirect): 3,263 tCO<sub>2</sub>e

Scope 2 emissions – Market-based (Indirect): 4,682 tCO<sub>2</sub>e

Total emissions (Location based) – 14,680 tCO<sub>2</sub>e

Total emissions (Location based) per 100m<sup>2</sup> of build – 2.84 tCO<sub>2</sub>e /100m<sup>2</sup> build

## **Operational Energy consumption**

- Operational energy use – 64,294,472 Kwh
- Electricity procured from renewable sources- 3.30 %

## **Resource Efficiency**

- Construction Waste – 8.11 tonnes/100m<sup>2</sup> build
- Construction Waste – 97.65 % diverted from landfill
- Water Consumption - 33.06 m<sup>3</sup> per 100m<sup>2</sup> build
- Certified Timber procured – 99.64 %

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a limited level of assurance that the CO<sub>2</sub> equivalent emissions for the period 01/07/2020 – 31/06/2021 ( with the exception of Timber data which covers reporting period 01/01/2020 to 31/12/2020) are fairly stated. This statement shall be interpreted with the CO<sub>2</sub> equivalent assertion of Redrow as a whole

## **ESG DATA**

SGS concludes with limited assurance that there is no evidence to suggest that the reported data is not materially correct and is not a fair representation of data and information and is not prepared following the GRI Report Quality principles of accuracy, balance, clarity, comparability, reliability and timeliness.

## **GOOD PRACTICE AND OPPORTUNITIES FOR IMPROVEMENT**

During the verification process some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to Redrow with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles:

### **Good Practice**

- The extended reporting of ESG data this year from previous reporting of carbon and waste data only.
- Customer, build quality and Considerate Construction data is generated from well managed external systems, using clear and consistent reporting parameters.
- Redrow operates a robust carbon data collection process and the 3<sup>rd</sup> party data reporting platform used was found to be robust enough to provide accurate and consistent data reporting when tested.

### **Opportunities for Improvement**

- Agree a set reporting period for all ESG reporting. There were various examples of data being reported to differing dates in and around the Redrow FY2021.
- To stay in line with reporting standards and industry best practice, and meeting the reporting principle of comparability, we recommend that wherever possible you report using recognised KPIs used by GRI, rating agencies, industry bodies or your peers.
- We welcome the decision to include ESG data in the scope of the assurance this year, and we encourage Redrow to continue to extent the scope of data assurance in future years.
- Overall reporting and verification processes could be strengthened by consolidating collection of KPIs into a single tool containing all definitions, calculations and parameters. This would assist with identifying errors in calculations, and also identifying gaps in verification or reporting.
-

**Signed:**



**Date: 11/08/2021**

Note: This Statement is issued, on behalf of Redrow Plc, by SGS United Kingdom Ltd, Rossmore Business Park, Inward Way, Ellesmere Port, Cheshire, CH65 3EN ("SGS") under its General Conditions for GHG Validation and Verification Services. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement and the supporting GHG Assertion may be consulted at Redrow Plc <https://investors.redrowplc.co.uk/key-non-financials>. This Statement does not relieve Redrow Plc from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than Redrow Plc.