

## SGS UNITED KINGDOM LTD'S ASSURANCE OPINION ON KPIS IN REDROW PLC'S ESG SCORECARD FY2022

### 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').

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 FY2022 data only for the following KPIs:

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

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

#### Resource Efficiency

- Construction waste per 100m<sup>2</sup> build (tonnes)
- Construction waste diverted from landfill (%)
- Water use per 100m<sup>2</sup> build (m<sup>3</sup>)
- Percentage of timber certified (%) - (Reporting period is a calendar year 01/01/2021 to 31/12/2021)

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

- Annual Injury Incidence Rate (AIIR) (No.)

#### Customer data

- Net promoter score (NPS) (%)
- 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.)

#### Employee data

- Overall engagement score (%)
- Employee turnover rate (%)
- Number of internal promotions (No. of people)
- Direct employees that are trainees (%)
- Training days (total and per employee)

#### Diversity and Inclusion data

- Employees who identify as Ethnic minorities (%)
- Apprentices who identify as Ethnic minorities (%)
- Female employees - Overall and by management category (%):
  - All employees (%)

- Main Board (includes non-executives) (%)
- Executive Management Team (%)
- Executive Management Team reportees (%)
- Senior Management (%)
- Female graduates recruited (%)

#### Sustainable Design data

- Average SAP rating (No. 1-100)
- Average EPC rating (A-G rating)
- Average DER rating (kg/CO<sub>2</sub>/m<sup>2</sup>/yr)

#### Supplier chain data: Payment on Time data

- Average time taken to pay invoices (days)
- Invoices paid within 30 days (%)

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

- Material suppliers and manufacturers who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct (%)
- Temporary labour suppliers' who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct (%)

### **CARBON AND ENERGY (Scope 1 and 2) FY2022 (01/07/2021 to 31/06/2022):**

CO<sub>2</sub> equivalent emissions arising from own operations were verified to a limited level of assurance in accordance with the requirements of ISO 14064-3: 2006, to establish conformance with the WRI/WBCSD GHG Protocol and Redrow's reporting methodology as stated in its 'Greenhouse Gas Emissions Procedure 2022'.

The materiality required for the verification was considered by SGS to be below 10%, based on the needs of the intended user. Data and information supporting the CO<sub>2</sub> equivalent assertion were estimated, historical in nature and proven by evidence.

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 2022, 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: Fugitive emissions from fire extinguishers and suppressant systems
- 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 – FY2022 (reporting period 28/06/2021 to 03/07/2022)**

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/June 2022) was designed to assess the readiness of 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 2022).

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, analysing 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 INDICATOR'S 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 2022, the WRI/WBCSD GHG Protocol and Redrow in-house methodology documentation for the resource efficiency indicators.

Redrow provided the GHG assertion based on the requirements of its 'Greenhouse Gas Emissions Procedure 2022' and the WRI/WBCSD GHG Protocol. The GHG information tabulated below for the period 01/07/2021 to 31/06/2022 are verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria.

Data Point	Verified	Unit
<b>Carbon Emissions</b>		
Scope 1 Emissions	9558.00	Tonnes CO <sub>2</sub> e
Outside of Scopes	3.00	Tonnes CO <sub>2</sub> e
Scope 2 (Location-Based) Emissions	2591.00	Tonnes CO <sub>2</sub> e
Scope 2 (Market-Based) Emissions	264.00	Tonnes CO <sub>2</sub> e
Total emissions (Location-based)	12149.00	Tonnes CO <sub>2</sub> e
Total emissions (Market-based)	9822.00	Tonnes CO <sub>2</sub> e
Total GHG emissions per 100m <sup>2</sup> of build (Location-Based)	2.16	Tonnes CO <sub>2</sub> e/100m <sup>2</sup> build
Total GHG emissions per 100m <sup>2</sup> of build (Market-Based)	1.75	Tonnes CO <sub>2</sub> e/100m <sup>2</sup> build
<b>Operational Energy consumption</b>		
Natural Gas Consumption	14457	MWh
Electricity Consumption	12969	MWh
Heat Consumption	489	MWh
Total Operational energy use	53788513	KWh
Electricity procured from renewable sources	96.03	%
<b>Resource Efficiency</b>		
Construction Waste	7.91	Tonnes/100m <sup>2</sup> build
Construction Waste	98.34	% diverted from landfill
Water Consumption	26.53	m <sup>3</sup> per 100m <sup>2</sup> build
Timber responsibly sourced and credibly certified to FSC or PEFC	99.98	%

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 01/07/2021 – 31/06/2022 (with the exception of Timber data which covers reporting period 01/01/2021 to 31/12/2021) 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 FY2021 to include new KPIs such as, but not limited to: the

H&S Annual Injury Incidence Rate (AIIR); the Sustainable Design 'as built' SAP, EPC and DER KPIs and two new Diversity and Inclusion KPIs as well as the replacement of the BAME definition with Ethnic minority. All to better align to best practice and sector reporting.

- Introduction of Human Resource reports to enable more efficient ESG reporting.
- 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 still various examples of data being reported to differing dates in and around the Redrow FY2022
- 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 additional 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.
- To consider extending internal reporting links with the Business Finance Partners (BFP) to aid more regular and robust internal reporting of data throughout the FY. This support may benefit the reporting of H&S, Sustainable Design and Modern Slavery KPIs going forward.
- To improve the accuracy of reporting ESG KPIs across the business consider how departments can agree a common methodology for reporting the same data. This applies to reporting of average number of employees data for H&S and training KPIs.
- For Timber KPI it is recommended that a tracker be produced to monitor suppliers against Redrow Timber Policy and Proforma requirements. Those suppliers that do not meet the requirements should be included on the tracker, along with what evidence has been provided to Redrow and deemed an acceptable alternative.
- For Waste KPI it is recommended that a standard approach to data collection be introduced to all divisions. This would help with the collation of data. It is also recommended that an internal check be implemented on the data monthly to allow any discrepancies to be addressed earlier and resolved.
- For Water KPI it is recommended that evidence submitted to the verifier be changed from a descriptive method to a calculated method. This would allow the identification of any calculated errors in the data.
- For Transport data it is recommended that more detail be provided with the data about any assumptions made when manipulating the raw data or presenting the final data. This is for a better understanding of the data presented and what it represents.
- For Air Conditioning data, while it utilizes the GHG Protocol tool for calculating HFC's, it is recommended that the tool be fully updated and improved to future proof the calculation. data.
- It is recommended that Redrow implement an internal audit process to review all Carbon and Energy Data against the applicable requirements. With any corrective actions or improvements noted and addressed before an external audit.
- 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:** 09/08/2022

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 Redrow House, St. David's Park, Ewloe, Flintshire CH5 3RX. 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.