REDROW

ANNUAL REPORT
2021

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") HIGHLIGHTS

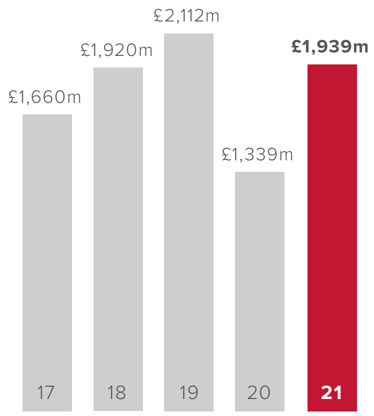
The Group Non-Financial Information Statement on pages 79 to 80 provides further information and sign posting.

Find more information at:
redrowplc.co.uk

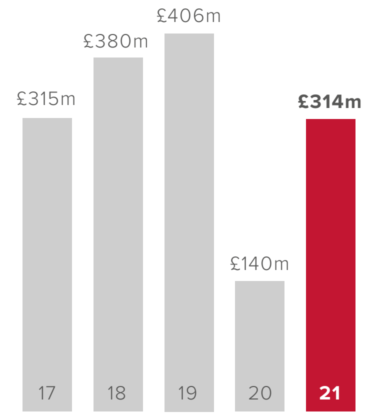
Cover image: Hartford Grange, Hartford, Cheshire

REDROW ANNUAL REPORT 2021

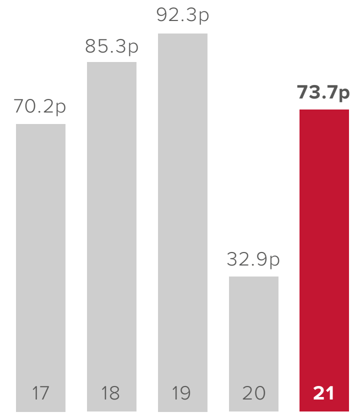
PERFORMANCE SUMMARY



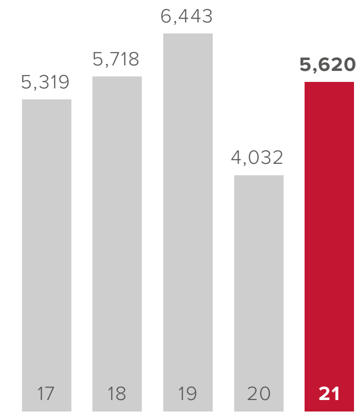
£1,939m
Revenue
+45%



£314m
Profit before tax
+124%

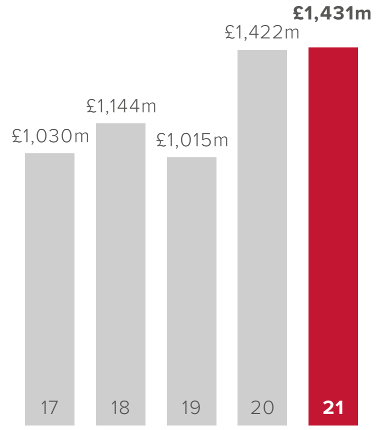


73.7p
Earnings per share
+124%



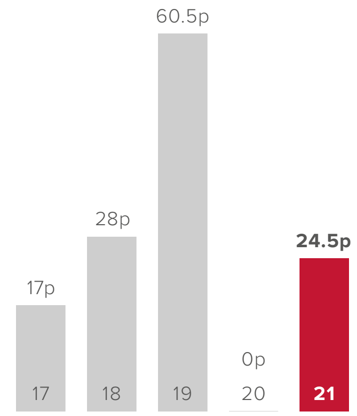
5,620
Legal completions
+39%

See note 23



£1,431m
Order book
+0.6%

See note 23



24.5p
Dividend per share

See note 23

AWARD HIGHLIGHTS

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

STRATEGIC REPORT

OUR INVESTMENT CASE

Successful leadership team

Redrow has a strong, experienced and successful leadership team and remains committed to succession planning and developing the next generation of homebuilders.

14.5%

of workforce on structured training programmes *

211

internal promotions in year

Placemaking

We focus on delivering high quality homes and creating attractive, sustainable and vibrant places to live.

£275m

committed to fund improvements to local communities *

1,314

affordable homes delivered to our communities

Excellent product range

Redrow has an excellent product range which continues to evolve.

£1.75bn

revenue value of private reservations secured in the year *

Creating communities

a key focus

Expertise in land buying

Redrow has the expertise and resources to ensure that the right land opportunities are secured in geographic locations aligned to our strategy.

c8,300 plots

added to land holdings with planning permission

c3,500 forward land plots

on which planning was obtained

Quality and customer service

By listening to and understanding our customers' requirements, we continue to evolve our product and customer service. We focus on quality, differentiation and value for money for customers.

92.6%

customer recommendation – 5 star status *

Excellent

Trustpilot rating

A strong, efficient and resilient balance sheet

Redrow has net assets of c£1.9bn. The Group focuses medium term on delivering superior levels of return on equity and return on capital employed from an efficient use of its capital base.

18.0%

return on equity *

24.5p

dividend to shareholders

* See note 23

STRATEGIC REPORT

OUR STRATEGY

To create long-term sustainable value for all our stakeholders by developing thriving communities with high quality homes that provide a better way to live.

THRIVING COMMUNITIES

We develop thriving communities by creating better places to live. There are three strands which support this work:

- Nature for People – increasing biodiversity on our developments and connecting communities with nature on their doorstep;
- Placemaking for Wellbeing – our innovative Placemaking framework sets out eight design principles, which define how we achieve sustainable development on all our sites; and
- Homes for All – building the right homes, in the right places to create cohesive and thriving communities.

MEASURE	2024 GUIDANCE	KEY PERFORMANCE INDICATORS 2021	KEY PERFORMANCE INDICATORS 2020
EPS [*]	≥90.0p [†]	73.7p	32.9p
DPS [*]	≥30.0p [†]	24.5p	–
Revenue [*]	>£2.2bn	£1,939m	£1,339m
Average Sales Outlets [*]	137	117	110
Monies committed to fund improvements to local communities [*]	Continued investment in local communities	£275m	£188m
	Required affordable homes delivered	1,314	944

BUILDING RESPONSIBLY

Ensuring our sites are safe places to work, live and visit is central to our build operations. As we continue to help deliver much-needed new homes, we are also striving to constantly improve our quality and customer service, whilst working to protect the environment. The themes which support this activity are:

- Working Safely and Considerately – creating healthy, safe and considerate working environments;
- Putting Customers First – putting our customers first and striving for excellence in all that we do; and
- Managing Resources – creating homes of enduring quality and working to minimise our environmental impacts.

MEASURE	2024 GUIDANCE	2021	2020
ROCE [*]	>22%	18.5%	9.2%
Land holding years [*]	Maintain land holdings at c5 years	5.2 years	6.2 years
Waste diverted from landfill	>95%	97.7%	97.4%
HBF customer recommend rating [*]	>92%	92.6%	91.9%
Private reservation rate [*]	0.67 – 0.69	0.70	0.74

VALUING PEOPLE

Our aim is to inspire future industry talent and to support our colleagues at every stage of their career. The two strands which support this work are:

- Valuing and Developing People & Partners – by training and developing people to succeed; driving Redrow colleague and partner advocacy and improving the wellbeing of Redrow's people and creating an inclusive workplace; and
- Inspiring the Next Generation to Build – collaborating with partners to positively impact people and communities through education and engagement activities.

MEASURE	2024 GUIDANCE	2021	2020
Number of trainees [*]	Maintain level of trainees at 15% of workforce	14.5%	14%
Accident incident rate by site [*]	Maintain at 0.3 or below	0.26	0.38

[†] assumes 25% corporation tax rate in FY2024 [*] see note 23

STRATEGIC REPORT

ESG SCORECARD

OUR SUSTAINABILITY PRIORITIES: CREATING LONG-TERM VALUE THROUGH COLLABORATION

We have long recognised that our ability to create long-term value is inextricably linked to how we manage the risks and opportunities that arise from Environmental-Social-Governance (ESG) factors.

This year we have made a step-change in how we report on these issues – improving our transparency and increasing our disclosures. In this report, we discuss our management approach and publish the KPIs by which we measure our material ESG issues (see pages 8 to 15 for our ESG Scorecard).

Our ESG improvement strategy is the responsibility of our Placemaking and Sustainability Committee, and is one of its core areas of focus. The Committee is led at Executive level by our newly created post of Group Communities Director.

Our strategic commitments: Building Responsibly, Thriving Communities and Valuing People help us manage ESG risks and drive long-term sustainable value for our stakeholders. As a business, our aim is to operate in a responsible way, and to create value across a defined range of benchmarks that will ensure we benefit the communities we work in; the landscapes that we develop and the people who help us deliver our new communities.

OUR MATERIAL ISSUES

Through ongoing engagement with our stakeholders we identify the issues which matter most to them, along with understanding the factors that influence their decisions. This enables us to consider both the potential impacts of sustainability issues on the business – how they may impact our value-chain, as well as how our activities have the potential to outwardly influence wider sustainability trends.

In 2022 we will undertake a strategic ESG review and positioning where we will re-assess our material issues and determine their priority. This will be informed by feedback from our stakeholders and undertaken in-line with the Materiality Principle. We shall simultaneously explore which of the many reporting standards and frameworks are the best fit for our approach. The adoption of a reporting framework will both guide our decision-making and inform our approach to ESG governance.

MSCI ESG RATINGS AA

As of 2021, Redrow received an MSCI ESG Rating of AA.

THRIVING COMMUNITIES

Business Principle	Material Issues	Objectives	KPI (see scorecard overleaf unless stated)
Creating better places to live	• Sustainable Communities/the impact the development has on the community • Environmental homes – product design & lifecycle management • Land use • Biodiversity	• Community Engagement • Customer focused design • Placemaking • Healthy lifestyles • Community infrastructure • Nature for People	• HBF survey: recommend a friend • Net promoter score • Social value contributions[1] • Biodiversity Net Gain[2] • Post completion Redrow 8 reviews[3] • Community Collaboration training[4]

[1] See page 5.
[2] See pages 37 to 38.
[3] See page 36.
[4] See page 29.

BUILDING RESPONSIBLY

Business Principle	Material Issues	Objectives	KPI (see scorecard overleaf unless stated)
Working safely and considerately Putting our customers first Managing our resources efficiently	• The health and safety of employees, customers and contractors • Environmental homes – product design & lifecycle management • Whole-life carbon and materials sourcing • Product Quality • Climate change – carbon reduction and climate adaptation/ business resilience • Resource efficiency & waste	• Safety • Service excellence • Responsible sourcing • Quality and productivity • Environmental Impact	• Number of notifiable accidents • HBF survey: recommend a friend • Net promoter score • Average Trustpilot Review score • Supply chain – Modern Slavery • Supply chain – payments on time • Average Considerate Constructors Scheme score • NHBC Construction Quality Review score • Average Reportable Items from the NHBC • Group GHG emissions scope 1 & 2 • Total GHG emissions/100m² build • Operational energy use • Embodied carbon[5] • % of electricity procured from renewable sources • Tonnes of construction waste/100m² • % of waste diverted from landfill • Water use/100m² build • % of timber certified • Average SAP rating • Average EPC rating

[5] See pages 50 to 52.

VALUING PEOPLE

Business Principle	Material Issues	Objectives	KPI (see scorecard overleaf unless stated)
Valuing and developing our people Inspiring the next generation to build	• Business Ethics;- bribery and corruption • Remuneration policy • Human capital and the skills shortage • Human rights in the supply chain • The health and safety of employees, customers and contractors • The wellbeing of employees & customers	• Training and development • Colleague & partner advocacy • Wellbeing & inclusiveness • Education partners • Positive impact on communities • Create life chances	• Overall Employee Engagement score • Employee turnover rate • Number of internal promotions • % of direct employees that are trainees • Number of training days delivered • Average number of training days/person • % of Black, Asian and Minority Ethnic (BAME) • Diversity and inclusion – % of female employees – overall and by three management categories

STRATEGIC REPORT

ESG SCORECARD CONTINUED

All of the FY2021 ESG data contained in this scorecard 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 the veracity of the specific KPIs.

This has been undertaken by SGS United Kingdom Ltd in accordance with their Sustainability Report Assurance protocols, including the Global Reporting Initiative (GRI) Principles for Report Quality. The full Assurance Statement can be found on our corporate website: investors.redrowplc.co.uk/key-non-financials.

Our Targets

Our performance against the targets shown in the scorecard is fully disclosed on our website, along with the full suite of targets – redrowplc.co.uk/sustainability/our-commitments.

KPI THEME	KPI DATA POINT	KPI DEFINITION	UNIT REPORTED	12 MONTH PERIOD THIS DATA RELATES TO (FOR FY2021)	FY2021	FY2020	FY2019	TARGET	READ MORE
Health & Safety	Number of notifiable accidents in financial year/ Average number of live sites	RIDDOR notifiable accidents that result in an injury across the Redrow Group and sites divided by average number of live sites (both in the Redrow FY).	(No.)	27 June 2020 to 25 June 2021	**0.26***	0.38	0.36	Work towards becoming incident and injury free through a 10% year-on-year reduction (AIR) against 2017 baseline	Page 42
Customer	Net promoter score (NPS)	NPS is a benchmark score that asks customers how likely they are to recommend a builder to a friend on a scale of 0–10.	(%)	1 October 2019 to 30 September 2020 (results published annually for this period in following March)	**50.1%***	52.3%	50.3%	Achieve a minimum NPS score of 54%	N/A
	HBF survey 8 week recommend – customers that would recommend Redrow to a friend	This metric is the percentage of customers that have moved into their home between 8–20 weeks ago that state they would recommend their builder to a friend in the HBF survey.	(%)	1 October 2019 to 30 September 2020 (results published annually for this period in following March)	**92.6%***	91.9%	90.9%	Consistently deliver a 94%+ customer satisfaction; recommend to a friend (ongoing)	Page 45
	Average Trustpilot Review Score	This score is a mean average of every review received on Redrow's Trustpilot page during the reporting period. When reviewing Redrow on Trustpilot, customers choose a rating between 1 – 5 stars.	(No. 1–5 stars)	29 June 2020 to 27 June 2021	**4.54***	4.31	3.72	Excellent (>4.3)	Page 45

STRATEGIC REPORT

ESG SCORECARD CONTINUED

KPI THEME	KPI DATA POINT	KPI DEFINITION	UNIT REPORTED	12 MONTH PERIOD THIS DATA RELATES TO (FOR FY2021)	FY2021	FY2020	FY2019	TARGET	READ MORE
Build Quality and Considerate Construction	Average Considerate Constructors Scheme (CCS) score	This KPI demonstrates an average score, out of 50, from all visits carried out by the CCS in the reporting period.[1]	(No. out of 50)	29 June 2020 to 27 June 2021	**36.67***	35.09	35.05	Achieve a minimum CCS score of 38/50 on all sites in FY2022	Pages 40 to 41
	NHBC Construction Quality Review (CQR) average score per inspection	The average score (1-6) taken from all scored areas within a CQR report. This KPI demonstrates the average score, out of 6, from all CQR visits carried out by the NHBC in the reporting period. The CQR visits are only applicable to sites that are registered with the NHBC for Building Control and Warranty.[2]	(No. 1-6)	29 June 2020 to 27 June 2021	**4.36***	4.13	3.91	Achieve a score of 4.5/6 in FY2022	Pages 40 to 41
	Average Reportable Items (RIs) from the NHBC	The Average RI is the number of all of the RIs received within the period divided by the number of inspections carried out on all sites registered with the NHBC. (An NHBC reportable item (RI) is any contravention of the NHBC technical standards or building regulations recorded at any key build stage or frequency visit).[3]	(No.)	1 July 2020 to 30 June 2021	**0.22***	0.20	0.20	N/A	Pages 40 to 41
Employees	Overall engagement score	Overall engagement score taken from annual survey report provided by Employee Feedback Ltd.[4]	(%)	Measurement taken from annual employee survey carried out February/March 2021	**82%***	81%	81%	N/A	Pages 57 to 58
	Employee turnover rate	% of employees who leave the business in the year through voluntary attrition (resignation or retirement).	(%)	29 June 2020 to 27 June 2021	**14.3%***	15.3%	17.9%	N/A	N/A
	Number of internal promotions	Number of internal promotions during the financial year.	(No.)	29 June 2020 to 27 June 2021	**211***	253	220	N/A	Page 58
	% of direct employees that are trainees	% of employees who are apprentices, graduate trainees or following a training programme, academic or professional qualification.	(%)	Measurement taken as at year end date of 27 June 2021	**14.5%***	14.0%	14.5%	15% of our employees being trainees year-on-year	Page 5
	Total number of training days delivered	Total number of training hours delivered as face to face, e-learning or online seminars divided by six hours to give a number of training days.	(No. of days)	29 June 2020 to 27 June 2021	**4,083[5]***	5,925	7,195	N/A	Page 58
	AND								
	Average number of training days per person	The average figure is obtained by dividing this by the average number of employees in the business during the year.			**1.81***	2.53	3.01	Invest in at least three training days per employee per year and work towards 80% of our in-house training being accredited	N/A

* Figure verified by SGS.

1 Covers 100% of Redrow sites. A site is registered with the CCS once Redrow take over as Principal Contractor.

2 This covers 74 NHBC site inspection reports received from the NHBC in the reporting period. Excludes Greater London sites and some in the North West as these are not registered with the NHBC but with LABC for which the same data is not available.

3 This covers only sites registered with the NHBC. Excludes Greater London sites and some in the North West as these are not registered with the NHBC but with LABC for which the same data is not available.

4 The questions in the engagement index measure two factors important to employee engagement – are employees capable of high levels of performance and are they willing / keen to deliver? Similar sets of questions are used to determine other organisations' engagement indices. The survey covered those employees who are paid monthly representing 81% of the total workforce.

5 The reason for the fall in number of training days compared to 2020 (5,925 days) is that in 2021 there was no face to face training and all sessions were e-learning or seminars which tend to be shorter in duration. In 2020 it was primarily face to face training.

STRATEGIC REPORT

ESG SCORECARD CONTINUED

KPI THEME	KPI DATA POINT	KPI DEFINITION	UNIT REPORTED	12 MONTH PERIOD THIS DATA RELATES TO (FOR FY2021)	FY2021	FY2020	FY2019	TARGET	READ MORE
Diversity and Inclusion	% Black, Asian and Minority Ethnic (BAME)	% of those self-reporting who identify as BAME.[6]	(%)	Measurement taken as at year end date of 27 June 2021	**5.14***	5.60%	5.01%	N/A	Page 121
	% Female employees – overall and by management category:	% male/female employees overall.	(%)	Measurement taken as at year end date of 27 June 2021	**34.06%* female**	33.90% female	34.87% female	N/A	Page 121
	Main Board (includes Non-Executives)	% male/female employees on Main Board.			**28.57%* female**	43% female	33% female		Pages 102 and 121
	Executive Board	% male/female employees on Executive Committee.			**25%* female**	22% female	22% female		Page 121
	Executive Board Reportees	% male/female employees as Direct Reportees to Executive Committee (excluding PAs and those reporting to CEO who are also on the Executive Committee).			**27.27%* female**	33% female	34% female		Page 121
Energy and Carbon	Group GHG emissions Scope 1 and 2	Total Scope 1 and 2 GHG emissions from our operations (sites and offices).	Tonnes of CO_2e	1 July 2020 to 30 June 2021	**14,680***	15,504*	14,462*	N/A	Pages 157 to 158
	Total GHG emissions per 100m² of build	GHG emissions normalised per 100m² of build.	Tonnes of $CO_2e/100m^2$	1 July 2020 to 30 June 2021	**2.84***	3.01*	2.42*	Reduce the carbon intensity of our direct operations by 10% by the end of FY2022 against 2017 baseline	Pages 157 to 158
	Operational energy use	Total energy and fuel consumption used from sites and offices.	kWh	1 July 2020 to 30 June 2021	**64,294,472***	37,032,239	N/A	N/A	N/A
	% of electricity procured from renewable sources	Percentage of electricity used in our operations that is sourced from renewable sources.	(%)	1 July 2020 to 30 June 2021	**3.30%***	N/A	N/A	N/A	Page 47
Sustainable Homes	Average SAP rating	The average SAP rating[7] reported is the mean value at design stage for the Group Core Portfolio. This is not the as built SAP rating recorded on completion, and includes homes in the portfolio recorded at year-end for operations in both England and Wales.	(No. 1-100)	Representing the Group Portfolio at the end of June 2021	**84***	84[8]	84	N/A	N/A
	Average EPC rating	The average EPC[9] reported is the mode value at design stage for the Group Core Portfolio. This is not the as built EPC recorded on completion, and includes homes in the portfolio recorded at year-end for operations in both England and Wales.	(A-G rating)	Representing the Group Portfolio at the end of June 2021	**B***	B	B	N/A	N/A

* Figure verified by SGS.

[6] Definition of BAME taken from Chartered Institute of Personnel and Development, and does not include those identifying as mixed heritage. Reporting must include disclosure of % employees who have self-reported. This is based on 88% of employees who have self-reported ethnicity information.

[7] The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings. SAP quantifies a dwelling's performance in terms of energy use per unit floor area, a fuel-cost-based energy efficiency rating (the SAP rating) and emissions of CO_2 (the Environmental Impact Rating). The SAP rating is expressed on a scale of 1 to 100, the higher the number the lower the running costs. Source: https://www.bre.co.uk/filelibrary/SAP/2012/SAP-2012_9-92.pdf.

[8] For FY2020 and FY2019 the SAP/EPC ratings have been reported as the design English SAP results reflecting the core Group portfolio.

[9] Energy performance certificates (EPCs) set out the energy efficiency rating of a building. They are required when buildings are built, sold or rented. Buildings are rated from A to G, with A representing a very efficient building and G a very inefficient building. Source: https://www.gov.uk/buy-sell-your-home/energy-performance-certificates.

STRATEGIC REPORT

ESG SCORECARD CONTINUED

KPI THEME	KPI DATA POINT	KPI DEFINITION	UNIT REPORTED	12 MONTH PERIOD THIS DATA RELATES TO (FOR FY2021)	FY2021	FY2020	FY2019	TARGET	READ MORE
Resource efficiency	Tonnes of construction waste per 100m² build	Construction waste produced per 100m² of build.	Tonnes of waste/100m²	1 July 2020 to 30 June 2021	**8.11***	8.97*	10.15*	Reduce construction waste intensity by 10% by the end of FY2022 against 2017 baseline	Pages 52 and 158
	% of waste diverted from landfill	The % of waste which is diverted from landfill. This includes refuse derived fuel (RDF) as well as recycling.	(%)	1 July 2020 to 30 June 2021	**97.65%***	97.4%*	97.65%*	N/A	Pages 5 and 158
	Water use per 100m² build	Cubic metres of water used in our sites and offices per 100m² of build.	m³ per 100m² build	1 July 2020 to 30 June 2021	**33.06***	18.50	12.47	Reduce the water intensity of our direct operations by 5% by the end of FY2022 against 2017 baseline	Pages 49 and 158
	% of timber certified	% of timber responsibly sourced and credibly certified to FSC or PEFC. [10]	(%)	1 January 2020 to 31 December 2020	**99.64%***	99.90%	99.92%	N/A	Pages 52 to 53
Supply Chain – Payments on time[11]	Average time taken to pay invoices	The average time taken to pay supplier invoices and subcontractor applications from the date of receipt.	(days)	27 June 2020 to 25 June 2021	**23.5***	25.5	26.5	N/A	N/A
	Invoices paid within 30 days	Percentage of invoices and applications paid during the reporting period within 30 days.	(%)	27 June 2020 to 25 June 2021	**79.1%***	76.3%	73.7%	N/A	N/A
Supply Chain – Modern Slavery	% of material suppliers and manufacturers who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct	All suppliers and manufacturers must submit a detailed Supplier Appraisal Assessment for approval as part of our pre-tender qualification process. We have updated the appraisal forms to track the country of manufacture allowing us to identify materials supplied by manufacturers with a high risk profile.	(%)	29 June 2020 to 27 June 2021	**100%**	100%	100%	N/A	Pages 53 and 162
	% of 'temporary labour suppliers' who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct	All suppliers of agency/temporary labour staff working on our sites are monitored for compliance by an external organisation named Datum RPO.	(%)	29 June 2020 to 27 June 2021	**100%**	100%	N/A	N/A	Pages 53 and 162

* Figure verified by SGS.

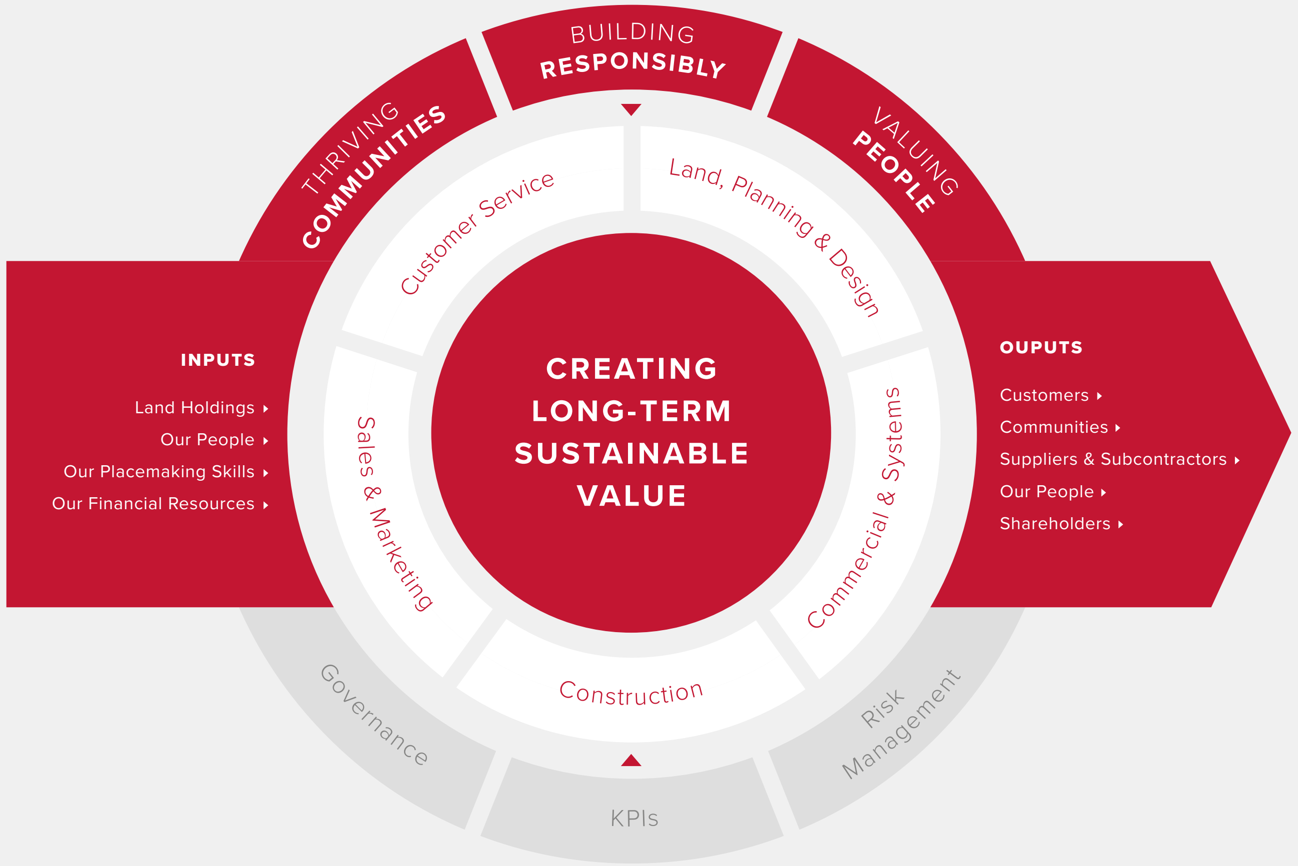
10 Prior to FY2021, our timber was verified as part of the WWF network for responsible timber and includes legal timber. In FY2021, the verified figure covers only timber certified to FSC or PEFC.

11 All 'Payments on time' KPIs cover 100% of Suppliers and Subcontractors.

STRATEGIC REPORT

OUR BUSINESS MODEL

Our strategy is achieved by channelling our resources through our strategic principles and ensuring these are embedded within our relationships with our stakeholders.



INPUTS

Land Holdings

The quality and location of our land holdings is a vital component to enable us to deliver sustainable and profitable growth. Our experienced land teams focus on the investment in and promotion of strategic land together with shorter term opportunities receptive to the value we can add through our master planning, placemaking and technical expertise.

Our People

Our employees are at the heart of our business and our results are achieved through the talent, hard work and dedication of our people.

Our Placemaking Skills

We recognise that the setting of our homes is of equal importance to the quality and design of the individual homes themselves. Our eight placemaking principles, 'Redrow 8' are based on a customer-focused approach to creating better places to live. By using these principles we will ensure that we leave a legacy of attractive, sustainable and vibrant places to live for generations to come.

Our Financial Resources

Appropriate financial resources are a key enabler to support the delivery of our strategy. We ensure that our strategic delivery is regularly and clearly communicated to our investors and our relationship banks.

OUTPUTS

Customers

Our customers are fundamental to our business and we take great care to research their needs, listen to their feedback and evolve our carefully designed new homes as lifestyles and aspirations change.

Communities

We adopt a collaborative approach, engaging with community stakeholders to ensure our developments become thriving communities, delivering better places to live.

Suppliers & Subcontractors

We work closely with our experienced suppliers and subcontractors to maintain a strong and reliable supply chain delivering quality products and workmanship.

Our People

Our employees are fundamental to our business; we invest in attracting and retaining talented people with a key focus on training and development to enable our people to build rewarding careers and deliver succession planning for the future.

Shareholders

Our Shareholders are the primary providers of financial resources enabling us to create long-term sustainable value. We aim to provide a balance between capital growth and dividend income to our Shareholders.

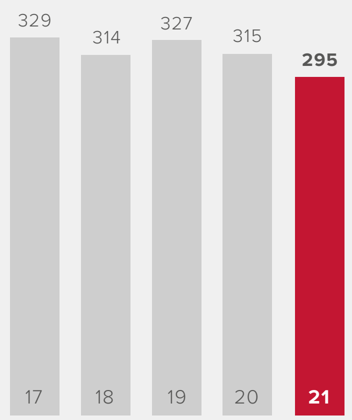
OUR MARKETS

PLANNING

The Government has been talking about speeding up the planning process and introducing revolutionary change to help ease the housing crisis for a number of years. However so far this has been difficult to achieve. We will now have to wait for the Planning Bill to be published later in the year to see whether the Government has the stomach for any fundamental changes to the system. This uncertainty is having the effect of continued delay in the production of local plans and planning permissions granted. Whilst the Government has continued to consult on changes to the system over the last five years, rather than actually making any significant changes, there has been a continued reduction in housing units granted planning permission. In 2021 the number of housing units granted planning permission dropped below 300,000 for the first time since 2016 (see graph below).

The introduction of the National Model Design Code and the potential for further changes to the system in the forthcoming Planning Bill will only add to further delay in the grant of deliverable planning permissions in the next few years. The ability of the industry to increase the number of active sales outlets and deliver anywhere near the national target of 300,000 homes every year is being severely hampered by the planning system. This is likely to remain so until fundamental changes are made to the system and those in genuine housing need are given a real voice in the decision making process. Digitalisation of the system, one of the Government's key proposals, may just offer some hope of improving engagement in the system.

HOUSING UNITS GRANTED PLANNING PERMISSION (YEAR TO END OF MARCH) (NO. – '000)



Source: MHCLG Statistical Release – Planning applications in England

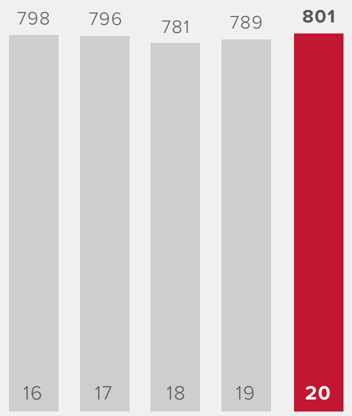
MORTGAGE APPROVALS

Mortgage approvals remain one of the key indicators of activity in the housing market.

Approvals in the calendar year 2020 showed a slight increase on the previous year.

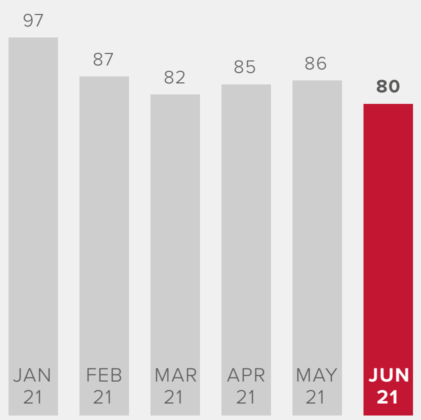
Seasonally adjusted figures for January 2021 to June 2021 average a healthy 86,000 per month.

MORTGAGE APPROVALS CALENDAR YEAR (NO. – '000)



Source: Bank of England, CML

MORTGAGE APPROVALS 2021 (SEASONALLY ADJUSTED) (NO. – '000)

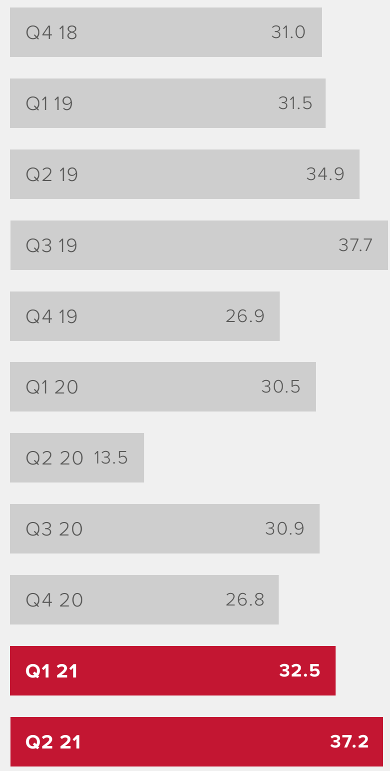


Source: Bank of England, CML

HOUSING SUPPLY AND HELP TO BUY

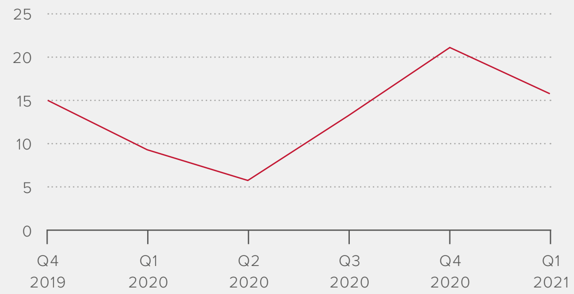
NHBC new starts reduced significantly in 2020 as a result of the pandemic but are recovering in 2021 to more normal levels. Help to Buy transactions also reduced significantly in 2020 until the final quarter when they exceeded pre-pandemic levels.

NHBC ALL SECTORS (ENGLAND AND WALES) (NO. – '000)



Source: NHBC

HELP TO BUY EQUITY LOAN COMPLETIONS (NO. – '000)



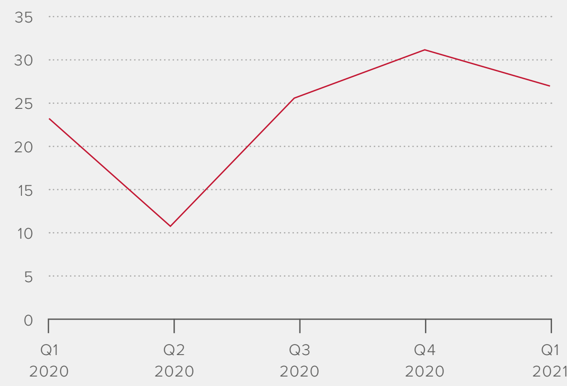
Source: Assets.publishing.service.gov.uk

RESIDENTIAL TRANSACTIONS

Housing transactions overall, apart from Q2 2020, were fairly resilient in the face of the pandemic.

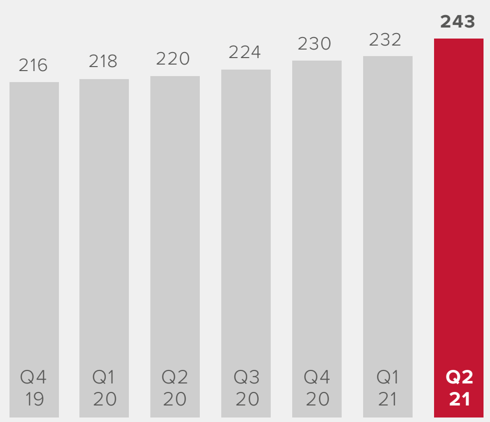
House prices have increased each quarter and that trend is continuing in 2021.

PRIVATE HOUSING COMPLETIONS (ENGLAND) (NO. – '000)



Source: Ministry of Housing, Communities and Local Government

NATIONWIDE HOUSE PRICE (UK AVERAGE) (£ – '000)



STRATEGIC REPORT
CHAIRMAN'S STATEMENT

"I am delighted to be able to report the Group delivered an excellent performance in the year to the end of June 2021 with better than expected results."

JOHN TUTTE
Non-Executive Chairman

Against a background of much uncertainty at the start of the financial year, I am delighted to be able to report the Group delivered an excellent performance in the year to the end of June 2021 with better than expected results. Turnover increased by 45% to £1.94bn and profit before tax more than doubled to £314m.

The Group entered the year in good shape and well-prepared to take advantage of any bounce-back in demand following the first lockdown. The order book was at a record level and work in progress carried forward was higher than normal, partly due to a conscious decision to increase production in anticipation of higher Help to Buy demand ahead of the original scheme drawing to a close.

A strong market emerged from the lockdown driven by the Stamp Duty holiday and, in the earlier part of the year, by keen demand from buyers that would be excluded from the Help to Buy scheme after March 2021. The potential for a hiatus in the 2021 Spring market that we highlighted last year didn't materialise as the Chancellor decided to extend the Stamp Duty holiday to September 2021 with a phased return to previous rates. Given the unquestionable success of the temporary reductions in Stamp Duty to stimulate the housing market and its obvious knock-on benefits to the wider economy, we repeat our previous requests for government to consider a permanent reform of this tax, which is a constraint on the market.

Redrow's award winning Heritage product has proved popular with buyers ever since it was launched over ten years ago. The range of primarily detached house types has evolved over the years and its industry-leading design remains appealing to buyers looking for an attractive home with well-planned space in a great place to live. This has never been more so than during the past year as homebuyers re-evaluated their lifestyle and working needs during the pandemic.

The Heritage Collection's popularity and appeal to a broad market was key to dispelling any concerns over the impact on our business of the changes to the Help to Buy scheme that excluded second-time buyers and introduced regional price caps. In the second-half of the year, Help to Buy accounted for just 13% of private reservations compared to 50% in the same period last year.

The high demand for our homes resulted in us closing the year with another record order book of £1.43bn (2020: £1.42bn) despite delivering significant growth in legal completions and revenue.

FINANCIAL RESULTS

The Group delivered 5,620 legal completions in the year (2020: 4,032). These completions generated revenue of £1.94bn (2020: £1.34bn) and profit before tax of £314m (2020: £140m). Earnings per share increased by 124% to 73.7p (2020: 32.9p).

The Group reversed an opening net debt position of £126m to end the year with net cash of £160m after making a significant investment in new land.

As a consequence of this strong performance, the Board is proposing a final dividend of 18.5p making a total of 24.5p for the year, in line with the company's policy of three times dividend cover. Subject to shareholder approval at the Annual General Meeting on 12 November 2021, this will be paid on 17 November 2021 to all shareholders on the register at close of business on 24 September 2021.

STRATEGY

The Group last year announced its intention to largely withdraw from the London market and focus on its regional businesses and, in particular, the Heritage Collection.

Excellent progress has been made during the year to implement this strategy. The Group successfully exited and disposed of a number of London sites that it decided not to build and took the first steps to open a new regional business in the south that is expected to make a positive contribution in financial year 2023.

Following a pause in land buying during the early months of the pandemic, combined with the decision to withdraw from the London market, growth in active outlet numbers stagnated. Capital released from London is now being reinvested to help grow the regional businesses and during the year, the Group added over 8,000 plots with planning, with a projected GDV of over £3bn, to its owned and contracted land holdings. As a consequence of this strong land buying performance, the Group is now back on-track with a pipeline of new outlets that will return the business to a pre-pandemic pattern of growth and an incremental recovery in profits and margins.

BOARD CHANGES

As previously announced, after nearly twenty years at Redrow, I will be stepping-down as Chairman and retiring from the company on 15th September 2021. I am delighted that I will be succeeded by Richard Akers. Richard joined the Board at the beginning of June and has been intensely engaged in the business as part of a comprehensive induction programme ahead of him taking up his new role.

Matthew Pratt was appointed Group Chief Executive at the beginning of the financial year. Matthew has rewarded the board's confidence in his appointment by expertly steering the business through a difficult operating period and laying the foundations for a return to long-term growth. He has also set out his vision for an innovative business centred on developing thriving communities, building responsibly and valuing our people.

I am confident under Richard's chairmanship and Matthew's leadership the business will go from strength-to-strength.

Nick Hewson will be stepping down from the board in 2022 after serving nine years as a Non- Executive Director. Throughout most of his tenure, Nick has chaired the Audit Committee and since 2018 has been the Senior Independent Director. I would like to take this opportunity to thank Nick for his valuable contribution to the business. A process is underway to appoint Nick's replacement.

TRADING AND OUTLOOK

The buoyant housing market has moderated in recent months and we anticipate sales rates will return to historically average rates over the course of the current financial year. It is on this basis we have planned for the future and we are confident our timely investment in land, combined with strong demand for our Heritage homes, will support our longer-term growth aspirations. Additionally, our record order book also provides us with an excellent platform for the future with over £1.3bn of revenue already secured for the current financial year. As a result, the business is well-placed to deliver another set of strong results.

AND FINALLY...

Great people make great businesses and Redrow owes much of its success to a team of talented and committed people. Their performance over the past year to deliver an excellent set of results against the challenges posed by the pandemic has been outstanding and I thank them all for their hard work.

It has been a privilege to work for Redrow for nearly twenty years and to share in its ongoing success. I am immensely grateful to colleagues, past and present, for their support and dedication. I am indebted to my Board colleagues who over the years have always given wise counsel and encouragement. I wish them and the rest of the Group all the very best for the future.

JOHN TUTTE
Non-Executive Chairman

14 September 2021

Image: Monchelsea Park, Maidstone, Kent

STRATEGIC REPORT

GROUP CHIEF EXECUTIVE'S STATEMENT

"We ended the financial year with another record forward order book of £1.43bn (2020: 1.42bn) of which 73% was exchanged. This provides the business with an excellent foundation for the future with over £1.3bn of our turnover secured for 2022."

MATTHEW PRATT
Group Chief Executive

OVERVIEW

The Group delivered a strong performance during the year, as long-term social trends continued to underpin demand for our premium homes and places. Customers attached additional value to our larger, mainly detached family homes designed to offer flexible and modern living. COVID-19 also highlighted the growing desire of homeowners to live within our prime locations, created with our own market-leading placemaking principles.

This high level of differentiation was key as we successfully navigated the end of the original Help to Buy scheme and the Government's temporary Stamp Duty changes. Total legal completions increased by 39% to 5,620 from 4,032 in the previous year with revenues increasing by 45% to £1.94bn (2020: £1.34bn).

We ended the financial year with another record forward order book of £1.43bn (2020: 1.42bn) of which 73% was exchanged. This provides the business with an excellent foundation for the future with over £1.3bn of our turnover secured for 2022.

We welcomed the introduction of the Government's Stamp Duty holiday, which helped homeowners and the wider market at a time when market stimulation was required. We have now been selling beyond the cut-off date for the holiday for well over six months without any negative impact on reservation levels, as demonstrated by our record order book.

The number of homes sold with Help to Buy reduced considerably. Following the introduction of the new regional price caps, the scheme represented just 13% of private reservations in the second half and 28% across the full financial year. As the scheme draws to a close, and the market continues to adapt, we expect a negligible impact on reservations.

Redrow capitalised on some excellent land opportunities in the financial period under review. Achieving above average hurdle rates, we added c8,300 plots in the year with a GDV of over £3bn. Our award winning Heritage Collection accounted for 79% of private homes revenue, which enables us to satisfy demand at scale and deliver efficiencies. The desirability of our product, combined with our aesthetically pleasing designs, means planners across England & Wales are happy to see our homes incorporated within their communities.

As we continue to build in prime locations, our products and places are within reach of many families aspiring to a larger home. Our average reservation rate for the year was 0.70 (2020: 0.67) and, more importantly, the reservation value per outlet increased to £288K per week (2020: £259k), excluding private rented sector, as we delivered an industry leading reservation rate on a revenue basis.

In the year, we saw considerable house price inflation across England & Wales with the exception of London. In the regional businesses, due to a combination of house price inflation and geographical mix, reservation prices increased on average by c5% across the financial year, particularly in the final quarter, which was more than enough to offset build cost inflation of c5%.

We have continued to work largely uninterrupted across all our sites during the year. However, there have been some supply interruptions and specific shortages in steel, timber and cement-based products. In conjunction with our supply partners, we have mitigated the impact of these interruptions and we are confident that our close working relationships will allow us to continue to build unhindered. We expect that supply pressures will ease as more capacity is brought on stream to deal with high demand for materials.

As announced in June 2020 we made the strategic decision to exit the London market on all the sites where we hadn't commenced build. Our scaled-down London operation is now concentrating on our large redevelopment site at Colindale. During the year we successfully received planning for a further 1,100 homes at Colindale ensuring that we will be developing this successful site for some considerable time.

We have completed the exit of the six London sites we decided not to build out. Our owned interest in three of these were sold, albeit one was at the start of the current financial year, and the other three were not acquired. The proceeds of the London site disposals are being reinvested in our strong divisional network across England & Wales, including the new Southern division, which will be based in Crawley and is expected to make a contribution to turnover in the 2023 financial year.

PEOPLE MAKING THE DIFFERENCE

Keeping our colleagues and customers safe is our first priority. During COVID-19, we have continued to adopt secure protocols for our customers and colleagues. Despite no longer being mandatory, we will continue to encourage mask wearing where appropriate, alongside a thorough cleaning regime.

This approach has been supported by comprehensive training from our in-house team. The availability of online modules has ensured new and existing colleagues have access to training on our COVID-19 secure working protocols, regardless of their location.

We have also introduced flexible working and many colleagues have been working from home during the pandemic. This has proved to be very effective and, going forward; colleagues will be able to work from where they are most efficient, whether that be at home, site or within divisional offices. Based on the feedback we have received, these steps have improved colleagues' general mental health and we have extended our wellbeing offering to colleagues, and their families, during the year.

Our people – whether they are directly or indirectly employed – are key to us maintaining a competitive advantage. Therefore, during the year, I was pleased to see us become a Real Living Wage employer and to extend this benefit to our subcontractor partners.

Furthermore we are committed to 'inspiring the next generation to build' as one of the central aims within our Valuing People strategy. In May 2021, I was delighted to attend the opening of the first NHBC brickwork Training Hub at our Amington Garden Village development in Tamworth. Officially opened by Chris Pincher, the Minister of State for Housing and MP for Tamworth, it is a great example of partnership working and will enable applicants from other home builders, as well as Redrow, to complete a bricklaying apprenticeship within an accelerated 18 month period, making it attractive to those looking to move into construction from another sector.

INVESTING IN PLACES

As I stated in my 2020 Chief Executive review, at the onset of COVID-19 we temporarily postponed the purchase of new land as part of measures to protect cash flow and also renegotiated favourable deferment terms on our existing obligations. Post the initial lockdown we returned to the market, taking a sensible and balanced view with regard to land acquisition.

This resulted in some constraints on our active outlet numbers and, together with the strength of the market, has seen the number of outlets reduce over the last 12 months. We closed the year working from 120 outlets and expect to remain at a reduced level for the forthcoming year until new land acquisitions come on-stream.

As stated above, we capitalised on strong land opportunities in the financial period under review. Achieving above average hurdle rates, we added 8,290 current land plots in the year with a total GDV of over £3bn. Therefore, our owned and contracted land holdings with planning totalled 29,460 plots (2020: 27,000). Pull through from Forward Land accounted for 3,539 of the plots added.

Housing Secretary Robert Jenrick officially launched the Building Beautiful Places plan in July 2021. Whilst we support the broad intentions of the new code and framework, we believe that opportunities have been missed. The report's recommendations have failed to take into account underlying lifestyle changes, which have been accelerated as a result of the pandemic.

In a survey we commissioned of c.2,000 consumers, an overwhelming majority (77%) said they aspired to live in a two storey detached home. Only 3% and 4% of respondents stated they would choose to live in a terraced home or townhouse respectively. This is contrary to the central ethos of the National Model Design Code (NMDC), which supports higher density development.

A positive outcome of the NMDC launch is the focus on community consultation. This is essential to delivering places where people want to live. For a number of years we have been extending our reach via social media and digital methods to ensure all members of the community have an opportunity to input their views into developments. Given that c80% of our product is standard and adopted by planning authorities across England & Wales, we are confident we are meeting the needs of both customers and planning authorities.

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STRATEGIC REPORT

GROUP CHIEF EXECUTIVE'S STATEMENT CONTINUED

INNOVATION ACROSS REDROW

Since my appointment as Chief Executive, I have set a clear direction of evolving, rather than revolutionising, our successful strategy. Alongside this approach, I have launched Redrow 2025. It is an ambitious vision, which is focused on accelerating innovation across the business.

The process began with the biggest team consultation in Redrow's history, with over 2,000 colleagues inputting their thoughts via a combination of virtual conferences, surveys, focus groups and one to one meetings. All the ideas have been collated within our three strategic themes: Thriving Communities, Building Responsibly and Valuing People.

This approach is ensuring new projects are efficiently implemented throughout the business and embraced by all teams. Initiatives include a completely new approach to flexible working with colleagues actively involved in developing collaborative workspaces; a Green Academy to ensure colleagues have the right skills to meet the climate challenge; volunteering and delivering digital programmes to create efficiencies for customers and Redrow.

This culture of constant innovation extends across all our day-to-day business operations. During the financial year, we reviewed and refreshed the Redrow brand, in tandem with our sales centre visitor experience.

New sales outlets have been re-named as 'Customer Experience Suites' reflecting their new role supporting customers throughout their whole journey, whether they are visiting Show Homes or meeting with customer service and site colleagues to undertake Hard Hat and Home Preview visits.

We are the first major house builder in the market to remove paper from our sales outlets. We have been able to take this important step by connecting great people with integrated digital technology. Key features of the new suites include digital screens throughout - all of which can be updated remotely to ensure consistent messaging across all outlets. There are also interactive site plans and iPads, where customers can view choices and upgrades, and even complete their reservation online.

Our new, refreshed brand focuses on our 'better way to live' purpose, highlighting in equal measure our product, placemaking and service credentials. These steps are part of our constant innovation of the customer journey to create an excellent online and offline experience.

CUSTOMERS & QUALITY

Innovation is about constantly raising standards, and we have continued to make progress across all aspects relating to customers & quality.

We have once again secured a Home Builders Federation Five Star award following thousands of positive customer reviews. At the time of writing, Redrow is also the only volume house builder to be rated as 'excellent' on Trustpilot. Any feedback is carefully analysed and fed into our root cause process, which aims to iron out any recurring issues.

We were delighted that 24 of our site managers received a Pride in the Job Quality Award this year.

The accolade, established by the National House Building Council, celebrates the exceptional contribution-winning site managers make in creating homes of outstanding quality. Pride in the Job first launched over forty years ago and is the most highly regarded competition in the house-building industry.

In the period under review, we launched our Homeowner Support Portal. Part of My Redrow, it contains over 50 self-help videos along with the ability for customers to submit their warranty issues online.

Our core systems have been created in-house, enabling warranty items to be seamlessly integrated into our back-end systems. This creates efficiencies for customers and the business as we reduce the administrative burden, freeing up more time to proactively develop customer relationships.

This technology will play an important role as we prepare for a seamless transition into a New Homes Ombudsman (NHO) regime. At Redrow, we see the NHO's introduction as an opportunity. It will provide another way of demonstrating our differentiation and set us apart from competitors.

Redrow is predominantly a housebuilder, however, we have historically built a small number of high-rise buildings mostly on a design & build basis by main contractors. Ten schemes have now been identified as potentially not conforming to the current government regulations. Each development is unique and was designed in accordance with the building regulations and accepted practices at the time.

We are very aware of the stress and burden on residents of high-rise apartments across the country that have remedial issues based on the new standards and guidance set by government. We are encouraging management companies, where appropriate, to apply directly to the Building Safety Fund and we will continue to engage with government, contractors, leaseholders and all other parties to help identify solutions to this complex industry issue.

MEETING THE CLIMATE CHALLENGE

The success of Redrow and the overall contribution we make to wider-society is dependent on how we manage the environmental and social factors that influence our business model. Our approach connects social, environmental and economic value across the business and is underpinned by good governance, which leads to better long-term decisions.

In the spring, we undertook a comprehensive review of our Environmental, Social and Governance (ESG) performance. We have prioritised those issues that are most material to our business and we have, for the first time, published our comprehensive ESG scorecard to reflect this review.

Climate change, together with biodiversity loss, is the most urgent environmental issue we face. The UK government has set a target to achieve Net Zero Carbon by 2050. We believe that whilst this presents significant challenges, there is also great opportunity to learn from the science; to innovate and to future-proof the homes and communities we build.

In the last year, we have reduced overall emissions by 6%. In particular, we have made great progress in improving the energy-efficiency of our building fabric specification, along with improving the integrity of our data and collaborating with our supply-partners to drive innovation.

We were excited to see the trial of a pioneering low-carbon heating solution get underway at our site in Scissett, Yorkshire. The solution offers a smart home and energy management system that seeks to deliver net zero electricity use in the home. We are also collaborating with several major manufacturers to assess the practical and design implications of air-source-heat-pumps. These trials form part of our wider product development and specification strategy to meet the forthcoming Future Homes Standard and the phasing out of gas boilers from 2025, and as we look beyond to deliver genuine net zero carbon homes that are both comfortable and affordable.

In recognition of our progress on mitigating climate change, we were delighted to secure a position as one of the Financial Times Europe's Climate Leaders in the year.

Looking forward we have committed to sign-up to the Science Based Targets initiative (SBTi) and partner's Business Ambition for 1.5°C campaign. In making this commitment, we are demonstrating the highest level of ambition as set by the SBTi in the short and longer term. We have also committed to reach science-based net zero emissions no later than 2050. We will set interim science-based targets across scopes 1, 2 and 3, in-line with the criteria and recommendations of the SBTi. In doing this we also join the UNFCCC Race to Zero. Furthermore, we will advocate for ambitious government policies that align to 1.5°C to support the transformational change that the UK's net zero target requires.

The publication of our Nature for People strategy in partnership with the Wildlife Trusts has given Redrow the solid foundation blocks to ensuring that we leave a positive environmental legacy. The next phase of our plan will see the implementation of our 15 commitments, establishing the right assurance processes, and the measurement and reporting of our impact on both wildlife and people.

In preparation for the forthcoming requirement to achieve a Biodiversity Net Gain (BNG), we undertook eight pilot projects to understand what changes we need to make to our design approach. The results are positive with on-site net gains achievable on 63% of the test projects. During the year, we held BNG training workshops with all of our delivery teams and further work is underway to establish a blueprint for achieving gains for nature on all new developments.

This year we have seen some great examples of how we are delivering Nature for People in-practice and enhancing habitats in line with the mitigation hierarchy. At our new development in Haverhill, we have retained and improved existing hedgerows to achieve a forecast 18% net gain in these important habitats, as well as creating cycle routes and footpaths through extensive green corridors and wildflower meadows.

This year saw the conclusion of our 'Reduce the Rubble' research project – a pioneering initiative that captured both the quantity and the root-cause for every element of construction waste generated during the build of our most popular house type. The study identified more than thirty opportunities for eliminating and reducing waste, several of which have now been implemented.

Overall, we are making important strides forward in ESG and I am looking forward to seeing that progress continue.

BOARD CHANGES

I'd like to place on record my thanks and appreciation to John Tutte who will be retiring and leaving the Group in September after nearly 20 years of outstanding service. During John's time at Redrow, he has held the position of CEO and latterly as Chairman. On behalf of the whole Redrow team, we wish John a long and happy retirement.

Following John's retirement, and as planned, Richard Akers now becomes Non-Executive Chairman. I am very much looking forward to working with Richard and continuing Redrow's progress in the future.

MARKET OUTLOOK

The fundamentals of the market remain strong, with record low interest rates; good mortgage availability and healthy employment data.

In addition, government recognises that housebuilding creates a positive multiplier effect across the domestic economy and has a key role to play in its 'levelling up' agenda. It has an ambitious target to achieve a much-needed 300,000 new homes per year by the mid 2020's. We are proud to play our part in addressing this chronic shortage of quality family homes across England & Wales.

STRATEGIC REPORT

GROUP CHIEF EXECUTIVE'S STATEMENT CONTINUED

The sales rate (0.84) in the first 11 weeks of the financial year under review reflected unprecedented levels of demand as the country emerged from lockdown, supplemented with the launch of the Government's temporary Stamp Duty Holiday in July 2020.

Our sales rate in the first 11 weeks of the new financial year was 0.66 (2020: 0.84). This reduction was due to our record forward order book and therefore limited availability of homes for sale that can be delivered within the next six months. This strong order book, however, provides certainty going forward as our teams continue to increase production levels and look to bring more sites on stream to satisfy ongoing high demand.

Overall, we have an excellent platform to continue delivering and evolving Redrow's successful strategy in the future. Our high level of product differentiation is compounded by social trends towards customers desiring larger, quality family homes in great places.

I would like to thank Redrow's colleagues and partners for their continued hard work and commitment. Our great people will continue to play a key role as we meet the long-term demand for our products and places across England & Wales.

MATTHEW PRATT
Group Chief Executive

14 September 2021

Image: Penlands Green, Haywards Heath, West Sussex

STRATEGIC REPORT

OPERATING REVIEW

THRIVING COMMUNITIES

OUR PLACES

Redrow is committed to creating Thriving Communities, places where people can thrive, with beautiful open spaces for residents to enjoy and amenities that encourage neighbours to come together.

The experience of the COVID-19 pandemic and the resulting lifestyle changes have influenced customer requirements. We have found that our particular approach of delivering high quality spacious homes set in well designed landscape-led places is exactly what people are looking for, now more than ever.

THE IMPORTANCE OF PLACEMAKING AND DESIGN

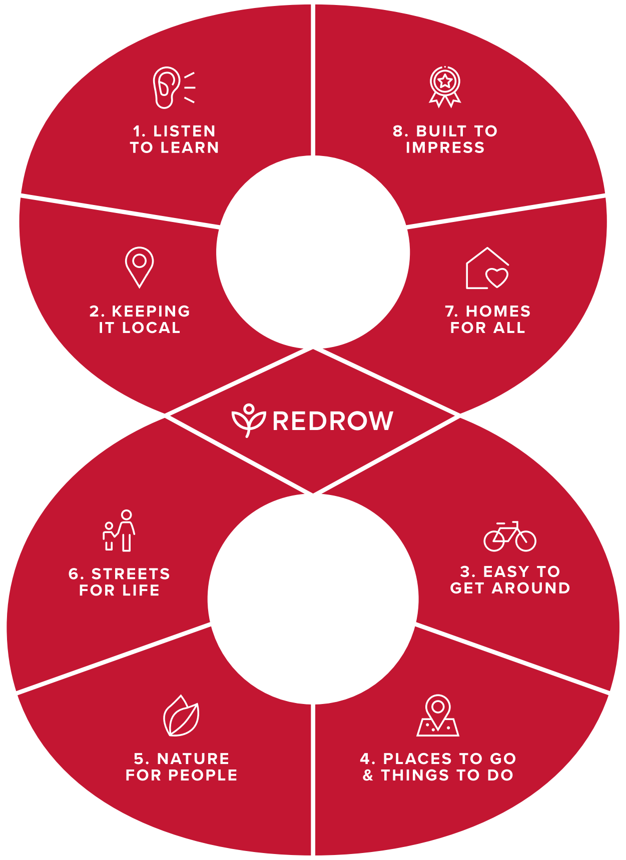
Redrow 8

Our 'Redrow 8' placemaking principles, now in place for over two years, continue to be a robust set of commitments that are demonstrably delivering the types of places where our customers want to live. The eight principles, which were developed with our customers' needs in mind, provide a framework for the creation of beautiful, sustainable, well connected and well landscaped places that incorporate nature and are pedestrian and cycle friendly. They deliver places where people have the choice to live a sustainable lifestyle with opportunities to make green travel choices, in particular making it easy and safe to walk or cycle as well as having space to charge an electric car. Our eight design principles have proved to be very effective at creating accessible places for everyone, that are beneficial to health and wellbeing by providing destinations such as walking and running loops, allotments, outdoor gyms and meeting places. High quality landscaping, the integration of thoughtful blue and green infrastructure (the combination of ponds, streams and drainage features, like swales with open spaces and landscapes) delivered early on together with the incorporation of nature (through our Nature for People principles and our commitment to biodiversity net gain) delivers positive outcomes for people's health and wellbeing and for local wildlife.

Our Redrow 8 placemaking principles and measures, which were developed with advice from leading independent urban design experts, are being used by all our divisional teams to guide and shape layouts and masterplans. To date over 75% of emerging designs have been assessed and benchmarked using the Redrow 8 scorecard and this will increase to 100% by the end of the new financial year.

This internal assessment tool highlights at an early stage any areas of the draft design that need to be revised or refined to successfully deliver our placemaking vision and ensure that our new communities are the best they possibly can be for our customers and the existing community. The assessment tool also provides a 'Health and Wellbeing' score which provides an indication of how healthy the resulting place will be. Again, this process means we can adjust and refine our design approach as necessary to deliver new developments that provide for healthy lifestyles. For example, the tool asks if we can do more to integrate green travel options or green and blue infrastructure.

As Wales has its own planning system we have developed a specific set of Redrow 8 design principles for use on our developments in Wales. These were created through a series of workshops with key design stakeholders and experts including the Design Commission for Wales, Play Wales, Public Health Wales and the Wildlife Trusts. This has resulted in the publication of a design manual this year and the creation of a Wales-specific Redrow 8 scorecard which is now being used to assess and shape our developments there.



With our eight principles now firmly embedded in our design approach across the Group, this year we launched an annual awards process to recognise great place making across our divisions.

With an award for each of our eight placemaking categories it is also an effective way to demonstrate what 'good' looks like and how we are delivering beautiful sustainable places to live. Each of the Redrow 8 principles has a 'stretch measure' which seeks to push us beyond best practice and many of the awards have been for this level of exemplary placemaking. We received over 50 entries from across our divisions with the winning developments selected by a judging panel in June 2021. The winning developments are showcased on pages 30 to 33.

Our Commitment to Community Collaboration and Consultation

The first of our 'Redrow 8' principles is 'Listen to Learn' which is a commitment to listen to and engage with local communities from an early stage so that we can incorporate local views into our design vision. This means using a range of methods from the earliest stage in the development of a concept to capture local views and then consulting them as the design develops. On all of our projects we strive to:

- Present the vision and design concept for the proposals to the local planning authority and others in advance of developing a detailed design where possible;
- Hold community consultation or collaboration events to present the proposals, discuss potential revisions and gather feedback;
- Consider the views of the local community in shaping the proposals;
- Involve the local community in design and placemaking opportunities;
- Hold events within the new development for the new residents as it develops to help establish a sense of community; and
- On larger developments hold regular meetings with the new community and existing wider community, provide updates through newsletters and set up a community website page.

We have developed a 'Participation Guide' unique to Redrow which sets out principles for the planning, communication and follow up of all community consultation and collaboration events. These 18 principles ensure that we provide maximum opportunity for involvement and comment from the whole of the community, we listen to and communicate clearly and we continue communication through the build programme and beyond.

Image: Caddington Woods, Chaul End, Bedfordshire

Image: Community Collaboration Consultation

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

STRATEGY IN ACTION

REDROW 8 AWARDS

LISTEN TO LEARN

WINNER: PLASDŴR GARDEN CITY

Plasdŵr has won this year's Listen to Learn award in recognition of the exemplary approach taken by the team to engage with local communities and other key stakeholders in the design and delivery of a new Garden City for Cardiff comprising up to 7,000 new homes within five walkable neighbourhoods.

From the start of the design process an open approach has been adopted to ensure that all of the existing local communities and key stakeholders are fully informed of proposals as they developed and that they had the opportunity to comment at every stage. We worked closely with a range of local stakeholders and refined the design approach to address comments wherever possible. This collaborative approach continues as the scheme vision turns into reality through the commencement of starting infrastructure works and the construction of homes. The local Redrow team hold regular drop-in meetings for the local communities, send out newsletters and have established a continually managed 'get in touch' direct email account and the appointment of a Plasdŵr specific Community Liaison Officer. The scale of Plasdŵr, bordering several existing community councils, and its significant strategic importance for Cardiff and the wider region means engagement has been a key driver in establishing long term relationships with all stakeholders.

KEEPING IT LOCAL

WINNER: HORSFORTH VALE

Our recently completed Horsforth Vale community in Yorkshire has won this year's 'Keeping it Local' award. This mixed-use new community comprising 500 new homes of a wide range of types and tenures as well as a café/bakery and shop already sits comfortably within the local area and brings benefits to the existing and new community.

We have used local materials including York stone and slate roofs together with dry stone walls to knit the new development into the wider landscape and ensure it reflects the local character. Despite the fact this was a 'brownfield' site and the location of a former chemical plant, the Yorkshire division worked carefully to retain existing features and landscape on the site and weave them into the new development.

For example, a former historic mill building was restored and re-imagined as apartments and the mill pond was also restored. Existing landscape features such as mature trees and hedgerows were retained and incorporated helping to knit the new community to the area and the wider context. This approach also contributes to a positive impact on biodiversity as well as a sense of belonging from the very start.

EASY TO GET AROUND

WINNER: AMINGTON GREEN

Amington Green has won the 'Easy to Get Around' award for its comprehensive network of pedestrian and cycle routes.

Once complete, Amington Green will be a mixed-use community comprising a total of 1,100 private and affordable homes, a new primary school, a new local centre and 25 hectares of new open space. All of these new facilities and destinations will be easily accessible from every home via attractive tree-lined streets, quieter 'shared surface' streets as well as a network of footpaths and cyclepaths running through the green and blue infrastructure network.

This network connects to the wider movement network and to other local destinations as well as making the new destinations and green spaces accessible to the wider existing community. This pedestrian and cycle network will mean that sustainable transport options are available to all residents and that opportunities to live an active lifestyle are embedded and encouraged in the community from an early stage.

PLACES TO GO AND THINGS TO DO

WINNER: EBBSFLEET GREEN

Ebbsfleet Green is the winner of the 'Places To Go and Things To Do' award for its fantastic choice of facilities and destinations for the new community.

Our 905 homes (including a mixture of private and affordable homes of a wide range of types from detached homes to apartments) are arranged as a walkable community with all everyday facilities provided within a short walk of every home and where green travel options are practical and attractive.

In addition to the homes we have delivered employment space, a hotel and pub, a convenience store, an outdoor gym, a series of trails and nature areas, two play areas and we will soon be delivering a new primary school, community centre and allotments. All of these facilities are provided within an easy, safe and attractive walk from every home ensuring that a sustainable neighbourhood with a vibrant sense of community is delivered.

This walkable community in turn forms part of the wider Ebbsfleet Garden City which has a further supporting selection of facilities that are easily accessible from Ebbsfleet Green.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

STRATEGY IN ACTION

REDROW 8 AWARDS

NATURE FOR PEOPLE

WINNER: CADDINGTON WOODS

This year's 'Nature for People' award goes to Caddington Woods where we are providing eight hectares of new open and natural spaces and where we are delivering a 63% net gain in biodiversity.

Woodland areas have been retained, incorporated into the development and enhanced so that they make a significant contribution to biodiversity.

We have also used sustainable drainage techniques to create attractive ponds that are also great for nature, as well as improving the existing ponds and creating new habitats for wildlife including species-rich grassland and native shrub planting.

All of these features are incorporated into a multi-functional green infrastructure network that includes play areas as well as walking and cycling routes. Our team successfully worked closely with the RSPB to establish the best way to manage and improve the woodland for wildlife.

HOMES FOR ALL

WINNER: COLINDALE GARDENS

Colindale Gardens has won this year's 'Homes for All' award for its wide range of housing tenures and types.

As well as private housing Colindale Gardens will deliver a significant proportion of Private Rented housing as well as affordable homes to rent and for shared ownership sale. Overall, 35% of the homes will be affordable and the development will deliver a wide range of housing types across all tenures from one, two and three bedroom apartments to townhouses. All homes are tenure blind and integrated across the masterplan meaning that the new community becomes embedded from the beginning.

Together with the proposed 10,000sq.ft of retail and commercial uses, a new primary school as well as a network of open spaces, this balanced and integrated mix of housing provides for a vibrant and thriving community that links into the existing area.

STREETS FOR LIFE

WINNER: WOODFORD GARDEN VILLAGE

Woodford Garden Village is our winner of this year's 'Streets for Life' award for its beautiful hierarchy of streets from tree-lined avenues to intimate quiet, well landscaped, community streets.

The 920 home development will, once complete, comprise a mixed tenure, mixed-use community containing a primary school, local centre, pub and a wide range of green routes and spaces all linked together by a network of beautiful streets.

The Woodford Garden Village masterplan is based on a network of green and blue infrastructure routes and spaces including swales and ponds which not only provide an attractive setting for footpath and cycle routes but create a robust network for wildlife. This provides a framework for a legible network of streets that ensure that it is easy to navigate and get around and the landscaping strategy has ensured that every street has been designed with an attention to detail in respect of surface materials and landscaping. High quality trees, impressive hedges and attractive lamp posts all combine to create inviting and pedestrian friendly streets.

BUILT TO IMPRESS

WINNER: HARTFORD GRANGE

The 'Built to Impress' award is for the development that creates the most impressive sense of arrival and kerb appeal. This year's winner is Hartford Grange near Northwich, Cheshire.

There are a number of ways that Hartford Grange has been 'built to impress' including the planting of mature trees along the main avenue to create a sense of arrival at the new community. The kerb appeal of each and every property has been optimised through the planting of impressive hedges, garden trees and shrubs and a series of attractive green spaces including a new village green at the entrance have been provided. The effect of all these measures is to provide a truly impressive setting for our homes and to engender a sense of pride in both the individual homes and the community as a whole.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

Internal Design Guidance

This year we have also launched two internal design manuals both rooted in the Redrow 8 principles but providing an additional layer of technical guidance and support to our design teams. One focuses on the layout of developments with a particular focus on how each home sits in the street to ensure we deliver our customers' expectations. The other manual focuses on landscaping to ensure we are consistently delivering beautiful streets, spaces and places as well as achieving biodiversity net gain and integrating robust green and blue infrastructure thoughtfully. Together, these manuals provide a very clear framework for the delivery of our vision for beautiful, sustainable and value-generating places.

With a renewed focus on placemaking and 'beauty' in the planning system and new requirements such as the provision of trees in every street, our clear and customer-focused approach to placemaking, backed-up with clear design guidance means that we are in a strong position to meet this new agenda. The new agenda also places an increased emphasis on listening to existing communities and we are well prepared to respond to this as one of our key principles is 'Listen to Learn'. This is a commitment to work collaboratively with local communities from an early stage in the design process.

From extensive and recent independent polling we know that we have support from the home buying public and local councillors for our particular approach to delivering beautiful places to live and that what we offer is what people are looking for now more than ever. This public support will be useful as increasingly, under proposed changes to the planning system, we will have the opportunity to collaborate with local communities in delivering the types of places they would like to see developed in their communities. Using our commitments to collaborative design and consultation we are increasingly working with local people at an early stage in developing visions for new communities that will be well integrated with the existing place as well as deliver the homes and places that people want to live in.

Evolving Our Designs: Listening to Our Customers

Redrow's approach to placemaking is an important part of our commitment to customer-focused design. Following the COVID-19 pandemic and associated lockdowns we undertook a series of surveys to find out what prospective customers might be looking for in the future. In March this year we instructed a YouGov survey of 2,000 members of the public and 521 local councillors to understand what communities are looking for in a home, their street and neighbourhoods following the experience of the pandemic and the lockdowns.

The results were interesting and insightful showing a very strong preference for detached homes with more space internally and externally a key requirement. A two-storey home with parking side to side at the front was the most desirable type of home and detached homes were felt to be the easiest to adapt and the best for having a dedicated work space. In terms of charging an electric car most people (77%) would prefer to park their car on their own driveway and 92% said that a private driveway or garage would be useful.

Many of these preferences amongst the public were reflected in the views of locally elected councillors and most councillors felt that two-storey homes were more functional and better for family living than three-storey homes. Councillors felt that detached homes of a traditional design were most likely to have a positive impact on quality of life.

Key survey findings were:

The public survey:

- The results show a strong preference amongst the public for detached homes and homes with more space internally and externally;
- A two-storey detached home with parking side by side to the front is the more preferred arrangement;
- Detached homes are considered to be the easiest to adapt (93%);
- Detached homes with front gardens make the most attractive streets;
- 77% of people would prefer to charge their electric car on their driveway;
- 92% of people would find a private driveway or garage useful;
- A detached home is most likely to provide room for a dedicated work space; and
- 95% would find easy access to green spaces beneficial.

The councillor survey:

- 68% of councillors would prefer to see a mix of house types and densities across their local area;
- Councillors felt two-storey homes were more functional and better for family living than three-storey homes;
- 70% expressed a preference for parking side to side at the front of homes (just 22% for parking in courtyards to the rear);
- 77% of councillors felt that residents would prefer to charge their electric car on their driveway to the front of their home. Only 3% felt a communal charging point away from the home would be preferable; and
- Detached homes of a traditional design were voted the most likely to have a positive impact on quality of life and tranquillity.

We passionately believe in understanding our customers – how they live and their evolving needs, to ensure that we design and build homes that enhance their quality-of-life. Informed by customer feedback, we continue to review and update our house type range. Our design ethos creates the living space desired by our customers and enhances their health and wellbeing whilst standardising our production costs across the group. Working collaboratively with our supply-chain enhances our designs through the development of efficient, sustainable, maintenance free and cost effective products.

In response to the increase in home working resulting from the pandemic, our most popular house type designs have been updated to allow our customers the choice of an alternative layout – to provide a new home office complete with furniture. We also now offer the option to fit out one of the bedrooms as a home office complete with fitted office furniture, additional electrical sockets and an ethernet point.

Evolving Our Designs: Keeping Our Customers Safe

In response to the Grenfell Tower Fire tragedy and in accordance with the Fire Safety Act 2021 we engaged with a dedicated fire engineering consultancy to ensure that our homes were compliant with the revised fire safety requirements – each of our house and apartment designs has a detailed fire strategy. As our designs continually evolve, we work with our specialist advisors to review the fire safety strategies, and these are approved following any changes to the specification or construction technique. The strategy addresses life safety under the Building Regulations and takes into account the Construction (Design and Management) Regulations 2015 (CDM 2015), which sets out what designers are required to consider in order to protect anyone involved in the construction or ongoing use of a project. (Almost three quarters (73%) of the homes we build* are houses with three-storeys or less, which pose a low risk in respect of fire safety).

As part of the construction documentation for each of our house type designs, we carry out a Design Risk Assessment in order to identify any potential health and safety risks that could arise during their construction.

We aim to eliminate any risks completely, where this is not possible, control measures are put in place to mitigate them.

A New Government Focus on Beauty and Placemaking

Government has placed an increased emphasis on delivering high quality and beautiful places in the planning system and in July 2021 published revisions to the National Policy Planning Framework (NPPF) together with a National Model Design Code (NMDC) that together put beauty and placemaking at the heart of planning.

The NMDC sets out a framework for the delivery of responsive places that have local community support. We have contributed suggestions and recommendations to every stage of this emerging agenda and have consistently stressed the need for any guidance to be rooted in what people want from a home, a street and neighbourhood rather than attempting to impose a model design approach on people which is unlikely to succeed.

As this new design agenda has emerged over the last few years we have been preparing for it by putting in place robust frameworks for placemaking and landscaping that deliver what we know our customers want. Our approach aligns with many of the objectives and principles in the NMDC such as the delivery of tree-lined streets, incorporating nature and enhancing opportunities for walking and cycling. We have also set in place commitments for community collaboration and consultation which will become increasingly important in the future as we work to deliver new places with the support of local people. This will be given greater prominence as we move into the new financial year.

Improving and Monitoring the Quality of Development Layouts

Our Layout Review process has been in place for two years and is a valuable way of helping to ensure all of our developments genuinely create a better way to live. We have a formal review session with each division twice a year via an internal review panel including the Group Chief Executive, Regional Chief Executive, Group Communities Director, Group Technical Director as well as the Group Masterplanning Director. The formal reviews now take place virtually which is an effective and efficient way to collaborate, discuss and plan. Each year we review approximately 100 layouts using the internal review panel and all current layouts for all of the land we currently control has been the subject of at least one review. In this way the senior management team can ensure we are

Image: Redrow Internal Design Manuals

* 73% of all legal completions (private and affordable) in FY2021 were houses

STRATEGIC REPORT
OPERATING REVIEW CONTINUED

optimising value generation as well as firmly delivering our commitments to placemaking and high quality design.

Each layout is assessed against the requirements set out in our Plotting and Landscape Manuals as well as our Redrow 8 principles. This ensures that they meet our layout efficiency, mix and average house size expectations as well as our requirements for placemaking, biodiversity, green and blue infrastructure and healthy low carbon travel options.

This year we held a number of workshops with our divisions and design teams across the country focusing on creating good layouts that deliver great places to live for our customers. Building on these workshops and the discussions on layouts in the layout review process we launched our new Plotting Manual in March of this year. This is a comprehensive document setting out detailed guidance and advice to colleagues on how to achieve well-structured and efficient layouts that are also attractive, meet the needs of our customers and really showcases Redrow to the best of our ability.

To complement the Plotting Manual we employed award-winning landscape architects Bradley Murphy Design to produce a comprehensive 160 page Landscape Manual in partnership with The Wildlife Trusts which is rooted in our design approach. This sets out technical advice and guidance for our design teams on all aspects of landscape design from creating biodiversity rich ponds to tree-lined streets and the planting in front gardens. The landscape manual provides a framework for the thoughtful integration of green and blue infrastructure and green travel options from the earliest stage in the design process. All of this is aligned with our commitment to creating thriving communities and delivering the biodiversity commitments in our Nature for People strategy. Having this manual means that a considered approach to landscaping is consistently taken at the very beginning of design and prevents the risk of it being considered as an afterthought.

We are always keen to continue to learn from our customers in terms of what makes a great place to live. We are developing a post occupancy review process to assess completed Redrow places (using our Redrow 8 scorecard and other methods) and to compare the results with what we set out to deliver at the start of the design process. This review process will ensure that we continue to deliver the types of places our customers want to live and that we can make any necessary adjustments to our design approach on future developments.

LAND

Our land buying expertise, placemaking and design abilities and our strong balance sheet help Redrow secure quality land holdings in appropriate locations. During the financial year the Group acquired c8,300 plots with planning permission to add to our current (owned and contracted) land holdings. This was a significant increase on 2020 levels when land purchases were very limited in the second half in response to the COVID-19 pandemic. As a result, after 5,620 legal completions, we closed the year with c29,500 plots in the current land holdings (2020: 27,000). This represents a c5.2 year land (2020: c6 years) supply based on legal completions in the financial year, securing a solid pipeline to deliver future thriving communities. Approximately 39% of our current land holdings are in the South, 28% in the Central Region, 23% in the North and 10% in London.

Forward land has again made a significant contribution to land additions delivering 43% of the c8,300 current land additions across 17 sites compared to 48% and 8 sites in the prior year. We closed the year with forward land holdings of 34,400 plots (2020: 30,700 plots).

REVENUE, LEGAL COMPLETIONS AND OUTLETS

Revenue increased this year to £1.94bn (2020: £1.3bn), a 45% increase on last year which was significantly impacted by COVID-19. The sale of homes accounted for all but £37m of revenue which was attributable to land sales, notably the disposal of two London sites, which we announced last year we would not be building out (2020: £7m). Homes revenue increases came across all our geographical regions with the South performing particularly strongly.

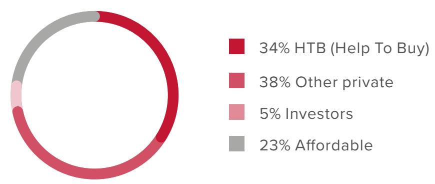
Our Heritage Collection contributed 79% of the Group's private sales revenue (2020: 84%) with our bespoke product representing the remaining 21% (2020: 16%).

We delivered 5,620 legal completions in 2021, a 39% increase on 2020 levels (2020: 4,032). Affordable homes represented 23% of legal completions and 11% of Homes revenue (2020: 23% and 10%).

Houses contributed 79% of our private legal completion volumes and 81% of private sales revenue, compared to 85% and 87% in 2020.

Average active outlets increased during the year to 117 (2020: 110). Due to the strong housing market and the time required to obtain implementable planning permissions, average active outlets are expected to reduce in FY2022 to 112. However, by FY2024 we expect our average active outlets to increase to 137, despite the scale down of our London operations. As a result of this, we expect our revenue in FY2024 to exceed £2.2bn, which will be a record for Redrow.

CUSTOMER PROFILE



DELIVERING OUR NATURE FOR PEOPLE STRATEGY

Key Commitments

Following the launch of our Nature for People Strategy in July 2020, this year we have developed new processes and procedures to enable us to fulfil our 15 commitments shown in the table below.

We have been focusing our efforts on 'Nature Gains', developing a new approach to land appraisal and site selection to ensure that we avoid negative impacts in any location and in particular those areas of high biodiversity value. This approach will also take into account the wider impacts on nature outside the site boundary, and help us to design all our developments to achieve a net gain for biodiversity.

Preparing for Future Legislation – Biodiversity Net Gain (BNG)

The forthcoming Environment Bill includes a requirement for developers to deliver a net gain in biodiversity – to have an overall positive impact on biodiversity post-development.

In preparation, we have undertaken pilot projects to assess how our current design approach and processes need to change. The results are largely positive for our design approach, with on-site net gains achievable on 63% of the test projects, with a further 25% of projects having potential to achieve gains on future phases of the development (subject to forthcoming detail in the regulations) and 12% of developments requiring offsets to achieve biodiversity net gain. In particular, it will be more challenging to achieve on smaller sites, which naturally have fewer opportunities to create habitats on site.

Nature For People: Themes and Commitments

NATURE GAINS	WILDER LIVES	FLOURISHING LEGACY
1. Prior to purchasing land we will assess the wider potential impacts on high quality habitats in our decision making.	8. The community will enjoy doorstep access to nature-rich green spaces throughout the development.	13. We will choose organisations to manage our developments, who share our ambition to deliver a vibrant legacy for people and nature.
2. We will design our developments to contribute to existing or potential Nature Recovery Networks.	9. We will provide edible planting and opportunities for community food growing on our developments.	14. We will set clear expectations and develop inclusive delivery plans which guarantee long-term gains for nature.
3. We will retain, protect and enhance high quality habitats and compensate where losses are unavoidable.	10. We will provide bird, bat or bug boxes and hedgehog highways to new homeowners and support them in creating wildlife friendly gardens.	15. We will measure and share information about outcomes for nature, wellbeing and people.
4. We intend to exceed government requirements for a 10% Biodiversity Net Gain (BNG) where possible.	11. We will encourage community and stakeholder participation in the design of green spaces.	
5. We will achieve Biodiversity Net Gains on-site, or as local as possible.	12. We will create opportunities for the community to learn about local wildlife and participate in the care of green spaces.	
6. Our developments will be inspired by the landscape character with locally relevant, species-rich planting and pollinator friendly areas.		
7. Green infrastructure on our developments will be multi-functional, benefitting nature and people.		

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OPERATING REVIEW CONTINUED

We will now be measuring biodiversity and the potential for a net gain on all new land purchases. This will enable us to further develop our approach ahead of the legislation coming into force following the two year transition period.

During the year, we delivered biodiversity net gain training workshops for all Land, Planning and Technical teams, helping prepare them for achieving gains for nature on new developments. We are already retaining and enhancing habitats in line with the mitigation hierarchy, wherever possible on our developments. For example at Great Wisley Park, Haverhill we have retained and improved existing hedgerows to achieve an 18% net gain in these important habitats. At our Chaul End development, Caddington, we are managing the existing woodlands by thinning and coppicing the trees to improve conditions and to encourage a range of wildflower, bird and insect species. We have also improved footpaths to parts of the woodland to enable the local community to more easily access and enjoy the benefits of these nature-rich spaces.

Continuing our Pioneering Partnership

Following two years of successful partnership with The Wildlife Trusts, during which time we co-developed and launched the Nature for People Strategy, we are now focused on embedding our strategy across the business. This phase of our relationship will ensure the 15 commitments we have made are effectively implemented, the right assurance processes are in place, and the benefits of our actions, for both wildlife and people, are measured and reported. We are also recruiting a full-time ecologist to support delivery of the strategy and to ensure our developments are designed with nature in mind.

A key focus of our Partnership is to develop closer relationships between the 47 local Wildlife Trusts and our Redrow divisions. We will benefit from local ecological expertise at the earliest possible stage in the development process to ensure the best outcomes for local people and nature. Closer relationships and collaboration will also support a more open and honest dialogue between the two organisations. This will help minimise any conflicting viewpoints, and enable innovative solutions to be reached.

Nitrate and Phosphate Discharges from New Developments

Concerns over pollution of rivers, lakes, estuaries and coastal sites from excess nitrates and phosphates has been delaying planning permissions for new housing developments in some parts of the country. There is evidence that these high nutrient levels are causing problems at some designated conservation sites resulting in negative impacts on conservation objectives. Research is underway to establish to what extent new developments may add to the existing problems. Meanwhile, developments in these sensitive areas are increasingly being required to undertake a nutrient assessment and to show that they are achieving 'nutrient neutrality' to mitigate any potential effects.

Throughout the year, we have been working to find ways to achieve nutrient neutrality on developments where Waste Water Treatment Works are unable to adequately treat sewage for release to sensitive rivers and estuaries. Our homes are already industry-leading in terms of water use, designed to a standard of 105 litres-per-person-per-day. However, additional solutions are required on our developments to ensure nutrient neutrality and to unlock planning. We have a Working Party in place to share best practice across our divisions. Furthermore, we are working with government and industry to explore solutions to these challenges.

Image: Caddington Woods, Chaul End, Bedfordshire

STRATEGY IN ACTION

DELIVERING 'NATURE FOR PEOPLE' AT A LOCAL LEVEL

Working with local wildlife organisations is vital to ensure our Nature for People biodiversity strategy can be delivered at grassroots level.

Our South East division is already demonstrating its potential, having forged strong relationships with the consultancy arm of Kent Wildlife Trust, KWT Consultancy Services, whose profits are returned to conservation work in Kent.

During the year, we have worked together to benefit from their expertise across a number of our developments:

- Advice on enhancing water vole habitats at Britannia Road, on the Hoo Peninsula
- Assessing ecological reports for Knells Farm, Tunbridge Wells (plans include c500 homes, woodland and a new orchard) close to a neighbouring Area of Outstanding Natural Beauty and important watercourse
- Designs to enhance the ecological value of our Hoplands site in Hersden, near Stodmarsh Nature Reserve
- Specialist aquatic planting report for a site of c400 homes at Cockering Road, Thanington

Redrow South East planning director David Banfield says: "At Knells Farm, for example, there are numerous biodiversity challenges. We've walked the site with KWT Consultancy Services and our ecologist and are adapting our eco submission (part of the Environmental Impact Assessment) based on their feedback."

The consultancy's work is completely separate to that of Kent Wildlife Trust as a statutory consultee for planning applications.

Image: Woodlands Green, Staplehurst, Kent

"Our vision is to create a system of joined-up habitats to help wildlife and people to thrive, and to expand, improve and connect these wildlife-rich places. For this to happen, nature has to be at the heart of our planning system, so it's good to work with a housebuilder like Redrow where there is a significant aspiration to have biodiversity net gain and the Nature Recovery Network at the heart of future projects."

Vincent Ganley, Managing Director of KWT Consultancy Services

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

BUILDING RESPONSIBLY

QUALITY OF BUILD

Considerate Constructors Scheme (CCS)

A key element of building responsibly is ensuring that our construction sites are managed in a way that seeks to improve the image of construction by striving to promote and achieve best practice in the following areas;

- Care about appearance;
- Respect the community;
- Protect the environment;
- Care about safety; and
- Value their workforce.

As a contractor partner of the CCS, we have committed to registering all of our developments with the scheme. This means that regular visits are undertaken by a monitor from the CCS to determine if our sites are meeting the Scheme's Code of Considerate Practice.

We ended the financial year with all of our sites registered and this is monitored monthly and reported to the Executive Board to ensure 100% registrations are maintained.

207 CCS monitoring visits were carried out during the financial year with the average score being 36.67 (out of 50). This was an improvement on the prior year when 94 monitoring visits were carried out with an average score of 35.09.

NHBC Construction Quality Review (CQR) and Reportable Items (RI)

The NHBC offer a CQR on approximately 80% of registered sites each year to assess the build quality outside of the key build stages. This provides an opportunity to perform a deeper investigation in to the root causes for good and poor quality on sites. Each build stage available for inspection during the CQR is scored from 1-6 with an average score calculated along with a percentage score (based on how many scoring lines achieve a 4, 5 or 6). During the financial year the NHBC undertook 74 CQRs (2020: 110) with an average score of 4.36 (out of 6). This was an improvement on the 4.13 scored in the previous financial year 85% of build stages were rated good (a score of 4) to outstanding (a score of 6). This was also an improvement on the 80.3% achieved in financial year 2020. During the year we increased our target percentage from 75% to 80% and it is pleasing to have exceeded this target as we continuously strive to improve quality through the dedicated focus of our teams and the Executive Board.

The NHBC can record any contravention of the NHBC technical standards or building regulations at all of the key build stages or at frequency visits as a reportable item (RI). For financial year 2021 our average RI score was 0.22, based on 34,879 inspections. This compares to an average of 0.23 for our NHBC Benchmark Group 1 but is higher than our 0.15 target. This remains a high priority focus area for the coming financial year to try and drive down the number of RIs we receive. We will be undertaking more root cause analysis to assist with this.

The table opposite shows average reportable items and CQR percentage and average scores.

Build Quality	FY2021	H1 2021	FY2020	H1 2020
Average reportable items per inspection	0.22	0.21	0.20	0.19
Construction Quality Review – %	85.0%	84.0%	80.3%	78.7%
Construction Quality Review – average score out of 6	4.36	4.00	4.13	4.09

Zero Defects

Zero defects in our homes is an important aspiration. In September 2020, we introduced formal reporting on the percentage of our homes legally completed with zero defects outstanding. Results from September 2020 to the end of the financial year showed that 95% of our private homes were completed and handed over to our customers with zero defects. We have also implemented a similar system for our affordable homes so that all customers can enjoy the high quality we strive to deliver.

NHBC Pride in the Job Awards 2021

The NHBC Pride in the Job Awards recognise excellence in on-site management. From over 11,000 eligible site managers nationwide, only 431 have been awarded a first round quality award with 24 of those being Redrow site managers.

These 24 quality award winners will be presented with their awards at ceremonies later this year and will continue on to the next stages of the competition, trying to secure a seal of excellence, regional or national award.

The 2020 NHBC Pride in the Job Awards continued between September 2020 and January 2021 with four Redrow site managers achieving a seal of excellence award. This was out of the 21 first round quality award winners reported on previously.

Technology Supporting Build Quality

Financial year 2021 has seen our Red Site Manager Inspection (SMI) app become a fully integrated part of our site managers' on-site quality inspections. The app has been extended to include inspections for apartments from internal works onwards and further development on the apartment inspections is planned for 2022 along with development of the subcontractor portal app to aid our subcontractors resolve quality incidents raised.

At the end of the financial year 2021, 96.23% of the quality inspections required had been carried out which is just over 37,000 individual inspections.

In July 2020, Redrow released a brand new app, Red Site Sign In, to our sites (excluding London) that enables the electronic signing in and out of sites. This allows efficient and accurate collection of data on labour numbers on our sites and significantly aids with HS&E matters such as live site registers and information for accident reporting. This app has already been further enhanced making the process easier and more user friendly for our staff, subcontractors and visitors to use. Further development is planned to include other key aspects of the HS&E management systems such as inductions so we can ensure HS&E remains at the heart of what we do.

Standard Modular Compound

Our construction site compounds generally comprise site offices, welfare facilities, storage and waste management areas and have not changed, other than to support our COVID-19 safety measures for a number of years. In a drive to improve the working conditions of our site colleagues, encourage collaborative working between departments, increase the energy efficiency of the facilities, and improve standardisation of these areas across our operating divisions, we are trialling on one site a completely new modular compound design.

New features of this new compound include furniture consistent with our divisional offices and Customer Experience Suites, collaborative hot desking for the wider project team, a Continual Personal Development (CPD) station specifically for use by our site operatives, apprentices and forklift drivers, improved drying room facilities for our subcontractors, showers and added extras such as air conditioning, USB points and a dedicated space for prayer and reflection. The building itself is B+ rated, comprising of improved thermal insulation, double glazed windows with low u-values, energy efficient LED lights with PIR activation, energy efficient heaters with thermal cut-out and timers and energy efficient point-of-use hot taps. The cabins also improve comfort levels for our site staff.

In conjunction with this we are also trialling a solar powered generator to power the facilities, Hydrotreated Vegetable Oil (HVO) fuel to run the plant and machinery, solar powered external lighting and improved, well sign posted recycling waste facilities for the compound.

If the trial is successful, we plan to roll this out across the rest of the business in the next financial year.

PPE and Construction Uniform Rebrand and Refresh

In conjunction with a rebrand of our PPE and construction uniforms, we have taken the opportunity to undertake a comprehensive review of our PPE and construction uniform to ensure that these met the requirements and wants of all our employees whilst conforming to HS&E standards.

A working party comprising site managers, assistant site managers, graduates, apprentice co-ordinators, construction directors and colleagues from HS&E and commercial was set up. They produced a list of improvement suggestions and we have been working closely with our suppliers to incorporate these improvements. This will ensure we can offer suitable PPE

Image: Construction colleague at Woodford Garden Village, Cheshire

OPERATING REVIEW CONTINUED

and uniform for different body types, genders and style choices. A refreshed brochure will be produced in the new financial year, which will enable all of our construction teams, or those personnel who require PPE to view what is on offer along with sizing guides and useful information on the products. This will allow our construction teams to wear what they feel comfortable in whilst still looking professional in their customer-facing role and remaining safe.

HEALTH, SAFETY & ENVIRONMENT

Health, Safety & Environment – "Because It Matters".

Redrow does not see Health, Safety & Environmental (HS&E) management as an addition to our duties but rather as an integral part of our overall duty. As such, we strive to ensure good HS&E management is just part of what we do. We seek to achieve the highest HS&E standards and aspire to become the industry/sector leader in HS&E performance. We do not pursue this aim simply to comply with legislation; we do it to protect our people and the environment from harm. Both the Main Board and Executive Board review our HS&E performance at every Board Meeting as the first substantive agenda item.

Redrow is in constant pursuit of continuous improvement of its overall HS&E performance across the Group and seeks to manage the inherent HS&E risks associated with all of our activities. We do this by the consistent application of our HS&E Management System and supporting our subcontractors with the effective planning, managing, monitoring and co-ordinating of the activities they undertake on our behalf.

We are pleased to report that we have seen a positive trend in our overall HS&E performance in the year. As in the previous year, there were no fatalities to either our directly employed or subcontractor colleagues. The Group Accident Incident Rate by Site reduced to 0.26, compared to 0.38 in the previous financial year and our target of 0.3 or below.

HS&E Assurance Inspections are carried out across the Group by our HS&E Department, to ensure and monitor compliance with our internal HS&E standards on our sites. The Group average for compliance found in these HS&E Assurance Inspections increased to 90%, compared with 87% last year.

Review of HS&E Activities in Financial Year 2021

Engagement with our Employees is an important part of our role.

Feedback from our annual internal 'Insight Survey' is positive from our employee colleagues regarding our overall approach to HS&E:

- 88% feel that as a company Redrow cares about health and safety;
- 82% feel that as a company Redrow cares about personal health and wellbeing; and
- 91% believe Redrow takes our environmental responsibilities seriously.

Our internal Engagement Team have provided regular 'wellbeing' related information and updates on our internal intranet to support both our employee and subcontractor colleagues with both their physical and mental health. We also have a network of 'Wellbeing Champions' and Mental Health First Aiders to support our colleagues across the Group.

In addition we also have and maintain a Drug & Alcohol testing regime for post-accident and 'for cause' testing across all of our construction based activities.

In financial year 2020 we introduced four HS&E specific strategic pillars and continue to use these to shape our approach:

- Governance;
- Leadership;
- Ownership; and
- Workplaces.

This is outlined in the table on page 42.

Governance / Leadership	Ownership	Workplaces
HS&E Leadership meetings provide a strategic platform for the review of all existing and emerging HS&E risks. It is our aim to achieve sector-leading HS&E performance. **Group HS&E Leadership Meeting** – held twice a year and attended by; • Group Chief Executive, Group Company Secretary, Group HR Director, Regional Chief Executives and the Group HS&E Director. **Regional HS&E Leadership Meetings** – held quarterly and attended by; • Regional Chief Executives, Divisional MD's and Group HS&E Director. **Divisional HS&E Leadership** Meetings – held monthly and attended by; • Divisional MD, Divisional Directors and Divisional HS&E Manager.	We've seen an increase in the use of our site unsafe/stop notices. These are issued by our individual Site Management Teams when work activities undertaken by our contractors have not met our HS&E standards.	We have focused on embedding these elements to all of our work areas e.g. • Offices, • Sites, • Sales, and • Customer Services As a result the number of serious (RIDDOR Reportable) injuries occurring across the Group significantly reduced from 42 down to 30, a reduction of 29%.

This year we have continued to provide HS&E training for all of our operational roles from Senior Executives through to Apprentices to ensure everyone has the appropriate HS&E training and skills required for their role. A total of 1,935 employee colleagues received HS&E training in the year.

In conjunction with this, we re-structured our internal HS&E Department to provide better support and assurance to our Divisions. We also strengthened our internal HS&E governance resource, which has allowed us to conduct more internal HS&E Audits and make continuous improvements to the HS&E Management System.

We have a requirement that all contractors must be SMAS accredited, which is a Safety Scheme in Procurement accreditation that ensures all our contractors have been assessed for their health and safety competence. This demonstrates that each contractor we employ has the appropriate skills, knowledge, attitude, training and experience to work safely on any of our developments. Every contractor must attend a site specific HS&E Induction before commencing work on any of our sites and they must comply with our Contractors HS&E Rules as a condition of their contract.

Protecting the Environment

Our Environmental Management System (EMS) is accredited to ISO 14001 and covers operational activities. The application of our EMS helps prevent pollution and minimise disturbance to local community from noise and dust as well as helping to protect local biodiversity.

We are pleased to confirm there were no fines or prosecutions in relation to environmental matters in the year.

As mentioned earlier, through our membership of the CCS we are provided with an independent assessment of our approach to protecting and enhancing the local environment on the developments in which we are building. During the year we achieved an average score of seven out of nine with regards to our environmental protection.

Future Focus

This year we introduced a new electronic HS&E incident reporting and auditing system to improve our ability to report incidents and enable better analysis of root-cause. We intend to expand the capabilities of this operating platform to allow management teams to have self-service access to reports which will allow for more agile responses to learning outcomes and ultimately improved HS&E performance across the Group.

We will continue to regularly update our HS&E Management System to ensure it is maintained in line with industry best practice and HS&E regulatory requirements.

We will also continue to support the work undertaken by the Home Builders Federation Health and Safety Committee, in order to further promote the collective improvement across the House Building Sector.

For the new financial year we will be adopting a new HS&E Strategy to support the continued improvement of our overall HS&E performance.

The strategy focuses on two key objectives, namely 'Safe to Build' and 'Operating Responsibly' both which have specific targets including:

- Safe to Build
  - completed and maintained Design Risk Assessments for all Group Standard Designs; and
  - every new development to have a completed and maintained Pollution Prevention Plan.
- Operating Responsibly
  - year on year reduction in the number of reportable accidents; and
  - all Divisions to achieve internal HS&E Assurance Inspection benchmark rate over 12 month period.

PUTTING OUR CUSTOMERS FIRST

Transforming the Customer Journey

Redrow has maximised its human capital across the whole customer journey, nurturing lifelong relationships with Redrow home owners, which are positive and profitable. All this has been achieved whilst effectively adapting to the customer trends and challenges associated with COVID-19. During the financial year 2021, our customer and marketing team set out and delivered an exciting new digital and marketing strategy.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

The combined Sales, Marketing, Customer Service and Communications functions, who operate as a single team within Customer & Marketing, collaborated on a major refresh of the Redrow brand. A new Brand Portal was launched to support the brand refresh which provides a single source for images, videos and other brand related assets. It also enables divisions to 'self-service' the creation of their own brand artwork, improving efficiency and ensuring brand consistency. For more complicated briefs, with specific creative requirements, online requests can be submitted and tracked online until completion by Redrow's dedicated design team: Red Studio.

In tandem, the team also began to review customer experience within its sales arenas. These were re-imagined as 'Customer Experience Suites' and transformed into areas customers can visit throughout their journey with Redrow.

Redrow is believed to be the first housebuilder to remove paper from sales centres, combining the knowledge and expertise of its sales consultants with industry-leading technology. Although this project commenced before the COVID-19 pandemic, the changing trends in home ownership that have taken place since the pandemic fit perfectly with Redrow's Heritage product and better way to live philosophy. The new brand capitalises on this by focusing on its 'a better way to live' purpose, with homes that are better by design, with better places and better experiences for customers.

Image: The new Redrow branding

The new Customer Experience Suites transform interaction with customers, right from their first visit to the site, all the way through to post-completion. Key features of the new suites include digital welcome banners, which can personalise messaging for individual customers depending on appointment type, and digital screens throughout, all of which can be updated remotely to ensure consistent messaging across all outlets. There are also interactive site plans and iPads, where customers can view choices and upgrades, and even complete their reservation online.

Initially, two test Customer Experience suites were launched at De Clare Gardens, South Wales and Foxbridge Manor, East Midlands in October 2020 and February 2021 respectively as part of a pilot project. Following their success, 14 new Customer Experience Suites were then rolled out during the 2021 financial year and all new outlets going forward will reflect the new model.

Key features of the updated customer and marketing strategy include:

- Digital-first approach to the Customer Experience Suites, including interactive screens and site-plans, supporting the paperless sales environment;
- Dedicated spaces for existing customers to meet with their customer service contacts;
- A new Redrow logo and geometric pattern, inspired by the Arts & Crafts movement, helping to create a cleaner and simpler look; and
- Redrow's 'a better way to live' brand purpose is at the forefront of all marketing materials, to build a strong, consistent tone of voice that resonates with customers.

Connecting Face to Face and via Digital Experiences

Redrow now offers a Homeowner Support Portal enabling customers to submit any two-year warranty claims online. Any submissions are then integrated directly into Redrow's systems, ensuring a seamless and efficient flow of information. Customers can also submit pictures and they receive a unique reference number enabling them to track the progress of their issue online.

Redrow's systems are developed in-house which delivers significant value in terms of integrating different platforms; working towards a single view of the customer and generating efficiencies within the business. Often issues can be resolved by homeowners themselves, and there are over 50 'how to' videos on the Portal, which have been created based on the most common queries. The Homeowner Support Portal is part of the My Redrow platform where customers can also reserve their house online and purchase options and extras. Going forward, My Redrow will be the communications hub at every stage of the customer journey. This approach is a key part of Customer & Marketing strategies to connect the best

Image: Customer Experience Suite at Foxbridge Manor, Castle Donington, Derbyshire

possible face to face and digital experiences across the entire customer journey.

Listening to Our Customers

Redrow carefully listens to customers across all channels, whether they are existing, or potential homeowners. To underpin our commitment to creating a better way to live, particularly in a post-pandemic world, we are closely monitoring consumer trends around what people want from their home and community, in order to respond accordingly. As mentioned earlier on pages 34 to 35, Redrow commissioned an extensive independent online survey via YouGov which polled over 2,000 British adults to provide insight into consumer home design and architecture preferences, neighbourly relations, and aspirations for their local areas. From the research it was clear that the majority of consumers (77%) aspire to live in a two-storey detached home, with just 3% and 4% of Britons stating a preference for a terraced home or townhouse. Having a private driveway or garage is important to 92% of Britons, whilst 70% of respondents believe it is important to personally know their neighbours.

This extensive desk research was also supported by a series of customer focus groups, held this year via zoom because of COVID-19 restrictions at the time, with key outputs shared amongst colleagues. These comprehensive steps are in addition to Redrow reviewing and analysing thousands of homeowner NHBC surveys every year. In addition to the core 'would you recommend to a friend' question, the surveys give our customers the opportunity to feedback on a number of aspects of their new home and place. Redrow has once again secured an NHBC Five Star award and is the top rated volume housebuilder on Trustpilot with an 'excellent' rating, and over 2,000 customer reviews. Colleagues across the business are engaged in the process and are often positively name-checked in reviews, whether it be across sales, build or customer service.

Redrow has developed an online reputation army of hundreds of colleagues across the business. This collaboration and return on human capital continues to drive significant benefits for Redrow.

Redrow has extended the proactive management of its online reputation and customer listening to include Google Reviews. Our customers are proactively asked to leave a Google Review and colleagues are empowered to respond to any reviews relating to their particular outlet. This approach gives development teams personal ownership over the reputation of their own development. They can also quickly update opening hours and contact information as and when required. Colleagues have already responded to over 2,600 (93% of) Google reviews within the year under review.

Helping to Deliver Quality Homes

A quality philosophy runs through all of Redrow's operations. The fact that Sales and Customer Service colleagues are ultimately part of the same Customer & Marketing team, working closely with Build colleagues, plays an important role in delivering defect free homes.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

In January 2021, Redrow held its first combined Customer Conference, encompassing colleagues from Sales, Build and Customer Service. The Conference was held virtually and presented from a specialist TV studio. Around 500 colleagues logged on remotely for the day event and evening awards, with Matthew Pratt, Group Chief Executive and Barbara Richmond, Group Finance Director amongst the key speakers. The key focus of the conference was around raising our quality standards across the board.

Responsible Marketing

Responsible Marketing at Redrow is about building trust with our customers and embracing the core 'better way to live' purpose. The Customer & Marketing team works collaboratively with colleagues in Legal, IT & Compliance and Sustainability to help ensure all aspects of the team's performance deliver on this goal.

The Customer & Marketing team plays an active role in Redrow's GDPR Committee, which monitors and reviews Redrow's adherence to legislation and best practice surrounding customer data. Redrow's in-house training team plays a key role in delivering a combination of online, virtual and face to face training across the business on the subject of customer data. The GDPR Committee also helps to raise the importance of sound data protection practices across the wider business.

The Customer & Marketing team also support important internal communication initiatives e.g helping to develop and communicate business strategy. The three themes – Building Responsibly, Valuing People and Thriving Communities – help to bring to life our business and sustainability strategy in a very simple way for colleagues, customers and other key stakeholders.

RESERVATIONS AND ORDER BOOK

The Group secured £1.75bn of private reservations in the year (2020: £1.6bn). We ended the financial year with a private order book of £1.2bn (2020: £1.1bn) of which 89% is forecast to translate into legal completions in financial year 2022 and 11% in financial year 2023. Our total order book closed at £1.4bn (2020: £1.4bn).

ENVIRONMENTAL STEWARDSHIP

Climate change, together with biodiversity loss, are the most urgent environmental issues faced by communities, businesses and governments across the world.

Read about our approach to biodiversity on pages 37 to 39 and 158.

For the housebuilding and construction sector, changes in climate have the potential to significantly impact our operations through interruptions to the supply of materials and in the way we design and build homes. Our business will be affected by both the physical impacts of climate change and the impacts associated with the transition to a low carbon economy, and ultimately to Net Zero Carbon by 2050.

This year we reviewed our Climate Change strategy and with our climate advisors, we are in the process of updating and strengthening our approach. Whilst there are significant risks, we believe there is also a great opportunity to learn from the science, to innovate, and to future-proof our homes and the communities that we build.

Our strategy looks at two key elements of climate change – carbon reduction and adapting to a changing climate, identifying both the risks and the opportunities. Our approach will integrate climate, biodiversity and people, recognising the interplay between them with a goal to minimise risk and deliver benefits for all.

OUR COMMITMENT TO ACHIEVING NET ZERO CARBON

The UK government has set a target for the UK to achieve Net Zero Carbon by 2050. Whilst this presents a significant challenge, it is our aim to thrive in the transition to becoming a net zero business through collaboration with both new and existing partners.

At the point of publication, we have committed to sign-up to the Business Ambition for 1.5°C and to reach science-based net zero emissions no later than 2050. In making this commitment, we are demonstrating the highest level of ambition in the short and long term.

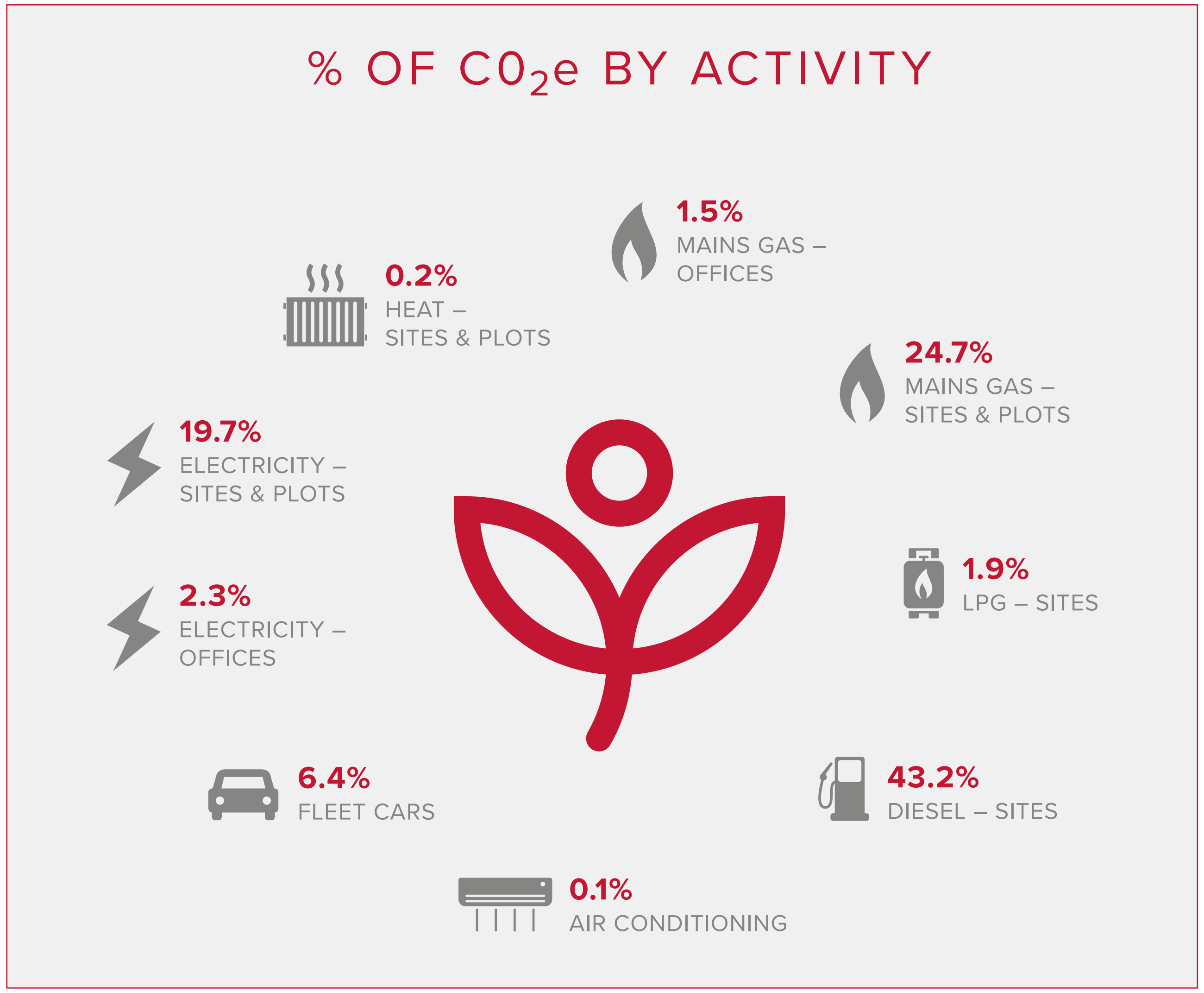
We will set interim science-based targets across scopes 1, 2 and 3, in line with the criteria and recommendations of the Science Based Targets Initiative. In doing this we also join the UNFCCC Race to Zero.

To support the transformational change that the UK's net zero target requires we will advocate for ambitious government policies that align to 1.5°C.

Our Carbon Footprint

We continue to try and minimise the resources we use, reduce energy consumption and cut carbon emissions across the business.

Since 2017, our greenhouse gas emissions have been decreasing. However, in 2020 we made a significant change in the way we collect the site and office gas and electricity data (which currently accounts for almost half of our emissions). The quality and accuracy of the data has been greatly improved and, combined with temporary site closures and a reduction in the number of homes built in 2020 due to COVID-19, the normalised emissions in 2020 showed an increase.



In the last year, we have seen a decrease in overall emissions of 5%, and a reduction in normalised emissions (tonnes $CO_2e/100m^2$ build of 6%).

REDUCING OUR CARBON IMPACT

During the year we have achieved a reduction in emissions across many of our direct and indirect activities. These are disclosed in the following pages. In the coming months we will establish baseline emissions for our most material indirect scope 3 activities.

Reducing our Carbon Footprint: Our Operations

We have seen emissions reductions in the following activities in the year:

Activity	Reduction
Site Diesel	14%
Site LPG	28%
Office Gas	30%
Office Electricity	23%
Air Conditioning	17%
Business Travel	1%

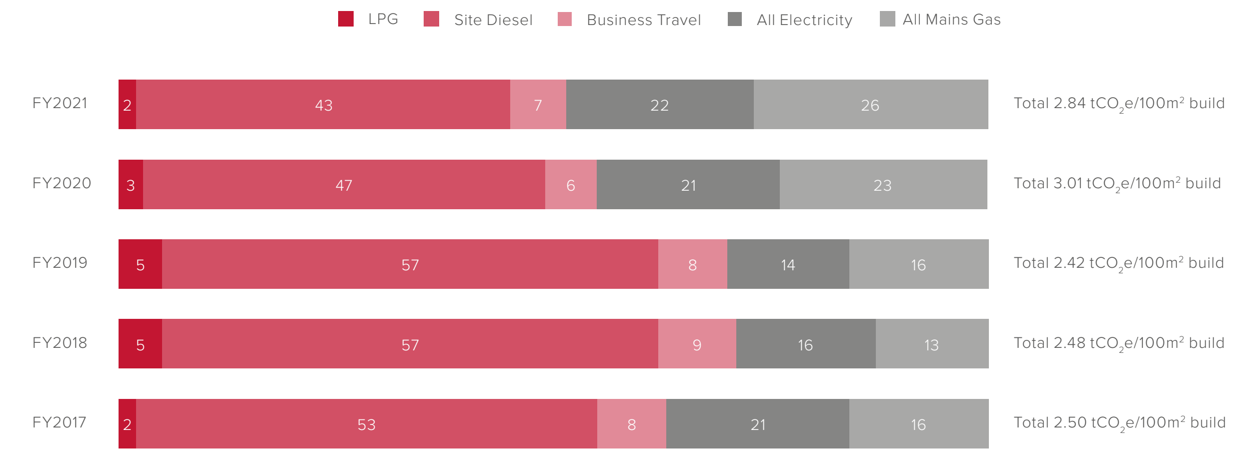
Our Offices

In February, we switched to a renewable electricity contract for all of our offices. During the reporting year, 3.3% of electricity (offices and sites) was from a renewable source. The contract will be reviewed annually to ensure it provides the most cost-effective and least carbon-intensive solution as the renewables market evolves.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

TOTAL EMISSIONS BY ACTIVITY %



Our Sites and Customer Experience Suites

From July 2021, all plots, show homes and site compounds will be supplied by 100% Green certificated electricity. This is backed by the Renewable Energy Guarantees of Origin (REGO) certificates – these act as a guarantee that the energy was produced from renewable sources.

During the year, our Yorkshire division trialled a hybrid generator system with solar PV and a smart energy management system. This system can result in fuel savings of between 33% and 50%, with the accompanying emission reductions, helping us to achieve our targets and reduce costs. It also reduces noise disturbance due to the reduced time the generator needs to operate. Savings in carbon during a three month trial were estimated at 7,902kg. We will continue to trial alternative systems to identify the best solution for wider roll out.

We are also exploring a company-wide roll out of energy-efficient site cabins. These will provide improved thermal insulation, double glazed windows with low u-values, energy efficient LED lights with PIR activation, energy efficient heaters with thermal cut out and energy efficient point-of-use hot taps. The cabins would also improve comfort levels for our site-based employees and contractors throughout the seasons.

With our supply partners, two trials are underway to explore the efficacy of Hydrotreated Vegetable Oil (HVO), a biodegradable non-toxic fuel that is produced from vegetable fats and oils. This could provide an alternative to diesel which is currently used in generators and other construction machinery. HVO can reduce carbon emissions by up to 90%. It also reduces particulate matter and Nitrogen Oxides which have a negative effect on air-quality.

As part of our effort to reduce the energy use of Customer Experience Suites and show homes, we have installed a 'one-switch' shutdown system for all of the lighting at our Newton Garden Village development. We continue to monitor the impact on consumption and cost with a view to a wider rollout.

CDP SCORE: B

Our Carbon Disclosure Project (CDP) score is B (based on 2020 submission. Score for 2021 not known at time of publication).

CDP DISCLOSURE INSIGHT ACTION

Travel

We have strengthened our commitment to reducing the carbon impact from our company car fleet and embraced the increase of Pure Electric vehicles into the market. Employees are increasingly opting for vehicles with a lower environmental impact – 73% of company cars ordered during the year were either Hybrid or Pure Electric. The current car choice is now 54% Pure EV, with options in all of our grades, and 34% Hybrid, with only a very limited amount with a purely petrol or diesel option.

To support this change we have installed charging stations at all of our divisional offices and enabled our employees to access preferential rates for installation of homes chargers.

We continue to offer employees the benefit of the Cycle to Work scheme, however the uptake has been low only with 2% of employees in the scheme at the end of the financial year.

Water Use: Our Operations

In 2017, we set a target to reduce the water intensity of our construction and office operations ($m^3/100m^2$ build) by 5% by the end of FY2022. In the last year, we have seen water use increase by 79%. This is an increase of 35% over the 2017 baseline.

As with our office and site energy data, in partnership with a new utilities management company, we have made improvements to the way we collect our water consumption data. In previous years, a large proportion of the readings were manually taken and many were estimated. The data collection is now automated and therefore much more accurate. It is disappointing to report such an increase however, this is not an increase in real-terms, and the high quality data we are now collecting will allow us to manage and measure our consumption more effectively.

Reducing our Carbon Footprint: Our Homes

From 2025, new homes built to the Future Homes Standard are required to have carbon emissions at least 75% lower than those being built to current Building Regulations standards. The forthcoming changes to Part L of the Building Regulations are due to be implemented in June 2022. They are intended to deliver a meaningful reduction in carbon emissions and to provide a stepping stone to the Future Homes Standard.

Although the Government has stated its intent to implement a 31% reduction in carbon levels over current Part L standards in June 2022, some aspects of the regulations remain unclear, namely the implementation of the Fabric Energy Efficiency Standard (FEES). The Government's preferred option is to provide a meaningful uplift in the building fabric, and the level of FEES was consulted on earlier this year. To mitigate the uncertainty we are assessing multiple avenues for our future building specification in response to the various possible directions of the legislation.

The two common approaches to compliance at this stage are either to continue using gas boilers and offsetting the emissions using PV panels, or to use air source heat pumps to provide heating and hot water. Both approaches come with their own risks and opportunities.

The Government is anticipating large scale uptake of air source heat pumps but recognises that they are not yet established as a mass market solution for providing low carbon heating. The skills and supply chains for heat pumps require further support and expansion in order to meet the demand that will be created by introducing the Future Homes Standard. We have some concerns about the noise and vibration created by the heat pumps and the effect on internal and external layouts. We are collaborating with several major heat pump manufacturers to assess the practical and design implications of incorporating them, and to better understand the impact for future customers.

Water Use: Our Homes

Conserving water is an issue of increasing importance; research shows that we are likely to face significant water shortages within the next two decades as the population grows, urbanisation continues and the climate continues to warm.

Our homes are already industry-leading in terms of water efficiency with a rating of just 105 litres per person per day – well below the building regulation requirement of 125 l/p/d. This is achieved with highly efficient fixtures, water saving baths and flow restrictors.

We continue to provide guidance for our customers on how to use less water in the home and garden. In the year, 6% of completed homes were installed with a water butt.

PRODUCT INNOVATION

At Redrow we are continuously looking to improve and innovate to better meet our customers requirements and aspirations.

Building Envelope

Tackling climate change and simultaneously reducing our customer's energy bills are key considerations in the way we design our homes. Our design process focuses on the right layout, materials and products to retain heat within the home. This is achieved through greater insulation levels, high specification doors and windows, efficient boilers and focus on achieving increased air tightness. Our approach requires that our homes improve air tightness by 50% over and above the regulatory requirements, reducing leakage to a maximum of $5m^3$ ($h.m^2$). As a result, our homes are 'B' rated, on average, for energy efficiency, comparing to the UK average home which is 'D' rated.

As dwellings become better insulated, the importance of thermal bridging is increased. In very well insulated dwellings the effect that thermal bridging can have on the overall thermal performance of a dwelling can be significant – recent research has shown it could be responsible for up to 30% of a dwelling's heat loss. To mitigate heat loss through thermal bridges we use thermal modelling software to assess our construction details and to optimise their performance.

We are working in collaboration with a number of our key suppliers to improve the building fabric performance of our homes:

- With Keystone Lintels we have developed and implemented a thermally broken lintel as part of our standard specification. This lintel loses almost four times less heat than a standard steel one and therefore reduces overall heat demand.
- With two of our suppliers – Keyhouse and Rooms and Views, we are developing a pre-manufactured bay window. This solution would reduce embodied carbon and thermal bridging and improve the overall fabric

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

performance. Traditionally constructed, this is a complicated area of the build involving several trade disciplines. Building these within a factory would allow us to achieve a quality of detailing that would otherwise be difficult to achieve on site as well as saving time and cost.

- To optimise natural daylight in rooms we are working with Velux to assess what changes can be made to the way we design and install roof windows. This will also reduce the reliance on electric lighting and increase levels of natural ventilation.

Minimising Overheating and Improving Indoor Air Quality

With the climate warming up, the Government have identified overheating as a key issue in the current review of the Building Regulations. Our current approach uses a mixture of natural and mechanical extract ventilation to ensure our homes are adequately ventilated; this can also assist in reducing overheating in summer months.

With better science and understanding, climate scenarios for the UK are changing. As a country, we are already experiencing hotter periods and this can affect people's health and comfort levels, both whilst outside and indoors. To help us understand how we can minimise the risk of overheating in homes both now and in the future we are sponsoring two PhD students and collaborating with the Centre for the Built Environment at Birmingham City University. The aim of the project is to propose cost-effective scalable solutions to improve indoor air quality, reduce overheating in new homes, and critically, take human behaviours into account so that homes are comfortable to live in.

We are also working with AECOM on a study commissioned by government to investigate ventilation performance and indoor air quality in newly built homes. The study comprises walk-through inspections of homes to test the installed performance of ventilation products as well as extended monitoring of temperature, humidity, carbon and other pollutants.

The practical knowledge and solutions gained from these collaborations will be used to inform and develop our future housing designs.

Renewable Energy

The community energy centre at our Saxon Brook development in Devon will save 4,173 tonnes of carbon each year once completed. This is a reduction of 64% when compared to an equivalent development with traditional home energy systems.

To future-proof our homes and to facilitate customer choice, we offer the option of an electric vehicle (EV) charging point. In the year 24% of our customers chose to upgrade and have access to an EV charging point.

As part of our ongoing product development we are trialling several low-carbon technologies for room and water heating in our homes: a smart home and energy management system which has the following features:

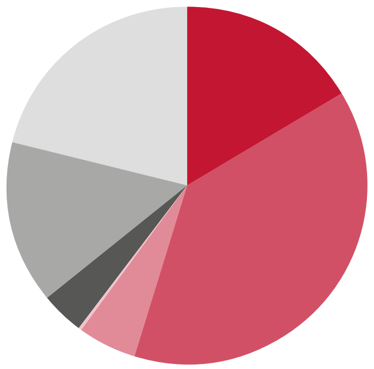
- Intelligent light switches that can reduce the total energy consumption of a home by up to 20%. This is achieved through the system observing and learning the occupancy pattern and then adapting the heating and lighting to avoid wasting energy on empty homes or unused parts of the house; and
- Energy management system comprising solar PV panels, battery storage and an intelligent hybrid inverter that looks to achieve net zero electricity use in the home.

EMBODIED CARBON

We know that reducing the embodied carbon of our homes will play a significant role in our pursuit of Net Zero Carbon. This is a huge challenge for the sector and will require extensive collaboration with the supply chain, building on the work we are already doing.

To provide an understanding of our baseline, we have undertaken an embodied carbon study on our most popular housetype. The study was carried out using the LifeCYCLE carbon model, and it focused on the 'Product and Construction' stage – this includes embodied carbon associated with the manufacturing and installation of the components used for the substructure, superstructure, internal finishes, sanitaryware, fixtures and fittings, services, external works and transportation.

ELEMENTAL CARBON PROPORTION FOR A REDROW HOUSE TYPE (KG) (PRODUCT AND CONSTRUCTION STAGE)



16.51% Substructure
38.35% Superstructure
5.17% Internal finishes
0.37% Fixtures and fittings
3.77% Services
14.79% External works
21.04% Transport

STRATEGY IN ACTION

2021 marks our five year anniversary working in partnership with the Community Wood Recycling Scheme, a national network which provides a collection service for excess wood.

Image: Wood recycling being carried out in the local community

The Scheme operates as a social enterprise, creating jobs and training opportunities for local people.

In 2021, 518 tonnes of wood was collected from Redrow sites and diverted from landfill. That is equivalent to the weight of approximately 50 double decker buses. 10% of the timber was 'high-grade' and subsequently used by communities for DIY and building projects, or made into products such as bird boxes. The remaining wood has been processed into firewood, kindling and woodchip helping to displace fossil fuels.

Richard Mehmed, Managing Director of the Community Wood Recycling Scheme commented, "We are delighted to be able to work with Redrow. Collecting wood from Redrow sites has created new, paid jobs and training opportunities for local people, which is making a difference to local communities as well as delivering positive outcomes for society. Our partnership with Redrow has a positive environmental impact as wood is given a new purpose, which supports the circular economy and reduces the demand for new materials."

Community Wood Recycling

Read more about the work we're doing with the SCSS in the Partnering with Our Supply Chain section on pages 52 to 53 and 161.

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

The results show that the carbon arising as a result of the 'Product and Construction' stage of this house type is 704kg of CO_2e per m². This can be compared to* the Royal Institute of British Architects (RIBA) 2030 Climate Challenge carbon target, which for 2025 is <800kg of CO_2e/m². The RIBA 2030 Climate Challenge provides a stepped approach towards reaching Net Zero Carbon and sets a series of targets for embodied carbon and operational energy for adoption by the sector.

Over the next year, we will undertake a detailed assessment of all our indirect scope 3 emissions which will build on this piece of work. This forms part of our commitment to sign up to the Business Ambition for 1.5°C and to reach science-based net zero emissions no later than 2050.

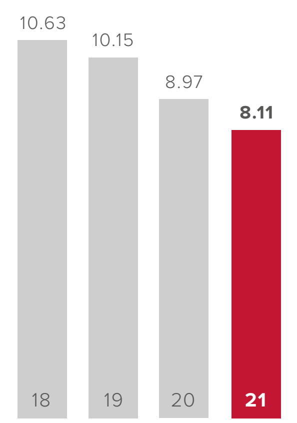
Reducing Waste

Reducing the amount of construction waste we produce is important for several reasons. The extraction of raw materials and the manufacturing and distribution of products contributes to global carbon emissions, and to the indirect emissions within our carbon footprint. Along with the rest of the sector, we are experiencing price increases and delays in the delivery of some materials. This is due to increases in worldwide demand as a result of the global pandemic and compounded by Brexit.

It is our aim to minimise the consumption of virgin raw materials and to maximise the value and lifespan of the materials and products we use.

In 2018 we set a target to reduce construction waste intensity (tonnes/100m² build) by 10% by the end of the financial year 2022 (over a 2017 baseline). At the end of the financial year ended June 2021, we have achieved a 24% reduction, far exceeding the target.

TONNES OF WASTE PER 100M² OF BUILD



'Reduce the Rubble' Research Project

In 2020, we launched 'Reduce the Rubble' – a pioneering initiative that sought to drill down and identify every component of waste generated during our build process. The aim was to understand the root causes of waste arising, and to identify how waste could be eliminated, reduced or re-used.

Our most popular housetype – a detached, four bedroom family home from our Heritage Collection was selected and the study was undertaken across three representative sites.

The study identified more than thirty opportunities for reducing waste. These have been prioritised and are being evaluated by our Buildability and Waste Working Group. To date, changes to the size of skirting and architrave have been approved without impacting on quality and customer expectations and changes to ceiling heights are being explored.

Since the project started, more than half (53%) of those working across the three study sites are now sharing their ideas on continuous improvement and examples of best practice with the wider business.

Redrow is a participating member of the Supply Chain Sustainability School's 'Waste Special Interest Group' – a collaborative project with the peer group to research packaging waste at its manufacturing and supply source.

RESPONSIBLE SOURCING

Through our Purchasing Sustainable Timber Products Policy, we require that all of our timber is certified by either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). This means it is sourced from suppliers who are accredited and where chain-of-custody is maintained down the supply line.

We continue to uphold the principles and processes we developed in partnership with the World Wildlife Fund Global Forest Trade Network (WWF GFTN) before the network closed in 2018.

	2021	2020	2019
100% of timber responsibly procured	99.6	99.9	99.9

PARTNERING WITH OUR SUPPLY CHAIN

The importance of working closely with suppliers and subcontractors and maintaining a strong supply chain are principles that have long been established within Redrow. A large number of our relationships with supply partners extend beyond 10 years, some in excess of 20 years. The longevity of our partnerships is testimony to the value Redrow and our suppliers and subcontractors place in having a relationship where all parties share a similar

vision, and have the working practices required to deliver sustainable outcomes.

By working jointly with our supply partners we can continuously look to improve our financial, social and environmental performance. This year, we have developed innovations in a number of areas including changes to the construction process to improve deliverability and investing in our IT systems to improve the efficiency of materials ordering and payment.

As a partner of the Supply Chain Sustainability School, we actively encourage our material suppliers to also join as members. Membership allows them free access to training on a vast range of subjects thereby improving the sustainability of their own business and helping us to respond to sustainability issues in a productive way.

Membership of the Supply Chain Sustainability School and the benefits it brings are discussed regularly both internally and with suppliers. The challenges that the industry faced as a result of both Brexit and the global pandemic left little opportunity for us to effectively promote and increase membership of the Supply Chain School within our supply chain. As a result, membership of the School by our supply chain has remained fairly static at 33%.

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Improving the Social and Environmental Performance of our Supply-Chain

Through our pre-tender qualification process and on renewal of an agreement, we assess the performance of our supply partners through our Appraisal process. The assessment looks at a range of environmental, social and governance (ESG) issues including – financial, production, quality assurance, route to market, customer service, energy, transport, health & safety, welfare, discrimination, fair pay, unsafe working conditions and compliance with legislation such as the Modern Slavery Act and the Working Time Regulations.

At a more granular level, the Appraisal allows us to maintain a supply chain map which identifies the source of the raw materials and the country of manufacture. This gives us visibility on products and materials that are supplied from countries with a higher social risk profile.

The issues we evaluate during the Appraisal are subject to regular review. It is also used to help us identify areas where we could work collaboratively with partners to deliver improvements such as reducing carbon emissions and waste.

Using the data collected in the Appraisal we have calculated that the recycled content in a typical Redrow home is approximately 11%. This exercise highlighted that the lintels, aircrete blocks, bricks, plaster products and drainage goods that we specify have the highest

Image: FSC timber being delivered to site

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

STRATEGY IN ACTION

We have taken part in a paint can recycling scheme for almost a decade, previously in partnership with Dulux and now with Crown. Working with our nominated paint manufacturer and our painting subcontractors, empty paint cans are recycled into new products such as plastic piping and outdoor furniture.

More than 26,000 paint cans were recovered from our sites during the year and the subcontractor who made the most significant contribution is being rewarded with benches made from recycled cans.

Furthermore, our pallet repatriation scheme has seen in excess of 39,000 pallets recycled this year.

proportion of recycled content. We will continue to measure this and to work with our supply chain to increase the recycled content – which will reduce both embodied carbon and our reliance on raw materials.

To ensure that everyone remains aligned to our supply chain policy commitments, changes to National agreements are discussed regularly with the divisional commercial teams and supply partners. Matters are also discussed and monitored by the Executive Board through regular reporting and discussions.

Bi-annual formal reviews are conducted with supply partners to monitor performance over the review period across a number of key performance indicators – suitability, quality, service, deliveries, lead times and customer service.

ADAPTING TO A CHANGING CLIMATE

Mitigating Flood Risk

To alleviate the effects of climate change and flood risk on our developments, we incorporate Sustainable Urban Drainage Systems (SuDS) on many of our developments. These are designed to mimic the natural drainage of surface water by managing rainfall. Where possible, we design swales and attenuation basins to retain some areas of permanent water which provide a landscape feature, and a water source and habitat for local wildlife.

We have identified an opportunity to develop Rain Water Gardens at our Queenshill site in Newport. The SuDS features will comprise of a crate tank and an attenuation basin, landscaped with a mixture of shrubs, trees and wildflower planting, permeable paving, swale features and a road side rain garden and filter strips. Once completed, it will provide an attractive, plant-rich development which will support the wellbeing of the community and local biodiversity as well as reducing flood risk. This is a nature-based solution with multiple benefits.

Read about how we are managing climate-related risks in the TCFD section on pages 163 to 167.

Read about how we are minimising the risk of overheating in our homes on pages 49 to 50.

Engaging Across the Sector

We are members of the following cross-sector groups:

- Home Builders Federation National Technical Sustainability Committee (NTSC)

  Its members review and comment on aspects of government policy in particular what changes are required to technology and building practices to meet future regulations.

- Home Builders Federation Future of New Homes Group

  This is a subcommittee of the NTSC. The Group focuses on building performance and during the year it's priority has been to understand and plan for forthcoming changes to Building Regulations Part L and F, SAP, heat pumps, EV charging and hydrogen boilers.

- Future Homes Task Force (FHTF)

  The FHTF brings together representatives from across all sectors that have an influence on shaping new build homes including the government, house builders, utility providers, material suppliers and environmental groups.

The ability to design and deliver low and net zero carbon homes in a realistic and deliverable way will require coordination across many different players in the sector. The Task force is leading on the development of an overarching Delivery Plan which will respond to the key environmental targets – Net Zero Carbon, the natural environment, resources, water and air quality.

Image: Windmill Views, Barnham, West Sussex

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STRATEGIC REPORT

OPERATING REVIEW CONTINUED

VALUING PEOPLE

REAL LIVING WAGE ACCREDITATION

As part of our commitment to create a supportive environment for everyone who works in the Redrow family, we are proud to now be accredited as a Real Living Wage employer.

This voluntary benchmark is for employers that wish to ensure their staff earn a wage they can live on, not just the statutory minimum, as it is the only hourly rate calculated based on the costs of living.

As well as our own employees our commitment also extends to our suppliers and subcontractors.

We are proud to join this voluntary movement of 7,000 employers who, as the Living Wage Foundation says, are "businesses that recognise that paying the Real Living Wage is the mark of a responsible employer".

EQUALITY, DIVERSITY AND INCLUSION (EDI)

We are committed to continuously promoting Equality, Diversity and Inclusion throughout the business to build a culture that is inclusive to all, actively values difference and ensures everyone is treated fairly. Our Policy and all its associated initiatives will deliver an EDI agenda which focusses on attracting and retaining a diverse workforce which promotes an inclusive environment, where all employees are given equal access to opportunities allowing them to contribute their best work and develop to their full potential.

As an 'Equal Opportunities' employer and working hard over several years to employ and promote more women in construction and technical roles, we continue to drive towards an all-encompassing culture of equality, diversity and inclusion.

An EDI Working Group was formed in October 2019. The 50 plus volunteer members act as EDI representatives to support and facilitate delivery whilst promoting the policy and its principles throughout their divisions. They represent colleagues and feed back any suggestions and ideas to ensure EDI is always developed and maintained. Every business division and Head Office is represented on the EDI Working Group.

We also have a dedicated EDI intranet page and employees are encouraged to share stories and events from a diverse range of cultures. For example, we have celebrated Chinese New Year, championed women in construction on International Women's Day, shared articles and blogs about Ramadan and an inclusion calendar is available for all to learn and share information on key dates and celebrations.

Over 30 virtual workshop sessions have been delivered to more than 350 colleagues, including Executive Board members and leadership teams, to inspire managers to be inclusive, effective and to encourage and embrace diversity in all aspects of the business, ensuring that colleagues' similarities and differences are celebrated in an environment where all employees can fulfil their potential. We have e-learning outlining the benefits of EDI available to everyone in the company.

We have also introduced specific diversity targets to our recent recruitment campaign for new graduate employees. This was a success with a significant increase in the number of females and employees from BAME (Black, Asian or Minority Ethnic) backgrounds (over 30% female recruits and 25% from a BAME background).

EDI will be embedded throughout all stages of an employee's journey ensuring all individuals receive fair and equal treatment from recruitment and selection, to on-boarding and induction, learning and development, promotion and career progression to employment benefits, terms and conditions and facilities.

Redrow is also proud to be a member of Inclusive Companies, the Diversity Jobs Group and Business Disability Forum. Working with the Business Disability Forum to become Disability Confident.

We want employees to feel they work within an open and inclusive culture, where they can come to work and be their true selves and fulfil their potential with the relevant support. We want colleagues to feel valued, respected and recognised, feeling empowered in their role to contribute their best. We also want to attract and retain a diverse talent pool, with different skills and experiences, bringing creativity and innovation.

EMPLOYEE ENGAGEMENT

Redrow 2025

This is an ambitious project focused on accelerating innovation across the business and commenced during the year with the biggest team consultation in Redrow's history.

Over 2,000 colleagues input their thoughts and ideas via a combination of surveys, virtual conferences, focus groups and one to one meetings. All the ideas have been collated and are helping to shape strategy and development projects which will be formally announced later in the new financial year.

INsight Employee Engagement Survey 2021

The results from our latest survey in March 2021 showed that the overall Engagement index had increased slightly to 82%, a particularly pleasing result in the context of the past year. We were pleased to maintain a high response rate (81%) and high scores in areas such as "proud to work for Redrow" (93%) and "would recommend Redrow to a friend" (88%).

Highlights are:

- 93% proud to work for Redrow;
- 88% would recommend Redrow as a place to work;
- 95% of colleagues believe we have a good future as a company;
- 89% of colleagues feel supported by their manager and 89% believe their manager genuinely cares about them as a person;
- 87% of colleagues believe we are committed to promoting a culture of equality, diversity and inclusion; and
- 82% believe the company cares about their personal health & wellbeing.

Workforce Engagement

During the year we formed a national Workforce Engagement group of representatives from across all of our divisions. This forum will enable the sharing of ideas and suggestions from the workforce with our Nominated NED for Workforce Engagement, Nicky Dulieu. Nicky hosted our first virtual meeting in May where discussion points raised included communication, benefits and working arrangement. Feedback from the representatives was unanimously positive welcoming the openness of the debate.

Nicky gave feedback to the Board and we were pleased to implement the following improvements:

- All Sales Consultants to have one weekend off every 6 weeks

  At Redrow, a healthy work-life balance is very important to us and we understand that our employees want to have the flexibility to make plans and enjoy time with their friends and family. Our Sales Consultants provide continuous support to our customers 7 days a week and for this we are exceptionally grateful. That is why from October 2021, all of our sales consultants will be given one weekend off every six weeks.

- Quarterly Update from our Managing Directors

  It was great to hear our representatives share best practice of what works well in their division and something that was very clear was the appreciation of regular updates from the Managing Director or Head of Department. The whole group felt strongly that this was something all colleagues would benefit from. Moving forward we have asked all Managing Directors and Heads of Department to provide an in person or video update to provide an overview of news within each division and beyond. We hope this will support us in keeping everyone informed and up to date across the business.

- Improved PPE for employees and visitors

  Over the last 12 months we have made great strides in continuing to embed equality, diversity and inclusivity in everything we do here at Redrow. Working closely with our ED&I representatives across the divisions has allowed us to better understand how we can continue to adapt and make changes for the better. Feedback from the workforce engagement group and our representatives has highlighted a key area for improvement which focuses on our PPE offering and the

Image: Sales Consultant at Ledsham Garden Village, Cheshire

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

facilities accessible to females on site. We are currently in the process of reviewing our PPE to ensure that this is suitable for all colleagues and visitors who come to our sites, as noted earlier on pages 41 to 42. This includes widening the range of sizes for boots, high vis and hard hats.

The group will meet every 6 months from now on and will be able to table comments in between.

LEARNING AND DEVELOPMENT

Learning & Development continues to be at the heart of our business. This year we have seen a successful move to a more dynamic and flexible approach to our training by delivering shorter focused virtual sessions. In total we have delivered 4,083 training days, overall this has led to a reduction in training days per head but a more effective and efficient delivery method.

We have also seen great success with our external partners who have switched to remote delivery, this has meant our employees have still maintained high levels of engagement and learning via Google Classroom and virtual environments. Our new remote delivered programme in the form of our Level 4 Apprenticeship in assistant site management operated by NHBC has been a great success and the added flexibility of remote learning has been fully embraced.

In addition to these successes we have also invested in upgrading our Learning Management system, Your Learning, improving the user journey and enhancing resources through internal development and hosting of external content and resources.

We are committed to succession planning and developing the next generation of homebuilders and are pleased to have had 211 internal promotions in the financial year.

Redrow Housebuilding Degree with Liverpool John Moore's University and Coleg Cambria

Fully funded by Redrow, this specialist degree is designed to provide support and on the job experience, while expanding knowledge in all areas of construction technology and management. From building regulations, surveying and setting out, project management and health

STRATEGY IN ACTION

NHBC TRAINING HUB

This has been developed by Redrow on behalf of the NHBC.

The Hub has a clear focus on the skills needed in the house building sector and on quality issues within brick and blockwork. Through upfront intensive blocks of learning rather than day release, our aim is to produce bricklayers who can positively contribute onsite early in their apprenticeship and complete their programme within 18 months.

The NHBC bricklaying Training Hub, Tamworth, Midlands

This one-of-a-kind, purpose-built facility will immerse bricklaying apprentices in a realistic working environment. The site resembles a typical site compound, with a large covered central space for practical work alongside high specification classrooms and welfare facilities. The Hub design was informed by an industry working group and built in partnership with Redrow to meet the very specific needs of all housebuilders.

"With the collaboration and support of Redrow's Midlands division, the NHBC Training Hub will help to address the vital skills' gaps in the house building industry and provide employment opportunities for many young people for years to come."

Steve Wood, Chief Executive – NHBC

Image: Redrow apprentice learning bricklaying at the NHBC Training Hub

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

and safety to construction law, maths and economics, the syllabus provides a fantastic opportunity to enhance understanding of our business and the wider industry.

We originally offered this as an upskilling option for our existing employees and our first cohort has graduated this year. In 2020 we opened the degree to new entrants for the first time and recruited 16 youngsters who had completed their A levels and were looking for a "learn and earn" option. We were delighted with the calibre of the applicants and hope this will prove a successful pipeline for future talent.

Graduate Opportunities

We realised in the summer of 2020 that our swift return to production put us in a strong position to offer opportunities for graduates who had seen their career options limited by COVID-19. We opened up 30 training positions across our divisions and group support functions.

Interest was high with over 1,100 applicants and we were delighted with the calibre. As part of our drive to increase diversity in our workforce we ensured that our recruitment process was as inclusive as possible and this resulted in an improvement to 25% of the successful applicants being from a BAME background and over 30% female.

Conscious that these new colleagues were largely working from home initially and would not have benefited from building working relationships as quickly as usual we designed a "virtual induction" process which has continued throughout with regular catch ups and introductions to the leaders across the business.

HEALTH AND WELLBEING

The Company recognises that the physical and mental health and wellbeing of its employees is vital to the success of the business.

During the COVID-19 lockdown period and in the time since, there has been an increase in the frequency and quality of employee communications with a particular focus on supporting the whole family. We have signposted quality educational resources to support employees who were homeschooling their children and hosted workshops with one of our charity partners, the NSPCC, on childrens' mental health, resilience and on-line safety.

We have continued to train Mental Health First Aiders across the Divisions, in both offices and onsite and have implemented support mechanisms for them including a closed forum on the Company's intranet and a Buddy System.

We have continued and enhanced our promotion of MyLife, our employee assistance programme which is available to all employees, subcontractors and their families 24/7.

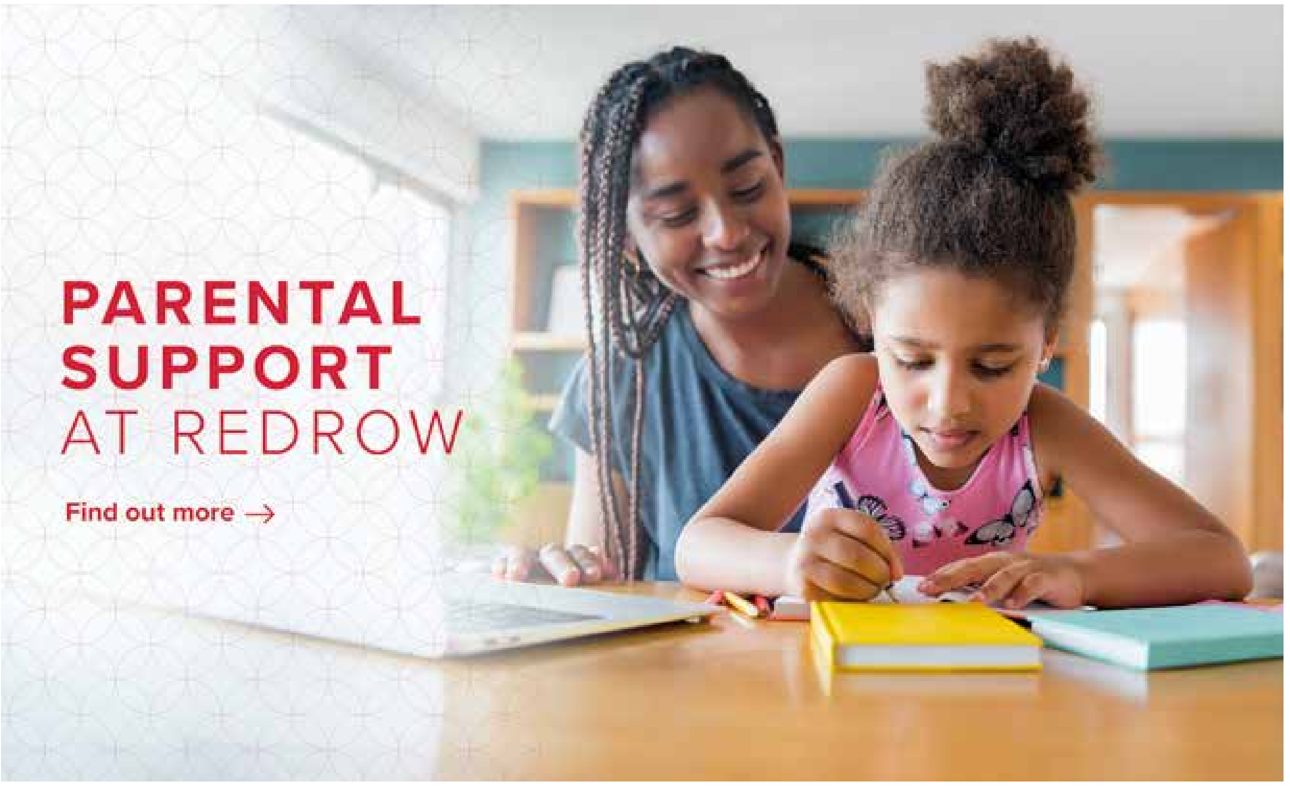


Image: Parental support for colleagues as advertised on the Redrow intranet, Engage

STRATEGY IN ACTION

GRADUATE COMMUNITY PROJECT

As part of our commitment to social mobility we tasked our current Graduate Trainee cohort to identify and engage with schools close to a Redrow development with a high pupil premium that would benefit from the provision of donated educational wildlife resources.

The projects supported their development in team-working and included the project management of the design, creation and delivery of wildflower planters, bug hotels, bird boxes, mud kitchens and living walls from recycled and sustainable materials, all agreed in consultation with the schools and children. The teams approached our subcontract partners for donations of materials and our apprentices and site teams helped build the items and then provided delivery to sites.

Children across the country were given the opportunity to immerse themselves in the natural environment, while contributing to our communities at the same time.

Schools in Cheshire, Wakefield, London, Newport, Deeside, Oldham and the South Midlands all benefited from the work of Redrow graduates.

Karen Jones, HR Director of Redrow, commented: "Our graduates have had to project manage the design, creation, and delivery of wildflower planters, bird boxes, bug hotels, mud kitchens and other creative items, using sustainable and recycled materials.

They worked with our site teams, trade apprentices and subcontractors to build the items, and provide the plants, seeds and flowers. We think they have done a fantastic job and are proud of what they have achieved and would like to thank everyone involved for providing them with support.

Redrow's well-established Graduate Community Programme has long benefitted local neighbourhoods. The latest outreach has been adapted to take social distancing regulations into consideration, but we were keen to keep adding value to the communities we are at the heart of."

Rebecca Blott, a current graduate on Redrow's programme, added: "Seeing how excited the children were to receive the planters and plant the wildflower seeds made all the logistical difficulties worthwhile.

The graduate scheme provides first-hand insight into every department within Redrow and invaluable exposure to the construction industry as a whole. For anyone thinking of joining a similar scheme, my advice would be to go for it!"

Image: Graduate Rebecca Blott with children from Nicholas Hawksmoor Primary School in Towcester, Northamptonshire

Image: Assistant Site Manager Obie Ebizie with children from Whitegate Primary School in Oldham, Lancashire

STRATEGIC REPORT

OPERATING REVIEW CONTINUED

Throughout the periods of full and partial lockdown and in the return to workplaces we have consciously adopted an approach of more personal engagement with employees, with the HR Business Partners supporting our people to manage their personal challenges on an individual basis rather than one size fits all policies.

We have introduced a fortnightly Health and Wellbeing newsletter distributed to colleagues across the business giving useful tips and links to quality resources.

We have facilitated many new online sessions for employees from yoga and mindfulness to financial wellbeing webinars hosted by the Company's pension provider.

The HR department has a dedicated team focusing on health and wellbeing to ensure that health remains a key priority and that the wellness initiatives in place are fit for purpose.

COMMUNITY ENGAGEMENT

In addition to the monies Redrow invests to fund improvements to local communities linked to planning consents, many of our divisions operate voluntary Community Funds. Applications are invited from local charities, community groups and worthy causes in the locality of our developments and considered by a funding panel with the objective of sharing the funding across a diverse range of local projects that would benefit.

Examples of the types of organisations and projects supported in this way during the year include:

- A variety of local junior sports clubs to provide equipment;
- Food banks;
- Local primary schools; and
- Community care and support groups.

We are mindful of the extra pressures charities and community groups have faced this year because of COVID-19.

Image: A selection of community engagement projects completed during the year

STRATEGIC REPORT

FINANCIAL REVIEW

"This year the Group has delivered a strong set of results, above expectations, representing a significant improvement on the prior year which was severely impacted by the COVID-19 pandemic".

BARBARA RICHMOND
Group Finance Director

PROFITABILITY

This year the Group has delivered a strong set of results, above expectations, representing a significant improvement on the prior year, which was severely impacted by the COVID-19 pandemic.

Total Group revenue was £1.9bn (2020: £1.3bn), an increase of 45%. Homes revenue was £1.9bn (2020: £1.3bn) from the completion of 5,620 new homes (2020: 4,032) and other revenue from land sales was £37m (2020: £7m) which included the disposal of two London sites the Group decided not to build out.

Average selling price increased by 2% to £338,500 (2020: £330,400) due to an increase in both private and affordable housing selling prices compared to the previous year. The private average selling price at £391,900 was 1% higher than last year (2020: £386,700) with our Heritage Collection private average selling price increasing to £393,900 (2020: £388,700). Homes revenue increased across all geographical regions with the largest increase in the South.

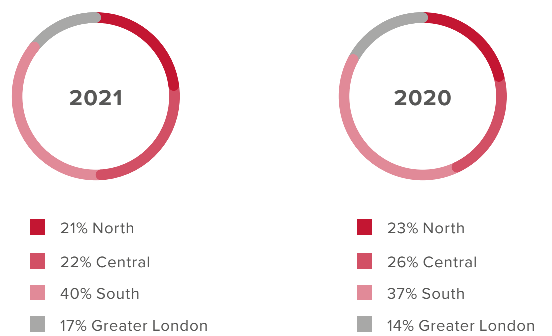
As a result of the increase in legal completions and the fixed nature of certain elements of cost of sales, gross margin increased to 21.4% compared to 18.1% in the prior year. This resulted in a gross profit of £414m, up 71% on last year (2020: £242m).

Administrative expenses reduced slightly in absolute terms to £93m in the year (2020: £94m) and, again due to their relatively fixed nature, reduced more significantly as a percentage of revenue to 4.8% (2020: 7.0%).

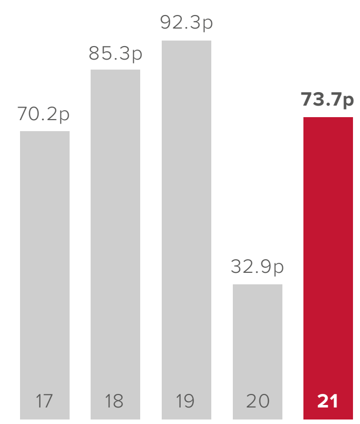
The Group therefore delivered an operating profit of £321m (2020: £148m) in the year at an operating margin of 16.6% (2020: 11.1%).

Net financing costs at £7m were £1m lower than the prior year with bank interest reducing due to the improved net cash position. We had an average monthly net cash balance of £142m for the year compared to £2m the previous year.

HOMES REVENUE BY GEOGRAPHY



EARNINGS PER SHARE



STRATEGIC REPORT
FINANCIAL REVIEW CONTINUED

As a result, the Group delivered a profit before tax of £314m (2020: £140m) for the year with basic earnings per share up 124% at 73.7p (2020: 32.9p).

TAX

The corporation tax charge for the year was £60m (2020: £27m). The Group's tax rate for 2021 was 19% in line with 2020. The normalised rate of corporation tax for the year ending 30 June 2022 is also projected to be 19% based on rates which are substantively enacted currently. HM Treasury has undertaken a consultation on a Residential Property Developers Tax, the outcome of which is awaited. We would expect to be within the scope of this new tax, which is currently expected to commence in April 2022 per the consultation.

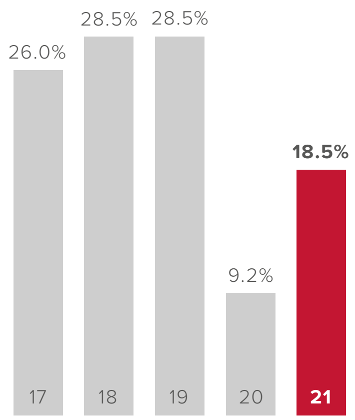
The Group paid £54m of corporation tax in the year (2020: £64m), in four instalments. In the previous financial year, the new legislation for corporation tax payments by very large companies took effect. This resulted in Redrow paying six instalments in the financial year ended June 2020.

DIVIDENDS

The Board has proposed a 2021 final dividend of 18.5p per share which will be paid on 17 November 2021 to Shareholders on the register on 24 September 2021, subject to Shareholder approval at the 2021 Annual General Meeting. The full year dividend is therefore 24.5p (2020: nil p) on earnings per share of 73.7p. This is a return to a payout ratio of 33% of earnings following a pause in dividend payments last year due to the uncertainty surrounding the pandemic.

Based on a corporation tax rate of 25% in FY2024, we are targeting earnings per share of at least 90.0p and therefore a dividend per share of at least 30.0p. This represents a like for like increase on FY2021 dividend levels of 32%.

RETURN ON CAPITAL EMPLOYED



RETURNS

Net assets at 27 June 2021 were £1,872m (2020: £1,626m), a 15% increase. Capital employed at the same date was £1,712m (2020: £1,752m) down 2% due to the increased net cash and a return to more normal levels of work in progress. Our return on capital employed increased to 18.5% (2020: 9.2%) (See note 15f). Return on equity also increased from 8.7% to 18.0%. (See note 23).

INVENTORIES

Our gross investment in land was broadly in line with prior year levels at £1,526m (2020: £1,538m) representing owned with planning land holdings of approximately 5.2 years. Approximately 43% of our current land bank additions in 2021 came from our forward land holdings, broadly in line with the five year average contribution.

Land creditors decreased slightly to £294m at June 2021 (2020: £302m) representing 19.3% of gross land value, broadly in line with the prior year (2020: 19.6%).

Our owned plot cost has reduced by £2,000 per plot to £76,000 at June 2021 (2020: £78,000), representing 19% of the average selling price of private legal completions in the year (2020: 20%). This is in part due to obtaining planning permission for a further 1,100 plots on our Colindale site in London.

Our investment in work in progress has decreased by £60m to £987m (2020: £1,047m). This reduction from the higher than normal closing position last year was expected and is a consequence of the timing of legal completions this year compared with 2020. As a percentage of Homes turnover, it reduced to 52% from 79% last year.

RECEIVABLES

Trade receivables and contract assets increased by £50m at June 2021 to £75m (2020: £25m) due primarily to the timing of PRS receipts. Other receivables increased from £8m to £21m mainly due to the timing of the recovery of VAT on land payments.

PAYABLES

Trade payables, customer deposits and accruals were £3m higher than 2020 levels at £607m (2020: £604m) with trade payables increasing and customer deposits decreasing reflecting levels and timing of activity.

CASH FLOW AND NET DEBT

There was a cash inflow generated from operations of £362m in the year (2020: cash outflow of £80m). This is due to the increase in legal completions and hence revenue and cash receipts. As a result, we closed the year with a net cash of £160m compared to a net debt balance at June 2020 of £126m.

FINANCING AND TREASURY MANAGEMENT

In March 2021, we extended our unsecured £350m syndicated loan facility due to mature in December 2022 to 30 September 2025. In the light of net cash projections, at the same time we cancelled £13m of committed, unsecured bilateral facilities, as these were no longer required.

Redrow remains a UK based housebuilder and therefore the main focus of its financial risk management surrounds the management of liquidity and interest rate risk. Financial management at Redrow is conducted centrally using policies approved by the Board.

(i) Liquidity

The Group regularly prepares and reviews its cash flow forecasts and stress tests them. These are used to manage liquidity risks in conjunction with the maintenance of appropriate committed banking facilities to ensure we maintain medium term committed banking facilities sufficient for a major market breakdown.

Facilities are kept under regular review and the Group maintains regular contact with its banks and other financial institutions; this ensures Redrow remains attuned to new developments and opportunities and that our facilities remain aligned to our strategic and operational objectives and market conditions.

Our current banking syndicate comprises six banks and in addition to our committed facilities, Redrow also has further uncommitted bank facilities which are used to assist day to day cash management.

(ii) Interest Rate Risk

The Group is exposed to interest rate risk as it borrows money at floating rates. Redrow occasionally uses simple risk management products, notably sterling denominated interest rate swaps, as appropriate to manage this risk. Such products are not used for speculative or trading purposes. Redrow regularly reviews its hedging requirements. No hedging was undertaken in the year or the previous financial year and no interest rate swaps are held currently (2020: nil).

PENSIONS

As at June 2021, the Group's financial statements showed a £40m surplus (2020: £22m surplus) in respect of the defined benefits section of The Redrow Staff Pension Scheme (which closed to future accrual with effect from 1 March 2012). The £18m increase is mainly due to experience adjustments as a result of the triennial valuation of the defined benefit element of the Scheme as at 1 July 2020 being completed in the year.

BARBARA RICHMOND
Group Finance Director

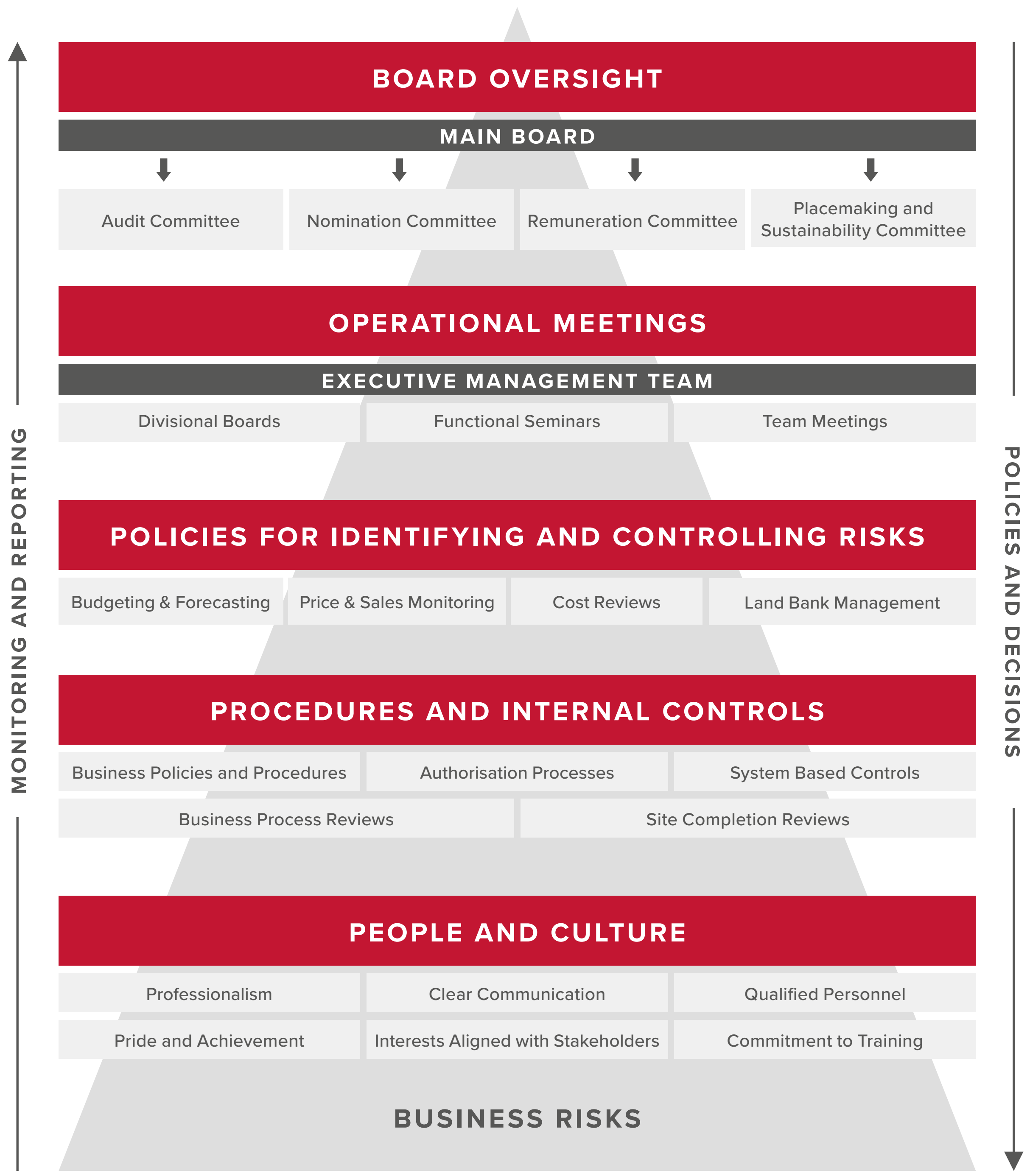
14 September 2021

Image: New Fields, Chichester, West Sussex

STRATEGIC REPORT

RISK MANAGEMENT

HOW WE MANAGE RISK



OUR RISK MANAGEMENT PROCESS

Our Risk Assessment Process

Key Risk Management Objectives:

- To ensure our approach to risk meets the needs of our business and its key stakeholders;
- To ensure that a robust assessment is made of emerging and principal risks;
- To effectively communicate our risks and define responsibilities in order to manage risk;
- To continually evaluate and review the impacts of any potential new risks occurring within our business; and
- To develop and implement action plans to mitigate risks as appropriate.

Identify	Mitigate	Review	Monitor
Key areas of focus	Implement control processes and insurance	Performance, principal risks and controls	Use of key risk indicators

Main Board

- The ultimate responsibility for the effective management of the risks we face in order to achieve our strategic and financial objectives lies with the Main Board;
- Material and emerging risks and principal concerns are identified and robustly assessed as part of our risk assessment framework, following a detailed review of the Company's strategic objectives;
- These headline risks are then approved by the Board to be included within our risk register;
- The risk register is reviewed formally annually and updated for any new risks identified during our Risk Assessment processes; and
- It is also presented to the Audit Committee for final review and consideration to ensure that it is appropriate and reflects our business risks.

Operational Divisions

- All identified high level risks are then further broken down into components and sub level risks to be considered at the divisional level and Group department level;
- Management responsibility to implement the Board's polices on risk management and internal controls; and
- Internal controls operated to mitigate, control and continuously monitor these risks.

Risk Owners & Executive Management Team

- Any new risks identified at divisional level and Group department level are individually robustly assessed and evaluated on their potential impact to the business and its likelihood of occurrence;
- These risks are then communicated to the Risk Owners who will use this assessment to inform their formal view on these risks and all previously identified risks;
- The probability and potential impact for each sub level risk is assessed by the Risk Owners;
- It is then the Risk Owners responsibility to ensure key preventive and detective controls are designed and implemented to address these risks and ensure their inclusion in our risk register; and
- Group Policies and Procedures are updated to reflect any new or improved key controls or processes.

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RISK MANAGEMENT CONTINUED

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	RISK MOVEMENT	EXAMPLE KEY RISK INDICATORS
THRIVING COMMUNITIES	**Housing Market** The UK housing market conditions have a direct impact on our business performance. Increased Government regulation. This year the risk has reduced slightly due to the market and ourselves being better placed to manage through a pandemic and the reduction in the likelihood of general price deflation.	Group Chief Executive	Ongoing and regular monitoring of Government policy consultations and developments and lobbying as appropriate. Close monitoring of Government guidance. Market conditions and trends are being closely monitored allowing management to identify and respond to any sudden changes or movements. Weekly review of sales at Group, divisional and site level with monitoring of pricing trends and customer demographics. Ensuring strong relationships with lenders and valuers to ensure they recognise our premium product. Delegated Crisis Committee established with Executive Board meetings a minimum of twice weekly in times of crisis.		• Leading market indicators re volumes and values • Weekly sales statistics
THRIVING COMMUNITIES VALUING PEOPLE	**Customer Service** Failure of our customer service could lead to relative under performance of our business.	Group Customer & Marketing Director	Customer and Quality Director. My Redrow website to support our customers purchasing their new home. Increased use of digital and virtual communication tools. Online systems provide a full audit trail of the sales process. Full training on New Homes Ombudsmen requirements. Attention to customer feedback supported by a process at nine months post occupation to address root cause of customer fatigue and dissatisfaction. Regular review of our marketing and communications policy at both Group and divisional level.		• Customer satisfaction metrics (see pages 8 to 9). • NHBC Construction Quality Review scores and Reportable Items (see pages 10 to 11)
BUILDING RESPONSIBLY VALUING PEOPLE	**Key Supplier or Subcontractor Failure** The failure of a key component of our supply chain to perform due to financial failure or production issues could disrupt our ability to deliver our homes to programme and budgeted cost. This year the risk has increased due to inflationary pressures on both materials and labour and supply interruptions and shortages of certain components.	Group Commercial Director	Use of reputable supply chain partners with relevant experience and proven track record and maintain regular contact. Monitoring of subcontract supply chain to maintain appropriate number for each trade to identify potential shortage in skilled trades in the near future. Subcontractor utilisation on sites monitored to align workload and capacity. Materials forecast issued to suppliers and reviewed regularly. Collaborate with Supply Chain Partners in development of supply continuity strategies. Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment. Tracking of construction cost movements.		• Material and trade shortages • Material and trade price increases • Advance payment applications

STRATEGIC REPORT

RISK MANAGEMENT CONTINUED

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	RISK MOVEMENT	EXAMPLE KEY RISK INDICATORS
THRIVING COMMUNITIES BUILDING RESPONSIBLY VALUING PEOPLE	**Health and Safety/Environment** Non-compliance with Health & Safety standards and Environmental regulations could put our people and the environment at risk. Increased levels of scrutiny of the housebuilding industry heightens the risk environment as does ensuring safe COVID-19 working practices are adhered to. This year the risk has also increased due to greater stakeholder and regulatory focus on climate change.	Group Health and Safety and Environmental Director	Dedicated in-house team operating across the Group to ensure compliance of appropriate Health and Safety standards supported by external professional expertise. H,S&E Assurance Audits. Monthly Divisional H,S&E Leadership meetings. Group and Regional H,S&E Leadership meetings. Internal and external training provided to all employees. Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM. Health and Safety discussion at both Group and divisional level board meetings supported by performance information. CDM competency accreditation requirement as a minimum for contractor selection process. Regular monitoring and reporting on environmental performance.		• Accident incident rate (see pages 8 to 9) • H,S&E Assurance Audits outcomes • 'Near Miss' statistics
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**Sustainability** Risks associated with climate change and failure to embed sustainable development principles. This year the risk has also increased due to greater stakeholder and regulatory focus on climate change and ESG generally.	Group Communities Director	Preparation and planning underway for Future Homes standard. Preparation for future Environmental Bill through implementation of our Nature for People Strategy. Close monitoring of Government guidance. Regular benchmarking against peers. ESG scorecard. Risks and Opportunities assessment aligned to TCFD framework. Training for divisional teams.		• Group GHG emissions scope 1 & 2 • % of timber certified • Average SAP rating • Tonnes of construction waste per 100m² build • % of materials suppliers and manufacturers who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct

STRATEGIC REPORT

RISK MANAGEMENT CONTINUED

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	RISK MOVEMENT	EXAMPLE KEY RISK INDICATORS
THRIVING COMMUNITIES BUILDING RESPONSIBLY VALUING PEOPLE	**Planning and Regulatory Environment** The inability to adapt to changes within the planning and regulatory environment could adversely impact on our ability to comply with regulatory requirements. This year the risk has increased due to potential implications arising from the National Model Design Code and other proposed Government legislation, including proposed Residential Property Developers Tax.	Group Communications Director, Group Human Resources Director, Group Company Secretary and Managing Director (Harrow Estates)	Lobby and communicate with local authorities to facilitate early collaboration to shape developments including where a National Model Design Code (NMDC) is required. Close management and monitoring of planning expiry dates and CIL. Well prepared planning submissions addressing local concern and deploying good design. Careful monitoring of the regulatory environment and regular communication of proposed changes across the Group through the Executive Management Team. Proactive approach to managing data protection with multi-functional team meeting regularly. Effective engagement with local authorities to understand the extent of their policies relating to climate change.		• Government consultations • Planning approval statistics • Proposed Government legislation
BUILDING RESPONSIBLY	**Cyber Security** Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business.	Chief Information Officer	Cyber Awareness campaigns. Communication of IT policy and procedures to all employees. Regular systems back up and storage of data offsite. Internal IT security specialists. Use of third party entity to test the Group's cyber security systems and other proactive approach for cyber security including Cyber Essentials Plus accreditation. Compulsory GDPR and IT security online training to all employees within our business. The systems have proved resilient to increased home working. Cyber Insurance.		• Level of instances reported in the media • Penetration test results
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**Land Procurement** The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance.	Group Chief Executive	Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and divisional level. Experienced and knowledgeable personnel in our land, planning and technical teams. Appropriate investment in strategic land programme supported by specialist Group team. Effective use of our Land Bank Management system to support the land acquisition process. Close monitoring of progress of relevant Local Plans. Peer review by Legal Directors and use of third party legal resources for larger site acquisitions to reduce risk. Monitoring of emerging legislation to inform land assessments and purchase terms.		• Forward land pull through (see page 36) • Owned land holding years (see page 5) • Land offer statistics

STRATEGIC REPORT

RISK MANAGEMENT CONTINUED

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	RISK MOVEMENT	EXAMPLE KEY RISK INDICATORS
BUILDING RESPONSIBLY	**Fraud/Uninsured Loss** A significant fraud or uninsured loss could damage the financial performance of our business.	Group Finance Director	Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans. Timely management reporting. Insurance strategy driven by business risks including Cyber Insurance. Fraud awareness training.	→	• Business Process Review outcomes • Insurance Review outcomes
THRIVING COMMUNITIES	**Availability of Mortgage Finance** Availability of mortgage finance is a key factor in the current environment. This risk has decreased slightly in the year due to a reduction in the uncertainty around the impact of Help To Buy changes.	Group Finance Director	Proactively engage with the Government, Lenders and Insurers to support the housing market. Expert New Build Mortgage Specialists provide updates on and monitoring of regulatory change.	↓	• Loan to value metrics • Number of mortgage products readily available
VALUING PEOPLE	**Attracting and Retaining Staff** The loss of key staff and/or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.	Group Human Resources Director	In-house training offering blended learning to all employees. Suite of development programmes for identified talent from first line manager to Director. Move to agile working practices embracing use of remote working. Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning. Bespoke housebuilding degree course in conjunction with Liverpool John Moores University and Coleg Cambria. Remuneration strategy in order to attract and retain talent within the business is reviewed regularly and benchmarked. Engagement Team and continued refinement of internal communications platform in addition to annual employee survey to create framework for strong, two-way communication. Flexible Working Policy.	→	• Employee turnover levels (see pages 10 to 11) • Employee engagement score (see pages 10 to 11)

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RISK MANAGEMENT CONTINUED

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	RISK MOVEMENT	EXAMPLE KEY RISK INDICATORS
BUILDING RESPONSIBLY	**Liquidity and Funding** The Group requires appropriate facilities for its short-term liquidity and long-term funding.	Group Finance Director	Medium term committed banking facilities sufficient for a major market breakdown. Regular communication with our investors and relationship banks, including visits to developments as appropriate. Regular review of our banking covenants appropriateness and design and capital structure. Ensuring our future cash flow is sustainable through detailed budgeting process and reviews and scenario modelling. Strong forecasting and budgeting process. Monitor requirements for future bonds in emerging planning agreements.	→	• Cash conversion • Forecast undrawn committed facilities
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**Appropriateness of Product** The failure to design and build a desirable product for our customers at the appropriate price may undermine our ability to fulfil our business objectives. This risk has increased in the year due to the greater likelihood of additional regulatory requirements.	Group Design and Technical Director	Regular review and product updates in response to the demand in the market and assessment of our customer needs. Design focused on high quality build and flexibility to planning changes. Regular site visits and implementation of product changes to respond to demands. Focus on award winning Heritage Collection. Regular design and technical seminars. Monitor Government emerging legislation.	↑	• Customer satisfaction metrics (see pages 8 to 9) • Focus Group feedback • Emerging planning regulation

STRATEGIC REPORT

RISK MANAGEMENT CONTINUED

GOING CONCERN AND VIABILITY STATEMENT

An assessment of going concern is included in the Basis of Preparation section of Accounting Policies on page 184.

Viability

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects and viability of the Group.

The Directors' assessment has made reference to our current position, the potential impact of the principal risks facing the Group, including the economic uncertainty arising from the COVID-19 global pandemic and the Group's risk and risk management attitudes and processes.

The Directors have selected a three year timeframe over which to assess the viability of the Group from 28th June 2021 to 30 June 2024. This timeframe was selected as it corresponds with the Board's three year planning horizon.

On an annual basis, the Directors formally review the financial forecasts for the Group. These incorporate assumptions about the timing of legal completions of new homes and land purchases, selling prices, profitability, working capital requirements and cashflows.

The three year plan has been stress tested taking into account the following robust downside assumptions:

- a 10% price reduction on all unexchanged private and social legal completions for FY2022 and FY2023 compared to base case Board approved budgeted prices;
- a 15% volume reduction for FY2022 and FY2023 compared to base case Board approved budgeted volumes;
- a 4% build cost increase on budgeted cost from Q1 FY2023 onwards; and
- FY2024 legal completions at budgeted prices and volumes.

No mitigation has been applied.

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 30 June 2024.

GROUP NON-FINANCIAL INFORMATION STATEMENT

The table below sets out where key non-financial information can be found within this report:

Related policies available on our website	Location in this Annual Report	Page Ref.	Related Principal Risks*
Environment			
Purchasing of sustainable timber products policy	Operating Review – Responsible Sourcing	52	Health and Safety/ Environment
Environmental policy statement	Operating Review – Delivering our Nature for People Strategy	37	Key Supplier or Subcontractor Failure
Health, Safety and Environmental policy statement	Operating Review – Health, Safety & Environment	42	Appropriateness of Product Sustainability
	Operating Review – Partnering with our Supply Chain	52	
Partnering with our supply chain	Operating Review – Reducing our Carbon Impact	47	
A responsible and sustainable developer	Directors' Report – Environmental	157	
Employees			
Equality, diversity and inclusion policy statement	Operating Review – Equality, Diversity and Inclusion	56	Attracting and Retaining Staff
	Directors' Report – Workforce Engagement	160	
	Directors' Report – Employee Wellness	159	
	Directors' Report – Equality, Diversity and Inclusion Policy	159	
	Directors' Report – Learning and Developing	160	
Social			
A responsible and sustainable developer	Operating Review – Quality of Build	40	Housing Market
Human rights policy statement	Operating Review – Partnering with our Supply Chain Responsibility	52	Health and Safety/ Environment
	Operating Review – Putting our Customers First	43	Attracting and Retaining Staff
Health, Safety and Environmental policy statement	Directors' Report – Social	158	Customer Service
Partnering with our supply chain			Key Supplier or Subcontractor Failure
Human Rights			
Human rights policy statement	Directors' Report – Human Rights	161	Attracting and Retaining Staff
	Directors' Report – Modern Slavery	162	
Slavery and human trafficking statement	Operating Review – Real Living Wage Accreditation	56	Key Supplier or Subcontractor Failure
Anti-Corruption and Anti-Bribery			
Anti-bribery policy statement	Audit Committee Report – Bribery Act	116	Fraud/Uninsured Loss
	Corporate Governance Report – Whistleblowing	98	Attracting and Retaining Staff
Whistleblowing policy statement	Corporate Governance Report – Conflicts of Interest	98	
	Directors Report – Anti-Bribery and Corruption	162	Cyber Security

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GROUP NON-FINANCIAL INFORMATION STATEMENT CONTINUED

Business Model			
A responsible and sustainable developer	Our Strategy	4	All
	Our Business Model	16	
	Chairman's Statement – Strategy	20	
	Group Chief Executive's Statement - Innovation across Redrow	24	
	Corporate Governance Report – Strategy, Purpose, Values and Culture	97	
Non-Financial KPIs			
A responsible and sustainable developer	Our Strategy	5	Land Procurement
Environmental policy statement			Customer Service
Health, Safety and Environmental policy statement			Attracting and Retaining Staff
			Health and Safety/ Environment
			Planning and Regulatory Environment
			Appropriateness of Product
			Sustainability

* For full description of related principal risks, see pages 68 to 77.

The above policies are applicable to all employees within the Group and are easily accessible both internally and externally. The principles which underpin each of the policies are embedded within the culture of the Group and any behaviour inconsistent with these policies will be investigated and disciplinary action will be taken where warranted.

STRATEGIC REPORT APPROVAL

The Strategic Report outlined on pages 1 to 89 has been approved by the Board.

By order of the Board

GRAHAM COPE
Company Secretary

14 September 2021

Image: Colindale Gardens, North West London

STRATEGIC REPORT

SECTION 172(1) STATEMENT

SECTION 172(1) STATEMENT

In line with Section 172(1) of the Companies Act 2006, the Directors of the Company must act in a way which they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so must have regard to a number of other key matters. There must therefore be a careful balance of sometimes competing interests of different stakeholder groups, and it is the duty of the Directors to act in such a way that should promote the long-term success of the Company as a whole.

Likely long-term consequences of decisions (Section 172(1)(a))

Given the nature of the business, the Board takes a long-term approach to its decision-making to ensure that the Company is able to deliver its strategy of creating long-term sustainable value for all of our stakeholders by developing thriving communities with high quality homes that provide a better way to live.

There has been considerable emphasis on resource efficiency, use of sustainable materials, placemaking and biodiversity as these are aspects that are key to creating a long-term sustainable business and value to our stakeholders. See pages 28 to 55 of the Strategic Report for an overview of the sustainability practices of the Group.

Effective risk management systems are also imperative to understanding the likely long-term consequences of actions. The Board plays a key role in reviewing the Company's approach to risk, including an assessment of its emerging and principal risks. See pages 66 to 77 of the Strategic Report for a description of the identified risks, procedures for identifying risks and an explanation of how these are being controlled or mitigated.

At least annually, the Board conducts an assessment of the prospects of the Company, taking into consideration the Company's current position and principal risks. This year the Directors selected a three year timeframe over which to assess the viability of the Company. The Viability Statement can be found on page 78 of the Strategic Report.

Maintaining a reputation for high standards of business conduct (Section 172(1)(e))

The Company has in place a Code of Conduct which acts as a guide for employees to doing the right thing in business, focusing on the values and behaviours deemed most important for the Group and seeking to guide employees in their good judgement to act in the Redrow way. The Company also has well-embedded policies in place which assist with ensuring high standards of conduct, including in respect of the following key areas: Health, Safety and Environment; Whistleblowing; Anti-Bribery and Corruption; Human Rights; and Modern Slavery. The Environmental, Social and Governance Disclosures section of the Directors' Report, from pages 156 to 163, provides further insight into measures put in place by the Board to assist with maintaining a reputation for high business conduct standards.

Acting fairly between members of the Company (Section 172(1)(f))

The Directors have regard to the need to act fairly between members of the Company, aiming to understand their views and act in their best interests. The ownership of the Company follows a 'one share, one vote' structure, which assists with promoting parity in shareholder rights. The Board ensures that there is fair and equal dissemination of information to all shareholders and has a dedicated investors section of the Company's website which is available to all shareholders. This provides easy access to RNS announcements, key financial dates, dividend details and reports and publications. In the ordinary course, and outside of the prohibition on meeting attendance previously in force by the Government due to the COVID-19 pandemic, all members are invited to attend the Annual General Meetings of the Company, offering an opportunity for members of any size shareholding to have a conversation with, and ask questions to, each of the Directors. For any Annual General Meetings where in-person attendance is prohibited due to Government regulation, all shareholders will be offered the opportunity to submit questions to the Board ahead of the meeting with answers being made available to them.

Having regard to specific stakeholder groups (Section 172(1)(b) to Section 172(1)(d))

Pages 84 to 89 identify the priorities of our key stakeholders and display how the Company has engaged with them during the year and the impact they have had on Board decisions.

SECTION 172(1) DUTY IN ACTION

Decision

Development of the new Equality, Diversity and Inclusion ("ED&I") agenda, which saw the introduction of the new Equality, Diversity and Inclusion policy ("ED&I Policy") and programme of initiatives to communicate and drive forward the agenda.

Context

During the year, the Board focused on the importance of ED&I to the business and set to move forward the ED&I agenda. This involved releasing the new ED&I Policy and implementing a programme of key initiatives to embed this policy and highlight the importance of ED&I within Redrow, demonstrating the Board's strong commitment to continuously promoting ED&I throughout the business.

Stakeholder considerations

- **Employees** – will benefit from working in an inclusive and respectful environment, supported by inclusive leaders, which will provide people from all types of backgrounds with the opportunities to develop and flourish.
- **Investors** – will benefit from a more productive, engaged and innovative workforce leading to better problem solving and decision-making.
- **Suppliers** – will benefit from the sustained culture of ED&I as the ED&I Policy applies to preferred supplier agency workers, contractors and individuals working for and on behalf of Redrow. The ED&I Policy was shared with subcontractors, preferred supplier agencies, consultants and suppliers to ensure that the principles were also embedded by our third party partners and provided them with an opportunity to offer feedback, allowing us to continue to work together and improve our working relationships.
- **Community and environment** – will benefit from a company whose employees truly understand the value of ED&I through the awareness and training programme put in place as part of driving forward the ED&I agenda.
- **Government and regulators** – compliance with our duties under the Equality Act 2010 by eliminating discrimination, harassment and victimisation, promoting equality of opportunity and fostering good relations between people from different groups and going beyond compliance by embedding ED&I into everything we do.
- **Customers** – will benefit from conducting business with a company which understands and supports the unique and diverse needs of customers and their communities, thereby improving the customer experience.

Non-stakeholder considerations

- **Long-term consequences** – embedding a culture of inclusion and equality will have a positive impact on the long-term success of the Company as it will make way for a more diverse workforce which will lead to a more creative and innovative way of thinking and working.
- **Maintenance of high standards of business conduct** – embedding this initiative within the Group's Policy and Procedures manuals will ensure that the policy governing the ED&I agenda remains an active framework kept under review by the Company.
- **Acting fairly between members of the Company** – information relating to this initiative was released to all members at the same time with the publication of this Annual Report.

Strategic actions supported by the Board

- Approved the communications programme to raise awareness of the ED&I Policy throughout the business.
- Ensured that the ED&I training programme was rolled out across the business.
- Approved specific diversity targets (focusing on females and people from BAME backgrounds) within the Company's recent recruitment campaign for new graduate employees.
- Ensured that the ED&I Policy was shared with subcontractors and third party partners to ensure they actively supported the Group's agenda.

Expected outcomes

- Increased diversity at senior management levels as a result of a more diverse pipeline which will allow for a variety of different perspectives to be heard at all levels across the business.
- A high performing business with strong competitive advantages as a result of a cognitively diverse workforce being faster at problem solving due to reduced conformation pressures.
- Embedment of a culture of inclusion and equality whereby the workforce is supported by inclusive leaders who actively value difference.
- A more engaged and innovative workforce which should result in increased creativity and productivity.

Link to Strategy and Culture

Valuing People is a vital part of the Company's strategy and the initiative demonstrates that ED&I is championed by leadership and helps to embed a culture that is inclusive to all, actively values difference and ensures everyone is treated fairly.

STRATEGIC REPORT

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Why important to us?	Key Priorities of the Stakeholder Group	Engagement with Stakeholder Group	Impact on Board decisions
INVESTORS THRIVING COMMUNITIES	Our shareholders provide funds which aid the growth of our business and are vital to our future success.	• Strong financial performance • Good governance practices • Transparency and openness • Adoption of sustainable business practices	Examples of engagement with our shareholders include: • formal results presentations immediately following publication of the interim and final results; • Dedicated investor related section of the Company website (providing easy access to RNS announcements, key financial dates, dividend details, reports and publications); • comprehensive consultation exercise carried out with major shareholders regarding the remuneration policy renewal; • meetings held between the Executive Directors and current and potential significant shareholders; • meetings held between the Group Finance Director and Group Communities Director with significant shareholders to discuss their requirements surrounding ESG matters; • due to the limits on attendance at the 2020 AGM imposed by Government restrictions on public gatherings, shareholders were able to dial into the meeting to listen to the proceedings of the meeting and also were provided with the opportunity to submit questions to the Board ahead of the meeting. For further details of engagement with shareholders, see page 98 of the Corporate Governance Report, under heading: Shareholder Engagement	Examples of the impact of shareholders on the Board's decision making include: • appointment of Richard Akers as Chair-Designate and an independent Non-Executive Director, to replace John Tutte as Non-Executive Chairman on 15 September 2021 which will align the Board structure with the provisions of the UK Corporate Governance Code 2018; • payment of an interim dividend of 6p per share on 9 April 2021; • proposal to pay a final dividend of 18.5p per share on 17 November 2021, subject to shareholder approval at the 2021 AGM; • introduction of the ESG Scorecard which provides transparency to investors of the performance against key metrics to help drive business performance; and • if the Remuneration Policy is approved by shareholders at the 2021 AGM, the application of a lower bonus opportunity of 125% of salary (within an overall policy limit of 150% of salary) for the financial year ending 2022, to allow for a phasing of the bonus opportunity increase.
EMPLOYEES VALUING PEOPLE	Our employees are essential to preserving long-term value and Valuing People is a fundamental part of our strategy.	• Development of our people • Safety and wellbeing of our people • Good quality employment opportunities • Transparency and openness • Diverse and inclusive workforce • Support in all aspects of life, not just the work element • Good work-life balance • High quality health, safety and environmental practices	Examples of engagement with our employees include: • designated workforce Non-Executive Director and bi-annual workforce engagement meetings hosted by Nicky Dulieu; • employee communication via the intranet, Engage; • employee engagement meetings; • employee working group meetings and communication spaces; • annual INsight survey; • direct email communication channel to the Board; • promotion of share ownership through employee share plans; • Division specific communications, including regular updates from the Managing Directors and Heads of Department on news relating to the division and beyond; and • Company performance communications. For further details of engagement with employees, see page 99 of the Corporate Governance Report under heading: Workforce Engagement	Examples of the impact of employees on the Board's decision making include: • the introduction of 'Agile Work Places', which allows colleagues to work from wherever they are most efficient; • becoming accredited with the Living Wage Foundation by ensuring that the pay of every Redrow employee is aligned with the real living hourly wage, which takes into consideration the cost of living as outlined by the Foundation, and extending this to the supply chain as a condition to working with Redrow; • the introduction of bi-annual workforce engagement meetings with representatives from each area of the business and Nicky Dulieu, the designated Non-Executive Director for workforce engagement, to obtain their views on a wide range of matters relating to life at Redrow; • the development of the Equality, Diversity and Inclusion (ED&I) agenda, including the launch of the ED&I Policy and putting in place the initiatives required to ensure that this inclusive culture is embedded across the business.

STRATEGIC REPORT

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder Group	Why important to us?	Key Priorities of the Stakeholder Group	Engagement with Stakeholder Group	Impact on Board decisions
SUPPLIERS BUILDING RESPONSIBLY	Having strong relationships with our suppliers is important to our long-term success and the Board is briefed on supplier feedback and issues on a regular basis.	• Assistance with training and development opportunities • Assistance with addressing the industry skills shortage • Timely payment practices • Creation of jobs for our subcontractors • Safety and wellbeing of our people • Compliance with laws and regulations • High quality health, safety and environmental practices	Examples of engagement with our suppliers include: • participation in workshops, delivered through our partnership with the Supply Chain Sustainability School, to engage with our suppliers on a number of matters; • collaboration with subcontractors on health and safety matters and ensuring that our values on customer service, quality, safety and sustainability are in alignment; • working with our supply chain to attract new entrants into the industry and actively supporting our subcontractors to train their recruits to agreed standards, including inviting them to workshops and briefings; • engagement by way of a supply chain mapping system enabling us to work with supply partners to identify and avoid high risk products; • working with our supply chain to find ways to eliminate, reduce or reuse packing; and • collaboration with key suppliers to collate their Scope 1 and Scope 2 energy and carbon data allowing the creation of a bespoke online tool to assist with the calculation of greenhouse gas emissions from our supply chain that are applicable to us.	Examples of the impact of suppliers on the Board's decision making include: • the Company partnering with the Supply Chain School which has granted access to thousands of online presentations, training modules, guidance documents and checklists with regular invites to attend workshops and briefings; • the identification of waste reduction opportunities following workshops with suppliers to identify the root causes of waste; • retained services of an external specialist to manage all temporary labour requirements and processes, including carrying out periodic audits to ensure temporary agency workers are legally compliant and there are no instances of modern slavery; • placing apprentices, who are employed and trained by the Company, with subcontractors for their apprenticeship, with around 85% of apprentices going on to take a position with the subcontractor at the end of their apprenticeship; • the signing up of the Company to the Talent Retention Scheme set up by the Construction Leadership Council to assist where possible with helping out apprentices who have lost their jobs; and • the launch of the Training Hub in Tamworth, in partnership with the NHBC and Tamworth Borough Council to help develop the next generation of skilled tradespeople starting out in-house building.
CUSTOMERS BUILDING RESPONSIBLY	'Putting our customers first' is a key principle underpinning our strategic theme of Building Responsibly. The Board believes that the most meaningful praise it can get is from the people who buy our homes and live in the communities we help create.	• Build a quality product and provide a great place to live • Provide excellent customer service • Be a considerate constructor and good neighbour • Develop places that enhance health and wellbeing	Examples of engagement with our customers include: • face-to-face interactions and interactions via the My Redrow platform; • interaction via social media and online reputation platforms, retaining the utilisation of Crowd Control HQ technology and Rep.com which enables over 100 colleagues to respond to verified customers on social media; • customer feedback via the NHBC surveys; • close monitoring of customer complaints and feedback; • direct engagement regarding the value of the Group's wider offering around placemaking and community via the Customer Experience Suites; and • reports to the Board from the Customer and Quality Director and the Group Customer & Marketing Director.	Examples of the impact of customers on the Board's decision making include: • launch of an extension to the award winning My Redrow platform with a Homeowner Support area, enabling customers to submit their warranty issues online and to access helpful tutorial videos and content; • the opening of the new Customer Experience Suites which use digital platforms to highlight the Group's wider offer around placemaking and the community; • introduction of a new three-stage complaints process to make the initial complaints and escalation procedure more efficient and the appointment of a Group Resolution Manager to oversee this process and the day-to-day relationship with the forthcoming New Homes Ombudsman; and • the holding of the first combined Customer Conference, which saw 500 colleagues in attendance along with the Executive Directors, the focus of the event being around raising our quality standards across the board.

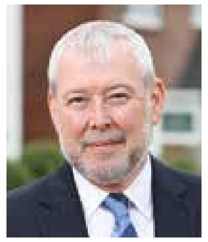
STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder Group	Why important to us?	Key Priorities of the Stakeholder Group	Engagement with Stakeholder Group	Impact on Board decisions
COMMUNITY AND ENVIRONMENT BUILDING RESPONSIBLY	'Nature for people' is a key principle underpinning our strategic theme of Developing Thriving Communities and 'listen to learn' is one of our key Redrow 8 placemaking principles.	• Provide affordable homes • Mitigate for effects of climate change and flood risk on our developments • Protect and enhance biodiversity • Develop places that enhance health and wellbeing • Share value through the communities we build • Be a considerate constructor and good neighbour • Reduce waste from our construction activities • Support with local causes and community projects	Examples of engagement with the communities in which we operate include: • engagement and consultations with local communities at an early stage to discuss matters that may inform the development process, to enable us to design developments that are sensitive and responsive and foster a sense of belonging; • direct communications with local wildlife organisations which can provide a wealth of knowledge about the local context and help influence our designs to ensure the best outcome for nature and the community; • engaging directly with local schools to ensure that green spaces and play areas are well planned and used; • working with the emerging community as the development progresses to help foster a sense of community ownership and belonging through active involvement of residents; and • discussions with a variety of organisations local to our developments, allowing us to understand what is happening locally and enabling us to provide donations and sponsorship for local community projects to ensure that communities continue to thrive.	Examples of the impact of the community and environment on the Board's decision making include: • introduction of the ESG Scorecard which comprises key metrics relevant to stakeholders which will help drive business performance; • independent assurance obtained to support the integrity of the ESG scorecard data; • introduction of a climate-based ESG measure for determining the annual bonus of the Executive Directors; • development of a new climate change Working Group to develop the Company's climate change strategy, including the Redrow Net Zero Carbon Roadmap, carbon reduction targets and climate-related financial disclosures; • appointment of a new Group Communities Director, responsible for placemaking and the sustainability framework and ensuring that these functions align with the Group's long term objectives, and a new Head of Sustainability to support ESG performance improvement; • retained contractor partnership with the Considerate Constructors Scheme (CCS); and • the maintenance of our environmental management system, which is externally certified to ISO14001.
GOVERNMENT AND REGULATORS BUILDING RESPONSIBLY	Active engagement with governmental bodies and regulators is important to allow us the opportunity to have input on matters relating to our industry where possible and to ensure we are able to put in place appropriate measures to ensure compliance with laws and regulations.	• Compliance with laws and regulations • Ethical operations and practices • Address the UK housing shortage • Provide affordable homes • Prevent pollution from our construction activities • Provide good quality employment opportunities	Examples of engagement mechanisms with Government and regulators include: • participation in a range of consultations affecting our industry and practices, which during the year included the following: Planning for the Future; Changes to the Current Planning Systems; and the National Planning Policy Framework and the National Model Design Code; • attendance at meetings and forums to engage with policy makers relevant to our operations; • discussions with Government bodies regarding their new emphasis on the design quality of housing developments; • closely working with Government bodies to contribute to the agenda on the mandatory biodiversity net gain requirements for new developments and the nutrient neutrality agenda; • Government lobbying in relation to matters impacting the housing market; • feedback sought from councillors via a third party survey provider on design and placemaking matters following the publication of the National Model Design Code for consultation; and • engagement with regulatory bodies during industry sector visits.	Examples of the impact of Government and regulators on the Board's decision making include: • consultation exercise carried out on a varied audience regarding the impact of the National Model Design Code; • contribution to the Future Homes Delivery Plan, a sector-wide delivery plan for meeting climate, nature and the wider environmental targets set by Government; • receipt of regular updates on statutory and regulatory developments following engagement with the Government and regulators to enable the Board to put in place structures to align practices with potential future legislation; and • regular interaction with regulators and policy makers to provide key business insights on issues surrounding housing delivery across the UK.

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

"The adaptive infrastructure underpinning our quality governance arrangements has been essential in keeping the Company on track to deliver its long-term sustainable success during the challenging backdrop of the COVID-19 pandemic."



GRAHAM COPE
Company Secretary

DEAR SHAREHOLDER

I am delighted to introduce the Corporate Governance Report outlining the Company's approach to corporate governance.

We are reporting against the UK Corporate Governance Code (2018 version) (the "Code") for this report, which was published by the Financial Reporting Council ("FRC") and is available to view at www.frc.org.uk.

This report has been prepared and approved by the Board and, on behalf of the Board, I confirm that during the 2021 financial year, the Company applied the principles of, and was compliant with, the provisions of the Code other than where stated on page 95 of this report.

In this report, we provide not only the required regulatory and statutory assurances, but also seek to provide the opportunity for a meaningful assessment of the quality of the Company's governance arrangements and the workings of our Board.

Adaptive Governance Structure

Over the years we have been building upon our governance structures to ensure that there is a strong infrastructure in place which not only aids the delivery of the long-term success of the Company but which is also adaptive to meet any unexpected demands on the Company. During the COVID-19 pandemic, we have been able to adapt our governance structures to meet the needs of the business and the Board is pleased that they worked well under the challenging backdrop encountered.

Like the business, the Board quickly adapted the way we worked and, until June 2021, all meetings held during the 2021 financial year were held entirely virtually. The Board and Committee meetings held in June 2021 were held in-person for the first time since March 2020 and in-person Board site visits recommenced, with social distancing maintained.

The AGM held in November 2020 was also held with a minimum quorum of shareholders due to the limits on attendance imposed by restrictions on public gatherings and guidance on social distancing. Given that the AGM is a key event in which the Board is able to engage directly with shareholders, the Board allowed shareholders to dial into the meeting to listen to the proceedings of the AGM remotely and also provided the opportunity for shareholders to submit questions to the Board ahead of the meeting.

Board Composition

Since the last report, John Tutte stepped back to a Non-Executive Chairman role following the 2020 AGM on 6 November 2020 and shall be retiring from the Board following the announcement of the Company's 2021 full year results on 15 September 2021. Richard Akers joined the Board as Chair-Designate and independent Non-Executive Director on 1 June 2021. Richard has been working closely with John Tutte during a handover period and he will assume the role of Non-Executive Chairman following the retirement of John Tutte on 15 September 2021. Details of the recruitment process can be found on page 119 of the Nomination Committee Report.

Board Effectiveness

This report also discusses how the Board monitors its effectiveness in order to ensure that it has the strength and capability to lead the Company to continued success. In 2019, an externally facilitated evaluation of the Board and each of its Committees was carried out by Independent Audit. This year, a formal internal evaluation of the Board and Committees was undertaken to build upon the progress made in previous years. Having considered the output of this year's evaluation, the Board considers that it continues to function effectively and its relationships with its Committees continue to be sound. Details of the evaluation can be found on page 104.

Workforce Engagement and Culture

The Board plays a key role in setting and monitoring the Group's purpose, strategy and values and ensuring that these are aligned with culture. The Board were mindful of the need to maintain the culture of Redrow during the pandemic and due to the adaptive structures in place across the business and increased engagement with our colleagues, the Redrow culture appears to be stronger than ever.

With effect from 6 November 2020, Nicky Dulieu took over the role of designated Non-Executive Director for workforce engagement from Vanda Murray following her retirement from the Board. During the year, Nicky Dulieu hosted a virtual meeting with representatives from each area of the business to obtain employee views on a wide range of matters relating to life at Redrow. There was a high level of participation and debate throughout the meeting and an action plan was presented to the Board by Nicky Dulieu following the session. Further details of this workforce engagement session, along with other engagement mechanisms, can be found on page 99.

2021 Annual General Meeting

Our 2021 Annual General Meeting will be held on Friday, 12 November 2021 and the Notice of Annual General Meeting together with Explanatory Notes will be sent to you separately.

GRAHAM COPE
Company Secretary

14 September 2021

Image: The Richmond house type at Knights Keep, Burton-on-Trent, Derbyshire

GOVERNANCE REPORT

BOARD OF DIRECTORS

1 JOHN TUTTE (65)

Non-Executive Chairman

M

John Tutte joined the Board of Redrow in July 2002. In September 2009 he was promoted to Group Managing Director and in July 2014 became Group Chief Executive. In April 2019, John was appointed as Executive Chairman following the retirement of Steve Morgan. John stepped back to a Non-Executive Chairman role following the 2020 AGM on 6 November 2020 and shall be retiring from the Board following the announcement of the Company's 2021 full year results on 15 September 2021.

John Tutte qualified in civil engineering and has amassed more than 40 years' experience within the industry, having previously held the position of Chief Executive of Wilson Connolly plc.

John Tutte was appointed to the board of the Home Builders Federation in February 2015. He stepped down as Chairman of the Home Building Skills Partnership in March 2020 to coincide with the Partnership being incorporated into the wider Home Builders Federation organisation.

2 MATTHEW PRATT (46)

Group Chief Executive

M P

Matthew Pratt joined the Board of Redrow in April 2019 as Chief Operating Officer and was promoted to Group Chief Executive with effect from 1 July 2020. He joined Redrow in 2003 as a Chief Quantity Surveyor and later became Managing Director of the Midlands Division. In 2013, Matthew Pratt was appointed as a Regional Chief Executive and became a member of the Executive Management Team.

Matthew Pratt trained as a quantity surveyor and graduated with a degree in Construction from Nottingham Trent University. He has 24 years' experience within the industry.

He is responsible for the operational management of the Group and the implementation of strategic plans and reports to the Board on this. Matthew Pratt is also a member of the Executive Management Team.

3 BARBARA RICHMOND (61)

Group Finance Director

£ M

Barbara Richmond joined the Board of Redrow in January 2010, bringing with her a proven track record, with over 25 years' experience as Group Finance Director at a number of UK listed companies including Inchcape plc, Croda International plc and Whessoe plc. She is also a member of the Executive Management Team.

She has a strong background in both manufacturing and retail, as well as having completed a number of major acquisitions and disposals throughout her career.

Barbara Richmond was appointed a Non-Executive Director of Lonza Group Ltd with effect from 16 April 2014.

She is a Fellow of the Institute of Chartered Accountants in England and Wales and a graduate of the University of Manchester.

4 GRAHAM COPE (57)

Company Secretary

M

Graham Cope joined Redrow as Head of Legal in November 2002 and was appointed Company Secretary two months later. He is Company Secretary to the Main Board and Secretary to all Committees.

Graham Cope has almost 30 years' experience in the housebuilding sector, either working in-house or for house builder clients in private practice. He qualified as a solicitor in 1989 and is a member of the Law Society.

He is responsible for the governance structures and mechanisms, corporate conduct and is the primary source of advice on the conduct of the business. Graham Cope is also a member of the Executive Management Team.

5 NICK HEWSON (63)

Senior Independent Director

£ M A N R P

Nick Hewson joined the Redrow Board in December 2012. His business career to date has been spent mainly in the property industry, from commercial to residential. He became the Senior Independent Director of the Company on 7 November 2018.

Nick Hewson is the Non-Executive Chairman of Supermarket Income REIT plc and a Non-Executive Director of Croma Security Solutions Group plc.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and has a degree in Law from Cambridge University.

6 SIR MICHAEL LYONS (71)

Non-Executive Director

M A N R P

Sir Michael Lyons joined the Redrow Board in January 2015. In 2014, he chaired the Lyons Housing Commission to produce a road map for increasing house building in the UK.

He is also Chairman of the English Cities Fund, which undertakes large scale urban regeneration schemes in a number of places and is Chairman of SQW Group and a strategic adviser to CBRE.

Sir Michael Lyons served 17 years as Chief Executive of three major English Local Authorities, including 7 years at Birmingham City Council, and was knighted in 2000 for services to local government. Following his long and distinguished career in local government, Sir Michael Lyons completed a four year term as Chairman of the BBC and has held a range of non-executive positions across the three sectors.

7 NICKY DULIEU (57)

Non-Executive Director

£ M A N R

Nicky Dulieu joined the Redrow Board in November 2019. She has strong Non-Executive Director experience and has extensive knowledge of retailing and customer service.

Nicky Dulieu is currently a Non-Executive Director and the Chair of the Remuneration Committees of Adnams plc and Marshall Motor Holdings plc. She is also a Non-Executive Director and Chair of the Audit Committee of WH Smith plc and a Commercial Board member of the Royal Horticultural Society.

She is a Fellow member of the Association of Chartered Certified Accountants having trained as an accountant with Marks & Spencer Group plc and held various strategic and financial roles within the company over a 23 year period. Following this, Nicky Dulieu was appointed to the Board of Hobbs Limited and became Chief Executive from 2008 until 2014.

8 RICHARD AKERS (60)

Non-Executive Director

M N R

Richard Akers joined the Redrow Board as Chair-Designate and independent Non-Executive Director on 1 June 2021. He is currently working closely with John Tutte during a handover period and will assume the role of Chair following the announcement of the Company's 2021 full year results on 15 September 2021, at which time John will stand down from the Board.

Richard Akers has a career background in property and land acquisition, having spent his entire career in the industry, latterly as a Main Board Director of Land Securities plc. Since retiring in 2014 from Land Securities plc he has held a number of non-executive roles.

Richard Akers currently holds independent non-executive roles at Unite Group plc and Shaftesbury plc where he is Senior Independent Director, and until recently having completed nine years, held a role at Barratt Developments plc, as a Non-Executive Director, the Senior Independent Director, Chair of the Remuneration and Safety, Health & Environment Committees, and Workforce Engagement Director.

COMMITTEE MEMBERSHIP

- M Main Board
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- P Placemaking and Sustainability Committee

BOARD EXPERIENCE

- £ Finance
- Property
- Operational
- Sustainability

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT CONTINUED

REDROW GOVERNANCE STRUCTURE

REDROW HANDBOOK & CODE OF CONDUCT

ARTICLES OF ASSOCIATION

TERMS OF REFERENCE

POLICY AND PROCEDURES MANUAL

Main Board

NON-EXECUTIVE CHAIRMAN

Responsible for leading the Board and ensuring its effectiveness with a key focus of the strategic development of the business.

GROUP CHIEF EXECUTIVE AND GROUP FINANCE DIRECTOR

Responsible for day-to-day operation of the business and performance of the Company.

NON-EXECUTIVE DIRECTORS (INCLUDING SENIOR INDEPENDENT DIRECTOR)

Responsible for providing constructive challenge and helping to develop proposals on strategy.

Board Committees

AUDIT

Provides independent scrutiny of the Company's financial and non-financial performance, risks and audit functions.

NOMINATION

Identifies and makes recommendations concerning the composition of the Board and that of its Committees.

PLACEMAKING AND SUSTAINABILITY

Promotes high environmental and placemaking standards in line with our three key principles: Developing Thriving Communities, Building Responsibly and Valuing People.

REMUNERATION

Aims to attract and retain good management and to incentivise them to create shareholder value.

Executive Management Team

GROUP CHIEF EXECUTIVE

Responsible for the operational management of the Group, the implementing of strategic plans and reporting to the Board on these matters.

GROUP FINANCE DIRECTOR

Responsible for the financial management of the Group in its broadest sense and maintaining effective communications with shareholders.

COMPANY SECRETARY

Responsible for governance structures and mechanisms, corporate conduct and is the primary source of advice on the conduct of the business.

REGIONAL CHIEF EXECUTIVES

Responsible for the operational management of the Divisions and reporting to the Board on this.

GROUP COMMUNITIES DIRECTOR[1]

Responsible for placemaking and the Sustainability Framework and ensuring that these functions align with the Group's long term objectives and targets.

GROUP HR DIRECTOR

Responsible for implementing the strategy on people, ensuring that the management of talent and culture is aligned with the Group's longer-term goals.

GROUP CUSTOMER & MARKETING DIRECTOR

Responsible for the overall customer experience, including marketing and sales strategy, and developing the Group's reputation via strategic communications and customer service.

DIVISIONS

Build | Commercial | Customer Services
Finance | Land | Sales | Technical

Our Homes Divisions are comprised of the above departments which work together to deliver the Group's strategy.

GROUP

Commercial | Finance | HS&E | HR | IT
Legal | Marketing | Technical | Sustainability

The above departments support the Divisions to contribute to the successful operation of the business.

[1] The Group Communities Director was appointed as a member of the Executive Management Team on 1 July 2021.

INTRODUCTION

This report sets out the Company's compliance with the Code issued by the FRC and describes how the governance framework is applied by the Company.

GOVERNANCE STRUCTURE

Governance is a key priority of the Board and the governance structure is set out in the diagram opposite. Each component within the structure is governed by a particular set of rules, whether it is the Redrow employee handbook, the Code of Conduct, the policies and procedures manuals, Articles of Association and/or the Committee terms of reference. Each of these are regularly reviewed and are updated in line with best practice and legislative or regulatory changes.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Directors have considered the contents and requirements of the Code and confirm that throughout the 52 weeks ended 27 June 2021 the Company has been compliant with the provisions of the Code, as explained further in this report, other than as set out in the table below.

Provision	Reason for non-compliance	Explanation
9 – The Chair should be independent on appointment. A Chief Executive should not become chair of the same company.	John Tutte, previously the Chief Executive, succeeded Steve Morgan as Chairman on 1 April 2019 and therefore did not meet the independence criteria set out in Provision 10 of the Code on appointment.	The succession plan for Steve Morgan, being the founder and previous Chairman of the Company, was considered extensively by the Nomination Committee. John Tutte has a wealth of experience and knowledge of the Company and the Board believed that circumstances necessitated continuity and that this appointment was therefore, at the time, in the best interests of the Company. Moreover, following Steve Morgan's retirement, the appointment of John Tutte allowed for an eventual transition to a more conventional board structure. The Board consulted with major shareholders in respect of this composition and set out its reasons to all shareholders via RNS announcement and also by way of publication on the Company website. John Tutte stepped back to a Non-Executive Chairman role at the AGM in November 2020 and will retire from the Board on 15 September 2021. Following John's retirement, Richard Akers, currently Chair-Designate and an independent Non-Executive Director, shall be appointed as Non-Executive Chairman and shall be independent upon appointment. See page 119 for a more detailed explanation of the appointment.
19 – The Chair should not remain in post beyond nine years from the date of their first appointment to the Board. This period may be extended for a limited time however a clear explanation must be given.	John Tutte was first appointed to the Board on 10 July 2002 and become Chairman on 1 April 2019.	The appointment of John Tutte as Chairman was intended to be on an interim basis to allow for a smooth transition following the departure of Steve Morgan in March 2019 and to allow for an eventual transition to a more conventional board structure. John Tutte will retire from the Board on 15 September 2021 and shall be replaced by Richard Akers, currently Chair-Designate and an independent Non-Executive Director.

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT CONTINUED

1. BOARD LEADERSHIP AND COMPANY PURPOSE

ROLE OF THE BOARD

The Board sets the Group's strategy and oversees and monitors risk management, principal risks, internal controls and the viability of the Company. The Board is responsible for putting in place the strategic plans for the Group and providing the leadership required in order to achieve its vision and goals.

There are matters which the Board delegates to Committees, the Executive Management Team and other relevant management bodies in order to ensure that the Group is operating efficiently and effectively.

In order to ensure that the members of the Board fulfil their statutory duties as Directors, there is a formal schedule of matters reserved specifically for the Board's decisions. The matters reserved include:

- approval of any significant changes in accounting policies or practices;
- any changes relating to capital structure and approval of treasury policies;
- ensuring the maintenance of a sound system of governance, internal control and risk management;
- authorising conflicts of interest where permitted by the Company's Articles of Association;
- assessing the prospects and viability of the Group, including measurement of key performance indicators;
- assessing and monitoring culture in alignment with purpose, values and strategy;
- approval of corporate acquisitions or disposals, significant land purchases or contracts;
- changes to the size, structure and composition of the Board;
- approval of significant policies, including the Group's Health, Safety and Environmental policy;
- reviewing of overall corporate governance arrangements;
- monitoring the whistleblowing programme and reviewing concerns raised through the whistleblowing procedure;
- ensuring a satisfactory dialogue with key stakeholders; and
- appointment and removal of the Company Secretary.

Long-term performance and shareholder value relies on high quality corporate governance and the Board is responsible for maintaining strong governance practices and regularly reviewing the Group's governance structure as illustrated on page 94.

BOARD MEETINGS

The Board meets regularly and frequently, not less than six times during the year and maintains a close dialogue between meetings. During the year Board meetings have been predominantly held virtually in compliance with the restrictions put in place during the COVID-19 pandemic. In June 2021, socially distanced in-person Board meetings and site visits, accompanied by the local management team, resumed.

Board packs are distributed sufficiently in advance of the meetings to allow adequate time for review to enable informed debate and challenge at meetings and include key strategic, operational and financial information.

Where a Director is unable to attend a meeting, they are encouraged to discuss any issues arising with the Non-Executive Chairman or Group Chief Executive as appropriate. If a Director has a concern about the running of the business, the minutes should accurately reflect this. Should any Director resign from their position as a result of unresolved concerns in the Company, they are requested to submit a written statement to the Non-Executive Chairman outlining their concerns for circulation to the Board. There were no statements received of this nature during the year.

Attendance by individual Directors at Board meetings is set out opposite.

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
John Tutte	Non-Executive Chairman	8/8
Matthew Pratt	Group Chief Executive	8/8
Barbara Richmond	Group Finance Director	8/8
Nick Hewson	Senior Independent Director	8/8
Sir Michael Lyons	Non-Executive Director	8/8
Nicky Dulieu	Non-Executive Director	8/8
Vanda Murray [1]	Non-Executive Director	1/1
Richard Akers [2]	Non-Executive Director	1/1

1 Vanda Murray stepped down from the Board on 6 November 2020 and attended the meeting held between the beginning of the 2021 financial year to her retirement date.

2 Richard Akers was appointed as Non-Executive Director on 1 June 2021 and attended the meeting held between his appointment date to the end of the 2021 financial year.

PROFESSIONAL DEVELOPMENT

The Company Secretary and Non-Executive Chairman regularly review the developmental needs of the Board, both as a whole and for individual directors, to ensure that each Director is effective in adding to Board discussion, debate and decision-making and to allow them to continue to fulfil their role effectively on the Committees.

The Board receives regular briefings from those responsible for key Group disciplines. In addition, the Board maintains close working relationships with the Executive Management Team and the divisional management teams.

All new Directors must undertake a formal and comprehensive induction programme which is coordinated by the Company Secretary and the Non-Executive Chairman. The programme for the Non-Executive Directors is specifically designed to encompass the full breadth of the business and includes visits to operating businesses. The programme is tailored accordingly to:

- provide an understanding of their role within the Company and the key priority areas for the Board;
- build an understanding of how the Board operates within the structure of the Group;
- introduce key Group personnel and external advisors;
- enhance their knowledge of the Group's strategy, culture and business;
- provide an understanding of the financial position of the Company; and
- if applicable, prepare the Director for Committee memberships by additionally providing induction material relevant to the specific committee.

During the year, formal appraisals of the Group Chief Executive and the Group Finance Director were undertaken by the Non-Executive Chairman. The Non-Executive Chairman and all Non-Executive Directors had an annual appraisal conducted by the Senior Independent Director.

KPI ASSESSMENT AND RISK MANAGEMENT

The Board have the overall responsibility for setting the key performance indicators and selecting the appropriate form of measurement to allow an objective assessment of the Group's performance. The Board also sets appropriate targets against each indicator and ensures timely and accurate measurements against each identified performance indicator. See page 5 for further details of the key performance indicators of the Group.

The ultimate responsibility for the effective management of the risks faced by the Group in order to achieve its strategic and financial objectives lies with the Board. It is vital to the long-term sustainability of the Group that strong risk management mechanisms are in place. The Board carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business mode, future performance, solvency or liquidity. Details of the Group's risk management processes, including the Board's robust assessment of the Group's emerging and principal risks, key controls and mitigating strategies can be found on pages 66 to 77.

STRATEGY, PURPOSE, VALUES AND CULTURE

Setting and monitoring the Group's purpose, values and strategy and ensuring that these are aligned with culture is a key role of the Board.

Engagement with stakeholders, and understanding the key matters which are of priority to them, has formed the basis of the Group's business strategy and purpose and can be seen in the three themes of Developing Thriving Communities, Building Responsibly and Valuing People.

Our purpose, to operate to create a better way for people to live, is supported by our strategy of creating long-term sustainable value for all of our stakeholders by developing thriving communities with high quality homes that provide a better way to live. The messaging regarding the Group's purpose and strategy is consistent, clear and at the forefront of everything we do.

The Redrow culture is the unconscious landscape through which our people think, behave and act, regardless of whether they are working in the boardroom, Division, Group or on site. Our culture is embedded through our values of: hard work; attention to detail; innovation; passion; and the pursuit of excellence. We expect our people to apply these values in their daily working life.

There are a number of measures adopted by the Board to assist with monitoring, assessing and embedding culture:

1. The Board monitors the opinions of employees via the annual INsight survey to assist with measuring how far Redrow values are incorporated into the culture and evaluates the level of consistency in employees' views of culture.
2. Consistent language is used in communications with our colleagues via our intranet, Engage, which seeks to embed cultural norms by reinforcing the strategy

CORPORATE GOVERNANCE REPORT CONTINUED

and values and reiterating the behaviours and actions which are to be encouraged.

3. Policies are regularly reviewed and updated to ensure that they are in alignment with the Company's purpose, values and strategy.
4. Our colleagues have access to the new Brand Portal which reinforces what Redrow stands for and provides a single source of brand related assets to ensure brand consistency.
5. Site and Divisional visits are carried out by the Board, which allows them to engage directly with the workforce and obtain their views on culture within the business.
6. Workforce engagement sessions carried out with Nicky Dulieu, as designated Non-Executive Director for workforce engagement, play an important role in obtaining views of employees and reporting back to the Board on key issues for the workforce.

The Board is proud to have a business that is customer focused with employees taking pride in creating a better way to live through their contribution to providing a high quality product and service to our customers.

WHISTLEBLOWING

The Group has a widely publicised Whistleblowing Policy which enables employees and other stakeholders to raise concerns in confidence. The Board receives reports on all occasions when such issues are raised under this policy and ensures that appropriate follow-up action is undertaken.

The Whistleblowing Policy allows concerns to be raised anonymously and includes a non-retaliation policy whereby all concerns raised in good faith will be protected, as will those against whom claims are made which turn out to be unfounded. The Company provides a safeguarding assurance for anyone raising concerns in good faith that they will be protected regardless of the outcome of the investigation and any reporting of retaliation shall be treated in the same way as a whistleblowing allegation and disciplinary action taken if necessary.

Employees are reminded of the types of unethical or unlawful behaviours which may prompt a report to be made under the procedure and there are a series of reporting channels within the policy to ensure that people are comfortable raising their concerns at some level within or outside of the Company. The policy contains the contact details of the Company Secretary and Senior Independent Director and additionally includes an independent reporting hotline where independent and confidential advice can be provided on whistleblowing matters.

Investigations are undertaken as quickly as possible without affecting their quality and depth. For any non-anonymised concern, receipt of the concern is acknowledged and the reporting person is provided with an indication of how the Company is proposing to deal with the matter. The person raising the concern shall be provided with feedback relating to the investigation, provided that it would not breach the confidentiality of others within the Company.

The Company Secretary maintains a record of the number of whistleblowing reports received, along with details of the investigations undertaken, and reports to the Board on this. During the year, there were no alleged or suspected wrongdoings reported through the whistleblowing procedure.

The Whistleblowing Policy is formally reviewed and approved each year by the Board. During the year, there were no changes made to the policy.

CONFLICTS OF INTEREST

Transparency in our business dealings is paramount and the Board is ultimately responsible for ensuring that there are procedures in place to ensure that conflicts of interests, or potential conflicts of interests, are managed effectively.

In line with the Group's Code of Conduct, employees must immediately inform their line manager if there is any possibility of there being an actual or potential conflict of interest. If conflicts can be mitigated, authorisation by way of a Divisional board meeting must be obtained and the Company Secretary must be informed.

Directors must disclose any actual or potential conflicts of interest immediately to the Company Secretary and seek formal approval from the Board.

The Board is satisfied that the procedures in place to deal with conflicts of interest are sufficient and were operated effectively during the year.

SHAREHOLDER ENGAGEMENT

Shareholder engagement is paramount to the Board and the Directors make themselves available to meet with significant shareholders to understand the issues that are of most importance to them. Following any shareholder meeting, the Board is subsequently briefed on any issues discussed therein.

The Board undertakes formal presentations to equity analysts immediately following the announcement of the Company's financial results half-yearly. These presentations are available on the Company's website. During the 2021 financial year, the presentations were held virtually via webcast. Following the full year and half-yearly results' announcement in September 2020 and February 2021, the Executive Directors held virtual meetings with current and potential significant shareholders and feedback from these meetings was independently collated and disseminated to the Board.

In 2020, due to the unprecedented impact of COVID-19, the Board consulted with significant shareholders regarding putting forward a rolled-over remuneration policy at the AGM in November 2020. The policy was largely on the same terms as the previous one, save for additional commitments on compliance with good practice and with the provisions of the Code built in, and was approved with a 95.03% majority by shareholders.

Now with greater clarity on the market environment, and as notified to shareholders last year, a revised remuneration policy is to be put forward for approval at the 2021 AGM. A comprehensive consultation exercise was carried out during the year with significant shareholders of the Company regarding the components of the new policy. Nicky Dulieu, as Chair of the Remuneration Committee, led the consultation exercise which provided shareholders with the following:

- an overview of the growth of the business and the impact of COVID-19 on our stakeholders;
- the objectives of the proposed revised remuneration policy;
- the changes proposed to the remuneration policy; and
- an explanation of how that policy would be implemented.

Shareholders were invited to provide feedback on the proposals and following the consultation exercise an update was provided to the Remuneration Committee. The proposed remuneration policy was then finalised, taking into consideration the feedback received from shareholders. We recognise the importance of our shareholders as key stakeholders in our discussions, particularly around remuneration, and we welcomed the feedback received through the remuneration consultation exercise.

During the year, the Group Finance Director and Group Communities Director held meetings with significant shareholders to discuss their requirements surrounding Environmental, Social and Governance ("ESG") matters, the feedback of which shall be used to form the changes being made by the Company as part of the wider ESG improvement project.

The AGM held in November 2020 was held with a minimum quorum of shareholders due to the limits on attendance imposed by restrictions on public gatherings and guidance on social distancing. Given that the AGM is a key event in which the Board is able to engage directly with shareholders, the Board allowed shareholders to dial into the meeting to listen to the proceedings of the AGM remotely and also provided the opportunity for shareholders to submit questions to the Board ahead of the meeting.

Formal notification of the 2021 Annual General Meeting will be sent to shareholders at least 21 working days in advance.

There is a dedicated investor related section of the Company website, providing easy access to RNS announcements, key financial dates, dividend details, reports and publications. The Company's website, redrowplc.co.uk, gives access to current financial and corporate information.

WORKFORCE ENGAGEMENT

The Board believes that greater engagement with the workforce is essential to preserving long-term value. Valuing People is a fundamental part of the Group's strategy and understanding the views of employees and actively encouraging their participation sits highly on the Board's agenda. The Company engages with employees through the following means:

1. **Designated workforce Non-Executive Director** – in line with Provision 5 of the Code, Nicky Dulieu was appointed as the designated Non-Executive Director for workforce engagement, having succeeded Vanda Murray in this position following her retirement from the Board on 6 November 2020. In May 2021, Nicky Dulieu hosed a virtual employee engagement session with representatives from each area of the business. The group was wide-ranging with representatives from Build, Sales, Commercial, Technical, Land and other support functions. There was also a good mix of employees of different ages and at different stages of their career to allow for a broad spectrum of voices to be heard.

   The session provided the opportunity for Nicky Dulieu to engage directly with the workforce to obtain their views on a wide range of matters relating to life at Redrow. There was a good level of discussion and debate throughout the session and Nicky Dulieu was able to obtain a clear understanding of the most important issues facing employees. The Group HR Director was also available during the session and was able to share with the group which issues were under active consideration by the Board. An action plan was put together following the session and was presented to the Board by Nicky Dulieu. It was agreed that these engagement sessions will be run at least bi-annually with feedback going back to the employee representatives in between each session.

2. **Employee communication via the intranet, Engage** – Engage is available for all employees of the Company and is the hub for sharing news and communications across the business. It encourages employees to actively participate and have a voice in decisions being made by the Company. This proved to be a vital communications tool during the COVID-19 pandemic as it allowed information to be shared instantly with all employees so that we were able to keep each person in the loop and up to date with actions being taken by the business.

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT CONTINUED

3. **Employee engagement meetings** – each divisional business and Group has a team of elected representatives who attend regular engagement meetings. These meetings keep employees up to date with Company news and employee health and wellbeing initiatives and enable the representatives to put forward the views and ideas of the department. Each employee has access to their engagement representative and has the opportunity to discuss matters arising from these meetings. All meeting materials and action plans following meetings are made available to all employees via Engage.
4. **INsight survey** – this survey is distributed annually to all employees and in the latest survey there was a 81% participation rate. The feedback from employees was anonymised. Following the results, workshops were carried out with each team to discuss the findings and feedback was collated by the Engagement team. Resulting from the feedback, commitments and themes for the year were posted on Engage with regular progress reports posted on these.
5. **Promotion of share ownership through employee share plans** – the Company supports employee share ownership at all levels as it directly aligns employee interests with those of shareholders. Share ownership encourages employees to take a wider view of the Group. Thinking like a shareholder, as well as an employee, encourages the workforce to be more inquisitive as to whether they can individually and collectively improve to create even more shareholder value.
6. **Division specific communications** – the Divisions are encouraged to make their employees aware of the financial and economic factors affecting their respective Divisions and the Company as a whole. Each Division has a dedicated section on the intranet which is regularly updated to reflect matters directly affecting that part of the business. Following feedback from the workforce engagement session with Nicky Dulieu regarding the value of regular updates from senior management, at least quarterly, Managing Directors and Heads of Departments provide an overview of news within the related Division and beyond.
7. **Company performance communications** – the Company's intranet, Engage, is also used as a tool for communicating factors affecting the performance of the Company to employees to ensure that they understand how the business is performing in the current market. Additionally, the Group Chief Executive circulates the results announcements and trading updates to all employees. Following the release of the interim and final results announcements, the Group Finance Director attends the Head Office and Divisional offices to make a presentation directly to employees to explain the results and strategy for the year.

STAKEHOLDER ENGAGEMENT

An explanation of the engagement undertaken during the year with the key stakeholders of the Group, including the impact of the engagement on Board decisions, can be found on pages 84 to 89 of the Strategic Report.

SECTION 172(1) STATEMENT

The Section 172(1) Statement of the Group, explaining how the Directors have carried out their statutory duty within s.172(1) of the Act, can be found on pages 82 and 83 of the Strategic Report.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has directors' and officers' insurance in place which insures Directors against certain liabilities, including legal costs.

2. DIVISION OF RESPONSIBILITIES

THE BOARD

The Board currently comprises a Non-Executive Chairman, two Executive Directors and four independent Non-Executive Directors, one of which acts as the Senior Independent Director. Following the retirement of John Tutte as Non-Executive Chairman on 15 September 2021, the Board will comprise Richard Akers as the Non-Executive Chairman, Matthew Pratt and Barbara Richmond as Executive Directors and Nick Hewson, Sir Michael Lyons and Nicky Dulieu as independent Non-Executive Directors, with Nick Hewson also occupying the position of Senior Independent Director.

Nick Hewson will be stepping down from the Board ahead of the 2022 AGM and the Nomination Committee is leading the process of appointing a new Non-Executive Director to succeed him.

Division of Responsibilities

The Company has separate roles for the Non-Executive Chairman and Group Chief Executive, ensuring that there is a clear division of responsibilities at the head of the Company between the running of the Board and the operational responsibility for the running of the Company's business, as required by the Code.

The division of responsibility and accountability between the roles is well defined and using such a balanced approach ensures that no one individual has unfettered powers of decision.

Non-Executive Chairman

John Tutte, as Non-Executive Chairman, is primarily responsible for:

- leading the Board to ensure optimum effectiveness;
- encouraging a culture of openness and debate;
- facilitating constructive board relations and effective contributions from all Non-Executive Directors;
- ensuring that all Directors receive accurate, timely and clear information;
- taking a leading role in determining the Board's composition and structure;
- ensuring that effective communications are maintained with shareholders; and
- meeting with the Non-Executive Directors without the presence of the Executive Management Team.

John Tutte stepped back from an Executive Chairman role to a Non-Executive Chairman role following the 2020 AGM on 6 November 2020 and shall be retiring from the Board following the full year results presentation on 15 September 2021. As noted above, Richard Akers, currently appointed as Chair-Designate and independent Non-Executive Director, shall replace John as Non-Executive Chairman with effect from the same date.

In 2019 and 2020, the Board engaged with major shareholders in respect of Board composition, particularly regarding the Chairmanship role, and the proposed succession plans were well-received by the shareholders consulted.

Group Chief Executive

Matthew Pratt, as Group Chief Executive, is responsible for:

- operational management of the Group;
- implementing strategic plans with the assistance of the Executive Management Team;
- ensuring that the visions and values of the Company are properly communicated across the Group; and
- reporting on these to the Board.

In addition to his role on the Main Board, the Group Chief Executive is also a Member of the Placemaking and Sustainability Committee.

Group Finance Director

Barbara Richmond, as Group Finance Director, is responsible for:

- the financial management of the Group in its broadest sense;
- maintaining effective communications; and
- reporting on these to the Board.

Senior Independent Director

In line with Provision 12 of the Code, Nick Hewson was appointed as the Senior Independent Director on 7 November 2018.

Nick Hewson has a wealth of experience as a Non-Executive Director and, having been on the Board since 2012, has a good understanding of the business.

The following additional responsibilities fall within the remit of the Senior Independent Director:

- acting as a sounding board for the Non-Executive Chairman and supporting him in ensuring the Board is effective and that constructive relations are maintained;
- being available to shareholders in order to understand their issues and concerns in order to relay them to the Board; and
- leading the evaluation of the performance of the Non-Executive Chairman and obtaining views from other Directors.

Non-Executive Directors

The role of the Non-Executive Directors within the Company is essential in order to view the Group objectively and provide constructive challenge to the Executive Directors and scrutinise performance. They have a good understanding of the business and bring a range of skills and experience to the discussions in the boardroom, including offering specialist advice and strategic guidance. The diversity and skills brought into the Company by the Non-Executive Directors are crucial to developing the strategy of the Group.

The Non-Executive Directors play a vital role in occupying seats on the Board's Committees and they are positioned in such way that the Committees benefit from their expertise and background. The Non-Executive Directors are also key in appointing and removing Executive Directors, and ensuring that there are succession plans in place for senior level roles. The work of the Nomination Committee, comprising all Non-Executive Directors, can be seen on page 118.

Company Secretary

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. He is responsible for advising the Board on all governance matters. The Company Secretary is a member of the Executive Management Team and all Directors have access to his advice and services. He is responsible for governance structures and mechanisms, corporate conduct and is the primary source of advice on the conduct of the business.

In certain circumstances, Board Committees and individual Directors may wish to take independent professional advice in connection with their responsibilities and duties, and, in this regard, the Company will meet the reasonable costs and expenses incurred and the Company Secretary will assist in arranging such advice.

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BOARD BALANCE AND INDEPENDENCE

The Board considers that it is of a size and has a balance of skills, knowledge and experience that is appropriate for its business. The Executive Management Team provides the Board with an appropriate view of the detail of the business, which, together with the benefit of their significant collective experience of the UK house building industry, enables the Board to discharge its duties and responsibilities effectively. The Non-Executive Directors bring a wealth of experience and understanding from outside the Company which enables them to challenge and help develop proposals on the Company's strategy.

The details of the Directors' respective experience are set out in their biographical profiles on pages 92 to 93.

In considering the independence of each Non-Executive Director, the Board has taken into consideration the guidance provided by the Code. The Board considers all Non-Executive Directors holding office during the year, save for John Tutte, to be independent in accordance with Provision 10 of the Code, as they each:

- have not been employed by the Company or Group;
- have no material business relationship with the Company;
- do not participate in the Company's employee share plans or pension scheme;
- have not received additional remuneration beyond the director's fee displayed on page 145 of this Annual Report;
- have no close family ties with any of the Company's Directors, Executive Management Team or advisers;
- have no significant links with other Directors through involvement in other companies;
- do not represent a significant shareholder; and
- have not served on the Board for more than nine years from the date of their first appointment.

The Board believes that presently the balance of Non-Executive and Executive Directors is effective and contains the appropriate mix of skills and experience for the Board to continue successfully. The composition is compliant with Provision 11 of the Code as the ratio of Independent Non-Executive Directors to Executive Directors, excluding the Chairman, is 4:2 (66.67%). Following the appointment of Richard Akers as Chairman on 15 September 2021, the Board composition will remain compliant with this provision, with the ratio of independent Non-Executive Directors to Executive Directors, excluding the Chairman, being 3:2 (60%).

Nick Hewson was appointed to the Board in December 2012 and will have served a 9-year term as Director by December 2021. Nick Hewson will therefore be stepping down from the Board ahead of the 2022 AGM and a new independent Non-Executive Director will be appointed in his place. Further details of the recruitment process will be outlined in next year's Annual Report and as soon as the appointment has been approved, the Company will release an announcement to investors containing details of the appointment.

APPOINTMENTS TO EXTERNAL BOARDS

Prior to Executive Directors and Non-Executive Directors taking on any additional responsibility outside of the Group, and before making new appointments to the Board, an assessment is undertaken to determine whether this will compromise their ability to commit sufficient time to the Company to properly discharge their responsibilities or create any potential conflicts.

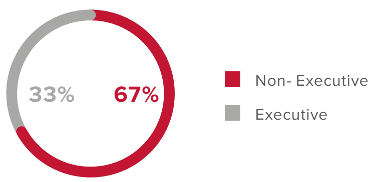
In making the assessment, the Board considers the mandates attributable to such positions, in line with the scoring mechanism used by Institutional Shareholder Services, to determine whether a person is overboarded. The Board does not consider that any of its Directors are overboarded and is satisfied that sufficient time and energy is devoted to the Company by each Director.

In line with Provision 15 of the Code, the Executive Directors do not hold more than one significant Non-Executive Directorship position.

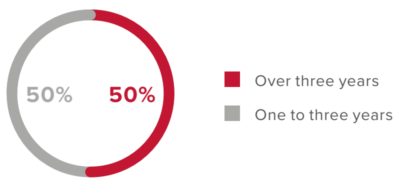
COMMITTEES

The Board is supported by the Audit, Nomination, Remuneration and Placemaking and Sustainability Committees and their memberships, roles and activities are set out in separate reports, which can be found on the following pages:

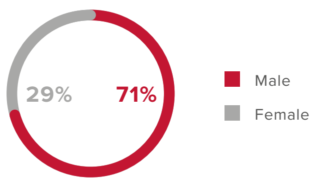
Composition of the Board (excluding Chairman)



Length of Tenure of Non-Executive Directors



Main Board by Gender



- Audit Committee Report – pages 108 to 116;
- Nomination Committee Report – pages 117 to 122;
- Placemaking and Sustainability Committee Report – pages 123 to 127; and
- Remuneration Committee Report – pages 128 to 153.

Each Committee has Terms of Reference, governing their responsibilities and powers, approved by the Board. The minutes of the Committee meetings are circulated to the Board and the Committee Chairmen provide reports to the Board on the work undertaken by the Committees.

The Audit Committee and the Nomination Committee are chaired by Nick Hewson, the Remuneration Committee is chaired by Nicky Dulieu and the Placemaking and Sustainability Committee is chaired by Sir Michael Lyons.

In addition to the Board, each Committee completed a performance evaluation during the 2021 financial year. The evaluation reports were discussed at a meeting of the Committees and it was concluded that they were contributing and functioning effectively and were complying with their Terms of Reference.

3. COMPOSITION, SUCCESSION AND EVALUATION

NOMINATION PRACTICES

To assist with the assessment of the Company's application of the Code, the following table sets out where key information relating to the Company's nomination related practices can be found within the Annual Report:

Subject	Page reference
Explanation of the main roles and responsibilities of the Nomination Committee	See page 118 of the Nomination Committee Report, under heading Responsibilities and Terms of Reference
Explanation of the work undertaken by the Nomination Committee	See page 118 of the Nomination Committee Report, under heading Main Activities During the Year
Annual reappointment of Directors and reasons why reappointment is recommended	See page 103 of the Corporate Governance Report, under heading Appointments and Re-Elections to the Board See page 120 of the Nomination Committee Report, under heading Annual Re-Election of the Directors
Tenure of Chairman	See page 95 of the Corporate Governance Report, under heading Compliance with the UK Corporate Governance Code
External search consultancy and connection disclosure	See page 119 of the Nomination Committee Report, under heading Succession Planning
Annual evaluation of Board, Committees and Directors and action taken following results of evaluation	See page 104 of the Corporate Governance Report, under heading Board Performance Evaluation

THE NOMINATION COMMITTEE

The Nomination Committee is responsible for leading the process for appointments to the Board and ensuring that succession plans allow for the development of a diverse pipeline for the Board and Executive Management Team positions.

All members of the Nomination Committee are independent Non-Executive Directors and the Committee is chaired by Nick Hewson, the Senior Independent Director.

Further details of the role of the Nomination Committee and work undertaken throughout the year can be found on pages 117 to 122.

APPOINTMENTS AND RE-ELECTIONS TO THE BOARD

The appointments of the Non-Executive Directors are generally made for three-year terms and all Directors are subject to annual re-election. Following the assessment on the effectiveness of the Directors, the Nomination Committee will make recommendations to the Board on reappointments.

The Nomination Committee has recommended the reappointment of each of the Executive Directors and Non-Executive Directors, save for John Tutte who will be retiring from the Board on 15 September 2021.

The Board is mindful of the principles and provisions of the Code on election and re-election, including that there should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board, and that annual re-election is subject to continued satisfactory performance. The Board has decided that all Directors will be submitting themselves for re-election at the 2021 Annual General Meeting, save for John Tutte who has informed the Board of his intention to retire from the Board on 15 September 2021.

The Board has satisfied itself that all Directors who will be submitting themselves for re-election continue to perform

GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT CONTINUED

satisfactorily. Details of appropriate Annual General Meeting Resolutions will be found in the Notice of Annual General Meeting which will be sent to shareholders separately.

BOARD PERFORMANCE EVALUATION

In line with the Code, each year a formal performance evaluation of the Board and its Committees is undertaken.

In 2019, an externally facilitated evaluation of the Board and Committees was carried out by Independent Audit. This year, a formal internal evaluation of the Board and Committees was undertaken to build upon the progress made in previous years. In line with Provision 21 of the Code, the Board shall be engaging an external evaluator to facilitate the evaluation of the Board in 2022.

After reviewing the 2020 evaluation report, a questionnaire was created and tailored, taking into consideration comments made in the previous year's assessment as well as the current market.

The questionnaires were completed by all members of the Board and each member of the Committees. Members of the Executive Management Team and key external advisors were also invited to participate in the relevant questionnaires. The purpose of widening the participant pool was to gain a deeper understanding of the perception of the Board from non-Board members, which was a useful feedback tool.

Following completion of the questionnaires, an anonymised effectiveness report was compiled and presented at the relevant Board and Committee meetings held in June 2021. Having considered the output of this year's evaluation, the Board considers that it continues to function effectively and its relationship with its Committees continue to be sound. The main observations from the evaluation were that:

- the Board works on a basis of trust and openness whereby each Director is able to speak openly;
- the Board has improved its focus on the consideration of the big trends which impact the industry, particularly in terms of customer research, sustainability and placemaking;
- there was unanimous agreement that the Board was particularly strong in the focus placed on people as a critical part of strategy;
- the organisation has a strong focus on compliance and the Board has good oversight of the Group's financial heath, organisational controls and cyber risks;
- the Board has a clear picture of the big risks and uncertainties and that there is involvement from the Board at an early stage in the risk management process; and
- discussions of the Board were well set up with structured and clear Board papers.

The evaluation also identified the following areas for improvement, which will continue to be addressed over the coming year:

- whilst it was acknowledged that the monitoring of culture is high on the Board's agenda, it was noted that this needs to remain a regular review feature as part of the overall strategy of Valuing People;
- there was agreement that the right people were brought around the table to allow for meaningful discussions however it was noted that there was scope for bringing additional members of the next level senior team, both from a succession planning perspective and a deeper dive into key areas; and
- there was scope for Directors spending more informal time together, although it was acknowledged that this was due to the restrictions regarding in-person meetings resulting from the COVID-19 pandemic.

As a result, the Board considers that it continues to operate effectively with meetings to facilitate and debate decision making.

2020 Evaluation

Recommendations of improvement from the 2020 evaluation	Action taken during the year
Possible scope for a further session dedicated specifically to strategy and further challenge on how far we are progressing towards our strategic objectives.	During the year, a full review has been undertaken to outline the vision and strategic direction of the business going forward, along with analysis on the current situation, opportunities and threats. Following this review and analysis, there has been good discussion and debate at Board level regarding the Company's strategy for the short, medium and long term.
Possible scope for increasing focus on developing the next generation of leaders to ensure the leadership team remain effective.	There was much discussion during the year regarding succession planning and interventions across the business, Main Board and Executive Management Team succession and disaster scenario succession planning. This remains an ongoing area of focus and the Board now review and update the Executive Management Team disaster scenario succession planning matrix at least every six months.

DIVERSITY

The principle of boardroom diversity is strongly supported by the Board. It is the Board's policy that appointments to the Board will always be based on merit, so that the Board has the right individuals in place, and recognises that diversity is an important consideration as part of the selection criteria used to assess candidates to achieve a balanced Board. A more detailed explanation of the approach to diversity can be found on page 121.

In line with Provision 23 of the Code, the gender split of the Company can be found on page 121 within the Nomination Committee Report.

4. AUDIT, RISK AND INTERNAL CONTROL

AUDIT, RISK AND CONTROL PRACTICES

To assist with the assessment of the Company's application of the Code, the following table sets out where key information relating to the Company's audit, risk and control practices can be found within the Annual Report:

Subject	Page reference
Explanation of the main roles and responsibilities of the Audit Committee	See page 109 of the Audit Committee Report, under heading Responsibilities and Terms of Reference
Explanation of the work undertaken by the Audit Committee	See page 111 of the Audit Committee Report, under heading Main Activities During the Year
Risk management and internal control systems	See pages 66 to 67 of Strategic Report, under heading Risk Management
Robust assessment of the Company's emerging and principal risks	See pages 66 to 77 of Strategic Report, under heading Risk Management
Adoption of going concern basis of accounting and assessment of prospects of the Company	See page 78 of Strategic Report, under heading Going Concern and Viability Statement
Explanation of the Directors responsibility for preparing the Annual Report and assessment forming the basis for their conclusion that the Annual Report is fair, balanced and understandable	See page 168 of Governance Report, under heading Statement of Directors' Responsibilities

AUDIT COMMITTEE

The Board has established an Audit Committee comprising three independent Non-Executive Directors. The Non-Executive Chairman is not a member of the Audit Committee.

The Board is satisfied that, with the financial backgrounds of Nick Hewson (being a Fellow of the Institute of Chartered Accountants in England and Wales) and Nicky Dulieu (being a Fellow member of the Association of Chartered Certified Accountants and having held various strategic and financial roles within a FTSE 250 company over a 23 year period), there is sufficient recent and relevant financial experience to ensure that the Committee is able to function effectively with the appropriate degree of challenge.

Further details of the role of the Audit Committee and work undertaken throughout the year can be found on pages 108 to 116.

5. REMUNERATION

REMUNERATION PRACTICES

To assist with the assessment of the Company's application of the Code, the following table sets out where key information relating to the Company's remuneration practices can be found within the Annual Report:

Subject	Page reference
Non-Executive Director remuneration	See page 145 of Directors' Remuneration Report, under heading: Single Total Figure Remuneration Table
Remuneration consultancy appointment	See page 152 of Directors' Remuneration Report, under heading: Consideration of Directors' Remuneration – Remuneration Committee and Advisors
Executive Director remuneration supporting alignment with long-term shareholder interests	In the Remuneration Policy table, see Operation column of LTIP component for details of vesting and holding periods, on page 136. See also page 147 of Directors' Remuneration Report, under heading Shareholding Guidelines and Share Interests
Discretion to override formulaic outcomes, malus and clawback provisions	See page 131 of Directors' Remuneration Report under sub-heading: Risk

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Notice and contract periods	See page 140 of Directors' Remuneration Report, under sub-heading: Service Contracts
Remuneration policy setting	See page 131 of Directors' Remuneration Report, under sub-heading: Remuneration Strategy
Pay ratios	See page 150 of Directors' Remuneration Report, under sub-heading: CEO Pay Ratio
Engagement regarding remuneration	See page 138 of Directors' Remuneration Report, under sub-heading: Consideration of Shareholder Views

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee comprising all four independent Non-Executive Directors. In line with Provision 32 of the Code, the Non-Executive Chairman is not a member of the Remuneration Committee as he was not independent upon appointment.

Nicky Dulieu is currently the Chair of the Remuneration Committee, having served on the Committee for over 12 months before taking over this role from her predecessor, Vanda Murray. Nicky Dulieu has significant remuneration experience and is currently appointed as the Chair of the Remuneration Committees of Adnams plc and Marshall Motor Holdings plc, therefore the Board is satisfied that she has sufficient remuneration experience to successfully lead the Remuneration Committee.

The Board has delegated the responsibility to the Remuneration Committee for determining the remuneration policy and setting the remuneration for the Non-Executive Chairman, Executive Directors and members of the Executive Management Team, taking into consideration the remuneration of the workforce.

Further details of the role of the Remuneration Committee and work undertaken throughout the year can be found on pages 128 to 153.

DIRECTORS' EMOLUMENTS WAIVER

With effect from 27 March 2020 until 6 November 2020, John Tutte volunteered to retain a 20% cut in salary whilst occupying the Chairman role in an Executive capacity. On 6 November 2020, John Tutte stepped back to a Non-Executive Chairman role and his revised salary for this role then took effect. See page 144 of the Directors' Remuneration Report for further details.

GRAHAM COPE
Company Secretary

14 September 2021

Image: Hartford Grange, Northwich, Cheshire

GOVERNANCE REPORT
AUDIT COMMITTEE REPORT

"The Committee focuses on the integrity of the risk management systems and internal control procedures, as well as monitoring the effectiveness of the Group's financial reporting, by providing independent challenge and scrutiny."

NICK HEWSON

Chairman of the Audit Committee

I am pleased to present the Audit Committee Report for the 52 weeks ended 27 June 2021, which has been prepared in accordance with the requirements of the UK Corporate Governance Code 2018 (the "Code") and the Financial Conduct Authority's Listing Rules and Disclosure, Guidance and Transparency Rules (the "DTRs").

This report describes how the Committee has carried out its responsibilities during the year. During 2021, the Committee maintained its focus on monitoring the integrity of the Group's internal control processes and risk management framework and the effectiveness of the Group's financial reporting by providing independent and objective challenge.

COMMITTEE MEMBERSHIP

There are three Members of the Committee, each of which is an independent Non-Executive Director, with myself, the Senior Independent Director, being Chairman of the Committee. The other Members of the Committee during the 2021 financial year were Sir Michael Lyons, Nicky Dulieu and Vanda Murray. Vanda Murray stepped down as a Member of the Committee on 6 November 2020 when she retired from the Board. In line with Provision 24, the Chairman of the Board is not a Member of the Committee.

Richard Akers was appointed as an independent Non-Executive Director and Chair-Designate on 1 June 2021 however upon advice from the Nomination Committee, the decision was taken that Richard would not act as a Member of the Audit Committee. In adopting the Code in both letter and spirit, and taking into consideration Provision 24 of the Code, as Richard Akers would be working closely with John Tutte during a period of handover of the Non-Executive Chairman role, it was agreed that it would not be appropriate for him to act as a Member of the Committee.

As outlined further in the Nomination Committee Report on page 120, I will have completed a nine-year term as a Non-Executive Director of the Company by December 2021 and, in line with Provision 10 of the Code, I will not be seeking re-election at the AGM in 2022.

The Board is satisfied that there is the requisite recent and relevant financial experience on the Committee (in line with Provision 24 of the Code) and that there is sufficient competence in accounting and auditing (in line with DTR 7.1.1A) due to the following:

- I, as Chairman of the Committee, am a Fellow of the Institute of Chartered Accountants in England and Wales;
- Nicky Dulieu is a Fellow member of the Association of Chartered Certified Accountants and has held various strategic and financial roles within a FTSE 250 company over a 23-year period. She is currently the Chair of the Audit Committee at WH Smith plc; and
- Sir Michael Lyons has been a Member of the Committee since his appointment to the Board in January 2015 and has recent experience of providing independent challenge of the Company's financial performance, risk management and control procedures.

The qualifications, skills and experience of each Committee Member can be found on pages 92 to 93.

COMMITTEE MEETINGS

The Company Secretary acts as Secretary to the Committee and detailed papers and information were circulated by the Company Secretary sufficiently in advance of meetings to allow proper consideration of the matters for discussion.

To enable the Committee to provide robust challenge of the reports submitted to the Committee, regular attendees at the meetings during the year included the Group Finance Director, Finance Director – Group Services (who has the responsibility for the Company's internal audit), Chief Information Officer (who has the responsibility for IT, including cyber security and systems accounts) and KPMG LLP as the external auditor.

The Committee met four times during the year and details of the meeting attendance can be seen in the table below. A summary of the principal activities of the Committee is provided below.

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
Nick Hewson †	Chairman	4/4
Sir Michael Lyons †	Member	4/4
Nicky Dulieu †	Member	4/4
Vanda Murray [1] †	Member	2/2

1. Vanda Murray stepped down from the Board on 6 November 2020 and attended both meetings held between the beginning of the 2021 financial year and her retirement date.

† Member considered to be independent. Throughout the 2021 financial year the Committee was made up of 100% independent Members.

The Committee has also had the opportunity to meet separately with the external auditors and internal audit function following the final audit and the review of the 52 weeks ended 27 June 2021 financial statements.

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- monitoring the timeliness and integrity of the financial statements and accompanying reports to the shareholders and Corporate Governance Statements, including reviewing any significant financial reporting judgements contained therein and the findings of the external auditors;
- monitoring and reviewing any formal announcements relating to the Company's financial performance;
- reviewing and monitoring the effectiveness of systems for internal control, financial reporting and risk management, including the Risk Register, covering all material controls (including financial, operational and compliance controls), having regard to the long-term prospects and viability of the Company;
- making recommendations to the Board in relation to the appointment and removal of the external auditors and approving the remuneration and terms of engagement;
- determining the criteria used in order to assess the quality of the external audit and reporting on any significant issues considered in relation to the financial statements;
- reviewing and monitoring the external audit process and independent activity of the external auditors as well as the nature and scope of the external audit and its effectiveness;
- reviewing and monitoring the external auditor's independence and objectivity;
- monitoring and reviewing the policy on the engagement of the external auditors to supply non-audit services, taking into consideration the impact this may have on independence;
- ensuring that the internal and external audit functions remain independent and effective through formal and transparent review;
- reviewing the Company's procedures for detecting fraud and the adequacy of its systems and controls for the prevention of bribery;
- reviewing the Company's procedures for data management and cyber resilience;
- reviewing the Company's procedures and controls for the prevention of tax evasion and the facilitation of tax evasion;
- reviewing the Company's procedures for raising concerns; and
- reporting to the Board on how the Committee has discharged its responsibilities.

The Committee's Terms of Reference are available on the Company's website (redrowplc.co.uk).

GOVERNANCE REPORT

AUDIT COMMITTEE REPORT CONTINUED

AUDIT COMMITTEE REPORTING ON SIGNIFICANT ISSUES

The primary areas of judgement and estimation uncertainty which were considered and challenged by the Committee and how these were addressed are set out below:

Area of Focus	Considerations
Valuation of inventory	The Committee receives a report prepared by management at each reporting date outlining the approach taken by management to assess the net realisable value of inventories and cost of sales, with details of sites with significant areas of judgement and any forward land against which provisions have been made.
Defined benefit pension scheme valuation	The Committee receives details of the IAS 19R – Employee Benefits valuations carried out at each reporting date for management by the actuary who advises the Company on the underlying assumptions. A sensitivity analysis is also provided for its consideration. The Committee also receives details of the triennial independent scheme valuation report prepared by the Scheme Actuary and reviews key judgement areas made including relevant actuarial advice that has been received. In addition, the Committee also reviews the external auditors' report benchmarking pension actuarial assumptions. The Scheme was in surplus as at 27 June 2021.

Conclusions

In order to assess the appropriateness of judgements made by the Company to satisfy itself of the adequacy of disclosures and to provide independent challenge, the Committee carried out the following:

- a review of the internal control measures and risk management systems;
- a review of the findings of the external auditors' testing of controls and processes for estimating; and
- a debrief and challenge of the senior Finance team, including the Group Finance Director and Finance Director – Group Services, with specific regard to the Group's valuations, forecasts and assumptions.

Following this, the Committee concluded that appropriate judgements had been applied in determining the estimates and that adequate disclosures had been made.

MAIN ACTIVITIES DURING THE YEAR

The Committee followed a programme which is structured around the annual reporting cycle and received reports from internal audit, the external audit and management. The principal activities undertaken were as follows:

September 2020	A review of the full year 2020 results, including the Annual Report and a report from the external auditors; Consideration of the Group risk assessment process, key accounting judgement areas, viability statement and a going concern review; A review of the latest triennial independent scheme valuation report prepared by the Scheme Actuary of the defined benefit pension scheme; A review of the related third party transactions; A review and discussion of the external auditors' report; Discussion regarding the latest Business Performance Review; A review of the Post Completion Reports; An update on action taken in response to the COVID-19 pandemic; A review of the compliance with the Anti-Bribery Policy; An update on compliance with the General Data Protection Regulation 2018 ("GDPR"); and An update on cyber security.
September 2020	A recommendation to the Board to approve the 2020 Annual Report following a review of the full and clean audit opinion from the external auditors.
February 2021	A review of the 2021 half-yearly accounts including a report from the external auditors; Consideration of the key accounting judgement areas and going concern; Discussion of accounting policies to be applied for the 2021 financial year; A review of the proposed external audit strategy for 2021 and associated fees; A review of the Risk Register; Discussion regarding the latest Business Performance Review; A review of the Cross Divisional Testing programme; A review of the latest Post Completion Reports; A review of the compliance with the Anti-Bribery Policy and the Gifts and Hospitality Policy; A further update on compliance with GDPR; A further update on cyber security; A review of the Terms of Reference of the Committee; and Discussion regarding progress made on the improvement areas following the 2020 Audit Committee self-evaluation.
June 2021	A review of the appropriateness of the Group's accounting policies; A further update on action taken in response to the COVID-19 pandemic; A review of the Risk Register; Discussion regarding the latest Business Performance Review; A review of the Business Performance Review programme; A review of internal controls across the whole business; A review of the cyber security penetration testing; Discussion of the update of, and adherence to, the Policies and Procedures manuals; A review of the Cross Divisional Testing programme; A review of the latest Post Completion Reports; An update on IFRS 15 and the revised ISA 540; An update on insurance cover renewal for the Group; An update and discussion on internal audit and its strategy; An update and discussion on the external audit; A further update on compliance with GDPR; A further update on cyber security; A review of the Group's Anti-Bribery Policy, Anti-Facilitation of Tax Evasion Policy and Whistleblowing Policy; Report presentation of the Committee's self-evaluation and a discussion on its effectiveness; A review of the effectiveness of the external audit process; A review of the independence and objectivity of the external auditors; and A review of the Committee's Terms of Reference.

GOVERNANCE REPORT

AUDIT COMMITTEE REPORT CONTINUED

September 2021	A review of the full year 2021 results, including the Annual Report and a report from the external auditors; Consideration of the Group risk assessment process, viability statement and a going concern review; A review of the related third party transactions; Discussion regarding the latest Business Performance Review; A review of the compliance with the Anti-Bribery Policy; and An update on cyber security

GOING CONCERN

Biannually, management conducts a detailed going concern review, considering liquidity and banking covenant compliance. The Committee has challenged forecast cash flows and the assumptions applied to derive the cash flows and availability of finance from existing facilities. The Committee has challenged the various risks associated with the COVID-19 pandemic that have been assumed as part of this review. The cash flow forecasts evidence that the Group has adequate levels of liquidity from its committed facilities and complies with all banking covenants for at least 12 months from 14 September 2021. The Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the financial statements.

EXTERNAL AUDITORS

Following the latest tender process which was undertaken by the Committee in 2018, KPMG LLP was appointed as the external auditor of the Company in 2019 and reappointed at the 2020 Annual General Meeting, with 99.98% of votes cast in favour of reappointment.

The tenure of the current Audit Partner from KPMG LLP, Nick Plumb, commenced from the financial year commencing 1 July 2019.

Provision of Non-Audit Services by External Auditors

The Committee has a formal policy in respect of the work of the external auditors. The purpose of this policy is to ensure that the auditors' objectivity and independence is maintained by ensuring both that the nature of any non-audit work undertaken and the level of fees paid does not compromise the auditors' position.

Appointments in respect of non-audit work require the prior approval of the Committee within an established budget. In addition, no work can be undertaken by the external auditors in any area where there is any identifiable risk that the work of an individual within the external audit firm or the external audit firm generally could conflict or compromise the quality, objectivity or independence of any audit or compliance work undertaken for the Group.

The external auditors are not indemnified by the Company nor has the Company purchased liability insurance for them.

Non-audit services provided by the external auditors during the 2021 financial year comprised audit related assurance services, in the form of an independent review of the half-yearly statements. The Committee concluded that the provision of such services was appropriate given that they were closely related to the work performed in the external audit process and, for reason of effectiveness and efficiency, it was considered advantageous to engage the external auditors due to their knowledge and expertise.

The Committee, in line with the above formal policy, approved all non-audit service fees for the work undertaken in the financial year. The provision of such services was in line with the FRC's Revised Ethical Standard 2019. As a result of this policy and additional discussions with the external auditors, the Committee is satisfied that the independence of KPMG LLP was not compromised because of this additional work. Details of fees paid to KPMG LLP for audit and non-audit purposes are disclosed on page 191.

Independence Assessment of External Auditors

In line with Provision 25 of the Code, the Committee monitors and reviews the independence and objectivity of the external auditors. The Committee is satisfied that KPMG LLP remain independent and objective following its assessment, taking into consideration the following:

- Tenure of the audit firm – the 2020 financial year was the first period of KPMG LLP's appointment as the external auditor. The Committee is aware of the requirement for it to retender the Company's statutory audit services engagement at least every ten years, with rotation at least every twenty years. The Committee is also mindful of the Competition & Markets Authority view that companies may benefit from going out to tender every five years and, when considering the specific timing for the retender of the external auditor, the Committee shall consider which year would be in the best interests of its members among other factors. Having completed only two years of external audit services, the Committee is satisfied that the independence of KPMG LLP has not been impaired;
- Tenure of the audit partner – the 2020 financial year was the first period of Nick Plumb's engagement as Audit Partner of the external auditor. The Committee is aware of the requirement for the Audit Partner of the external auditor to be rotated at least every five years. Having completed only one year as Audit Partner, the Committee is satisfied that the independence of the external auditors, and Nick Plumb as Audit Partner, has not been impaired;
- Connection of the audit firm to the Members of the Committee – KPMG LLP has no connection to any Member of the Committee or the Board; and
- Level of non-audit services provided to the Company – the Committee is satisfied that the level of non-audit services provided by KPMG LLP was in line with the Company's policy and was appropriate in respect of the audit services provided and that an effective audit could be conducted, with such level in no way compromising independence.

Effectiveness Assessment of External Auditors

The performance of the external auditors is subject to regular review by the Committee, in line with Provision 25 of the Code.

This year, a tailored assessment framework was compiled following the first year of audit by the external auditors to allow for a rigorous evaluation by the individual Members of the Committee, as well as regular attendees. The assessment framework shall be used in forthcoming years, being adapted where appropriate, allowing for an objective analysis of progress and possible areas of improvement over the tenure of the external auditor.

In its assessment of the effectiveness of the external auditors, the Committee considered the quality of the external audit processes; the knowledge and experience of the external audit team; the external audit scope and plan; the external audit communications; and the external audit governance and independence.

Following its assessment, an anonymised report was presented to the Audit Committee and the external auditor. The areas of improvement highlighted within the assessment were discussed with the external auditor. Following this discussion, the Committee were satisfied with the effectiveness of KPMG LLP.

Re-Appointment of External Auditors

Following its assessment of the independence and effectiveness of the external auditors, having received the recommendation from the Committee, the Company will be proposing the re-appointment of KPMG LLP as its external auditor at the 2021 Annual General Meeting.

The Committee confirms that there were no contractual obligations that acted to restrict the Committee's choice of external auditor.

INTERNAL CONTROLS

The Board recognises its overall responsibility for the Group's system of internal control and for monitoring its effectiveness. There is an ongoing process for identifying, evaluating and managing significant risks. However, in reviewing the effectiveness of internal control, any internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

Key business activities, including finance, land acquisition, product design, and procurement and information technology are controlled by the Executive Directors. All activity is organised within a defined structure with formal lines of responsibility, designated authority levels and a structured reporting framework. A formalised reporting structure has been established within the Group. The Executive Directors, the Company Secretary, Regional Chief Executives, Group Human Resources Director, Group Customer & Marketing Director and Group Communities Director (the "Executive Management Team") meet monthly to discuss the Group's key issues, principal and emerging risks and opportunities, and more frequently if required to meet the demands of the business. The Divisions also hold monthly board meetings which are attended on a rotational basis by the Executive Directors.

The key features of the Group's internal controls are as follows:

- defined authorisation levels exist over key areas such as land purchase, the placing of orders and contracts and staff recruitment;
- the requirement of a formal land bid approval meeting to be held for all sites above a certain land value threshold prior to being submitted. Depending on the threshold, the meeting must be attended by the Non-Executive Chairman, the Group Chief Executive, the Group Finance Director, the Regional Chief Executive, the Managing Director of the Division and Harrow Estates and provides greater Group visibility of potential sites at an earlier stage;
- prior to completion on land purchases above a certain monetary threshold, the requirement for a peer review of the contract to be conducted by another Divisional Legal Director, following which the Legal Director must prepare a supplementary report for the Division;
- a requirement for a peer review to be conducted by another Divisional Commercial Director on the instruction of Group Commercial for any subcontract orders above a certain monetary threshold;
- a comprehensive prioritised Risk Register which is regularly reviewed and presented to the Committee;
- the Group's management information systems provide weekly updates on key statistics and information in respect of sales and production and the content of these weekly reports is regularly reviewed to ensure it remains appropriate;
- the Group has an in-house Health, Safety and Environmental department and places great emphasis on the importance of health and safety and environment

GOVERNANCE REPORT

AUDIT COMMITTEE REPORT CONTINUED

management. The department works closely with the Divisions to ensure that training is provided to employees and subcontractors. Best practice is shared and appropriate actions are taken to comply with health and safety best practice and legislation throughout the organisation;

- an Environmental, Social and Governance ("ESG") scorecard with cross discipline support which improves the focus on the relevant key performance indicators and controls over delivery in those areas;
- the Board requires each director in its operating Divisions to complete an annual statement on Corporate Governance and related party transactions. The statement is designed to provide assurance that Group policies and procedures are being implemented and complied with in all material respects;
- key functional directors must complete a Principal Controls Self-Assessment Questionnaire which is reviewed by the Board to assist in improvements in the control framework;
- a weekly business report comprising sales funnel information, gross margins and order book is produced for the Group, each division and each site and circulated across the Group;
- a monthly reporting pack is circulated in advance and reviewed at the meetings of the Board, Executive Management Team and divisional boards. Annual budgets are set, with actual performance compared against the annual budget;
- preparation and regular updates of strategic plans;
- the policy and procedures manuals which cover all the significant aspects of the Group's operations and describes the systems and controls that are to be applied; and
- daily statements of a reconciled cash position identifying significant payments are prepared, rolling cash flow forecasts are prepared and forecast banking covenant compliance are tested.

Throughout the year, the Committee carried out assessments of internal control by considering documentation from the Executive Directors and the internal audit function as well as taking into consideration events since 27 June 2021. The internal controls extended to the financial reporting process and the preparation of consolidated financial statements. The basis for the preparation of consolidated financial statements has been undertaken in accordance with the Company's accounting policies as set out on pages 184.

In assessing the effectiveness of the internal audit function, the Committee is satisfied that it has the appropriate status, processes, knowledge and resources to deliver an effective internal audit and that the function has had a positive impact on the controls and governance of the Group.

The Committee therefore confirms that it is satisfied that the system of controls has been in operation throughout the financial year and up to the date of this report.

RISK REGISTER

The Group formally reviews its prioritised Risk Register biannually and more often as necessary. At least annually, the detailed Risk Register is circulated to all Divisional Managing Directors, the Regional Chief Executives and key Group Directors and Heads of Department to review with their teams. Feedback is then collated on any omissions or amendments to the risks or controls, any views regarding risks which have become more or less significant since the last review period and any other comments relating to the risks or controls.

Responses from the review exercise are then summarised and forwarded to the risk owners together with the current detailed Risk Register and a scoring matrix. The Risk Register is then updated as appropriate, according to the impact and likelihood of the risks after taking into consideration the prevent and detect controls.

The Executive Management Team, through its regular meetings, reviews key areas of risk on an ongoing basis and considers whether the internal controls identified in relation to those risks remain appropriate. The updated and reviewed Risk Register is then discussed and approved by the Committee.

INSURANCE

The Board has appointed an experienced broker to advise on and co-ordinate all insurance matters across the Group and they liaise closely with appropriate Group personnel at head office and within the divisions and report directly to the Group Finance Director. The insurance renewal is discussed and agreed by the Committee annually.

RISK MANAGEMENT AND INTERNAL AUDIT

The Group has in place a robust risk management framework and the table below provides details of the key components of the risk management system which are subject to regular review and challenge by the Committee:

Component	Description
Risk Register	The Group's Risk Register defines controls as prevent or detect and identifies owners for each high level risk. Feedback on the risks and controls is actively encouraged and is facilitated by links on the Group's intranet to ensure the risks listed remain relevant and accurate. The Register itself is regularly maintained and is reviewed by the Committee biannually and more often as necessary.
Authorisation Processes	Defined authorisation levels exist over key areas such as land purchase, the placing of orders and contracts and staff recruitment.
Business Process Review Programme	The cornerstone of the internal audit work undertaken is the Business Process Review, a risk-based programme designed, based on the Risk Register, to be carried out regularly at each division of the Group. The Business Process Review programme looks to provide assurance to the Group by testing internal controls and adherence to Policies and Procedures and reviewing specific principal and emerging risks. It also plays an important role in seeking out best practice and sharing it across the Group and identifying business process improvements. Committee Members receive an Executive Summary of each Business Process Review report and these reports are then discussed at the next Committee meeting. In addition, at its meetings, the Committee reviews the progress made by the relevant Division, following the completion of a Business Process Review, against the internal audit process. The programme is reviewed annually following the completion of the annual Risk Register review to ensure that it evolves and adapts in line with the needs of the business.
Cross Divisional Testing Programme	During the year, the Group expanded the Cross Divisional Testing programme, which complements and runs alongside the main Business Process Review programme and covers a number of functional areas. The Cross Divisional Testing programme primarily focuses on testing which can be performed more efficiently at a remote level across all Divisions at once and therefore provides a direct and instant comparison between Divisions, immediately highlighting sources of best practice to be shared across the Group.
Site Completion Reporting	The Company has in place a business planning process whereby each land transaction, following completion of the development, is tested against its original appraisal to ascertain its performance and to improve cash flow forecasting. These Site Completion Reports are provided to the Committee and are discussed at each meeting.
Business Policies and Procedures	Group Policies and Procedures are regularly reviewed and updated by the department owners and shared on the Group's intranet, Engage. Key policies are assigned with 'mandatory read' status for all or select groups of employees to ensure that they are read and understood by the requisite audience. The Committee is provided with regular updates on changes made to the current policies and procedure as well as an overview of newly released policies. The Business Performance Reviews test key controls and adherence to the policies and procedures on a sample basis across all Divisional departments.
Gift Register Reporting	In line with the Anti-Bribery and Corruption policy and Gifts and Hospitality policy each Division across the Group maintains its own Gift Register whereby all gifts received over the relevant threshold must be recorded. Gift authorisation forms must be formally approved and retained by each Division. Regular reviews of the Gift Register are undertaken in order to detect any potential issues arising under the Bribery Act 2010. A combined Group-wide register is provided to the Committee to allow risk assessments to be carried out by the Committee. Within the Code of Conduct, there is a gift specific decision-making tool which employees are encouraged to use when considering whether they should accept or offer a gift or hospitality which seeks to guide them to the expected behaviours in line with our policy. The Gift Register Reports are provided to the Committee twice yearly and are discussed at the meeting.

GOVERNANCE REPORT

AUDIT COMMITTEE REPORT CONTINUED

The internal audit strategy and risk management framework is discussed with the external auditors and discussed and agreed with the Committee. Suggested control improvements and any control weaknesses identified are followed up as appropriate.

BRIBERY ACT

Following the introduction of the Bribery Act 2010 the Company put in place a formal policy on bribery and corruption for all employees to strictly adhere to. The Company Secretary ensures that the policy is complied with, updates the policy, procedures and Code of Conduct as and when required and provides regular reports to the Committee.

The Bribery Act policy is formally reviewed and approved each year by the Committee.

The policy contains the definition of bribery and corruption, providing examples of how this could work in the context of the Company's industry and also offering guidance as to what would be considered acceptable behaviour. The policy deals with all matters of bribery and corruption and clarifies the Company's strict approach to any form of facilitation payment or conflict of interest.

Training is given to all staff to highlight the various forms of bribery and all new staff attend an induction course at the commencement of their employment which includes a section relating specifically to bribery and the implication on individuals and the Company of an act of bribery either given or received. Within the Code of Conduct, there is a specific decision-making tool which is designed to provide employees with key questions to ask themselves should they ever be faced with difficult situations which could ultimately lead to bribery or corruption. This seeks to guide them to act in a way that is in line with Company policy and prevent any form of bribery taking place.

As outlined on page 115 within the Risk Management framework, the Committee is provided with Gift Register Reports following the twice yearly reviews on the compliance with the Anti-Bribery and Corruption policy and Gifts and Hospitality policy.

THE CRIMINAL FINANCES ACT

Following the introduction of the Criminal Finances Act 2017 on 30 September 2017, the Company put in place a policy relating to the facilitation of tax evasion. The policy is applicable to every employee and the Redrow Employee Handbook, which is provided to each new employee, includes reference to the policy and the Group's zero-tolerance stance on tax evasion and its facilitation. As with the Bribery Act policy, the Company Secretary ensures that the policy is complied with and reports to the Committee on matters falling within the policy.

The Anti-Facilitation of Tax Evasion policy is formally reviewed and approved each year by the Committee. There were no changes made to the policy during the year.

PERFORMANCE EVALUATION

During the year, a formal internal evaluation of the Committee was carried out to build upon the progress made by the 2019 evaluation which was externally facilitated by Independent Audit, as well as the formal internal evaluation undertaken last year. In line with Provision 21 of the Code, the Board shall be engaging an external evaluator to facilitate the evaluation of the Committee in 2022.

After reviewing the 2020 self-evaluation report, a questionnaire was created and tailored, taking into consideration comments made in the previous years' assessment as well as the current market. The Members of the Committee, as well as those people who regularly attend the Committee meetings by invitation, were invited to participate in the evaluation.

Following completion of the questionnaire, an anonymised effectiveness report was compiled and presented to the Members of the Committee. The findings of the evaluation were discussed and the Committee was found to be effective, concluding that it had fulfilled its remit and had in place appropriate Terms of Reference.

The evaluation highlighted that the Committee was particularly strong in ensuring that the fundamental reporting environment is sound and actively supporting the internal audit function. There was also unanimous agreement that there is a good level of support for the Committee and that the Committee benefits from good and open discussions and is led by a knowledgeable Chairman who promotes challenge and debate from all Members.

COMPLIANCE STATEMENT

The Company has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the 52 weeks ended 27 June 2021.

NICK HEWSON
Chairman of the Audit Committee

14 September 2021

GOVERNANCE REPORT

NOMINATION COMMITTEE REPORT

"The Committee is focused on ensuring that the Board and Executive Management Team have the requisite level of diverse skills, knowledge and experience to deliver the long-term success of the Company."

NICK HEWSON

Chairman of the Nomination Committee

I am pleased to present the Nomination Committee Report for the 52 weeks ended 27 June 2021. This report has been prepared in accordance with the requirements of the UK Corporate Governance Code 2018 (the "Code").

During 2021, the Committee maintained its focus on the careful succession planning of the Board and Executive Management Team to ensure that they remain effective in driving forward the strategy of the Company.

On 1 June 2021, we welcomed Richard Akers to the Board as Chair-Designate and independent Non-Executive Director. Richard also joined as a Member of this Committee and the Remuneration Committee on the same date. We are delighted that Richard Akers has joined us as he brings with him a wealth of experience that has further enhanced the knowledge and skills of the Board as a whole.

On 6 November 2020, Vanda Murray stepped down from the Board as Non-Executive Director as a result of other work commitments.

Following the results announcement on 15 September 2021, John Tutte will also step down from the Board after nearly twenty years with Redrow as Regional Chairman, Group Chief Executive and latterly as both Executive and Non-Executive Chairman. On behalf of the Board, I would like to thank John Tutte for his outstanding commitment and dedication to Redrow. We wish him all the very best for the future.

COMMITTEE MEMBERSHIP AND MEETINGS

There are four Members of the Committee, each of whom is an independent Non-Executive Director, with myself, the Senior Independent Director, as Chairman of the Committee. The other Members of the Committee during the 2021 financial year were Sir Michael Lyons, Nicky Dulieu, Richard Akers and Vanda Murray. The Company Secretary acts as Secretary to the Committee.

As stated in my introduction above, Richard Akers joined as a Member of the Board and the Committee on 1 June 2021 and Vanda Murray stepped down as a Member of the Committee on 6 November 2020 when she retired from the Board.

The biographies of the Members of the Committee can be found at pages 92 to 93.

The Committee met formally twice during the 52 weeks ended 27 June 2021, with additional informal meetings being held to aid the recruitment process of Richard Akers as further outlined on page 119. For all meetings, and where otherwise necessary, papers were circulated sufficiently in advance to allow proper consideration of all matters for discussion. Details of the meeting attendance can be seen in the table below.

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
Nick Hewson †	Chairman	2/2
Sir Michael Lyons †	Member	2/2
Nicky Dulieu †	Member	2/2
Vanda Murray 1†	Member	0/0
Richard Akers 2†	Member	1/1

1. Vanda Murray stepped down from the Board on 6 November 2020 and there were no formal meetings held between the beginning of the 2021 financial year and her retirement date.

2. Richard Akers was appointed as a Member of the Committee on 1 June 2021 and attended the meeting held between his appointment date and the end of the 2021 financial year.

† Member considered to be independent. Throughout the 2021 financial year the Committee was made up of 100% independent Members.

GOVERNANCE REPORT

NOMINATION COMMITTEE REPORT CONTINUED

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board (including skills, knowledge and experience) and making recommendations for further recruitment to the Board or proposing changes to the existing Board;
- reviewing the leadership needs of the Company, both executive and non-executive, ensuring appropriate succession planning for Directors and other senior executives within the business;
- leading the process for Board appointments, ensuring they are conducted on merit and against objective criteria and taking into consideration that diversity is an important factor forming part of the selection criteria used to assess candidates to achieve a balance on the Board;
- making recommendations to the Board, including on appointment of Executive Directors and Non-Executive Directors to the Board, the re-appointment of Directors, the re-election of Directors at the Annual General Meeting and the membership of the Audit, Nomination, Remuneration and Placemaking and Sustainability Committees;
- ensuring that a formal, structured and tailored induction programme is undertaken by any newly appointed member of the Board;
- ensuring that a formal annual evaluation of the Board and its Committees is conducted and that such an evaluation be externally facilitated when deemed necessary and at least every three years;
- reviewing annually the time required from the Non-Executive Directors, as well as considering the external commitments of all members of the Board and assessing whether there are any issues with overboarding;
- assessing the independence of the Non-Executive Directors which the Company deem to be independent taking into consideration the circumstances outlined in Provision 10 of the Code;
- satisfying itself with regard to succession planning for the Board and the Executive Management Team, taking into account the following:
    - challenges and opportunities facing the Company;
    - future skills and expertise needed on the Board, including development and training; and
    - the need to support the development of a diverse pipeline.
- ensuring suitable candidates for the Board are identified through an appropriate recruitment process, giving due regard to the benefits of diversity, including gender and ethnicity, and recommending their appointment; and
- reviewing the Equality, Diversity and Inclusion Policy and ensuring there is sufficient linkage to the Company's strategy.

The Committee's Terms of Reference are published on the Group's website (redrowplc.co.uk).

MAIN ACTIVITIES DURING THE YEAR

During the 2021 financial year, the Committee undertook the following activities:

- a review of the structure, size and composition of the Board;
- a review of executive and non-executive succession;
- a review of the independence of the Non-Executive Directors, excluding the outgoing Non-Executive Chairman who the Board does not consider to be independent;
- a review of the succession plans of the Executive Management Team;
- an assessment of the Board composition and diversity;
- a recruitment process for a new Non-Executive Chairman to start initially as an additional independent Non-Executive Director, to also act as Chair-Designate until assuming the Non-Executive Chairman role following the retirement of John Tutte, resulting in the appointment of Richard Akers;
- an evaluation of the Board, its Committees and the Executive and Non-Executive Directors;
- a review and recommendation that all of the Directors, save for John Tutte who will be retiring from the Board on 15 September 2021, stand for re-election at the conclusion of the 2021 Annual General Meeting in accordance with the Code;
- a discussion regarding my tenure as Non-Executive Director, acknowledging that I will have completed a nine year term in December 2021, and the need to appoint a new independent Non-Executive Director and to fill the positions I currently hold as Senior Independent Director and Chair of the Audit Committee in readiness for my retirement from the Board before the 2022 Annual General Meeting;
- consideration of the engagement of an external recruitment agency to commence the search for a new independent Non-Executive Director to replace me; and
- a review of the Committee's Terms of Reference.

Where appropriate, the Directors were not present and did not vote when any individual proposals were discussed.

SUCCESSION PLANNING

Executive Directors

Matthew Pratt, previously Chief Operating Officer, was promoted to Group Chief Executive on 1 July 2020. Having joined the Board on 1 April 2019 as Chief Operating Officer, the Committee recommended the promotion of Matthew Pratt to Group Chief Executive. The Committee remains satisfied that his capabilities, experience and strategic focus allow him to effectively lead the operational management of the Group and implement strategic plans with the assistance of the Executive Management Team.

Having joined the company in 2003 as a Chief Quantity Surveyor and then becoming a Regional Chief Executive in 2013, Matthew Pratt is a prime example of how the Company develops and nurtures talent in line with the strategic theme of Valuing People, resulting in the ability for employees to make their way up to the Board.

Barbara Richmond, Group Finance Director, joined the Board from an external post in January 2010 and continues to demonstrate a high level of competence in her role, displaying effectiveness in overseeing the financial management of the Group and maintaining effective communications with shareholders.

During the year, a succession planning project was undertaken and overseen by the Committee and key individuals were identified within the business as having potential to progress to the Board and/or Executive Management Team. The succession plan was subsequently approved by the Board and will be reviewed on an ongoing basis and approved at least every six months. A development plan was put together to ensure that those identified individuals are provided with the resources deemed necessary or desirable to allow them to achieve their full potential within the business.

Non-Executive Chairman

John Tutte was appointed as Executive Chairman, replacing Steve Morgan, on 1 April 2019. As part of the transition to a more conventional board structure, and following the AGM held on 6 November 2020, John stepped back to a Non-Executive Chairman role and informed the Board of his intention to retire ahead of the 2021 AGM. On 12 May 2021, it was announced that Richard Akers would join the Board as Chair-Designate and independent Non-Executive Director on 1 June 2021 and would assume the role of Non-Executive Chairman following the retirement of John Tutte on 15 September 2021. Richard Akers has been working closely with John Tutte during a handover period to ensure a smooth transition to the new Non-Executive Chairmanship.

Richard Akers has brought to the Board strong industry and commercial experience which he has gained over a long career and also through his various non-executive roles which will be of great benefit to the Board.

Recruitment Process of Richard Akers

April 2020
The Committee developed a role specification and list of characteristics deemed essential for the replacement Non-Executive Chairman, the brief.

July 2020
A tender process commenced for the provision of external recruitment services for the search of an independent Non-Executive Chairman.

November 2020
Following a final review of the brief, Russell Reynolds Associates were engaged as the external recruitment consultants.

February 2021
Following consultation with each Board member, the recruitment consultants prepared a longlist of candidates. Once reviewed, the Committee developed a shortlist of potential candidates.

March 2021
Virtual interviews were held by the Committee with each of the shortlisted candidates and the Committee agreed on the final two candidates.

March 2021
The final two candidates individually spent the day with the Group Chief Executive visiting Redrow sites.

April 2021
The Committee held additional face-to-face meetings with both candidates.

April 2021
The Committee sought references for the final two candidates and held virtual meetings with referees for both.

May 2021
The Committee held a debrief following the conclusion of all of the interviews, site visits and referee meetings and made a recommendation to the Board that Richard Akers be appointed.

May 2021
The Board accepted the recommendation of the Committee and approved the appointment, following which an announcement was made to investors.

NOMINATION COMMITTEE REPORT CONTINUED

Following his appointment, Richard Akers undertook a tailored induction programme, which introduced him to the Company and senior management and allowed him to understand the business further in order for him to be able to properly discharge his duties.

Having initially engaged Inzito Partnership, an organization having no connection to the Company or the individual directors of the Company, to assist with the recruitment of a replacement Non-Executive Chairman, the Committee took the decision in November 2020 to revisit the brief for the role and subsequently approved the engagement of Russell Reynolds Associates as external recruitment consultants for this search. Other than its engagement for this appointment and that of Nicky Dulieu in 2019, Russell Reynolds Associates has no connection to the Company or the individual directors of the Company.

Non-Executive Directors

The Board considers that succession planning of the Board and its Committees is extremely important and believes that it currently has a good balance and diversity among its Non-Executive Directors, with each of them having relevant skills derived from serving in a range of executive and non-executive positions over many years.

During the year, the Committee carried out an exercise to determine any gaps in experience or balance on the Board. As part of this exercise, the Committee assessed the independence of the current Non-Executive Directors, excluding the current Non-Executive Chairman who the Board does not consider to be independent, taking into consideration the circumstances likely to impair independence outlined in Provision 10 of the Code. The Committee acknowledged that I will have served a nine year term as a Non-Executive Director by December 2021 and it is therefore necessary to arrange for a new independent Non-Executive Director to be appointed in my place.

Further details of this process will be outlined in next year's Annual Report and as soon as the appointment has been approved, the Company will release an announcement to investors containing details of the appointment.

ANNUAL RE-ELECTION OF THE DIRECTORS

The Committee believes that presently the balance of Non-Executive and Executive Directors is effective and contains the appropriate mix of skills and experience for the Board to continue to operate successfully. The current composition is compliant with Provision 11 of the Code as the ratio of independent Non-Executive Directors to Executive Directors, excluding the Chairman, is 4:2 (67%). Following the change of Non-Executive Chairman, resulting in John Tutte stepping down from the Board and Richard Akers taking over the Non-Executive Chairman role, the Board composition will remain compliant with this provision, with the ratio of independent Non-Executive Directors to Executive Directors, excluding the Chairman, being 3:2 (60%).

The Committee has also assessed the time commitment of all Directors to ensure that any other commitments do not compromise their ability to commit sufficient time to the Company to properly discharge their responsibilities. The Committee does not consider that any of its Directors are overboarded and is satisfied that sufficient time and energy is devoted to the Company by each Director.

Following an assessment comprising the following factors, the Committee has satisfied itself that all Directors continue to perform satisfactorily and are important to the Company's long-term sustainable success:

- the effectiveness of the Directors as part of the annual evaluation, including in relation to their fulfilment of their duty under section 127 of the Act;
- the skills, knowledge and experience of the Directors, taking into consideration the requirements of the Company, including the individual contributions as follows:
  - John Tutte has over 40 years' experience within the industry and contributes key industrial and strategic knowledge to the Board;
  - Matthew Pratt has 24 years' experience within the industry and contributes key operational knowledge to the Board;
  - Barbara Richmond has a strong manufacturing and retail background and contributes key financial knowledge to the Board, having over 25 years' experience;
  - I contribute strong commercial, financial and operational knowledge to the Board;
  - Sir Michael Lyons contributes strong property, placemaking and sustainability knowledge to the Board;
  - Nicky Dulieu contributes extensive retailing, customer service and remuneration experience to the Board; and
  - Richard Akers has a strong background in property and land acquisition and contributes extensive industry experience to the Board.
- the time dedicated by the Directors to the Company in order to properly discharge their responsibilities; and
- the fulfilment of the independence criteria, as outlined in Provision 10 of the Code, for the independent Non-Executive Directors.

As such, the Committee has recommended that the Board propose the re-election of all Directors at the 2021 AGM, save for John Tutte who will be retiring from the Board following the full year results presentation on 15 September 2021.

DIVERSITY

The principle of boardroom diversity is strongly supported and recognised by the Board and has clear linkages to the Company's strategy, with Valuing People being one of the Company's three strategic themes. It is the Board's policy that appointments to the Board will always be based on merit, so that the Board has the right individuals in place, and the Board recognises that diversity is an important consideration forming part of the selection criteria used to assess candidates to achieve a balance on the Board. The Board currently has not imposed a diversity quota but will keep this under review and consider putting this in place should it feel that it is in the best interests of the Company to do so.

The Group HR Director attends the monthly Executive Management Team meetings and provides a monthly HR report, which provides key statistics on Group employees as well as providing updates on employee engagement and recruitment. She reports to the Nomination Committee at least twice a year to provide an update on progress. During the year, the Company developed a new Equality, Diversity and Inclusion Policy which was reviewed and approved by the Committee. Further details of the new policy can be seen on page 159 of the Directors' Report.

Gender Diversity

The Committee continues to note the target of 33% female representation on boards outlined in the Hampton-Alexander review. The current female representation on the Board is 29% (ratio of 2:5). Once John Tutte retires from the Board on 15 September 2021, the female representation on the Board will be 33% (ratio of 2:4), thereby falling in line within the aforementioned target.

The Board believes in the benefits of cognitive diversity, from a wide range of complementary skills. The Committee will continue to aspire to maintain a diverse Board with recruitment and selection of talented individuals with a broad range of appropriate skills, irrespective of gender or otherwise.

In line with Provision 23 of the Code, the table below sets out the current position of the Company on a gender basis:

	Female	Male
Main Board	2 (29%)	5(71%)
Executive Management Team	2 (25%)	6 (75%)
Direct reports to Executive Management Team	9 (27%)	24 (73%)
Redrow employees at June 2021	736 (34%)	1,425 (66%)

Ethnic Diversity

The Committee continues to monitor and review reports and recommendations relating to the composition of boards and diversity, including the Parker Review and the McGregor-Smith Review on ethnic diversity. The Group HR Director regularly reports to the Committee on the diversity of the workforce, the breakdown of which now includes employee representation figures of Black, Asian and Minority Ethnic ("BAME") at an all employee level and directorate level. Improving the diversity of our workforce is a key focus at present, both at entry level and for progression.

The Committee believes that all levels of the business should reflect a diverse workforce and that appointments to the Board will always be based on merit. The Board strictly prohibits any bias towards any particular ethnicity, creed, religious belief or otherwise.

As a national housebuilder, the Company is present in many different communities and the Board believes that the Group's workforce should be reflective of the communities we work in and the customers we create homes for, including in respect of ethnicity.

The Committee notes the Parker Review target of one person of colour on the Board by 2024 for FTSE 250 companies and acknowledges that at present, the Board comprises 7 Directors which are not from a minority ethnic group. Given the value placed on diversity by the Company and its focus on progressing the Equality, Diversity and Inclusion agenda, the Committee will ensure that the appropriate weight is placed on ethnic diversity as part of the selection process when recruiting future Directors.

Further details of the steps taken by the Company to increase diversity and raise awareness of the importance of an inclusive workforce can be found on page 159.

PERFORMANCE EVALUATION

During the year, a formal internal evaluation of the Committee was carried out to build upon the progress made by the 2019 evaluation which was externally facilitated by Independent Audit, as well as the formal internal evaluation undertaken last year. In line with Provision 21 of the Code, the Board will be engaging an external evaluator to facilitate the evaluation of the Committee in 2022.

After reviewing the 2020 self-evaluation report, a questionnaire was created and tailored, taking into consideration comments made in the previous year's assessment as well as the current market. The Members of the Committee, as well as those people who regularly attend the Committee meetings by invitation, were invited to participate in the evaluation.

Following completion of the questionnaire, an anonymised effectiveness report was compiled and presented to the

GOVERNANCE REPORT

NOMINATION COMMITTEE REPORT CONTINUED

Members of the Committee. The findings of the evaluation were discussed and the Committee was found to be effective, concluding that it had fulfilled its remit and had in place appropriate Terms of Reference.

The evaluation highlighted that the Committee was particularly strong in establishing a Board which covers a broad and relevant skill set and has made good progress in establishing clear succession plans for the Executive Management Team. Having further discussions around the broader diversity challenge with a particular focus on the Company's diversity goals will remain a priority for the coming year.

NICK HEWSON
Chairman of the Nomination Committee

14 September 2021

GOVERNANCE REPORT

PLACEMAKING AND SUSTAINABILITY COMMITTEE REPORT

"The Committee is focused on monitoring the impact of the Company's operations on the environment, its communities and all employees and ensuring that the Group's initiatives are aligned with the three strategic themes of: Developing Thriving Communities, Building Responsibly and Valuing People."

SIR MICHAEL LYONS
Chairman of the Placemaking and Sustainability Committee

I am pleased to present the Placemaking and Sustainability Committee Report for the 52 weeks ended 27 June 2021.

During 2021, the Committee maintained its focus on developing and monitoring the Company's approach to placemaking and sustainability and monitoring the impact of the Company's operations on the environment, its communities and its colleagues.

During the year, the Company has been focusing on its Environmental, Social and Governance ("ESG") improvement project and to assist with driving this project forward, there have been changes in the leadership of sustainability within the Group, which include the appointment of the Group Communities Director, who also joined as a member of the of the Executive Management Team, and a new Head of Sustainability.

An external consultancy firm was engaged during the year to undertake an ESG performance disclosure review, considering how ESG performance is currently measured and reported both internally and externally and including recommendations for improvement. Following the review, the Committee has been overseeing the following:

- introduction of the ESG Scorecard, found on pages 6 to 15, which comprises key metrics relevant to stakeholders and which will help drive business performance, supported by an external assurance statement to provide independent assurance over the integrity of the data;
- creation of a new climate change working group to report to the Committee, led by the Group Communities Director and comprising senior representatives from Sustainability, Finance, Governance, Technical, Commercial and Construction, to develop the Company's climate change strategy, including the Redrow Zero Carbon Roadmap, carbon reduction targets and climate related financial disclosures; and
- progress made on sourcing alternative forms of low carbon home heating as a substitute for traditional gas boilers.

In October 2020, we welcomed the Group Communities Director, Rose Sandell, as a Member of the Committee. Rose Sandell is responsible for placemaking and the sustainability framework, ensuring that these functions align with the Group's long-term objectives and targets. We are delighted that she has joined the Committee as a full Member.

COMMITTEE MEMBERSHIP AND MEETINGS

The Members of the Committee during the financial year comprised myself as Chairman of the Committee, Nick Hewson, Senior Independent Director, Matthew Pratt, Group Chief Executive, Karen Jones, Group HR Director, Rose Sandell, Group Communities Director and Will Heath, Group Development Director. The Company Secretary acts as Secretary to the Committee.

Will Heath stepped down as a Member of the Committee on 31 October 2020 and was replaced by Rose Sandell with effect from the same date.

The Committee met three times during the 2021 financial year. For all meetings, papers were circulated sufficiently in advance to allow proper consideration of all matters for discussion. Details of the meeting attendance can be seen in the table on page 124.

GOVERNANCE REPORT

PLACEMAKING AND SUSTAINABILITY COMMITTEE REPORT

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
Sir Michael Lyons †	Chairman	3/3
Nick Hewson †	Member	3/3
Matthew Pratt	Member	3/3
Karen Jones	Member	3/3
Will Heath [1]	Member	1/1
Rose Sandell [2]	Member	2/2

1 Will Heath stepped down from the Committee on 31 October 2020 and attended the meeting held between the beginning of the 2021 financial year and the date he stepped down from the Committee.

2 Rose Sandell was appointed as a Member of the Committee on 31 October 2020 and attended all meetings that were held between 31 October 2020 and the end of the 2021 financial year

† Member considered to be independent. Throughout the 2021 financial year, the Committee was made up of 40% independent Members.

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- to develop and monitor the Company's approach to sustainability and to review and approve the sustainability targets proposed by management;
- to assess the impact of the Company's operations on the environment and communities affected by its activities, including the consideration of policies to enhance the benefits of those activities and mitigate any negative impact of those activities;
- to monitor the Company's approach to environmental corporate social responsibility and community issues, including environmental management systems, waste and recycling management systems and energy and carbon management;
- to develop and monitor the Company's approach to placemaking, including monitoring of the Group's adherence to the Redrow 8, being the placemaking principles for designing sustainable communities;
- to ensure that the Company is continuing to create great places to live and making social, economic and environmental contributions to local areas by setting well-designed homes and amenities within attractive shared spaces;
- to review, in advance of each meeting, the sustainability performance scorecard provided by the Sustainability team, which assists the Committee to more clearly evaluate the relationship between the sustainability initiatives in place, or being considered, and the related performance levels being achieved;
- to ensure that the Company supports its people on a learning and development pathway to deliver high quality products and services;
- to ensure that there is sufficient encouragement and support given to Company employees so that they can realise their capability to contribute to the social, environment and economic health of our communities and having regard to promoting and maintaining the highest degree of physical, mental and social wellbeing in the workplace;
- to ensure that the Company continues to be an employer of choice in the industry, valuing and respecting its diversity, providing both advantage, and equality of opportunity in recruitment, development, recognition and reward;
- to review the Company's policies and reporting with regard to personnel recruitment, development and succession planning to ensure a sustainable and engaged workforce;
- to review the Company's involvement in the community, and the Company's policy on charitable donations and activities;
- to monitor the Company's developments in customer engagement and service to ensure its values are upheld; and
- to ensure that any initiatives and objectives are aligned with the Company's three strategic themes of: Developing Thriving Communities, Building Responsibly and Valuing People.

The Committee regularly reviews its Terms of Reference; these were last reviewed in October 2020 and are published on the Group's website (redrowplc.co.uk).

MAIN ACTIVITIES DURING THE YEAR

During the 52 weeks ended 27 June 2021, the principal activities of the Committee were as follows:

Strategic theme	Related principle activities of the Committee
THRIVING COMMUNITIES	• assessed the implications of the Planning White Paper on Design, Layout and Placemaking, including the risks, opportunities and benefits following implementation and considered both representations to be made and the Company's strategy for responding to a National Model Design Code; • reviewed the National Model Design Code and supported the Group's engagement of a third party to undertake a survey of homeowners and Local Authorities; • reviewed and approved the Landscape Manual; • reviewed and approved the Plotting Manual, a practical guide to efficient plotting and the delivery of great streets and places that complements the Landscape Manual to be distributed to the Divisions; and • received an update on the Biodiversity Net Gain Pilot Projects being undertaken across the business.
BUILDING RESPONSIBLY	• reviewed the results of HS&E Assurance Inspections and COVID-19 Compliance Inspections on the Group's sites and supported the implementation of the COVID-19 'See Something/Say Something' text number for residents/personnel to utilise if they wish to report a COVID-19 concern; • approved the COVID-19 Secure Risk Assessments, ensuring that they were aligned with the latest Government guidance; • supported the business in achieving a full re-accreditation to ISO14001, the international standard for environmental management systems; • reviewed the progress made on the Waste Minimisation Project and discussed the 'Reduce the Rubble' campaign; • supported the Group in signing up for the Government's scheme for Lateral Flow Testing; • received updates on the health and safety performance of the Group; • supported the launch of RedHSE, being an online accident/incident reporting system and HS&E audit platform allowing for the automation of significant HS&E data collection and analysis to help focus and target initiatives in support of continuous improvement; • reviewed the introduction of the HS&E Internal Audits designed to check and measure Divisional understanding and compliance of the Group's existing HS&E Management Systems by all functions; • received an update on Construction matters, including the Construction Quality Reviews, the usage of the Considerate Contractors Scheme, the NHBC RI/BRIs/ Awards and labour matters on site; • reviewed the Group's Customer Excellence Report together with the developments in customer engagement mechanisms, including the new three-stage complaints process, the extension of the My Redrow platform with a Homeowner Support area and the opening of the new Customer Experience Suites; • reviewed the progress made against the annual sustainability targets; • received a report from the Group Communities Director and an external specialist consultant setting out an ESG improvement project plan, following which an agreed action plan to close the identified gaps and exploit opportunities was approved; • assessed the progress made with the ESG improvement project and approved the introduction of the ESG Scorecard as part of the ESG improvement project; • reviewed the Group's climate change strategy and short and medium work to be undertaken; and • reviewed progress made on sourcing alternative forms of low carbon home heating in substitute for traditional gas boilers.

GOVERNANCE REPORT

PLACEMAKING AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

VALUING PEOPLE

- reviewed the procedures surrounding the return to work of colleagues from furlough and assessed the impact that the 'stay at home' measures had on colleagues;
- assessed the business actions taken in supporting the mental health and wellbeing of colleagues throughout the COVID-19 pandemic and the engagement mechanisms used to keep all colleagues informed;
- assessed the progress made in terms of mental health and wellbeing matters following the signing up of the business to the Building Mental Health Charter in October 2018;
- approved the introduction of 'Engage Lite', a condensed version of the Group's intranet which was available to all employees on furlough to allow colleagues access to important business updates and health and wellbeing resources for themselves and their families;
- received an update on the recruitment of colleagues through the Company's New Entrant Programmes and supported the business in signing up to the Talent Retention Scheme set up by the Construction Leadership Council to investigate whether the business can help any apprentices who had lost their jobs;
- supported the business in opening up the Redrow Construction Management degree programme, in partnership with Liverpool John Moores University and Coleg Cambria, to post A-Level school leavers, resulting in the successful candidates joining various Redrow Divisions;
- considered the initiatives proposed to be implemented across the business as part of Redrow 2025 and reviewed the feedback received from the colleague survey, senior leadership interviews and colleague focus groups;
- explored the work undertaken by the Group to achieve the Living Wage Foundation accreditation, which was received in February 2021, including the update of subcontractor agreements to ensure that the Group's supply chain also pay in accordance with these rates;
- reviewed the Company's Future Leader Programme;
- reviewed and approved the Equality, Diversity and Inclusion policy and training programme, including an e-learning module for all employees;
- reviewed the work undertaken by Nicky Dulieu in her capacity as designated Non-Executive Director for workforce engagement;
- considered progress and results of the Redrow 2025 initiative and approved the introduction of a truly agile working approach, which allows colleagues to work from wherever they are most efficient; and
- assessed the results of the 2021 INsight survey.

KEY DISCLOSURES

Within this Annual Report, there are a number of key disclosures and policies which relate to the work and scope of the Committee. The table below sets out where key information relating to items falling within the remit of this Committee is located within this report:

Subject	Page Reference
Environmental	
ESG Scorecard	See page 6 of Strategic Report
Greenhouse Gas Emissions	See page 157 of Directors' Report
Research and Development	
Resource Efficiency	
Sustainable Materials	
Biodiversity	
Task Force on Climate – related Disclosures	See page 163 of Directors' Report
Social	
Placemaking	See page 158 of Directors' Report
Workforce Engagement	
Employee Wellness	
Diversity and Inclusion Policy	
Learning and Development	
Health, Safety and Environmental	
Charitable and Political Donations	
Human Rights	
Supply Chain	
Local Communities	
Customers	
Governance	
Code of Conduct	See page 161 of Directors' Report
Modern Slavery	
Stakeholder Engagement	See page 84 of Strategic Report
Policy References	
Group Non-Financial Information Statement	See page 79 of Strategic Report

PERFORMANCE EVALUATION

During the year, a formal internal evaluation of the Committee was carried out to build upon the progress made by the 2019 evaluation which was externally facilitated by Independent Audit, as well as the formal internal evaluation undertaken last year. In line with Provision 21 of the Code, the Board shall be engaging an external evaluator to facilitate the evaluation of the Committee in 2022.

After reviewing the 2020 self-evaluation report, a questionnaire was created and tailored, taking into consideration comments made in the previous year's assessment as well as the current market. The Members of the Committee, as well as those people who regularly attend the Committee meetings by invitation, were invited to participate in the evaluation.

Following completion of the questionnaire, an anonymised effectiveness report was compiled and presented to the Members of the Committee. The findings of the evaluation were discussed and the Committee was found to be effective, concluding that it had fulfilled its remit and had in place appropriate Terms of Reference.

The evaluation highlighted that the quality of discussion and debate during Committee meetings was consistently rated highly and it was agreed that the meetings were chaired in a meaningful and considered way with a healthy level of questioning and interrogation. The informal discussions between meetings held between Members of the Committee were deemed to be helpful. Increasing the time and resources spent on expanding the focus on environmental matters from an operational level to a strategic level, ensuring that such matters are embedded even further into our business model, shall remain a priority for the Committee for the coming year.

SIR MICHAEL LYONS
Chairman of the Placemaking and Sustainability Committee

14 September 2021

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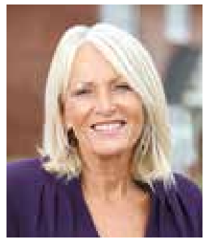
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT

"I am pleased to present the Directors' Remuneration Report for the 52 weeks ended 27 June 2021."



NICKY DULIEU

Chair of the Remuneration Committee

I joined the Redrow Board and the Remuneration Committee in November 2019 and was appointed as Chair of the Committee in November 2020. In line with the reporting requirements, this remuneration report is split into three sections:

- Annual Statement – This annual statement sets out the key items considered by the Remuneration Committee during a busy year as we undertook a review of the directors' remuneration policy and considered pay across the workforce in the context of the pandemic. It includes a summary of the changes proposed to the policy, the executive directors' remuneration outcomes for the 52 weeks ended 27 June 2021 and the context in which pay decisions were made.
- Directors' Remuneration Policy – As set out in last year's remuneration report, here we set out our intention of undertaking a comprehensive review in 2021 and presenting a new policy for binding shareholder approval at the 2021 AGM. Having taken on board shareholder feedback and concluded the review, this remuneration report contains the proposed directors' remuneration policy.
- Annual Report on Remuneration – This section describes in further detail the pay outcomes for the 52 weeks ended 27 June 2021 and the proposed implementation for the 2022 financial year. It also includes CEO pay ratio reporting and other details including executives' shareholding and historic outcomes.

DIRECTORS' REMUNERATION POLICY AND INTENDED IMPLEMENTATION

As a consequence of the COVID-19 pandemic impact on the business in March 2020 and a change to the Board's immediate priorities, the Remuneration Committee felt it appropriate to roll over the 2017 Remuneration Policy for a further year, notifying shareholders that we would return with a new Remuneration Policy for shareholder approval in 2021. The 2020 rolled over policy was broadly unchanged save for additional commitments to align with good practice including our approach to pension contributions. Last year, we also provided shareholders with details of our intended salary progression for Matthew Pratt who took over as CEO on 1 July 2020, having previously been COO of the Group. As a reminder, Matthew's salary upon becoming CEO was set significantly below market levels at £540,000 with a view to increasing his salary to £625,000 from 1 July 2021 subject to performance in his role over the 2021 financial year. The Remuneration Committee was pleased to receive 95% and 99% support on the remuneration policy and remuneration report respectively at last year's AGM.

As a result of his strong performance in his role as CEO, the Committee has proceeded with increasing Matthew's salary to £625,000. The Committee believes this increase is appropriate, having considered Matthew's exceptional performance since taking on the role of CEO, demonstrated by:

- Redrow's robust financial performance over the course of the year with full year turnover of £1.94bn and a total order book of £1.43bn in line with June 2020. The business has ended the year with a strong cash position (a net cash balance of £160m) and dividends were resumed at the half year.
- The industry leading COVID-19 safe working practices and communication which enabled a swift and safe return to production.
- Successfully exiting the London assets following the strategic decision to scale our London operation back to just the core Colindale development.
- Significant development of our digital interface with customers which has enabled the business to continue successfully and safely trading throughout lockdown periods.
- The launch of Redrow 2025, an ambitious plan to ensure that sustainability is woven into the strategy and culture of the business with a focus on innovation and new ways of working.
- The commitment to talent for the future with an increase in graduates and sponsored degree students, resulting in over 330 trainees within the business.

Matthew's salary reflects the completion of changes to the Board with John Tutte stepping down and Richard Akers taking on the role of a traditional non-executive Chairman and ensures Matthew is rewarded fairly. Furthermore, our commitment to developing talent and promoting from within requires the confidence and trust of our next generation of leaders to develop at Redrow. Setting a competitive salary structure at the top helps to achieve this and ensures there is room for promotion and salary progression further down the organisation.

Barbara Richmond's base salary will be increased in line with the increase provided to the general workforce (3.1%).

Remuneration Policy changes

In undertaking the review of executive directors' pay, the Remuneration Committee wished to ensure that our executive team is rewarded appropriately for future delivery. The primary objectives of the new policy were to ensure that:

- executive directors are rewarded fairly and competitively for the delivery of strong performance,
- it takes into account the need to attract, retain and motivate executives of a high calibre and to provide an appropriate balance between short and long term incentives,
- it considers a range of factors including competitiveness against our peers, market practice, the performance of the Group, the calibre of the executive team and remuneration practices elsewhere in the Group, and
- incentive schemes are subject to stretching performance criteria with full vesting or pay-outs requiring exceptional performance.

Annual bonus

Traditionally, the Remuneration Committee has taken a conservative approach to pay with modest levels of annual bonus and LTIP opportunities compared with businesses in our sector and similarly sized FTSE companies. This has raised concerns over our ability to attract and retain executive directors and other senior executives. The Committee, consistent with the policy objectives set out above, wishes to address this but recognises the sensitivities associated with increases to both incentive schemes at the same time. We are therefore proposing an increase to the 100% of base salary bonus maximum which has been in place for some years.

It is proposed that the bonus opportunity is increased to 150% of salary. The Remuneration Committee believes a 150% of salary maximum opportunity is commensurate with the size, scale and complexity of the Redrow business and ensures high calibre executives are appropriately incentivised. Benchmarking data was used to inform the Committee's deliberations but only formed one part of a much broader consideration which considered relativities with the bonus opportunities below the Board, the need to support talent management and succession planning activities and reflecting the performance culture of the business.

While the vast majority of investors were comfortable with this proposal, the Committee reflected on the combined impact on total pay of the increase to the CEO's base salary and an increase in bonus opportunity and has decided to apply a lower bonus opportunity of 125% of salary in 2022 and then increase this to 150% of salary for the remainder of the three-year policy period.

The 2021/22 annual bonus will be based 50% on profit before tax, 20% on outlets opened, 12.5% on customer satisfaction, 12.5% on health and safety and the remaining 5% on ESG. With an exceptionally strong order book, turnover over the next few years will be dependent on a strong pipeline of outlets opening throughout 2021/22, hence the decision to include outlets opening as a bonus measure. Customer satisfaction and health and safety continue to remain very important objectives, while the new ESG measure will be based on developing and implementing a comprehensive ESG framework. The LTIP quantum remains unchanged and the performance measures for the 2021/22 award will continue to be earnings per share and return on capital employed, each with a 50% weighting.

Pension provision

The 2020 rollover policy provided a commitment for all executive directors to be aligned with the workforce pension contribution rate from the start of the 2023/24 financial year. The 2021 policy brings forward the alignment date by six months to 1 January 2023 in line with good practice in this area.

Post cessation shareholding guideline

In line with emerging market practice and investors' guidelines, a post-cessation shareholding guideline will be introduced as part of the new Directors' Remuneration Policy. Executive Directors will be required to hold (unless exceptional circumstances apply) the lower of (i) the value of their shareholding at cessation of employment and (ii) 200% of salary, being the current in-employment guideline for a period of two years after ceasing employment. In calculating an executive's shareholding under this guideline, vesting from share awards granted after the approval of the new policy will count but purchased shares will not. The Remuneration Committee believes this is appropriate to ensure executives are not discouraged from purchasing Redrow shares.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

Shareholder engagement

The Committee is grateful for the feedback received from shareholders. This resulted in changes to our original proposals and demonstrates we have given careful consideration to the views heard from shareholders and wider stakeholders.

We believe the changes are appropriate, balanced and support our objectives of rewarding our executives fairly but not excessively for the role being undertaken. The CEO's proposed base salary positioning reflects his strong performance and development in the role of CEO to date. The phased increase to bonus opportunity ensures a prudent approach to pay is taken in the current financial year and ensures we remain competitive in the second and third years of our Directors' Remuneration Policy period, thereby helping to support internal succession planning.

APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

On 12 May we announced that Richard Akers would join Redrow as a Non-Executive director and Chair-designate on 1 June. Richard is working closely with John Tutte during a handover period and Richard will assume the role of Chair following our annual results announcement on 15 September 2021, at which time John will stand down from the Board. Richard's fee for taking on the Chair role has been set at a lower rate of £250,000 p.a.

PERFORMANCE OUTCOMES FOR THE YEAR ENDED JUNE 2021

We began the new financial year with the country in lockdown and with the business having implemented a range of strict social distancing measures as it implemented a phased return to construction. The new construction protocols put in place, together with extended customer handover procedures, lengthened build times and impacted the pace of output in the early weeks of the financial year. The prospects for the wider economy and its impact upon the new homes market was very uncertain. In the context of the trading environment and expectations at the start of the year, stretching annual bonus targets were set for PBT (50%), Group revenue (24%), Customer Service (14%) and health and safety underpinned by COVID-19 compliance at our sites (12%).

The Group delivered a strong performance during the year having entered the year well-prepared to take advantage of any bounce-back in demand following the first lockdown. The order book was at a record level and work in progress carried forward was higher than normal. A stronger market than anticipated emerged from the lockdown driven by the Stamp Duty holiday and, in the earlier part of the year, by keen demand from buyers who would be excluded from the Help to Buy scheme after March 2021. Also, long-term social trends continued to underpin demand for our premium homes and places. Customers attached additional value to our larger, mainly detached family homes designed to offer flexible and modern living. COVID-19 also highlighted the growing desire of homeowners to live within our prime locations, created with our own market-leading placemaking principles.

These factors contributed to performance exceeding expectations and has resulted in the bonus targets being met in full. The Committee considered the outcome in relation to the wider stakeholder experience and was comfortable that the result was warranted based on the strong financial and non-financial performance across a broader range of factors. The Committee considered carefully the beneficial impact on our financial results arising from Government's extension to the Help to Buy loan scheme to 31 May 2021 and the Stamp Duty Land Tax holiday to 30 June 2021. The Committee concluded that the benefit was not material to the bonus outcome and that no adjustment was necessary.

In contrast, the impact of the pandemic on our business resulted in the EPS and ROCE measures under the 2018 LTIP not being met and these awards will therefore lapse in full. This is the second consecutive year of nil vesting under the LTIP. Overall, the Remuneration Committee believes the outcomes under the bonus and LTIP are fair and reasonable with the LTIP reflecting the shareholder experience and the annual bonus outcome aligned with a strong recovery and resilient operational performance following the significant shock to the business. The Remuneration Committee did not apply any discretion to adjust the incentive outcomes.

I hope that you have found this annual statement informative. I am grateful for the engagement and support provided by our shareholders during these challenging times and I look forward to your support at the upcoming AGM. If you would like to provide any feedback, please contact me via the Company Secretary.

NICKY DULIEU
Chair of the Remuneration Committee

This report has been prepared in accordance with the UK Corporate Governance Code, the relevant provisions of the Listing Rules and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

DIRECTORS' REMUNERATION POLICY

This part of the Directors' Remuneration Report sets out the proposed Directors' Remuneration Policy ("the Policy") for the Group and has been prepared in accordance with Schedule 8: The Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended) and the UK Listing Authority's Listing Rules. This new Policy will be put to a binding shareholder vote at the AGM on the 12 November 2021 and, subject to its approval, will be formally effective from the date of approval.

Remuneration strategy

The Remuneration Committee designed the Policy with the following aims in mind:

- executive directors are rewarded fairly and competitively for the delivery of strong performance;
- it takes into account the need to attract, retain and motivate executives of a high calibre and to provide an appropriate balance between short and long term incentives;
- it considers a range of factors including competitiveness against our peers, market practice, the performance of the Group, the calibre of the executive team and remuneration practices elsewhere in the Group; and
- incentive schemes are subject to stretching performance criteria with full vesting or payouts requiring exceptional performance.

In seeking to achieve the above objectives, the Committee is mindful of the views of a broad range of stakeholders in the business and accordingly takes account of a number of factors when setting remuneration. This includes market conditions, pay and benefits in relevant comparator organisations, terms and conditions of employment across the Group, the Group's risk appetite, the expectations of institutional shareholders and feedback from shareholders and other stakeholders. Whilst the views of other stakeholders are considered as part of the process, the Committee manages any potential conflicts of interest and retains the ultimate decision making authority.

This Policy has considered guidance provided by investors and proxy voting agencies. We have also taken into account the principles and provisions of the 2018 UK Corporate Governance Code and in particular the following six factors:

Clarity

- The Policy has a clear aim; to incentivise and reward for the delivery of our strategy
- The Policy is well understood by our Directors and senior executives
- Each component of remuneration is clearly explained in the Policy table, including its purpose, how it is operated, the maximum potential and any relevant performance measures
- Full disclosure of performance measures and assessments is provided for shareholders' consideration

Simplicity

- The Policy reflects standard UK market practice, with the operation of an annual incentive and a single long-term share plan, full details of which are set out in the Policy table
- All payments are in the form of cash or Redrow plc shares, there are no artificial structures used to deliver remuneration

Risk

- The Policy and our approach to target setting seek to discourage any inappropriate risk-taking
- The Committee has the ability to use its discretion to override the formulaic outturns of the incentive plans if it is felt appropriate
- Comprehensive malus and clawback provisions operate in both incentive plans, providing the ability to recover or withhold payments if appropriate

Predictability

- Appropriate individual (and where necessary aggregate) limits are set out in the Policy and within the respective plan rules so outcomes can be predicted
- The possible reward outcomes under different performance scenarios are shown in the "Illustration of Remuneration Policy" section on page 139
- In operating the Policy, the Committee continually monitors the performance of in-flight incentive awards so that it is well aware of potential outcomes

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

Proportionality

- The outcomes of our incentive plans are directly aligned to the delivery of our strategy
- Outcomes are assessed against multiple metrics to ensure performance is considered on a broad basis
- The Committee has the ability to use its discretion to override the formulaic outturns of the incentive plans if it is felt appropriate

Alignment of culture

- A key focus of our Policy is to promote long-term sustainable performance which is reflective of the business culture
- Incentive outcomes rely on strong performance across a broad selection of measures which are important to our stakeholders

Key changes to the Directors' Remuneration Policy

The key changes from the Policy that was approved at the 2020 Annual General Meeting are:

- All executive directors will have a pension contribution rate aligned with the workforce by no later than 1 January 2023 (the previous Policy had an alignment date of 1 July 2023)
- The annual bonus opportunity for Executive Directors will be increased from 100% of salary to 150% of salary (although a 125% of salary opportunity will apply in the first financial year of the policy (2021/22)).
- A post cessation shareholding guideline will be introduced requiring executive directors to hold the lower of the value of their shareholding on cessation and the current in-employment guideline (200% of salary) for a period of 2 years after ceasing employment.

Policy Table for Executive Directors

Component and link to strategy	Operation	Maximum	Performance framework
Base salary To provide a market competitive element of fixed remuneration to attract and retain leaders of the required calibre to deliver the strategy.	Salaries are determined by the Committee taking into account all relevant factors such as: the size and complexity of the Company, the scope and responsibilities of the role, the skills and experience of the individual and performance in role. The salary review for executive directors takes a range of factors into consideration, including: • Business performance • Salary increases awarded to the wider employee base • Skills and experience of the individual and development over time • Scope of the individual's responsibilities • An assessment of the market positioning considering UK companies of similar size and companies in the sector. Salaries are normally reviewed annually, with any changes normally effective from the start of the financial year.	Whilst there is no prescribed maximum salary, any increases will take into account prevailing market and economic conditions and the approach to pay throughout the wider workforce. Base salary increases are awarded at the discretion of the Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms. The Committee has discretion to award larger increases where it considers this appropriate, such as to reflect (for example): • a significant change in the size and complexity of the Company; • an increase in scope and responsibility of the role, or a change in role; • an Executive Director being moved to market positioning over time; and • an Executive Director falling below competitive market positioning.	Executive Directors' performance is a factor considered when determining salaries. No recovery or withholding provisions apply.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

Policy Table for Executive Directors (continued)

Component and link to strategy	Operation	Maximum	Performance framework
Benefits To provide a market competitive benefits package to support the Director in fulfilling their role.	Benefits may include: a company car (or equivalent cash allowance), private medical insurance, permanent health insurance, fixed term group income protection and a death in service benefit, and where appropriate any tax payable thereon. Executive Directors may also participate in all-employee share plans on the same basis as other employees. The Committee has discretion to include, where it considers it appropriate to do so, other benefits to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances. Expenses incurred in respect of the performance of duties for the Company may be reimbursed or paid for by the Company, including any tax due on such payments.	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role. The value of each benefit is normally based upon the cost to the Group. Participation in all employee share plans is subject to statutory limits in place at the time.	N/A
Pension To provide a market competitive element of fixed remuneration for retirement planning.	Individuals are eligible to participate in the Company's Defined Contribution (DC) pension scheme or receive a pension allowance cash supplement in lieu. Executive Directors who are members of the Company's Defined Benefit (DB) pension scheme will continue to receive benefits under the terms of that scheme. There will be no new entrants or accrual of future benefits under the DB scheme.	The maximum company contribution (in respect of a financial year) is 20% of base salary. From 1 January 2023, all executive directors will have a pension contribution rate of no more than the workforce rate (currently 7% of salary). Any new executive directors appointed to the Board will have a maximum pension contribution equal to the workforce rate (currently 7% of salary).	N/A

Component and link to strategy	Operation	Maximum	Performance framework
Annual Bonus A variable pay opportunity which motivates and rewards annual financial performance and delivery of the strategy on an annual basis. Deferral aligns reward with long term value of Redrow shares and provides retention.	Bonuses are determined based on measures and targets that are agreed by the Committee. Bonus is based on performance over the relevant financial year. Half of any bonus earned will be deferred into Redrow shares which vest after one year and two years, subject to continued employment. Following exercise of a vested deferred share award, participants will be entitled to receive an amount equal to the aggregate of any dividends which they would have been entitled to receive as a shareholder during the period between the grant and satisfaction of the award. In exceptional circumstances (for example, in limited situations where it may not be possible to grant a share award due to technical reasons), the Committee may determine that deferral is in the form of an equivalent cash award (which in all other respects mirrors the terms of the deferred share awards). It is not anticipated that a cash award will be made. Malus and clawback provisions apply to both the cash and deferred elements.	The maximum annual bonus opportunity is 150% of salary for executive directors. A 125% of salary maximum will apply for the first financial year of the policy period (2021/2022) and a 150% of salary limit will apply to future years under the Policy	Performance measures are determined by the Committee each year and may vary to ensure they promote and are aligned with the Company's business strategy. Performance is assessed against key financial and non-financial performance measures linked to the delivery of the strategy and shareholder value determined each year by the Committee. The 2020/21 performance measures are set out on page 145. The Committee retains discretion to adjust the measures and/or weightings in future years to reflect prevailing financial, strategic and operational objectives of the business or of the individual. However, a minimum of 50% of the total will be based on key financial measures. No bonus will be payable for performance below threshold levels set by the Committee. Where a sliding scale of targets applies to financial measures, typically up to 20% of that element may be payable for threshold performance. The Committee has discretion to adjust the level of payout if the outcome from a formulaic assessment does not appropriately reflect underlying business performance.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

Policy Table for Executive Directors (continued)

Component and link to strategy	Operation	Maximum	Performance framework
Long Term Incentive Plan (LTIP) Designed to motivate and reward long-term performance and delivery of the strategy and provide alignment with Redrow shareholders.	Awards are normally granted to Executive Directors annually in the form of nil-cost options. The Committee may also determine that awards are made in the form of conditional share awards or in exceptional circumstances, as an equivalent cash award (for example, in limited situations where it may not be possible to grant a share award due to technical reasons) (which in all other respects mirrors the terms of the LTIP). Awards normally vest after a period of three years subject to the satisfaction of performance conditions. Vested awards will be subject to an additional holding period which requires awards to be retained for a period of two years from the end of the vesting period, except for shares sold to pay personal tax upon vesting/exercise. Awards may incorporate the right to receive the aggregate value of dividends paid on vested shares between the vesting date and the date on which the awards are released following the holding period, on such basis as the Committee may determine, which may assume the reinvestment of these dividends in shares on a cumulative basis. Malus and clawback provisions apply.	The maximum award which may be granted in respect of a financial year will normally not exceed 150% of salary. In exceptional circumstances, the Committee may make awards of up to 200% of salary.	The LTIP is based on performance measures aligned to the creation of long-term shareholder value, normally measured over a performance period of at least three years. The current performance measures are set out on page 147. For threshold performance, 20% of the awards would normally vest. The Committee retains discretion to include additional or alternative financial performance measures and/or adjust the weightings in future years to reflect prevailing strategic or operational objectives of the business aligned with shareholder value creation. Performance conditions applicable to LTIP awards may be amended if an event occurs which cause the Committee to consider that an amended performance condition would be more appropriate and not materially less difficult to satisfy.

Component and link to strategy	Operation	Maximum	Performance framework
Share Ownership Guidelines Encourage Executive Directors to build a meaningful shareholding in the Group so as to further align their interests with those of shareholders.	Executive Directors are required to retain all share awards vesting as shares (after the sale of any shares to settle tax due) until they have reached the required level of holding. Shares owned outright by the Executive Director or a connected person are included. Shares or share options which are subject to a performance condition are not included. Unvested deferred bonus shares and vested LTIP awards which remain unexercised may count towards the in-employment guideline on a net of tax basis.	During employment: Executive Directors are required to build and maintain a shareholding equivalent to at least 200% of their base salary. Post employment: Executive Directors are normally required to hold shares at a level equal to the lower of their shareholding at cessation and 200% of salary for two years post cessation (excluding shares purchased with own funds and any shares from share plan awards granted before the approval of this policy).	N/A

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of the payment were agreed (i) before 10 November 2014 (the date the Company's first shareholder approved Remuneration Policy came into effect); (ii) before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Committee agreeing awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted. The Committee may make minor amendments to the Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

Choice of performance measures and target setting

For the annual bonus and LTIP, performance measures are chosen which help to drive and reward the achievement of the Group's strategy and also provide alignment between employees and shareholders. The Committee reviews measures each year to ensure they remain appropriate and reflect the future strategic direction of the Group. Targets for each performance measure are set by the Committee with reference to internal plans and external expectations. Performance is typically measured on a 'sliding scale' so that incentive payouts increase pro-rata for levels of performance in between the threshold and maximum performance targets.

Consideration of employment conditions elsewhere in the Group

The principles applied to the remuneration of Executive Directors are essentially the same as those for the Company. The difference between pay for Executive Directors and employees is that for Executive Directors the variable pay element forms a greater proportion of the overall package and the total remuneration opportunity is higher to reflect the increased responsibility of the role. While remuneration practices vary across the full employee population, they are based on the same broad principles which underpin the policy for Executive Directors set out above.

The Remuneration Committee is regularly briefed on pay and employment conditions across the Group and takes this into account when setting directors' remuneration.

Employees' salary levels are determined by taking into account prevailing industry rates and the Remuneration Committee takes into account the workforce salary increase when determining the increases that should apply to Executive Directors' salaries.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

Consideration of employment conditions elsewhere in the Group (continued)

The Workforce Engagement group provides feedback to the nominated non-executive director for workforce engagement on employment conditions and pay.

The Company operates a SAYE scheme available to all employees with the ability to become shareholders in the Company and thereby providing the ability to comment on executive directors' pay as with all other shareholders.

Employees can raise issues through the divisional engagement groups and the national Workforce Engagement group, at performance appraisals and can write directly to the nominated non-executive director by email.

When setting the Remuneration Policy for Executive Directors, the Committee has regard to the pay and employment conditions of employees within the Company. The Committee did not consult directly with employees when formulating the Remuneration Policy for Executive Directors. The Committee considers salary increases within the business but does not formally consider any other comparison metric.

Consideration of shareholder views

The Committee engaged with all major independent shareholders and shareholder advisory groups, when developing this Remuneration Policy. Views expressed during this engagement were taken into account by the Committee and helped shape the final proposals. The Committee subsequently informed all of those consulted of the revised changes as a result of the consultation and the final proposed Policy. The Committee is grateful for the feedback received.

Clawback

For awards under the annual bonus plan (including deferred share awards) and awards made since the introduction of the 2014 LTIP, the Committee has discretion to clawback awards in the event of a material misstatement of the Company's audited financial results or employee misconduct. Awards made from 2019/20, included additional triggers relating to an error in the calculation of a performance condition and circumstances which the Committee considers sufficient to have, or had potential to have, caused reputational damage will also apply.

In such circumstances, at any time prior to the fifth anniversary of the payment of any cash bonus or vesting of a deferred bonus/ LTIP award, the Committee has discretion to:

- reduce, cancel or impose further conditions on outstanding deferred bonus/LTIP awards; or
- require the participant to repay (in cash or shares) some or all of the value delivered from a deferred bonus/LTIP awards; and/or
- require the participant to repay some or all of any cash bonus received.

For deferred bonus plan awards, in the event of a material misstatement of the Company's audited financial results or employee misconduct, any unexercised awards will lapse immediately and the participant will forfeit any shares previously acquired under awards made under that plan.

Corporate events

Unvested awards under the deferred bonus plan and LTIP will normally vest early in the event of a takeover or winding-up of the Company and, in the case of the deferred bonus plan, if the Company goes into administration or a voluntary arrangement is proposed with its creditors. In these circumstances, deferred bonus awards vest in full and LTIP awards vest taking into account the relevant performance conditions and, unless the Committee determines otherwise, time pro rating to reflect the proportion of the performance period that has elapsed. Awards may also be rolled over for equivalent awards in a different company. If the Company is or is likely to be affected by a demerger, special dividend, delisting or other event which in the Committee's opinion, may affect the current or future value of the Company's shares, the Committee may allow some or all of the awards to vest. The extent to which LTIP awards vest in these circumstances will be calculated on the same basis as set out above for a takeover. The terms of awards may be (a) in the event of any variation of the Company's share capital, delisting, special dividend or distribution, demerger or other event which may in the Committee's opinion, affect the current or future value of the Company's shares, adjusted or (b) amended in accordance with the plan rules.

Illustration of remuneration policy

The charts below illustrate the potential value of the remuneration packages for the Executive Directors under the following scenarios (no share price growth is assumed):

- Minimum – reflects fixed pay only (base salary and pension contributions as at 1 July 2021 and benefits included using the disclosed values for the year ended 27 June 2021;
- Target – reflects fixed pay, target bonus (50% of maximum) and LTIP awards vesting at threshold (i.e. 20% of salary); and
- Maximum – reflects fixed pay, maximum bonus (125% of salary) and maximum LTIP awards (being 150% of salary for the CEO and FD).
- Maximum plus share price growth – as for Maximum above, but with the value of 50% share price growth included within the LTIP element

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

Approach to remuneration for recruitment of a new executive director

On the appointment of any new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual with the necessary skills and experience to lead the business and deliver the strategy.

Executive Directors would be appointed within the remuneration framework set out in the Policy Table for Executive Directors. Salaries would typically be set at an appropriately market competitive level to reflect skills and experience, although, if appropriate, the Committee may set salaries towards the lower end of the market range to allow future salary progression to reflect performance and development in the role. A higher salary than the departing director's salary may be appropriate in certain circumstances, particularly where the experience and calibre of the individual warrants such a positioning. In accordance with the Policy Table, the Committee also has discretion to include other benefits such as housing or relocation benefits, if relevant to reflect specific individual circumstances. The maximum level of variable remuneration which may be awarded (excluding any compensatory awards referred to below) would be as set out in the Policy Table.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION POLICY CONTINUED

Approach to remuneration for recruitment of a new executive director (continued)

Depending on the timing and responsibilities of the appointment, it may be necessary to set different annual bonus/LTIP performance measures and targets for initial awards from those applicable to other Executive Directors.

Where an individual forfeits outstanding incentive awards with a previous employer, the Committee may offer compensatory awards to facilitate recruitment. These awards would be in such form as the Committee considers appropriate, taking into account all relevant factors including the form, expected value, anticipated vesting and timing of the forfeited awards. The value of any compensatory awards would be no higher, in the opinion of the Committee, than the value forfeited.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. Share awards may be granted under the Company's LTIP in excess of the limits set out in the Policy Table above to provide compensatory buyout awards only (which may be subject to any performance conditions the Committee considers appropriate), in accordance with the terms above. If necessary, awards may be granted outside of these plans as currently permitted under the Listing Rules, but within the limits set out in this section.

Any incentive awards granted to employees prior to their promotion to the Board will be permitted to vest on their original terms.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the Policy Table for Non-Executive Directors.

Service contracts

The service agreements of the Executive Directors are rolling contracts which were entered into on the dates shown in the table below:

Name	Contract date	Notice period from the Director	Notice period from the Company
Barbara Richmond	18/01/10	6 months	12 months
Matthew Pratt	01/07/20	12 months	12 months

The service agreements provide for formal notice to be served to terminate the agreement, by either the Company or the Executive Director, with the required period of notice shown in the table. The agreements and letters of appointment do not include any provisions for pre-determined compensation for early termination. The Committee may terminate service agreements immediately by making a payment in lieu of notice consisting of base salary, benefits and pension for the unexpired period of notice. At the discretion of the Committee, this payment may be made as instalments over the period, subject to a duty to mitigate, or as a lump sum.

For appointments after 1 July 2017, it is the Committee's policy that notice periods will normally be 6 months from both the Director and the Company initially and thereafter, 12 months from both the Director and the Company, and that payments in lieu of notice will comprise no more than base salary, benefits and pension only over the unexpired period of notice. This policy applies to Matthew Pratt who was appointed to the Board on 1 April 2019.

The Non-Executive Directors' terms of appointment are detailed in formal letters of appointment as shown in the table below. Each appointment is for a fixed initial period of three years although this term is terminable upon either party giving three months' notice.

Name	Position	Date of initial appointment	Current date of appointment
Nick Hewson	Non-Executive	01/12/12	01/12/18
Sir Michael Lyons	Non-Executive	06/01/15	06/01/21
Nicky Dulieu	Non-Executive	06/11/19	06/11/19
Richard Akers	Non-Executive	01/06/21	01/06/21
John Tutte [1]	Non-Executive Chairman	06/11/20	06/11/20

1 John Tutte was appointed Non-Executive Chairman on an interim basis and will step down after the Company's 2021 Full Year Results on 15th September 2021, at which time Richard Akers will assume the role.

Copies of the Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Policy on payments following Directors' termination of service

On termination of a Director's contract, the Committee's objective is to agree an outcome which is in the best interests of the Company and its shareholders, taking into account the specific circumstances and performance of the individual, as well as any relevant contractual obligations and incentive plan rules.

As described in the section above, contractual payments in lieu of notice would be limited to salary and contractual benefits and may be made in instalments subject to mitigation.

The Committee has discretion to make a payment under the annual bonus in respect of the year of leaving where an individual is designated a "good leaver" (as described below). In such circumstances, the maximum bonus opportunity would normally be reduced pro-rata to reflect the portion of the year served. Any payment would remain subject to performance against the original targets and, if practicable, would be assessed and paid (in cash) as part of the normal year end assessment process. Outstanding awards under the deferred bonus plan and the LTIP would be treated in accordance with the relevant plan rules. Under these rules, if the participant leaves as a "good leaver", then the treatment of outstanding awards will be as follows:

- Deferred bonus: Nil-cost options will be exercisable for a period of six months following the date of cessation. Options will be exercisable in full unless (for awards made in respect of 2015 and subsequent financial years other than in the case of death) the Committee may exercise discretion to reduce the awards pro-rata to reflect the extent to which the vesting period had elapsed at the date of cessation; and
- LTIP: Awards will normally continue to the original vesting date although the Committee may determine that awards vest following cessation. Where a holding period applies, awards will normally continue to be subject to that holding period following cessation. Unless the Committee determines otherwise, awards will be reduced pro-rata to reflect the extent to which the performance period has elapsed at the date of cessation and time served as an executive. The Committee will decide the extent to which the award vests in these circumstances. If an individual dies, their LTIP awards will normally vest shortly following their death and their LTIP awards will only be time pro-rated if the Committee considers it appropriate.

Circumstances in which a participant will be considered a "good leaver" are: death, ill-health, injury, disability, redundancy, retirement or the sale of the individual's employing company or business outside of the Group.

Where an individual leaves the Company for any other reason, deferred bonus and unvested LTIP awards will lapse.

The Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment or for any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with their cessation of office or employment. The details and rationale for any such payments would be disclosed in the Annual Remuneration Report.

Non-Executive Director Fees

Component	Approach of the Company
Non-Executive fees	Fees are determined by the Board excluding the Non-Executive Directors. The fee encompasses a basic fee and supplementary fees for serving on a Board Committee or acting as Senior Independent Director. It may also include supplementary fees for undertaking duties or making a time commitment to Company business beyond the Non-Executive Director's normal role. Expenses incurred in respect of the performance of duties for the Company may be reimbursed or paid for by the Company, including any tax due on such payments. The fees payable to the Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association and will be set at a level which reflects skills, experience, time commitment and appropriate market data.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION IMPLEMENTATION OF POLICY FOR 2022

This section summarises how the Committee intends to operate the Remuneration Policy for the year ending 30 June 2022.

Salary

In last year's report we set out the approach to progressing Matthew' Pratt's base salary in his role as Chief Executive. Matthew took up the role of Chief Executive on 1 July 2020 and following an extensive consultation with shareholders, the Committee decided to phase Matthew's base salary over time to enable him to gain experience and develop into the role. Accordingly, Matthew's salary for FY2021 was set at £540,000 with a view to increasing his salary to £625,000 from 1 July 2021 subject to performance in his role.

Matthew's performance since taking on the role of CEO has been exceptional, demonstrated by:

- Robust financial performance in financial year 2021, delivering a strong cash position which has enabled a resumption of dividends.
- The industry leading COVID-19 safe working practices and communication which enabled a swift and safe return to production.
- Successfully exiting the London assets following the strategic decision to scale our London operation back to just the core Colindale development.
- Significant development of our digital interface with customers which has enabled the business to continue successfully and safely trading throughout lockdown periods.
- The launch of Redrow 2025, an ambitious plan to ensure that sustainability is woven into the strategy and culture of the business with a focus on innovation and new ways of working.
- The commitment to talent for the future with an increase in graduates and sponsored degree students, resulting in 330 trainees within the business.

Therefore, the Committee has determined that Matthew's salary should be increased to £625,000 and is satisfied that this salary reflects the level of responsibility and scope of the role in a challenging market and in the context of the stated strategy to rebuild and grow. The Remuneration Committee also took into account the following factors in making its decision:

- Our commitment to developing talent and promoting from within requires the confidence and trust of our next generation of leaders to develop at Redrow. Setting a competitive salary structure at the top helps to achieve this and ensures there is room for promotion and salary progression further down the organisation.
- The £625,000 salary to take effect in July 2021 represents a 2.5% increase on John Tutte's Executive Chairman salary which was determined as at July 2019. While benchmarking is not a driver of the increase, the Committee took comfort from the fact that the proposed salary sits comfortably against comparable home construction and FTSE 250 companies; and
- The need to ensure Matthew is rewarded fairly and remains motivated and incentivised to fulfil the Group's ambitions to rebuild and grow the business.

Barbara Richmond's salary will be increased by 3.1% in line with the wider workforce increase provided on 1 July 2021. The general workforce also benefitted from an interim increase of 2.5% made in January 2021.

The salaries for 2021 are effective from 1 July 2021 and are as follows:

£'000	1 July 2021	1 July 2020
Barbara Richmond	**381.5**	370
Matthew Pratt	**625**	540

Pension

Matthew Pratt's pension contribution will be 7% of salary which is in line with the workforce contribution rate and Barbara Richmond's will be 20% of salary. As set out in the Policy, all executive directors' will have workforce aligned pension contribution rates from 1 January 2023. This alignment date was brought forward from 1 July 2023 following feedback received from shareholders during the consultation on changes to the Policy.

Annual bonus

Subject to approval of the policy by shareholders, the annual bonus opportunity for executive directors will be 125% of salary for 2021/22 (within an overall Policy limit of 150% of salary). The decision to apply a lower bonus opportunity for FY2022 takes into account feedback received from a very small minority of shareholders who wished to see phasing of the bonus opportunity increase at a time when the CEO's salary is being increased.

Consistent with last year, 50% of the bonus will be based on PBT targets. Customer service remains of paramount importance as does the health and safety of our employees and subcontractors. Accordingly, 12.5% of the bonus will be based each on customer service targets and health and safety.

With an exceptionally strong order book, turnover over the next few years will be dependent on a strong pipeline of outlets opening throughout 2021/22, and therefore outlets opening will determine 20% of the annual bonus. The final 5% will be based on developing and implementing a comprehensive ESG framework.

Measures for 2022	
Profit Before Tax	50%
Outlets opened	20%
Customer Service	12.5%
Health & Safety	12.5%
ESG	5%

These measures are felt to be appropriately aligned with our current priorities. A sliding scale of targets will apply for each measure except ESG with 20% of maximum payable for achieving a demanding threshold target. The ESG metric will involve a qualitative assessment. It is the current intention that the targets will be disclosed in the FY2022 Remuneration Report provided the Committee is comfortable they are no longer commercially sensitive at the time.

LTIP awards to be granted during FY2022

It is expected that LTIP awards in the 2022 financial year will be made at the level of 150% of salary to Matthew Pratt and Barbara Richmond.

Consistent with previous years, half of the awards will be based on an EPS measure and half on ROCE applying to performance in FY2024. The following targets will apply:

	EPS	ROCE
Threshold (13.3% vesting)	90.0p	22%
Target (40% vesting)	95.1p	23%
Maximum (100% vesting)	103.0p	25%

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

The Remuneration Committee believes the targets are stretching and delivering EPS of 103p is in line with our pre-pandemic three-year aspirations (being the stretch figure of 115p applying to the 2019 LTIP, noting that corporation tax has increased from 17% to 25%). The Committee will adjust the targets to ensure they are no more or less challenging in the event of changes to the corporation tax rate for FY2024.

The ROCE targets have been based on our guidance level of land creditors and the Committee will consider, at the time of vesting, whether it is appropriate to apply any downwards discretion in the event that land creditors are materially ahead of the Company's guidance.

In line with our Policy, these awards will be subject to an additional two-year post-vesting holding period.

Non-Executive Director Fees

The Board excluding the non-executive directors conducted an annual review of non-executive director fees and awarded a 2.5% increase from 1 July 2021 meaning the base fee for a Non-Executive Director will increase from £55,000 pa to £56,375 pa. This increase will not be applied to John Tutte or Richard Akers.

The Company pays an additional fee of £10k p.a. to Committee Chairs and an additional fee of £10k p.a. to the Senior Independent Director.

John Tutte will step down as non-executive chairman at the AGM and his fee will remain at £300,000 until that date. Richard Akers will become the new chairman and his fee has been set at £250,000 p.a.

OUTCOMES IN RESPECT OF 2021

The tables below set out the remuneration for the Directors in respect of 2021. Further discussion of each of the components is set out on the pages which follow. Where indicated, these disclosures have been audited.

SINGLE TOTAL FIGURE OF REMUNERATION TABLE (AUDITED)

The remuneration of the Executive Directors in respect of 2021 is shown in the table below (with the prior year comparative):

	SALARY (ii)		BENEFITS (iv)		PENSIONS (v)		TOTAL FIXED REMUNERATION		BONUS (vi)		LTIP (vii)		TOTAL VARIABLE REMUNERATION		TOTAL	
£'000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Matthew Pratt (i)	**540**	399	**23**	22	**38**	40	**601**	461	**540**	–	**–**	–	**540**	–	**1,141**	461
Barbara Richmond	**370**	360	**35**	35	**74**	72	**479**	467	**370**	–	**–**	–	**370**	–	**849**	467
John Tutte (iii)	**169**	580	**1**	16	**34**	116	**204**	712	**–**	–	**–**	–	**–**	–	**204**	712

(i) Matthew Pratt was appointed to Chief Operating Officer on 1 April 2019 and became Group Chief Executive on 1 July 2020.

(ii) Executive Directors took a voluntary 20% salary and pension deduction from 1 April 2020 to 18 May 2020 with John Tutte maintaining the deduction throughout his remaining period as Executive Chairman.

(iii) John Tutte served as Executive Chairman from 1 April 2019 to 6 November 2020 when he became Non-Executive Chairman.

(iv) Benefits include a fully expensed company car (or equivalent cash allowance) and private health insurance.

(v) Pension includes the value of the cash allowance paid to John Tutte, Barbara Richmond and Matthew Pratt in respect of the relevant year.

(vi) Annual bonus represents the full value of the bonus awarded in respect of the relevant financial year. Details of outcomes against the performance targets are set out below.

(vii) LTIP represents the value of the LTIP award which vests in respect of the 3-year performance period ending in the relevant financial year. The award made in November 2017 lapsed as the vesting threshold was not met and the awards granted in September 2018 which are capable of vesting in September 2021 will also lapse due to the vesting threshold not being reached.

The fees of the Non-Executive Directors in respect of 2021 are shown in the table below (with the prior year comparative).

	FEES	
£'000	2021	2020
John Tutte (i)	**196**	–
Nick Hewson	**75**	73
Sir Michael Lyons	**65**	63
Nicky Dulieu (ii)	**62**	35
Vanda Murray (iii)	**23**	63
Richard Akers (iv)	**5**	–

(i) John Tutte served as Executive Chairman from 1 April 2019 to 6 November 2020 when he became Non-Executive Chairman.

(ii) Nicky Dulieu was appointed as Non-Executive Director on 6 November 2019.

(iii) Vanda Murray stepped down from the Board on 6 November 2020.

(iv) Richard Akers joined the Board as a Non-Executive Director on 1 June 2021 and will become Non-Executive Chairman on 15 September 2021.

2021 ANNUAL BONUS

The maximum bonus opportunity for the Executive Directors during 2021 was 100% of salary. This was based on the achievement of stretching targets under a balanced scorecard of performance measures. The bonus measures and targets were determined after the impact of the pandemic was first felt, thereby reflecting the challenging environment in place at the time. The following measures and targets applied:

	% of bonus opportunity	Threshold payout	Maximum payout	Actual 2021 performance	Payout achieved (% of total bonus opportunity)
PBT (i)	50%	£216m	£240m	£314m	50%
Turnover (ii)	24%	£1,550m	£1,700m	£1,902m	24%
Customer recommend score	14%	90%	92.0%	92.6%	14%
Accident rate	12%	Homes built/accidents >16		19.5	12%
Total	100%				100%

(i) PBT is underlying, pre-exceptionals

(ii) This excludes land sales

The financial bonus targets were set in the context of the pandemic and the annual outlook at the time. After targets were set, the Government extended the Help to Buy loan scheme to 31 May 2021 and the Stamp Duty Land Tax holiday to 30 June 2021. However, the Committee concluded that the benefit was not material to the outcome and that no adjustment was necessary.

The accident rate was positively affected by the high volume of completions at our Colindale development. The Committee considered this and concluded there was no requirement to adjust the outcome as the target would have been achieved excluding the Colindale safety record.

The strong and resilient financial, operational and safety performance of the Group has resulted in the bonus targets being met in full. The Committee considered the outcome in relation to the wider stakeholder experience and was comfortable that the result was warranted based on the strong financial and non-financial performance across a broader range of factors.

In line with the Policy, 50% of the bonus will be deferred in shares and these will vest after 12 and 24 months.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

Long Term Incentive Plan (LTIP)

The LTIP is designed to motivate and reward long-term performance and delivery of the strategy and provide alignment with Redrow shareholders.

The sections below summarise details of the 2018 LTIP awards which were capable of vesting in 2021 and those awards which were granted during the 2021 financial year.

LTIP awards vesting in respect of 2021

The LTIP awards granted in September 2018 were based on performance over the three year performance period ending 27 June 2021. Based on performance against the EPS and ROCE targets set when the award was granted, summarised in the table following, neither of the thresholds were met and therefore these awards will lapse on 10 September 2021.

Award vesting level as a % of share options granted (for each component)	EPS for 2021*	ROCE for 2021
Nil	Below 107.59p	Below 25.8%
6.67%	107.59p	25.8%
20%	112.72p	26.8%
50%	117.84p or above	27.8% or above
Vesting between the points above is on a sliding scale basis		
Actual performance	73.7p	18.5%
Vesting (% of total award)	nil%	nil%

* As outlined in the Cash Return Circular published in 2019 an upwards adjustment of the EPS performance target was necessary to neutralise the effect of the return of cash and share consolidation which took place in 2019.

The below threshold performance reflects the impact of the pandemic on the financial year. As no shares vested the value of these awards is nil and has been included in the 2021 LTIP column of the Single Total Figure of Remuneration table on page 144.

SCHEME INTERESTS AWARDED DURING 2021 (AUDITED)

The following table sets out details of LTIP awards to Executive Directors during the 2021 financial year.

Executive Director	Number of awards granted	Basis of award	Face value [1]	Threshold vesting (% of maximum)	Vesting date
Matthew Pratt	199,852	150% of salary	£810k	13.3%	23 September 2023
Barbara Richmond	136,936	150% of salary	£555k	13.3%	23 September 2023

1 The face value has been calculated using the average share price used to determine the number of shares awarded, being 405.3p (the average, over the three days to the date of grant).

Awards to Matthew Pratt and Barbara Richmond are made in the form of nil-cost options.

As outlined in last year's report, setting meaningful LTIP targets at the time of granting the 2020 LTIP awards in September 2020 was challenging due to the uncertainty surrounding COVID-19 and the economic outlook. It was therefore agreed that the measures and targets applicable to those awards would be set within six months of grant. On 21 December 2020, the Committee announced the targets that apply to these awards:

Award vesting level as a % of share options granted (for each component)	EPS for 2023	ROCE for 2023
Nil	Below 73.0p	Below 17.0%
6.67%	73.0p	17.0%
20%	77.0p	18.0%
50%	86.0p or above	20.0% or above
Vesting between the points above is on a sliding scale basis. The target range was set in light of the business outlook at the time including internal forecasts, external analyst consensus and a broader view of the macroeconomic environment.		

The Remuneration Committee has discretion to adjust the number of shares vesting from the award if it considers that the vesting outcome is not sufficiently reflective of the underlying performance of the Company and to the extent the Committee believes there have been windfall gains.

There was no bonus paid in respect of FY2020 and therefore no Deferred Bonus Plan awards were granted during the year.

SHAREHOLDING GUIDELINES AND SHARE INTERESTS

Under our shareholding guidelines, Executive Directors are expected to build and retain a shareholding in the Group at least equivalent to 200% of base salary. Until the shareholding guideline has been met Executives will be required to retain all deferred bonus shares and LTIP shares on a net of tax basis. As shown in the table below, Barbara Richmond meets this guideline.

As noted above, Matthew is expected to retain all Deferred Bonus Plan and LTIP shares on a net of tax basis until the shareholding guideline is met. Non-Executive Directors are not subject to shareholding guidelines.

STATEMENT OF SHAREHOLDING AND SCHEME INTERESTS (AUDITED)

The following table sets out the shareholding (including connected persons) of the Directors in the Company as at 27 June 2021 and current interests in long-term incentives.

	Number of shares beneficially held at 27 June 2021	Shareholding as % of salary	Guideline met?
Executive Directors			
Matthew Pratt	90,792	97%	No*
Barbara Richmond	557,711	977%	Yes
Non-Executive Directors			
John Tutte	417,602		
Nick Hewson	19,523		
Sir Michael Lyons	5,502		
Nicky Dulieu	–		
Richard Akers	30,000		

Shareholding as a percentage of salary is calculated using the shareholding and base salary as at 1 July 2021 and the average share price for the final quarter of the 52 weeks ended 27 June 2021.

* Matthew Pratt is building his shareholding in line with the Remuneration Policy and his shareholding is 97% of salary as at 27 June 2021.

GOVERNANCE REPORT

DIRECTORS' REMUNERATION REPORT CONTINUED

The table below provides details of the interests

	Awards held at 29 June 2020	Grant Date	Share Price on Grant £	Award Vested	Awards granted in year	Awards lapsed in year	Awards Exercised in year	Awards held at 27 June 2021	Exercise Price £	From	To
Matthew Pratt											
SAYE 2017	3,673	30/10/17	6.12	3,673	–	–	(3,673)	–	4.90	01/01/21	01/07/21
SAYE 2020	–	09/11/20	4.72	–	4,768	–	–	4,768	3.78	01/01/24	01/07/24
LTIP 2017	23,168	15/11/17	5.935	–	–	(23,168)	–	–	–	15/11/20	15/11/27
LTIP 2018	23,951	10/09/18	5.887	–	–	–	–	23,951	–	10/09/21	10/09/28
LTIP 2019	103,448	11/09/19	5.945	–	–	–	–	103,448	–	11/09/22	11/09/29
LTIP 2020	–	23/09/20	4.053	–	199,852	–	–	199,852	–	23/09/23	23/09/30
DEF BONUS 2018	13,929	10/09/18	5.887	13,929	–	–	(13,929)	–	–	10/09/19	10/09/28
DEF BONUS 2019	25,471	11/09/19	5.945	12,735	–	–	(12,735)	12,736	–	11/09/20	11/09/29
	193,640			30,337	204,620	(23,168)	(30,337)	344,755			
Barbara Richmond											
SAYE 2017	1,836	30/10/17	6.12	1,836	–	–	(1,836)	–	4.90	01/01/21	01/07/21
SAYE 2019	1,821	28/10/19	6.18	–	–	–	–	1,821	4.94	01/01/23	01/07/23
SAYE 2020	–	09/11/20	4.72	–	2,384	–	–	2,384	3.78	01/01/24	01/07/24
LTIP 2017	83,404	15/11/17	5.935	–	–	(83,404)	–	–	–	15/11/20	15/11/27
LTIP 2018	86,122	10/09/18	5.887	–	–	–	–	86,122	–	10/09/21	10/09/28
LTIP 2019	93,356	11/09/19	5.945	–	–	–	–	93,356	–	11/09/22	11/09/29
LTIP 2020	–	23/09/20	4.053	–	136,936	–	–	136,936	–	23/09/23	23/09/23
DEF BONUS 2018	13,531	10/09/18	5.887	13,531	–	–	(13,531)	–	–	10/09/19	10/09/28
DEF BONUS 2019	24,163	11/09/19	5.945	12,081	–	–	(12,081)	12,082	–	11/09/20	11/09/29
	304,233			27,448	139,320	(83,404)	(27,448)	332,701			
John Tutte											
SAYE 2017	3,673	30/10/17	6.12	3,673	–	–	(3,673)	–	4.90	01/01/21	01/07/21
LTIP 2017	147,346	15/11/17	5.935	–	–	(147,346)	–	–	–	15/11/20	15/11/27
LTIP 2018	152,370	10/09/18	5.887	–	–	–	–	152,370	–	10/09/21	10/09/28
LTIP 2019	153,911	11/09/19	5.945	–	–	–	–	153,911	–	11/09/22	11/09/29
DEF BONUS 2018	23,962	10/09/18	5.887	23,962	–	–	(23,962)	–	–	10/09/19	10/09/28
DEF BONUS 2019	42,750	11/09/19	5.945	21,375	–	–	(21,375)	21,375	–	11/09/20	11/09/29
	524,012			49,010	–	(147,346)	(49,010)	327,656			

i. The performance conditions attached to the 2019 LTIP awards were disclosed in the 2020 Directors' Remuneration Report.
ii. The performance conditions attached to the 2020 LTIP awards are shown on page 147.
iii. There are no further performance conditions attached to the exercise of the deferred bonus awards.
iv. Between 28 June 2021 and 14 September 2021 (being the latest practicable date prior to the posting of this report), there were no further changes to the directors' interests set out in the Statement of shareholding and scheme interests above.
v. Included in the LTIP 2016 awards held at 28 June 2020 in the Annual Report 2020 were 15,876 and 41,497 shares under option for Matthew Pratt and Barbara Richmond respectively which were exercised on 12 September 2019.

GAINS MADE BY DIRECTORS ON SHARE OPTIONS

The table below outlines the notional gains made by Directors on share options exercised during the year, calculated as at the exercise date.

Executive Director	Scheme	No. shares exercised	Date of exercise	Mid price on date of exercise (pence)	Notional gain on exercise (£'000)
Matthew Pratt	SAYE 2017	3,673	05/01/21	548.5	20.15
	DEF BONUS 2018	13,929	10/09/20	459.10	63.95
	DEF BONUS 2019	12,735	11/09/20	455.20	57.97
		30,337			**142.07**
Barbara Richmond	SAYE 2017	1,836	05/01/21	548.5	10.07
	DEF BONUS 2018	13,531	10/09/20	459.10	62.12
	DEF BONUS 2019	12,081	11/09/20	455.20	54.99
		27,448			**127.18**
John Tutte	SAYE 2017	3,673	05/01/21	548.5	20.15
	DEF BONUS 2018	23,962	10/09/20	459.10	110.01
	DEF BONUS 2019	21,375	11/09/20	455.20	97.30
		49,010			**227.46**

PENSION

John Tutte and Matthew Pratt are deferred members of the Redrow Staff Pension Scheme (now closed to future accrual) and details of entitlements under this plan are set out below. John Tutte also received a pension allowance supplement of 20% of salary up to 6 November 2020 when he became Non-Executive Chairman. Barbara Richmond received a pension allowance supplement equivalent to 20% of salary and Matthew Pratt received a pension allowance supplement equivalent to 7% of salary (2020:10%). The value of these cash supplements is included in the pension column of the Single Total Figure of Remuneration Table on page 144. Barbara Richmond and Matthew Pratt are also covered by fixed term group income protection and death in service benefit.

TOTAL PENSION ENTITLEMENTS (AUDITED)

Details of the Executive Directors' pension entitlements under the defined benefit section of the Redrow Staff Pension Scheme are as follows:

Director	Normal retirement date	Accrued benefit at 27 June 2021 £	Benefits paid to Director during period up to 27 June 2021 £	Defined Benefit accrued during period up to 27 June 2021 £
John Tutte	24 June 2021	58,171*	Nil	Nil
Matthew Pratt	6 July 2040	15,440	Nil	Nil

* At 24 June 2021 being normal retirement date.

John Tutte retired from the pension scheme on 27 June 2021.

The normal retirement date shows the date at which the Director can retire without actuarial reduction. No additional benefit is available on early retirement.

The accrued pension shown above is the amount of pension entitlement that would be paid each year on retirement on the normal retirement date, based on service to 29 February 2012. The Scheme closed the accrual of future benefits with effect from 1 March 2012.

DIRECTORS' REMUNERATION REPORT CONTINUED

SUPPORTING DISCLOSURES, ADDITIONAL STATUTORY INFORMATION AND ADDITIONAL CONTEXT

Percentage change in remuneration of Chief Executive, Directors and all employees

The tables below show the percentage change in the salary, benefits and annual bonus of the Chief Executive, Directors and of all Redrow employees who qualify for participation in the Company's bonus and benefits plans between 2020 and 2021. The comparison between 2019 and 2020, where relevant, is shown in brackets.

	Chief Executive	All Redrow employees
Salary	35.3%* (N/A)	3.07% (2.92%)
Benefits	4.5% (N/A)	1.4% (11.0%)
Annual bonus	N/A** (N/A)	292.9% (-64.3%)

* Matthew Pratt became Group Chief Executive on 1 July 2020. The change in salary reflects this promotion from COO to CEO.

** Zero bonus was awarded to Matthew Pratt in FY2020. £540k was awarded for FY2021.

Name	Barbara Richmond (Chief Financial Officer)	Nick Hewson (Senior Independent Director)	Sir Michael Lyons (Non-Executive Director)	Nicky Dulieu (Non-Executive Director)	John Tutte** (Non-Executive Chairman)	Richard Akers (Non-Executive Director)
Salary/fee	2.78% (6.50%)	2.74% (1.4%)	3.17% (-3.0%)	Nicky Dulieu was appointed as Non-Executive Director on 6 November 2019	Appointed as Non-Executive Chairman on 6 November 2020	Appointed as Non-Executive Director on 1 June 2021
Benefits	Nil (84.2%)	N/A (N/A)	N/A (N/A)			
Annual bonus	N/A* (-100%)	N/A (N/A)	N/A (N/A)	N/A	N/A	N/A

* Zero bonus was awarded to Barbara Richmond for FY2020. £370k bonus was awarded for FY2021.

** John Tutte moved to a non-executive role during the year.

CEO PAY RATIO

CEO Pay Ratio	2021	2020
25th Percentile pay ratio	42:1	27:1
50th Percentile pay ratio	26:1	18:1
75th Percentile pay ratio	17:1	12:1

The remuneration figures for the employee at each quartile were determined with reference to 27 June 2021.

Our CEO pay ratios have been calculated using Option A under the Companies (Miscellaneous Reports) Regulations 2018 as this is the most statistically accurate way. The total remuneration of all UK employees for the 2021 financial year has been calculated and ranked to identify the employees where remuneration places them at the 25th, 50th and 75th percentile points.

The total pay and benefits and salary of the employees paid at the 25th percentile, 50th percentile and 75th percentile are shown in the tables on page 151.

	25th Percentile	50th Percentile	75th Percentile
Salary 2021	**£25,281**	**£20,028***	**£53,709**
Salary 2020	£23,950	£32,008	£27,760**

* The employee identified at the 50th percentile is in a sales consultant role which has the opportunity to earn higher remuneration through commission arrangements, hence the base salary is lower than the 25th percentile employee but the total pay and benefits is higher.

** The employee identified at the 75th percentile is in a sales consultant role, which has the opportunity to earn higher remuneration through commission arrangements, hence the base salary is lower than the 50th percentile employee but total pay and benefits is higher.

	25th Percentile	50th Percentile	75th Percentile
Total pay and benefits 2021	**£27,312**	**£44,293**	**£66,694**
Total pay and benefits 2020	£26,069	£40,581	£60,756

The pay ratio figures for 2021 have widened compared to those in the prior year. The principal reason is that there was no variable pay in the prior year for the CEO. In the current year, the bonus has been paid in full and as this represents a higher proportion of executive pay than it does in the wider workforce, the ratios have widened. The total pay and benefits payable across the workforce has increased as shown in the table above. Therefore the year on year change in the pay ratio is in line with our expectations. The Committee will continue to monitor longer-term trends in pay.

The Remuneration Committee notes that the Chief Executive's remuneration package is appropriately more heavily weighted toward variable pay elements, i.e. annual bonus and LTIP, than the general employee population and is therefore likely to result in the ratio fluctuating as a function of the outcomes of incentive plans year on year. However, the Committee will continue to monitor pay ratios, including any longer term trends, as part of its annual agenda.

Relative importance of spend on pay

The table below shows total employee remuneration and distributions to shareholders, in respect of 2021 and 2020 (and the difference between the two).

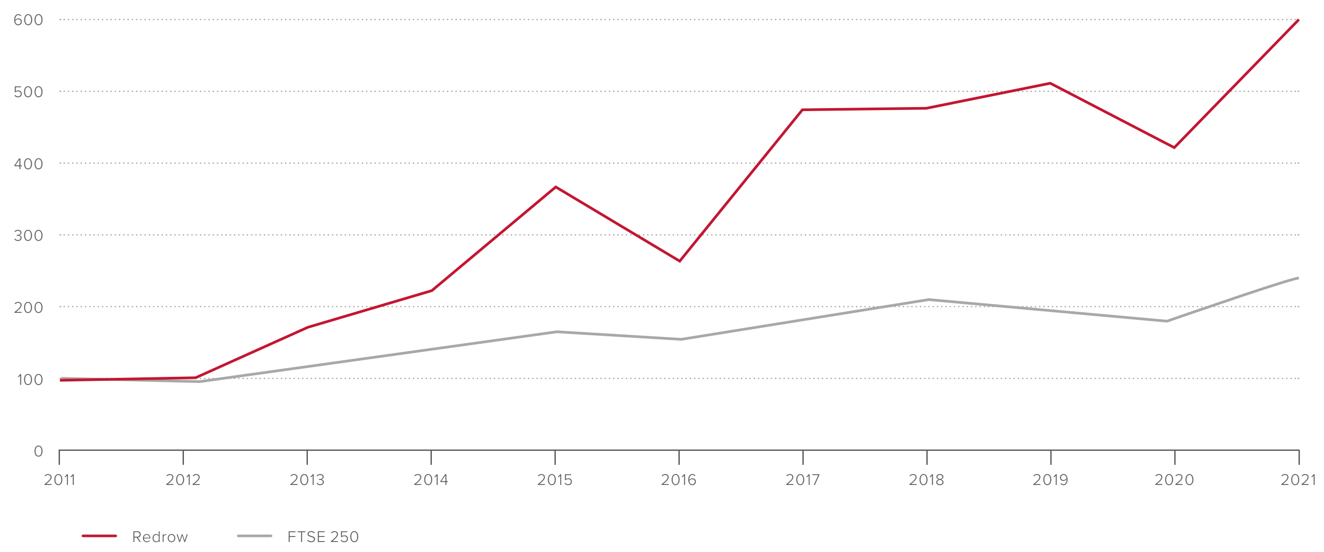
£m	2021	2020	Change (%)
Total employee remuneration	**137**	134	2.2%
Distributions to shareholders	**86**	–	100%

Total employee remuneration represents amounts included in note 7a to the accounts in respect of wages, social security, pension and incentive costs for all Group employees. Distributions to shareholders include the cash returns in respect of each financial year (see note 5 to the financial statements). This represents 24.5 pence per share in respect of 2021 compared to nil pence per share in respect of 2020.

Performance graph and table

The chart below shows the TSR of Redrow in the ten-year period to 27 June 2021 against the TSR of the FTSE 250. TSR refers to share price growth with re-invested dividends. The Committee believes the FTSE 250 index is the most appropriate index against which the TSR of Redrow should be measured, as it is a constituent of the FTSE 250.

DIRECTORS' REMUNERATION REPORT CONTINUED



The table below provides remuneration data for the Executive Chairman/Group Chief Executive (as applicable) for each of the nine financial years over the equivalent period.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Name	Steve Morgan	Steve Morgan	Steve Morgan	John Tutte	John Tutte	John Tutte	John Tutte	John Tutte	John Tutte	**Matthew Pratt**
Remuneration/ donations*	£855k	£1,050k	£1,922k	£2,355k	£1,916k	£2,463k	£1,950k	£2,093k	£712k	**£1,141k**
Bonus (% of Maximum)	50%	80%	100%	100%	100%	100%	96.7%	85%	Nil%	**100%**
LTIP vesting (% of Maximum)	0%	19%	100%	100%	100%	100%	100%	100%	Nil%	**Nil%**

* For Steve Morgan, this value includes the nominal salary and benefits disclosed in the Single Total Figure of Remuneration table as well as Company donations to The Steve Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee, reflecting notional salary and waived annual cash bonus in respect of the relevant year. It also includes the value of deferred bonus and vested LTIP cash awards in respect of each relevant year (calculated in accordance with the methodology applicable to the Single Total Figure of Remuneration Table).

External non-executive directorships held by Executive Directors

It is the Committee's policy that, with the approval of the Board, Executive Directors may hold one non-executive directorship at another company in order to broaden their knowledge and experience to the benefit of the Company. The Executive Director may retain any fee received for these duties. Barbara Richmond is a non-executive director of Lonza Group Ltd and in line with the Committee's policy, she is entitled to retain the fees from this appointment. She received fees of £188k during 2021 (£205k during 2020). This represented 240,000 Swiss Francs in both years.

CONSIDERATION OF DIRECTORS' REMUNERATION – REMUNERATION COMMITTEE AND ADVISORS

The Remuneration Committee is comprised solely of Non-Executive Directors. Vanda Murray chaired the Remuneration Committee until she stepped off the Board on 6 November 2020. At that date, Nicky Dulieu became Chair of the Remuneration and the other members during the year comprised Nick Hewson, Sir Michael Lyons and Richard Akers (who joined the Board on 1 June 2021).

The Committee has agreed Terms of Reference detailing its authority and responsibilities. The Terms of Reference of the Committee are kept under regular review and are published on the Group's website and include:

- determining the Remuneration Policy in respect of the Executive Directors and the Company Secretary (together 'the Senior Executives'), taking into account the context of the Company's overall approach to remuneration for all employees and within this Policy determining the total individual package of each Senior Executive;
- determining performance targets and the extent of their achievement for both annual and long-term incentive awards operated by the Company affecting Senior Executives; and
- monitoring and approving the level and structure of remuneration of the Executive Committee immediately below the Senior Executives.

The Committee meets as often as is required but at least twice per year. The Committee met five times during the course of the financial year ended 27 June 2021 and details of Committee attendance are set out in the following table:

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
Nicky Dulieu[1 †]	Member/ Chair	5/5
Nick Hewson[†]	Member	5/5
Sir Michael Lyons[†]	Member	5/5
Richard Akers[2 †]	Member	1/1
Vanda Murray[1 †]	Chair	0/0

1 Vanda Murray chaired the Remuneration Committee until 6 November 2020 when she stepped down from the Board and there were no meetings held between the beginning of the 2021 financial year and her retirement date Nicky Dulieu took over as Chair from that date.

2 Richard Akers joined the Board and the Remuneration Committee on 1 June 2021 and attended the meeting held from this date to the end of the 2021 financial year.

† Member considered to be independent. Throughout the 2021 financial year, the Committee was made up of 100% independent members.

The Committee received advice from FIT Remuneration Consultants LLP during the year. FIT is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is comfortable that FIT does not have connections with Redrow plc that may impair their objectivity and independence. The fees charged by FIT for the provision of independent advice to the Committee during 2021 was £46,069 + VAT. FIT provided no other services to the Company.

Statement of voting at Annual General Meeting

At the Annual General Meeting held on 6 November 2020, votes cast by proxy and at the meeting in respect of directors' remuneration report are shown in the table.

	VOTES FOR		VOTES AGAINST			
Resolution	No.	%	No.	%	Total votes cast exc withheld	Votes withheld
Approval of the Directors' Remuneration Policy	255,841,787	95.03	13,374,873	4.97	269,216,660	666,929
Approval of Directors' Remuneration Report for the 52 weeks ended 28 June 2020	266,985,296	99.19	2,173,991	0.81	269,159,287	724,302

By order of the Board

NICKY DULIEU
Chair of the Remuneration Committee

14 September 2021

GOVERNANCE REPORT

DIRECTORS' REPORT

OTHER STATUTORY DISCLOSURES

The Companies Act 2006 (the "Act") requires the Directors to present a fair review of the business during the 52 weeks to 27 June 2021 and of the position of the Company at the end of the financial year together with the financial statements, Auditors' Report and a description of the principal risks and uncertainties which the Company faces.

The Strategic Report can be found on pages 1 to 89 of the Annual Report. The FCA's Disclosure Guidance and Transparency Rules (the "DTRs") require certain information to be included which can be found in the Corporate Governance Report on pages 90 to 169.

There were no significant events since the balance sheet date. An indication of likely future developments in the business of the Company and details of the Company's use of financial instruments for risk management purposes are included in the Strategic Report.

The Corporate Governance Report and the Strategic Report, together with sections of the Annual Report incorporated by reference, form part of the Directors' Report which is presented in accordance with, and with reliance upon, applicable English company law. The liabilities of the Directors in connection with this report shall be limited as provided by English law.

The table opposite sets out where key information can be found in the Annual Report.

Subject	Page reference
Dividends	See note 5 of the financial statements on page 192.
Capital structure (details of the issued share capital)	See note 18 of the financial statements on page 215.
Directors	• See page 96 detailing the Directors who served during the year, along with their meeting attendance. • Biographical details of the Directors of the Company who are seeking election and re-election at the 2021 AGM are set out on pages 92 to 93. • Details of Directors' interests, including interests in the Company's shares, are disclosed in the Directors' Remuneration Report on page 147.
Employment policies of the Company	Details of the Company's employment policies may be found in the Directors' Report on pages 159 to 160.
The Redrow Benefit Trust Report (the "Employee Benefit Trust")	Details of the shares held by the Employee Benefit Trust may be found in the Directors' Report on page 156.
Environmental, social and governance ("ESG") disclosures	Details of the Company's approach to ESG matters can be found in the Directors' Report on pages 156 to 167.
Greenhouse gas emissions	All disclosures of the Company's greenhouse gas emissions, as required to be disclosed under Schedule 7 of The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (pursuant to the Act, Strategic Report and directors' report Regulations 2013), are contained in the Directors' Report on page 157.
Redrow plc Long Term Investment Plan ("LTIP")	Details of the Company's LTIP are set out in note 7d of the consolidated financial statements on pages 194 to 195 and the Directors' Remuneration Report on pages 128 to 153.
Section 172(1) Statement	The Section 172(1) Statement can be found in the Strategic Report on page 82 to 83.

The Directors take pleasure in presenting to the shareholders their report and audited consolidated financial statements for the 52 weeks ended 27 June 2021.

RESULTS, DIVIDENDS AND RETURN OF CASH

The Group made a profit after tax of £254m (2020: £113m).

During the 2020 financial year, due to the uncertainty around the impact of the COVID-19 pandemic on the business, there was no interim or final dividend paid by the Company. The Group signalled its intention to resume dividends in 2021 and as announced on 10 February 2021, given the Group's cash position and order book, the Board resumed dividend payments with an interim dividend of 6p (2020: nil p) which was paid on 9 April 2021.

The Board proposes to pay on 17 November 2021, subject to shareholder approval at the 2021 Annual General Meeting, a final dividend of 18.5p (2020: nil p) net per share in respect of the 52 weeks ended 27 June 2021 to shareholders on the Register as at the close of business on 24 September 2021.

The Company has in place a dividend re-investment plan which gives shareholders the opportunity to re-invest their dividends by acquiring shares in the Company.

ANNUAL GENERAL MEETING

Notice of the 2021 Annual General Meeting to be held on Friday, 12 November 2021 will be sent to shareholders separately. Members wishing to vote, should return forms of proxy to the Company's Registrar not less than 48 hours before the time for holding the meeting.

The formal notice convening the Annual General Meeting, together with explanatory notes, will be found in a separate circular which will be sent to shareholders separately and will be available on the Company's website. Shareholders will also find with the Notice of Annual General Meeting a form of proxy for use in connection with the meeting.

DIRECTORS

The Directors of the Company during the year to the date of this report, along with their meeting attendance, are listed on page 96. The current Directors are listed on pages 92 to 93 together with their biographical details.

Details of Directors' pay, service contracts and interests in the ordinary shares of the Company are included in the Directors' Remuneration Report on pages 128 to 153.

Formal appraisals of the Executive Directors were undertaken during the financial year. All the Non-Executive Directors underwent an annual appraisal conducted by the Senior Independent Director. The Board confirms that Matthew Pratt and Barbara Richmond, who stand for reappointment as Executive Directors; Nick Hewson, Sir Michael Lyons and Nicky Dulieu who stand for reappointment as Non-Executive Directors; and Richard Akers who stands for appointment as Non-Executive Chairman, continue to be effective and demonstrate the appropriate commitment to their roles.

The Executive Directors have formal service agreements and termination of their employment may be effective by 12 months' notice given by the Company for Barbara Richmond and 6 months' notice given by the Company for Matthew Pratt.

In accordance with the UK Corporate Governance Code (the "Code"), all of the Directors will retire at the Annual General Meeting to be held on Friday, 12 November 2021 and, being eligible and upon the recommendation of the Board, offer themselves for reappointment, save for John Tutte who will be stepping down from the Board on 15 September 2021.

DIRECTORS INTERESTS

Related party transactions are disclosed in note 22 to the Financial Statements. A summary of remuneration provided to key management personnel is provided in note 7c.

POWERS OF THE DIRECTORS

Subject to the Company's Articles of Association, UK legislation and any of the directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company. Directors have been authorised to allot and issue shares by way of resolutions of the Company passed at its Annual General Meeting.

The rules in relation to the appointment and replacement of Directors are as set out in the Company's Articles of Association and applicable English company law. The Articles of Association can only be amended, or new Articles adopted, by a resolution passed by shareholders at a general meeting by at least three quarters of the votes cast.

CAPITAL STRUCTURE

The Company has an issued share capital of 352,190,420 ordinary shares of 10.5 pence each. The Company has one class of ordinary shares which carry ordinary rights to dividends (subject to the Company's Articles of Association). Each share carries the right to one vote at general meetings of the Company in respect of resolutions which are taken on a poll.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Authority was given to the Directors at last year's Annual General Meeting to allot unissued shares up to an aggregate nominal amount of £12,326,664.70 (which is equivalent to approximately 33% of the Company's issued share capital) and up to a further aggregate nominal amount of £12,326,664.70 in connection with an offer by way of a rights issue. The authority was not exercised during the period ended 27 June 2021 or prior to the date of this report.

Authority was also given to the Directors at last year's Annual General Meeting to make market purchases of the Company's ordinary shares up to an aggregate nominal value of £3,697,999.41, which is equivalent to approximately 10% of the issued share capital of the Company. Under the authority, there is a minimum and maximum price to be paid for such shares and the shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. No such purchases were made during the period ended 27 June 2021 or prior to the date of this report.

GOVERNANCE REPORT
DIRECTORS' REPORT CONTINUED

The Company has no current intention of exercising the authorities referred to above but nevertheless as these authorities expire at the forthcoming Annual General Meeting, the Directors will be seeking new authorities as set out in the Notice of Annual General Meeting.

The Company has made no non-pre-emptive issuances of equity for cash over the past three reporting periods.

VOTING AND TRANSFER OF SHARES

The Company's Articles of Association do not contain any specific restrictions on the size of a shareholder's holding or on the transfer of shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company's Articles of Association do not contain, and the Company is not aware of, any restrictions on voting rights, including any limitations on voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights and arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities.

Zedra Trust Company (Guernsey) Limited, as trustee of the Employee Benefit Trust, held 7,631,940 shares (2.16%) in the Company as at 27 June 2021 on trust for the benefit of employees of the Company. The voting rights attaching to the shares held by the Employee Benefit Trust are exercisable by the Trustee and there are no restrictions on the exercise of the voting of, or acceptance of any offer relating to those shares.

SUBSTANTIAL HOLDINGS IN THE COMPANY

As at 27 June 2021, the Company had been advised of the following notifiable interests in its ordinary shares, in accordance with Rule 5 of the DTRs.

Notifiable Person	No. of Ordinary shares held	% of voting rights
Bridgemere Securities Limited	56,352,350	16.00%
Vidacos Nominees/HSBC[1]	17,876,321	5.08%

[1] The Company was notified of this interest prior to the 20 for 21 share consolidation on 8 April 2019. The figure displayed as the number of shares held has been calculated by applying the 20:21 consolidation ratio to the number of voting rights contained within their most recent notification to the Company under DTR 5.1, at which time was 18,770,138.

In line with the relevant rules, the table above does not include notifications received from investment firms where the interest has fallen below 5%, or from non-investment firms where the interest has fallen below 3%.

The Company has not been notified of any changes to the above interests, or any other notifiable interests, since 27 June 2021 to 14 September 2021, being the last practicable date.

CHANGE OF CONTROL

The Company's banking facilities require repayment in the event of a change of control. In addition the Company's employee share incentive schemes contain provisions, whereby, upon a change of control, outstanding options and awards would vest and become exercisable by the relevant employees, subject to the rules of the schemes.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment in event of a takeover bid.

INDEPENDENT AUDITORS

Following the latest tender process which was undertaken by the Committee in 2018, KPMG LLP was appointed as the external auditor of the Company in 2019 and was reappointed at the 2020 Annual General Meeting, with 99.98% of votes cast in favour of its reappointment.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the course of the 52 weeks ended 27 June 2021, qualifying third party indemnity provisions were in place. The Company agreed to indemnify the Directors, former Directors and the Company Secretary of the Company and Associated Companies (as defined in Section 256 of the Companies Act 2006), to the extent permitted by law and the Company's Articles of Association, against any liability arising in connection with: any negligence, default, breach of duty or breach of trust by them; and their duties, powers or office, including in connection with the activities of the Company or an Associated Company in its capacity as a trustee of an occupational pension scheme.

The above indemnity provisions remain in force at the date of this report. In addition, the Company maintains directors' and officers' insurance for each Director of the Company and its Associated Companies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURES

Limiting the environmental impact of developments by building responsibly and creating thriving and desirable places to live are key components of the Group's strategy, and through the use of its design principles, the Company has ensured that social, environmental and economic aspects are incorporated into the communities delivered. Valuing People is also a key component of the Group's strategy and this is executed by valuing and developing people and partners and inspiring the next generation to build.

The Board considers ESG matters as part of its regular risk assessment and the following sections seek to provide a deeper understanding of the work undertaken by the Company in relation to ESG matters.

ENVIRONMENTAL

Greenhouse Gas Emissions

Greenhouse gas ("GHG") emissions data for the period 29 June 2020 to 27 June 2021 are set out in the table below:

Emissions from:	Current Reporting Year (29 June 2020 to 27 June 2021)	Comparison Year (1 July 2019 to 28 June 2020)	Units
Scope 1 activities:			
• Direct emissions from combustion of fuels and business travel	**11,417**	12,250	tonnes of CO_2e
Scope 2 activities:			
• Indirect emissions from purchased electricity	**3,263**	3,254	tonnes of CO_2e
Total Greenhouse Gas Emissions:			
• (Scope 1 + Scope 2)	**14,680**	15,504	tonnes of CO_2e
Intensity ratio:			
Total emissions per 100m² of build	**2.84**	3.01	tonnes of CO_2e per 100m² of build

This disclosure includes all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our consolidated financial statement and we do not have responsibility for any emission sources that are not included in our consolidated statement.

During the reporting period, the annual quantity of energy consumed by the Company was 64,294,472 kWh. This figure presents the underlying global energy use data that was used to calculate the GHG emissions and is calculated in kWh. Where information has been converted to kWh from other units (e.g. litres of fuel), the 2021 UK Government's Greenhouse Gas Conversion Factors for Company Reporting have been used for the required conversions. The figure is the aggregate of:

- the annual quantity of energy consumed from activities for which the Company is responsible involving the combustion of fuel;
- the annual quantity of energy consumed resulting from the purchase of electricity and heat by the Company for its own use; and
- the annual quantity of energy consumed from activities for which the Company is responsible, involving the consumption of fuel for the purposes of transport.

100% of the figures reported above relate to emissions and energy consumed solely in the United Kingdom.

The Company has taken several measures for the purpose of reducing GHG emissions and increasing the Company's energy efficiency:

- In February, the Company switched to a renewable electricity contract for all of its offices. During the reporting year, 3.3% of total electricity was from a renewable source. From July 2021, all plots, show homes and site compounds will be supplied by 100% Green certificated electricity.
- The Company trailed a hybrid generator system with solar PV and a smart energy management system that can result in fuel savings of between 33% and 50%, with the accompanying emission reductions, helping it to achieve its targets and reduce costs.
- The Company is exploring a Group-wide roll out of energy-efficient site cabins. These will provide improved thermal insulation, double glazed windows with low u-values, energy efficient LED lights with PIR activation, energy efficient heaters with thermal cut-out and energy efficient point-of-use hot taps.
- With the Group's supply partners, two trials are underway to explore the efficacy of Hydrotreated Vegetable Oil (HVO), a biodegradable non-toxic fuel that is produced from vegetable fats and oils. This could provide an alternative to diesel which is currently used in generators and other construction machinery and can reduce carbon emissions by up to 90%.
- As part of its effort to reduce the energy use of Customer Experience Suites and show homes, the Company has installed a 'one-switch' shutdown system for all of the lighting at our Newton Garden Village development and continues to monitor the impact on consumption and cost with a view to a wider rollout.

The Company has used the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard and the emissions have been calculated using the 2021 UK Government's Greenhouse Gas Conversion Factors for Company Reporting. Reported Scope 2 emissions are calculated using the location-based method.

This inventory of GHG emissions has been verified by SGS to a limited level of assurance, in accordance with

GOVERNANCE REPORT

DIRECTORS' REPORT CONTINUED

EN ISO 14064-3:2006, as meeting the requirements of The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard. Further details and the independent assurance report can be found at redrowplc.co.uk/about-redrow/our-values/building-responsibly/managing-our-resources-efficiently/.

Research and Development

The Company has a centralised Product Development Team charged with identifying and evaluating new construction techniques and products. They are also responsible for minimising risk and seeking opportunities associated with future regulatory changes. In addition, the Company has a centralised Sustainability team, as these issues play a prominent role in the Company's activities. The Company recognises its responsibilities to the community as a whole and has adopted an environment strategy and framework which is a core part of the Company's objectives.

The charge to the income statement in respect of research and development for the 52 weeks ended 27 June 2021 was £0.4m (2020: £0.4m).

Resource Efficiency

Managing resources efficiently is a key principle underpinning one of the Company's strategic themes of building responsibly. The following are key examples of the Company's approach to managing its resources efficiently:

1. Carbon – the Company continues to be an active member of the UK Green Building Council and is working to reduce the carbon emissions from its homes, its operations and its wider indirect activities. The Company is committed to extending and building on its existing approach in order to deliver Net Zero Carbon homes in the coming decade. Details of the Net Zero Carbon commitments and ambition are further explained in the Strategic Report.

2. Water – the homes produced by the Group have one of the lowest water use standards in the industry at 105 litres-per-person-per-day (lpppd), compared with a building regulation standard of 125 lpppd. The Company is committed to reducing the amount of water used in its operations and during the year, the water usage was 33.06m^3 per 100m^2 of build.

3. Waste – the Company is also committed to reducing waste from its operations and in 2021, waste generated was 8.11 tonnes per 100m^2 of build. Where possible, we try to reuse or recycle unused materials. During the year, 97.65% of our waste was diverted from landfill.

For further details on the Company's approach to managing its resources efficiently, please see pages 46 to 55 of the Strategic Report.

Sustainable Materials

The Company is committed to sourcing sustainable materials in for use in its operations to contribute to its long-term sustainability. The following are key examples of the Company's approach to sourcing such materials:

1. Timber – the Company uses timber in the construction of its homes and is committed to sourcing timber-based products from well-managed sources. In the 2020 calendar year, 99.64% of the forest products used by the Company were from verified and credibly certified sources.

2. Other materials – the Company also uses supply chain mapping for other materials and products used in constructing its homes to allow it to work with supply partners to identify and avoid products deemed to be high risk in respect of environmental and social ethics.

For further details on the Company's approach to sourcing sustainable materials, please see page 52 of the Strategic Report.

Biodiversity

During the year, the Company continued to implement its industry-leading biodiversity strategy in partnership with The Wildlife Trusts to ensure that our developments enhance biodiversity and contribute to nature's recovery. Internal workshops have been running to equip our teams with the knowledge and skills to deliver our ambitions in practice.

For further details on the Company's biodiversity strategy, and action taken during the year for nature, please see pages 37 to 39 of the Strategic Report.

Climate-related Disclosures

Following the recommendation of the Task Force on Climate-Related Financial Disclosure ("TCFD"), specific climate-related disclosures are included within this Annual Report. Please see pages 163 to 167 for the TCFD disclosure table.

SOCIAL

Placemaking

The Company has an established set of placemaking principles called the Redrow 8 that has been used for over two years. The 8 principles are a robust set of commitments and benchmarks that ensure that we provide communities that are beautiful, sustainable, well-connected and developed with nature and people in mind.

For further details on the Company's approach to placemaking, please see pages 28 to 36 of the Strategic Report.

Workforce Engagement

The Board believes that greater engagement with the workforce is essential to preserving long-term value. Valuing People is a fundamental part of the Group's strategy and understanding the views of employees and actively encouraging their participation sits highly on the Board's agenda.

See pages 99 to 100 of the Corporate Governance Report for details of the work undertaken during the year in respect of engagement with the workforce, including the Group's arrangements to: provide employees with information on matters of concern to them, including achieving a common awareness for employees aware of financial performance of the Company; consulting with employees to obtain their views; and encouraging employee involvement in the Company's share plans.

Employee Wellness

The Company recognises that the wellness of its employees is vital to the success of the business. During the COVID-19 lockdown period and in the time since, there has been an increase in the frequency and quality of employee communications, including the following initiatives to focus on health and wellbeing:

- introduction of 'agile work places' to further enhance the wellbeing of our colleagues by capturing the flexibility, trust and efficiencies displayed during the COVID-19 lockdown period and making them work for the benefit of colleagues and the Company over the longer term;
- continued training of the Mental Health First Aiders across the Divisions and implementation of support mechanisms for them including a closed forum on the Company's intranet, a Buddy System and continued promotion of MyLife, the employee assistance programme is available to all employees, subcontractors and their families 24/7;
- introduction of Engage Lite, a condensed version of the Company's intranet which was available to all employees on furlough to allow colleagues access to important business updates and health and wellbeing resources for themselves and their families;
- more personal engagement with employees, with the HR team trying to help people manage their personal challenges on an individual basis;
- fortnightly Health and Wellbeing newsletter distributed to colleagues across the business; and
- arrangement of a series of financial wellbeing webinars hosted by the Company's pension provider.

The HR department has a dedicated team focusing on health and wellbeing to ensure that health remains a key priority and that the wellness initiatives in place are fit for purpose.

Equality, Diversity and Inclusion Policy

The Company recognises that its continued success depends upon its ability to recruit the right people, retain them and help them to reach their full potential. The Company believes that attracting a diverse range of skills enables it to meet the challenge of the skills gap in the sector.

The Company is firmly committed to giving every potential recruit and employee the same opportunities irrespective of their gender, race, ethnic or national origin, disability, age, sexuality, religious belief, marital status or social class.

There is a strong commitment to continuously promoting equality, diversity and inclusion ("ED&I") throughout the business to build a culture that is inclusive to all, actively values difference and ensures everyone is treated fairly. There is a culture where ED&I is championed by leadership and everyone in the Company owns it, feels empowered and is confident enough to get involved.

During the year, the Group released the Equality, Diversity and Inclusion Policy ("ED&I Policy") and implemented a number of initiatives to aid the delivery and embedment of the ED&I agenda, which comprised:

- formation of the ED&I Working Group, a group of representatives from across the business to assist with the drafting and implementation of the ED&I Policy and Recruitment and Selection Policy;
- launch of the new ED&I Policy across the business;
- release of the 2021 Inclusion Calendar, which clearly explains dates/months which are key to a wide range of diverse backgrounds;
- communications programme to continuously raise awareness of the ED&I Policy throughout the business, and a dedicated page of the Company's intranet to share related information;
- provision of a facility to enable individuals to share any ED&I concerns or ideas anonymously to ensure that a whole range of topics and issues were covered;
- embedment of the ED&I Policy throughout the employee journey, from recruitment and personal management to leadership development and exit management;
- amendment of the recruitment and selection process including:
  - training of all recruiting managers on ED&I and unconscious bias;
  - utilising a wider range of media for advertising to ensure the targeting of diverse candidates; and
  - capturing an applicant's diversity demographics as part of the recruitment process to promote the elimination of unlawful discrimination,
- including information on the Group's ED&I agenda at the earliest opportunity in the onboarding process;

GOVERNANCE REPORT

DIRECTORS' REPORT CONTINUED

- regular sharing of stories and case studies through communications to encourage an inclusive workplace;
- sharing the ED&I Policy with subcontractors and third party partners to work with them to actively support the Group's agenda;
- training over 350 Directors and Managers on ED&I and unconscious bias; and
- release of a mandatory e-learning module to all colleagues to raise awareness of ED&I.

As outlined in the ED&I Policy, the Company gives full and fair consideration to applications for employment made by disabled people and is committed to offering training and career development of disabled persons. The ED&I Policy places a duty on the Company to take reasonable steps to remove any disadvantage which a disabled person may have compared with employees who are not disabled. In the event of any employee becoming disabled, the Company makes every effort to ensure that their employment continues, training needs are met and reasonable adjustments are made to the working environment.

The Company embeds its stance of diversity matters through awareness and training in the following policies:

- Equality, Diversity and Inclusion Policy
- Recruitment and Selection Policy

Learning and Development

The Company places considerable importance on training and developing its people. Historically, training has primarily been delivered face-to-face at the Company's in-house training facilities and supported through blended e-learning. During the COVID-19 lockdown, and in the time since, the Group has placed additional emphasis on its e-learning platform, ensuring all colleagues completed vital return-to-work training, in addition to refreshing core skills. Moving forward the Company will make more use of technology to deliver training through e-learning, webinars and interactive online sessions.

The Company, in partnership with Liverpool John Moores University and Coleg Cambria, established the UK's first dedicated Housebuilding Degree. The three-year degree provides students with a full overview of housebuilding skills including quality, project management, health and safety, business skills and law. Learning is achieved through a blend of classroom activities, virtual learning, practical site visits and tutorials, meaning that learners are able to combine their studies with working and earning. Having successfully brought our first employees through to graduation we opened up the degree programme to post A-Level school leavers for the first time during the year, bringing in 16 high calibre youngsters.

During the year, the Company recruited over 111 trainees, including 41 apprentices and 15% of our direct employees are trainees. Company apprentices receive first class training, both on site and at local colleges, and the Company partners with key suppliers to ensure that apprentices receive a comprehensive understanding of the wider aspects of their chosen field.

The Company is committed to assisting with tackling the problem of attracting young people to construction, and more specifically housebuilding, by analysing the barriers to entry-level recruitment into the sector and making recommendations to overcome these. During the year, the Company signed up to the Talent Retention Scheme set up by the Construction Leadership Council to assist where possible with helping out apprentices who had lost their jobs.

Health, Safety and Environment

The Company is committed to quality and excellence therefore it follows that minimising risk to people, plant, products and the environment is inseparable from all of its other objectives. Health and safety has naturally become embedded into the culture of the Group, as it forms part of the overall duty of being an employee or supplier of the Group.

The Group seeks to achieve the highest health, safety and environmental standards as it significantly contributes to the overall performance of the business and protects both people and environment from harm. The Company operates an environmental management system that ensures that it manages environmental impacts in a systematic way and is certified by the British Standards Institute to the international standard ISO 14001.

During the year, the Group launched RedHSE, being an online accident/incident reporting system and HS&E audit platform allowing for the automation of significant HS&E data collection and analysis to help focus and target initiatives in support of continuous improvement.

For further details on our approach to health and safety, see pages 42 to 43 of the Strategic Report.

Charitable and Political Donations

The Company recognises the difference it can create through its presence as a national housebuilder by developing thriving communities through supporting the local community and charitable projects. The Company and its employees are actively involved in fundraising activities for our selected charitable partners.

Divisions annually select a local charity to support which has a purpose that aligns with one of the Group's key priorities. This allows each part of the business to choose a charity that is meaningful to them in the communities in which they operate. In accordance with Company policy, the charity must be verified before any donations are made to it and a record is maintained of all charitable contributions made.

The Group paid £0.1m in charitable donations during the year, being £0.1m in support of local charities.

The Company does not engage or support any form of political donations. No Group company or employee is permitted to make a political donation in the name of the Company and employees are cautioned to be extra vigilant to ensure that political contributions are not made in circumstances where gifts, hospitality or the actions of third parties are engaged in transactions on behalf of the Company. The Group made no political donations during the year.

Human Rights

The Board values and appreciates the contribution made by all employees at every level and is committed to protecting and respecting human rights. Each employee is treated fairly and equally and the Company has measures in place to ensure that the Group is free from discrimination. Throughout the Group there is a zero-tolerance approach to any form of harassment or bullying; forced or involuntary labour; and child labour in any form. The Board is invested in the development of employees and has put in place measures to protect both their physical and mental wellbeing.

During the year, the Company became accredited with the Living Wage Foundation by ensuring that the pay of every Redrow employee is aligned with the real living hourly wage, which takes into consideration the cost of living as outlined by the Foundation, and extending this to the supply chain as a condition to working with the Company.

The Company embeds its commitments to the protection of human rights through its Human Rights Policy.

Supply Chain

The Company conducts its operations with respect to the interests and human rights of those employed in our supply chain. The Group works collaboratively with its supply chain to develop relationships based on honesty, openness, respect and fairness. In addition, the Group supports its supply chain by, among other things, improving their knowledge of sustainability through training and working with subcontractors to attract new entrants into the industry and supporting their training needs.

As a partner of the Supply Chain Sustainability School, the Group's supply chain have access to thousands of online presentations, training modules, guidance documents and checklists and are regularly invited to attend workshops and briefings.

Due diligence is conducted on the Group's supply chains to ensure that the values of the partners which we are working with are aligned with the Group's commitments to high ethical business standards. During the year, the terms and conditions of those in our supply chain were amended to ensure that our partners were committed to aligning their pay practices to the real living hourly wage as outlined by the Living Wage Foundation.

The Company embeds these commitments and expectations through its policy, Partnering with our Supply Chain.

For further details on our how the Company partners with its supply chain for sustainability, see pages 52 to 54 of the Strategic Report.

Local Communities

During the year, the Company continued to create thriving communities and committed £275m to the local communities served for the development of new schools, local shops, community and health centres as well as green spaces as part of the planning process.

The Group is committed to providing high quality affordable homes for local people and during the year has designed, built and delivered over 1,314 new affordable homes across its developments in England and Wales in partnership with Registered Providers.

For further details on our how the Company creates strong, connected communities, see pages 28 to 36 and 62 of the Strategic Report.

Customers

The Company's purpose is to operate to create a better way for people to live and there is very much a customer focused culture across the Group.

During the year, based on a survey conducted by the NHBC and published by the Home Builders Federation, over 92.6% of customers polled said they would recommend a Redrow home to a friend, earning the Company a top five-star rating.

For further details on our how the Group keeps customers at the heart of the business, see pages 43 to 46 of the Strategic Report.

Business Relationships

A summary of how the Board have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of this on the decisions taken by the Company, can be found within the Stakeholder Engagement table on pages 84 to 89.

GOVERNANCE

Corporate Governance

The Board remains committed to high standards of corporate governance. Details relating to the Company's governance arrangements and compliance with the UK Corporate Governance Code are provided in the Corporate Governance Report on pages 90 to 153.

DIRECTORS' REPORT CONTINUED

Code of Conduct

The Company has in place a Code of Conduct, which acts as a guide for employees to doing the right thing in business. It focuses on the values and behaviours deemed most important for the Group and seeks to guide employees in their good judgement to act in the Redrow way.

The Code of Conduct provides a number of decision-making tools to assist employees if faced with difficult decisions and sets out the Company's policy on a number of key matters deemed integral to doing the right thing in business, including:

- whistleblowing;
- health, safety and environment;
- diversity and inclusion;
- human rights;
- supply chain and modern slavery;
- integrity (comprising bribery, gifts and hospitality, tax evasion facilitation, conflicts of interest, share dealing and data and asset protection); and
- charitable and political donations.

The Code of Conduct has been made available to all employees and is publicised on the Company's intranet, Engage and is also available to view at redrowplc.co.uk.

Modern Slavery

There is a Group commitment to ensuring that there is no modern slavery or human trafficking in any part of our business or supply chains. The Group has a policy in place reflecting its commitment to acting ethically and with integrity in all business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in its supply chains.

There are a number of key initiatives in place to assist with the approach to ethical and responsible sourcing, including the following:

1. All suppliers and manufacturers must submit a detailed Supplier Appraisal Assessment for approval as part of the pre-tender qualification process. The appraisal forms also track the country of manufacture allowing the Company to identify materials supplied by manufacturers with a high-risk profile.
2. All supply partners must warrant that they shall comply, and will use their best endeavours to ensure that any subcontractor or party within their own supply chain shall at all times comply, with the Modern Slavery Act 2015.
3. The Company's Standard Purchase Order and Subcontractor Terms of Contract require trading partners to comply fully with the Modern Slavery Act 2015, with any breach resulting in the termination of all live contracts.

With temporary labour acknowledged as an area of high risk for modern slavery, external specialists are engaged to manage all temporary labour requirements and processes. Alongside a number of system-based checks conducted by the external specialist, for example right to work and health and safety, they also carry out physical checks and audits periodically to ensure temporary agency workers are legally complaint and there are no instances of modern slavery.

As a partner of the Supply Chain School, the Group's workforce and supply chain have access to thousands of online presentations, training modules, guidance documents and checklists and are regularly invited to attend workshops and briefings. One of the key areas covered by the school is modern slavery, with online presentations, checklists, guidance documents and training modules accessed from their website.

In its partnership with the Supply Chain School, the Company has recently worked in collaboration with the school and other partners on further developing guidance materials to identify what a good due diligence system look like.

For further details on the steps taken by the Group to ensure that modern slavery is not taking place in our business or supply chains, please see our Slavery and Human Trafficking Statement for the 2021 financial year, which is available to view at redrowplc.co.uk.

Stakeholder Engagement

The Board regularly reviews the identity and key priorities of its stakeholders and the business strategy of the Group is shaped by the issues that matter to key stakeholders. The key stakeholders of the Group and how the Board has responded to their key priorities can be found on pages 84 to 89.

Anti-Bribery and Corruption

The Company has a zero tolerance approach to bribery or corruption of any form and there is a widely publicised formal policy in place dealing with this, which is available to all employees.

The Company has a principle-based system for bribery prevention, which comprises the following six principles:

1. maintenance of bribery risk assessments within our sector;
2. top level commitment of the unacceptability of bribery which is engrained in our culture;
3. proper due diligence with people we do business with and seeking reciprocal anti-bribery agreements;
4. clear policies and procedures applicable to all employees and business partners;
5. effective implementation by embedding anti-bribery within internal controls, recruitment, remuneration policies, operations, communications and training; and
6. monitoring and reviewing through auditing and financial controls which are sensitive to bribery.

Further details of the company's Anti-Bribery and Corruption policy, and work undertaken to prevent bribery taking place within the business, can be found in the Audit Committee Report on page 116.

PROVISION OF INFORMATION TO AUDITORS

Each Director in office at the date the Directors' Report is approved, confirms that:

a. so far as the Director is aware, there is no relevant audit information (as defined in section 418(3) of the Act) of which the Company's external auditors are unaware; and

b. they have taken all of the steps that they ought to have taken as a Director in order to make themselves aware of any such relevant audit information and to establish that the Company's external auditors are aware of that information.

GOING CONCERN

In considering whether it is appropriate to prepare these financial statements on a going concern basis, the Directors have conducted a detailed going concern review, considering the Group's liquidity and banking covenant compliance.

Following the review, details of which can be found within the Basis of Preparation section of Accounting Policies on page 184, the Directors consider that the Group has adequate resources in place for the forecast period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In addition to reporting and disclosing our environmental and sustainability performance throughout this report, this year we have also included specific climate-related disclosures following the TCFD's recommendations and structured this around four key thematic areas.

Governance	Disclose the organisation's governance around climate-related risks and opportunities.
Describe the Board's oversight of climate-related risks and opportunities.	The Group Communities Director with the support of the sustainability department, assists and advises the Placemaking and Sustainability Committee in its development and monitoring of the Company's approach to environmental issues which includes climate change. The Committee also reviews and approves the setting of performance objectives and targets and monitors progress against these. The Group Chief Executive has ultimate responsibility for climate-related matters and the Committee reports to the Main Board. The new role of Group Communities Director has been created to provide strategic management and oversight of the Company's sustainability framework which includes climate change matters and reports directly to the Group Chief Executive and also sits on the Executive Management Team. The Health, Safety and Environment Committee also develops and monitors the company's approach to environmental sustainability matters and regularly reviews the objectives and effective operation of the ISO 14001 Environmental Management System (EMS). The Group Chief Executive is a member of this Committee. The composition of the Main Board can be seen on page 96 and the members of the Placemaking and Sustainability Committee can be seen on page 124, with representatives from other disciplines within the business invited to attend the meetings as necessary.

GOVERNANCE REPORT

DIRECTORS' REPORT CONTINUED

Describe management's role in assessing and managing climate-related risks and opportunities.	The Group Communities Director briefs the Placemaking and Sustainability Committee on sustainability and climate change matters, supported by the in-house sustainability team who provide expertise in developing the sustainability strategy, environmental and climate-related policies and identifying areas of improvement. The Head of Sustainability chairs a quarterly Sustainability meeting with Directors / Heads of departments across the business, including the Group Design and Technical Director, Group Commercial Director, Group Customer & Marketing Director, Group HR Director, Group Masterplanning Director, Group HS&E Director and Construction Director. These cross-discipline meetings ensure that climate and sustainability-related issues are understood and implemented across the business. The Head of Sustainability is accountable for identifying and assessing climate-related risks and opportunities. Responsibilities for managing each of these risks is allocated to Directors / Heads of departments appropriately and discussed within specific and relevant working groups across the company. Actions and results are fed back to the Sustainability meeting and the Placemaking and Sustainability Committee as appropriate.

Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The business has identified the following climate-related risks and opportunities: **Risks** • Disruption to build programme and delivery chain from flooding and storm damage • Increased requirements for surface water management impacting on margins and insurance • Extreme weather events affecting productivity in offices and sites • Risk of overheating of homes and apartments due to increase in outside temperatures • Droughts exacerbating water scarcity • Failure to be proactive in identifying opportunities for energy efficient products and materials • Failure to ensure sustainable procurement routes, resulting in interruption to supply-chain and/or increased costs of raw materials • Risk that the supply chain fails to supply materials/technologies required to tackle climate change • Failure to reduce operational environmental impacts (e.g. GHG emissions) • Increased energy, fuel and water prices for the Company's operations • Failure to implement current and emerging regulations adequately • Not meeting customer expectations in the use of environmentally friendly materials and products • Potential litigation from customers for failing to meet regulations and adequately plan for physical risks • Reputational risks associated with increased stakeholder concern • Inadequate response to reporting obligations • Unsuccessful investment in new low/zero carbon technologies **Opportunities** • Increased awareness and demand from our customers for homes adaptable to climate change issues • Development of new low and net zero carbon homes through research and innovation • Use of more efficient modes of transport for our operations • Participation in the carbon and/or carbon offset market • Focus on identifying and implementing initiatives for climate change adaptation • Focus on our supply chain resilience, the use of materials with lower embodied carbon and materials that come from recycled and ethical sources • Use of low/zero emissions sources of energy and fuel on our operations • Development of climate adaptation and insurance risks

Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.	The business has identified the following climate-related risks and opportunities that can impact our strategy and financial planning: **Risks** • Direct regulations arising from UK Government and regional government setting out policies to minimise carbon dioxide emissions and achieve zero carbon homes • Climate change impacts such as increased temperatures, water shortages and flood risk may result in the need to redesign aspects of our product which may result in increased costs, sourcing and adoption of new technologies • An increase in extreme weather events may impact on supply chain continuity and construction activities, limiting production • Changing climate may reduce the availability of land on which the business can build and may cause disruption to our construction programme • Building materials becoming unavailable or limited and hence more expensive which will impact our operations, build programme and financial planning • Insufficient development of innovative products and technologies can limit our plans to delivering homes with climate resilient measures taken into account during their design **Opportunities** • Increasing regulatory standards bring customer benefits and subsequent marketing benefits – energy efficiency of new homes is becoming more important to our customers as the cost of energy continues to rise • Focusing on the development of lower-emission homes and the provision of low-carbon lifestyles in the communities we build • Focusing on increasing green travel options in the developments we create, providing us with marketing benefits and higher customer satisfaction • Ability to respond to and pre-empt consumer demand in the area of low-carbon products and sustainable communities, placing us in a better competitive position and therefore increasing revenues • An increased focus on meeting business targets relating to carbon, energy, waste and water as part of our strategy to Building Responsibly means we are realising opportunities to contribute to environmental improvements as well as reducing our operating costs
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our business strategy and objectives have been developed by several key means: 1. Stakeholder engagement and materiality assessment – whereby key stakeholders were consulted on issues such as energy efficiency and low carbon (homes), flood risks, biodiversity, water efficiency. These issues were then prioritised according to their impact/potential impact. 2. Risk and opportunities processes – as outlined in the section below The resulting strategy has three business principles, each of which encompasses issues relating to climate change: • Developing Thriving Communities (including objectives such as placemaking, biodiversity, landscaping and water attenuation) • Building Responsibly (including objectives such as responsible sourcing of materials and carbon reduction) • Valuing People (including objectives and targets relating to climate-related and sustainability training and low-carbon travel for our employees) We currently evaluate the climate-related risks to the Company through our existing risk evaluation and management systems. This includes an examination of impacts and the likelihood of occurrence to give us the opportunity to examine different scenarios, but is not a formal scenario analysis. Over the next few months we will be reviewing our approach to climate risk management using the TCFD Framework and setting a long-term science-based net zero carbon target along with science-based targets for scope 1, 2 & 3 that are aligned to a 1.5°C scenario.

DIRECTORS' REPORT CONTINUED

Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.
Describe the organisation's processes for identifying and assessing climate-related risks.	A comprehensive risk register is maintained at Group-level covering all aspects and disciplines within the business. Climate change risks are covered in both the 'Sustainability' section and within sections owned by Group functional Directors. For each risk there are Prevent controls and Detect controls in place and each section is owned by a member of the Executive Board responsible for review and monitoring. Newly identified risks are added when encountered and a six monthly review is held. At a divisional-level, issues with potential to impact the divisional operational performance are reported monthly on a site-by site basis at the divisional board meeting. Sustainability and climate change risks are also identified and assessed within the Group's specific sustainability risk matrix, which is aligned with the main group risk register. This forms part of our Environmental Management System, which is externally certified to ISO14001:2015. The Company's in-house Technical, Commercial and Sustainability teams continuously monitor developments in regulation and legislation and engage at high level within the industry to maintain currency and to provide input to policy direction. This information is fed back to the Main Board in quarterly reports. Appropriate solutions to meet sustainability requirements are identified, evaluated and where appropriate, employed in future-proofing product specifications.
Describe the organisation's processes for managing climate-related risks.	The development and implementation of a robust sustainability strategy in the business ensures we recognise and address key climate-related risks and opportunities. Managing impacts from changing weather patterns is done in various ways, including: • Monitoring frequency, location and severity of extreme weather events, insurance market response and regulatory change in response to extreme weather events • We have appropriate insurance cover in place, especially for flood risk • We regularly review policies and procedures for considering flood risk when procuring land or planning a development • We obtain professional advice on risk reduction measures for our product design, in particular for the risk of overheating • We continually review materials suppliers to secure supply from alternative sources if necessary Appropriate action plans are fed into the business process, shaping and informing a number of Company policies which are published on our website and are available to staff and customers. Policy decisions are communicated back to divisional managing directors for immediate implementation. The impacts can be relevant in the short term, for instance in dealing with unique site specific requirements imposed through planning conditions and equally important for long term strategy development for future business.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	All risks and opportunities which are identified as being pertinent to the business, including climate change and sustainability issues are reported through the monthly cycle of management reporting to the Executive Board, quarterly to the Main Board and quarterly to the Placemaking and Sustainability Committee. Reports captured include those from divisional Board meetings and from specialist disciplines within the business located at the Head Office such as Sustainability, Commercial, Financial, Health and Safety, Human Resources, Sales & Marketing and Technical.

Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	In the Non-financial Performance section and throughout this report we disclose metrics that relate to the key environmental and climate themes of our Sustainability Strategy: energy, carbon, waste, water, biodiversity. These include: • Scope 1 and 2 emissions • Total emissions per $100m^2$ build • Total energy consumed by source • Waste generated per $100m^2$ build • % of waste diverted from landfill • % of forest products used in our homes from verified and credibly certified sources • % of materials and subcontractors sourced locally • Water usage per $100m^2$ build
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	GHG emissions data for Scope 1 and 2 are detailed in page 157 of this report. This disclosure includes all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is reported in line with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard. We are currently reviewing the various methodologies available to calculate our Scope 3 emissions and we aim to disclose these for the first time next year.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We are committed to reducing our environmental impact and we aim to continually reduce the energy and water consumption, carbon emissions and waste generated from our operations and ultimately to achieve net zero carbon. At the point of publication, we have committed to signing up to the Business Ambition for 1.5°C and to reach science-based net zero emissions no later than 2050. We will set interim science-based targets across scopes 1,2 and 3, in line with the criteria and recommendations of the Science Based Targets Initiative. Our targets are shown below (set with 2017 as the baseline year) and progress against these is publicly available on our website (https://www.redrowplc.co.uk/about-redrow/sustainability/our-commitments/) : • Reduction of the carbon intensity of our construction operations and offices by 10% by 2022 • Reduction of the water intensity of our construction operations and offices by 5% by 2022 • 95% + of construction waste diverted from landfill • Reduction of our construction waste intensity by 10% by 2022

By order of the Board

GRAHAM COPE
Company Secretary
Redrow plc

Registered no: 2877315

14 September 2021

GOVERNANCE REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We, the Directors, confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors of the Company who were in office during the year were:

John Tutte	Non-Executive Chairman
Matthew Pratt	Group Chief Executive
Barbara Richmond	Group Finance Director
Nick Hewson	Senior Independent Director and Non-Executive Director
Sir Michael Lyons	Non-Executive Director
Nicky Dulieu	Non-Executive Director
Vanda Murray [1]	Non-Executive Director
Richard Akers [2]	Non-Executive Director

[1] Vanda Murray stepped down from the Board on 6 November 2020

[2] Richard Akers joined the Board on 1 June 2021

By order of the Board

GRAHAM COPE
Company Secretary

14 September 2021

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REDROW PLC

1. Our opinion is unmodified

We have audited the financial statements of Redrow plc ("the Company") for the period ended 27 June 2021 which comprise the Consolidated Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows, and the related notes, including the accounting policies on pages 180 to 217.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 27 June 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 13 November 2019. The period of total uninterrupted engagement is for the two financial periods ended 27 June 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£15.7m (2020: £15.4m) 5% (2020: 5%) of group profit before tax	
Coverage	99% (2020: 100%) of group profit before tax	
Key audit matters		**vs 2020**
Recurring risks	Cost of sales recognition and carrying amount of both land held for development and work in progress	◀▶
	Valuation of defined benefit obligation (group and company risk)	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Cost of sales recognition and carrying amount of both land held for development and work in progress Cost of sales (£1,525 million; 2020: £1,097 million) ; carrying amount of land held for development (£1,526 million; 2020: £1,538 million) and work in progress (£910 million; 2020: £972 million) *Refer to page 110 (Audit Committee Report), page 187 (accounting policy) and page 190 and 209 (financial disclosures).*	**Subjective estimates** The Group holds inventory in the form of land for development, work in progress and showhomes. The amount of cost of sales recognised in the period includes an allocation of whole site costs to each plot sold. Due to development timescales, for certain sites (typically large multiphased sites or sites with significant infrastructure and development costs still to be incurred, the calculation of whole site costs can include significant estimates of future costs. As a result, for certain sites cost of sales recognised in the year is subject to estimation uncertainty. Infrastructure and development works are often finalised towards the latter stages of the development therefore the level of estimation uncertainty can be significant where the future infrastructure and development requirements are large and complex. The level of estimation uncertainty is higher at the beginning of the development when fewer actual infrastructure and development costs are known. The assessment of recoverability of the carrying amount of work in progress is also dependant on estimates of costs of completion, including future infrastructure and development costs. The carrying value of land not yet in development is assessed based on a number of key assumptions including the likelihood of favourable planning applications and recoverability of pre-development costs. Changes in any of the key assumptions could lead to a material change in the estimation of the carrying value of land for development. The estimates made are profit impacting and therefore there is an incentive for management to manipulate the assumptions made to meet profit targets.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. **Our procedures included:** **Test of details:** For a sample of undeveloped land sites and capitalised pre development costs, we corroborated explanations received from management as to their planning status by assessing underlying planning and legal documents and quantity surveyor assessments where applicable to assess the completeness and accuracy of related net realisable value provisions recorded; For a sample of sites which, due to either their size, complexity or performance or a combination, we considered at higher risk of misstatement we inspected whole site build cost budgets and infrastructure and development budgets and challenged management's inputs and assumptions by performing the following procedures: **Test of details:** compared the period end carrying value of work in progress recorded to that determined by the Quantity Surveyor and performed a comparison to the actual costs incurred to verify that any abnormal costs or build variances incurred, have been appropriately identified and accounted for in the period. **Test of details:** We assessed the accuracy of site build costs and infrastructure and development budgets by selecting a sample of forecast costs included in the budgets and agreeing these to supporting documents such as invoices, quotations and planning obligations;

	The risk	Our response
Cost of sales recognition and carrying amount of both land held for development and work in progress	The effect of these matters is that as part of our risk assessment we determined that cost of sales and carrying amount of work in progress and land held for development have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 1) disclose the key judgements and sources of estimation for the Group.	**Test of details:** We recalculated the cost of sales release with reference to site build costs and infrastructure and development budgets and compared to the group's calculations; **Sector expertise:** We used our own Quantity surveyor specialists to challenge areas of risk within the build cost forecasts, particularly in respect of incomplete site-wide infrastructure and development works, to assess whether the risk was appropriately reflected in both forecast costs and cost of sales for sold units. **Test of details:** For all sites with unit sales during the year, comparing the gross profit margin recognised to the site build cost budgets and infrastructure and development budgets and initial land appraisals and determining whether variances are supportable. **Test of details:** We identified low and negative margin sites and challenged the completeness and accuracy of the group's related net realisable value provisions recorded in relation to these sites. **Test of details:** For a sample of sites not considered at higher risk of misstatement, we compared year end positions to valuations performed by internal Quantity Surveyors and assessed the accuracy of infrastructure and development budgets by agreeing a sample of budgeted costs to supporting documents such as invoices, quotations and planning obligations. **Historical comparisons:** For a sample of sites completed in the year, we performed a retrospective review to compare the overall build cost budget (including infrastructure and development costs) and sales forecasts to actual costs and selling prices achieved to assess the accuracy of site budgets and forecasts. **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in calculating cost of sales and carrying value of land and work in progress. **Our results:** We consider the cost of sales recognition and the carrying amount of both land held for development and work in progress to be acceptable (2020: acceptable).

	The risk	Our response
Valuation of the defined benefit obligation Group and Company: (£137 million; 2020: £151 million) *Refer to page 110 (Audit Committee Report), page 188 (accounting policy) and pages 198 to 201 and 190 (financial disclosures).*	**Subjective estimates** Changes in the assumptions used to determine the liabilities of The Redrow Staff Pension scheme, in particular those relating to price inflation rate and the discount rate, can have a significant impact on the valuation of the liabilities. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the valuation of the defined benefit obligation had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. **Our procedures included:** – **Use of specialist:** We used our actuarial specialists to challenge the key assumptions applied in the calculation of the liability, including those relating to price inflation rate and the discount rate, against externally derived market data. – **Assessing actuaries' credentials:** We assessed the competence, independence, and integrity of Group's actuarial expert. – **Assessing transparency:** We considered the adequacy of the Group's disclosures relating to the sensitivity of the obligation to the assumptions. **Our results:** The results of our testing were satisfactory and we consider the carrying amount of defined benefit obligation to be acceptable (2020: acceptable).

We continue to perform procedures over going concern as outlined in section 4 of our report. However, following the recovery of performance of the Group following COVID and increased cash position, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF REDROW PLC

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £15.7 million (2020: £15.4 million) determined with reference to a benchmark of Group profit before tax in the period to 27 June 2021 of £314 million (2020: normalised group profit before tax of £308.7 million), of which it represents 5% (2020: 5%).

Materiality for the parent company financial statements as a whole was set at £15.7 million (2020: £15.3 million), determined with reference to a benchmark of net assets, of which it represents 1.7% (2020: 1.6%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the group was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £10.2m (2020: £10m). We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

Performance materiality for the parent company was set at 75% (2020: 65%) of materiality which equates to £11.8 million (2020: £9.9 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.79 million (2020: £0.77 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

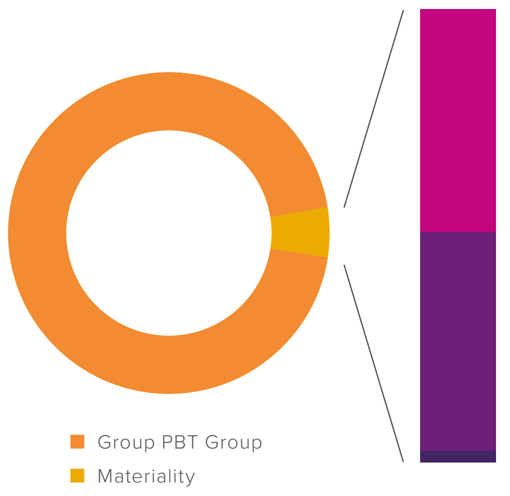
Of the group's 9 (2020: 11) reporting components, we subjected 3 (2020: 3) to full scope audits for group purposes. For the residual 6 (2020: 8) components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these. The components within the scope of our work accounted for the percentages illustrated opposite.

The component materialities ranged from £0.8 million to £15.5 million (2020: £0.7 million to £15 million), having regards to the mix of size and risk profile of the Group across the components.

Our audit of the group and components was all performed by the group audit team.

Group profit before tax
£314m
(2020: normalised group profit before tax £308.7m)

Group Materiality
£15.7million (2020: £15.4 million)



£ 15.7million
Whole financial statements materiality
(2020: £15.4 million)

£ 10.2million
Whole financial statements performance materiality
(2020: £10 million)

£ 15.5million
Range of materiality at 3 components
(£0.8 million to £15.5 million)
(2020: £0.7 million to £15.0 million)

£0.79million
Misstatements reported to the audit committee
(2020: £0.77 million)

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period was a possible reduction in sales volumes and prices as a consequence of changes in the economic environment such as the end of the stamp duty holiday, including the impact of COVID-19, leading to sustained medium-term decline in revenue and profits.

We also considered less predictable but realistic second order impacts, such as cost inflation due to disruption to the Group's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

– critically assessing assumptions in the base case and downside scenarios, particularly in relation to forecast liquidity, by confirming the completeness and accuracy of forward secured sales and consistency with external information such as industry and economic forecasts;

– assessing whether downside scenarios applied mutually consistent assumptions in aggregate, taking into account all reasonably possible downsides, using our assessment of the possible range of each key assumption and our knowledge of the Group and the industry;

– comparing past budgets to actual results to assess the directors' track record of budgeting accurately;

– inspecting confirmation from banks of the level of cash and cash equivalents held at year end and loan facility documentation including covenant requirements; and

– considering whether the going concern disclosure on page 184 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

– we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

– we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;

– we have nothing material to add or draw attention to in relation to the Directors' statement on page 163 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 184 to be acceptable; and

– the related statement under the Listing Rules set out on page 163 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

– enquiring of Directors, the audit committee, internal legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;

– reading Board and all relevant committee minutes;

– considering remuneration incentive schemes and performance targets for management and directors, including any revenue and trading margin targets for management remuneration; and

– using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indicators of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as cost of sales recognition and the carrying amount of work in progress and land held for development.

On this audit we do not believe there is a fraud risk related to revenue recognition as the accounting for the majority of the Group's revenue is non-complex and only recognised on the legal completion of the sale, being the point at which the balance of the sales is paid for and title of the property transfers to the customer. There are therefore limited levels of judgement with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We also identified a fraud risk related to the cost of sales recognition and carrying amount of both land held for development and work in progress in response the significance of the accounting estimate and possible pressures to meet profit targets.

Further detail in respect of Cost of sales recognition and carrying amount of both land held for development and work in progress is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

– Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected account combinations, including revenue and cash and transfers of work in progress between developments

– Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussions with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence as well as discussion with the Director's and other management around the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indicators of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: UK planning and building and fire safety regulations, health and safety, anti bribery, anti-money laundering and sanctions checking, employment laws, data protection laws and environmental laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement page 78 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the risk management report describing disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 78 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a governance report has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

— with respect to the Governance Report disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:

  — we have not identified material misstatements therein; and

  — the information therein is consistent with the financial statements; and

— in our opinion, the Governance Report has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 168 to 169, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

15 September 2021

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	52 weeks ended 27 June 2021 £m	52 weeks ended 28 June 2020 £m
Revenue	2	**1,939**	1,339
Cost of sales		**(1,525)**	(1,097)
Gross profit		**414**	242
Administrative expenses		**(93)**	(94)
Operating profit	2	**321**	148
Financial income	3	**1**	2
Financial costs	3	**(8)**	(10)
Net financing costs		**(7)**	(8)
Profit before tax		**314**	140
Income tax expense	4	**(60)**	(27)
Profit for the year		**254**	113
Earnings per share – basic	6	**73.7p**	32.9p
– diluted	6	**73.6p**	32.8p

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP 52 weeks ended 27 June 2021 £m	GROUP 52 weeks ended 28 June 2020 £m	COMPANY 52 weeks ended 27 June 2021 £m	COMPANY 52 weeks ended 28 June 2020 £m
Profit for the year		**254**	113	**–**	2
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	7e	**16**	1	**16**	1
Deferred tax on actuarial gains taken directly to equity		**(9)**	–	**(9)**	–
Other comprehensive income for the year net of tax		**7**	1	**7**	1
Total comprehensive income for the year	19	**261**	114	**7**	3

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

BALANCE SHEETS

	Note	GROUP As at 27 June 2021 £m	GROUP As at 28 June 2020 £m	COMPANY As at 27 June 2021 £m	COMPANY As at 28 June 2020 £m
Assets					
Intangible assets	8	**–**	2	**–**	–
Property, plant and equipment	9	**19**	19	**–**	–
Lease right of use assets	10	**6**	7	**–**	–
Investments	11	**–**	9	**–**	–
Deferred tax assets	12	**1**	1	**–**	–
Retirement benefit surplus	7e	**40**	22	**40**	22
Trade and other receivables	13	**–**	–	**420**	774
Total non-current assets		**66**	60	**460**	796
Inventories	14	**2,513**	2,585	**–**	–
Trade and other receivables	13	**100**	38	**361**	300
Current corporation tax		**1**	7	**1**	1
Cash and cash equivalents	15f	**160**	44	**144**	41
Total current assets		**2,774**	2,674	**506**	342
Total assets		**2,840**	2,734	**966**	1,138
Equity					
Retained earnings at 29 June 2020/1 July 2019		**1,522**	1,481	**839**	908
Profit for the year		**254**	113	**–**	2
Other comprehensive income for the year		**7**	1	**7**	1
Dividend paid	5	**(21)**	(72)	**(21)**	(72)
Movement in LTIP/SAYE		**6**	(1)	**–**	–
Retained earnings at 27 June 2021/28 June 2020	19	**1,768**	1,522	**825**	839
Share capital	18	**37**	37	**37**	37
Share premium account	19	**59**	59	**59**	59
Other reserves	19	**8**	8	**7**	7
Total equity		**1,872**	1,626	**928**	942
Liabilities					
Bank loans	15	**–**	170	**–**	170
Trade and other payables	16	**152**	120	**–**	–
Deferred tax liabilities	12	**15**	5	**10**	–
Long-term provisions	17	**34**	8	**–**	–
Total non-current liabilities		**201**	303	**10**	170
Trade and other payables	16	**767**	805	**28**	26
Total current liabilities		**767**	805	**28**	26
Total liabilities		**968**	1,108	**38**	196
Total equity and liabilities		**2,840**	2,734	**966**	1,138

The financial statements on pages 180 to 217 were approved by the Board of Directors on 14 September 2021 and were signed on its behalf by:

MATTHEW PRATT
Director

BARBARA RICHMOND
Director

Redrow plc Registered Number 2877315

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

The Group

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 1 July 2019		37	59	8	1,481	1,585
Profit for the year		–	–	–	113	113
Other comprehensive income for the year		–	–	–	1	1
Total comprehensive income relating to the year (net)		–	–	–	114	114
Dividends paid – distributions to owners	5, 19	–	–	–	(72)	(72)
Movement in LTIP/SAYE	19	–	–	–	(1)	(1)
Total equity at 28 June 2020		37	59	8	1,522	1,626
Profit for the year		–	–	–	254	254
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	261	261
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Movement in LTIP/SAYE	19	–	–	–	6	6
Total equity at 27 June 2021		**37**	**59**	**8**	**1,768**	**1,872**

The Company

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 1 July 2019		37	59	7	908	1,011
Profit for the year		–	–	–	2	2
Other comprehensive income for the year		–	–	–	1	1
Total comprehensive income relating to the year (net)		–	–	–	3	3
Dividends paid – distributions to owners	5, 19	–	–	–	(72)	(72)
Movement in LTIP/SAYE	19	–	–	–	–	–
Total equity at 28 June 2020		37	59	7	839	942
Profit for the year		–	–	–	–	–
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	7	7
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Movement in LTIP/SAYE	19	–	–	–	–	–
Total equity at 27 June 2021		**37**	**59**	**7**	**825**	**928**

The above items are presented net of tax where appropriate. See note 4 and note 12 for information on income tax and deferred tax expense. As permitted by Section 408 of the Companies Act 2006, the Income Statement of Redrow plc is not presented as a part of these financial statements.

The consolidated profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2021 £m	2020 £m
Holding company	**–**	2
Subsidiary companies	**254**	111
	254	113

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

	Note	GROUP 52 weeks ended 27 June 2021 £m	GROUP 52 weeks ended 28 June 2020 £m	COMPANY 52 weeks ended 27 June 2021 £m	COMPANY 52 weeks ended 28 June 2020 £m
Cash flows from operating activities					
Profit for the year		**254**	113	**–**	2
Depreciation and amortisation		**7**	7	**–**	–
Financial income		**(1)**	(2)	**(4)**	(4)
Financial costs		**8**	10	**4**	3
Income tax expense		**60**	27	**–**	–
Adjustment for non-cash items		**4**	1	**(1)**	(3)
(Increase)/decrease in trade and other receivables		**(62)**	20	**293**	(184)
Decrease/(increase) in inventories		**72**	(181)	**–**	–
(Decrease)/increase in trade and other payables		**(6)**	(75)	**2**	(4)
Increase in provisions		**26**	–	**–**	–
Cash inflow/(outflow) generated from operations		**362**	(80)	**294**	(190)
Interest paid		**(4)**	(5)	**(4)**	(3)
Tax paid		**(54)**	(64)	**–**	–
Net cash inflow/(outflow) from operating activities		**304**	(149)	**290**	(193)
Cash flows from investing activities					
Acquisition of software, property, plant and equipment		**(2)**	(7)	**–**	–
Interest received		**–**	–	**4**	4
Receipts from/(payments to) joint ventures		**9**	(3)	**–**	–
Net cash inflow/(outflow) from investing activities		**7**	(10)	**4**	4
Cash flows from financing activities					
Issue of bank borrowings		**–**	170	**–**	170
Repayment of bank borrowings		**(170)**	(80)	**(170)**	(80)
Payment of lease liabilities		**(3)**	(3)	**–**	–
Purchase of own shares		**(1)**	(16)	**–**	–
Dividend paid	5	**(21)**	(72)	**(21)**	(72)
Net cash (outflow)/inflow from financing activities		**(195)**	(1)	**(191)**	18
Increase/(decrease) in net cash and cash equivalents		**116**	(160)	**103**	(171)
Net cash and cash equivalents at the beginning of the year		**44**	204	**41**	212
Net cash and cash equivalents at the end of the year	20	**160**	44	**144**	41

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BASIS OF PREPARATION

These Group and Parent Company financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and these Group financial statements were also in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606|2002 as it applies in the European Union. The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group renewed its available banking facilities in March 2021. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2020: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 (2020: December 2022) and is a committed unsecured facility. No change to the RCF covenants was made as a result of the renewal. As at 14 September 2021, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 27 June 2021 and 14 September and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- A 15% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes; and
- A 4% build cost increase on budgeted costs in Q1 of FY2023.

These downside assumptions reflect the further potential impact of COVID 19 being increased economic uncertainty, further Government lockdown restrictions and legislation and increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group has adequate resources in place for the going concern assessment period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

The principal accounting policies have been applied consistently.

The principal accounting policies are outlined below:

IMPACT OF NEW STANDARDS AND INTERPRETATIONS

a) The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IAS 1 and IAS 8 'Definition of Material'

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2020 and have not been early adopted:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform'
- IFRS 17 'Insurance Contracts'
- Amendments IAS 16 'Property, Plant and Equipment'
- Various standards Amendments to References to the Conceptual Framework in IFRS Standards

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc:

- has the power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has its ability to use its power to affect its returns.

Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 27 June 2021 (2020: 28 June 2020).

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company income statement. The profit for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement. Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b. Interests in joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Redrow plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

REVENUE AND PROFIT RECOGNITION

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and cash and non-cash incentives. This is recognised on the transfer of control to the customer on legal completion i.e. at a point in time.

Profit is recognised on legal completion.

In respect of social housing, the Group enters into contracts for the sale of social housing either at an agreed price or at a discount to open market value. Payment for these properties is made by the purchaser, either on legal completion of the unit or, in certain circumstances on a staged basis.

For those social or private rental sector contracts where payment is received on a staged basis, the Group considers these on a contract by contract basis and determines the appropriate revenue recognition based on the particular terms of that contract. The Group recognises revenue over time for the construction element of such contracts rather than at legal completion in circumstances in which effective control of the underlying land is transferred to the social or private rental sector provider before or during construction. This is because effective control of the land asset has passed to the customer and subsequent construction activity is adding value to the land asset controlled by the customer. For such contracts, revenue for the construction element is recognised by reference to the degree of completion of contract activity at the balance sheet date. Revenue for the sale of the land element of such contracts is recognised at the point in time when control of the land is transferred to the customer.

PART EXCHANGE PROPERTIES

Part exchange is consistently a de minimis proportion of our business. It is incidental to our main operation and hence this is shown on a net expense basis within cost of sales.

SEGMENTAL REPORTING

The main operation of the Group is focused on housebuilding.

FINANCIAL STATEMENTS
ACCOUNTING POLICIES CONTINUED

The Executive Management Team (who are the Chief Operating Decision Maker as defined in IFRS 8 'Operating Segments') regularly reviews the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Executive Management Team evaluates performance and allocates resources at this level.

All the divisions have been aggregated into one reporting segment on the basis that they all operate entirely within the United Kingdom and share similar economic characteristics including:

- sales demand subject to the same macro economic factors eg. mortgage availability and Government policy;
- debt is raised centrally and the cost of capital is the same at each division; and
- national supply agreements for key inputs such as materials are negotiated centrally and in place across the Group.

Within the Operating Review, the Group has provided information on land holdings (page 36) and homes revenue proportions (page 63) by geographical area being North, Central, South and Greater London. The Executive Management Team do not consider these to be separate reportable segments because, as stated above, they review the whole operations at a consolidated and divisional level when assessing performance and allocating resources.

EXCEPTIONAL ITEMS

Exceptional items are those which in the opinion of the Board, are material by size or nature, non-recurring and of such significance that they require separate disclosure.

NET FINANCING COSTS

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

INCOME AND DEFERRED TAX

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, consolidated statement of comprehensive income, or retained earnings as appropriate.

INTANGIBLE ASSETS – COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years, charged to administrative expenses. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

PROPERTY, PLANT AND EQUIPMENT

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings within freehold property	50 years
Plant and machinery	5-10 years
Fixtures and fittings	3-5 years

The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INVESTMENT IN SUBSIDIARY COMPANIES

In the parent company books, the investment in its subsidiaries is held at cost less any impairment.

LEASES

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's weighted average incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets separately as 'Lease right of use assets' and lease liabilities as 'Trade and other payables' in the statement of financial position.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. These include infrastructure and development costs such as roads and sewers, including contributions to other community benefits such as schools, medical centres and community centres. Inventories (excluding land) are at standard cost. Abnormal costs are expensed to cost of sales as incurred.

Land includes refundable land contract exchange deposits.

Total land costs are allocated to the private housing on a development as, in the case of amenity land and social housing land, neither has sufficient contribution from sales of the precise area of the land to cover the land costs and are a planning requirement of the development.

Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

Net realisable value for land was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions and considering the planning status in respect of undeveloped land.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales.

FORWARD LAND

The Group enters into a number of arrangements for the purchase of land. Where such arrangements are conditional on a future event the Group recognises option fees and other relevant initial costs as they fall due, which are included initially in inventory and subject to regular impairment analysis, but does not recognise the full cost of the land until the option to purchase the land has been executed. Where the Group enters into an unconditional contract on deferred payment terms the land purchased is recognised at contract inception together with a related liability, discounted at an appropriate rate. The related land creditors are shown as due within or after one year in line with the contractual payment terms, as the Directors believe this information is important in assessing the Group's liquidity and timing of future cash flows and debt profile. In line with industry practice in the cash flow statement the settlement of land creditors is shown as an operating cash flow as the Directors believe the financing of land purchases is integral to the Group's management of working capital.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES CONTINUED

EMPLOYEE BENEFITS

a. Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

The asset/(liability) recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity as they arise in full via the statement of comprehensive income.

Scheme service costs are charged to cost of sales and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service costs are recognised immediately in income.

In respect of the defined contribution section of the Scheme and the GPP, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the above once the contributions have been paid.

b. Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c. Share-based payments

Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, having reassessed any appropriate service and non-market performance conditions.

FINANCIAL INSTRUMENTS

a. Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

Deferred payments arising from land creditors are considered as financing rather than operational in nature. However, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows.

b. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, where considered to be receivable within the Group's normal operating cycle of c4 years after the balance sheet date; otherwise they are classified as non-current assets. Loans and receivables include 'trade receivables' and 'other receivables' in the balance sheet.

Trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e. Borrowings and trade payables

Interest bearing borrowings and trade payables are recorded when the proceeds are received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

f. Deposits and payments on account

New property deposits from private customers are held within Trade and Other payables until the legal completion of the related property when revenue is recognised or the rescission of the sale contract.

Payments on account from social and private rented sector (PRS) customers are held within Trade and Other payables until legal completion of the related properties when revenue is recognised.

Deposits received in advance are typically held for a period of up to 18 months before the associated performance obligations are satisfied and the revenue is recognised.

PROVISIONS

Provisions are recognised when the Group has a pursuant legal or constructive obligation as a result of a past event, and it is probable that the Group may be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

ONEROUS CONTRACTS

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

SHARE CAPITAL

Ordinary shares are classed as equity.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements at the point at which there is a legal obligation to make a distribution to shareholders.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have not made any individual critical accounting judgements that are material to the Group other than the disclosure judgement outlined below. As noted in the accounting policy, in line with industry practice, the Group treats cash paid in respect of land, including the settlement of land creditors, as operating rather than financing cashflows. This is a judgement as, whilst the repayment profile of land creditors is important in assessing the Group's liquidity and timing of future cash outflows, the Directors believe that settlement of the land creditors is an operating cashflow on the basis that land purchases are integral to the Group's working capital management. Management considers the key sources of estimation uncertainty relate to:

Carrying value of inventories and cost of sales recognition

The Group carries inventories at the lower of cost and net realisable value. Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non-unit specific development costs between units legally completing in the current financial year and thereby impacting current year cost of sales and in future periods. A full review of the net realisable value of inventories was undertaken by the Group as at 27 June 2021 and this requires Management to use its judgement and experience in assessing any impairment provisions that may be required. If there are significant movements in UK house prices or development costs compared to Management expectations then further impairments or reversal of impairments already made may be needed.

The Group has a number of developments where significant estimates and judgements have been made in relation to the estimated costs to complete. These developments are also affected by a variety of uncertainties that depend on future events such as inflationary cost pressures, delays and unforeseen build issues due to the nature of infrastructure works. The Directors consider that the risk is sufficiently mitigated by the processes in place and appropriate levels of contingency that are calculated based on the past experience of Management with input from internal quantity surveyors. The Directors consider that it is impractical to provide a quantitative analysis of the estimation uncertainty involved due to the number of developments; range of estimated cost inputs; and timing of each development.

Pensions

The Group has utilised assumptions including a rate of return on assets, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change. A sensitivity analysis in included on page 201.

The primary risks the Group is exposed to by the defined benefit pension scheme are the movement in corporate bond yields, the market's long-term expectations for inflation and movement in mortality rates. The scheme closed to future accrual with effect from 1 March 2012. See Note 7e.

2. REVENUE AND OPERATING PROFIT

a. Revenue

An analysis of the Group's revenue is as follows:

	2021 £m	2020 £m
Revenue from the sale of new housing	**1,902**	1,332
Revenue from the sale of land	**37**	7
	1,939	1,339

2. REVENUE AND OPERATING PROFIT CONTINUED

a. Revenue continued

Included within Revenue from the sale of new housing is £236m (2020: £nil) of revenue from contracts with social housing providers or private rental sector providers on which revenue is recognised over time by reference to the stage of completion of contract activity. Of this amount £nil (2020: £nil) was included in contract liabilities at the beginning of the year. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £nil (2020: £nil).

	Note	2021 £m	2020 £m
Contract assets	13	**21**	–
Contract liabilities	16	**68**	–

The contract assets relate to the Group's rights to consideration for work completed but not invoiced at the balance sheet date for contracts on which revenue is recognised over time.

The contract liabilities, which are included within social customer payments on account in note 16, relate to the advance consideration from customers at the balance sheet date for contracts on which revenue is recognised over time.

The following table shows further revenue of £213m (2020: £nil) expected to be recognised in future years in respect of contracts on which revenue is recognised over time:

	2022	2023	2024	Total
Year ending June £m	144	59	10	**213**
Year ending June %	68	28	4	**100**

b. Operating profit

	Note	2021 £m	2020 £m
Operating profit is stated after charging:			
Inventories expensed in the year	14	**1,465**	1,027
Amortisation	8	**2**	–
Depreciation – Property, plant and equipment	9	**2**	4
Depreciation – Lease right of use assets	10	**3**	3
Research and development expenditure		**–**	–
Auditors' remuneration – fees payable to the Company's Auditors for audit services (i)		**1**	–
– fees payable to the Company's Auditors for other services (ii)		**–**	–

Fees payable to the Company's Auditors comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £141,250 (2020: £50,000) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £423,750 (2020: £183,105).

(ii) Auditors' remuneration for other services comprised £75,000 (2020: £36,895) in respect of an independent review of the half-yearly financial statement.

Amounts receivable by the Group's auditor in respect of pension services performed for the pension trustees is £nil (2020: £40k).

The 2021 ratio of non-audit fees to audit fees is 1:7.53 (2020: 1:6.32).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. NET FINANCING COSTS

	2021 £m	2020 £m
Interest payable on bank loans	**(5)**	(5)
Imputed interest on deferred land creditors	**(3)**	(5)
Financial costs	**(8)**	(10)
Other interest receivable	**1**	2
Financial income	**1**	2
Net financing costs	**(7)**	(8)

4. INCOME TAX EXPENSE

	2021 £m	2020 £m
Current tax charge		
UK Corporation Tax in respect of current year	**59**	27
Adjustment in respect of prior years	**–**	(4)
Current tax charge	**59**	23
Deferred tax		
Origination and reversal of temporary differences	**1**	1
Adjustment in respect of prior years	**–**	3
Deferred tax charge	**1**	4
Total income tax charge income statement	**60**	27
Reconciliation of tax charge for the year		
Profit before tax	**314**	140
Tax calculated at UK Corporation Tax rate at 19.0% (2020: 19.0%)	**60**	27
Tax charge for the year	**60**	27
Deferred tax recognised directly in equity		
Relating to pension scheme	**9**	–
	9	–

Current income tax charge in the Company is £nil (2020: £1m).

Information on the impact of future tax rate changes is included in note 12.

5. DIVIDENDS

The following dividends were paid by the Group:

	2021 £m	2020 £m
Prior year final dividend per share of nil p (2020: 20.5p); Current year interim dividend per share of 6.0p (2020: nil p)	**21**	72
	21	72

6. EARNINGS PER ORDINARY SHARE

The basic earnings per share calculation for the 52 weeks ended 27 June 2021 is based on the weighted average number of shares in issue during the period of 344m (2020: 343m) excluding those held in trust under the Redrow Long Term Incentive Plan (8m shares (2020: 9m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 52 weeks ended 27 June 2021

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	**254**	**344**	**73.7**
Effect of share options and SAYE	**–**	**1**	**(0.1)**
Diluted earnings per share	**254**	**345**	**73.6**

For the 52 weeks ended 28 June 2020

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	113	343	32.9
Effect of share options and SAYE	–	2	(0.1)
Diluted earnings per share	113	345	32.8

7. EMPLOYEES

a. Cost (including Directors)

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Wages and salaries	**109**	104	**2**	3
Social security costs	**13**	15	**1**	1
Other pension costs	**9**	10	**–**	–
Share-based payments	**6**	5	**1**	–
	137	134	**4**	4

b. Number

The monthly average number of persons employed by the Group was:

	GROUP		COMPANY	
	2021 Number	2020 Number	2021 Number	2020 Number
Directors and administrative staff	**880**	946	**8**	8
Other personnel	**1,328**	1,418	**–**	–
	2,208	2,364	**8**	8

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Executive Management Team and the Non-Executive Directors.

Summary key management remuneration is as follows:

	2021 £m	2020 £m
Salaries and short-term employee benefits	**5**	4
Share-based payments	**2**	1
	7	5

The number of Directors where retirement benefits are accruing in respect of defined benefit schemes are 2 (2020: 2). The aggregate amount of gains made by Directors on the exercise of share options was £0.5m (2020: £1.8m).

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration Report on pages 128 to 153, notably the 'Single Total Figure of Remuneration Table (Audited)' on page 144 which details remuneration paid to or received by directors in respect of qualifying services, and the 'Statement of Shareholding and Scheme Interests (Audited)' on page 147 and 148.

d. Share-based payments

Save As You Earn Share Option scheme (SAYE)

The Redrow plc SAYE scheme is open to all employees and share options can be exercised either three or five years after the date of grant, depending on the length of the savings contract. The SAYE schemes are not subject to performance conditions.

The SAYE schemes have been valued using the Black-Scholes pricing model.

	2021	2020
Options granted during the year	**1,634,869**	791,921
Date of grant	**1 January 2021**	1 January 2020
Fair value at measurement date	**£1.65**	£2.17
Share price	**£4.72**	£6.18
Exercise price	**£3.78**	£4.94
Option life (contract length)	**3/5 years**	3/5 years
Expected dividend yield	**3.38%**	3.38%
Risk free interest rate	**1.5%**	1.5%

The expected volatility on SAYE schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Long Term Incentive scheme (LTIP)

Except in specified circumstances, options granted under the scheme are exercisable between three and ten years after the date of grant.

Options granted under the LTIP on 22 September 2020 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration Report notably within the 'Directors' Remuneration Policy' on page 136.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

The LTIP has been valued using the Black-Scholes pricing model.

	2021	2020
Options granted during the year	**763,758**	456,376
Date of grant	**22 September 2020**	11 September 2019
Fair value at the measurement date	**£4.053**	£5.945
Share price	**£4.053**	£5.945
Exercise price	**£0.00**	£0.00
Expected volatility	**N/A***	N/A*
Option life	**3 years**	3 years
Expected dividend yield	**N/A**	N/A
Risk free interest rate	**N/A***	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

The fair value at the measurement date of the LTIP granted on 22 September 2020 comprises £4.053 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTIP granted on 11 September 2019 comprises £5.945 in respect of non-market based performance conditions.

Deferred Bonus Incentive (DBI)

Grants under the DBI were limited to Senior Management. Except in specified circumstances options granted under the scheme are exercisable between one and ten years after the date of grant for Tranche 1 and between two and ten years after the date of grant for Tranche 2 and are not subject to performance conditions.

In respect of options granted during the financial year ended 27 June 2021, Deferred Bonus Incentive Tranche 1 and 2 were absolute contractual entitlements to a small number of individuals and were granted on 22 September 2020. For the majority of senior management participating in this bonus scheme, due to the impact of the COVID-19 pandemic, a lesser, discretionary bonus was granted on 15 March 2021 and due to quantum was granted as a single tranche vesting on 15 March 2022.

The DBI has been valued using the Black-Scholes pricing model.

	2021 Single Tranche	2021 Tranche 1	2021 Tranche 2	2020 Tranche 1	2020 Tranche 2
Options granted during the year	**147,329**	**37,297**	**37,302**	488,481	488,611
Date of grant	**15 March 2021**	**22 September 2020**	**22 September 2020**	11 September 2019	11 September 2019
Fair value at the measurement date	**£6.172**	**£4.053**	**£4.053**	£5.945	£5.945
Share price	**£6.172**	**£4.053**	**£4.053**	£5.945	£5.945
Exercise price	**£0.00**	**£0.00**	**£0.00**	£0.00	£0.00
Expected volatility	**N/A***	**N/A***	**N/A***	N/A*	N/A*
Option life	**1 year**	**1 year**	**2 years**	1 year	2 years
Expected dividend yield	**N/A**	**N/A**	**N/A**	N/A	N/A
Risk free interest rate	**N/A***	**N/A***	**N/A***	N/A*	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 27 June 2021:

Type of scheme	Date of grant	Number of options 2021	Number of options 2020	Exercise price
Long Term Share Incentive 2017	15 November 2017	**–**	278,973	–
Long Term Share Incentive 2018	10 September 2018	**272,244**	291,354	–
Long Term Share Incentive 2019	11 September 2019	**411,800**	434,929	–
Long Term Share Incentive 2020	22 September 2020	**712,870**	–	–
Deferred Bonus Incentive 2012 – Tranche 1	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2012 – Tranche 2	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2015 – Tranche 1	14 September 2015	**3,069**	3,089	–
Deferred Bonus Incentive 2015 – Tranche 2	14 September 2015	**3,070**	3,090	–
Deferred Bonus Incentive 2016 – Tranche 1	12 September 2016	**5,136**	16,780	–
Deferred Bonus Incentive 2016 – Tranche 2	12 September 2016	**11,220**	19,318	–
Deferred Bonus Incentive 2017 – Tranche 1	11 September 2017	**7,193**	18,553	–
Deferred Bonus Incentive 2017 – Tranche 2	11 September 2017	**9,694**	40,249	–
Deferred Bonus Incentive 2018 – Tranche 1	10 September 2018	**19,920**	61,991	–
Deferred Bonus Incentive 2018 – Tranche 2	10 September 2018	**83,123**	418,050	–
Deferred Bonus Incentive 2019 – Tranche 1	11 September 2019	**91,653**	419,794	–
Deferred Bonus Incentive 2019 – Tranche 2	11 September 2019	**358,959**	419,904	–
Deferred Bonus Incentive 2020 – Tranche 1	22 September 2020	**31,013**	–	–
Deferred Bonus Incentive 2020 – Tranche 2	22 September 2020	**31,016**	–	–
Deferred Bonus Incentive 2020 – Single Tranche	15 March 2021	**142,569**	–	–
Save As You Earn	1 January 2016	**10,140**	55,899	£3.70
Save As You Earn	1 January 2017	**73,400**	93,139	£3.20
Save As You Earn	1 January 2018	**71,482**	533,938	£4.90
Save As You Earn	1 January 2019	**369,466**	510,860	£4.62
Save As You Earn	1 January 2020	**371,617**	688,326	£4.94
Save As You Earn	1 January 2021	**1,549,436**	–	£3.78

The total share options outstanding at 27 June 2021 under the LTIP, Deferred Bonus Incentive Plan and the Save As You Earn schemes represent 1.3% of the issued share capital (2020: 1.2%).

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Movements in the year

The number and weighted average exercise prices of share options is as follows:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	**1,005,256**	**–**	965,330	–
Lapsed during the year	**(372,100)**	**–**	(139,100)	–
Exercised during the year	**–**	**–**	(277,350)	–
Granted during the year	**763,758**	**–**	456,376	–
Outstanding at the end of the year	**1,396,914**	**–**	1,005,256	–
Exercisable at the end of the year	**–**	**–**	–	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**1,446,644**	**–**	1,718,132	–
Lapsed during the year	**(61,319)**	**–**	(236,191)	–
Exercised during the year	**(783,792)**	**–**	(1,012,389)	–
Granted during the year	**221,928**	**–**	977,092	–
Outstanding at the end of the year	**823,461**	**–**	1,446,644	–
Exercisable at the end of the year	**267,829**	**–**	204,572	–
Save As You Earn scheme:				
Outstanding at the beginning of the year	**1,882,162**	**£4.72**	2,293,006	£4.04
Lapsed during the year	**(654,768)**	**£4.68**	(442,661)	£4.51
Exercised during the year	**(416,722)**	**£4.76**	(760,104)	£3.02
Granted during the year	**1,634,869**	**£3.78**	791,921	£4.94
Outstanding at the end of the year	**2,445,541**	**£4.09**	1,882,162	£4.72
Exercisable at the end of the year	**52,367**	**£4.67**	16,927	£3.20

The weighted average share price at the date of exercise of share options exercised during the year was £5.16 (2020: £6.67).

The options outstanding at 27 June 2021 had a range of exercise prices of £nil to £4.94 (2020: £nil to £4.94) and a weighted average remaining contractual life of 5.1 years (2020: 5.6 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The charge to income in relation to equity settled share-based payments in the year is £6m (2020: charge £5m).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes

The Redrow Staff Pension Scheme comprises a defined benefit scheme. The Company also offers a defined contribution scheme to employees. The defined benefit scheme was closed to new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. The defined benefit scheme was closed to future accrual with effect from 1 March 2012.

The Scheme operates within the frameworks of the applicable pension's legislation and is regulated by the Pensions Regulator. The Scheme is managed by a board of Trustees who act in line with legislation and the provisions set out within the Trust Deed and Rules which underpin the day-to-day operation of the Scheme. The Trustees' overarching aim is to ensure that there are sufficient monies available to pay members benefits when they fall due. The Trustees work in collaboration with the Company to manage the risks that this aim might not be met.

The total pension credit for the year was £7m (2020: charge of £9m). A credit of £16m related to the defined benefit section of the Scheme (2020: credit of £1.0m), with £nil being charged to the income statement (2020: charge of £nil) and a credit of £16m to the statement of comprehensive income (2020: credit of £1m). The charge arising from the defined contribution section was £9m (2020: £10m). There were no significant events during the year to report (i.e. plan amendments, curtailments or settlements).

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2020 using the Projected Unit Method. As at 1 July 2020, in the opinion of the Actuary, there was a deficit of £4m in the defined benefit section of the Scheme, based on the Trustees' technical provisions assumptions with the Scheme's assets representing 98% of the Scheme's technical provisions. As at 1 July 2020 the value of the defined benefit section of the Scheme's assets was £172m. The previous triennial valuation was undertaken as at 1 July 2017 and reported a deficit of £15m.

Defined benefit scheme – IAS 19R valuation

Redrow recognises all actuarial gains and losses for its defined benefit plan in the period in which they occur, outside the income statement, in the statement of comprehensive income.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2020. This valuation has been updated to 27 June 2021 by a qualified actuary for the purposes of these financial statements.

During the year, the Group continued to pay its agreed contributions of £250,000 per month until March 2021 when it was agreed between the Group and the Trustees that company contributions could cease due to the Scheme being over 100% funded on the Technical Provisions basis. The Group therefore contributed £2.3m to the Scheme in the year ended 27 June 2021 (2020: £3m) and expects to contribute £nil to the Scheme in the year ending 3 July 2022.

The major financial assumptions used in arriving at the IAS 19R valuation were:

	2021	2020
Long-term rate of increase in pensionable salaries	**N/A**	N/A
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	**3.2%**	2.9%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.1%**	2.0%
Discount rate	**1.9%**	1.6%
Inflation assumption – RPI	**3.4%**	3.1%
– CPI	**2.8%**	2.3%

1 In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006.

2 In respect of pensions earned after 30 June 2006. Other pension increases are valued in a consistent manner.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

In March 2020, the Chancellor of the Exchequer and UK Statistics Authority jointly issued a consultation on changing the Retail Price Index (RPI) formula. In November 2020 the outcome of the consultation was published with the intention that the RPI index will be amended to reflect the Consumer Price Index including housing (CPIH) from 2030. The inflation assumptions have been considered in light of this.

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male and female members: SAPS3 CMI_2020 1.50% Long Term Trend (2020: SAPS2 CMI_2019 1.50% Long Term Trend)

The life expectancies from age 65 implied by these tables for typical members are:

Pensioner currently aged 65:	Male 22.3 years (2020: Male 22 years)	Female 24.6 years (2020: Female 23.9 years)
Future pensioner currently aged 45:	Male 24.4 years (2020: Male 24.1 years)	Female 26.8 years (2020: Female 26.2 years)

No adjustments have been made to mortality assumptions at the year end to reflect the potential effects of COVID-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the Scheme will be carried out in the future as part of the 1 July 2023 funding valuation for the defined benefit section of the Scheme.

It has been assumed that members take 80% of the maximum tax-free cash available to them at the point they retire via commutation of their pension; this is based on the current commutation factors in use for the defined benefit scheme.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities and the amounts recognised in the balance sheet are shown below:

	GROUP AND COMPANY					
	2021 £m Quoted market price in active market	2021 £m No quoted market price in active market	2021 £m Total	2020 £m Quoted market price in active market	2020 £m No quoted market price in active market	2020 £m Total
Equities	**74**	**–**	**74**	62	–	62
Debt instruments	**70**	**–**	**70**	84	–	84
Real estate	**2**	**–**	**2**	2	–	2
Investment funds	**5**	**–**	**5**	4	–	4
Other	**6**	**–**	**6**	6	–	6
Cash	**17**	**–**	**17**	12	–	12
Insurance policies	**–**	**3**	**3**	–	3	3
Total market value of assets	**174**	**3**	**177**	170	3	173
Present value of obligations			**(137)**			(151)
Surplus in the Scheme			**40**			22

The Scheme's assets are invested in such a way so as to ensure that the assets are sufficient and appropriate to meet the associated liabilities as they fall due. In selecting the assets, consideration is given to the nature of the liabilities and the investment strategy of the Scheme includes an allocation to liability driven investments to mitigate the impacts of changes in interest rates and inflation on both the assets and liabilities.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

The defined benefit obligation can be approximately attributed to the scheme members as follows:

	2021 %	2020 %
Deferred members	**66**	72
Pensioner members	**34**	28
	100	100

All benefits are vested at 27 June 2021 (unchanged from 28 June 2020).

Following a High Court ruling on 26th October 2018, at the 2019 year-end the Company made an allowance within the defined benefit obligation for the estimated liabilities associated with the requirement to provide equalised benefits to male and female members in respect of Guaranteed Minimum Pensions (GMPs); otherwise known as 'GMP Equalisation'. GMP Equalisation is an issue that impacts all defined benefit schemes that were contracted out of the State additional second pension between 17 May 1990 and 5 April 1997. For the DB Scheme, the additional liability in respect of GMP Equalisation is broadly 0.5% of the defined benefit obligation and continues to be included in this figure.

The total amounts credited/(charged) against income in the year were as follows:

	GROUP AND COMPANY	
	2021 £m	2020 £m
Amounts included within the income statement:		
Administrative expenses		
Past service cost	**–**	–
Net interest on defined benefit liability	**–**	–
	–	–
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	**3**	24
Actuarial movements arising from changes in demographic assumptions	**(4)**	(1)
Actuarial movements arising from changes in financial assumptions	**1**	(22)
Actuarial movements arising from experience adjustments	**16**	–
	16	1
	16	1

The amount included in the balance sheet arising from the surplus in respect of the Group's defined benefit section is as follows:

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

	GROUP AND COMPANY	
	2021 £m	2020 £m
Balance sheet surplus		
At start of year	**22**	18
Amounts credited against statement of comprehensive income	**16**	1
Employer contributions paid	**2**	3
At end of year	**40**	22
Changes in the present value of the defined benefit obligation:		
At start of year	**151**	130
Interest expense	**2**	3
Benefit payments	**(3)**	(5)
Actuarial movements arising from changes in demographic assumptions	**4**	1
Actuarial movements arising from changes in financial assumptions	**(1)**	22
Actuarial movements arising from experience adjustments	**(16)**	–
At end of year	**137**	151
Changes in the fair value of the Scheme's assets:		
At start of year	**173**	148
Interest income	**2**	3
Return on scheme assets excluding interest income	**3**	24
Normal employer contributions	**2**	3
Benefit payments	**(3)**	(5)
At end of year	**177**	173

The Scheme rules permit the refund of any surplus to the Company with no restrictions. The surplus has therefore been recognised in full in the Group and Company balance sheets and there is no requirement to restrict the surplus nor to recognise any additional liability in respect of agreed deficit contributions.

Sensitivity of key assumptions

The table below gives a broad indication of the impact on the IAS 19R numbers to changes in assumptions and experience (away from the assumptions shown on page 198). All figures are before allowing for deferred tax.

Item	Approximate amount 2021	Approximate amount 2020
Present value of defined benefit obligation (£m)		
Discount rate -25 basis points	**144.0**	160.2
Discount rate +25 basis points	**130.0**	143.3
Price inflation rate -25 basis points	**131.8**	144.9
Price inflation rate +25 basis points	**142.0**	157.4
Post-retirement mortality assumption -1 year age adjustment	**141.9**	156.6
Weighted average duration of defined benefit obligation (in years)		
Discount rate -25 basis points	**20.5**	22.5
Discount rate +25 basis points	**20.4**	22.2

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INTANGIBLE ASSETS

The Group

	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2019	1	3	4
Additions	–	–	–
Disposals	–	(1)	(1)
At 28 June 2020	1	2	3
Additions	–	–	–
Disposals	–	–	–
At 27 June 2021	**1**	**2**	**3**
Accumulated amortisation			
At 1 July 2019	–	2	2
Charge	–	–	–
Disposals	–	(1)	(1)
At 28 June 2020	–	1	1
Charge	1	1	2
Disposals	–	–	–
At 27 June 2021	**1**	**2**	**3**
Net book value			
At 27 June 2021	**–**	**–**	**–**
At 28 June 2020	1	1	2
At 30 June 2019	1	1	2

9. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold property £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2019	19	3	11	33
Additions	5	–	2	7
Disposals	–	–	(2)	(2)
At 28 June 2020	24	3	11	38
Additions	–	–	2	2
Disposals	–	–	(2)	(2)
At 27 June 2021	**24**	**3**	**11**	**38**
Accumulated depreciation				
At 1 July 2019	5	3	9	17
Charge	1	–	3	4
Disposals	–	–	(2)	(2)
At 28 June 2020	6	3	10	19
Charge	1	–	1	2
Disposals	–	–	(2)	(2)
At 27 June 2021	**7**	**3**	**9**	**19**
Net book value				
At 27 June 2021	**17**	**–**	**2**	**19**
At 28 June 2020	18	–	1	19
At 30 June 2019	14	–	2	16

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. LEASE RIGHT OF USE ASSETS

The Group

	Property £m	Photocopiers £m	Vehicles £m	Total £m
Cost				
Opening lease right of use asset recognised on adoption of IFRS 16	4	1	3	8
Additions	–	–	2	2
At 28 June 2020	4	1	5	10
Additions	–	–	3	3
Disposals	–	–	(1)	(1)
At 27 June 2021	**4**	**1**	**7**	**12**
Accumulated depreciation				
Opening lease right of use asset recognised on adoption of IFRS 16	–	–	–	–
Charge	1	–	2	3
At 28 June 2020	1	–	2	3
Charge	1	–	2	3
At 27 June 2021	**2**	**–**	**4**	**6**
Net book value				
At 27 June 2021	**2**	**1**	**3**	**6**
At 28 June 2020	3	1	3	7

10. LEASE RIGHT OF USE ASSETS CONTINUED

The Group continued

	As at 27 June 2021 £m	As at 28 June 2020 £m
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**3**	3
One to five years	**4**	4
More than five years	**–**	1
Total undiscounted lease liabilities	**7**	8

On implementation of IFRS 16 leases, lease payment commitments are reported within trade and other payables.

	As at 27 June 2021 £m	As at 28 June 2020 £m
Lease liabilities included in the statement of financial position		
Current	**2**	2
Non-current	**4**	4
	6	6

	As at 27 June 2021 £m	As at 28 June 2020 £m
Amounts recognised in profit or loss		
Interest on lease liabilities	**–**	–

	As at 27 June 2021 £m	As at 28 June 2020 £m
Amounts recognised in the statement of cashflows		
Total cash outflow for leases	**3**	3

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. INVESTMENTS

a. Investments

	GROUP 2021 £m	GROUP 2020 £m	COMPANY 2021 £m	COMPANY 2020 £m
Joint ventures	–	9	–	–
	–	9	–	–

b. Investments in joint ventures

	GROUP 2021 £m	GROUP 2020 £m	COMPANY 2021 £m	COMPANY 2020 £m
Share of joint venture net assets:				
Current assets	–	8	–	–
Current liabilities	–	(3)	–	–
Non-current liabilities	–	(5)	–	–
Net assets	–	–	–	–
Loans from Group companies (i)	–	9	–	–
	–	9	–	–
Share of post-tax profits from joint ventures:				
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Administrative expenses	–	–	–	–
Operating profit	–	–	–	–
Finance costs	–	–	–	–
Profit before tax	–	–	–	–
Taxation	–	–	–	–
	–	–	–	–

(i) £nil m of the loans to joint ventures are secured (2020: £9m).

The Group's joint venture investments were:

- Its 50% shareholding in the ordinary share capital of Menta Redrow Limited and Menta Redrow (II) Limited, both companies incorporated in Great Britain with a 30 June year end. Menta Redrow Limited and Menta Redrow (II) Limited were formed to pursue redevelopment opportunities in Croydon.
- On 23 September 2020 Menta Developments Ltd purchased Redrow's remaining investment in Menta Redrow Limited and Menta (Regeneration) Limited purchased Redrow's remaining investment in Menta (II) Limited. No profit or loss was generated.

c. Investments in subsidiary undertakings

	Company £m
At 28 June 2020 and 27 June 2021	–

11. INVESTMENTS CONTINUED

c. Investments in subsidiary undertakings continued

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 27 June 2021 is shown below. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned by HB (HDG) Limited which in turn is wholly and directly owned by Redrow plc.

The principal activity of Redrow Homes Limited, Redrow Real Estate Limited, Redrow Regeneration plc, The Waterford Park Company Limited and The Waterford Park Company (Balmoral) Limited is residential development. The principal activity of Harrow Estates plc is land acquisition, development and resale. HB (HDG) Limited is an intermediate holding company. St David's Park Limited principal activity is business park maintenance services.

Those subsidiaries marked with † are dormant and exempt from audit.

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i) and (ii) whose registered offices are as follows:

(i) c/o TLT LLP, 140 West George Street, Glasgow, G2 2HG

(ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

Subsidiaries

Name	Company Number	Name	Company Number
HB (HDG) Limited	1990709	HB (1995) Limited (i) †	SC155021
Redrow Homes Limited	1990710	Redrow Homes (Wallyford) Limited (i) †	SC205159
Harrow Estates plc	6825371	St David's Park Limited	2479183
Redrow Real Estate Limited	3996541	PB0311 Limited †	7577839
Redrow Regeneration plc	5405272	Debut Freeholds Limited †	4638403
Redmira Limited †	7587765	Tay Homes (Western) Limited †	2806562
HB (NW) Limited †	1189328	Tay Homes (Northern) Limited †	2708575
HB (LCS) Limited (i) †	SC38052	Tay Homes (Midlands) Limited †	2183136
HB (MID) Limited †	2469449	Tay Homes (North West) Limited †	2189721
HB (SW) Limited †	3522335	Redrow Homes (Park Heights) Limited (ii) †	66240
HB (SWA) Limited †	2230870	Redrow Construction Limited †	1375826
HB (Y) Limited †	2293006	Poche Interior Design Limited †	2169473
HB (ESTN) Limited †	4017345	Redrow (Shareplan) Limited †	3520984
HB (WM) Limited †	3379746	Cadmoore Limited †	3977222
HB (SM) Limited †	3522321	Redrow (Sudbury) Limited †	4558070
HB (SN) Limited †	537405	The Waterford Park Company Limited	5429823
HB (WC) Limited †	4984069	The Waterford Park Company (Balmoral) Limited	6047122
HB (WX) Limited †	1940936	HB (Herne Bay No 1) Limited †	7743649
HB (EM) Limited †	2827161	HB (Herne Bay No 2) Limited †	9163243
HB (CD) Limited †	2034733	Redrow Homes East Midlands Limited †	4219459
HB (GRPS) Limited †	2898913	Radleigh Construction Limited †	4219460
HB (CPTS) Limited †	1079513	Radleigh Homes Limited †	4210633
HB (SE) Limited †	3988594	Radbourne Edge (Holdings) Limited †	8737345
HB (CSCT) Limited (i) †	SC231364	Redrow Langley Limited †	7306461
HB (SC) Limited (i) †	SC74732	Radleigh (Hackwood) Limited †	8131049

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. DEFERRED TAX ASSETS AND LIABILITIES

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Imputed interest £m	Short-term temporary differences £m	Total £m
Deferred tax assets			
At 1 July 2019	3	1	4
Charge to income	(3)	–	(3)
Charge to equity	–	–	–
At 28 June 2020	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 27 June 2021	**–**	**1**	**1**

	Employee benefits £m	Short-term temporary differences £m	Total £m
Deferred tax liabilities			
At 1 July 2019	(3)	(1)	(4)
Charge to income	(1)	–	(1)
At 28 June 2020	(4)	(1)	(5)
Charge to income	–	(1)	(1)
Charge to equity	(9)	–	(9)
At 27 June 2021	**(13)**	**(2)**	**(15)**

The Group has no material unrecognised deferred tax assets.

A reduction in the UK corporation tax rate from 19% to 17% (effective April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 27 June 2021 has been calculated based on these rates (2020: 19%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2020: 19%). This reflects the results of the latest triennial valuation of the defined benefit section of The Redrow Staff Pension Scheme (see page 198) which now suggests the return of the IAS 19 surplus is highly likely to take the form of a lump sum cash refund rather than a reduction in future deficit contributions.

13. TRADE AND OTHER RECEIVABLES

	GROUP 2021 £m	GROUP 2020 £m	COMPANY 2021 £m	COMPANY 2020 £m
Non-current assets				
Trade receivables (net)	**–**	–	**–**	–
Amounts due from subsidiary companies	**–**	–	**420**	774
	–	–	**420**	774
Current assets				
Trade receivables (net)	**54**	25	**–**	–
Contract assets	**21**	–	**–**	–
Amounts due from subsidiary companies	**–**	–	**361**	300
Other receivables	**21**	8	**–**	–
Prepayments	**4**	5	**–**	–
	100	38	**361**	300

Non-current trade receivables are stated after an allowance of £nil has been made (2020: £nil) in respect of expected credit losses. This allowance is based on an estimate of default rates. £nil provision was made during the year (2020: £nil). £nil was utilised (2020: £nil). Current trade assets are stated after an allowance of £8m (2020: £4m) in respect of expected credit losses with £nil provision utilised (2020: £nil), £nil provision released (2020: £1m) and £4m provision created (2020: £nil).

Amounts due from subsidiary companies are unsecured, repayable on demand and carry interest at market rate. The balance classified as current is anticipated to be repayable within the normal operating cycle of the subsidiary businesses (c4 years as explained in more detail on page 188). Of this amount £100m (2020: £75m) is expected to be recovered within 12 months of the balance sheet date.

14. INVENTORIES

	GROUP 2021 £m	GROUP 2020 £m	COMPANY 2021 £m	COMPANY 2020 £m
Land for development	**1,526**	1,538	**–**	–
Work in progress	**910**	972	**–**	–
Stock of show homes	**77**	75	**–**	–
	2,513	2,585	**–**	–

Inventories of £1,465m were expensed in the year (2020: £1,027m). Work in progress includes £1m (2020: £1m) in respect of part exchange properties. Land held for development in the sum of £210m is subject to a legal charge as security in respect of deferred consideration (2020: £160m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £16m (2020: £33m). £5m of impairment costs arising for the strategic decision to scale back our London operations were expensed in the year (2020: £35m).

The Directors consider all inventory to be current in nature as they are expected to be realised within the Group's normal operating cycle of c4 years.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts, derivative financial instruments and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables that follow provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group's activities expose it to a variety of financial risks.

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the Redrow Staff Pension Scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 27 June 2021, the Group had total unsecured bank borrowing facilities of £353m, representing £350m committed facilities and £3m uncommitted facilities.

The Group's cash surpluses arise from short-term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cash flows as a result of movements on interest rates on its interest bearing assets.

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long-term borrowings. In order to manage its interest rate risk, the Group from time to time enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There were no interest rate swaps in place in 2021 or 2020.

The following table shows the profile of interest bearing debt together with its effective interest rates including non-utilisation fees.

	2021					2020				
	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m
Bank loans – floating rate	**8.1**	**–**	**–**	**–**	**–**	2.1	170	–	–	170
		–	**–**	**–**	**–**		170	–	–	170

For the 52 weeks ended 27 June 2021, it is estimated that for any incremental general increase of 1% in interest rates applying for the full year the decrease in the Group's profit before tax would be c £1m (2020: c £1m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2021		2020	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due between two and five years	**–**	**–**	–	177
	–	**–**	–	177

Maturities above include estimated interest payable to the maturity of the facilities.

15. FINANCIAL RISK MANAGEMENT CONTINUED

b. Maturity of bank loans and borrowings continued

The Company

	2021		2020	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due between two and five years	**–**	**–**	–	177
	–	**–**	–	177

Maturities above include estimated interest payable to the maturity of the facilities.

The Company was fully compliant with its banking covenants as at 27 June 2021.

At the year end, the Group and Company had £350m (2020: £193m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IFRS 9, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	Balance at June £m	Total contracted cash payment £m	Due less than one year £m	Due between one and two years £m	Due between two and five years £m
27 June 2021	**294**	**298**	**144**	**125**	**29**
28 June 2020	302	306	186	51	69

d. Maturity of trade and other payables

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately in note 15c) at the balance sheet date is as follows:

	Balance at June £m	Total contracted cash payment £m	Due less than one year £m	Due between one and two years £m	Due between two and five years £m
Trade and other payables (excluding lease liabilities)	538	538	538	–	–
Lease liabilities	6	7	3	2	2
27 June 2021	**544**	**545**	**541**	**2**	**2**
Trade and other payables (excluding lease liabilities)	527	527	527	–	–
Lease liabilities	6	8	3	2	3
28 June 2020	533	535	530	2	3

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT CONTINUED

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables. It represents the risk of financial loss where counterparties are unable to meet their obligations.

Credit risk is managed centrally in respect of cash and cash equivalents and derivative financial instruments. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Held at Banks with at least an A credit rating per Standard & Poor's	**160**	44	**144**	41
	160	44	**144**	41

No credit limits were exceeded during the reporting year or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables, the amounts presented in the balance sheet are stated after adjusting for any doubtful receivables, based on the judgement of the Group's management through using both previous experience and knowledge of the current position of any more substantial receivables.

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its Shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

The total capital levels and gearing ratios as at 27 June 2021 and 28 June 2020 are as follows:

	2021 £m	2020 £m
Total borrowings	**–**	170
Less cash and cash equivalents	**(160)**	(44)
Net (cash)/debt	**(160)**	126
Equity	**1,872**	1,626
Total capital	**1,712**	1,752
Operating profit adjusted for joint ventures	**321**	148
ROCE (Operating profit as above as a percentage of opening and closing total capital)	**18.5%**	9.2%
Gearing ratio	**N/A**	7.7%

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values

Basis for determining fair values

The principal methods and assumptions used in estimating the fair value of financial instruments can be found in the Accounting Policies pages 188 to 189.

Fair value hierarchy

Financial assets and liabilities carried at fair value are categorised within the hierarchal classification of IFRS13:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs are not based on observable market data.

The fair value of financial assets and liabilities is as follows:

The Group

	Fair value hierarchy	2021 Loans and receivables Fair value £m	2021 Loans and receivables Carrying value £m	2020 Loans and receivables Fair value £m	2020 Loans and receivables Carrying value £m
Assets per the balance sheet					
Trade and other receivables	Level 1 & 2*	**96**	**96**	33	33
Cash and cash equivalents	Level 1	**160**	**160**	44	44
		256	**256**	77	77

* Includes £4m in respect of shared equity debtors (2020: £6m) (Level 2)

	Fair value hierarchy	2021 Other financial liabilities Fair value £m	2021 Other financial liabilities Carrying value £m	2020 Other financial liabilities Fair value £m	2020 Other financial liabilities Carrying value £m
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	**–**	**–**	170	170
Trade payables and other payables including customer deposits	Level 1	**516**	**516**	527	527
Land creditors	Level 1	**294**	**294**	302	302
Lease liabilities	Level 1	**6**	**6**	6	6
		816	**816**	1,005	1,005

Other financial liabilities are at amortised cost.

The Company

	Fair value hierarchy	2021 Loans and receivables Fair value £m	2021 Loans and receivables Carrying value £m	2020 Loans and receivables Fair value £m	2020 Loans and receivables Carrying value £m
Assets per the balance sheet					
Cash and cash equivalents	Level 1	**144**	**144**	41	41
Amounts due from subsidiary companies (current and non-current)	Level 1	**781**	**781**	1,074	1,074
		925	**925**	1,115	1,115

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values continued

The Company continued

	Fair value hierarchy	2021 Other financial liabilities Fair value £m	2021 Other financial liabilities Carrying value £m	2020 Other financial liabilities Fair value £m	2020 Other financial liabilities Carrying value £m
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	–	–	170	170
Amounts owed to subsidiary companies	Level 1	14	14	14	14
		14	14	184	184

16. TRADE AND OTHER PAYABLES

	GROUP 2021 £m	GROUP 2020 £m	COMPANY 2021 £m	COMPANY 2020 £m
Non-current liabilities				
Amounts due in respect of development land	150	116	–	–
Lease liabilities	2	4	–	–
	152	120	–	–
Current liabilities				
Trade payables	362	311	–	–
Amounts due in respect of development land	144	186	–	–
Private customer deposits	68	38	–	–
Social customer payments on account	74	165	–	–
Amounts owed to subsidiary companies	–	–	14	14
Lease liabilities	4	2	–	–
Other payables	5	10	–	–
Other taxation and social security	7	3	–	–
Accruals	103	90	14	12
	767	805	28	26

See note 2.

Amounts due to subsidiary companies are unsecured, repayable on demand and bear interest at market rate on trading balances. Amounts due in respect of development land are classified as current when they are contractually due within 12 months of the balance sheet date.

17. LONG-TERM PROVISIONS

The Group

	Onerous contracts £m	Remedial works £m	Total £m
At 28 June 2020	1	7	8
Transfers from trade payables	–	19	19
Provisions created during the year	–	7	7
Provisions released during the year	–	–	–
Provisions utilised during the year	–	–	–
At 27 June 2021	**1**	**33**	**34**

17. LONG-TERM PROVISIONS CONTINUED

The Group continued

Provisions relate to onerous contracts and maintenance, sundry remedial costs in respect of development activities and a provision for potential fire safety remedial works. It is expected that this provision will be utilised within four years. In the current year certain balances have been reclassified from trade payables to provisions to provide greater clarity in disclosures. The Directors do not consider this to represent a material change in presentation.

Remedial Works Provision

Redrow is predominantly a housebuilder, however, we have historically built a small number of high rise buildings mostly on a design & build basis by main contractors. Ten schemes have now been identified as potentially not conforming to the current government regulations. Each development is unique and was designed in accordance with the building regulations and accepted practices at the time. Where we have an obligation to do so, we are fully committed to working with our contractors, leaseholders and management companies to address any issues on these schemes where required. Management has estimated the cost of remedial works but it is inherently uncertain whilst investigations and assessments are ongoing. It is not anticipated that any reasonable changes would have a material impact on operating profit in the period.

18. SHARE CAPITAL

	Number of ordinary shares
As at 28 June 2020 and 27 June 2021 (ordinary shares of 10.5p each)	**352,190,420**

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2019	37	59	8	1,481
Total comprehensive income	–	–	–	114
Dividends paid	–	–	–	(72)
Movement in respect of LTIP/SAYE	–	–	–	(1)
At 28 June 2020	37	59	8	1,522
Total comprehensive income	–	–	–	261
Dividends paid	–	–	–	(21)
Movement in respect of LTIP/SAYE	–	–	–	6
At 27 June 2021	**37**	**59**	**8**	**1,768**

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2020: £7m) and a £1m Consolidation reserve (2020: £1m).

Undistributable reserves

Other reserves are not available for distribution.

The Company

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2019	37	59	7	908
Total comprehensive income	–	–	–	3
Dividends paid	–	–	–	(72)
At 28 June 2020	37	59	7	839
Total comprehensive income	–	–	–	7
Dividends paid	–	–	–	(21)
At 27 June 2021	**37**	**59**	**7**	**825**

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES CONTINUED

The Company continued

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2020: £7m).

Undistributable reserves

Other reserves are not available for distribution.

20. MOVEMENT IN NET (DEBT)/CASH

The Group

	At 29 June 2020 £m	Non-cash movement £m	Cash flow £m	At 27 June 2021 £m
Cash and cash equivalents	44	4	112	**160**
Bank loans	(170)	–	170	**–**
Net (debt)/cash	(126)	4	282	**160**

Non-cash movement comprises movements in respect of LTIP/SAYE together with relevant IAS19, IFRS7 and IFRS16 non cash movements.

The Company

	At 29 June 2020 £m	Non-cash movement £m	Cash flow £m	At 27 June 2021 £m
Cash and cash equivalents	41	(1)	104	**144**
Bank loans	(170)	–	170	**–**
Net (debt)/cash	(129)	(1)	274	**144**

21. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management estimate that the bonds and guarantees amount to £156m (2020: £170m) at the year end and consider the possibility of a cash outflow in settlement to be remote.

22. RELATED PARTY TRANSACTIONS

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration Report on pages 128 to 153 notably the 'Single Total Figure of Remuneration Table (Audited)' on page 144. A summary of remuneration provided to key management personnel is provided in note 7c.

There have been no material transactions with key management personnel. There is no other difference between transactions with key management personnel of the Company and the Group.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 27 June 2021 was £781m (28 June 2020: £1,074m). The amount owed to subsidiary undertakings at 27 June 2021 was £14m (28 June 2020: £14m).

The Company provided the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs were charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the statement of comprehensive income.

During the year, the Group sold its interest in Menta Redrow Limited and Menta Redrow (II) Limited as disclosed in note 11.

23. ALTERNATIVE PERFORMANCE MEASURES

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Accident incident rate by site

No. of notifiable accidents in financial year divided by average no. of sites.

Dividend per share

Interim and final dividend per share declared in respect of the financial year.

Earnings per share (EPS) (IFRS measure)

Profit attributable to ordinary equity shareholders (excluding exceptional items and deferred tax rate changes) divided by the weighted average no. of ordinary shares in issue during the financial year. See note 6.

HBF customer recommend rating

Independent HBF customer satisfaction rating score.

Hurdle rates

Gross margin and internal rate of return minimum rates required for land purchase appraisals.

Land holding years

No. of plots in owned land holdings at June divided by no. of legal completions in financial year.

	2021	2020
Owned land holdings at 27 June 2021/28 June 2020	**29,460**	25,130
Legal completions	**5,620**	4,032
Land holding years	**5.2**	6.2

Legal completions

The number of homes legally completed in the financial year.

Monies committed to fund improvements in local communities

These reflect committed Section 106 contributions and affordable housing provided in the year.

Net asset value per ordinary share

Total net assets at June divided by the number of ordinary shares in issue at June.

Number of trainees

No. of trainees at June as a percentage of employees at June.

Order book

The value of reserved and exchanged sales which had not legally completed at the year end.

Private reservation rate

No. of private reservations per week in financial year divided by average no. of sales outlets.

Return on capital employed (ROCE)

Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed. See note 15f.

Return on equity (ROE)

Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets.

	2021 £m	2020 £m
Net assets at 27 June 2021/28 June 2020	**1,872**	1,626
Net assets at 28 June 2020/30 June 2019	**1,626**	1,585
Average net assets	**1,749**	1,606
Profit before taxation	**314**	140
Return on equity %	**18.0%**	8.7%

Revenue (IFRS measure)

Revenue per consolidated income statement.

Revenue value of private reservations secured in the year

The fair value receivable in the future of private house sales reserved by customers during the year, net of cancellations.

Sales outlets

Average no. of sales outlets open in the year.

SHAREHOLDER INFORMATION

CORPORATE AND SHAREHOLDER INFORMATION

SHAREHOLDER DISCOUNTS

The Company offers a discount of 1% to Shareholders off the purchase price of a new Redrow home. In order to qualify for the discount a purchaser must hold a minimum of 2,500 ordinary shares in Redrow plc for a minimum of 12 months prior to the date of reservation, subject to a cap of £5,000.

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SHAREHOLDER INFORMATION

FIVE YEAR SUMMARY

12 MONTHS ENDED JUNE

	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Revenue	1,660	1,920	2,112	1,339	**1,939**
Operating profit	322	382	411	148	**321**
Operating profit as a percentage of turnover	19.4%	19.9%	19.5%	11.1%	**16.6%**
Profit before tax	315	380	406	140	**314**
Net assets	1,235	1,483	1,585	1,626	**1,872**
Net (debt)/cash	(73)	63	124	(126)	**160**
Gearing – net debt as a percentage of capital and reserves	5.9%	N/A	N/A	7.7%	**N/A**
Return on capital employed – operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed	26.0%	28.5%	28.5%	9.2%	**18.5%**
Return on equity	27.7%	28.0%	26.5%	8.7%	**18.0%**
Number of legal completions	5,319	5,718	6,443	4,032	**5,620**
Earnings per ordinary share	70.2p	85.3p	92.3p	32.9p	**73.7p**
Dividends paid per ordinary share inc cash return	12.0p	20.0p	59.0p	–	**6.0p**
Net asset value per ordinary share	334.0p	401.0p	450.0p	461.7p	**531.5p**

Planting trees to catch carbon
1830964
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