

# Better with Bellway

**Bellway p.l.c.**  
Annual Report and Accounts 2023

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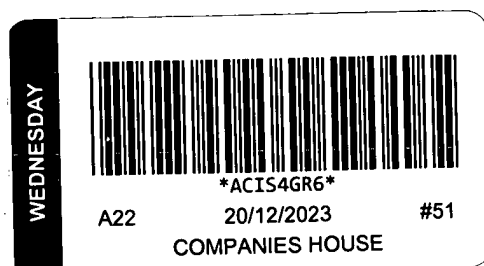


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# Always striving for better

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Better with Bellway encapsulates our philosophy as a responsible homebuilder. We strive to operate our business in an ethical and sustainable manner whilst creating better long-term value for the benefit of our customers, people, suppliers, shareholders and the wider community.

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- 1 All figures relating to completions, order book, reservations, cancellations, and average selling price exclude the Group's share of its joint ventures, unless otherwise stated.
- 2 Bellway uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in note 28.
- 3 Underlying refers to any statutory performance measure or alternative performance measure before net legacy building safety expense and exceptional items (note 2).
- 4 Includes the Group's share of land contracted through joint venture partners comprising nil plots (2022 - 237 plots), with a contract value of nil (2022 - £12.7 million) across no sites (2022 - 1 site).
- 5 Includes the Group's share of land owned and controlled through joint venture partners comprising 935 plots (2022 - 962 plots).
- 6 As measured by the Home Builders' Federation using the eight-week NHBC Customer Satisfaction survey.
- 7 Comparatives are for the year ended 31 July 2022 or as at 31 July 2022 ('2022') unless otherwise stated.



# About Us

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Bellway Assistant Site Manager  
with customers at Sheasby Park.

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# Better homes, better value

Evolving from a local family business to a FTSE 250 company, Bellway has been building exceptional quality new homes throughout the UK for more than 75 years, creating outstanding properties in desirable locations.

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A street scene of our Roman Gate  
development in Melton Mowbray.



The Goldsmith showhome at  
Wavendon View, Wavendon.

## Financial and Strategic Highlights

# Resilient financial performance

## Summary

Resilient performance while maintaining operational strength in a challenging market.

	Year ended 31 July 2023	Year ended 31 July 2022	Movement
Housing completions	10,945	11,198	(2.3%)
Revenue	£3,406.6m	£3,536.8m	(3.7%)
<b>Underlying performance measures:</b>			
Gross profit (underlying)	£687.3m <sup>2,3</sup>	£787.0m <sup>2,3</sup>	(12.7%)
Gross margin (underlying)	20.2% <sup>2,3</sup>	22.3% <sup>2,3</sup>	(210bps)
Operating profit (underlying)	£543.9m <sup>2,3</sup>	£653.2m <sup>2,3</sup>	(16.7%)
Operating margin (underlying)	16.0% <sup>2,3</sup>	18.5% <sup>2,3</sup>	(250bps)
Profit before taxation (underlying)	£532.6m <sup>2,3</sup>	£650.4m <sup>2,3</sup>	(18.1%)
Earnings per share (underlying)	328.1p <sup>2,3</sup>	420.8p <sup>2,3</sup>	(22.0%)
RoCE (underlying)	15.8% <sup>2,3</sup>	19.4% <sup>2,3</sup>	(360bps)
<b>Statutory and other measures:</b>			
Net legacy building safety expense	£49.6m	£346.2m	(85.7%)
Profit before taxation	£483.0m	£304.2m	+58.8%
Earnings per share	297.7p	196.9p	+51.2%
Proposed total dividend per share	140.0p	140.0p	-
Net asset value per share	2,871p <sup>2</sup>	2,727p <sup>2</sup>	+5.3%
Net cash	£232.0m <sup>2</sup>	£245.3m <sup>2</sup>	(5.4%)
Land bank (total plots)	98,164 <sup>5</sup>	97,706 <sup>5</sup>	+0.5%

## Robust housing output and financial performance in line with our expectations

- Near record housing completions of 10,945 homes (2022 - 11,198), at an overall average selling price of £310,306 (2022 - £314,399).
- Total revenue of £3,406.6 million (2022 - £3,536.8 million), a reduction of 3.7%.
- The Group's programme of accelerating the construction of social homes partially offset weaker private demand, which was impacted by higher mortgage interest rates, cost-of-living pressures and the end of Help-to-Buy.
- The overall reservation rate reduced by 28.4% to 156 per week (2022 - 218) and the private reservation rate decreased by 35.9% to 109 per week (2022 - 170), representing a private reservation rate per site per week of 0.46 (2022 - 0.70).
- The underlying operating margin was 16.0%<sup>2,3</sup> (2022 - 18.5%), with the reduction mainly reflecting the effect of build cost and overhead inflation, extended site durations because of slower reservation rates and the increased use of targeted selling incentives.
- Underlying profit before taxation was £532.6 million<sup>2,3</sup> (2022 - £650.4 million) and in line with our expectations.
- Underlying RoCE was 15.8%<sup>2,3</sup> (2022 - 19.4%) with the reduction predominantly driven by the lower underlying operating margin.

## Strong balance sheet and value-driven approach to capital allocation

- Strong balance sheet, with year-end net cash of £232.0 million<sup>2</sup> (2022 - £245.3 million) and low adjusted gearing, inclusive of land creditors, of 4.0%<sup>2</sup> (2022 - 4.4%) provides resilience and strategic flexibility.
- The net asset value per share ('NAV') increased by 5.3% to 2,871p<sup>2</sup> (2022 - 2,727p), with the growth supported by the share buybacks undertaken during the year.
- The proposed total dividend per share has been held at 140.0p (2022 - 140.0p), representing dividend cover of 2.3 times<sup>2,3</sup> underlying earnings and in line with previous guidance.
- In the current financial year and in line with Board's previously stated target, underlying dividend cover will be around 2.5 times<sup>2,3</sup>.
- The £100 million share buyback programme launched on 28 March 2023 is progressing well, with 3.8 million shares purchased at a cost of around £83 million as at 1 October 2023.
- Looking ahead, the strength of our land bank and balance sheet provide the Group with optionality, and the reinvestment of capital into compelling land opportunities will continue to be balanced with future shareholder returns.

# Clear strategic priorities

## High-quality land bank supports outlet opening programme and long-term growth ambitions

- The strength of our overall land bank, which comprises 98,164 plots<sup>5</sup> (2022 – 97,706 plots), enables our land teams to remain highly selective with investment in the year ahead, without hindering the Group's long-term growth ambitions.
- Investment activity remains focused on securing land interests which offer compelling and enhanced financial returns and where possible, have significant flexibility in the contract terms.
- Bellway has a strong owned and controlled land bank which provides good visibility with regards to sales outlet growth in the current financial year and beyond.
- Reflecting the challenging market backdrop and the depth of our land bank, investment in new land was significantly lower than the prior year, with only 4,715 plots<sup>4</sup> contracted (2022 – 19,089 plots) across 35 sites<sup>4</sup> (2022 – 107 sites). We have also continued to review previously contracted land and decided not to proceed with the purchase of 886 plots across 4 previously approved sites.
- Further expansion of our strategic land bank during the year, which grew to 43,600 plots (2022 – 35,600 plots), underpins the Group's longer-term prospects.

## 'Better with Bellway' – our responsible and sustainable approach to business

- Supported by several research projects underway across the business, strong progress has been made in laying the foundations for a lower carbon footprint as we work towards a significant reduction in the Group's emissions by 2030.
- Our ongoing focus on providing high quality homes and service for our customers has resulted in Bellway retaining its position as a five-star<sup>6</sup> homebuilder for the seventh consecutive year.
- We are delighted that our colleagues have raised over £3.1 million for Cancer Research UK over the last seven years, exceeding our target of £3.0 million.
- The Group signed the Government's Self-Remediation Terms ('SRT') in March 2023 and has also recently been confirmed as a member of the Responsible Actors Scheme ('RAS') by the Department of Levelling Up, Housing and Communities ('DLUHC').
- The SRT has provided improved clarity on the standards required for internal and external works on legacy buildings. As a result, we expect a step up in the level of remediation work carried out by our Building Safety division on legacy schemes in the current financial year.
- We have provided an additional net £49.6 million in relation to legacy building safety, as an adjusting item, which includes a net £43.4 million charge in the second half. The charge in the second half includes a provision of £30.5 million in relation to an isolated design issue identified with an apartment scheme built 12 years ago in Greenwich, London.

## Recent trading and outlook

- Since the start of the new financial year, customer demand continues to be affected by mortgage affordability constraints, with reservations below the comparative rates in the prior year.
- In the nine weeks since 1 August, overall weekly reservations were 133 per week (1 August to 2 October 2022 – 191) and the private reservation rate was 99 per week (1 August to 2 October 2022 – 136).
- The private reservation rate includes a bulk sale to a private rental sector investor, on compelling financial terms, comprising 71 homes (1 August to 2 October 2022 – nil). The private reservation rate per site per week in the period was 0.41 (1 August to 2 October 2022 – 0.58), including a contribution of 0.03 (1 August to 2 October 2022 – nil) from the bulk sale.
- The Group has a lower, yet still sizeable forward sales position with a value of £1,232.3 million<sup>2</sup> as at 1 October (2 October 2022 – £2,093.8 million). The order book comprised 4,636 homes (2 October 2022 – 7,257 homes), of which 71% were exchanged (2 October 2022 – 71%).
- Given the reduced order book and prevailing lower reservation rates, there will be a material reduction in volume output in the current financial year. Based on the average private reservation rate per site per week of 0.46 achieved in financial year 2023, the Group is targeting to deliver completions of around 7,500 homes (2023 – 10,945 homes), and to end the year with a higher order book (2023 – 4,411 homes) to serve as a platform for a return to growth beyond the current financial year.
- The Board notes however, that a wider than usual range of outcomes are possible, and the final volume outturn will depend on the trajectory of mortgage interest rates and the strength of demand in the autumn and spring selling seasons.
- Overall, headline pricing has remained firm across our regions, although targeted incentives continue to be used to attract customers and secure reservations. In financial year 2024 we currently expect the overall average selling price to be around £295,000 (2023 – £310,306), with the moderation from 2023 primarily reflecting a higher expected proportion of social housing completions and a continued use of incentives.
- In the near term, we anticipate headwinds from lower volume output, ongoing pressures of cost inflation and the use of sales incentives to persist. Overall, we expect these factors, together with the effect of extended site durations, to lead to a reduction in the underlying operating margin<sup>23</sup> of at least 600 basis points in the current financial year.
- There is a shortage of high-quality and energy efficient homes across the country and the long-term fundamentals of the UK housebuilding industry remain attractive. The Group's balance sheet and operational strengths combined with the depth of our land bank provide an excellent platform for Bellway to capitalise on future growth opportunities when they arise.

## Who We Are

# Our three brands meet the needs of our customers

Our brands represent our commitment to the different needs of our customers. We understand that buying a home is one of the biggest decisions you will ever make, and each brand offers choice, whilst ensuring a consistent high level of service.

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Bellway is our main brand. Bellway began as a small family business in 1946, with a passion for building high quality homes in carefully selected locations inspired by the needs of families. To this day, we maintain those same core values, combining our decades of expertise with the local personalised care that Bellway is known for.

# 9,174

Homes sold

logo removed

The Ashberry brand launched in 2014 and is typically offered on larger sites, alongside our Bellway brand, to provide two differentiated outlets, using different elevational treatments and internal layouts, and therefore offering greater customer choice. This also has the advantage of improving sales rates, often more than can be achieved through using two Bellway outlets.

# 1,226

Homes sold

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Bellway London was launched in 2018 to provide the London market with a modern and consistent identity that is recognisable across the capital. This covers all our developments in London boroughs, with our main focus being outer London boroughs and commuter towns within the M25. Properties range from one-bedroom apartments to four-bedroom houses.

# 545

Homes sold

# Localised operations across the UK

## Divisional Office Locations

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We currently operate from 21 divisions, following the introduction of our new Building Safety division in August 2022, covering the main population centres across England, Scotland and Wales.

Our divisional structure allows local management teams to respond to specific demands in their area and, through their detailed local knowledge, acquire land on which to design and build homes that meet the high expectations of our customers and contribute to creating strong local communities.

The divisional teams are supported by our Regional Chairs and our specialist Group teams.

## 21 divisions

covering the main population centres across England, Scotland and Wales

## 2,979 people

employed in the Group as at 31 July 2023.

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## Guided by a clear purpose

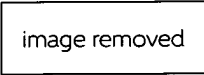
Our aim is to operate our business in an ethical and sustainable manner, while at the same time building attractive, desirable and sustainable developments where customers want to live in harmony with existing communities.



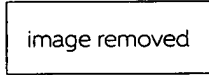
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← Aerial view of our Westbrook Moorings development in Hertfordshire.



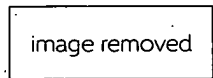
→ Adam, Rebecca and Sofia enjoying their new home at Wellfield Rise in Wingate.

← The Bowyer at our Kingfisher Green development in Rainham.

# Creating better communities

Here at Bellway, we are proud of the 5-star<sup>6</sup> homebuilder award we received in the HBF's most recently published eight-week survey, but our aim is to go further.

↓ Couple laying a brick in their new home with Assistant Site Manager Maddie Dale.



## Principal KPIs

The Group has ten principal KPIs, which are shown below. Our secondary performance measures, which support these KPIs, are shown on pages 18 to 23.

## Financial and Operational KPIs

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This KPI illustrates how the business model is able to support the Group's strategy of delivering volume growth.

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Operating profit measures how efficiently the business is being operated and of the profitability of the Group's core business.

The underlying operating profit is one of the measures used to determine the Directors' annual bonus payment. Underlying operating profit is before net legacy building safety expense.

chart removed

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Operating margin demonstrates how efficiently the business is being operated.

Underlying operating margin is before net legacy building safety expense.



**Key:**

**R** Link to remuneration – see pages 126 to 145.

chart removed

The Directors consider net asset value per ordinary share ('NAV') to be a useful proxy when reviewing whether shareholder value, on a share by share basis, has increased or decreased in the period.

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Return on capital employed ('RoCE') is a key indicator of how we are delivering our strategy of building shareholder value, which is reliant on land acquisition and the subsequent performance of our developments.

Underlying RoCE uses the underlying operating profit as defined on page 10.

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Earnings per ordinary share ('EPS') is a useful measure of how profitable Bellway is, year on year.

This is another useful indicator of how the Directors are delivering the strategy of generating shareholder value, particularly when combined with NAV. Note that the 2023 final dividend figure is proposed.

## Principal KPIs continued

The introduction of the Better with Bellway strategy last year has led to the ESG KPIs previously reported to be revised. The Group has ten headline KPIs mapped to our Better with Bellway strategy. Read more on pages 38 to 62.

### Better with Bellway KPIs

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This KPI shows the Group's commitment to customer service, with the long-term aim to achieve a 90% score by July 2026.

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This KPI shows the average percentage of employees that stated they would recommend Bellway as 'a great place to work' in our Employee Engagement Survey over a three-year period.

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Demonstrates how the Group is working towards reducing our carbon emissions, in line with our pledge to reduce scope 1 and 2 emissions by 46% in absolute terms by July 2030.

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The Group is committed to reduce scope 3 GHG emissions by 55% per square metre of completed floor area by July 2030, against FY19 baseline of 1.53 tonnes. FY19 and FY22 scope 3 emissions have been restated following improvements in our scope 3 modelling.

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This KPI indicates the cumulative fundraising total for our charity partner Cancer Research UK since 2016, with the target to raise £3 million by December 2023.

**Key:**

**R** Link to remuneration – see pages 126 to 145.

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Denotes flagship business priority – see pages 38 to 62.

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This KPI shows the Group's commitment to resource efficiency, where we aim to reduce waste per completed home by 20% to 7.1 tonnes by FY25.

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Percentage of 100 key suppliers who have achieved Gold membership of the Supply Chain Sustainability School against a target of 75% by 31 July 2023.

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Number of RIDDOR seven-day reportable incidents per 100,000 site operatives. We aim to reduce the annual RIDDOR rate to below the three year rolling average.

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This KPI demonstrates the Group's commitment to fire safety. In January 2023 a new Group fire safety programme was developed and will be rolled out to applicable staff in FY24.

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Percentage of sites where planning permission has been submitted, since 1 July 2023, where a 10% biodiversity net gain is achieved.

## Investment Case

# Growing value for our shareholders

Bellway's long-term strategy is to grow shareholder value through sustainable and disciplined volume output, utilising the Group's operational and balance sheet capacity combined with agility to respond to the challenging trading environment. This is supported by our Better with Bellway strategy (read more on pages 38 to 62).

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## Our award-winning homes

We build high-quality homes designed to complement the style of existing local architecture in communities, which meets local demand and enhances the area in which they are built. With a range that extends from one-bedroom apartments to six-bedroom family homes, we offer an extensive choice from which customers can choose a property that meets their individual requirements. This is achieved via our Artisan Collection of standard house types (more details on page 22). We also provide affordable housing and homes to housing associations for social housing.

Our focus is to provide desirable, traditional family housing across all our divisions, and apartments in the more affordable outer commuter zones of London.

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## 5-star<sup>6</sup> homebuilder

Rating from the eight-week Home Builders' Federation Customer Satisfaction survey.

## Our approach to land and capacity for growth

Given the depth of the Group's land bank and the current economic backdrop, Bellway's activity in the land market has remained highly selective. Investment continues to be focused on securing land interests which offer compelling and enhanced financial returns and, where possible, have significant flexibility in the contract terms.

Our experienced land teams continue to engage with vendors and the disciplined growth of our land bank in recent years has provided vital strategic flexibility and a strong platform to deliver growth in outlet numbers in the next financial year. This is further supported by the expansion of our strategic land bank, which underpins the Group's longer-term prospects, with a relatively low initial capital outlay.

This dedicated team of qualified specialists, who are highly experienced in acquiring and delivering land through the planning system, are overseen by a central Group team. Their expertise is available to assist landowners and development partners in ensuring the delivery of planning permissions.

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## Better with Bellway

Sustainability is key to our business and the Better with Bellway strategy embodies our approach to responsible and sustainable business practice. Our sustainable approach is not just an add-on, it is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'.

Better with Bellway addresses our key sustainability risks and opportunities, ensuring that we are aligned to national and international standards, and responding to the views of our stakeholders.

[Read more on pages 38 – 62.](#)

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## Our customers

We aim to put customers at the heart of everything we do.

All of our customers are treated to the same high level of customer service. Our high standard of service and build quality is endorsed by our customers, with 9 out of 10 customers saying they would recommend Bellway to a friend buying a new home as part of the eight-week HBF survey. Our Customer First initiative drives improvements in quality and works to develop and share best practice across the Group.

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## 9 out of 10

customers say they would recommend Bellway to a friend buying a new home

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## Our people

Our people are the key to our success and we aim to provide them with rewarding and fulfilling careers.

Bellway has long had a reputation as a good employer, taking an interest in our workforce and supporting career development. Results of our 2023 Employee Engagement Survey show that 89% of colleagues would recommend Bellway as 'a great place to work' and many employees have spent a large proportion of their working lives with us. However, we are not complacent and, as part of our Better with Bellway strategy, we are striving to be an Employer of Choice. We aim to create a safe, diverse, and inclusive environment, as well as investing in and upskilling our workforce.

## Our Strategy

# A focused strategy

Bellway's strategy is made up of three pillars: long-term volume growth; value creation for shareholders; and Better with Bellway; utilising the Group's operational and balance sheet capacity, combined with a strong focus on RoCE.

## Strategic priorities

As set out in the Chair's Statement, to achieve our overall strategy we have identified the following three strategic priorities:

➔ The metrics we use to measure our performance are on pages 10 to 13.

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## 1. Long-term volume growth

### Overview

Delivering disciplined long-term volume growth through our national divisional structure, selecting the right land and managing the planning process.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

### How we performed in 2022/23

- This year saw our approach to land acquisition become more selective, given the depth of the Group's landbank and the current economic backdrop. Investment continues to be focused on securing land interests which offer compelling and enhanced financial returns and, where possible, have significant flexibility in the contract terms.
- Throughout the year the Group contracted to purchase 4,715 plots.
- Bellway has performed well throughout the financial year, benefitting from the Group's programme of accelerating the construction of social homes.
- Volume output of 10,945 homes and housing revenue has reached close to record levels.
- Sales demand was weakened across the country with a 28.4% decrease in the overall reservation rate.

### Our plans for 2023/24

- We will continue to selectively invest in strategic land, as it allows us to secure and control land with less capital investment and provides more flexibility.
- We will maintain our current disciplined long-term growth strategy. Whilst being mindful of market conditions, the long-term market fundamentals remain positive and Bellway will continue to play a role in meeting the need for new homes in the years ahead.

## 2. Value creation for shareholders

### Overview

The Group continues to focus on long-term value generation for shareholders through increasing net asset value per share ('NAV') and the payment of regular dividends. This is a crucial part of our long-term value creation strategy.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

### Margin improvement

A key part of value creation is the steps we take to improve operating margin.

### How we performed in 2022/23

- We have carried out a major update to the Artisan Collection standard house type portfolio to comply with The Future Homes Standard 2021, in advance of the 2025 deadline.
- We have made further design improvements and modifications to the Artisan standard house types including standardisation, procurement efficiencies and optimisation of site layouts.
- We have continued to benchmark Artisan build costs across all divisions to drive cost efficiencies.
- We have continued with our detailed programme of value engineering reviews across our sites and divisions.
- Planning permission for existing sites now include innovative developments to achieve the Future Homes Standard, high quality and Biodiversity Net Gain targets.
- Our research project at the University of Salford, 'Energy House 2.0' has begun trialling new innovative products, as part of our commitment to the Future Homes Standard, net zero and carbon reduction.

### Our plans for 2023/24

- We will continue to design and develop our standard house types in the Artisan Collection in line with Building Regulations.
- We will continue to monitor Building Regulation updates from the Government and make modifications to designs to be fully compliant with the regulations.
- We will continue to benchmark Artisan build costs across all divisions and perform monthly cost reviews.

- As our subcontractors become more familiar with the Artisan Collection, we will drive opportunities to improve build speed.
- We will continue our research and trial the use of innovative new products, as part of our commitment to the Future Homes Standard, net zero and carbon reduction.
- We will continue to develop and improve our software to ensure that all employees are supported with the tools to drive efficiencies.

### Capital and dividend growth

Reinvestment of earnings into financially attractive land opportunities, whilst maintaining a focus on RoCE, has led to an increase in value for shareholders through a combination of the ongoing growth in NAV, dividend payments and the share buyback programme.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

#### How we performed in 2022/23

- Launch of a £100m share buyback programme.
- Strategic investment of capital into land and work-in-progress in areas with high demand, without compromising the RoCE and margin requirements, to ensure that the Group is well placed to deliver growth in the long-term.
- Paid dividends of £171.7 million.
- Increased NAV by 5.3% to 2,871p<sup>2</sup>, with the increase achieved due to strong growth in the underlying earnings and not withstanding a £49.6 million charge in the year in relation to legacy building safety issues.

#### Our plans for 2023/24

- Continue with the planned share buyback programme.
- Our current strong land bank position allows us to reinforce our disciplined land buying criteria, ensuring that we are selective in the year ahead. We will still cautiously consider land purchases to maintain operational certainty, but we will contract fewer plots and we will reduce cash expenditure on land.
- The dividend is determined following careful consideration of capital requirements, as well as the Group's operational capability to deliver further long-term volume growth. If the final 2022/23 dividend is approved, the total dividend will be covered by underlying earnings by 2.3 times<sup>2</sup>.

### Focus on capital employed

Ensuring that our assets are used in the most efficient way to deliver shareholder returns.

#### How we performed in 2022/23

- We have maintained our focus on balance sheet management, with particular emphasis on large capital-intensive sites and a drive to increase sales through the use of the Ashberry brand.
- We have maintained RoCE as a key assessment when buying land.
- We have closely monitored and controlled our land investment and work-in-progress.

#### Our plans for 2023/24

- We will continue to maintain a focus on balance sheet management, with particular emphasis on large capital-intensive sites.

- We will continue to maintain RoCE as a key assessment when buying land.
- We will continue to monitor and control investment in land and work-in-progress.

### Maintaining a flexible capital structure

We use a combination of cash, debt financing and equity to provide us with access to finance in a balanced and flexible way. This enables us to deliver our growth strategy while managing the cash flow requirements of the business, including delivering dividends to our shareholders.

A summary of our performance against this strategic priority along with our plans for further progress is detailed below.

#### How we performed in 2022/23

- We have maintained our current banking relationships.
- We have maintained our sterling US Private Placement for a total amount of £130 million with maturity dates in 2028 and 2031.
- We have continued to enhance our current investor relations activities through the support of our Group Investor Relations Director.

#### Our plans for 2023/24

- We will maintain our current banking and US Private Placement relationships.
- We will continue to develop our current investor relations activities with the support of our Group Investor Relations Director.

## 3. Better with Bellway

### Overview

Better with Bellway which was launched in March 2022, encompasses our ethos of operating in a responsible and sustainable way.

Better with Bellway has eight strategic business priorities that are designed to help Bellway thrive. They put our long-term commitment to responsible and sustainable practice at the core of our operational strategy.

Our sustainable approach is not just an add-on, it is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'.

Putting people first means prioritising our customers and our communities, by building high-quality homes and striving to become an Employer of Choice by focusing on how we can upskill our workforce and nurture a culture of diversity and inclusion.

Putting the planet first means delivering on our commitment to build low carbon homes, reducing our own carbon footprint and considering our customer's carbon footprint, while reducing and rethinking our use of resources to avoid waste, minimise energy and water usage, whilst also sourcing materials responsibly.

A summary of our performance against each strategic business priority, along with our plans for the future, are detailed on pages 38 to 62.


## Our Business Model

# Building value at every stage

The following timeline demonstrates how we create value, through each stage of our business model, from carefully selecting the right land and navigating the planning process, safely constructing high standard attractive homes, to selling homes and providing an excellent customer experience.

### Our value chain

#### Select the right land and manage the planning process

 Read more on pages 20 and 21.

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#### Design desirable homes and construct them safely

 Read more on page 22.

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### What we do

- Land opportunities are identified by our experienced divisional and Group land and planning teams using their local knowledge and contacts. A viability assessment and appraisal is prepared, which is assessed in detail at divisional, regional and then Group level, where the final decision is taken by the Executive Directors on whether to purchase a site. Depending upon the value and nature of the proposed acquisition, full Board approval may also be required.
- We are highly selective to ensure we secure the right land which offers compelling and enhanced financial returns in line with our strategy and maintain a strong landbank.
- We often secure land without the benefit of an implementable detailed planning permission ('DPP'), typically brownfield sites with an outline planning consent or on a 'subject to planning' basis. We use the expertise of our land and planning teams to obtain DPP which thereby reduces risks, adds value and enables higher returns.
- As part of our sustainable and responsible business approach, our land teams assess biodiversity constraints and opportunities at the earliest stage in site selection, supported by our Group Head of Biodiversity.
- Our divisional and Group planning teams work closely with local authorities and communities to obtain DPP to construct homes which reflect local planning and vernacular requirements. The divisional and Group planning teams also progress a combination of medium-term 'pipeline' sites and land from our strategic land bank through the planning system to ensure a steady supply of sites.

### What we do

- We construct a wide range of homes, varying between two to five bedrooms, with a focus on our Artisan Collection of standard house types, to suit a variety of customer budgets and lifestyles.
- Within the Artisan Collection, there are numerous designs which have been developed to adhere to differing regional planning requirements. These standard house types drive efficiencies during construction.
- We currently have 76 Artisan standard house types which are utilised by all divisions.
- Our homes are built to a high standard in compliance with specific building, technical and health and safety regulations and other regulatory requirements, as well as to our own high-quality standards.
- The health, safety and wellbeing of our employees, subcontractors and visitors to our developments is our highest priority.
- We strive to maintain long-term working relationships with reputable subcontractors and supply chain partners to reduce health and safety risks and to ensure the commercial availability and quality of materials and labour.
- We seek to ensure that we have suitable building materials available at competitive prices to enable us to construct homes to the high standards expected of us by our customers, within budget and on time.
- We closely monitor work-in-progress to ensure that build rates are consistent with sales rates to avoid unnecessary capital inefficiencies.



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## Selling homes and delivering an excellent customer sales experience

[➔ Read more on page 23.](#)

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### What we do

- Bellway provides excellent customer service from the moment our customers decide to look for a new home and throughout all stages of their journey with Bellway, including the early years of home ownership.
- Our Customer First initiative continues at pace to drive future improvements to quality and customer service, and helps to support our employees and subcontractors to deliver to these high standards of customer service.
- We have dedicated customer care teams within each division which deliver high levels of customer service and these are supported by our Group Customer Care Director.
- Our retention of the HBF 5-star<sup>6</sup> homebuilder status for the seventh consecutive year demonstrates our commitment to providing the highest level of service to our customers.
- We have also created a subcontractor portal to better manage any post-completion issues reported by our customers.
- In addition to the HBF survey, Bellway also engages with our customers through Trustpilot where we actively invite feedback from our customers on all elements of our service.
- On the 4 October 2022, Bellway signed up to membership of the New Homes Quality Board ('NHQB'). From this date, customers who reserve a new home benefit from the protection of the New Homes Quality Code ('NHQC') and the New Homes Ombudsman Service ('NHOS').

logo removed

## Better with Bellway

These eight business priorities are integral to everything we do and drive the long-term success of our business model.

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### Customers and Communities

Putting customers and communities at the heart of everything that we do.

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### Employer of Choice

Creating an environment that our colleagues can thrive in.

graphic removed

### Carbon Reduction

Delivering low carbon homes.

graphic removed

### Building Quality Homes, Safely

Quality and safety first for everyone.

graphic removed

### Sustainable Supply Chain

Driving sustainability through long-term partnerships.

graphic removed

### Resource Efficiency

Designing out waste by building better.

graphic removed

### Biodiversity

Protecting and preserving nature.

graphic removed

### Charitable Engagement

Giving, to build better lives.

Denotes flagship business priority.

[➔ Read more on pages 38 to 62.](#)

## Our Business Model continued

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### Select the right land and manage the planning process

#### Select the right land

Our experienced divisional and Group land and planning teams identify land opportunities by using their local knowledge and contacts. A viability assessment and appraisal is prepared by our strategic or divisional land team, which is assessed in detail at divisional, regional and then Group level, where the final decision is taken by the Executive Directors whether to purchase a site. Full Board approval may also be required depending upon the value and nature of the proposed acquisition.

We often secure land without the benefit of an implementable detailed planning permission ('DPP'), typically brownfield sites with an outline planning consent or on a 'subject to planning' basis. We use the expertise of our land and planning teams to obtain DPP which thereby reduces risks, adds value and enables higher returns.

The number of large, long-term sites that we own is strictly controlled to avoid having too much capital tied up or concentrated in one location.

We are highly selective to ensure we secure the right land which offers compelling and enhanced financial returns inline with our strategy, and to maintain a strong landbank.

Our land bank is comprised of three tiers:

1. Owned or unconditionally contracted land with DPP,
2. Pipeline of land owned or controlled pending DPP, with development expected to commence within the next three years.
3. Strategic land, which is longer term typically held under option.

#### The risks

- The inability to source suitable land that meets our financial and non-financial acquisition criteria, including minimum gross margin and RoCE hurdle rates. There has been no change to this risk during the year.

#### What we do and how we manage risk

Where sites require planning consent it may take many months to progress a parcel of land through the planning process before we can start building and selling homes. Bellway's solid, asset backed balance sheet, substantial cash resources and long-term committed debt financing arrangements have enabled the Group to continue its front-footed, yet disciplined, approach to land acquisition.

## Alignment with Better with Bellway

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### Biodiversity

➔ See pages 58 and 59.

By building a significant number of quality homes on brownfield land we are contributing to the regeneration of areas in mainly urban locations. Wherever possible mature trees and woodlands located within our developments are retained, these trees are then protected during development.

We have established Biodiversity Net Gain protocols for site acquisitions and management, and our land buying teams assess biodiversity constraints and opportunities at the earliest stage in site selection and are supported by our Head of Biodiversity, and Group Strategic Land team.

### How we measure our performance

Acquiring high-quality, sustainable sites in areas of strong customer demand that meet or exceed both our financial and non-financial acquisition criteria is key to the success of the business. Failure to have an adequate supply of land would limit our ability to achieve our volume growth targets. We therefore link part of the Executive Directors' bonuses to the delivery of a sufficient land bank to meet our growth aspirations. RoCE is a key indicator of how we are delivering our strategy of building shareholder value, which is reliant on land acquisition and the subsequent performance of our developments. Gross margin enables us to monitor the robustness of our land purchasing process and the level of profit on land purchases and we regularly review the pipeline to ensure that our land bank remains appropriate.

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## Manage the planning process

Our divisional and Group planning teams work closely with local authorities and communities to obtain DPP to construct homes which reflect local planning and vernacular requirements. The divisional and Group planning teams also progress a combination of medium-term 'pipeline' sites and land from our strategic land bank through the planning system.

New legislation which comes into effect in January 2024, requires all new planning applications to have at least a 10% Biodiversity Net Gain, which requires housebuilders to leave the biodiversity of land used for development in a measurably better state compared to the baseline prior to development.



### The risks

- Delays, increasing complexity and cost in the planning process. There has been no change in this risk during the year.
- Delay or failure to obtain planning permission if any application is not 10% Biodiversity Net Gain ('BNG') compliant, from January 2024. This risk is not regarded as a principal risk and so have not been included in our principal risk table on pages 79 to 83.



### What we do and how we manage risk

Our planning teams build collaborative relationships with local authorities, communities and interest groups so that our completed developments benefit the areas in which they are built and support local needs.

### Alignment with Better with Bellway

 **Biodiversity**  
 See pages 58 and 59.

New legislation requires 10% Biodiversity Net Gain on all new planning applications submitted from January 2024. We are committed to ensure that all planning applications submitted from July 2023 onwards are 10% BNG compliant.

 **Customers and Communities**  
 See pages 43 and 44.

We consult with local residents as part of the planning process to help us build the homes our customers desire locally.

We make contributions to local communities through section 106 (England and Wales) and section 75 (Scotland) contributions and Community Infrastructure Levy payments, and through the provision of the New Homes Bonus.

## How we measure our performance

These KPIs enable us to monitor the number of plots in each tier of our land bank to ensure they remain sufficient to help us deliver our strategy of volume growth. At the end of the year, we had an appropriate number of plots in each land bank tier to meet our strategy.

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## Our Business Model continued

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### Design desirable homes and construct them safely

Our homes are built to a high standard in compliance with specific building, technical and health and safety regulations and other regulatory requirements, as well as to our own quality standards, with a focus on our Artisan collection of standard house types, to suit a variety of customer budgets and lifestyles.

The health, safety and wellbeing of our employees, subcontractors and visitors to our developments, is our key priority.

We continue to evaluate our working methodologies to ensure they are robust, compliant, and create a safe working environment.

We strive to maintain long-term working relationships with reputable subcontractors and supply chain partners to reduce health and safety risks and to ensure the commercial availability and quality of materials and labour.

We seek to ensure that we have suitable building materials available at competitive prices to enable us to construct homes to the high standards expected by our customers, within budget and on time.

We closely monitor work-in-progress to ensure that build rates are consistent with sales rates to avoid unnecessary capital inefficiencies.

#### The risks

- Shortage of building materials at competitive prices.
- Shortage of appropriately skilled construction people and subcontractors.
- Significant health and safety risks inherent in the construction process.

There has been no change to these risks during the year.

#### What we do and how we manage risk

The key to enabling us to deliver homes built to the right standard, at the right time and at the right price, are the experienced construction people, strong relationships we have with our skilled subcontractors and consultants, together with Group purchasing arrangements with suppliers and manufacturers.

#### Alignment with Better with Bellway

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#### Building Quality Homes, Safely

➔ See pages 53 and 54.

The health and safety of everyone who works on and visits any of our locations is paramount, and we continue to review our procedures for best practice.

graphic removed

#### Carbon Reduction

➔ See pages 49 to 52.

We have built several low carbon exemplar homes on a trial basis to help better understand upcoming challenges and industry targets. These are designed to be constructed using low carbon methods and reduce end user carbon emissions.

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#### Resource Efficiency

➔ See page 57.

Reducing waste on-site, in divisional offices and in sales centres delivers cost savings for the business and reduces the amount of waste sent to landfill.

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#### Sustainable Supply Chain

➔ See pages 55 and 56.

We continue to work with our subcontractors, consultants, and suppliers and manufacturers of materials to maintain our strong long-term relationships, which generates benefits for us, those we do business with and the communities in which we operate.

#### How we measure our performance

The health, safety and wellbeing of our employees, subcontractors and visitors to our developments is paramount and health and safety performance is taken into account as part of the overall assessment of the Executive Directors' potential bonus payment. We continue to improve reporting procedures which is measured via Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR') rate. The Group is committed to continuing to improve health and safety standards.

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## Selling homes and delivering an excellent customer experience

Bellway provides excellent customer service from the moment our customers decide to look for a new home and throughout all stages of their journey, including the early years of home ownership. Our Customer First programme supports all Bellway employees and subcontractors to deliver to these high standards of customer service.

Our retention of the HBF 5-star<sup>®</sup> homebuilder status for the seventh consecutive year demonstrates our commitment to providing the highest level of service to our customers.

We have dedicated customer care teams within each division delivering high levels of customer service and these are supported by our Group Customer Care Director.

In addition to the HBF survey, Bellway also engages with our customers through Trustpilot where we actively invite feedback from our customers on all elements of our service.

We have also created a subcontractor portal to better manage any post-completion issues reported by our customers.

### The risks

- Failure to be responsive to customer requests and feedback.
- The risk to Bellway's reputation if customer service is inadequate.
- These risks are not regarded as principal risks and so have not been included in our principal risk table on pages 79 to 83.

### What we do and how we manage risk

Our well-trained and motivated team members through all disciplines within the business have the necessary skills and enthusiasm to deliver the highest levels of customer service.

Our construction teams are committed to building quality homes to be proud of.

### Alignment with Better with Bellway

graphic removed

#### Customers and Communities

➔ See pages 43 to 44.

Customer handover packs contain information on sustainable travel, local recycling centres and energy efficiency advice.

We continued to develop our school engagement programme in partnership with The School Outreach Company in each of our divisions with the aim of driving awareness of Bellway and highlighting the career opportunities available in our industry.

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#### Carbon Reduction

➔ See pages 49 to 52.

We continue to improve energy efficiency by building homes that are, on average, more energy-efficient than is required by building regulations.

### How we measure our performance

We have chosen the following KPIs as they demonstrate progress made in delivering our strategy of volume growth alongside customer satisfaction. These include responses to the question 'Would You Recommend Bellway to a Friend?' in the 9-month survey, which is the driver for the 5-star<sup>®</sup> homebuilder status, and the overall satisfaction score, which captures feedback on a range of categories including Quality, Service After and Standard of finish.

Bellway were awarded 5-star<sup>®</sup> homebuilder status in March 2023 for the period ended 30 September 2022.

The final 'Recommend a Friend' score was 91.4% against a target of 90%, a slight reduction of 0.9% from the previous year.

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## Our Marketplace

The housing market has experienced a challenging trading environment but good quality, affordably priced housing remains in short supply across many parts of the country and in recent years this has been exacerbated by changing regulations in the planning system.

Underlying demand for high quality homes remains supported by wage growth and low levels of unemployment throughout the year. Notwithstanding this market requirement for new homes, trading conditions were challenging, with cost-of-living pressures and both higher and more volatile mortgage interest rates leading to significant variations in reservation rates.

graphic removed

### Demand factors

#### The UK economy

The UK economy grew by 0.2% in the quarter to July 2023 when compared to the previous three months. While unemployment remains low by historical standards at only 4.3%, the near-term economic growth outlook remains relatively muted, partly due to the impact of ongoing inflationary pressures. The Consumer Prices Index ('CPI') rose by 6.7% in the year to August 2023 and the Bank of England's interest rate decisions are aimed at lowering CPI inflation back to its 2% target over the medium term. During the last year, the Bank of England base rate has risen from 1.25% at 1 August 2022 to 5.00% at 31 July 2023, its highest level since early 2008.

#### The affordability of mortgages

The Bank of England's interest rate decisions have a direct impact on mortgage affordability, which is a crucial ingredient for a healthy and sustainable housing market. While affordability has been helped, in part, by ongoing wage rises, this has been more than offset by the effect of rising mortgage interest rates.

Consequently, while average mortgage payments as a percentage of take-home pay are currently within historical norms, they remain elevated compared to the levels over the last decade and we expect this to continue to weigh on housing demand in the near-term.

#### The availability of mortgages

In general, there remains good availability of mortgage products, although lenders' re-pricing activity in response to changes in the bank rate has affected the shorter-term availability of mortgage finance at certain points during the year.

The recent expiry of Help-to-Buy in England has led to lower year-on-year demand from first time buyers, and there remains a relative lack of affordably priced higher loan-to-value mortgage products.

#### Affordability of houses in the UK

##### House prices

The latest figures from the UK Land Registry's House Price Index showed that the average UK house price in July 2023 was broadly flat on the prior year at £290,000 and down by around 1% from the recent peak in late 2022.

While nominal house prices have shown resilience, the effects of recent inflation have led to a decline in real house prices, and combined with ongoing wage rises, this has helped offset some affordability pressures. Notwithstanding this, the effect of interest rate rises has had the most significant impact on affordability during the year. As Government policy and Bank of England interest rate decisions aim to bring inflation under further control in the months ahead, this will be critical for longer-term affordability and the health of the housing market.

##### The stamp duty land tax holiday

On the 23 September 2022, to help lower the upfront costs of moving home, the Government announced increases in the residential nil-rate stamp duty tax thresholds.

For first time buyers, the threshold was increased from £300,000 to £425,000. For non-first time buyers, the threshold was increased from £125,000 to £250,000. These measures are due to be in place until 31 March 2025, after which the thresholds are currently expected to be reduced to their previous levels.

#### Demand

There remains a fundamental housing shortage in the UK and despite the recent challenging trading conditions, underlying demand for our high-quality homes has been partly supported by wage growth and low levels of unemployment.

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During the year we have continued to see relatively healthy levels of underlying demand from second-time buyers.

However, the impact of rising interest rates has been particularly acute for customers requiring a higher loan-to-value mortgage, and exacerbated by the expiry of Help-to-Buy in England in March 2023. Sales to investors have remained low.

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## Supply factors

### Land supply and planning permissions

Bellway has a strong and high-quality land bank which has enabled our land teams to remain highly selective in the current economic environment, without hindering the Group's long-term growth ambitions.

Overall the planning system remains challenging and has been exacerbated by changing regulations around water and nutrient neutrality, and biodiversity. This is evidenced in the chart below, which shows the number of planning permissions granted in England, Scotland and Wales decreased from 15,565 last year to 14,101 in the current year.

### The availability of land at attractive margins

Acquiring land in areas of high demand and in attractive locations, in accordance with the Group's financial and non-financial acquisition criteria, is one of the key factors to the success of Bellway.

Bellway's experienced land teams continue to engage with vendors and assess sites with compelling returns although, given the uncertain trading backdrop, we currently expect to contract a lower number of plots than our volume output in financial year 2024.

### The planning system

The Group's ability to deliver new homes is dependent on the efficiency of the planning system. To help deliver against Bellway's strategic priority of long-term volume growth, a properly functioning planning system is required to grant planning consents in a timely and effective manner. The system remains slow, still constrained by staffing and resource shortages at local authorities and exacerbated by the uncertainty caused by the proposed reforms to the

Government's National Planning Policy Framework. Overall, this continues to have a dampening effect on outlet openings across the wider sector.

The Government announcement in December 2022 that local housing targets were to be 'advisory' rather than 'mandatory', coupled with the end of the obligation on local authorities to maintain a rolling five-year land supply where they have a local plan in place, has further contributed to a fall in planning consents granted.

### Availability and affordability of labour and materials

During the year, average overall build cost inflation was in the range of 9% to 10%, with the increase driven by both labour and materials. The upward pressure on costs reflected both underlying wage inflation and the pass through of previously elevated energy prices.

Bellway has well-established relationships with its supply chain and subcontract partners and together with our strong commercial disciplines and controlled approach to production expenditure, some of the underlying build cost pressures have been alleviated.

Since early 2023, build cost inflation has moderated as the industry-wide reduction in reservation rates and order books has impacted demand for construction materials. As the year progressed, this resulted in an improving trend of product availability across the Group.

As weaker industry sales rates continue to feed through to lower levels of construction activity, the Group expects overall build cost pressures to ease further in the months ahead.

### Summary of market backdrop

There is currently economic uncertainty due to cost-of-living pressures and housing affordability constraints. Notwithstanding this, the long-term market fundamentals for Bellway remain positive with the ongoing imbalance between supply and demand for affordably priced, high-quality homes continuing to be a feature across many parts of the country.

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# Designing for a better future

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The Future Home, part of the Energy House 2.0 project, in partnership with the University of Salford, trials the latest green technologies.

The first of its kind for Bellway, the Future Home will be retrofitted throughout the project, offering a unique opportunity to measure the energy efficiency of individual features, even under extreme weather conditions. Many of these technologies are due to be in common use by 2025, so testing them now will allow us to reduce carbon emissions by building more efficient homes even earlier.

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## Area

### Construction methods

#### Further information

graphic removed

Sustainable Supply Chain pages 55 and 56.

graphic removed

Scope 3 emissions page 51.

## Benefits

The off-site construction of modular homes are constructed as much as possible in an off-site factory location, where a skilled workforce is permanently based, and quality can be controlled much more easily. The finished components are then shipped to the final build site for installation and assembly.

We are trialling suspended pre-cast insulated floor plank systems, which is used as an alternative to beam and block flooring. Units are manufactured off-site and are modern methods of construction. On arrival to site, they are lifted into place, helping to speed up the process and reduce site labour.

## Issues to overcome

- Customer acceptance
- Supply constraints
- Real world insulation compared to computer modelling

### Energy sources

#### Further information

graphic removed

Carbon Reduction pages 49 to 52.

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Scope 3 emissions page 51.

Alternative energy sources within our homes are key to driving down scope 3 emissions.

Air source heat pumps are low-energy systems based on air to water technology. They can be located in the roof space or outside a home. The pumps extract heat from the ambient outside air, which is then converted to provide heat and a constant supply of hot water.

We are trialling two wastewater heat recovery systems with the Energy House 2.0. These systems are designed to retrieve thermal energy from waste hot water to increase the efficiency of the domestic heating system.

- Supply constraints
- Cost constraints

### Energy conservation

#### Further information

graphic removed

Carbon Reduction pages 49 to 52.

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Scope 3 emissions page 51.

Smart zoning thermostats which can control the temperature of the home on a room-by-room basis. Smart zoning allows the user to heat the area that they are using exclusively. It allows them to monitor and control temperatures within the household, therefore saving energy.

Infrared panels are both ceiling and wall mounted within the home. They are designed to heat the people and objects within the household, rather than solely heating the air, reducing the need for traditional heating methods.

- Supply constraints
- Cost constraints

### Materials

#### Further information

graphic removed

Sustainable Supply Chain pages 55 and 56.

graphic removed

Scope 3 emissions page 51.

We continue to expand our use of timber frame construction methods. Not only does timber frame bring embodied carbon benefits, but it also reduces reliance on brick and block construction methods, with a result of saving materials.

Triple glazed windows lead to a warmer home due to less heat loss and have the benefit of added noise reduction.

- Skilled labour constraints
- Supply constraints

## Chair's Statement

# Navigating the current headwinds



“

Bellway has delivered a resilient performance, during a year which was disrupted by periods of challenging trading conditions.”

**John Tutte**  
Chair

## Introduction

Bellway has delivered a resilient performance, during a year which was disrupted by periods of challenging trading conditions. Our strong order book at the start of the financial year was decisive in allowing us to weather a period of uncertainty and supported the delivery of 10,945 much needed new homes – very close to the prior year's record output. Notwithstanding this, the industry has faced several headwinds, which combined with higher levels of taxation, led to a reduction in the Group's underlying earnings per share to 328.1p<sup>23</sup> (2022 – 420.8p).

The performance in the year was achieved whilst maintaining a focus on quality and customer service and reflects the dedication and hard work of our colleagues, subcontractors and supply chain partners. On behalf of the Board, I would like to express our gratitude to all those who have contributed to these results, for their resilience, resourcefulness, and ongoing commitment.

## Strategic priorities

Our immediate priority is to ensure the Group remains well-positioned for a prompt return to sustainable growth as the wider economy recovers and clarity emerges over future housing policy. All political parties recognise there is a growing shortfall of good quality homes but remain divided as to how this can be best addressed. The situation is exacerbated by a challenging planning system which would benefit from reform and a longer-term approach to addressing housing need.

As previously announced, due to the uncertain market backdrop, we recently reorganised our operational structure which resulted in some headcount reductions across the Group. These measures were carefully considered to protect the health of the business, and they will not hinder the Group's long-term growth ambitions.

Bellway's robust balance sheet provides the financial flexibility to successfully navigate the near-term market challenges, and the capacity to invest in the future to deliver long-term volume growth. To drive a long-term improvement in RoCE, the Board has a sharp focus on margin discipline and will maintain a value-driven approach to capital allocation. Together with our responsible approach to business practices, the delivery against these priorities will help support ongoing

value creation for shareholders. Further details of our strategic priorities are set out below:



**1. Deliver long-term volume growth;**



**2. Drive a long-term improvement in RoCE, and;**



**3. Operate responsibly and sustainably through our 'Better with Bellway' strategy.**

## 1. Long-term volume growth

Bellway's successful organic growth strategy has supported the delivery of a near-doubling of volume output over the last decade. While we expect a decrease in legal completions in financial year 2024, beyond the near-term, the Board is confident that the strength of our land bank and balance sheet can help build on our long-term track record. Our front-footed approach to land investment in recent years has provided good visibility on the Group's sales outlet opening programme and, further supported by our healthy work-in-progress position, we are focused on driving a recovery in volume output beyond the current financial year.

The long-term housing market fundamentals remain positive and there is a shortage of high-quality, energy efficient and affordable homes across many parts of the country. Bellway has a strong operational structure, now with 20 trading divisions, which provide the capacity to organically grow volume in the longer-term to over 13,000 homes per annum. The Group has the ability to scale up this structure when market conditions allow, and this will ensure that Bellway continues to play an important role in increasing housing supply in the years ahead.

## 2. Long-term improvement in RoCE

A core part of the Group's strategy is to maintain a sharp focus on RoCE, which is a key indicator of operating efficiency and performance. Bellway's RoCE is currently being affected by several industry headwinds, including higher mortgage interest rates, cost inflation and planning delays. In the year ahead, these factors will lead to a further reduction

in underlying RoCE from the 15.8%<sup>23</sup> reported in financial year 2023 (2022 – 19.4%). Notwithstanding these near-term challenges, the Board is optimistic that the backdrop of our cyclical industry will improve and combined with our strategic focus on growth and operating margin, the Group is well-placed to again deliver an underlying RoCE of between 15%<sup>23</sup> and 20%<sup>23</sup> over the longer term.

To help achieve this, and in addition to our ongoing focus on margin protection, the expansion of our strategic land bank will support both our long-term volume growth aspirations and an improvement in asset turn. Strategic land can also generate margin enhancement, in some instances, due to land values typically being agreed at a discount to open market cost, once planning permission has been obtained. In addition, we are increasing the use of timber frame construction across the Group, which can improve build efficiencies and asset turn, as well as reducing carbon emissions in the supply chain.

The Group is determined to drive benefits from these areas of focus and together with our value-driven approach to capital allocation, we have a strong platform to begin to deliver a recovery in returns beyond the current financial year.

### 3. 'Better with Bellway'

During the year we have made further progress, through a range of initiatives, to embed the 'Better with Bellway' sustainability strategy across the Group's operations. The strategy includes ambitious targets in respect of our three flagship areas of Carbon Reduction, Customers and Communities, and becoming an Employer of Choice.

Supported by several research projects underway across the business, strong headway has been made in laying the foundations for a lower carbon footprint as we work towards a significant reduction in the Group's emissions by 2030. The Group's scope 1 and scope 2 carbon emissions have reduced by 10.0% compared to the prior year and by 35.6% since our base year of 2019, and we are in an excellent position to meet our target of a 46% reduction by 2030.

Reflecting our focus on build quality and customer service, we are proud to have retained our position as a five-star<sup>6</sup> homebuilder for the seventh consecutive year. There has also been an excellent response to our most recent employee engagement survey and despite challenging circumstances and uncertainty in the market, 89% of colleagues (2022 – 95%) said they would recommend Bellway as 'a great place to work'.

In addition to the flagship priority areas, the 'Better with Bellway' strategy includes targets in respect of biodiversity, resource efficiency, charitable engagement, sustainability throughout the supply chain and building quality homes safely. More details are set out later in this report and are also available on our website at [www.bellwayplc.co.uk/sustainability](http://www.bellwayplc.co.uk/sustainability).

Our ongoing focus on the serious issue of building safety is reflected by the remediation work being carried out through our dedicated Building Safety division. Bellway also signed the SRT with DLUHC on 13 March 2023, and has recently been confirmed as a member of the RAS by DLUHC, which further reinforces our approach to acting responsibly on matters relating to building safety in legacy apartment schemes.

### Delivering value creation for shareholders

The successful delivery against our strategic priorities will ensure the Group continues to generate long-term value for shareholders, and the Board believes this is best gauged through increasing NAV per share and supplemented by capital returns.

In the year ended 31 July 2023, NAV rose by 5.3% to 2,871p<sup>2</sup> (2022 – 2,727p) and in line with previous guidance, the Board is pleased to recommend that the final dividend is maintained at 95.0p per share (2022 – 95.0p). This brings the total proposed dividend to 140.0p per share (2022 – 140.0p) and, if approved, the overall dividend will be covered 2.3 times<sup>23</sup> by underlying earnings (2022 – 3.0 times). In the current financial year and in line with Board's previously stated target, underlying dividend cover will be around 2.5 times<sup>23</sup>.

The Group has maintained its disciplined approach to capital allocation and the £100 million share buyback programme launched on 28 March 2023 is nearing completion with 3.8 million shares purchased at a cost of around £83 million as at 1 October 2023.

Looking ahead, the strength of our land bank and balance sheet provide the Group with optionality, and the reinvestment of capital into compelling land opportunities will continue to be balanced with future shareholder returns.

### Competition and Markets Authority Market Study

The UK Competition and Markets Authority ('CMA') launched a market study into the housebuilding sector in England, Scotland and Wales on 28 February 2023. The CMA has since announced on 25 August 2023 that it will be looking into five areas of the study in greater detail, including barriers to entry and expansion in the industry and if the planning system is impeding the effective functioning of the housebuilding market.

Bellway has already contributed positively to the study, by providing information on how the industry operates through the key stages of land acquisition, planning, construction and sales. We will continue to engage openly with the CMA through this process, which also provides an opportunity to help inform the CMA of the current challenges facing the sector.

### Future long-term success

Bellway has an experienced and proven leadership team with operational strength-in-depth throughout the organisation. Its dedicated team and loyal supply chain partners are well-placed to adapt and successfully navigate through changing market conditions. The strategic flexibility afforded by our strong land bank and balance sheet also provides the Group with ongoing resilience and a platform to capitalise on future growth opportunities.

We remain committed to our responsible and sustainable approach to business and, by building new communities and delivering against the Group's strategic priorities, I am confident that Bellway will add further value and create a positive outcome for our stakeholders over the long term.



**John Tutte**  
Chair

16 October 2023

## Chief Executive's Market and Operational Review

# Strong long-term fundamentals

“

Bellway's focus on traditional two-storey family housing attracts a wide range of customers, with underlying demand for our high-quality homes partly supported by wage growth and low levels of unemployment throughout the year.”

**Jason Honeyman**

Group Chief Executive

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### Market

Bellway's focus on traditional two-storey family housing attracts a wide range of customers, with underlying demand for our high-quality homes partly supported by wage growth and low levels of unemployment throughout the year. Notwithstanding the broader market requirement for new homes, trading conditions were challenging, with cost-of-living pressures and both higher and more volatile mortgage interest rates leading to significant variations in reservation rates.

A slower than usual start to the financial year was followed by a period of challenging trading in the autumn of 2022, when sales rates were impacted by sharp increases in borrowing costs. By early 2023, mortgage interest rates began to moderate, and we were encouraged by the levels of demand during the spring selling season. By June and July, however, there were further rises in borrowing costs for customers and the resulting uncertainty and pressure on affordability impacted customer confidence and reservation rates through the summer.

The overall reservation rate was 28.4% lower than the prior year at an average of 156 per week (2022 – 218) and, to help mitigate weaker private demand, we continued with our programme of accelerating the construction of social homes. The average private weekly reservation rate reduced by 35.9% to 109 (2022 – 170), representing a private reservation rate per site per week of 0.46 (2022 – 0.70). The overall cancellation rate rose to an average of 18% (2022 – 13%), with the increase largely driven by softer private customer demand in the autumn and summer, when mortgage interest rates were at their highest levels.

The Group operated from an average of 238 outlets (2022 – 242) with a closing position of 240 outlets (2022 – 235), broadly in line with our expectations. Outlet growth during the year has been achieved because of our front-footed approach to investment prior to financial year 2023, and has been secured notwithstanding a challenging planning environment, which is fraught with delays.

In general, there remains good availability of mortgage products, although lenders' re-pricing activity in response to changes in the Bank of England base rate has affected the shorter-term availability of mortgage finance at certain points during the year. Affordability has been impacted by the increase in mortgage interest rates, which more than offset the effect of wage increases. Consequently, while average mortgage payments as a percentage of take-home pay are currently within historical norms, they remain elevated compared to the levels over the last decade and we expect this to continue to weigh on reservation rates in the near-term.

During the year we have continued to see relatively healthy levels of underlying demand from second-time buyers, which accounted for 63.8% of private reservations (2022 – 59.4%). The impact of rising interest rates, however, has been particularly acute for customers requiring a higher loan-to-value mortgage, and for first-time buyers this has been exacerbated by the expiry of Help-to-Buy in England in March 2023. Sales to investors have remained low and represented around 1% of total reservations (2022 – 1%). In the year ahead, to support construction programmes and operational efficiency, the Group will continue to consider investor sales on a disciplined basis, particularly at larger sites and slower selling outlets.

Overall headline pricing remained robust across our regions, although the rise in customer borrowing costs in the year has required our sales teams to increase the use of targeted incentives on certain sites to secure reservations. The use of selling incentives generally increased through the summer of 2023 and in order to encourage further sales, we expect this trend to continue in the current financial year. Customer demand was generally more resilient where affordability remains good in the context of the local market and in areas with healthy employment levels. These factors, together with our land investment in recent years, have particularly benefitted our divisions in Manchester, the East Midlands and Northern Homes Counties, which were notable strong performers.

## Strong land bank provides near-term flexibility and a platform for long-term volume growth

Bellway has a strong and high-quality land bank which has enabled our land teams to remain highly selective in the current economic environment, without hindering the Group's long-term growth ambitions. The land bank has been enhanced in recent years by the proactive investment in new sites from the summer of 2020, when overall activity in the land market was depressed following the onset of COVID-19.

Given the cyclical nature of the housebuilding industry, maintaining Bellway's financial strength forms the foundation of our capital allocation policy, and enables the Group to swiftly respond to attractive land opportunities when they arise. Ongoing disciplined investment in land will be essential to achieving our strategic priority of long-term volume growth, and our value-driven approach to capital allocation is regularly reviewed by the Board to ensure an optimal balance between land investment and capital returns.

Our cautious and targeted approach to investment and rigorous approval process remains focused on securing land interests which offer compelling and enhanced financial returns and where possible, have significant flexibility in the contract terms. There is a well-established Group-wide oversight for land approval at Bellway which ensures we focus our investment resource in the areas of strongest demand. As part of this disciplined process, all contracted sites are assessed by our divisional teams and again by the Group's Head Office land acquisition team, which in order to optimise the margin, challenges acquisition assumptions and reviews layouts and engineering designs.

Bellway's experienced land teams continue to engage with vendors although, as previously guided, overall plots contracted have been significantly lower than the prior two financial years. During the year, the Group contracted to purchase 4,715 plots<sup>4</sup> (2022 - 19,089 plots) across 35 sites<sup>4</sup> (2022 - 107 sites) with a total contract value of £378.2 million<sup>4</sup> (2022 - £1,300.3 million). We have also continued to review previously contracted land and decided not to proceed with the purchase of 886 plots across 4 previously approved sites.

The table below analyses the Group's land holdings:

	2023	2022
DPP: plots with implementable detailed planning permission	32,229	32,344
Pipeline: plots pending an implementable DPP	21,400	28,800
<b>Bellway owned and controlled plots</b>	<b>53,629</b>	<b>61,144</b>
Bellway share of land owned and controlled by joint ventures	935	962
<b>Total owned and controlled plots</b>	<b>54,564</b>	<b>62,106</b>
Strategic land holdings	43,600	35,600
<b>Total land bank<sup>5</sup></b>	<b>98,164</b>	<b>97,706</b>

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A street scene from our Parson Croft development in Hull.

Since the early stages of the COVID-19 pandemic, the planning system has been impacted by staffing and resource shortages at local authorities and exacerbated by the uncertainty caused by the proposed reforms to the Government's National Planning Policy Framework. In addition to these delays, the sector has been tasked with accommodating the increasing regulations around water and nutrient neutrality, and biodiversity. Bellway's Head of Biodiversity is leading on this area and working with our land teams to help the Group navigate the associated complexities.

As noted earlier, the Group operated from an average of 238 outlets in the year (2022 - 242) with 240 active outlets at 31 July 2023 (2022 - 235). Reflecting the robust volume output and lower level of land buying during the year, Bellway's owned and controlled land bank has decreased yet remains strong at 53,629 plots (2022 - 61,144 plots). This represents a land bank length of 4.9 years (2022 - 5.5 years) when based on the last 12 months' legal completions.

Within our land bank we have 32,229 plots (2022 - 32,344 plots) with an implementable detailed planning permission ('DPP') and our pipeline land bank comprises 21,400 plots (2022 - 28,800 plots). The reduction in the number of pipeline plots reflects our lower land activity and several pipeline sites receiving an implementable DPP in the year. As the Group's pipeline plots achieve planning permission, they will provide further support for our plans to grow outlet numbers in the years ahead.

We have good visibility on the expected timing of near-term planning decisions and, notwithstanding the risks of further planning delays in the run up to next year's General Election, we currently expect to open up to 80 new outlets (2023 - 70) in financial year 2024. Overall, the Group is well-positioned to increase the average number of outlets by around 3% during the year to 31 July 2024, with the outcome also dependent on sales rates and therefore the number of outlets closing during the year.

The proactive and disciplined land investment in recent years positions us well to help offset planning headwinds and begin to reverse the reduction in outlet numbers that has affected the wider industry. This will help mitigate the effects of a slower sales market and we are targeting a further increase in outlet numbers by the end of financial year 2025 and beyond.

## Chief Executive's Market and Operational Review continued

Overall, the depth of our land bank will allow the Group to continue with a highly selective approach to land buying in the year ahead. We will remain cautiously active by assessing sites with compelling returns, however, given the uncertain market backdrop we currently expect to contract a limited number of plots in financial year 2024. We will maintain financial discipline and as we demonstrated in summer 2020, our balance sheet strength also provides the Group with the flexibility to respond to changes in the market, increase investment and capitalise on growth opportunities when they arise.

### Strategic land investment to further support our long-term growth ambitions

There has been further growth in our strategic land bank during the year, which has enhanced our overall land supply for a relatively low initial capital outlay. Bellway's longer-term land opportunities are primarily sourced through option agreements by the Group's dedicated strategic land function, with commercial terms that will reflect future market values and conditions, while also allowing for prevailing planning policy requirements at the time of acquisition.

The Group's experienced strategic land team is focused on promoting and delivering sustainable sites through the planning system, and is adept at navigating emerging planning policies and other legislative changes. To complement our team of land specialists, Bellway also has an ongoing programme of structured graduate training which will ensure the continued success of the function.

Our land sourcing was enhanced in October 2022 when the Group completed the acquisition of a strategic land company, focused on the South East and Midlands regions. The total consideration was £25.4 million and as part of the transaction, Bellway acquired promotion agreements in relation to around 6,000 potential plots. During the year and including the benefit of this acquisition, the Group entered into option and promotion agreements to buy 71 sites (2022 – 46 sites). As at 31 July 2023 the strategic land bank comprised 43,600 plots (2022 – 35,600 plots) and has grown by around 60% over the last three years (31 July 2020 – 27,300 plots).

Overall, the Group's ongoing investment in strategic land continues to provide balance sheet efficiency and financial flexibility through the use of option and promotion agreements, while also supporting our longer-term growth prospects, with plots usually expected to obtain planning permission over a period of five years or more.

### Range of brands for our broad customer base

Bellway continues to operate under three distinctive brands – Bellway, Ashberry and Bellway London. Our core Bellway brand remains the foundation of the business and contributed 83.8% of legal completions (2022 – 83.7%).

Ashberry is primarily used on larger sites, alongside our Bellway brand, where there is capacity and market demand for two selling outlets. The use of two brands provides customers with greater choice through a wider range of elevations and internal layouts. This can drive higher sales rates and RoCE, while also acting as a mitigant to slower market conditions. Reflecting this approach, Ashberry represented a growing proportion of our active selling sites during 2023 and was used in 11.2% of completions (2022 – 8.6%).

Bellway London is marketed as a standalone brand for our operations across the Capital where our product range, specification and customer approach to buying a home differs to other parts of the country. The Group has intentionally reduced its London exposure in recent years due to relative affordability constraints, and the brand contributed 5.0% of completions (2022 – 7.7%), the large majority of which were apartments. Our strategy in London remains focused on the more affordable outer transport zones and, primarily due to changes in mix, the total average selling price of our Bellway London completions reduced to £347,669 (2022 – £389,684), an affordable level in the context of the Capital's residential market.

### Production and cost control

During the year, average overall build cost inflation was in the range of 9% to 10%, with the increase driven by both labour and materials. We experienced upward pressure on subcontract labour costs, reflecting both underlying wage inflation and the elevated level of construction activity required to deliver our robust volume output. Overall materials inflation was also driven by building materials manufacturers' own labour cost pressures together with the pass through of previously elevated energy prices. In the second half of the financial year, the combined effect of the fall in energy costs from their peak in summer 2022 and lower industry order books led to a slight moderation in cost rises.

Bellway has well-established relationships with its supply chain and subcontract partners and together with our strong commercial disciplines and controlled approach to production expenditure, some of the underlying build cost pressures have been alleviated. The Group's programme of accelerating the construction of social homes has also provided good visibility on pipeline work and remained beneficial when negotiating new labour and materials pricing.

The increased use of our Artisan Collection house-types has delivered a range of benefits across the Group, including improved site layouts, national procurement deals and our subcontractors becoming more familiar with the range. To drive further efficiency, and reflecting several value-engineering initiatives, we have rationalised the Artisan range since its launch in 2018 and the house-types have been plotted across a total of 49,000 plots (2022 – 43,000 plots) on 355 developments (2022 – 295 developments). As a result of this approach, the proportion of Artisan homes within Group completions rose to 45% of total completions in financial year 2023 (2022 – 26%) and we expect further growth in the current year. As part of our strategy, we are also increasing the use of timber-frame construction across the Group, further details of which are covered in the 'Better with Bellway' section of this report.

The industry-wide reduction in reservation rates and order books has impacted demand for construction materials and as the year progressed, this resulted in an improving trend of product availability across the Group. Bellway's experienced procurement teams continue to work closely with our wide range of supply chain partners, and where necessary, we have sourced alternative products whilst maintaining the high standard of our homes.



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Homes at Bellway's Whitehouse Park development in Milton Keynes, Buckinghamshire.

Since early 2023, build cost inflation has moderated and the visibility on costs has also improved as, following a period of temporary energy surcharges and short-term price fluctuations, many suppliers are reintroducing normalised fixed price periods of between 9 and 12 months. As weaker industry sales rates continue to feed through to lower levels of construction activity, the Group expects overall build cost pressures to ease further in the months ahead.

Beyond this financial year, as the industry works towards building to the requirements of the Future Homes Standard, our Artisan Collection standard house-types and centralised approach to design, procurement and site layout reviews will continue to help the Group maintain efficiency and mitigate cost pressures.

To protect the long-term health of the business, we continue to focus on maintaining balance sheet resilience and tight control over production expenditure. As previously announced, given the weaker trading backdrop, we have taken steps to reduce headcount across the Group, which has unfortunately led to job redundancies and the closure of two divisional offices. As part of this process, the sites of the closed divisions have been transferred to neighbouring divisions, where their ongoing development will be managed by our experienced teams. Importantly, these changes will not compromise the Group's ability to return to growth when trading conditions improve.

### Recent trading

The combination of strong volume output and lower reservation rates during the year led to a reduction in the value of the forward order book at 31 July 2023. This comprised 4,411 homes (2022 - 7,223 homes) and had decreased in value by 43.6% to £1,193.5 million<sup>2</sup> (2022 - £2,114.3 million).

Since the start of the new financial year customer demand continues to be affected by mortgage affordability constraints, with reservations below the comparative rates in the prior year. Overall, headline pricing has remained firm, although targeted incentives continue to be used to attract customers and secure reservations.

In the nine weeks since 1 August, overall weekly reservations were 133 per week (1 August to 2 October 2022 - 191) and the private reservation rate was 99 per week (1 August to 2 October 2022 - 136). The private reservation rate includes a bulk disposal to a private rental sector investor, on compelling financial terms, comprising 71 homes (1 August to 2 October 2022 - nil). The private reservation rate per site per week in the period was 0.41 (1 August to 2 October 2022 - 0.58), including a contribution of 0.03 (1 August to 2 October 2022 - nil) from the bulk disposal.

Reflecting recent trading and our construction programmes, the forward order book has increased slightly since the financial year end and comprised 4,636 homes as at 1 October (2 October 2022 - 7,257 homes), of which 71% were exchanged (2 October 2022 - 71%). The order book had a value of £1,232.3 million<sup>2</sup> as at 1 October (2 October 2022 - £2,093.8 million).

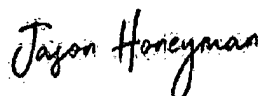
### Outlook

The stubborn inflationary environment and resulting increase in mortgage interest rates over the last year continues to impact affordability and customer demand. Against this backdrop, Bellway is well-placed to deliver growth in outlets, however, given the reduced order book and prevailing lower reservation rates, there will be a material reduction in volume output in the current financial year.

Based on an average weekly private reservation rate of 0.46 achieved in financial year 2023, the Group is targeting to deliver completions of around 7,500 homes (2023 - 10,945 homes), and to end the year with a higher order book (2023 - 4,411 homes) to serve as a platform for a return to growth in financial year 2025. The Board notes however, that a wider than usual range of outcomes are possible, and the final volume outturn will depend on the trajectory of mortgage interest rates and the strength of demand in the autumn and spring selling seasons.

While current trading is challenging, we have been encouraged by the more recent fall in UK Consumer Price Inflation. If this trend continues, there are grounds for cautious optimism that this could lead to a moderation in mortgage interest rates and an improvement in customer demand.

Over the long term, Bellway's divisional structure has significant capacity to deliver sustainable volume growth. The Group's balance sheet and operational strengths combined with the depth of our land bank provide an excellent platform for Bellway to capitalise on future growth opportunities when they arise, and to ensure ongoing value creation for our shareholders.



**Jason Honeyman**  
Group Chief Executive

16 October 2023

Group Finance Director's Review

# Focused on stable value creation

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“The Group’s commercial disciplines and proactive management of site-based overheads helped mitigate some of the headwinds faced in the challenging operating environment during the year.”

Keith Adey  
Group Finance Director

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## Trading performance

In a challenging market, the Group has delivered robust housing revenue of £3,396.3 million (2022 – £3,520.6 million), representing a 3.5% reduction on the prior year. Other revenue was £10.3 million (2022 – £16.2 million) and comprises ancillary items such as a land sale, commercial sales and management fee income earned on our joint venture schemes. Total revenue was 3.7% lower at £3,406.6 million (2022 – £3,536.8 million).

The table below shows the number and average selling price of homes completed in the year, analysed geographically, between private and social homes:

Homes sold (number)						
	Private		Social		Total	
	2023	2022	2023	2022	2023	2022
North	<b>4,453</b>	4,637	<b>1,020</b>	817	<b>5,473</b>	5,454
South	<b>3,713</b>	4,503	<b>1,759</b>	1,241	<b>5,472</b>	5,744
<b>Group</b>	<b>8,166</b>	9,140	<b>2,779</b>	2,058	<b>10,945</b>	11,198

Average selling price (£000)						
	Private		Social		Total	
	2023	2022	2023	2022	2023	2022
North	<b>331.1</b>	312.1	<b>131.7</b>	118.7	<b>293.9</b>	283.1
South	<b>392.4</b>	387.3	<b>188.0</b>	187.5	<b>326.7</b>	344.1
<b>Group</b>	<b>359.0</b>	349.1	<b>167.3</b>	160.2	<b>310.3</b>	314.4

Volume output was supported by the strong order book at the start of the financial year, and notwithstanding the reduction in reservation rates during the year, total completions reduced by only 2.3% to 10,945 homes (2022 – 11,198). Due to our build programmes and relative affordability constraints affecting customer demand in some areas in the South, the Group's private output in this region reduced by 17.5% to 3,713 homes (2022 – 4,503 homes). Overall private output reduced by 10.7% to 8,166 homes (2022 – 9,140 homes) and was partly offset by the accelerated construction of social housing homes. This resulted in the proportion of social completions increasing to 25.4% of the total (2022 – 18.4%). We have good visibility on our near-term build programmes and given the lower private order book and prevailing sales rates, we expect a further increase in the proportion of social homes in the current financial year.

The Group's volume output had a broadly even contribution from divisions located in the North and South of the country. Each of our four strongest operating divisions delivered in excess of 700 completions, all of which demonstrated the capability of a well-run, mature division. While total completions will be lower in the current financial year, all our divisions have capacity for future growth and Bellway's high-quality land bank and experienced teams will help to drive a recovery in volume output over the medium term.

The overall average selling price was £310,306 (2022 – £314,399), and this modest 1.3% reduction was primarily driven by the lower proportion of private completions. The overall average selling price in the year ending 31 July 2024 is currently expected to be around £295,000 with the moderation from the level in the prior year reflecting a further increase in the proportion of social homes and a continued use of incentives, together with geographic and mix changes.

## Underlying operating performance

The Group's commercial disciplines and proactive management of site-based overheads helped mitigate some of the headwinds faced in the challenging operating environment during the year. Notwithstanding this, the impact of build cost inflation, extended site durations because of slower reservation rates and the increased use of targeted sales incentives led to a 210 basis point reduction in the underlying gross margin to 20.2%<sup>2,3</sup> (2022 – 22.3%). As a result, underlying gross profit decreased by 12.7% to £687.3 million<sup>2,3</sup> (2022 – £787.0 million).

Other operating income and expenses, which net to an expense of £1.2 million (2022 – £0.2 million net income), relate to the running of our part-exchange programme. Part-exchange activity remained low and was used for only 1.7% of completions (2022 – 1.1%), with a balance sheet investment as at 31 July 2023 of £18.0 million (2022 – £5.4 million). The Group has strong controls around the use of part-exchange as a selling tool, and we have the financial capacity to increase its use in the year ahead, in a disciplined manner, if market conditions require it.

The administrative expense was £142.2 million (2022 – £134.0 million), and the increase of 6.1% reflects underlying cost inflation, rises in pay and employee benefits and a full year of overhead costs for our Building Safety division. As a proportion of revenue, administrative expenses were 4.2%<sup>2</sup> (2022 – 3.8%).

Given the uncertain outlook, we have conducted a review of overheads during the year and continued with a freeze on recruitment. Two operating divisions have also been closed as part of our wider workforce planning, and it is anticipated that this difficult decision will result in a headcount reduction across the Group of around 5%. In the current financial year, we will maintain a sharp focus on costs, and due to ongoing underlying cost and salary inflation, we expect full year administrative expenses to be similar to the prior year.

The underlying operating margin for the full year decreased by 250 basis points to 16.0%<sup>2,3</sup> (2022 – 18.5%). In the near term, we anticipate headwinds from lower volume output, ongoing pressures of cost inflation and the use of sales incentives to persist. Overall, we expect these factors, together with the effect of extended site durations, to lead to a reduction in the underlying operating margin<sup>2,3</sup> of at least 600 basis points in the current financial year.

As future growth opportunities arise, overhead recovery will improve, and we will continue with our disciplined approach to land investment and cost management. Together with the support of stable conditions in the housing market, the Board believes an underlying operating margin in the mid-to-high-teens<sup>2,3</sup> is sustainable over the longer-term.

## Adjusting item: Net legacy building safety expense

Bellway continues to act responsibly with regards to building and resident safety, and this is reflected by the significant resource and funding the Group has committed to remediate its legacy apartments.

During the year, the Group signed the SRT with the DLUHC and has been confirmed as a member of the RAS by the DLUHC. We have also signed up to the Welsh Government Building Safety Developer Remediation Pact and the Scottish Safer Buildings Accord, reinforcing our responsible UK-wide approach to legacy building safety.

## Group Finance Director's Review continued

In total, for the year ended 31 July 2023 Bellway set aside a net £49.6 million (2022 – £346.2 million) for legacy building safety improvements. The table below shows the primary components of the net adjusting charge, split by half year and together with the full prior year comparative:

	H1 2023 £m	H2 2023 £m	FY 2023 £m	FY 2022 £m
SRT and associated review – cost of sales expense	53.0	5.1	58.1	347.0
SRT and associated review – cost of sales recoveries	(50.0)	-	(50.0)	(2.8)
Structural defects – cost of sales expense	-	30.5	30.5	-
<b>Net cost of sales</b>	<b>3.0</b>	<b>35.6</b>	<b>38.6</b>	<b>344.2</b>
SRT and associated review – finance expenses	3.2	7.8	11.0	2.0
<b>Total net legacy building safety expense</b>	<b>6.2</b>	<b>43.4</b>	<b>49.6</b>	<b>346.2</b>

In the first half of financial year 2023, the Group recognised a net adjusting charge of £6.2 million, including one-off cost recoveries of £50.0 million which had been pursued for several years across a number of sites. In the second half, the net adjusting charge was £43.4 million and included an adjusting finance expense of £7.8 million which was in line with previous guidance.

The second half charge includes £35.6 million provided through cost of sales, of which £5.1 million reflects the refinement of overall cost estimates in relation to the SRT and associated review. It also comprises a £30.5 million structural defects provision in relation to an isolated design issue identified with the reinforced concrete frame of an apartment scheme built 12 years ago in Greenwich, London. We intend to seek recoveries from the entities involved in the development of the Greenwich apartment scheme, however, given the complexity of this process, these have not yet been recognised as an asset.

The Group is carrying out a review of other buildings constructed by, or on behalf of Bellway, where the same third parties responsible for the design of the frame in the Greenwich development have been involved. To date, no other similar design issues with reinforced concrete frames have been identified.

The total amount Bellway has set aside for legacy buildings in England, Scotland and Wales since 2017 is £613.3 million, with a remaining provision of £508.2 million at 31 July 2023. Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

The development of remediation strategies is a complex exercise, involving many third parties, and there is often a requirement to obtain planning and regulatory approval before works commence. Against this backdrop and despite the changes to regulations through the year, the Group's dedicated Building Safety division has made further progress with remediation. Work is now completed on 9 developments, underway on 12 developments and works are due to commence on a further 2 developments in the first half of the current financial year.

Looking ahead, while the precise timings of cash outflows for building safety improvements are uncertain, the SRT has set out the standards required for internal and external works on legacy buildings, therefore providing greater clarity for future remediation. In the current financial year, we anticipate a cash outflow for building safety to be in the range of £60 million to £80 million (2022 – £32.9 million).

Bellway has a strong, well-capitalised balance sheet with net cash of £232.0 million<sup>2</sup>, a net asset value of £3,461.6 million and committed debt facilities of £530 million as at 31 July 2023. In this regard, the Group is well-placed to meet its commitments for legacy building remediation and importantly, the expected level and timings of the costs will not be detrimental to our long-term strategic priorities.

### Operating profit

After taking the cost of sales adjusting items into consideration, total operating profit increased by 63.5% to £505.3 million (2022 – £309.0 million).

### Net finance expense

The net finance expense was £20.9 million<sup>2</sup> (2022 – £14.1 million) and comprises an underlying net interest expense of £9.9 million<sup>2,3</sup> (2022 – £12.1 million) and as highlighted earlier, an adjusting finance expense of £11.0 million (2022 – £2.0 million) in relation to the unwinding of the discount on the SRT and associated review provision. During the year, a higher discount rate was applied to the provision due to the rise in gilt rates, and this was the primary driver of the increase in the adjusting finance expense.

The underlying net finance expense principally includes notional interest on land acquired on deferred terms, interest on the Group's fully drawn US Private Placement ('USPP') loan notes and bank interest. Notional interest on land acquired on deferred terms was £13.1 million (2022 – £7.3 million), with the increase largely reflecting the rise in interest rates. The interest charge on the fixed rate USPP debt was £3.4 million (2022 – £3.4 million). Net bank interest income, which includes interest receivable on cash balances, commitment fees and refinancing costs, was £4.4 million (2022 – £2.0 million net expense) and again, this reflects the rise in interest rates in the period.

Based on prevailing interest rates, the net underlying interest expense in financial year 2024 is currently expected to be around £10 million<sup>2,3</sup>.

The adjusting finance expense in relation to the discount unwind of the legacy building safety improvements provision is subject to a range of assumptions, and based on the 31 July 2023 forward looking discount rate, we currently anticipate an adjusting expense of under £10 million in the first half of financial year 2024. The expense in the second half of the year will, in part, be dependent upon the movement in gilt rates.

### Share of results of joint ventures

Our share of loss from joint ventures was £1.4 million (2022 – £9.3 million share of profit). The movement in the year primarily reflected a lower number of completions as a previously active development came to an end. In the year to 31 July 2024, we anticipate a modest loss of around £4 million for our share of results from joint ventures, with this driven by higher interest rates on a longer-term scheme.

## Profit before taxation

Underlying profit before taxation was 18.1% lower at £532.6 million<sup>23</sup> (2022 – £650.4 million). Reported profit before taxation increased by 58.8% to £483.0 million (2022 – £304.2 million), with the decrease in underlying profitability more than offset by the lower net legacy building safety expense in the year.

## Taxation

The income tax expense was £118.0 million (2022 – £61.6 million), reflecting an effective tax rate of 24.4% (2022 – 20.2%). The effective tax rate increased in the period, following the full year effect of the Residential Property Developer Tax ('RPDT'), which was introduced in April 2022 and charged at a rate of 4% of relevant taxable profits.

In addition, the increase in the standard rate of UK corporation tax to 25% in April 2023 has contributed to the rise in the tax rate and its full year effect means that the Group's effective tax rate is expected to approach 29% in financial year 2024.

## Profit for the year

The underlying profit for the year decreased by 22.4%, to £402.2 million<sup>23</sup> (2022 – £518.5 million) and underlying earnings per share was 22.0% lower at 328.1p<sup>23</sup> (2022 – 420.8p).

After considering taxation charged at the increased effective rate and the lower net legacy building safety expense, reported profit for the year rose by 50.5% to £365.0 million (2022 – £242.6 million). Basic earnings per share ('EPS') increased by 51.2% to 297.7p (2022 – 196.9p).

## Net cash and financial position

Bellway has maintained a strong balance sheet and ended the year with net cash of £232.0 million<sup>2</sup> (2022 – £245.3 million), representing an ungeared<sup>2</sup> position (2022 – ungeared). Average net cash was £192.0 million<sup>2</sup> (2022 – £223.9 million), demonstrating the resilience of the financial position throughout the year.

Cash expenditure on land, including payment of land creditors, was £467 million (2022 – £1,090 million), primarily comprising cash payments on contracts approved in the previous two financial years. Committed land obligations remain modest and following further analysis of the Group's land creditor contracts, we now assess the year-end balance to be £368.8 million (2022 – £393.4 million). This represents low adjusted gearing, inclusive of land creditors, of only 4.0%<sup>2</sup> (2022 – 4.4%).

In addition to the net cash position, the Group has access to significant levels of committed, medium and long-term debt finance, totalling £530 million. This comprises undrawn bank facilities of £400 million and £130 million of fully drawn sterling USPP loan notes, which have maturity dates that extend in tranches to February 2031. We remain focused on preserving Bellway's balance sheet resilience and notwithstanding a lower anticipated volume output and profit, we expect to maintain an average net cash balance in the year ahead.

## Strong balance sheet

The Group's well-capitalised balance sheet principally comprises amounts invested in land and work-in-progress, with total inventories increasing by 3.4% to £4,575.6 million (2022 – £4,423.6 million). The carrying value of land was 7.5% lower at £2,578.8 million (2022 – £2,786.4 million) and the reduction was primarily driven by a fall in the number of

pipeline plots, following a period of lower land activity and several pipeline sites gaining an implementable detailed planning permission during the year.

Work-in-progress increased by 22.1% to £1,861.6 million (2022 – £1,524.8 million) with the higher balance reflecting underlying build cost inflation and our investment in site infrastructure and early-stage foundation work, in preparation for site openings in the year ahead. While this provides a platform for outlet growth to help mitigate a slower sales market, work-in-progress rose to 54.8% (2022 – 43.3%) as a proportion of housing revenue, and we expect a further increase in the current financial year, principally due to an anticipated lower volume output.

In relation to its legacy, defined benefit pension scheme, the Group had a retirement benefit asset of £2.5 million (2022 – £7.1 million) at 31 July 2023, reflecting an ongoing commitment to fund this future, long-term obligation.

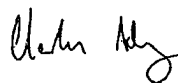
## Ongoing value creation

During the year, the Group's net asset value rose by 2.8% to £3,461.6 million (2022 – £3,367.8 million). The increase was mainly driven by profit for the year of £365.0 million being partly offset by cash dividend payments of £171.7 million, and after accounting for the £100 million irrevocable share buyback programme announced on 28 March 2023. The uplift in net asset value combined with the effect of the share buybacks undertaken during the year resulted in a 5.3% increase in NAV per share to 2,871p<sup>2</sup> (2022 – 2,727p).

The Board recognises the value creation opportunity presented by additional share buybacks and reflecting our disciplined approach to capital allocation, we will continue to review the Group's cash requirements as trading evolves in the year ahead.

Underlying post-tax return on equity was 11.7%<sup>23</sup> (2022 – 15.4%) and underlying RoCE was 15.8%<sup>23</sup> (2022 – 19.4%), or 14.3%<sup>23</sup> (2022 – 17.4%) when including land creditors as part of the capital base. The moderation in these returns metrics was predominantly driven by the lower underlying operating margin, and a further reduction is expected in the current financial year given an anticipated lower volume output and underlying operating profit. Looking beyond the near-term and given Bellway's financial strength and high-quality land bank, the Board is confident that through improvements in both asset turn and operating margin, the Group can deliver a normalised, longer-term recovery in underlying RoCE to between 15%<sup>23</sup> and 20%<sup>23</sup>.

Over the longer-term, our current land bank alongside disciplined investment in new land is essential to drive volume output, to ensure the continued success of the Group and to generate NAV growth. To support this future investment, we will maintain our financial strength and the Board remains sharply focused on delivering against the Group's strategic priorities to generate ongoing value creation for shareholders.



**Keith Adey**  
Group Finance Director

16 October 2023

## Better with Bellway Overview

# A responsible and sustainable approach to our business

Bellway has been building exceptional quality new homes throughout the UK for more than 75 years, creating outstanding properties and communities in desirable locations. We operate in a responsible and sustainable way, but also recognise the growing importance of understanding the impact our business has.

### Our flagship business priorities

graphic removed

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### Customers and Communities

➔ Read about how we are engaging in our communities on pages 43 and 44.

## Better with Bellway vision

### Mapping key sustainability topics with business priorities

#### People

#### Customer First

#### Diversity and Inclusion

#### Building Safely

#### Upskilling Workforce

### Business priorities

graphic removed

#### Customers and Communities

Putting customers and communities at the heart of everything we do.

graphic removed

#### Employer of Choice

Creating an environment that our colleagues can thrive in.

graphic removed

#### Building Quality Homes, Safely

Quality and safety first for everyone.

We place sustainability at the heart of our business, it is fully integrated into our day-to-day and long-term business strategy. Our Better with Bellway strategy, which launched in March 2022, embodies our approach to responsible and sustainable business practice, with our eight strategic business priorities designed to help Bellway thrive, now and into the future. They put our long-term commitment to responsible and sustainable practice at the core of our operational strategy.

Our sustainable approach is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'. Putting people first is about building quality homes, safely, and extending that commitment to safety and sustainability

into the supply chain, we work closely with our partners to achieve this. Fundraising for charities and encouraging our colleagues to volunteer puts people and community at the heart of our business.

Putting the planet first means delivering on our commitment to build low carbon homes, reducing our own carbon footprint and considering our customers' carbon footprint. We rethink and reduce our use of resources to avoid waste, minimise energy and water usage whilst also sourcing materials responsibly. It also means taking a positive view of biodiversity so that our developments can leave a lasting legacy.

graphic removed

### Employer of Choice

➔ Read about our commitment to being a diverse and inclusive employer on pages 46 and 47.

graphic removed

### Carbon Reduction

➔ Read about the work we have started to deliver lower carbon and energy efficient homes on pages 49 to 52.

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## Planet

**Modern Slavery**

**Charitable Giving**

**Low Carbon Homes**

**Resource Efficiency**

**Biodiversity**

**Responsible Sourcing**

**Carbon Footprint**

graphic removed

**Sustainable Supply Chain**

Driving sustainability through long-term partnerships.

graphic removed

**Charitable Engagement**

Giving, to build better lives.

graphic removed

**Carbon Reduction**

Delivering low carbon homes.

graphic removed

**Resource Efficiency**

Designing out waste by building better.

graphic removed

**Biodiversity**

Protecting and preserving nature.

## Better with Bellway Overview continued

### Sustainability strategy

We initially reviewed our corporate responsibility in 2021, with the objective of creating an integrated strategy that would go above and beyond the traditional Environmental, Social and Governance ('ESG') and corporate responsibility topics, to align itself with our commercial strategy. This helped us form our Better with Bellway strategy. Using the results from a materiality assessment and strategic analysis, we identified the key strategic sustainability themes for the business.

A full summary of the work undertaken to help us form this strategy can be viewed in our Better with Bellway strategy report available on our website ([sustainability.bellwayplc.co.uk](https://sustainability.bellwayplc.co.uk)).

The Better with Bellway strategy addresses our key sustainability risks and opportunities, enabling us to set ambitious goals and KPIs to help drive and embed sustainability within Bellway, and continuing to build stakeholder trust.

To ensure the strategy is fully integrated into Bellway's business operations, we have framed it around our Better with Bellway vision of putting people and the planet first. Sustainability issues are grouped under key business priority areas where we can make the most positive difference in terms of sustainable and responsible business practices.

Of the eight business priority areas (see pages 43 to 62), we identified three as flagship – Customers and Communities; Employer of Choice; and Carbon Reduction. These are the areas Bellway can make the most significant beneficial impacts.

The strategy will now be overseen by the new Sustainability Committee who manage sustainability at a strategic level, oversee the development of the strategy, objectives, targets, report to the Board and engage with key external stakeholders.

The Group Production Managing Director and Group Head of Sustainability then lead the Better with Bellway Steering Group, made up of senior leaders who hold responsibility for the eight business priorities of Better with Bellway. This steering group co-opt business sponsors from across Bellway who are responsible for implementing projects at a functional and departmental level, to deliver on the agreed sustainability objectives as well as embedding sustainability into business as usual activities.

The Steering Group reports into the Leadership Group, attended by the Group Finance Director and Group General Counsel and Company Secretary, which in turn is overseen by the Sustainability Committee.

### Reporting frameworks

We have developed the Better with Bellway targets and KPIs with a view to meeting the requirements of two ESG reporting frameworks that were identified as most relevant to our investors:

- Sustainable Accounting Standards Board ('SASB'), see pages 91 to 95 for further detail; and
- United Nations Sustainable Development Goals ('SDGs'), integrated into this section under each business priority area.

This will provide investors with greater clarity of Bellway's sustainability strategy and credentials and, while we accept that there are some areas for improvement where we have yet to set a relevant target or KPI, Better with Bellway is designed to be an evolving strategy which we will revisit on a regular basis and, where appropriate, add additional KPIs that can add value to the business.

We will monitor the relevance of EU Sustainable Finance Disclosure Regulation ('SFDR') to our investors and will align our reporting as required, as well as looking at reporting against the Global Reporting Initiative ('GRI') new 2021 standards in the future.

We continue to contribute to the Carbon Disclosure Project's ('CDP') Climate Change and Forests programmes. Our latest scores were 'Awareness - C' for Climate Change and 'Awareness - C' for Forest, in line with the CDP programme global average.

We have benchmarked our Better with Bellway strategy where it aligns with the SDGs.

The SDGs are a collection of 17 interlinked global goals designed to be a 'shared blueprint for peace and prosperity for people and the planet, now and into the future'. With a 2030 deadline set for the SDGs, we recognise that our sustainability strategy needs to contribute to rapid action and improvement.

As part of our sustainability strategy, we aim to support progress on the SDGs, and all of the eight Better with Bellway business priorities were mapped against the 17 SDGs and the 169 targets that sit within them.

## Targets and KPIs

As part of our Better with Bellway strategy, we have developed a set of short, medium, and long-term sustainability targets and corresponding KPIs under each business priority that will enable Bellway to turn our sustainability strategy into action. Each set of targets and KPIs have been developed in consultation with the relevant business sponsors who have responsibility for each of the eight business priority areas. They underpin the Better with Bellway sustainability strategy and are reviewed on an annual basis to ensure they are the most suitable targets to help us to continue to deliver on the overall aims and objectives.

The KPIs are designed to provide a high-level snapshot of performance within each area, and in some cases are aligned to notable ESG rating indices.

A headline target has been set for each business priority area. These headline targets reflect the vision for the relevant business priority and are normally at least two years in duration, allowing us to deliver sustained improvement in the area in question. They allow the Better with Bellway strategic vision to be easily communicated to stakeholders and are reported as principal KPIs in this report (see pages 12 and 13).

## Our key achievements in 2022/23

FY23 saw the second year of progress against our Better with Bellway targets. In total we had 47 external targets spanning the eight business priority areas of which 16 have already been achieved, 21 are in progress and 10 have been missed or re-evaluated where business priorities have changed or the planned objectives have been delivered via other means. Full details of target performance can be found under the relevant Better with Bellway business priority sections.

✓	<b>16</b> targets achieved
→	<b>21</b> targets in progress
✗	<b>10</b> targets missed

## Flagship business priorities headline KPIs

graphic removed

### Customers and Communities

Achieved our

**5-star<sup>6</sup> homebuilder status**

for the seventh consecutive year running, recording a Recommend a Friend score of

**91.1%**

(2022 – 93.6%)

logo removed

graphic removed

### Employer of Choice

Implemented our fourth Employee Engagement Survey, achieving an average 'a great place to work' engagement score over a 3-year period.

**91%**

(2022 – 93%)

graphic removed

### Carbon Reduction

Achieved a

**35.6% reduction**

in our scope 1 & 2 emissions against the baseline. Our science-based target is a 46% reduction by 2030

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## Better with Bellway Overview continued

### Key highlights from the year

graphic removed

Achieved a reduction of

**10%**

in absolute terms in our scope 1 and 2 carbon emissions (tonnes CO<sub>2</sub>e) against FY22.

graphic removed

Maintaining our focus on our waste diversion rate running to

**99.5%**

(2022 – 99.5%).

graphic removed

Introduced a Volunteering Policy across the Group, enabling employees to donate

**1 paid day to volunteer**

for a good cause of their choice.

graphic removed

Achieved our

**5-star<sup>6</sup> homebuilder status**

for the seventh consecutive year running, recording a 'Recommend a Friend' score of 91.1% (2022 – 93.6%)

graphic removed

Delivered plans to facilitate

**10%**

biodiversity net gain on new developments submitted for planning from July 2023.

graphic removed

Increased the proportion of REGO electricity we procure to

**78.4%**

across the year saving 3,109 tonnes of carbon from entering the atmosphere.

graphic removed

Completed our

**'Future Home'**

in the University of Salford Energy House 2.0 facility to test innovations in building materials and new technologies that will form part of our Future Homes Standard specification in 2025.

graphic removed

Implemented our fourth

**Employee Engagement Survey**

achieving an average 'a great place to work' engagement score over a three-year period of 91% (2022 – 93%).

graphic removed

Continued our partnership with Cancer Research UK, raising

**£580,048**

this year, bringing our six-year total to £3.14 million, achieving our £3 million target early.

graphic removed

Sites now incorporate

**Hedgehog Highways**

over 1,300 homes now have gardens accessible to hedgehogs.

graphic removed

Introduced a trial of HVO biofuel across over 50 of our sites, utilising over

**679,442 litres**

of biofuel and saving over 1,700 tonnes of carbon.

graphic removed

Implemented a

**salary sacrifice scheme**

to allow employees to lease EV vehicles in a cost-effective manner.



# Better with Bellway Strategy and Priorities

graphic removed

FLAGSHIP BUSINESS PRIORITY

## Customers and Communities

Putting customers and communities at the heart of everything we do

Target	Progress	Performance
<b>Headline</b> Increase year-on-year the HBF 9-month survey score with the objective of achieving 90% by July 2026.	Current performance at 80.6% (2022 - 82.1%).	→
Retain 5-star <sup>6</sup> homebuilder status (>90% 'Recommend a Friend') and improve our score to 95% by July 2023.	Current performance at 91.1% (2022 - 93.6%). This target will be rolled forward to FY24.	×
Improve NHBC Construction Quality Review score to 85.0% by July 2023.	FY23 score of 87.9% (2022 - 84.5%).	✓
Reduce the average number of reportable items per home to 0.225 by July 2023.	FY23 score of 0.350 (2022 - 0.274).	×
Improve communications with customers via a new customer care telephone system and service level KPIs.	The new telephone system is in place in the majority of our divisions and a reporting suite is used to manage performance in the handling of customer calls.	✓

We're proud of the 5-star<sup>6</sup> homebuilder rating we received in the 2022/23 NHBC survey, the seventh consecutive year we have received this accolade, with a score of 91.1%. Our aim is to build on our previous success and ensure that we continue to exceed our existing levels of customer satisfaction.

### Customer satisfaction

Bellway's performance in the 'Recommend a Friend' question in both the 8-week and 9-month survey periods, while affected by challenges across the industry, remains positive with a current performance of 91.4% of customers recommending Bellway to a friend after 8-weeks, and 80.6% of customers recommending Bellway to a friend in the 9-month survey.

Our Customer First programme has contributed to continuing improvements in Bellway's customer service, with our customers responding to the 'Service After' question in both the 8-week survey and 9-month survey with the highest levels of satisfaction recorded in the 8-week survey since 2008, and the 9-month survey since 2013.

We have exceeded our NHBC Construction Quality Review (CQR) target of 85%, with a score of 87.9% (2022 - 84.5%). There are still areas for improvement, demonstrated by missing the target to reduce Reportable Items ('RIs') per home. For RIs per home, this increased to 0.350 items per home in 2023 (2022 - 0.274), short of the 0.225 target. This area will be given renewed focus in FY24 as we strive to continuously improve the service we deliver to our customers. Our commitment to quality has again been recognised in the NHBC Pride in the Job Awards. In 2023 a total of 34 Bellway and Ashberry site managers collected awards (2022 - 36), acknowledging site managers who have achieved the highest standards in housebuilding, recognising their technical knowledge, leadership qualities and organisational skills.

### Engaging in the community

Within this Better with Bellway business priority, we are also aiming to improve our engagement with the communities where we operate. This year we continued to develop our school engagement programme in partnership with The School Outreach Company in each of our divisions with the aim of driving awareness of Bellway and highlighting the career opportunities available in our industry. We have worked to actively engage with 664 secondary schools, and with 166 primary schools, with activities including receiving the Bellway newsletter, engaging with the 'Open Doors' campaign, and face-to-face interactions.

We have launched our new Volunteering Policy, and we encourage all employees to use a day working with a local charity or organisation, please see page 60 for more detail.

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Brothers Jonathan and Steve with their partners, at our Wolds View development, Driffield.

## Better with Bellway Strategy and Priorities continued

### Customers and Communities continued

#### Community investment

Bellway has a longstanding commitment to investing in the communities in which we develop, over and above the creation of new homes. Through the planning process we invest in a wide range of community services including education, healthcare facilities, sports facilities, transport infrastructure improvements and the creation of recreational space. In FY23 our investment amounted to £89.2 million (2022 – £117.2 million), bringing our investment over the past three years to £277.7 million.

As well as our investment in the communities where we develop, housebuilding as a whole delivers a significant benefit to the UK economy. Using the HBF's, Lichfield's and other publicly available metrics, we have estimated our own housebuilding activities have contributed £2.4 billion in gross value added while supporting an estimated 28,800 to 34,100 direct, indirect and induced employment opportunities across the country. In addition, Bellway contributed £208.8 million to the public finances in 2023, as well as facilitating £69.3 million in New Homes Bonus and council tax payments to local authorities.

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Andrew Odams, Sales Manager at Bellway Northern Home Counties, donating hi-vis jackets to Stanton Cross Primary School.

#### Affordability

With the ongoing shortage of new homes in the UK, together with cost of living pressures, affordability is still viewed as a barrier for young people getting onto the property ladder. At Bellway we continue to build a wide range of houses and apartments to meet the varying budgets and needs of customers, including people looking to upsize or downsize, and first-time buyers, with our average selling price at £310,306 (2022 – £314,399). In 2023 18.6% of our homes were sold to unassisted first-time buyers (2022 – 12.7%), while 9.7% (2022 – 21.7%) were sold to customers using one of the various government Help-to-Buy schemes. Overall, 28.3% (2022 – 34.2%) of our homes were sold to first-time buyers and our developments have continued to incorporate affordable housing, with 25.4% (2022 – 18.4%) of new homes sold to affordable housing providers this year.

Homes sold to affordable housing providers

**25.4%**

(2022 – 18.4%)

Homes purchased by customers using Help-to-Buy schemes

**9.7%**

(2022 – 21.7%)

Houses purchased by unassisted first-time buyers

**18.6%**

(2022 – 12.7%)

Homes purchased by first-time buyers

**28.3%**

(2022 – 34.2%)

#### Future KPIs

All new sites starting construction works in FY24 to incorporate House to Home view homes.

Introduce new site-based quality management and compliance system including training for all site teams by July 2024.



Site Manager  
Lee Aston and  
Sales Advisor  
Barbara Kelly.

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# Building better knowledge in our communities

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## Dusty Boots events rolled out across the Group

This year, the Group launched the 'Dusty Boots' events, across the nation, hosting 85 events across 19 of our divisions. This event offers an exclusive tour, to see behind the scenes of our developments and have a 'sneak peek' inside our new homes under construction.

They give visitors the opportunity to find out more about how our homes are built, the materials that go into making them and the energy efficiency measures that are included. Throughout the day, a range of house types are on show, all of various levels of development, showcasing elements of our homes that are not necessarily visible once the homes are complete.

“

It is a unique experience for us as a housebuilder to better connect with our buyers and help support customers along the new-home buying process and in-turn buyers having the excitement of wearing a hard hat and boots and going out on site.”

**Zoe Dobbs**

Sales Manager – Bellway North London

## Better with Bellway Strategy and Priorities continued

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### Employer of Choice

FLAGSHIP BUSINESS PRIORITY

graphics removed

Creating an environment that our colleagues can thrive in

Target	Progress	Performance
<b>Headline</b> Achieve a >90% average score in Employee Engagement Survey of staff who would recommend Bellway as 'a great place to work' over a three-year period (FY22-FY24).	Achieved with three-year average score of 91% (FY21-FY23). We will continue to monitor in line with the original target.  89% of staff would recommend Bellway as 'a great place to work' in July 2023 survey (2022 - 95%).	→
Reduce voluntary employee turnover rate to 18% or less by July 2024.	Turnover rate in FY23 was 21.9% (FY22 - 25.7%).	→
Improve gender diversity of our directly employed workforce to a 60/40 male/female split by July 2025.	69/31 split for FY23 (FY22 - 69/31).	→
Improve gender diversity of our senior leadership teams to 75/25 male/female split by July 2025.	79/21 split for FY23 (FY22 - 77/23).	→
Improve ethnic diversity of our workforce to 7% or more by July 2025.	FY23 diversity of 4.9% based on current ethnic minorities classifications (FY22 - 4.5%).	→
Become a Living Wage Employer by July 2024.	We are now an Accredited Living Wage Employer.	✓
Increase percentage of our workforce in an 'earn and learn' role to 12% by July 2024 and maintain 5% Club Gold membership.	Currently 8.3% of the workforce are in 'earn and learn' roles with 12 new graduate and 30 new apprentice roles recruited in FY23 and we have retained our 5% Club Gold membership for FY23.	→
Implement a programme to improve social mobility and disability diversity within Bellway by FY23.	A new process to collect diversity data from employees has been introduced, and we have worked with Percy Hedley and Change 100 to promote disability inclusion.	✗

The people who work for Bellway are one of the key strengths of the company. Creating a safe, diverse, and inclusive environment, as well as investing in and upskilling our workforce, are just some of the ways we can ensure that Bellway is an Employer of Choice. As of 31 July 2023 we directly employed 2,979 people (2022 - 3,042), although when we factor in people employed as a result of Bellway's operations across our subcontractors and supply chain, we support between 28,800 and 34,100 jobs.

### Engagement

We undertook our fourth Employee Engagement Survey this year to understand how our workforce view Bellway and identify strengths and weaknesses going forward. We achieved 'a great place to work' engagement score of 89% (2022 - 95%), with a three-year average score of 91% (FY21-FY23) against a target to achieve an average score of 90% or above, over the FY22-FY24 period.

### Diversity, inclusion and belonging

As a responsible employer, we are committed to being an inclusive organisation that strives to create a working environment that is open, diverse, and free from all forms of prejudice and discrimination. Under the Employer of Choice business priority area of Better with Bellway, we continue to have a range of targets to improve the diversity of our workforce, in terms of gender and ethnicity, at all levels of the business. We have encouraged employees to provide us with a greater range of diversity data, such as disability, gender identity and socio-economic background through our #IamUnique campaign, to help us better understand our workforce.

During FY23 we launched our inclusivity strategy which sets out how we will work towards becoming an inclusive employer of choice and to support the application of this strategy, we have implemented Clear Assured, a recognised inclusion standard. We currently have bronze status, and we are working towards achieving silver by December 2024.

In January 2023, in collaboration with the HBF, Women into Construction and eight other housebuilders, the Women into Housebuilding Programme was launched to attract more females into Trainee Assistant Site Manager roles. We recruited one trainee from the first cohort and we are actively participating in the second cohort and subsequent cohorts with a view of recruiting more females into these roles.

We aim to improve social mobility and disability diversity within Bellway. To support this ambition, we have supported the Leonard Cheshire's Change 100 Programme by providing paid work placements.

### The future of Bellway

Bellway would not exist without the talent and commitment of our colleagues. We invest in our people to ensure that they have the training and ongoing development necessary to progress their careers and deliver work they can be proud of. As an active gold member of 'The 5% Club', we are committed to having at least 5% of our workforce employed in earn and learn roles, including apprenticeships, student placements, and graduate roles. We are pleased to report that this year 8.3% of our workforce were in earn and learn roles and we have recruited 12 new graduate and 30 new apprentice roles, who joined Bellway in September 2023, despite a challenging trading environment.

We have been focused on upskilling our workforce to ensure that we attract and retain key talent. We have replaced our e-learning platform with a learning experience platform, which provides employees with the opportunity to access additional training to support their development. In September 2022, we launched our CMI accredited middle-managers programme 'Elevate' for 50 managers (50/50 gender split) and we continue to roll out our senior leaders programme. In addition, we have created a number of other bespoke training programmes, such as inclusive hiring and fire training.

Due to the uncertain market backdrop, we recently reorganised our operational structure which resulted in some headcount reductions across the Group.

### Responsible employer

As a responsible employer we are committed to ensuring that all of our people are treated with fairness, consideration and respect. We operate a range of policies and provide training to ensure equal opportunities are provided to all existing and prospective employees, including modern slavery and diversity and inclusion training. Employees may report any concerns to our HR department or through our SpeakUp whistleblowing helpline managed by an external provider.

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Shaun Miller, Trainee Assistant Site Manager at our Somerford Gate development in Congleton.

### Other priorities

Labour shortages impact the whole house building industry, compounded by the post-COVID-19 employment instability that is prevalent across many industries. Bellway's voluntary turnover rate for 2023 has fallen to 21.9% (2022 - 25.7%) working towards our target rate of 18% by 2024. We have achieved becoming an Accredited Living Wage employer, offering competitive remuneration and benefits. These activities will contribute to the overall aim of our Employer of Choice business priority area - to attract and retain talented individuals in the business.

### Future KPIs

Implement a formal staff appraisal process across the business with a proposed launch date of February 2024.

Achieve 'Clear Assured' Silver status by December 2024, by demonstrating that diversity and inclusion are reflected across all policies and processes.

**Better with Bellway Strategy and Priorities** continued  
Employer of Choice continued

# Creating better workplaces for women

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Jess Licence, Beth Guttridge and  
Amelia Size, site team at Arrowe  
Brook Park.

“

Many years ago I realised that a career in construction was a career for life, with lots of opportunities and so many varied roles. Bellway was one of the first housebuilders in Liverpool to offer apprenticeships and when I looked into the options, it seemed they spent a lot of time, effort and money in developing individuals within the company, which really appealed to me.”

**Jess Licence**

Site manager at Arrowe Brook Park

## Proud of our award winning all-female site team

Bellway is delighted to celebrate its all-female site team, of three women heading up construction at Arrowe Brook Park, in Upton, Wirral.

The trio joined Bellway through our early careers programmes.

Beth Guttridge, Assistant Site Manager, joined in January 2020 as part of the first cohort of our Graduate programme.

Amelia Size joined Bellway in 2022, as a Trainee Assistant Site Manager on our Trainee programme.

Site Manager, Jess Licence joined Bellway on our Apprenticeship programme and recently received her second Pride in the Job award, impressing the judges with the team's exacting standards, and commitment to the highest quality across all areas of the construction process.

Bellway is continuing to encourage females to come into the industry and are actively collaborating with the HBF in their 'Women into Construction programme' to recruit more Trainee Assistant Site Managers, like Amelia.

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FLAGSHIP BUSINESS PRIORITY

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## Carbon Reduction

### Delivering low carbon homes

Target	Progress	Performance
<b>Headline</b> Reduce 'absolute' scope 1 and 2 emissions (tonnes CO <sub>2</sub> e) by 46% by July 2030 against FY19 baseline.	Our Science Based Target has previously been validated by the SBTi. FY23 saw absolute emissions fall to 16,562 tonnes CO <sub>2</sub> e, a 10.0% reduction against the previous year and a 35.6% reduction against our base year (FY22 - 18,405; FY19 base year - 25,715).	→
Reduce scope 3 emissions (tonnes CO <sub>2</sub> e per m <sup>2</sup> floor area) by 55% by July 2030 against FY19 baseline.	Our Science Based Target has previously been validated by the SBTi. FY23 saw emissions remain broadly stable at 1.52 tonnes CO <sub>2</sub> e per m <sup>2</sup> floor area (FY22 restated - 1.51, FY19 restated base year - 1.53).	→
100% electricity purchased will be REGO certified by December 2023.	For FY23, 78.4% of electricity purchased across the year was REGO certified (2022 - 72.2%).	→
Complete the build of a Future Homes Standard house in Salford University's Energy House 2.0 facility by the end of 2022 and begin testing.	Our Future Home at Energy House 2.0 is complete, and testing has begun to compare theoretical design versus as built performance for all FHS solutions.	✓
Install Google Smart Home Technology in all homes on two sites by December 2022 and assess energy saving benefits.	Trials were successfully completed and Google Smart Home Technology will now be fitted as standard in all new 2021 part L building regulation homes.	✓
Build circa 2,000 units (20% of output) in timber frame by 2024, reducing embodied carbon.	All new sites in our North East division in FY23 incorporated timber frame, and we have expanded its use to new sites in our Durham and Yorkshire divisions. Including our Scotland divisions, in FY23, 1,247 units were constructed in timber frame (FY22-894).	→
Complete net zero ready exemplar plots at three sites and install monitoring equipment to compare energy consumption and running costs.	Four net zero homes were built and sold at Callerton (Newcastle upon Tyne) and we are working with the purchasers to monitor energy consumption. Planning delays have meant that construction at another two sites has not progressed so these will be taken forward to FY24.	✗
Switch to Hydrotreated Vegetable Oil ('HVO') Green Diesel biofuel by FY24.	Successful trials have been undertaken and in FY23 we used 679,442 litres of biofuel, saving over 1,700 tonnes of carbon.	→
Review car allowance payments to promote choice of low emission, hybrid and electric vehicles by 2025.	As at FY23, 50.4% of the fleet was low emission, hybrid or electric.	→
Implement a salary sacrifice scheme to allow all employees to lease electric vehicles by the end of 2022.	The salary sacrifice scheme was rolled out across the Group in August 2022.	✓

Strategic Report

Climate change is one of the defining challenges of our time and as a company. The latest climate science from the IPCC (The Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change), described by the UN as 'code red for humanity', shows it is still possible to limit global temperature rise to 1.5°C, but we are dangerously close to that threshold. It is therefore important to achieve rapid and deep emission cuts with the aim of halving global emissions before 2030 and achieving net-zero before 2050.

### Science Based Targets

Bellway is committed to ensuring the business plays its role in delivering carbon reductions and planning for a sustainable future. As part of the Better with Bellway strategy, we worked with the Carbon Trust to set two science-based targets ('SBTs'):

- Bellway commits to reduce absolute scope 1 and scope 2 GHG emissions by 46% by July 2030 from a FY19 base year, aligned to the 1.5°C pathway.

## Better with Bellway Strategy and Priorities continued

### Carbon Reduction continued

- Bellway commits to reduce scope 3 GHG emissions by 55% per square metre of completed floor area by July 2030 from a FY19 base year, aligned to the well below 2°C pathway using the physical intensity target criteria (cumulative physical intensity reduction aligned with 7% year-on-year reduction and capping absolute emissions in the base year).

We have set the base year as FY19 as this was the most recent annual data available at the time that was uninterrupted by COVID-19 lockdowns. Our scope 3 target goes beyond the emission reductions that will be required to meet the Future Homes Standard ('FHS') in 2025 - we estimate that moving to the FHS specification for new homes will deliver a 38% reduction in emissions per m<sup>2</sup> of floor area, with the remaining 17% to be achieved through additional emission saving activity.

These targets have been validated by the Science Based Target initiative and our second year progress is reported below:

- Against our scope 1 and 2 Science Based Target, FY23 market-based emissions fell by 10.0% to 16,562 tonnes of CO<sub>2</sub>e (2022 - 18,405 tonnes). This represents a 35.6% fall from the FY19 base year (25,715 tonnes), against a targeted reduction of 46% by 2030.
- Against our scope 3 Science Based Target to reduce GHG emissions per square metre of completed floor area, FY23 emissions were 1.52 tonnes per m<sup>2</sup>, remaining broadly stable against the FY19 base year (1.53 tonnes per m<sup>2</sup>). The main reductions in scope 3 emission will be delivered in the coming years when the 2021 part L building regulations, and then the 2025 Future Homes Standard building regulations, take effect.

### Streamlined Energy and Carbon Reporting (SECR) Disclosure

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SECR), we report on our greenhouse gas ('GHG') emissions as part of the annual Strategic Report. Our GHG reporting year is the same as our financial year and the previous year's figures have been provided as comparators.

Scope 1 covers emissions from the combustion of fuel and operation of facilities owned/operated by the company (for example diesel in site generators and telehandlers; fuel in company cars used on company business; gas for heating in offices, show homes and construction compounds) while scope 2 covers emissions from purchased electricity.

The methodology used to calculate our emissions is based on the UK Government's Environmental Reporting Guidelines (2013) and emission factors from the 2021 government GHG Conversion Factors for Company Reporting. For scope 2 emissions we have reported using both the location-based method of calculation and, to account for our use of renewable electricity, the market-based method of calculation.

The reported emission sources include all those which we are responsible for, except for the following which were excluded from this report:

- Gas from part-exchange properties due to immateriality - we have undertaken an estimation exercise and the emission from gas used in these properties during the period of October to May (when heating would be active to prevent damp and frozen pipes) is only 0.18% of the total scope 1 and 2 footprint.
- Emissions from air conditioning units in office buildings in the FY19 footprint due to immateriality and difficulty in data collection. We have collected and accounted for this data in the FY22 and FY23 footprints.
- Emissions from site-based combined heat and power units for which we do not have operational control.

An element of carbon estimation is undertaken in the following areas:

- Diesel fuel usage on a small number of sites where fuel is provided by our groundworks contractors. Bellway's share of the usage is estimated based on forklift usage.
- Divisional offices where gas and electricity usage are included within landlord charges. Bellway's usage is estimated using a kWh per square metre of occupied floor space figure derived from other divisional offices with utility billing in place.

For scope 1 and 2 emissions, data for the FY19 base year has been externally verified by Zeco Energy to a 'reasonable assurance level' using the ISO-14064-3 verification standard, while FY22 and FY23 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard.

For scope 3 emissions, FY23 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard. Emissions for our FY22 were verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard, but have been restated this year following improvements in our scope 3 modelling. Emissions for the FY19 base year were calculated with the assistance of The Carbon Trust for our Science Based Target submission but have not been through an official verification process.

Scope 3 emissions for our FY19 base year and for FY22 have been restated following improvements in our scope 3 modelling.



## Greenhouse gas emissions (GHG) (tonnes of CO<sub>2</sub>e)<sup>(a)</sup>

	2023	2022	2019 (base year)
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Group business)	15,116	16,696	20,560
Scope 2 – Electricity purchased for our own use (market-method) <sup>(b)</sup>	1,446	1,709	5,155
<b>Total market-method Scope 1 and 2 GHG emissions</b>	<b>16,562</b>	<b>18,405</b>	<b>25,715</b>
GHG intensity (market-method) per Bellway home sold	1.5	1.6	2.4
GHG intensity (market-method) per Bellway employee <sup>(c)</sup>	5.3	6.2	8.6
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Group business)	15,116	16,696	20,560
Scope 2 – Electricity purchased for our own use (location-method) <sup>(d)</sup>	3,979	4,419	5,518
<b>Total location-method Scope 1 and 2 GHG emissions<sup>(d)</sup></b>	<b>19,095</b>	<b>21,115</b>	<b>26,078</b>
GHG intensity (location-method) per Bellway home sold	1.7	1.9	2.4
GHG intensity (location-method) per Bellway employee <sup>(c)</sup>	6.1	7.1	8.8
Out of scope emissions <sup>(e)</sup>	1,678	-	-
Energy consumption used to calculate above emissions (kWh)	96,735,314	92,854,473	109,622,315
Scope 3 (Category 1a: Purchased goods and services – product)	383,179	394,161	380,164
Scope 3 (Category 1b: Purchased goods and services – non-product)	15,934	13,095	16,261
Scope 3 (Category 2: Capital goods)	2,066	4,718	19,030
Scope 3 (Category 3: Fuel and energy related activities)	5,044	5,142	5,081
Scope 3 (Category 4: Upstream transportation and distribution)	81,653	83,895	80,916
Scope 3 (Category 5: Waste generated in operations)	2,447	2,391	4,253
Scope 3 (Category 6: Business travel)	2,653	1,987	418
Scope 3 (Category 7: Employee commuting)	1,489	1,516	1,468
Scope 3 (Category 11a: Use of sold products – direct)	958,055	1,024,798	998,544
Scope 3 (Category 12: End-of-life treatment of sold products)	91,865	94,102	90,761
<b>Total Scope 3<sup>(f)</sup></b>	<b>1,544,385</b>	<b>1,625,805</b>	<b>1,596,895</b>
Scope 3 – GHG intensity (tonnes CO <sub>2</sub> e per m <sup>2</sup> of completed floor area)	1.52	1.51	1.53

### Notes:

- Carbon dioxide equivalent as per the meaning given in section 93(2) of the Climate Change Act 2008.
- Scope 2 emissions reported using the market-based method to account for electricity supplies purchased under REGO contracts.
- Based on the average number of employees during the year.
- Scope 2 emissions reported using the location-based method for total electricity used which does not account for the zero-carbon nature of electricity supplies purchased under REGO contracts.
- 'Out of Scope' biogenic emissions arising from our consumption of HVO biodiesel.
- Total scope 3 emissions are reported in line with our scope 3 science-based target, and so exclude category 11b (use of sold products – indirect). We have separately calculated these category 11b emissions as part of our carbon lifecycle analysis as 68,103 tonnes of CO<sub>2</sub>e (2022 – 79,690, 2019 – 88,663). Categories 8, 9, 10, 14 and 15 are not relevant to the Group.

Scope 1 emissions fell by 9.5%, largely due to our use of HVO biofuel in site generators and telehandlers which delivers a c.90% carbon reduction compared to traditional white diesel. Our use of HVO has saved over 1,700 tonnes of carbon from entering the atmosphere this year. Scope 2 emissions (market-based) have again fallen by 15.4%, due to our increased use of REGO (Renewable Energy Guarantee of Origin) electricity supplies and the ongoing decarbonisation of the UK electricity mix. 78.4% of our electricity is from renewable sources (2022 – 72.2%) which has saved 3,109 tonnes of carbon in the past year. Discounting the benefit of our REGO supplies, location-based scope 2 emissions fell by 10.0%.

With 10,972 new homes (including share of JV's) completed for the year, scope 1 and 2 emissions (market-based) per home sold fell by 6.3% to 1.5 tonnes (2022 – 1.6). With employee numbers largely static, our scope 1 & 2 (market-based) emissions per employee have fallen by 14.5% to 5.3 tonnes (2022 – 6.2).

Improvements in scope 3 emissions will take longer to bring to fruition. Step change savings will be made as we transition to the 2021 building regulations which will require all new homes to produce 30% less emission than current regulations. Then, in 2025, the Future Homes Standard is expected to come into force which will require a 75-80% reduction in emissions compared to current regulations, so an additional 45-50% over and above the 2021 regulations. The anticipated costs associated with complying with the Future Homes Standard are incorporated into the land liabilities, site valuations and Group forecasts. Over and above the building regulation changes, we aim to drive additional scope 3 emission savings through enhanced home specifications and engagement with our supply chain to reduce embodied carbon in the materials we use to build new homes.

## Better with Bellway Strategy and Priorities continued

### Carbon Reduction continued

#### Building developments

Linked to the development of our Future Homes Standard specification, work has started on a number of initiatives to deliver lower carbon and more energy efficient homes for our customers.

We have completed the build of an experimental eco house called 'The Future Home' as part of a research project which could influence how we use our homes in the future. 'The Future Home' was built at The University of Salford's leading net-zero research facility Energy House 2.0 and will now test innovations in building materials, the effects of double and triple glazing, storing solar energy, recovering heat from wastewater, and how to make the most efficient use of air source heat pumps. Each of these elements will be monitored in both regular and extreme temperatures, with varying weather conditions simulated inside the specially built chamber. The findings will help shape future housing design to enable the UK to achieve its net zero carbon emissions targets.

'The Future Home' is one of a series of test sites that we plan to set up across the country to work with new energy efficient technologies. Four 'Future Homes' have been built in Callerton, Newcastle upon Tyne, which were sold on the open market to customers who expressed an interest in owning a home utilising the latest energy efficient materials and technology. Bellway will continue to work with these homeowners to monitor energy usage as part of Bellway's wider Carbon Reduction strategy. In addition, following successful trials of Google smart thermostats, we have specified this technology as standard for all new 2021 standard homes.

Our existing homes are already extremely energy efficient when compared to the second-hand home market, with high levels of insulation, double glazing and energy efficient boilers for heating/hot water. We continue to install renewable technology on our current homes and in 2023, 21.2% of new homes were fitted with this technology (2022 - 25.0%), helping to both reduce carbon emissions and also reduce energy bills for customers. Going forward, PV panels will be standard

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Streetview at our Abbey Heights development in Newcastle upon Tyne.

on all 2021 part L building regulation specification homes. On average, the Dwelling Emission Rate ('DER') of our new homes this year was 7.0% better than required by the relevant building regulations (2022 - 6.9%). (DER is a measure of carbon emissions, based on SAP calculations, from the normal running of a home, with lower emissions equating to reduced energy consumption and so lower bills for customers.)

#### Site fuel

The successful trials of HVO biofuel alternative to traditional diesel has been completed. Despite a price premium of c.30p per litre over traditional diesel, in FY23 we purchased 679,442 litres of biofuel for our generators and telehandlers, representing 14% of our annual site fuel usage. The use of this fuel has saved 1,700 tonnes of carbon from entering the atmosphere and we will continue to explore the economics of expanding our use of this fuel as we seek potential ways to deliver significant reductions in our scope 1 and 2 emissions, contributing progress towards our Science Based Targets.

#### Electrifying the car fleet

We successfully introduced a salary sacrifice lease scheme to allow Bellway staff a more affordable route to electric vehicle ownership, helping them reduce their own carbon footprints. Following the launch of the scheme in August 2022, a total of 74 employees have taken advantage of the scheme, supported by the installation of EV charging points at all Bellway offices to enable staff to charge their vehicles.

#### Future KPIs

All divisions to commence Air Source Heat Pump ('ASHP') trial sites, delivering space and water heating by December 2024.

Establish a programme to support SME housebuilders through general mentoring, interactive video and in person training days at Future Homes exemplar projects.

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## Building Quality Homes, Safely

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Quality and safety first for everyone

Target Headline	Progress	Performance
Reduce the annual RIDDOR rate to below the three year rolling average by July 2024.	The RIDDOR rate for FY23 is 221.15 versus a rolling average for FY21 - FY23 of 193.43 (FY22 RIDDOR rate: 240.08, FY19 - FY22 rolling average: 161.66 (FY20 has been excluded due to COVID-19 and site closures)).	→
>80% of applicable employees trained on the Group's Fire Safety Policy and the Building Safety Bill by July 2024.	Although missed there has been strong progress made towards this target, with 77% of applicable employees having received training by 31/12/2022. This programme and the Fire Safety Policy have recently undergone a review and an up-to-date training course will be rolled out in FY24 to applicable employees.	→
Reduce accident rates from identified reporting areas to below previous FY levels year-on-year.	During FY23 there were no third party reported accidents, manual handling injuries fell by 5%. Slips, trips and falls increased to 113 from 78 in FY22.	×
95% of identified target roles will have received health and safety training by July 2023.	New health and safety training was rolled-out during FY23 and 98% of target roles were trained as at 31 July 2023.	✓
Implement new safety induction across Bellway and 100% of new recruits to construction sites to have completed induction by July 2023.	Programme created and has been launched in FY23 with all new recruits to construction sites completing the induction.	✓
Increase the ratio of mental health first aiders ('MHFA') to 1 in 10 (10%) by July 2024.	Current percentage for FY23 is 5.8% (FY22 - 2.9%).	→
Increase employees receiving mental health awareness training to 1 in 5 (20%) by July 2024.	Currently 10.4% of the population have received mental health awareness training (FY22 - 5.3%).	→
Achieve ISO 14001 certification for the whole business by July 2026.	We are in the process of working towards certification.	→

Strategic Report

The health, safety, and wellbeing of our colleagues, visitors, subcontractors and customers is our highest priority. This area demands our full focus, as we continually set ambitious goals for our organisation. We ensure the highest standards of health and safety on our sites, and throughout Bellway.

### Encouraging safety and transparency

In April 2023 the Health and Safety Executive ('HSE') issued guidance clarifying that the following three principles must be met for an incident be classed as RIDDOR reportable:

- 1) Extent of injury and/or length of absence.
- 2) Meets the HSE definition of an accident.
- 3) Event must be work related.

Historically, Bellway classed an incident as RIDDOR reportable if one or more of the three principals were met. The prior year RIDDOR rates disclosed have been restated to apply the guidance issued by the HSE.

We continue to promote health and safety throughout our business, with a particular focus on mental health and accident reporting in the last financial year. Our aim is to have a mentally healthy, resilient workforce, who feel supported in the workplace. We continually look to train more employees on mental health awareness, with more mental health first aid trainers now employed in Bellway. These employees carry out training for our colleagues both virtually and in classroom environments. The courses are highly interactive and help us actively engage with attendees. These courses were developed in conjunction with Mental Health First Aid England.

With the increasing focus on biodiversity on sites and the environmental impact our business has on the wider community. We have started to conduct benchmarking activities in Environmental Management, helping us to identify areas for potential improvement. In addition, we have also written and delivered training courses to support the management team's understanding and application of environmental standards on site.

## Better with Bellway Strategy and Priorities continued

### Building Quality Homes, Safely continued

#### Investigating and preventing

We are placing even greater focus on health and safety by measuring our RIDDOR seven-day reportable incident rate on a rolling average basis, not just an annual snapshot. We have already made progress towards our target of reducing the annual RIDDOR rate to less than the rolling three year average by July 2024. The RIDDOR rate for FY23 is 221.15 versus a three year average for FY21 to FY23 of 193.43 incidents per 100,000 site operatives, against a FY22 rate of 240.08 and a previous three year rolling rate of 161.66, FY20 has been excluded due to COVID-19 and site closures.

As part of our strategy to improve safety and reduce our RIDDOR rate, we have undertaken a preventative programme to reduce accidents from identified reporting areas year-on-year. During the year the number of slips, trips and falls incidents increased to 113 (2022 – 78), there were nil third party reported accidents during FY23, while manual handling injuries saw a 5% decline with 76 incidents in the year (2022 – 80).

#### Mental health

The mental health of our colleagues is vitally important to Bellway, and we are continuing to target an increase in the amount of mental health first aiders to 10% by FY24 (FY23 – 5.8%). To date, we have trained 174 employees as of July 2023. Over the next financial year we plan to train a further 140 employees, which will deliver key target of 10%, while allowing for staff turnover.

We continue to roll out our mental health awareness training, which is mandatory for all people managers. We aim to increase the number of employees receiving this training to 1 in 5 staff by July 2024. As at 31 July 2023, 309 employees, 10.4% for FY23, have been provided with awareness training. We plan to provide awareness training to 230 employees in the next financial year to achieve our target by July 2024.

#### Proactive remediation

In August 2022, Bellway established a new standalone Building Safety division, which is dedicated to the remediation of buildings identified during the review of our high-rise portfolio, providing a full in-house capability in the delivery of remedial works.

In March 2023 Bellway signed the DLUHC Self Remediation Terms ('SRT') in England, which converted the principles of the building safety pledge signed in 2022, in which we committed to resolve any historical fire remedial work on buildings completed since 5 April 1992, into a binding agreement between the Government and Bellway.

This was followed in May 2023, with the signature of the Welsh Government's Self Remediation Terms. This is a commitment to remediate buildings over 11 metres in height with identified life critical fire safety issues, which were constructed in Wales since 5 April 1992.

The signing of the English and Welsh SRT's provided clarity for future remediation, particularly with regards to the standards required for internal and external remedial works on legacy buildings.

Bellway continue to engage with Scottish Government and Homes for Scotland in developing the Scottish Accord, and have agreed in principle to the intentions of the Accord.

In addition, we have implemented a programme to ensure all applicable employees receive training on the principles of the Group Fire Safety Policy and Building Safety Bill. This programme has recently undergone a review and an up-to-date training programme will be rolled out to all applicable employees during FY24.

#### Bellway Health and Safety Awards

Following the success of the Bellway Health and Safety Awards 2022, a recognition system has been developed to continue to drive innovation and best practice, recognising colleagues leading in this area. The Awards recognise the best site in each region (four Regional Winners), with one overall winner.

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Team from Bellway Essex who won the Housing award for their Sapphire Fields development.

#### Future KPIs

Greater engagement with on-site colleagues and subcontractors on mental health awareness, by providing workshops on every site once in the year to discuss key areas such as suicide prevention, panic attacks and first aid.

Reduce the number of slips, trips and falls from a FY23 baseline of 113.

Increase the number of 'near miss incidents' reported from a FY23 baseline of 403.

100% of divisions to be provided with customer care maintenance operative training on health and safety subjects such as documentation, dynamic risk assessments and safe use of ladders.

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## Sustainable Supply Chain

Driving sustainability through long-term partnerships

Target	Progress	Performance
<b>Headline</b> 75% of key 100 suppliers with GOLD Supply Chain Sustainability School ('SCSS') membership by July 2023.	Although missed, there has been strong progress towards this target. Of the key 100 suppliers, 56% are Gold members of the SCSS (2022 – 25%) and a further 19% are either Silver or Bronze members.	✗
Deliver a material reduction in single use plastic packaging in our top 10 suppliers of 25% by July 2023.	This target has been missed due to the challenge of obtaining accurate data from suppliers to evidence the reduction in single use plastics used in packaging. However, we have worked closely with the SCSS as members of the packaging optimisation group and have recently won an award for our engagement of our suppliers in this area.	✗
Introduce recycled paper and stationery across the business by end of 2022.	Recycled paper and envelopes have been introduced and all remaining stationery are 'products with purpose'.	✓
Review and trial new waste reduction procedures in our supply chain by FY23.	Our work is ongoing with our supply chain partners regarding best practice guidance and a waste awareness campaign has been rolled out to divisions.	✓

We aim to source all of our products and services in an ethical, sustainable, and socially conscious way. The initiatives and goals formulated as part of Better with Bellway will ensure that we continue, and improve upon, our efforts to date.

### Developing long-term relationships

We continue to develop long-term partnerships with our subcontractors and suppliers as an integral part of what makes Bellway a success. We ensure that all of our supply-chain partners and subcontractors are treated with dignity and respect. As part of this we are a signatory to the Prompt Payment Code, and we pay our suppliers and subcontractors within agreed terms.

Due to our strong relationships, we are able to work with the supply chain to help achieve some of our sustainability goals such as reducing packaging, in particular single use plastics, reducing energy used in manufacturing and logistics.

For FY23, our supply chain spend was £2.1 billion (2022 – £1.8 billion), delivering a £1.9 billion investment in the UK economy (based on the HBF estimating that 90% of housebuilders' supply chain spend remains in the UK).

### Encouraging opportunities to learn

Bellway is a partner of the SCSS and sit on several of their working groups. We encourage our Commercial teams to increase their knowledge and learning in the form of 'learning pathways' to guide them to key topics relating to sustainability.

We encouraged our supply chain to engage with the SCSS in 2022 but in 2023 set an expectation and public target for at least 75% of our key 100 suppliers to achieve Gold membership status. We fell short of our target for this financial year, however, the momentum has significantly improved our supply chain's level of membership with 56% at Gold level and 19% at either Silver or Bronze level, of which some still have case studies to be reviewed by the school, to move them up to Gold status.

We are leading the way for the large volume housebuilders to target this level of membership, with more of our peers becoming partners of the school, encouraging significant engagement which will help us in upskilling our supply chain. To keep the levels of membership, the supply chain members must maintain a level of engagement with the school.

We engaged with our top-ten suppliers on a wide range of sustainability issues, with a two-way sharing process aimed at delivering benefits across both Bellway and our supply chain. We have now extended this and are aiming to engage with our top 50 suppliers in FY24.

## Better with Bellway Strategy and Priorities continued

### Sustainable Supply Chain continued

#### Responsible sourcing

As part of plans to introduce a Sustainable Procurement Policy in FY23, we have been working with our supply chain to reduce single use plastics in the packaging we receive. From April 2022 we requested that our supply chain use plastics with a minimum of 30% recycled content. Since then, we have been working with suppliers and the SCSS packaging optimisation group to remove plastics altogether, or we look to use more recyclable alternatives where available. Where plastics are currently unavoidable, we are looking at standardising the types used to make it easier to segregate and recycle. Many suppliers are now moving to recycled cardboard as an alternative and switching to higher recycled content plastics where there are no current alternatives.

For a number of years, we have required all our timber suppliers to ensure we are only provided with sustainable timber. We previously undertook an audit of Group suppliers, 99.8% met our sustainability requirements of Forestry Stewardship Council ('FSC'), Programme for the Endorsement of Forest Certification ('PEFC') or Category B standard. We plan to expand this audit to divisional suppliers and subcontractors in FY24.

Within our office environment, we continue to use recycled paper and letterhead and have now added recycled paper envelopes as standard. The remainder of our office supplies are 'products with purpose'. These are supplied through our central office supply company and have been assessed as both sustainable and ethical.

image removed



The Turner (left) and The Philosopher (right) showhomes at our Ladden Garden Village development.

#### Ethics

We use our Responsible Sourcing Policy to select partners and to monitor their performance and compliance with agreed standards. As well as this, we work with partners to address any issues of non-compliance identified and reserve the right to end relationships as a last resort. We do not tolerate any form of slavery, servitude and forced compulsory labour or human trafficking in our supply chain or in any part of our business. Our Anti-Slavery Policy reflects this commitment and is available to view on our website, along with our latest Slavery and Human Trafficking Statement which sets out the actions we have taken.

We require all applicable suppliers and subcontractors to confirm that they either have their own modern slavery policies in place or that they adopt Bellway's policy. Relevant staff receive training to help them identify signs of slavery and compliance activity is monitored throughout the year. A new e-learning module in relation to Modern Slavery was launched during the year, and additional content provided to site staff via the toolbox talks. Through internal reviews we deem that our subcontracted supply chain contains the greatest potential risks of modern slavery.

This year we have begun a series of site-based audits focused on our subcontracted workers and compliance with our modern slavery procedures. The decision was made to focus audits at a site level to target the geographic regions deemed most likely to be affected by modern slavery and reach the greatest number of subcontractors.

Bellway's zero tolerance approach to bribery and corruption is overseen by the Board. It extends to all the Group's business dealings and transactions and our policy and procedures set out the standards expected of all of our employees. Those who work for and with Group management are responsible for enforcing compliance and carrying out additional checks when required.

Our whistleblowing procedure enables concerns of any wrongdoing to be reported in confidence. There were a small number of reports made during the year and in very limited circumstances, sadly the behaviour of a few employees fell short of the expected standards. Appropriate investigations were conducted, and disciplinary action was taken where necessary.

#### Future KPIs

Undertake discovery meetings with our top 50 suppliers on joint sustainability and embodied carbon topics by the end of 2024.

Top 500 subcontractors that are registered with the supply chain sustainability school (%) by July 2026.

Ensure that at least two Bellway employees in each division have undertaken training with Supply Chain Sustainability School by July 2024.

85% of 100 key suppliers to be Gold members of the Supply Chain Sustainability School by July 2024.

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## Resource Efficiency

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### Designing out waste by building better

Target	Progress	Performance
<b>Headline</b>		
Reduce waste per completed unit by 20% by July 2025 (achieving 7.1 tonnes of waste per completed unit).	FY23 performance is at 8.6 tonnes (FY22 - 8.3 tonnes).	→
Achieve landfill diversion rate above 99% year-on-year.	FY23 performance at 99.5% (FY22 - 99.5%).	✓
Reduce construction site water usage (measured in m <sup>3</sup> of water per 1000 m <sup>2</sup> of completed homes) against a base year of FY21 by July 2025.	FY23 saw construction water usage fall 23.2% to 231.7 m <sup>3</sup> /1000 m <sup>2</sup> against the FY21 baseline set as 301.8 m <sup>3</sup> /1000 m <sup>2</sup> of completed homes.	→
20% of homes commenced by July 2024 to be in timber frame.	Timber frame is utilised on all new developments in our North East division and is being expanded to our Durham and Yorkshire divisions. In FY23 11.4% of plots were completed in timber frame (2022 - 8.0%).	→

We have an environmental and fiscal responsibility to manage our resources effectively and efficiently. In all areas of the company, we aim to minimise waste (measured in tonnes per completed unit) and, where waste is unavoidable, reuse and recycle as much as possible. Our Better with Bellway strategy will help us to achieve or surpass our waste reduction goals in the years to come.

#### Reducing and reusing

We continue to undertake work with our supply chain partners to address waste in the industry. We have targeted packaging and have asked suppliers to investigate reusable alternatives to single-use packaging as well as ensuring where plastic packaging is unavoidable, they use a minimum of 30% recycled content. We have sustained our year-on-year drive on reuse, recycling and diversion processes on our sites, with our FY23 diversion rate again above 90%, at 99.5% (2022 - 99.5%). Our partnership with Community Wood Recycling, a network of social enterprises that collects and reuses waste wood, rescued 785 tonnes of wood from the waste stream (FY22 - 854 tonnes).

We have continued our focus on reducing waste generated on our construction sites. After successfully reducing waste per unit to 8.3 tonnes last year, further improvement has not been delivered in FY23 with a slight deterioration to 8.6 tonnes per completed unit in 2023. A renewed focus will be given to reusing rubble waste on site in 2024 to drive improvements towards our 7.1 tonnes per unit target. Waste is now to be included as part of the procurement visits to divisions and a new waste awareness guide and onsite training will be rolled out to all sites in FY24.

#### Water

Bellway is not a large user of water, either in our offices or in the construction process. However, with the emerging climate change trends in the UK placing more regions under water stress, as a sustainable builder we are looking at ways in which we can reduce usage, both in our own operation and for our customers.

We determined our FY21 baseline water consumption as 301.8m<sup>3</sup> per 1000m<sup>2</sup> of completed homes and we are investigating ways in which we can reduce this usage (against FY21) by 2025. In FY23 our water usage per 1000m<sup>2</sup> of completed homes was 231.7m<sup>3</sup>. We have continued to adapt the designs of our homes to be more water efficient and all houses and apartments are now at or below the 110 litres per person per day water standard.

#### Timber frame

We are continuing to expand our use of timber frame construction methods. All new sites in our North East division are now constructed with timber frame and we are expanding this to cover new sites in our Durham and Yorkshire divisions. Including our Scotland divisions, in FY23 a total of 1,247 plots were constructed using timber frame, representing 11.4% of our total output. Timber frame brings embodied carbon benefits, and reduces reliance on traditional brick and block construction methods, resulting in saving in materials.

#### Future KPIs

Establish a waste and resources working group in 2023, to consider detailed guidance, waste league tables, induction process for site teams and performance incentives.

Undertake three plot studies on waste generation and identify opportunities to reduce in FY24.

Develop longer-term action plan to reduce waste at all stages of our developments, full life cycle to include earthworks, demolition materials, embodied waste in materials we buy, packaging waste and construction waste on site by July 2026.

## Better with Bellway Strategy and Priorities continued

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### Biodiversity

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#### Protecting and preserving nature

Target Headline	Progress	Performance
Achieve 10% Biodiversity Net Gain ('BNG') on all new sites submitted for planning from 1 July 2023 onwards.	Our Strategic Land teams have completed a review on existing and future sites, established BNG protocols and 100% of sites that were submitted for planning permission from July 2023 were 10% BNG compliant.	✓
Establish a partnership arrangement with a nature organisation in FY23.	During the year we began to investigate opportunities and we will continue to do so in FY24.	✗
Plant 10 additional Tiny Forests across divisions in 2023.	Four additional Tiny Forests are planned in 2024, these had been delayed by planning permission.	✗
All new development sites to incorporate hedgehog highways by July 2023.	During FY23 we implemented in excess of 1,300 hedgehog highways across our developments.	✓
Investigate a tree planting programme for every home sold by July 2023.	We are working with consultants and third-party organisations to understand the best way to deliver this, in conjunction with net gain requirements. This will form part of a new target from FY25.	✗

On each of our developments, we aim to apply the key principles of the mitigation hierarchy. We therefore look to avoid, minimise and then where necessary mitigate our impact on the natural environment through a range of actions, including flood impact assessments, understanding gained through ecology surveys, biodiversity mitigation, and environmental impact assessments.

#### Sustainability

Our communities are built with the intention of maintaining and protecting the local environment as much as possible. As the availability of suitable land changes over the years, the proportion of greenfield sites has increased, but we still developed 31.1% of our new homes in 2023 on brownfield sites (2022 - 39.3%), helping to regenerate local areas. No matter the development, we want to offset the effect we have on the environment. To do this, we carry out a comprehensive range of risk assessments and surveys, covering local ecology, flood impact, and much more.

#### Biodiversity

Bellway already addresses biodiversity needs in our new developments, with Sustainable Drainage Systems ('SuDS') implemented on 253 of our developments (2022 - 255), mimicking natural drainage processes to reduce flooding and pollution whilst also providing habitats for wildlife through careful habitat design and management. In addition, 146 developments included a biodiversity plan (2022 - 137) and we planted 15,023 trees (2022 - 15,800).

BNG is a statutory planning obligation that requires housebuilders to leave the biodiversity of land used for development in a measurably better state. The legislation requires that this betterment is an increase of at least 10% compared to the baseline prior to development. This requirement will come into effect for all new planning applications submitted from January 2024, but at Bellway we have committed to ensure that all planning applications submitted from July 2023 onwards are 10% BNG compliant.

This is a significant development for Bellway and our strategic land teams have already been formulating our strategies to meet this requirement. This includes a review of opportunities on existing land and future development sites. We have established a biodiversity baseline for all existing Bellway owned land and in September 2022 we appointed a Group Head of Biodiversity who now leads on all biodiversity related activity. BNG champions have been appointed in each division and we have established BNG protocols for site acquisitions and management. We aim to deliver on the BNG requirements through a combination of on-site and off-site enhancements, with the potential to add purchased biodiversity units from third parties where other delivery options have been exhausted.



## Helping our customers

As part of the drive to improve our sustainability offering to customers, we have developed a green welcome pack. New homeowners will now receive a pack that includes a bird box; bee bomb and garden trowel, along with advice on how they can cultivate a nature friendly garden. The pack also contains tea, coffee and biscuits, and families with children will have the addition of a colouring story book, encouraging children to understand how they can be more environmentally aware in a fun way.

We have also incorporated hedgehog highways into our new developments from 31 January 2023. The creation of new housing provides a potential barrier to hedgehogs as they move around looking for food. This can in some circumstances force them closer to roads and an increased risk of being affected by traffic. Bellway has implemented in excess of 1,300 hedgehog 'highways' across our developments to help to overcome this issue and allow hedgehogs to safely travel across our developments, from garden to garden. The presence of hedgehogs is a good indicator of general biological health, and they also help to maintain a healthy ecosystem as they work to control insect populations, including keeping gardens healthy.

## Partnership working

Better with Bellway underpins our ambition to be a sector leader from biodiversity. A key principle within this ambition is to ensure that all developments leave biodiversity in a measurably better state once a development is complete. As part of this ambition, we intend to support each new household in 'making a space for nature'. This concept will build on the biodiversity provision already provided in the welcome pack and allows each customer to fully engage with the potential for their gardens and green space areas to deliver for biodiversity.

Bellway will look to establish a new partnership with a conservation-based organisation to benefit from their knowledge and skills. This will help build our biodiversity ambition by providing our customers with the right ideas and resources to make a genuine difference to biodiversity.

## Creating habitats for over 500 animal and plant species with Tiny Forests

Last year, volunteers from the Group office teamed up with Earthwatch to create a 'Tiny Forest' on land we own in Ponteland, Northumberland. A Tiny Forest is a dense, fast growing, native woodland about the size of a tennis court. They are not only an attractive location for wildlife, but for people as well, and can provide a range of research benefits in the fight against climate change.

The Tiny Forest consists of a dense mix of 600 trees and shrubs native to this area of the UK. When mature, the Tiny Forest has the potential to provide natural habitat to over 500 animal and plant species within the first three years.

We have continued to work closely with Earth Watch and our local Divisions to identify suitable and deliverable locations for further Tiny Forest sites. Market factors, delays associated with the planning process and the requirement to integrate these with the core planting period have combined to restrict progress on this target in FY23, however at least four further Tiny Forest sites will be in place by the end of FY24.

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Team from our Bellway Group office volunteering at our Tiny Forest planted in Ponteland, Northumberland.

## Future KPIs

Work with an appropriate conservation partner to ensure that the mowing regimes implemented on all new Bellway developments are designed to be beneficial to invertebrates during the summer growing period.

Work with our conservation partner to support each new Bellway customer in creating a 'space for nature' in the gardens of their new homes.

Create a new community woodland to benefit both communities and biodiversity as part of every new Bellway planning application.

Investigate the potential to utilise existing Bellway land to deliver a range of secondary 'stacked' eco-system services to benefit the environment and complement our broader sustainability and biodiversity aims in 2024. This will include renewable energy, nutrient mitigation and biodiversity net gains delivery.

## Better with Bellway Strategy and Priorities

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### Charitable Engagement

Giving, to build better lives

Target	Progress	Performance
<b>Headline</b>		
Raise £3m for Cancer Research UK by the end of December 2023.	£580,048 raised and donated in 2023, bringing our total to date to £3.14 million.	<input checked="" type="checkbox"/>
All office based staff to be given the opportunity to complete a volunteering day by July 2023.	This year saw the launch of our new Volunteering Policy which gives employees the opportunity to use one working day to volunteer to local charities and/or community groups.	<input checked="" type="checkbox"/>
Establish at least one partnership with a charity supporting disability/disadvantaged individuals with a view of providing work placements by July 2023.	This year we have established three new partnerships with Change 100, The Percy Hedley Foundation and Azure.	<input checked="" type="checkbox"/>

At Bellway, we are committed to building strong relationships within our communities and continue to support local and national charities. Charitable engagement is a key part of the Bellway ethos, and we are proud of our work so far. Our commitment to helping others will continue to grow, as part of the Better with Bellway strategy we encourage employees to take part in fundraising and volunteering for local charities and our national charity partner Cancer Research UK (CRUK).

#### Maintaining key partnerships

CRUK has been Bellway's national charity partner since 2016 and our relationship continues to go from strength to strength. We recently extended the partnership for a further 18 months until the end of 2024. We are proud to have met our '£3m for 2023' target early, raising over £3 million for CRUK since the partnership was established, which would not have been achieved without the dedication from our employees, suppliers, and subcontractors. We look forward to continuing the partnership with the aim of increasing our fundraising and donation total for CRUK to £4 million by the end of 2024.

Engagement with employees, subcontractors and suppliers has remained strong this financial year. We saw a slight decrease in fundraising, however the determination and enthusiasm remained high across the Group. In total FY23 has seen £580,048 (2022 - £607,898) raised and donated to CRUK. £140,295 has been raised by employees (2022 - £130,829) with another £157,084 from subcontractors and suppliers (2022 - £168,442), Bellway's double matching of employee fundraising added a further £282,669 (2022 - £308,848). This brings our seven-year total to £3.14 million.

This year saw the re-launch of our 'Donation Station' initiative in January across our 23 operating divisions and Head Office. By donating clothes, homeware, books and other items to CRUK which can be sold in shops, we were able to support CRUK by donating 689 bags equivalent to a monetary value of £15,709 which was double matched by Bellway, bringing the total raised to £47,127.

CRUK is not the sole focus of our charitable engagement, and we continue to support a range of local charities, causes and community groups in the communities where we develop, including corporate donations and employees fundraising for causes close to their hearts. Non-CRUK employee fundraising came to £95,312 this year, with Bellway 'matching' employees' fundraising efforts. This includes payroll giving for which we introduced matching for last year. In total, across all our charitable activities, Bellway, our employees, subcontractors, and suppliers have raised and donated a total of £799,978 (2022 - £899,467) of which £364,744 was raised by our employees, subcontractors, and suppliers, (2022 - £422,816).

#### Volunteering Policy

We are proud to have implemented our new employee Volunteering Policy which took effect on 1 July 2023, while Bellway staff have often undertaken volunteering on an informal ad-hoc basis, we have decided to formalise arrangements and staff now have the opportunity to participate in one volunteering day per year. Volunteering offers additional routes for employees' personal and professional development and enables Bellway to share our skills and knowledge to help create better communities where we live and work. We are excited to offer this opportunity and aim to promote volunteering opportunities across the Group and donate 4,000 hours of employees paid working hours to local and national charities by July 2026.

We will continue to investigate and find opportunities for our employees to participate in on a national and local level, which will be promoted across the Group.

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Bellway Wales completing a walk across the Severn Bridge to raise funds for Cancer Research UK.

### Homelessness support

This year, we continued our partnership with Greater Change, a non-profit organisation who help individuals to break the cycle of homelessness, providing additional support that would fall outside the remit of social services. This year we donated £10,000 to Greater Change. Since our partnership began last year, we have donated £34,000 in total. This partnership is still in early stages, but the donations have already brought real, tangible benefits to people's lives. Our recent donation in FY22/23 supported ten of Greater Change's clients out of homelessness and into long-term stability. One of the clients, who was helped with Bellway's donation, was a 30-year-old woman living in an emergency hostel. She has now started an apprenticeship and successfully passed her Level 3 maths and English exams.

In addition to the Greater Change partnership, some of our divisions have supported Emmaus UK, who support people to work their way out of homelessness. They provide meaningful work, training, and a stable home for as long as someone needs it, by donating money and fundraising for the cause.

### Establishing new partnerships

This year we established three new partnerships with charities supporting disability or disadvantaged individuals with a view of providing work placements. We are currently hosting two summer internships for graduates with disabilities as part of the Change 100 initiative. The Leonard Cheshire's flagship programme which aims to kickstart the careers of ambitious disabled university students and graduates, and provide support through the graduate assessment process.

The Percy Hedley Foundation, a local disability charity based in Newcastle upon Tyne, that supports people with complex learning difficulties, disabilities, and additional communication needs, recently attended our Group Head Office to undertake an accessibility audit. They have made some useful recommendations for us to follow to ensure that we are able to host future work placements for a broad spectrum of disabled individuals. Members of the HR teams supported by hosting an employability session at one of their campuses to help with CV writing and interview tips. We also sponsored a vocational award for students of Percy Hedley at their annual ceremony in July.

A group from our 2022 Graduate cohort also supported, Azure, a charitable organisation dedicated to enhancing lives of those who are disabled or disadvantaged, on a project entitled 'how can we actively encourage more people with disabilities to pursue a career in construction and housebuilding'. The Group carried out research with a specific focus on the recruitment process and made recommendations that Bellway can make internally, and that Azure can use.

We are now working to identify a suitable national partnership to broaden our capacity to offer work placements across the Group.

### Future KPIs

Raise £4m for Cancer Research UK by December 2024.


Promote volunteering within Bellway to benefit local charities and good causes, donating 4,000 hours of employee time to charities/good causes by July 2026.

## Better with Bellway Strategy and Priorities

Charitable Engagement continued

# Supporting better charitable giving

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 Colleagues from Bellway Yorkshire completing the 'Yorkshire 3 Peaks' Challenge raising over £8,000 for Cancer Research UK.

## Our ground-breaking charity partnership with Cancer Research UK

Charitable giving is central to our ethos. Each year, Bellway recognises the valuable efforts of employees in supporting important charities and causes by matching or topping up their fundraising, this is commonly known as 'matched giving'.

At Bellway we are invested in supporting employee commitment to helping Cancer Research UK and encourage staff participation by launching double-matched funding. This means that for every £1 a Bellway employee raises, Bellway will contribute an additional £2.

This is a huge incentive for employees, and this year we received a Better Society award in recognition of the scheme.

“

By 'Giving to Build Better Lives', Bellway allows us to continue making discoveries, driving progress and bringing hope, so that we can bring about a world where everybody can live longer, better lives, free from the fear of cancer.”

**Stephanie Parsons**

Account Manager – Cancer Research UK

## Section 172 Statement

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of the members as a whole, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- (a) the likely consequences of any decision in the long-term,
- (b) the interests of the Group's employees,
- (c) the need to foster the Group's business relationships with suppliers, customers and others,

- (d) the impact of the Group's operations on the community and the environment,
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly between members of the Group.

The following page comprises the Group's Section 172 Statement and how the Board has fulfilled its duties to have regards to the above and where to find further information regarding each factor in this report.

### How our Directors fulfil their S.172 duty under the Companies Act 2006:

#### Board Report

The Board receives detailed reports and in-person updates from senior management, which they query, challenge, and debate, to ensure conflicting views are carefully considered. Updates on the progress and decision implementation are also provided, to allow the Board to review and alter where appropriate, as situations (and stakeholder priorities) evolve.

#### Diverse set of skills, knowledge, and experience

The Board has a wide range of experience and expertise which is vital to making informed decisions and promoting the success of the Company in the long-term, whilst considering the likely consequences of any decision and the needs of stakeholders.

Further details on pages 102 and 103 in the Board of Directors and Group General Counsel and Company Secretary section.

#### S.172 Factor

- (a) The likely consequences of any decision in the long-term.

- (b) The interests of the Group's employees.

- (c) The need to foster the Group's business relationships with suppliers, customers and others.

- (d) The impact of the Group's operations on the community and the environment.

- (e) The desirability of the Group maintaining a reputation for high standards of business conduct.

- (f) The need to act fairly between members of the Group.

#### Strategic planning and direction of culture

The Board is responsible for setting the strategic direction, values and culture of the Company. It sets the tone of how business is done throughout Bellway and has embedded expectations that stakeholder considerations are important to decision-making at all levels of the organisation.

Further information can be found in Our Strategy (pages 16 and 17) and within the Better with Bellway section (pages 38 to 62).

#### Board Discussion

All directors are expected to engage, contribute, and constructively challenge discussions, while also offering a differing perspective.

Further information can be found in the Division of Responsibilities and Board Evaluation sections on pages 107 to 110 and page 111 respectively.

#### Further Information Can Be Found

- Our Business Model – Pages 18 to 23.
- Better with Bellway – Pages 38 to 62.
- Key Stakeholder Relationships – Pages 64 to 74.
- Chair's Statement – Pages 28 and 29.
- Principal Risks – Pages 79 to 83.
- Better with Bellway – Pages 38 to 62.
- Key Stakeholder Relationships – Pages 64 to 74.
- Nomination Committee Report – Pages 112 and 113.
- Better with Bellway – Pages 38 to 62.
- Key Stakeholder Relationships – Pages 64 to 74.
- Our Business Model – Pages 18 to 23.
- Better with Bellway – Pages 38 to 62.
- Key Stakeholder Relationships – Pages 64 to 74.
- Our Business Model – Pages 18 to 23.
- Our Business Model – Pages 18 to 23.
- Who We Are – Pages 6 to 9.
- Better with Bellway – Pages 38 to 62.
- Our Strategy – Pages 16 and 17.
- Audit Committee Report – Pages 114 to 125.
- Key Stakeholder Relationships – Pages 64 to 74.
- Our Strategy – Pages 16 and 17.
- Remuneration Report – Pages 126 to 145.

## Key Stakeholder Relationships

# Maintaining good relationships with our stakeholders is important to what we do

### Better with Bellway

Our Better with Bellway sustainability strategy (see pages 38 to 62), is a key element of our overall business strategy and considers many of our key stakeholders. The strategy has been developed with the involvement of key business functions and received significant Board engagement in its development, approval and ongoing oversight.

As a result, the development and ongoing delivery of this strategy has received Board attention throughout the year with key activities falling under this strategy being approved and supported by the Board.

Our key stakeholders play a vital role in the development, implementation and success of Better with Bellway with all key stakeholders being engaged both directly and indirectly as a result, including:

graphic removed	<b>Customers</b> ➔ See pages 64 to 66.
graphic removed	<b>Employees</b> ➔ See pages 66 to 68.
graphic removed	<b>Investors, Analysts and Advisors</b> ➔ See pages 68 and 69.
graphic removed	<b>Partners and Supply Chain</b> ➔ See pages 69 and 70.
graphic removed	<b>Local Communities and the Environment</b> ➔ See pages 71 and 72.
graphic removed	<b>Government and Regulators</b> ➔ See pages 73 and 74.

During the period, we have taken the opportunity to proactively engage key stakeholders in ensuring our strategy is understood and help demonstrate how Bellway's commitment to sustainability is being delivered through everything we do day-to-day in running the business.

### Stakeholder engagement

Stakeholder engagement is important for our business as it helps inform our Board decision-making and ensures we consider the impact of those decisions on key stakeholders. These decisions can impact stakeholders collectively or individually, which means we have to consider the differing outcomes across all stakeholder groups.

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## Customers

### How Customers link to our strategic priorities

graphic removed

#### Customers & Communities

➔ See pages 43 and 44.

graphic removed

#### Building Quality Homes, Safely

➔ See pages 53 and 54.

### Why we engage

We place customers at the heart of our business as without them we could not operate. The changing consumer landscape, with inflationary pressures, falling consumer confidence and rising lending rates, all meaning it is more important than ever to consider our customers in our decision making, by understanding the challenges they currently face and how we can adapt our product offering to suit their requirements.

### How we engage

Bellway's reputation for excellent customer service and high-quality build means we place a strong emphasis on customer experience at every stage of the customer journey.

Our digital channels are the starting point for many when buying a new home and we have enhanced our digital offering to improve the experience potential customers have when searching for a new home. Our aim is to provide detailed information about the houses and apartments we build and provide additional information on the customer journey and what to expect before setting foot in our sales offices.

The use of our social media channels and website content continues to engage customers using aspirational content and customer case studies. This is particularly helpful as it allows us to engage customers during the period between reservation and completion where we can provide content which is helpful when moving into their new home.

Our face-to-face sales approach, through our dedicated and highly trained sales teams, remains our strength as we help customers navigate the experience of buying a new home. Our teams are there to make the process of buying run as smoothly as possible.

The Customer First programme, designed to support consistent build quality and the experience customers receive, has continued to provide enhancement to the customer journey throughout the year, with the introduction of some key initiatives designed to help customers

understand the product we build and meet the teams who are responsible for delivery of their new home. Our digital transformation has seen the introduction of 'Your Bellway', an online customer portal which is designed to keep customers fully informed of the sales and build progress of their home. We continue to enhance this portal to improve the experience of our customers.

Once customers move into their new home, they are supported by our dedicated Customer Care teams, who are there to address any post-completion issues that may arise.

To maintain our strong customer service experience, we encourage feedback throughout the sales process via Trustpilot and HBF Customer Satisfaction surveys. The Board places significant emphasis on the importance of this feedback, with eight-week and nine-month post-completion HBF scores being reported to the Board on a regular basis.

Through our marketing activities we engage with prospective customers through our targeted approach, using data to ensure we are responding to their needs accordingly.

The New Homes Quality Board ('NHQB') introduced the New Homes Quality Code ('NHQC'), the new industry code of practice in December 2021. Bellway registered with the NHQB in October 2022 and signed up to the New Homes Ombudsman Service. The NHQC is intended to consolidate and improve upon the existing protections that are available to purchasers of new build homes and it will reinforce several of the Group's existing practices, including our comprehensive after-sales service.

Our 'Better with Bellway' sustainability strategy allows us to communicate with customers in a more engaging way on how they live in their new homes. The move to Future Home Standards from 2025 means that we must bring customers on the journey to a low-carbon home. To this end, our Future Home at Energy House 2.0, a unique carbon reduction research project with The University of Salford, provides us with a strong opportunity to use peer reviewed research to educate customers on the benefits and challenges of the new technologies that will replace gas heating.

Our Building Safety division, set up in response to changing building safety legislation post-Grenfell, continues to engage customers who live in legacy Bellway apartments, where historical issues have been identified. We continue to communicate with leaseholders and residents on those developments, through dedicated websites and resident portals, regular communications directly with residents or through Resident Liaison Officers or Managing Agents where active remediation is underway.

### Board level engagement

The Board places significant emphasis on the importance of the HBF Customer Satisfaction survey scores, with eight-week and nine-month post-completion HBF scores being reported to the Board on a regular basis. The focus of the Board on improving our nine-month scores has been a key part of our Customer First programme and Better with Bellway strategy.

The Board regularly discusses customer-related projects such as Customer First, Customer Care scores and innovation relating to our Better with Bellway activities.

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Shalini and Pradeep with their daughter outside their new home.

### Issues raised as a result of engagement

- Customer service
- Digital adoption
- Sustainability and energy efficiency of homes
- Build quality
- Innovation
- Legacy building safety improvements

### Engagement outcomes

Our focus on providing high-quality homes and service for our customers has resulted in Bellway being recognised as a 5-star<sup>6</sup> homebuilder for the seventh consecutive year.

9 out of 10 customers would recommend Bellway to a friend with 91.1% in the Recommend a Friend category

HBF Customer Satisfaction Survey scheme: 'Recommend a Friend' category

**91.1%**

(2022: 93.6%)

We have also made enhancements to our telephony operations for customer care, increasing accessibility to our teams and are making enhancements to our reporting and defect rectification with the implementation of software for site managers to monitor and track activity on developments.

Enhancements to our digital channels has led to improvements in the customer journey. We have reacted to the current challenges being faced by consumers, due to the rising cost of energy, to highlight the potential cost-savings that can be made from moving into a new build property versus an older home. The digital transformation of our business is reflected in the digitisation of our 'traditional' sales channel with the introduction of our first digital sales office in Ryton in the North East.

## Key Stakeholder Relationships continued

'Your Bellway', our online customer portal, has been rolled out across 21 divisions and is now being used by over 1,460 customers and we are continually rolling this project out on new developments.

Our Customer First project has implemented three key customer initiatives: Meet the Builder, Pre-plaster visits and House to Home – all receiving positive customer feedback. Meet the Builder is designed to provide reassurance to customers by introducing them to the site team who is responsible for the development of their home. Pre-plaster visits give customers the opportunity to visit their home and see it in first fix stage while the newly implemented House to Home offers customers the opportunity to see a home on site at various stages of completion. This allows us to highlight the construction processes, demonstrate the complexity of building houses, and educate customers on key aspects of their home, they would not normally see. For example, being able to see where pipework and electric cables run, prevents customer care issues down the line caused by accidentally drilling through those services. Our first House to Home has been developed by our East Midlands division, and following customer feedback, it will now be implemented on sites across the Group.

Our 'Better with Bellway' sustainability strategy has also led to greater engagement with customers on sustainability matters. The green welcome packs for new homeowners, and children's activity books on sustainability, introduced in 2022 continue to be well received. With the rising cost of energy bills, our Future Home project at The University of Salford is being used to drive customer education relating to new low-carbon technologies which will be introduced into our homes. We have already started to roll out customer education on the introduction of Air Source Heat Pumps for example. Our Future Homes projects have also been extended to our current build programme, with four future homes being built in Callerton, Northumberland, which have been sold on the open market. We will use the feedback from customers to inform our plans for further roll out of homes that meet Future Home Standards from 2025.

### Impact on Board decision-making

The Board is fully engaged in driving up quality and customer service scores and has been supportive in all of the customer facing initiatives that have been introduced as part of our Customer First programme, our digital transformation projects and other key Customer Care enhancements designed to improve our overall customer experience.

graphic removed

## Employees

### How our Employees link to our strategic priorities

graphic removed

#### Employer of Choice

➔ See pages 46 and 47.

### Why we engage

Our ambition to be an Employer of Choice is driven by our desire to create a safe, diverse and inclusive environment which ensures we recognise our colleagues and help them develop and thrive within our business and play an active role in its success. It is important that we engage with our colleagues to ensure we understand what is important to them and this helps shape our decision-making at board-level.

### How we engage

Our ongoing engagement activities encourage our colleagues to provide feedback on what is important to them and highlight the issues that impact them in their roles. Our main engagement tool is our annual Employee Engagement Survey, which this year ran in June 2023, asking for feedback from all of our colleagues.

As well as the annual Employee Engagement Survey, we also hold regular Employee Listening Group sessions which allow colleagues to share their views on a variety of subjects relating to their roles and working for Bellway. We have used this feedback to formulate and develop our 'Employer of Choice' flagship business priority area under our Better with Bellway sustainability strategy.

We also engage colleagues through regular internal communications activity to ensure colleagues are kept informed of ongoing business announcements and updates, as well as changes and enhancements to policies and procedures which impact them directly.

Our priority to create a diverse workforce includes the creation of the Balance Network, our diversity and inclusion working group, which receives board level sponsorship and is attended by a diverse group of colleagues from across the Group.

We have also recently launched an Early Careers Network aimed at engaging in meaningful dialogue regarding barriers or challenges encountered in coming into the construction industry, or Bellway specifically, with a view to establishing proactive solutions to improve accessibility for a diverse range of individuals and alleviate the sector-wide skills gap.



## Board level engagement

The Board has been actively involved in the development and ongoing board level discussions about becoming an Employer of Choice and has supported our Senior Management teams in delivering this flagship priority for the business.

As part of our Better with Bellway reporting activity, our key target achievements are reported to the Board and ongoing strategic priorities are discussed at board level ensuring buy-in for the majority of key projects to support our objectives.

Our Chief Executive and Executive Board members regularly visit our divisions and undertake site visits where they meet with colleagues and can see our operations first hand.

The Non-Executive Directors attend one Listening Group each year to gain a better understanding of what is on our colleagues' minds. The outcomes of this are then discussed at Board level. The Employee Listening Group is our method for workforce engagement in line with the requirements of the Code.

Each Non-Executive Director also visits a division separately for a day as well as joining the Board on more formal divisional and site visits.

## Issues raised as a result of engagement

- Health, safety and wellbeing
- Flexible and agile working
- Diversity and inclusion
- Pay and benefits
- Training and development
- Career progression
- Succession planning
- Work life balance
- Internal communications transformation

## Engagement outcomes

The latest Employee Engagement Survey undertaken in June 2023 received a strong 69% (2022 - 74%) response rate.

Employee Engagement Survey response rate

**69%**

(2022 - 74%)

Colleagues who would recommend Bellway as 'a great place to work'

**89%**

(2022 - 95%)

image removed



Sales Advisors from Bellway Kent with our mascot Bella supporting the local athletics event Medway Mile.

During the past year, improvements identified as a result of our 2022 survey have been implemented and have been fully supported by the Board, including enhancements to our agile working arrangements.

Bellway has been awarded full accreditation as a Living Wage Employer, which covers both directly employed and subcontracted staff, and this has been achieved well ahead of our July 2024 target. A standard, consistent induction and onboarding process is also being introduced for all new starters at Bellway and we have seen an encouraging reduction in voluntary staff turnover during the past 12 months.

The Group has several initiatives in place to promote inclusion and to improve ethnic and gender diversity and, together with a range of opportunities for career progression we are focusing on ensuring our colleagues are supported to thrive in their roles and progress their career ambitions with the Group.

Our focus on mental health awareness, one of our key 'Employer of Choice' targets, has led to a mandatory training programme being developed for all people managers. As at 31 July 2023, 309 employees have attended mental health awareness training, which equates to 10.4% of the workforce (target 20% by July 2024). We have also recruited and trained 174 mental health first aid advocates, which equates to 5.8% of the workforce as we aim to reach the target of 10% by July 2024. Of the mental health first aid advocates trained, 47% are site based and 53% are office based.

Following on from our Senior Leadership Management Programme introduced in 2022, we have also introduced a new Middle-Managers Management Programme, launched in autumn 2022, which is designed to identify and upskill the future leaders of our business.

## Key Stakeholder Relationships continued

image removed



Street scene from our Holbrook Park development, Derbyshire.

Linked to this, we have launched a sponsorship programme to support the progression of females into senior leadership roles. Six female middle managers, currently on our Elevate Programme, and from a range of disciplines, have been identified to take part in the first programme. They have been matched with a senior leader from Group and they will work together for six to nine months to support their progression, which ultimately may result in a promotion.

In addition, our Women into Housebuilding Programme has successfully recruited its first Trainee Assistant Site Manager and the latest cohort will see the introduction of a further five females into the programme in the new financial year.

Our focus on early careers continues with 12 graduates recruited on to our Graduate Programme during 2023, with roles across the business. Our Apprenticeship Programme for 2023 recruited 30 apprentices to the business.

Our focus on diversity and inclusion has led to us linking up with Leonard Cheshire's Change 100 programme, which looks to help university students and recent graduates with disabilities or long-term conditions, gain experience of the workplace.

An important part of how we become an Employer of Choice includes how we communicate with our colleagues. The Board has supported an internal communications transformation project, which will see the launch of a new Employee Engagement App and front-end Intranet which is designed to improve communications, and encourage ongoing two-way dialogue with colleagues, providing us the opportunity to solicit real-time feedback.

### Impact on Board decision-making

With Employer of Choice being a flagship business priority, the Board has invested significant time focusing on the results of our Employee Engagement Survey and ongoing feedback from Listening Groups. Our Group HR Director presented to the Board during the year on key initiatives relating to the strategy, which has received ongoing Board scrutiny and support.

The results of our June 2023 Employee Engagement Survey were presented to the Board in September 2023, and the outcomes from the survey are leading to the development of further outcomes which are the result of feedback from our colleagues.

graphic removed

## Investors, Analysts and Advisors

### How our Investors link to our strategic priorities

graphic removed

#### Better with Bellway

➔ See page 38 to 62.

### Why we engage

As a FTSE 250 publicly listed company, we have a duty to provide our equity and debt investors with fair, transparent and balanced information on business performance and strategy. This supports ongoing confidence and trust in the business and allows well-informed investment decisions to be made.

### How we engage

As part of our ongoing financial calendar activities, we engage with investors around our interim and preliminary results announcements and regular trading updates throughout the financial year.

Our Executive Management Team regularly meets and communicates with major shareholders and analysts including at formal presentations at least twice a year. This ensures that investors have timely updates on the progress of the business and allows them to share any feedback.

In addition to regular financial announcements, we use traditional media channels to inform a wider audience of our key business performance messages. We also engage with our colleagues through our internal communications activity to inform them of key financial announcements as many hold an investment interest in the business.

Our Better with Bellway sustainability strategy has provided further opportunities to engage with investors on the eight business priorities within the strategy, which are focused on people and the planet. The strategy includes ambitious targets to significantly reduce carbon emissions and our communications have helped investors to better understand the changing landscape of the housebuilding industry as we evolve our product and business practices.

We have provided regular updates on the remediation of legacy developments relating to building safety as part of our commitment under the Self-Remediation Terms ('SRT') agreed with The Department for Levelling Up, Housing and Communities ('DLUHC') during the year.

### Board level engagement

The Board has engaged in a number of set piece events over and above the standard financial calendar during the year.

In September 2022 the Board hosted a 'Meet the Team' event at our development in Great Dunmow, Essex, where attendees met with the Executive team and regional and local colleagues from a wide range of disciplines across the business. Following a period of virtual meetings during COVID-19, the event enabled the Group to showcase the Better with Bellway strategy and re-engage, in person, with institutional investors, analysts and other key stakeholders.

In May 2023, the Board and senior management team hosted an investor and analyst event at our Future Home at the Energy House 2.0 research project at The University of Salford. This flagship project will play a key role in accelerating the progress towards low carbon and net zero housing design. The event was hosted alongside Barratt Developments and Saint Gobain, who we have been collaborating with on this unique industry initiative.

Our AGM will be held 15 December 2023 and our Board will be available to answer any questions in this forum.

The Board has also undertaken a review of our external corporate advisors with a view to providing an increased engagement programme with our investors, the media, and political stakeholders.

### Issues raised as a result of engagement

- Environment, social and governance ('ESG')
- Remuneration policies
- Market conditions e.g. mortgage market, supply and labour supply chain, impact of economic uncertainty, affordability, and land market
- Capital allocation and dividend policy
- Customer care and build quality
- Building safety Self-Remediation Terms
- Future Homes Standard
- Diversity and Inclusion
- Carbon reduction strategy
- Impact of Government policies on housebuilding

### Engagement outcomes

Engagement around our interim and preliminary results and trading updates allows us to communicate our strategy to investors and analysts and has helped maintain Bellway's reputation for having a strong management team. We are able to use shareholder feedback from these announcements to formulate our positioning for future announcements and ensure we are meeting the needs and expectations of investors.

Our proactive communication in relation to our Better with Bellway strategy has led to positive engagement with our investors, analysts and advisors. As a result, they have gained a greater understanding of our business priorities, challenges and opportunities as we work towards the Better with Bellway targets and KPIs, which are aligned to the underlying operations of the business.

### Impact on Board decision-making

The Board considers the impact decision-making has on shareholders and the wider investment community.

We have utilised our Better with Bellway sustainability strategy to proactively engage with our investors with feedback being used to shape Board decision-making.

The Board approved a return of capital of £100 million to shareholders through the implementation of a share buyback programme of which the first tranche was completed in June 2023 at a cost of c. £50m, immediately followed by the start of the second tranche.

graphic removed

## Partners and Supply Chain

### How our Partners and Suppliers link to our strategic priorities

graphic removed

#### Carbon Reduction

➔ See pages 49 to 52.

graphic removed

#### Building Quality Homes, Safely

➔ See pages 53 and 54.

graphic removed

#### Sustainable Supply Chains

➔ See pages 55 and 56.

graphic removed

#### Resource Efficiency

➔ See page 57.

### Why we engage

Due to the size and scale of our operations, our relationship with our partners is vitally important. We pride ourselves on having strong long-term sustainable relationships with our key partners and suppliers which helps us navigate some of the supply chain and inflationary pressures being faced by the industry post pandemic.

Additionally, our Better with Bellway sustainability strategy relies on significant collaboration with our key partners as we work together on achieving our goals.

### How we engage

Our Group Commercial teams have close working relationships with all of our key partners and our divisional teams also work closely with our partners and subcontractors at a regional level.

We aim to source all of our products and services in a sustainable and ethical manner (see Sustainable Supply Chain on pages 55 and 56). It is important that we work closely with our partners to ensure this is achieved and use our influence for positive change within the industry and its supply chain.

Our industry leading Carbon Reduction targets mean that we must work with our partners to reduce the embodied carbon in our supply chain.

Our long-term working relationships with reputable subcontractors ensures that we can maintain the availability and quality of materials and labour.

The health and safety of our colleagues, subcontractors and customers on our sites is one of our main priorities and our safety first approach ensures that any risks are identified and addressed.

The success of our business relies on working closely with public bodies and a range of national and local agencies to aid the delivery of our developments across the country.

## Key Stakeholder Relationships continued

image removed



Jamie Bursnell, Technical and Innovations Manager with the sales team next to the Google bus.

We are able to provide affordable homes through our long-established relationships with Housing Associations, on a national and local level. This ensures the delivery of more affordable homes on our developments.

Our Group Strategic Land team collaborate with landowners, business partners, and the public sector to acquire land opportunities. Regardless of their current planning status, sites are taken into consideration subject to our defined approval process and hurdle rates.

Our divisional teams are very knowledgeable about regional planning frameworks and policies. This knowledge is crucial for steering sites through the planning system.

We also participate in joint venture and partnership agreements with public and private sector partners.

To manage remediation projects that fall under the government's pledge on building safety, we collaborate with fire safety engineers and specialised subcontractors.

### Board level engagement

The Board is fully engaged in oversight of our sustainability, supply chain and health and safety issues with regular reporting to the Board.

Our Commercial and Technical teams provide ongoing Board updates on key partner issues and Board approval is required for key decision-making.

Our Better with Bellway targets across all of our eight business priority areas are all reported to the Board and these are updated on a regular basis with Board approval.

### Issues raised as a result of engagement

- Supply chain demand and price inflation
- Labour shortage
- Health and safety
- Land and planning
- Sustainability

### Engagement outcomes

Our ability to effectively manage the ongoing challenges facing the industry as a result of the COVID-19 pandemic, post-Brexit issues, inflationary pressures and the war in Ukraine, which is still leading to global shortages in supply chains and labour and rising costs, has been facilitated by our solid personal relationships with key suppliers and subcontractors. Due to the close collaboration between our Group Commercial teams and our supply chain partners, we have been able to jointly resolve the majority of supply-related issues through more efficient planning and communication.

The long-term relationships benefit our partners as they know we will work with them to resolve immediate issues resulting from the challenges in the market, in the full knowledge that we will be flexible in our approach.

Our Better with Bellway sustainability strategy is benefiting our partners as we are able to work together in adopting low-carbon technologies in our homes, working to reduce the impact on the environment through our supply chains and becoming more efficient in resource management on our sites. Our Future Home project at The University of Salford has seen us work closely with our partners to deliver new technologies in our homes and demonstrate the effectiveness or otherwise of these products and how they perform.

As a result of this strategy, we have had positive engagement with some of our key suppliers who have fully considered our plans, and this has led to positive outcomes from our partners with them adapting their own sustainability strategies accordingly.

We have ongoing monitoring of health and safety on our sites, and work closely with our partners to ensure we provide the right education and information to subcontractors and suppliers on-site, to ensure our RIDDOR levels remain consistent.

### Impact on Board decision-making

The importance of our partnerships on the success of our business means the Board must consider the impact of decisions on our partners.

The success of our Better with Bellway sustainability strategy is linked closely to the co-operation and support of partners to work collaboratively in achieving goals.

graphic removed

## Local Communities and the Environment

### How our Local Communities and the Environment link to our strategic priorities

graphic removed

#### Charitable Engagement

➔ See pages 60 and 61.

graphic removed

#### Customers and Communities

➔ See pages 43 and 44.

graphic removed

#### Biodiversity

➔ See pages 58 and 59.

### Why we engage

Bellway's involvement with local communities goes beyond just building desirable developments in places where there is housing need. Our relationship with local suppliers and subcontractors, the creation of jobs, local infrastructure investment, and our interactions with local community and charitable organisations means we regularly engage in the wider communities in which we are based.

### How we engage

As part of the planning process on the purchase of land and submission of planning permission for a development, we engage with the local community on public consultation and engagement. Our research into local areas to identify local housing requirements means we are able to provide desirable developments that complement the area where they are situated and meet the needs of the local population. Using the feedback garnered through local engagement, we may amend our plans accordingly.

Through Section 106 (England and Wales) and Section 75 (Scotland) contributions, Community Infrastructure Levies, and affordable housing contributions we invest significant resources into the communities where we develop. These investments are used by local authorities to deliver infrastructure improvements, designed to limit the impact that additional housing stock may place on local services.

image removed



Customers at the new playground at our Oakley Park development.

This results in significant money being used to improve or build schools, healthcare facilities, roads, recreational facilities and other services which benefit the wider community.

Our developments lead to job creation and contracts for local subcontractors, many of whom have long-term relationships with us, which leads to additional investment from the supply chain involved in building our homes.

At a Group-wide and divisional level, we have relationships with national and local charities and community organisations and run school projects in areas where we have a presence. These engagements lead to betterment for these organisations, not just through financial donations, but they also benefit from us using our expertise to donate time and benefit in kind to undertake work that these organisations cannot do themselves.

We also involve local communities and charity organisations directly in our development plans, particularly where there may be some historical link to the land we are developing to the local community.

Our Better with Bellway sustainability strategy is also helping us engage with communities on sustainable activities and our plans for biodiversity net gain on some sites will involve communities.

Our national charity partnership with Cancer Research UK is now in its seventh year and this partnership allows us to engage in charitable activities on a national and local level.

### Board level engagement

The Board is fully supportive of our local community engagement and environmental activities as this activity is a key part of our business strategy under Better with Bellway, which has been fully approved by the Board.

### Issues raised as a result of engagement

- Affordability and the supply of housing
- Planning and community engagement
- Jobs and skills
- Biodiversity
- Home efficiency and sustainability
- Environmental issues
- Impact on existing communities and infrastructure
- Charitable and community giving

## Key Stakeholder Relationships continued

image removed

 The Jeweller at our Parsonage Place development, Maidstone.

### Engagement outcomes

Of the 10,945 housing completions this year, 25% (2022 – 18%) were sold to affordable housing providers, providing much needed affordable homes in communities throughout the UK.

We sold 19% (2022 – 13%) of our new homes to unassisted first-time buyers while 10% (2022 – 22%) were purchased by customers using Help-to-Buy, prior to the scheme closing earlier this year. Overall, 28% (2022 – 34%) of our homes were sold to first-time buyers. The increase in housing provision provides additional benefit to local communities, particularly where housing is in short supply as it releases homes on the second-hand market and increases supply.

Our fundraising efforts with our national charity partner, Cancer Research UK, has seen us hit our target of raising £3 million by the end of 2023, ahead of target thanks to the amazing fundraising efforts of our colleagues, suppliers and subcontractors.

Across the Group, our divisions have also raised an additional £95,312 for other national, regional and local charities through fundraising activities. This is in addition to benefits in kind that we donate through staff time and donations of goods and services.

Our schools engagement programme, launched in September 2022, designed to promote housebuilding as a career option for school leavers, has engaged 664 secondary schools, and we have access to 475,022 students (male – 49.8%, female – 50.2%). In addition, we have also launched a primary school campaign, targeting 166 schools in locations near to our offices and developments across England, Wales and Scotland.

As we develop our Biodiversity Net Gain ('BNG') strategy ahead of the introduction of the Environment Act (2021) from January 2024, we have been engaging with local communities and demonstrating how we can achieve the 10% BNG required. For example, our Tiny Forest trial planted in Ponteland, Northumberland as part of our Better with Bellway in 2022 has now started to flourish and the data we collect from this pilot will help inform our understanding on how we can deliver similar projects elsewhere.

Homes sold to affordable housing providers

**25%**

(2022: 18%)

Houses purchased by unassisted first-time buyers

**19%**

(2022: 13%)

Homes purchased by customers using Help to Buy schemes

**10%**

(2022: 22%)

Homes purchased by first-time buyers

**28%**

(2022: 34%)

Direct, indirect and induced jobs supported by Bellway in the past year

**28,800 – 34,100**

(2022: 29,300 – 34,800)

Total raised for Cancer Research UK

**£3.14m**

(2022: £2.56m)

Raised for local charitable and community organisations

**£95k**

(2022: £123k)

### Impact on Board decision-making

The feedback from communities on planned development forms part of our Board decision-making when deciding on the viability of a development before progressing.

Our community and charitable fundraising efforts are included in our Better with Bellway sustainability targets which are reported to the Board and decisions on future strategy and direction are influenced by this data.

graphic removed

## Government, Regulators and Industry Bodies

### How Government and Regulators link to our strategic priorities

graphic removed

#### Better with Bellway

➔ See pages 38 to 62.

#### Why we engage

Although Bellway is apolitical, has no political affiliations or makes any political donations, the Government, opposition parties and regulators are responsible for setting the regulatory and legal framework in which we operate. In addition, local government plays a vital role in our activities with the planning system and other regional policies have a direct impact on our business activities.

#### How we engage

Most of Bellway's political engagement with national and local political stakeholders is undertaken through our industry representative body, the Home Builders' Federation ('HBF'). We have representation on this body and contribute to its engagement activities by contributing and engaging on key industry issues, where a collective position is agreed.

Central, devolved and local government policy in England, Scotland and Wales has a significant impact on the operation of our business, with planning and monetary policy all impacting the supply and demand for housing in the UK.

To progress developments, we proactively work collaboratively with local authorities and other key statutory bodies to ensure developments are brought forward to meet the local housing needs and adapt our plans to reflect the local need of the communities in which we build.

As well as building desirable communities, we also contribute to local infrastructure programmes through Section 106 (England and Wales), Section 75 (Scotland) and Community Infrastructure Levy ('CIL') contributions. These funds are used for key infrastructure projects to reflect the increase in demand for local services and infrastructure. As a result, communities benefit by road improvement projects, additional schools, healthcare facilities and other key schemes.

In major cities and nations with devolved governments, we work closely with local government officials.

We regularly communicate with Ministers, MPs and other key political stakeholders relating to local constituency matters.

Our response to the legacy building safety issues has led to ongoing engagement with the Department for Levelling Up, Housing & Communities ('DLUHC'), both directly and through the HBF. This has also been replicated in Scotland and Wales with ongoing discussions with government officials relating to building safety in devolved countries.

The UK Competition and Markets Authority ('CMA') market study into the housebuilding sector in England, Scotland and Wales has also become a key focus for the Board.

We have been working closely with Homes England, the Government's housing accelerator body. Its remit to meet the housing needs of the nation has led to engagement relating to projects across the UK. The Help-to-Buy scheme was a big driver of our engagement with Homes England prior to the programme's closure earlier this year.

In October 2022, Bellway activated its registration of the New Homes Quality Board ('NHQB'), a new independent regulatory body for the industry. The New Homes Quality Code ('NHQC') is the industry code of practice for all registered builders. From this date, customers who reserve a new home benefit from the protection of the New Home Quality Code and the New Homes Ombudsman Service.

## Key Stakeholder Relationships continued

### Board level engagement

The Board has been fully engaged in key issues facing the housebuilding sector. The signing of the SRT with the Department for Levelling Up, Housing & Communities was fully considered by the Board as was our response to The UK Competition and Markets Authority market study into the housebuilding sector.

Given the macro-economic impact of policy on the housebuilding sector, this has been an important focus for the Board during the year.

### Issues raised as a result of engagement

- Building safety and the industry voluntary pledge to remediate buildings in England, the Pact in Wales and the Accord in Scotland
- Competition and Markets Authority Study into the housebuilding sector
- Local planning issues
- Sustainability and environment
- Health and safety
- Access to housing
- Acceleration of housing supply

### Engagement outcomes

Following extensive Board involvement, the Group signed the Self-Remediation Terms relating to the remediation of legacy buildings in March 2023 which convert the principles of the Building Safety Pledge signed in April 2022 into a binding agreement between Government and Bellway.

In October 2022, we signed up to the Developers' Pact with the Welsh Government. Similar in principle to the Pledge in England, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues. This reflects our ongoing and responsible UK-wide approach to building safety. Discussions with the Scottish Government continue in the signing of the Accord.

The Group has been contributing to the CMA study into the sector and the Board has been actively involved in providing information to the competition regulator.

We work with relevant Government departments and agencies in delivering programmes such as Help-to-Buy which supports first-time buyers purchasing their new home.

Through our trade organisation membership, we are able to respond to key Government and regulatory changes.

Our centralised MP and key stakeholders communications ensure we address concerns at a Government and constituent level. Constituent issues raised through local MPs are managed centrally to ensure we provide a consistent response as a business. This engagement is reported regularly at Board level to ensure transparency over key political stakeholder engagement.

Our New Homes Quality Board ('NHQB') registration received board approval and all staff were trained on the requirements of the New Homes Quality Code ('NHQC'). The Board continues to have oversight of our responsibilities under the Code.

As a result of enhanced political issues impacting the sector, and the likelihood of a change in government, the Board has undertaken an exercise in reviewing our corporate advisors to ensure that our political engagement is reflective of a company of our standing.

### Impact on Board decision-making

The political nature of housing strategy naturally impacts the housebuilding sector and as a result, government policy and the impact of any economic changes impacts our business. As a result, the Board has to fully consider the implications of Government policy, a change in Government or future opportunities and threats that may arise as a result.



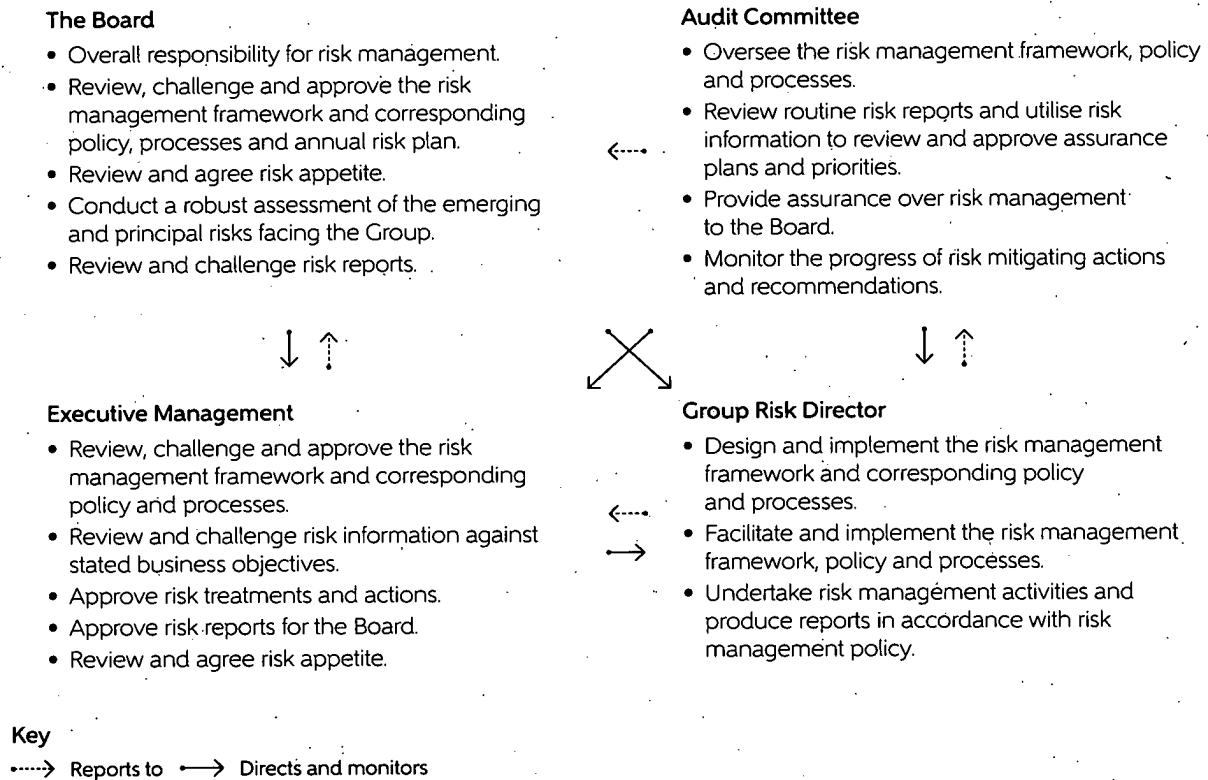
## Risk Management

Our established framework for managing risks has continued to be in place across the business throughout this financial year, with responsibility to implement the Board's policies on risk management and internal control sitting with management.

### Our risk management objectives continue to be:

- Assessing emerging and principal risks against an agreed appetite for risk, which is regularly reviewed.
- Improving the balance of risk and return through developing and maintaining a proactive, risk-aware culture.
- Ensuring there is a consistent approach for the identification, assessment, control, monitoring, follow-up and reporting of risks.
- Developing and implementing action plans to ensure that risks are mitigated where required, within our agreed risk appetite and that improvements are made to our control environment.
- Ensuring the approach to risk management meets the needs of the business, senior management and all key stakeholders.

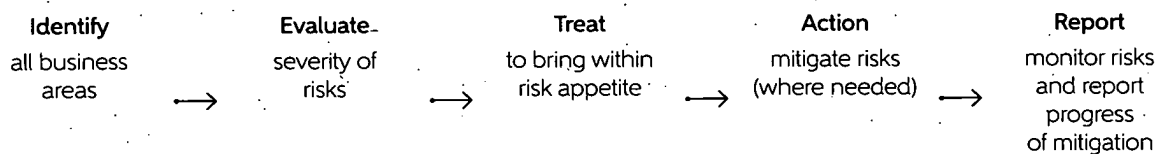
### Risk management framework



### Risk management roles and responsibilities

In all businesses, responsibility for managing risk sits with every employee. In undertaking their roles, employees are assisting in identifying, assessing and managing risks. Specific roles and responsibilities, as defined in our risk management framework and corresponding policy, are set out in the diagram below:

### Risk management process



## Risk Management continued

### Risk management process

A risk register is maintained detailing all potential risks and our risk management processes ensure that all aspects of the Group are considered, from strategy through to operational execution which includes any specialist business areas.

The risk register is reviewed as part of our management reporting processes, resulting in the regular assessment of risk, severity and any required mitigating actions. The severity of risk is determined based on a defined scoring system assessing risk impact and likelihood.

A summary of risks is reported to management, the Audit Committee and the Board, which is mainly, but not exclusively, comprised of risks considered to be outside of our risk appetite after mitigation. This summary is reviewed throughout the year, with the Board systematically considering the risks and any changes that have occurred. Once a year, via the Audit Committee, the Board determines whether the risk management framework is appropriately designed and operating effectively. The Directors confirm that they have conducted a robust assessment of the principal risks facing the Group.

More information on risk management and internal controls is included within the Audit Committee Report on pages 114 to 125.

### Financial risk management

The Group's financial instruments comprise cash and overdrafts, fixed rate sterling USPP notes and various items such as trade receivables and trade payables that arise directly from its operations.

The main objective of the Group's policy towards financial instruments is to maximise returns on the Group's cash balances, manage the Group's working capital requirements, and finance the Group's ongoing operations.

### Capital management

The Board's policy is to maintain a strong capital base to underpin the future development of the business in order to deliver value to shareholders. The Group finances its operations through reinvested profits, bank facilities, fixed rate sterling USPP notes, cash in hand and the management of working capital.

The dividend is determined following careful consideration of capital requirements, as well as the Group's operational capability to deliver further long-term volume growth. If the final dividend is approved, the total dividend will be covered by total underlying earnings by 2.3 times<sup>(2,3)</sup> (2022 – 2.3 times).

### Management of financial risk

The main risks associated with the Group's financial instruments held during the year have been identified as credit risk, liquidity risk, interest rate risk and housing market risk. The Board is responsible for managing these risks and the policies adopted, which have remained unchanged during the year and are set out below.

### Credit risk

The Group's exposure to credit risk is largely mitigated as the vast majority of the Group's sales are made on completion of a legal contract, at which point monies are received in exchange for transfer of legal title. 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 and other receivables, the amounts presented in the balance sheet are measured at amortised cost less a loss allowance for expected credit losses which are assessed on the basis of an average weighting of the risk of default (see note 8 to the accounts). For this purpose, a default is determined to have occurred if the Group becomes aware of evidence that it will not receive all contractual cash flows that are due. The Group had £38.6 million (2022 – £20.9 million) of financial assets relating to loans made by Bellway to equity accounted joint arrangements (note 12). The counterparties to these loans are expected to make a profit and therefore repay the loans in full. The Group therefore considers the risk of default to be minimal.

No credit limits were exceeded during the reporting period or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

The Board considers the Group's exposure to credit risk to be acceptable and normal for an entity of its size, in the industry in which it operates.

### Liquidity risk

The Group finances its operations through a mixture of equity (comprising share capital, reserves and reinvested profit) and debt (comprising bank overdraft facilities, borrowings and fixed rate sterling USPP notes). The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a three-year rolling cash forecast.

The Group's Treasury Policy has, as its principal objective, the maintenance of flexible debt facilities in order to meet anticipated borrowing requirements. The Group's banking arrangements outlined in note 17 to the accounts are considered to be adequate in terms of flexibility and liquidity for its medium-term cash flow needs. Relationships with banks, fixed rate sterling USPP noteholders and overall cash management are co-ordinated centrally. The Group is operating well within its financial covenants and available debt facilities.

Short-term cash surpluses are placed on deposit at competitive rates with high quality counterparties. Other than those disclosed, there are no financial instruments or derivative contracts. The Board therefore considers the Group's liquidity risk to be mitigated.

In relation to land payables, certain payables are secured on the respective land asset held (see note 9 to the accounts). No other security is held against any other financial assets of the Group.

### Interest rate risk

Interest rate risk reflects the Group's exposure to fluctuations in interest rates. The risk arises because the Group's overdraft and floating rate bank loans, fully undrawn at year end, bear interest based on SONIA.

The Group's attitude to interest rate risk and forecast debt is influenced by the existing and forecast conditions prevailing at the time that each new interest-bearing instrument is entered into. This will determine, amongst other things, the term and whether a fixed or floating interest rate is obtained.

During the year ended 31 July 2023, it is estimated that an increase of 1% in interest rates applying to the full year would have increased the Group's profit before taxation by £1.9 million (2022 – £2.2 million).

### Housing market risk

The Group is affected by movements in UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

While it is not possible for the Group to fully mitigate housing market risk on a national macroeconomic basis, the Group does continually monitor its geographical spread within the UK, seeking to balance investment in areas offering the best immediate returns with a long-term spread of its operations throughout the UK to minimise the effect of local microeconomic fluctuations.

### Going concern statement

After conducting a full review, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for at least the period to 31 July 2025, aligning with the first year-end after the minimum 12-month assessment period. For this reason, they continue to adopt the going concern basis in preparing the financial statements as discussed further on pages 168 to 169.

### Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over the period to 31 July 2027, which is longer than required by the going concern assumption. This period is consistent with the Group's detailed bottom-up forecasts which assess future profitability, cash flows and the land bank and are overlaid with prudent Group level assumptions.

#### Factors considered in assessing the long-term viability

In assessing the Group's forecasts and long-term viability, the following factors are considered:

Factor	Consideration
Group's latest performance	This considers the trading performance in both the year ended 31 July 2023 and in the first nine weeks of the new financial year including any changes to selling prices. In addition, any relevant external factors that may affect Bellway, such as any changes to government policies, regulations and mortgages, were considered.
Group's current financial position	This considers the latest net cash held by the Group and the expiry date of existing debt financing. Furthermore, consideration is given to the land and work-in-progress held on the balance sheet at 31 July 2023.
Group's strategy	Whether the base forecast is consistent with the Group's strategy, both financial and non-financial.
Principal risks	Whether the principal risks associated with achieving the Group's strategy, particularly those that would have a significant effect on Bellway's ability to meet its liabilities over the period of the viability assessment, are incorporated.

## Risk Management continued

### Group forecast methodology

The Group's bottom-up forecasts are updated on at least a monthly basis by the 21 operating divisions and are subject to review by the divisional management team, Regional Chairs and Group management.

The forecasts consider the profitability, cash flows, debt covenants, land bank and other financial and non-financial metrics over the period. These forecasts also incorporate anticipated costs arising from adopting the Future Homes Standard, which is linked to the environment and climate change risk. The viability assessment has not been materially affected by climate change considerations.

The main assumptions used in preparing the forecasts are:

- The number, timing and selling price of legal completions.
- Production volumes and the associated build costs.
- The quantity and timing of land spend.
- The quantity and timing of spend following the signing of the Self-Remediation Terms.
- Working capital requirements.
- Dividend payments.
- Corporation tax.

### Viability assessment

The viability assessment is based on the Group's current position and the potential effect of the principal risks facing the Group, which are summarised on pages 79 to 83. The principal risk that has been identified as the most severe and plausible scenario is:

Factor	Consideration
External environment: Including housing demand, mortgage availability and government housing policy.	A reduction in private completions and private ASP due to a decline in demand.

The most severe but plausible downside scenario is a severe recession. It includes the following principal assumptions:

- Private completions in H1 FY24 are supported by the forward order book, but still fall to 55% of that achieved in H1 of FY23. In the 12 months to 31 January 2025, private completions reduce by around 50% compared to the 12 month pre-stress peak achieved in FY22. This is followed by a gradual recovery based on the lower base position.
- Private average selling price in H1 FY24 remains in line with internal forecasts due to the order book position. In the 12 months to 31 January 2025, the private average selling price reduces by 10% compared to the latest achieved pricing. This is followed by a gradual recovery based on the lower base position.
- These assumptions reflect the Group's experience in the 2008-09 Global Financial Crisis.

AA number of prudent mitigating actions within the Directors' control were incorporated into the plausible but severe downside scenario, including:

- Plots in the land bank only being replaced at the same rate that they are utilised.
- Construction spend reducing in line with housing revenue.
- Dividends reducing in line with earnings.

The sensitivity analysis was modelled over the period to 31 July 2025 for the going concern assessment, but extended to the 31 July 2027 for the Directors' viability assessment. In addition to the above, several additional mitigating measures remain available to management that were not included in the scenario. These include withholding discretionary land spend and instead trading out of the substantial existing land holdings.

The output of this review considered the profitability, cash flows and funding requirements of the Group over the period to 31 July 2027. The assessment included an assumption that existing debt facilities remained in place, but, very cautiously, were not renewed at the end of their term.

In the most severe but plausible scenario, the Group had significant headroom in both its financial debt covenants and existing debt facilities and met its liabilities as they fall due. Based on the results of this review, the directors 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 to 31 July 2027.

## Principal Risks

The Board has completed its assessment of the Group's emerging and principal risks. The following nine principal risks to our business have been identified:

Risk and description	Strategic relevance	KPIs	Mitigation
<b>Construction resources</b>			
<b>Shortages of building materials and appropriately skilled subcontractors at competitive prices.</b>	<ul style="list-style-type: none"> <li>Failure to secure the required quantity and quality of resources causes delays in construction, impacting the ability to deliver volume growth targets.</li> <li>Pricing pressures / increased costs impact returns.</li> </ul>	<ul style="list-style-type: none"> <li>Number of homes sold.</li> <li>Operating profit.</li> <li>Operating margin.</li> <li>EPS.</li> <li>Gross margin.</li> <li>Customer satisfaction score.</li> </ul>	<ul style="list-style-type: none"> <li>Robust forecasting and forward planning of labour and materials requirements.</li> <li>Processes are in place to select, appoint, manage, and build long-term relationships with subcontractors and suppliers.</li> <li>Review of subcontractor and supplier performance, with regular communications to understand any potential issues within their own business and supply chain.</li> <li>Competitive rates and prompt payment.</li> </ul>
<b>Economy and market</b>			
<b>Changes in the external environment (including, but not limited to, house price inflation, interest rates, mortgage availability, unemployment, Government housing policy and post-Brexit trade agreements) reduce the affordability of new homes.</b>	<ul style="list-style-type: none"> <li>Reduced affordability has a negative impact on customer demand for new homes and consequently our ability to generate sales at good returns.</li> </ul>	<ul style="list-style-type: none"> <li>Number of homes sold.</li> <li>Operating profit.</li> <li>Operating margin.</li> <li>RoCE.</li> <li>EPS.</li> <li>Gross margin.</li> <li>Customer Satisfaction score.</li> <li>Reservation rate.</li> <li>Order book value.</li> </ul>	<ul style="list-style-type: none"> <li>Board level monitoring of the housing market and economic environment alongside key business metrics, leading to development of action plans as necessary.</li> <li>Disciplined operating framework, strong balance sheet and low financial gearing.</li> <li>Product range and pricing strategy based on regional market conditions.</li> <li>Regular engagement with industry peers, representative bodies, and new build mortgage lenders.</li> <li>Use of sales incentives such as part-exchange, and Government-backed schemes to encourage the selling process.</li> <li>Quarterly site valuations and monthly budget reviews based on latest market data.</li> </ul>

## Principal Risks continued

Risk and description	Strategic relevance	KPIs	Mitigation
<b>Environment and climate change</b>			
<p><b>Failure to evolve sustainable business practices and operations in response to climate change, including physical environmental impacts and transition risks associated with new regulation, reporting requirements, and increased social / market expectations.</b></p>	<ul style="list-style-type: none"> <li>• There is an increased focus on the actions taken by businesses in response to climate change and the disclosures made. Failure to improve policies, reporting and performance in line with new Government regulations and heightened social / market expectations could lead to financial penalties and reputational damage.</li> <li>• The physical impacts of climate change (such as extreme weather) could lead to disruptions within the supply chain and build programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Tonnes of carbon emissions per legal completion.</li> <li>• Percentage of renewable electricity.</li> <li>• Tonnes of waste per home built.</li> <li>• Percentage of waste diverted from landfill.</li> </ul>	<ul style="list-style-type: none"> <li>• Continual monitoring of new and evolving requirements as part of our legal and regulatory compliance framework, including TCFD, the Future Homes Standard and the Environment Act.</li> <li>• Climate change and carbon reduction is a key priority under the Group's Better with Bellway sustainability strategy.</li> <li>• Dedicated sustainability, innovations and biodiversity resource in place to assess risks relating to climate change, monitor performance and drive improvement.</li> <li>• Consultation with specialist external advisors and subject matter experts (e.g. sustainability consultants).</li> <li>• Regular review of the design and features of new homes, along with construction methods and the sustainability of materials, to increase energy efficiency and reduce waste.</li> <li>• Investment in energy-saving measures for offices and sites, including transition to REGO certified electricity.</li> <li>• Development and monitoring of science-based carbon reduction targets.</li> </ul>
<b>Health and safety</b>			
<p><b>A serious health and safety breach and/or incident occurs.</b></p>	<ul style="list-style-type: none"> <li>• Failure to maintain safe working conditions would impact employee wellbeing and the creation of a positive working environment.</li> <li>• Injury to an individual whilst at one of our business locations could delay construction and result in criminal prosecution, civil litigation, and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of RIDDOR seven-day reportable incidents per 100,000 site operatives.</li> <li>• Health and safety incident rate.</li> <li>• Number of NHBC Pride in the Job Awards.</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety policy and procedures in place, supported by Group-wide training.</li> <li>• Regular visits to sites by both our Group Health and Safety function (independent of divisions) and external specialist consultants to monitor standards and performance against health and safety policies and legislation.</li> <li>• The Board considers health and safety matters at each meeting.</li> </ul>

Risk and description	Strategic relevance	KPIs	Mitigation
<b>Human resources</b>			
<b>Inability to attract, recruit and retain high quality people.</b>	<ul style="list-style-type: none"> <li>Failure to attract and retain people with appropriate skills would affect our ability to perform and deliver our strategy and volume growth targets.</li> </ul>	<ul style="list-style-type: none"> <li>Employee turnover.</li> <li>Number of graduates, trainees, and apprentices.</li> <li>Employees who have worked for the Group for 10 years or more.</li> <li>Training days per employee.</li> <li>Senior management gender split.</li> <li>Percentage of staff in earning and learning roles.</li> <li>Employee engagement survey response rate.</li> </ul>	<ul style="list-style-type: none"> <li>Continued development of our Group HR function and implementation of our people strategy.</li> <li>Established human resources programme for apprentices, graduates, and site management.</li> <li>Monitoring of staff turnover and analysis of feedback from exit interviews.</li> <li>Competitive salary and benefits packages which are regularly reviewed and benchmarked.</li> <li>Employee engagement activities undertaken, including an annual survey, with results communicated to the Board.</li> <li>Succession plans in place and key person dependencies identified and mitigated.</li> <li>Robust programme of training provided to employees which is regularly updated and refreshed.</li> <li>Development programmes for senior leaders and middle managers in place.</li> </ul>
<b>IT and security</b>			
<b>Failure to have suitable IT systems in place that are appropriately supported and secured.</b>	<ul style="list-style-type: none"> <li>Poor performance of our systems would disrupt operational activity and impact the delivery of our strategy.</li> <li>An IT security breach could result in the loss of data, with significant potential fines and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Operating profit.</li> <li>Operating margin.</li> <li>RoCE.</li> <li>EPS.</li> <li>Gross margin.</li> <li>Customer Satisfaction score.</li> </ul>	<ul style="list-style-type: none"> <li>Continued investment in infrastructure and systems.</li> <li>Group-wide systems in operation which are centrally controlled by an in-house IT function, supported by a specialist outsourced provider.</li> <li>IT security policy and procedures in place with regular Group-wide training.</li> <li>Regular review and testing of our IT security measures, contingency plans and policies.</li> <li>Security Committee in place.</li> </ul>

## Principal Risks continued

Risk and description	Strategic relevance	KPIs	Mitigation
<b>Land and planning</b>			
<p><b>Inability to source suitable land at appropriate gross margins and return on capital employed.</b></p> <p><b>Delays and complexity in the planning process.</b></p>	<ul style="list-style-type: none"> <li>• Insufficient land at appropriate margins, onerous planning conditions or a failure to obtain planning approval within appropriate timescales would exacerbate the challenge of developing new homes, restrict our ability to deliver volume growth targets and impact future returns.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of homes sold.</li> <li>• Operating profit.</li> <li>• Operating margin.</li> <li>• RoCE.</li> <li>• EPS.</li> <li>• Gross margin.</li> <li>• Number of plots in owned and controlled land bank with DPP.</li> <li>• Number of plots in 'pipeline'.</li> <li>• Number of plots in strategic land bank - positive planning status.</li> <li>• Number of plots in strategic land bank - longer-term interests.</li> <li>• Number of plots acquired with DPP.</li> <li>• Number of plots converted from medium-term 'pipeline'.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued development of our Group Strategic Land function and implementation of our land strategy.</li> <li>• Increased investment in land and more sites with detailed planning permission (DPP).</li> <li>• Regular review by both Group and divisions of the quantity, location, and planning status of land against growth targets to ensure our land bank supports immediate, medium-term, and strategic requirements.</li> <li>• Formal land acquisition process in place for the appraisal and approval of all land purchases, including pre-purchase due diligence and Group level challenge of viability assumptions.</li> <li>• Group and divisional planning specialists in place to support the securing of implementable planning permissions.</li> </ul>
<b>Legal and regulatory compliance</b>			
<p><b>Failure to comply with legislation and regulatory requirements.</b></p>	<ul style="list-style-type: none"> <li>• Lack of an appropriate compliance framework and/or compliance breaches could incur fines, delay business operations and lead to re-work across sites, which will impact our reputation and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of homes sold.</li> <li>• Operating profit.</li> <li>• Operating margin.</li> <li>• RoCE.</li> <li>• EPS.</li> <li>• Gross margin.</li> </ul>	<ul style="list-style-type: none"> <li>• In-house expertise from Group functions such as Company Secretariat, Legal, Health and Safety and Technical / Design, who advise and support divisions on legal compliance and regulatory matters.</li> <li>• Consultation with Government agencies, specialist external legal advisors and subject matter experts, (e.g., fire safety engineers).</li> <li>• Strengthened Group-wide policies, guidance, and training in place supported by externally facilitated whistleblowing and reporting procedures.</li> <li>• Continual monitoring and review of changes to legislation and regulation, including Government guidance, advice notes and sector specific updates.</li> <li>• Regular liaison with industry peers and the HBF on compliance requirements and matters.</li> </ul>



Risk and description	Strategic relevance	KPIs	Mitigation
<b>Unforeseen significant event</b>  <b>An unforeseen significant national or global event occurs.</b>	<ul style="list-style-type: none"> <li>• The economic uncertainty brought about by an unforeseen significant event could materially impact the Group's operations and liquidity.</li> <li>• Damage to reputation if the Group is not perceived to be following Government guidelines and acting responsibly.</li> <li>• We are also mindful of the continuing conflict and humanitarian crisis in Ukraine and acknowledge the potential impact on the UK economy, supply chains and inflation.</li> </ul>	<ul style="list-style-type: none"> <li>• NAV.</li> <li>• Operating profit.</li> <li>• Operating margin.</li> <li>• RoCE.</li> <li>• EPS.</li> <li>• Total dividend per ordinary share.</li> <li>• Gross margin.</li> <li>• Reservation rate.</li> <li>• Order book value.</li> <li>• Employee turnover.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong balance sheet, low financial gearing, committed bank loan facilities and USPP debt which would help ensure resilience during a recession.</li> <li>• Maintenance of business resilience and continuity plans covering offices, sites, and IT.</li> <li>• Experienced and well-established senior management team.</li> <li>• Continued investment in systems and infrastructure to enable robust home working.</li> <li>• Monitoring of Government guidelines (including Public Health England and the Construction Leadership Council).</li> <li>• Regular communications with subcontractors and suppliers to understand any potential issues within their own business and supply chain.</li> </ul>

The Group also considers any emerging risks that have the potential to impact the achievement of our strategy, but which cannot yet be fully defined and assessed. These uncertainties are reviewed as part of our established risk management framework, discussed regularly by management, the Audit Committee, and the Board, and elevated to principal risks (either as new risks or an extension of existing risks) when warranted.

## Task Force on Climate-related Financial Disclosures ('TCFD')

In meeting the requirements of Listing Rule 9.8.6 R, we have concluded that:

For FY23, we fully comply with recommended disclosures 1, 2, 3, 4, 5, 6, 8, 10 and 11.

For FY23, we partially comply with recommended disclosures 7 and 9.

We are not complaint with the requirement to consider the financial impact of identified risks over the medium and long-term time horizons, as we evolve our approach to TCFD, this will be addressed.

TCFD recommended disclosures	Cross-reference or reason for non-compliance	Next steps and further comments
<b>Governance</b>		
1) Describe the Board's oversight of climate-related risks and opportunities.	2023 Annual Report – Governance section (Pages 100 to 161) <b>Compliant</b>	We will continue to ensure that climate-related issues are included in Bellway's senior leadership decision-making processes.
2) Describe management's role in assessing and managing climate-related risks and opportunities.	2023 Annual Report – Governance section (Pages 100 to 161) <b>Compliant</b>	During the year the Bellway p.l.c. Board formally constituted a Sustainability Committee. We will continue to develop and disclose the allocation of roles and responsibilities of climate-related issues to management across Bellway.
<b>Strategy</b>		
3) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	2023 Annual Report – Strategic report section (Pages 10 to 99) <b>Compliant</b> – We have undertaken an assessment of the financial impacts of our climate-related risks and opportunities.	We will continue to undertake and refine a financial quantification assessment of our climate-related risks and opportunities, to further understand their financial impact.
4) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	2023 Annual Report – Strategic report section (Pages 10 to 99) <b>Compliant</b> – We have assessed how our commercial strategy will be impacted by our identified climate-related risks and opportunities.	We will continue to review our Better with Bellway strategy to encompass our identified climate-related risks and opportunities.
5) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	2023 Annual Report – Strategic report section (Pages 10 to 99) <b>Compliant</b> – We have assessed the resilience of our commercial strategy to climate-related risks.	We have reviewed resilience of our Better with Bellway strategy to climate-related risks and opportunities.
<b>Risk management</b>		
6) Describe the organisation's processes for identifying and assessing climate-related risks.	2023 Annual Report – Risk management (Pages 75 to 78) <b>Compliant</b>	On an ongoing basis, we will continue to enhance our level of awareness regarding our climate-related risks and opportunities in line with emerging regulatory requirements. Climate change is included as a principal risk (page 80).
7) Describe the organisation's processes for managing climate-related risks.	2023 Annual Report – Risk management (Pages 75 to 78) <b>Partially compliant</b> – We are yet to detail our processes (e.g. risk mitigation, transference, acceptance or control) for managing climate-related risks. In addition, we are yet to detail our process for determining climate-related materiality within our organisation.	We will be undertaking further review of our decision-making processes for current and future risk control as well as further developing our processes for determining climate-related materiality. We aim to achieve this by the end of 2024.

TCFD recommended disclosures	Cross-reference or reason for non-compliance	Next steps and further comments
8) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	2023 Annual Report – Risk management (Pages 75 to 78) <b>Compliant</b>	We will continue to monitor and manage our risk management processes to ensure climate-related risks are integrated and appropriate accountability is maintained.
<b>Metrics and targets</b>		
9) Disclose the metrics used by the organisation to assess climate-related risks and opportunities.	2023 Annual Report – Carbon Reduction section (Pages 49 to 52) <b>Partially compliant</b> – during the year we have set opportunity metrics related to climate-related remuneration. We have not yet set an internal price of carbon.	The process of setting and disclosing an internal price of carbon will be considered by the new Group Head of Sustainability during FY24.
10) Disclose scope 1, scope 2, and if appropriate, scope 3 greenhouse gas emissions, and the related risks.	2023 Annual Report – Carbon Reduction section (Pages 49 to 52) <b>Compliant</b>	Bellway commits to reduce absolute scope 1 and scope 2 GHG emissions by 46% by July 2030 from a FY19 base year, aligned to the 1.5°C pathway.  Bellway commits to reduce scope 3 GHG emissions by 55% per square metre of completed floor area by July 2030 from a FY19 base year.
11) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	2023 Annual Report – Carbon Reduction section (Pages 49 to 52) <b>Compliant</b>	In addition to the GHG targets, Bellway commits to reduce waste per completed unit by 20% by July 2025 and to reduce construction site water usage.

As a responsible homebuilder, we recognise that climate change is a growing and significant issue. For a third consecutive year, we are reporting against the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations.

This year, we have focused on assessing the resilience of our Better with Bellway strategy, taking into consideration different future climate scenarios and enhancing the disclosure of the metrics used to assess climate-related risks and opportunities. More details on emissions methodology and efficiency ratios used as part of our Better with Bellway strategy can be found on pages 38 to 62.

Our approach is structured in line with the four TCFD supporting recommended disclosures:

- Governance.
- Strategy.
- Risk management.
- Metrics and targets.

We have provided a summary of our performance against each recommended disclosure above, and a reference table.

We will continue to refine our approach to identifying, assessing and managing our climate-related financial risks and opportunities. We will align with the guidance outlined in the Task Force's implementation guidance before 2025.

## Governance

Climate change represents a principal risk for our business and, as such, it is treated with the utmost importance by our Board and within our approach to governance. During the year the Board made the decision to formally constitute a Sustainability Committee, which shall assist the Board in fulfilling its responsibilities in relation to ESG matters and

overseeing the performance of the Better with Bellway strategy, and will report to the Board on at least an annual basis. Our Group Finance Director is the Board sustainability sponsor and with the support of the Committee is responsible for monitoring climate change risks, opportunities and business impacts.

The Committee is supported by the Better with Bellway Leadership Team, chaired by the Group Head of Sustainability. The Better with Bellway Leadership Team has been assigned responsibility for raising the profile of environmental, social and governance (ESG) risks within Bellway and is responsible for the delivery of the Better with Bellway strategy.

Prior to the formation of the Sustainability Committee in May 2023, an annual in-depth sustainability update was provided to the Board which included progress towards achieving the Better with Bellway KPIs and targets. In addition, a strategy update is provided at each meeting to ensure the Board are equipped with relevant information on climate issues. The Board use this information when reviewing the Group's overall strategy, business decisions, forecasts and risk management. This can be evidenced in decisions relating to strategic land purchases, the continued expansion of timber framed construction and the early adoption of 10% bio-diversity net gains within planning permissions submitted.

The Audit Committee receives quarterly updates on business risks which include climate change. Annually, the Committee undertakes a comprehensive review of key business risks.

## Task Force on Climate-related Financial Disclosures ('TCFD') continued

### Strategy

Our Better with Bellway strategy relies on our commitment to deliver long-term value for our customers, employees, suppliers, shareholders, the environment and the wider community. We will continue to support the UK Government in the realisation of its net-zero target by 2050. Our efforts to tackle climate change are framed within four of the eight pillars of our strategy:

graphic removed	<b>Carbon Reduction</b> <ul style="list-style-type: none"> <li>Developing science-based carbon reduction targets.</li> <li>Identifying and mitigating our climate-related financial risks and opportunities.</li> </ul>
graphic removed	<b>Resource Efficiency</b> <ul style="list-style-type: none"> <li>Implementing energy-efficient construction practices and equipment.</li> <li>Innovating and investing in research and development.</li> </ul>
graphic removed	<b>Sustainable Supply Chain</b> <ul style="list-style-type: none"> <li>Evaluating the embodied carbon in our raw materials.</li> <li>Working with suppliers to find opportunities along the supply chain.</li> </ul>
graphic removed	<b>Building Quality Homes, Safely</b> <ul style="list-style-type: none"> <li>Complying and exceeding the requirements of the Government's Future Homes Standard.</li> <li>Designing homes with reduced energy consumption.</li> </ul>

### Climate scenario analysis

We first embarked on our journey to identify climate-related financial risks and opportunities for our business in 2021 and in 2022 we expanded upon this and developed a robust approach to climate scenario analysis. This year we have again assessed the resilience of our strategy against possible climate futures using the latest climate science as set out in the Intergovernmental Panel on Climate Change's Representative Concentration Pathways ('RCPs').<sup>a</sup>

<sup>a</sup> Representative Concentration Pathways ('RCPs') were defined by the Intergovernmental Panel on Climate Change ('IPCC'). The RCPs are considered a method to set different scenarios under economic, social and physical assumptions that might occur because of climate change, and compare global carbon emissions against pre-industrial levels, projecting the effects from now until the end of the century.

#### Climate scenarios

Cautious scenario (RCP 4.5)	A predicted global temperature increase between 1.7°C and 3.2°C, in line with current climate change policies, pledges and commitments.
Worst-case scenario (RCP 8.5)	A global temperature increase between 3.2°C and 5.4°C, where carbon emissions continue growing unmitigated.

For our TCFD reporting, both climate scenarios are projected over three time horizons – short-term (2023 to 2040), medium-term (2040 to 2060) and long-term (2060 to 2080). The time horizons encompass the wide range of timeframes over which the different climate-related risks will be realised.

The equidistant timeframe of each presents a clear distinction between the short, medium, and long-term and allows for longer-term planning of key climate-related risks. For the context of Bellway, the time-horizons took into account the lifetime of Bellway's assets (primarily homes), the profile of the climate-related risks, and the geography of operation across the UK. The following parameters were considered:

- The short-term time-horizon allows for the prioritisation of risks and opportunities to be included within operational, financial, and capital planning;
- Industry guidance highlights the typical lifespan of homes as up to 60 years (for the purposes of whole lifecycle carbon assessments); and
- Bellway Homes operates out of 21 divisions in England, Scotland, and Wales. The time-horizons took account of the relevant geographical data from the UK Met Office (2018). This dataset shows clear changes and projections for physical climate-related impacts at key milestones in alignment between present day and post-2070s.

Notably, most climate models deliver scenario results for physical impacts at a timeframe beyond 2050. The immediacy of the physical risks will increase under a high-emission scenario and should be considered over the short-term.

The climate scenario analysis outlined above was used to identify the projected climate changes across England, Scotland and Wales. Consistent with TCFD, we identified:

- Physical risks: defined as direct damage resulting from climate change phenomena. These can be event-driven (acute) or long-term shifts (chronic) in climate patterns.
- Transition risks: defined as policy and legal, technological, market and reputation impacts, associated with the implementation of measures to reach a low-carbon economy.
- Opportunities: realised benefits of climate change arising from new policies, operational efficiencies, resource efficiencies, and capitalising upon the low-carbon market and technological drivers.

We also assessed the financial significance of our climate-related financial risks and opportunities by:

- Conducting a financial climate change workshop with cross-departmental representation.
- Analysing the financial thresholds and value of our current and pipeline land and housing portfolio.
- Identifying the potential financial impacts of every climate risk for the business.
- Classifying every risk and opportunity in the financial threshold, depending on the level of impact against Bellway's portfolio value i.e. assets and land.

The most relevant climate-related risks we have identified are summarised on pages 87 to 89. This includes the level of financial impact for the short-term time horizon (2023 – 2040). We are not compliant with the requirement to consider the financial impact of the identified risks over the medium and long term time horizons, we will do this as we evolve our approach to TCFD.

**Risk: financial impact score key:**

1. Impacts less than 1% of Bellway's portfolio value.
2. Impacts between 1% to 2.5% of Bellway's portfolio value.
3. Impacts between 2.5% to 5% of Bellway's portfolio value.
4. Impacts more than 5% of Bellway's portfolio value.

For each climate-related opportunity, we have identified a potential value score for the short-term time-horizon (2023 to 2040). Each opportunity is scored against the strength of the benefits Bellway will experience if they are to realise the identified opportunity.

The thresholds are defined as follows:

**Opportunity: financial impact score key:**

1. An increase to Bellway's portfolio value at less than 1%.
2. An increase to Bellway's portfolio value at 1% to 2.5%.
3. An increase to Bellway's portfolio value at between 2.5% and 5%.
4. An increase to Bellway's portfolio value at more than 5%.

The financial impacts of the risks and opportunities are considered as part of the financial planning process. This includes the allocation of resources for initiatives including the Future Home Standard (more detail on page 52), the cost of complying with BNG requirements as well as continuing to consider the physical risks of climate change, such as flood risk, as part of land viability assessments. Bellway considers its strategy to be resilient to the climate risks identified.

## Physical risk

Category	Identified climate risk	Actual and financial impact	Financial score	
			Cautious Scenario (short-term time-horizons)	Worst Case Scenario (short-term time-horizons)
Acute	Increased frequency and intensity of heatwaves leading to adverse on-site working conditions.	<ul style="list-style-type: none"> <li>Increased expenditure as a result of implementing measures to maintain comfortable working conditions on construction sites.</li> <li>Reduced revenue and increased costs as a result of build delays caused by labour disruption and decreased production capacity.</li> </ul>	Score 1	Score 2
	Increased frequency and intensity of extreme rainfall events leading to increased river, coastal and surface water flooding.	<ul style="list-style-type: none"> <li>Increased costs of repair and loss of useable materials during construction.</li> <li>Reduced availability of future developable land.</li> <li>Increased operating costs due to the need for additional drainage, or amendments to existing drainage, both during development and upon completion.</li> </ul>	Score 1	Score 2
Chronic	Sustained increase in temperatures leading to poor thermal comfort/overheating in homes.	<ul style="list-style-type: none"> <li>Increased costs due to adapting and redesigning new homes.</li> <li>Reduced sales revenue and investment if buyers and investors perceive that the design of Bellway's homes are not adequate for mitigating against the effects of climate change.</li> </ul>	Score 1	Score 2
	Sea and tidal river levels rising may put some site locations in the coastal regions and near flood plains up-river at risk of flooding.	<ul style="list-style-type: none"> <li>Increased costs due to prolonged planning and construction times for at-risk sites.</li> <li>Loss of revenue due to reduced availability of future useable land and inability to include planned units on at-risk sites.</li> <li>Increased insurance premiums and reduced availability of insurance on assets at high-risk locations.</li> </ul>	Score 1	Score 2

## Task Force on Climate-related Financial Disclosures ('TCFD') continued

### Transition risk

Category	Identified climate risk	Actual and financial impact	Financial score	
			Cautious Scenario (short-term time-horizons)	Worst Case Scenario (short-term time-horizons)
Policy and legal	Many local authorities have declared climate emergencies, aligned to the Environment Act and the Planning and Energy Act, and have set expectations of developers to address associated impacts.	<ul style="list-style-type: none"> <li>Increased operating costs as a result of planning delays or rejections by local authorities and the associated resubmissions.</li> <li>Reduced revenue due to negative perception of stakeholders arising from an insufficient response to local authority requirements.</li> <li>Constrained land supply leading to inflated land costs.</li> <li>Loss of revenue if stakeholders perceive that Bellway is not responding appropriately to local authority climate agendas.</li> <li>Financial penalties and a fall in demand and investment if new local authority requirements are not met.</li> </ul>	Score 1	Score 1
	Failure to comply with the Future Homes Standard for England which is planned to be introduced by 2025 - requiring new build homes to be future-proofed with low carbon heating and a very high standard of energy efficiency.	<ul style="list-style-type: none"> <li>Reduced sales revenue and investment if buyers and investors perceive that the design of Bellway's homes are not adequate for mitigating against the effects of climate change.</li> <li>Financial penalties and a fall in demand and investment if new regulatory requirements are not met.</li> </ul> <p>The impact of this risk has been built into the Carbon Reduction strategy, metrics and targets as part of Better with Bellway, see pages 49 to 52.</p>	Score 3	Score 4
	Failure to report and disclose both mandatory and voluntary climate-related information to a credible standard.	<ul style="list-style-type: none"> <li>Reduced demand and investment if partners, customers and potential investors perceive Bellway has had a delayed response to the climate-related reporting landscape.</li> <li>Increased costs from fines and judgments arising from non-compliance and with new reporting requirements.</li> </ul>	Score 1	Score 1
Technology	Insufficient development and availability of more efficient products and technologies to deliver climate-resilient homes.	<ul style="list-style-type: none"> <li>Increased costs due to investment in research and development.</li> <li>Increased costs from extended build time and effort to deliver homes and developments resilient to climate change.</li> <li>Loss of revenue if buyers perceive that Bellway is unable to offer climate-resilient homes.</li> <li>Constrained supply of more efficient products and technologies leading to inflated prices.</li> </ul> <p>The impact of this risk has been built into the Carbon Reduction and Sustainable Supply Change strategies, metrics and targets as part of Better with Bellway, see pages 49 to 52, 55 and 56.</p>	Score 3	Score 3
	The Government has now recognised that low carbon homes may be more expensive for customers than existing (e.g., gas boiler) homes.	<ul style="list-style-type: none"> <li>Increased costs due to higher input prices of 'renewable' resources and equipment.</li> <li>Reduced demand and sales revenue as a result of negative feedback from buyers on the costs of running a Bellway home or if buyers favour older properties as opposed to new builds.</li> </ul>	Score 2	Score 2

## Transition risk continued

Category	Identified climate risk	Actual and financial impact	Financial score	
			Cautious Scenario (short-term time-horizons)	Worst Case Scenario (short-term time-horizons)
Market	Supply chain challenges resulting in exhaustion of resources leading to decreased availability of building materials.	<ul style="list-style-type: none"> <li>Increased costs due to inflated input prices and delays in construction activity.</li> <li>Reduced revenue from a reduction in completed homes.</li> </ul> <p>The impact of this risk has been built into the Sustainable Supply Change strategy, metrics and targets as part of Better with Bellway, see pages 55 and 56.</p>	Score 3	Score 3
	Failure to improve Bellway's carbon footprint by meeting the Science Based Targets, whereby scope 1, 2 and 3 carbon emissions are reduced.	<ul style="list-style-type: none"> <li>Increased operating costs due to construction and wider business disruptions resulting from the transition to a low-carbon economy.</li> <li>Damage to share price owing to a perception of potential and existing investors that Bellway has not met its net zero commitments.</li> <li>Increased expenditure and costs resulting from the actions and initiatives required to meet Science Based Targets.</li> </ul>	Score 2	Score 2
Reputation	Customers and communities do not perceive that Bellway has responded/contributed appropriately or sufficiently to the transition to a low-carbon economy:	<ul style="list-style-type: none"> <li>Loss of competitive advantage resulting in reduced demand for Bellway homes and a fall in sales revenue.</li> <li>Damage to share price if potential and existing investors perceive that Bellway's response to transitioning to a low-carbon economy has been inadequate.</li> </ul> <p>The impact of this risk has been built into the Carbon Reduction and Customers and Communities strategies, metrics and targets as part of Better with Bellway, see pages 49 to 52.</p>	Score 3	Score 3
	Failure to embed sustainability in the business (including within staff training and development processes) may lead to the business becoming unattractive to staff, potential investors and existing shareholders as sustainability and ESG performance are increasingly incorporated into employment and investment decisions.	<ul style="list-style-type: none"> <li>Increased costs due to recruitment/inductions and associated construction and business disruptions.</li> <li>Reduced revenues due to the impact of workforce issues on completions.</li> <li>Damage to share price if the business is not seen as an attractive investment due to perceived poor performance regarding sustainability and ESG.</li> <li>Increased staff turnover resulting in loss of knowledge and inefficiency.</li> </ul>	Score 1	Score 1

## TCFD opportunity

Category	Identified climate opportunity	Business impact	Potential
Resource efficiency	Achieving savings from optimising resources consumption and adopting circular economy measures, reintegrating fit-out materials to productive cycles, reducing waste costs and buying less materials.	Operational savings and reduced expenditure for materials and waste management.	Score 2
Technology	Harnessing significant operational savings by investing in energy-efficient equipment, sustainable materials and implementing sustainable building practices.	Operational savings, more efficient building processes, more efficient technology and equipment.	Score 2
Market and reputation	Increase in demand for housing due to the impact of climate change (more people in need of homes due to forced displacement and migration, for example).	Increase in demand, sales and market share resulting in enhanced revenue.	Score 1

## Task Force on Climate-related Financial Disclosures ('TCFD') continued

Better with Bellway is regularly reviewed by the Board, the Sustainability Committee and the Better with Bellway Leadership Team, against our identified scenarios, to monitor and further identify climate risks, opportunities and financial impacts and how these will affect Bellway as a business.

### Risk management

At Bellway, climate-related risks have been integrated into our established company-wide Risk Management Framework. This framework is overseen by our Audit Committee, and we utilise our Risk Management Policy to identify the current climate-related risks and opportunities. This process considers internal and external uncertainties which, if they occur, will have a significant impact on our business. Once we identify our risks, we then categorise each of them as follows:

- Strategic risks.
- Operational risks.
- Financial risks.
- Compliance risks.
- Reputational risks.

A full summary of our climate-related risks and opportunities, and their associated business and financial impacts, is captured within our internal TCFD Risk and Opportunities Register. The register provides a coherent framework to identify, assess, manage and monitor the impacts of climate change on our business. We identify current or future mitigation measures and controls for the risks to reduce the impact and likelihood of each arising. We follow the same method to identify our climate-related opportunities.

Following the quantification of the most significant risks and opportunities for our business, we then integrate these into our company-wide strategic Risk Register. This Risk Register is reviewed on an annual basis by the Board, with risks deemed high or significant then monitored on a quarterly basis by the Audit Committee, to prevent the actualisation of a risk event.

### Metrics and targets

We understand that further and more tangible steps need to be taken to mitigate our climate-related risks and realise opportunities, both for the future of our planet and our business.

The most significant climate-related risk to the business identified through the scenario analysis is the failure to comply with the Future Homes Standard. More detail on our decarbonisation plans and actions to achieve our targets can be found on pages 49 to 52.

Our scope 3 target goes beyond the emission reductions that will be required to meet the Future Homes Standard in 2025.

The Group monitors carbon emissions through the metrics and targets that form part of the Better with Bellway strategy. These targets outline our commitment to drive down emissions throughout our operations and our value chain. We have set targets which are aligned to the SBTi 1.5°C ambition.

In line with our legal obligation under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the Greenhouse Gas Protocol, we have continued to measure our scope 1 and 2 greenhouse gas ('GHG') emissions and are pleased to report a 15.0% reduction from 2021. This progress is critical to our business as we continue on our journey towards net zero by 2050. For Bellway, we define net zero as reducing our scope 1, 2 and 3 emissions to zero, consistent with achieving net-zero emissions in line with the Paris Agreement. Our definition accounts for neutralising any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter with appropriate initiatives, measures and technologies.

For more information on our carbon footprint, please see pages 49 to 52.

We are proud of our performance to date and have set ourselves stretching targets, which will manage our climate-related risks, realise our climate-related opportunities, and achieve net zero by 2050. Our targets include:

- 46% reduction of absolute scope 1 and scope 2 (tonnes of CO<sub>2</sub>e) emissions against our 2019 baseline by July 2030.
- 55% reduction of our scope 3 emissions (tonnes CO<sub>2</sub>e per m<sup>2</sup> floor area) against our 2019 baseline by July 2030.
- 100% of purchased energy to be from renewable sources, and REGO-certified, by December 2023.
- 20% reduction in waste per completed unit by July 2025.
- Reduction in construction site water usage against the baseline of FY21 by July 2025 (m<sup>3</sup> of water per 1000m<sup>2</sup> of completed homes).

These targets will help strengthen our resilience against climate change, increase our investors' trust and enable us to play a full and active role within the construction industry to drive innovative change around carbon reduction.

In addition, targets around reducing scope 1 and scope 2 emissions and waste have been added as a performance criteria for the Group's long-term incentive remuneration, see page 135 for further information.

For more information, please see our Better with Bellway page on our website.



## Sustainability Accounting Standards Board ('SASB')

The Sustainability Accounting Standards Board ('SASB') is an independent not for profit organisation which sets standards to guide the disclosure of financially material sustainability information of companies.

Terminology used in the SASB is different from the UK marketplace, therefore we have used equivalent data where requirements are different from established building and sustainability related standards and measures for the UK.

The following table discloses our performance against the criteria set by the SASB for the Home Builders sector. Data relates to the period 1 August 2022 – 31 July 2023.

Throughout this section, 'Plots' are homes prior to completion which are equivalent to 'Lots'.

Code	SASB criteria	Our approach
<b>Land use and ecological impacts</b>		
IF-HB-16A.1	Number of (1) lots and (2) homes delivered on redevelopment sites	33.5% of our owned and controlled land bank plots were on brownfield land, as at 1 July 2023. 31.1% of completions (excluding joint ventures).
IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	Data is currently unavailable. Working towards reporting targets for the financial year ending 31 July 2024.
IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	There has been £108,790 in monetary losses as a result of legal proceedings associated with the environment.

## Sustainability Accounting Standards Board ('SASB') continued

Code	SASB criteria	Our approach
<b>Land use and ecological impacts</b> continued		
IF-HB-160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	<p>For all developments, we aim to mitigate our impact through a range of actions, including flood impact assessments, risk assessments, ecology surveys, environmental impact assessments, and, in agreement with local planning authorities, biodiversity mitigation, enhancement and offsetting.</p> <p>We have a Group Head of Biodiversity who works closely with our Commercial, Planning and Land teams to ensure that we fully integrate all reasonable environmental considerations into our developments and achieve our Better with Bellway objectives.</p> <p>The Group Head of Biodiversity has provided detailed training to a range of staff across the business on specific ecology and biodiversity related matters.</p> <p><b>Site selection:</b></p> <ul style="list-style-type: none"> <li>• At acquisition stage, we carry out detailed due diligence on sites with regard to flood risk and mitigation, land contamination, air quality, landscape and biodiversity assessments.</li> <li>• We consider connectivity to transport links, and potential nitrate and phosphate issues.</li> <li>• All land purchases are scrutinised by senior divisional management, prior to being reviewed by our Group Head Office.</li> <li>• Flood risk authorities specify that new developments must survive a one in one hundred year storm with an additional risk tolerance of 30%. Our developments meet or exceed this specification. We also strive to reduce water use associated with our developments using a range of available techniques, most notably in areas of existing high water stress.</li> <li>• We have committed to demonstrating a minimum Biodiversity Net Gain of 10% across all development designs submitted for planning from July 2023 onwards. Our Land teams utilise their knowledge received from training resources and models, as well as external ecologists, to assess biodiversity constraints and opportunities. This is performed at the earliest stage of site selection and they are supported by our Group Head of Biodiversity and Head Office teams.</li> </ul> <p><b>Site design:</b></p> <ul style="list-style-type: none"> <li>• Our Artisan house type design standards exceed statutory requirements for energy efficiency.</li> <li>• Environmental considerations are driven through our new Better with Bellway approach.</li> <li>• In 2023, we planted 15,023 tree saplings across our developments.</li> </ul> <p><b>Site development and construction:</b></p> <ul style="list-style-type: none"> <li>• We identify and mitigate environmental impact during the development and construction phase through the application of Group Standards.</li> <li>• Our divisions are working towards being certified to ISO 14001 Environmental Management System Standards by the financial year ended 31 July 2026.</li> <li>• Wherever possible mature trees and woodlands located within our developments are retained. These trees are then protected during development in accordance with British Standard 5837:2012.</li> <li>• Our Regional Health and Safety Managers conducted 770 monitoring visits of sites in FY23 to assess compliance with our health, safety and environmental policies.</li> <li>• Over the past year, we've installed sustainable drainage systems on 253 of our developments.</li> <li>• We've implemented biodiversity plans on 146 of our developments across the UK.</li> <li>• 100% of our sites have individual site waste management plans.</li> </ul>

Code	SASB criteria	Our approach
<b>Workforce health and safety</b>		
IF-HB-320a.1	(1) Total recordable incident rate ('TRIR') and (2) fatality rate for (a) direct employees and (b) contract employees	<p>We measure H&amp;S performance using an Annual Injury Incidence Rate ('AIIR') metric which is per 100,000 employees. Our overall AIIR is 221.15.</p> <p>There were no fatalities.</p> <p>The health, safety, and wellbeing of our colleagues and subcontractors is our highest priority.</p> <p>Reportable injuries are those covered by the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR').</p>
<b>Design for resource efficiency</b>		
IF-HB-410a.1	Number of homes that obtained a certified HERS Index Score and (2) average score	<p>The Energy Performance Certificate ('EPC') is a UK equivalent to the HERS Index. Properties are assessed by an accredited assessor.</p> <p>99% of our homes achieve an energy efficiency rating of either A or B, this significantly exceeds the new build industry average of 84%. This statistic is based on analysis of actual final EPC data from 1 August 2022 to 31 July 2023. The sample analysed covered 8,652 homes accounting for 79% of the completions in the period.</p> <p>The construction specification of every Bellway home includes high levels of thermal insulation, the detailed house type designs incorporate calculated thermal bridging thereby reducing a significant source of heat loss. Our homes also feature highly efficient services and appliances. Solar PV arrays and mechanical ventilation systems with heat recovery feature in a growing number of our homes.</p>
IF-HB-410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	<p>100% of total home completions in FY23 were designed to a flow of less than 110 litres per person per day.</p> <p>Our homes incorporate low flow outlets and sanitary ware to achieve a low water consumption rate, this strategy permanently reduces water consumption.</p>
IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	<p>The UK does not currently have an established third party multi-attribute green building standard for homes.</p> <p>All our homes are subject to UK building regulations.</p>
IF-HB-410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	<p>We continuously review risks and opportunities in relation to resource efficiency in our Artisan collection house designs.</p> <p>We do this through internal workshops, working directly with our supply chain partners, collaborating in sector forums and testing through customer research.</p> <p>It is recognised that the low carbon home of the future is not necessarily a low running cost home. We are conducting research projects that include energy monitoring and reporting to identify the prime configuration of fabric, services and renewable energy generation to ensure affordable running costs for our customers.</p> <p>These benefits will be communicated to the customer via improved EPC ratings.</p> <p>The greater use of timber products increases construction efficiency and reduces the amount of embodied carbon in a home we build.</p> <p>As part of Customer First we communicate with our customers throughout their customer journey, utilising various channels to keep them informed about all aspects of their new home.</p>

## Sustainability Accounting Standards Board ('SASB') continued

Code	SASB criteria	Our approach
<b>Community impacts of new developments</b>		
IF-HB-410b.1	Description of how proximity and access to infrastructure, services, and economic centres affect site selection and development decisions	<p>Proximity and access to infrastructure, services, and economic centres influence site selection and development decisions.</p> <p>For each site, we assess the current level of facilities and services to see if they are sufficient to support the scale of proposed development. We aim for future residents to have convenient access to local facilities and services.</p> <p>Where it is deemed the current level of facilities or services are not adequate to support the development, we contribute to improve local facilities.</p> <p>The UK's NPPF also requires consideration of the opportunities presented by existing or planned investment in infrastructure.</p> <p>During 2023, we contributed £89.2 million to local communities via planning obligations to fund infrastructure and facilities.</p> <p>Around 84.3% of our sites were within 400m of a public transport node.</p>
IF-HB-410b.2	Number of (1) lots and (2) homes delivered on infill sites	<p>This data is not currently collected. However, the majority of brownfield land in the UK would meet the definition of an infill site.</p> <p>10,812 (33.5%) of our owned and controlled land bank plots at 31 July 2023 were on brownfield land.</p> <p>3,399 (31.1%) home completions (excluding joint ventures) were on brownfield land.</p>
IF-HB-410b.3	(1) Number of homes delivered in compact developments and (2) average density	<p>According to SASB definitions, all our schemes meet the criteria for compact development.</p>
<b>Climate change adaptation</b>		
IF-HB-420a.1	Number of lots located in 100-year flood zones	<p>For all developments, and specifically where we develop greenfield sites, we aim to mitigate our impact through a range of actions, including flood impact assessments, risk assessments, ecology surveys, environmental impact assessments, and in agreement with local planning authorities, biodiversity mitigation, enhancement and offsetting.</p> <p>Flood risk authorities specify that new developments must survive a one in hundred year storm plus 30%.</p> <p>We ensure our developments meet and very often exceed this specification.</p>
IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	<p>We recognise climate change as a principal risk to our business and are committed to reducing our own emissions through our Science-Based Targets ('SBTs').</p> <p>The assessment of, and response to climate risk is a key consideration in the Group's future strategy.</p> <p>The identification of new and emerging climate-related risks, assessment and prioritisation of those risks, and our risk management approach will be key to integrate climate change mitigation into our overall approach to sustainability. Over the next year, we will undertake scenario planning to identify the risks related to the increasing frequency and severity of acute weather events or increasing water scarcity that could impact our operating environment. Once identified, we will work towards obtaining a better understanding of the potential financial impacts using our established scoring criteria, and our resilience with regards to different scenarios.</p> <p>We have clear governance to allow the business to oversee climate risks, along with the Group's progress on compliance with the Taskforce for Climate-related Financial Disclosures ('TCFD').</p>

Code	SASB criteria	Our approach
<b>Activity metrics</b>		
IF-HB-000.A	Number of controlled lots	As at 31 July 2023, our short-term land bank stood at 32,229 plots.
IF-HB-000.B	Number of homes delivered	We delivered 10,972 home completions, 10,945 from wholly owned operations along with 27 from our share of joint ventures.
IF-HB-000.C	Number of active selling communities	We sold from 239 average active sales outlets, 238 in our wholly owned operations and one in our joint ventures.

## Non-Financial and Sustainability Information Statement

This section of the strategic report constitutes Bellway p.l.c.'s Non-Financial and Sustainability Information Statement, produced to comply with Section 414CB of the Companies Act 2006. The requirements are addressed in this section by means of cross referencing to indicate which sections of the narrative they are embedded. Our policies can also be found at [www.bellwayplc.co.uk](http://www.bellwayplc.co.uk).

Non-financial information	Section	Pages
Description of our Business Model	Our Business Model	18 to 23
Principal Risks	Risk Management	75 to 78
	Principal Risks	79 to 83
Non-Financial KPIs	Better with Bellway KPIs	12 to 13
	Bellway with Bellway	38 to 62
	Our Business Model	18 to 23
Climate-related Financial Disclosures	Task Force on Climate-related Financial Disclosures (TCFD)	84 to 90

Reporting requirement	Our approach	Relevant policies and standards which govern our approach	Related principal risks*	Where to find more information	Page
<b>Environmental matters</b>	As a responsible house builder we are committed to ensuring the business plays a role in delivering carbon reduction and planning for a sustainable future. We recognise that climate change is one of the defining challenges of our time and we are committed to reducing our own emissions, and customer emissions from the homes we build, through the setting of science-based targets to reduce our scope 1, 2 and scope 3 emissions. Through collaborations and test trials, we are working on a variety of technologies to help reduce carbon emissions.	<ul style="list-style-type: none"> <li>• Climate Change Policy</li> <li>• Environmental Policy</li> <li>• Sustainability Policy</li> <li>• Better with Bellway</li> <li>• Future Homes Standard ('FHS')</li> <li>• Waste Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Environment and climate change</li> <li>• Land and Planning</li> <li>• Legal and Regulatory Compliance</li> </ul>	• TCFD	84 to 90
				• Better with Bellway - Carbon Reduction	49 to 52
				• Better with Bellway - Biodiversity	58
				• Better with Bellway - Sustainable Supply Chain	55 to 56
				• SASB Disclosures	91 to 95
<b>Employees</b>	Bellway is committed to being an inclusive employer that aims to create an environment that is open, diverse, and free from all forms of prejudice and discrimination and we have set a range of targets to improve the diversity of our workforce. We also thrive to create a safe working environment that promotes personal development and equal opportunities. The mental health of our colleagues is important, and we are taking steps to improve the ratio of mental health first aiders within the Group.	<ul style="list-style-type: none"> <li>• Health and Safety Policy</li> <li>• Agile Working Policy</li> <li>• Safeguarding Policy</li> <li>• Equality Diversity &amp; Inclusion Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Legal and Regulatory Human Resources</li> <li>• IT and Security</li> <li>• Legal and Regulatory Compliance</li> </ul>	• Better with Bellway - Employer of Choice	46 to 47
				• Better with Bellway - Building Quality Homes, Safely	53 to 54
				• Key Stakeholder Relationships	66 to 68
				• Nomination Committee Report	113
				• Audit Committee Report	114 to 125
				• SASB Disclosures	91 to 95

Reporting requirement	Our approach	Relevant policies and standards which govern our approach	Related principal risks*	Where to find more information	Page
<b>Respect for Human Rights</b>	Bellway is committed to respecting human rights ensuring our people, subcontractors and suppliers are always treated fairly. We will continue to take steps to ensure we are respecting human rights through our procedures and policies and develop our knowledge and awareness of human rights.	<ul style="list-style-type: none"> <li>• Anti-Slavery and Human Trafficking Statements</li> <li>• Data protection Policy</li> <li>• Privacy Notice</li> <li>• Bereavement Policy</li> <li>• Maternity Leave Policy</li> <li>• Paternity Leave Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Construction resources</li> <li>• Health and Safety</li> <li>• IT and Security</li> <li>• Legal and Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Better with Bellway Employer of Choice</li> <li>• Key Stakeholder Relationships</li> <li>• SASB Disclosures</li> <li>• Nomination Committee Report</li> <li>• Audit Committee Report</li> </ul>	<p>46 to 47</p> <p>66 to 70</p> <p>91 to 95</p> <p>113</p> <p>114 to 125</p>
<b>Social matters</b>	<p>Bellway is committed to support our local communities through, community engagement, donations, and our recently introduced Volunteering Policy. We aim to continue investing in our local communities through the planning process, where we invest in a range of community services and build a wide range of houses and apartments to meet the varying budgets and needs of our customers. We are proud of our 5-star<sup>6</sup> homebuilder status, and we aim to do better through our Customer First programme.</p> <p>In August 2022, Bellway established a new standalone Building Safety division, which is dedicated to the remediation of buildings identified during the review of our high-rise portfolio, providing a full in-house capability in the delivery of remedial works. In March 2023 Bellway signed the DLUHC Self-Remediation Terms (SRT) in England, which converted the principles of the building safety pledge signed in 2022, in which we committed to resolve any historical fire remedial work on buildings completed since 5 April 1992, into a binding agreement between the Government and Bellway. This was followed in May 2023, with the signature of the Welsh Government's Self-Remediation Terms.</p>	<ul style="list-style-type: none"> <li>• Better with Bellway</li> <li>• Charity Policy</li> <li>• Volunteering Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Home Builders Federation</li> <li>• Self-Remediation Terms</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Land and Planning</li> <li>• IT and Security</li> <li>• Legal and Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Better with Bellway</li> <li>• Our Business Model</li> <li>• Our Marketplace</li> <li>• SASB Disclosures</li> <li>• Chief Executive's Market and Operational Review</li> <li>• Section 172 Statement</li> <li>• Key Stakeholder Relationships</li> </ul>	<p>38 to 62</p> <p>18 to 23</p> <p>24 to 25</p> <p>91 to 95</p> <p>30 to 33</p> <p>63</p> <p>64 to 74</p>
<b>Anti-bribery and anti-corruption</b>	Bellway is committed to high standard of ethics, honesty and integrity and have a zero-tolerance approach to any form of bribery and corruption and have compliance procedures in place to prevent bribery and corruption in our business. The standards set by Bellway are expected to be followed by all employees, subcontractors, suppliers and any other third party acting for or on behalf of the Company.	<ul style="list-style-type: none"> <li>• Bribery and Corruption Policy</li> <li>• Whistle blowing Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Legal and Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee Report</li> </ul>	114 to 125

\* For full details on related principal risks see pages 79 to 83.



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# Governance

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# Making better choices for our stakeholders

Stakeholder engagement is an important part of our business operations as it helps inform Board decision-making and ensures we consider the impact of those decisions on key stakeholders.

Governance

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## Chair's Statement on Corporate Governance

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“

During the year the Board has constituted a Sustainability Committee. The Committee shall assist the Board in fulfilling its responsibilities in relation to ESG matters and overseeing the performance of the Better with Bellway strategy.”

**John Tutte**  
Chair

### Dear Shareholder

I am pleased with the Company's continued commitment to sustainability and how this is being embedded within the business. I do however recognise we can build on these strong foundations and we have a strategic plan to improve corporate governance, sustainability and diversity at all levels of the organisation.

### Sustainability

The Board has worked hard to set an ambitious ESG agenda and I am pleased to update you, that during the year the Board has constituted a Sustainability Committee of which I am Chair. The Sustainability Committee shall assist the Board in fulfilling its responsibilities in relation to ESG matters and overseeing the performance of the Better with Bellway strategy. A Sustainability Committee report has been prepared for the first time, detailing the key responsibilities of the Committee and focus for FY24. More details can be found on page 146.

Our Better with Bellway strategy has been operational since March 2022, with sustainability at its heart, it reinforces our commitment to operating in a responsible and ethical manner.

In 2017, the Financial Stability Board released its report on the recommendations of the TCFD. We acknowledge the importance of these disclosures and we are committed to implementing the recommendations in full. This is our third year of making TCFD disclosures, and we will continue to refine and develop our approach. More information on TCFD reporting can be found on pages 84 to 90.

In addition, as part of our Better with Bellway strategy, we have chosen to report against SASB and SDGs reporting frameworks as these were identified as being most relevant to our investors.

SASB have produced standards to focus companies disclosing performance on the most financially material sustainability topics for the benefit of investors. We have reported against the standards applicable for our industry (more detail on pages 91 to 95).

There are 17 SDGs in total, and Bellway have mapped the goals which are applicable against the new Better with Bellway strategy (more detail on pages 43 to 62).

### Diversity

The Board believe a highly qualified board with directors from diverse backgrounds will improve corporate governance and decision-making. The Board is therefore committed to making appointments on merit, against objective criteria and strongly supports boardroom diversity in all its characteristics, including but not limited to, age, gender, race, education, professional background and experience.

As part of Board succession planning, the Nomination Committee has been actively working on promoting diversity with the objective of aligning Board composition with the Parker Reviews, the FTSE Women's Leaders Review recommendations, and the FCA disclosure rules. During the year, Sarah Whitney has been appointed as Senior Independent Non-Executive Director, and the Board has approved increasing the number of Non-Executive Directors to allow the Company to meet these targets. Recruitment for an additional Non-Executive Director is underway in order for us to meet the requirements of the FCA disclosure rules, however this was not completed in time for the financial year end 31 July 2023, the appointment is expected to be confirmed in advance of the Company's 2023 AGM in December 2023. The Board welcomes the opportunity to further expand the diversity and skills of its Directors.

Diversity extends beyond the boardroom and the Board values diversity across the workforce. Becoming an 'Employer of Choice' is a flagship pillar of our Better with Bellway strategy (more details on pages 46 and 47). This objective includes becoming a more open, diverse and inclusive organisation. We are committed to providing a great working environment which recognises that people from different backgrounds, experiences and abilities can bring fresh ideas and innovation to improve our business. We want to ensure that equality, diversity and inclusion is embedded in our culture, and reflected in our people and behaviours. Bellway held its first Pride event in 2023, which was well supported across the Group.

The UK construction sector has historically been a male dominated environment and tangible change will take some time to accomplish. We are committed to increasing the number of females in the business, especially in senior roles, and we continue to invest in our apprentice and graduate schemes to bring new diverse talent into the business.

## Board effectiveness and evaluation

In line with the UK Corporate Governance Code, we undertake a formal and rigorous annual evaluation of our own performance and that of our Committees and individual directors. We operate a three-year cycle of internal and externally facilitated reviews. Bellway's last externally facilitated evaluation took place in 2020, and for 2023 we appointed Trusted Advisors Partnership ('TAP'), a specialist consultancy which has no other business or connection to the Group or individual Directors, to facilitate the evaluation.

Having been provided with a comprehensive briefing by the Chair and Group General Counsel and Company Secretary, TAP conducted an evaluation process in July 2023, involving:

- Main Board and Chair's questionnaires and the Chair's and SID's concluding memo from the internal 2022 review, together with the concluding report from the last external evaluation in 2020.
- Access to Board and Committee papers and minutes to enhance TAP's understanding of how the Board and its Committees operate.
- Individual virtual meetings were held with each Executive and Non-Executive Board Director and with the Group General Counsel and Company Secretary.

TAP reviewed the Chair, Non-Executive Directors, the Board and its Committees' effectiveness to fulfil its duties considering:

- a. Board structure, capability and performance.
- b. Quality of Board discussion and review to support the delivery of Bellway's sustainable growth strategy.

The evaluation concluded that the Bellway p.l.c. Board is well constituted with a cohort of experienced, capable, and engaged Non-Executive and Executive Directors that are able and willing to fulfil their responsibilities, without any conflict of interest; the Board Committees operate well, and the Board is also well Chaired. The Board is constructive, respectful and allows for open and honest discussion and debate.


The evaluation noted that the Board itself has evolved with the appointment of a new Chair and Senior Independent Non-Executive Director. The two recent appointments to the Board have added sector knowledge depth and comparative perspective. The Board can be characterised as inviting and accepting of challenge and is operating effectively against the requirements of the short to medium term.

Areas for further development include the ability to clearly articulate corporate ambition, continued evolution of attitude to risk, organisational structure and expanding the Executive Committee. The Board will agree formal action points relating to these areas of development.

The areas highlighted for improvement in last year's internally facilitated Board evaluation and the progress made are set out in the table below.

## Compliance with the UK Corporate Governance Code ('The Code')

I am pleased to confirm that the Board considers that it has complied throughout the year with the detailed provisions of the Code published in July 2018. The Code is available, from the Financial Reporting Council, online at [www.frc.org.uk](http://www.frc.org.uk) or by telephoning 020 7492 2300.



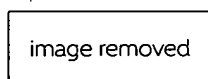
**John Tutte**  
Chair

16 October 2023

## Board evaluation 2021/22 update

Action point	Progress
The Board should give consideration to its formal objectives and regularly appraise itself against them.	Strategic progress has been added as a standing agenda item.
To further consider Board and Committee membership in line with the Parker Reviews' recommendations.	The Board has approved the appointment of an additional Non-Executive Director and recruitment is underway.
Further promote greater interactions between senior managers and the Board to better understand current challenges.	Senior Managers will continue to present updates to the Board. In addition the Board has held meetings at divisional offices and held site visits to increase interactions.

## Board of Directors and Group General Counsel and Company Secretary



### John Tutte

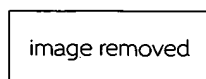
Chair

Appointed 1 March 2022

N\*

R

S\*



### Jason Honeyman

Group Chief Executive

Appointed 1 September 2017

NR\*

#### Background and experience

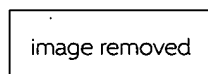
John was appointed to the Board on 1 March 2022 as Non-Executive Chair Designate, and succeeded Paul Hampden Smith as Non-Executive Chairman and Chair of the Nomination Committee on 1 April 2022. He is qualified in civil engineering and has over 40 years experience within the industry through various senior roles at Redrow plc, including Group Chief Executive, Executive Chairman, and then Non-executive Chairman, prior to him retiring from the Board in 2021.

#### Other appointments

- Home Builders Federation – Non-executive director.

#### Background and experience

Jason commenced employment with the Group in January 2005 as Managing Director of the Thames Gateway division, becoming Southern Regional Chairman in December 2011. Jason joined the Board as Chief Operating Officer and was promoted to Group Chief Executive on 1 August 2018.



### Jill Caseberry

Independent

Non-Executive Director

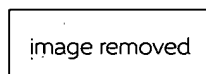
Appointed 1 October 2017

A

S

N

R\*



### Sarah Whitney

Senior Independent

Non-Executive Director

Appointed 1 September 2022

A

S

N

R

#### Background and experience

Jill was appointed to the Board as a Non-Executive Director on 1 October 2017. Jill has extensive sales, marketing and general management experience across a number of blue-chip companies including Mars, PepsiCo and Premier Foods.

#### Other appointments

- Halfords Group plc – non-executive director, Remuneration Committee Chair and a member of the Audit, Nominations and ESG Committees.
- C&C Group plc – non-executive director and a member of the Remuneration and ESG Committees.
- St Austell Brewery Company Limited – Senior Independent Director, Chair of the Remuneration Committee and a member of the Audit and Nomination Committees.
- Bakkavor Group plc – Senior Independent director, Chair of the Remuneration Committee, and a member of the Nomination Committee.

#### Background and experience

Sarah, a Chartered Accountant, was appointed to the Board as a Non-Executive Director on 1 September 2022 and succeeded Denise Jagger as Senior Independent Non-Executive Director on 16 December 2022 at the Annual General Meeting. She was formerly a partner at PricewaterhouseCoopers and held roles as Head of the Consulting & Research business at DTZ Holdings (now Cushman & Wakefield), and then at CBRE as an Executive Director heading the Government & Infrastructure team.

#### Other appointments

- JP Morgan Global Growth & Income plc – non-executive director, Chair of Audit Committee and of the Management Engagement Committee.
- BBGI Global Infrastructure S.A. – Chair of the Supervisory Board and Chair of the Nomination Committee.
- Tritax EuroBox plc – Senior Independent Director and member of the Audit, ESG and Management Engagement Committees.
- The Canal & River Trust – Trustee and Chair of the Investment Committee.
- Skipton Building Society – Non-Executive director, member of Nominations committee and Chair of Connells Limited.

image removed

**Keith Adey****Group Finance Director**

Appointed 1 February 2012

S

NR

**Background and experience**

Keith, a Chartered Accountant, joined Bellway in December 2008 as Group Chief Accountant, becoming Group Finance Director on 1 February 2012. Prior to joining Bellway he worked at KPMG and Grainger plc.

image removed

**Simon Scougall****Group General Counsel and Company Secretary**

Appointed 1 February 2016

**Background and experience**

Simon, a solicitor, was appointed Group General Counsel and Company Secretary in February 2016. Simon joined Bellway in March 2011 and has held senior positions within the Group including that of Group Commercial Director. He has over 20 years' experience in the housebuilding sector, working either in-house or for clients in private practice.

image removed

**Ian McHoul****Independent Non-Executive Director**

Appointed 1 February 2018

A\*

S

N

R

**Background and experience**

Ian, a Chartered Accountant, was appointed to the Board as a Non-Executive Director on 1 February 2018, and appointed as Chair of the Audit Committee on 12 December 2018. He was Finance & Strategy Director of the Innentrepreneur Pub Company Limited from 1995 to 1998 and then served at Scottish & Newcastle plc from 1998 to 2008, first as Finance Director of Scottish Courage and later as Group Finance Director of Scottish & Newcastle plc. From 2008 to 2017 he was Chief Financial Officer of Amec Foster Wheeler plc. He was also a non-executive director of Premier Foods plc from July 2004 to April 2013.

**Other appointments**

- Videndum plc - Chairman.
- Young & Co's Brewery, PLC. - non-executive director and Chairman of the Audit Committee and member of the Remuneration Committee.

image removed

**Denise Jagger****Senior Independent Non-Executive Director**

Appointed 1 August 2013

Resigned 16 December 2022

**Membership and meeting attendance**

Director	Number of meetings attended during the year
John Tuttle	9/9
Sarah Whitney	9/9
Jill Caseberry	9/9
Ian McHoul	9/9
Jason Honeyman	9/9
Keith Adey	9/9
Denise Jagger	3/3

**Key:**

<b>A</b>	Audit Committee	<b>S</b>	Sustainability Committee
<b>R</b>	Remuneration Committee	<b>*</b>	Denotes Committee Chair
<b>N</b>	Nomination Committee		
<b>NR</b>	Board Committee on Non-Executive Directors' Remuneration		

## Board Activities and Decisions

For more detail on how the Board has considered and engaged with key stakeholders please see pages 64 to 74.

2022

September

October

December

2023

January

### Board activities, decisions and stakeholders considered

#### Board activity or decision

Sarah Whitney appointed as an Independent Non-Executive Director.

#### How stakeholders were considered

graphics removed

The Board is committed to making appointments that complement and expand upon the Board's existing skills, and to comply with the requirements of the Parker Reviews, the FTSE Women's Leaders Review and the FCA disclosure rules.

#### Board activity or decision

Investor Meet the Team Day

#### How stakeholders were considered

graphic removed

The Board met with investors and analysts, the day focused on the key parts of our Better with Bellway sustainability strategy, including the delivery of low carbon homes.

#### Board activity or decision

Board Evaluation

#### How stakeholders were considered

graphic removed

The Board concluded its internal valuation and agreed actions point to further develop the effectiveness of the Board.

#### Board activity or decision

Approval of the 2022 annual report and accounts.

#### How stakeholders were considered

The Board approved the preliminary announcement along with the 2022 annual report and accounts.

#### Board activity or decision

Following the retirement of Denise Jagger from the Board, Sarah Whitney was appointed as Senior Independent Non-Executive Director.

#### How stakeholders were considered

graphics removed

The Board decision to appoint Sarah Whitney as Senior Independent Non-Executive Director demonstrates commitment to complying with the requirements of the Parker Reviews, the FTSE Women's Leaders Review and the FCA disclosure rules.

#### Board activity or decision

AGM

#### How stakeholders were considered

graphic removed

Shareholders had the opportunity to meet the Board and discuss issues of importance.

#### Board activity or decision

Board visit to the Salford University – Energy House 2.0.

#### How stakeholders were considered

graphics removed

The Board visited the Energy House 2.0 and were shown the technologies being tested to reduce scope 3 emissions for our customers.

**Key:**

graphic removed

Customers

graphic removed

Employees

Investors, Analysts and Advisors

graphic removed

Subcontractors and Supply Chain

graphic removed

Local Communities and the Environment

graphic removed

Government and Regulators

Governance

March

**Board activity or decision**  
£100m share buyback programme announced.

**How stakeholders were considered**

graphic removed

The Board approved a £100m share buyback programme to return capital to investors.

**Board activity or decision**  
Signing of the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities in relation to historical fire safety issues.

**How stakeholders were considered**

graphic removed

The Board approved the Self-Remediation Terms further demonstrating Bellway's commitment to being a responsible developer in relation to historical fire safety issues.

**Board activity or decision**  
Tranche 1 of share buyback begun

**How stakeholders were considered**

graphic removed

The Board approved start of the first £50m tranche of the share buyback.

May

**Board activity or decision**  
Decisions to formally constitute a Sustainability Committee as a sub-committee of the Board.

**How stakeholders were considered**

graphics removed

Demonstrating the Board's commitment to sustainability and the Better with Bellway strategy, in line with best practice, a Sustainability Committee was established.

**Board activity or decision**  
Decision to seek an additional Non-Executive Director.

**How stakeholders were considered**

graphics removed

Demonstrating commitment to comply with the requirements of the Parker Reviews, the FTSE Women's Leaders Review and the FCA disclosure rules, the Board is seeking to appoint an additional Non-Executive Director.

**Board activity or decision**  
Board site visit

**How stakeholders were considered**

graphics removed

The Board visited an active site at Eastern Counties division and met with staff and subcontractors.

June

**Board activity or decision**  
Tranche 1 of the share buyback ended and tranche 2 of share buyback begun.

**How stakeholders were considered**

graphic removed

The Board approved the second tranche of the share buyback programme to return capital to investors.

July

**Board activity or decision**  
Annual Board Strategy Meeting including presentations from the Company's brokers and the HBF.

**How stakeholders were considered**

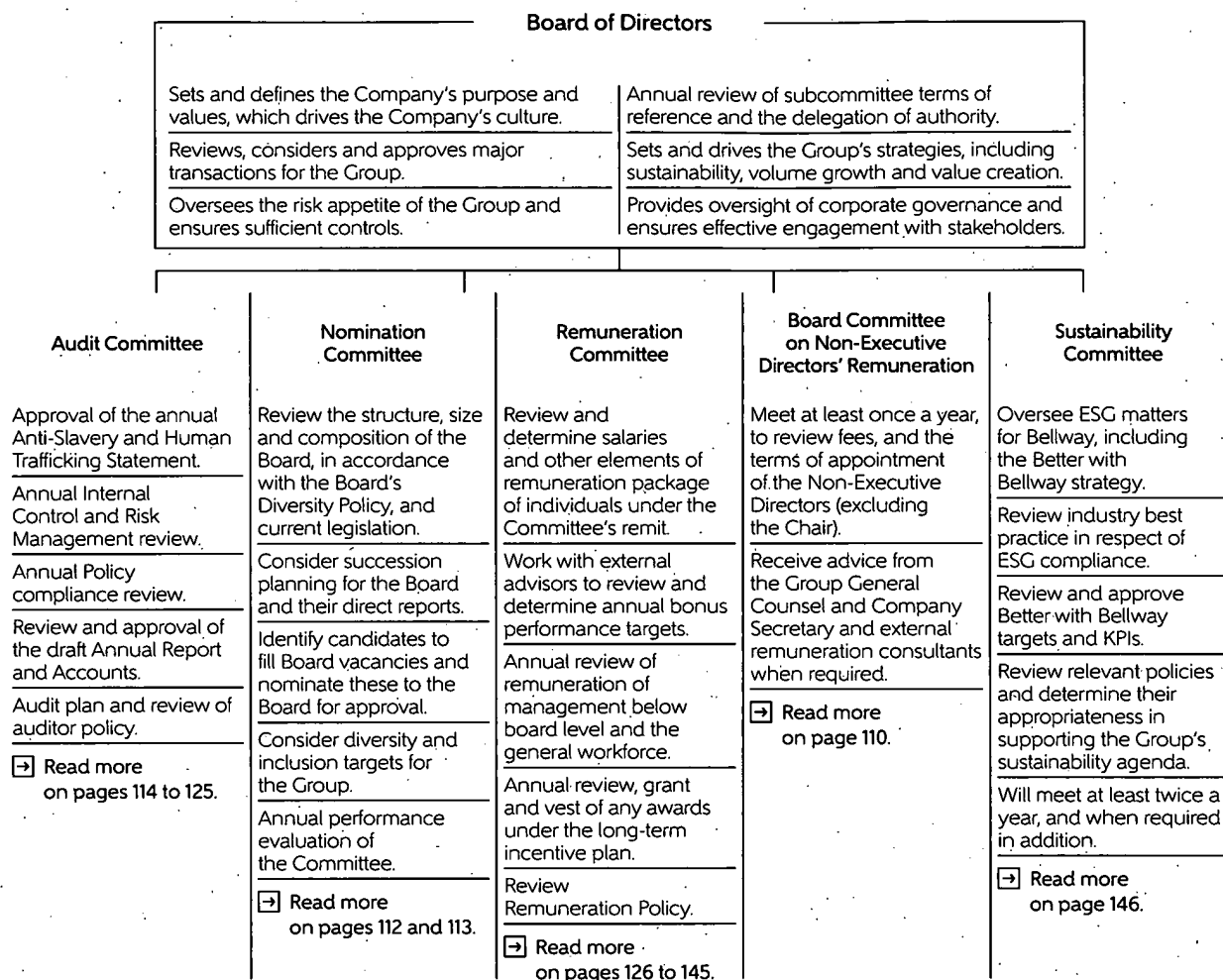
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The Board's annual strategy day allows for discussion of the short and long-term strategy of the business.

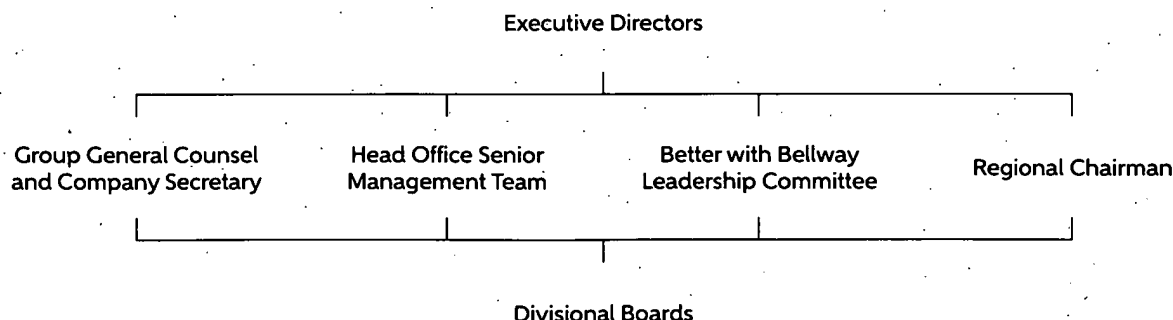
## Board Leadership

The Board is the principal decision-making body of the Group and collectively, has the responsibility to promote the long-term sustainable success of the Group, while contributing to the wider society.

### Board Leadership



### Leadership





## Division of Responsibilities

### Statement about applying the principles of good governance

The Board acknowledges the importance of, and is committed to the principle of, achieving and maintaining a high standard of corporate governance and in promoting a positive culture within the Group.

We have applied the principles of good governance, including both the Main Principles and the Supporting Principles, by complying with the Code. Further explanations of how the Main Principles and Supporting Principles have been applied are set out below and in the Remuneration Report.

### Leadership

The Board is the principal decision-making body of the Group and is collectively responsible to shareholders for promoting the long-term success of the Group.

At the date of this report, the Board consists of six directors whose names, responsibilities and other details appear on pages 102 and 103. Currently two of the directors are executive and four are non-executive.

The Board sets the strategic aims, ensures that the necessary resources (including finances, people and materials) are in place for the Group to meet these objectives and also reviews management performance. It defines the Group's values and standards and ensures that its obligations to its shareholders are understood and met.

The Board has put in place the following structure which allows it to provide entrepreneurial leadership of the Group and to delegate authority for operational matters through a framework of prudent and effective controls, which enable risk to be assessed and managed.

### Chair

- Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level including ensuring that the correct cultural tone is set from the top.
- Ensuring that the Group complies with the requirements of the UK Corporate Governance Code and adheres to the highest standards of governance.
- Leading the Board and ensuring its effectiveness.
- Setting the Board's agenda.
- Ensuring the Directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.
- Ensuring the effective conduct of Board meetings and facilitating the effective contribution of all directors and the Group General Counsel and Company Secretary.
- Leading the evaluation of the performance of the Board, its Committees, individual Directors and Group General Counsel and Company Secretary.
- Overseeing the induction of any new Board Directors and the development of existing Directors.
- Ensuring that the views of shareholders are communicated to the Board as a whole.
- Encouraging constructive relations between the Executive and Non-Executive Directors and the Group General Counsel and Company Secretary.
- Approving land purchases over specified limits in conjunction with the wider Board.

### Group Chief Executive

- Implementing the strategy agreed by the Board.
- Leading the Executive Directors, the Group General Counsel and Company Secretary and the senior management team in the day-to-day running of the Group's business.
- Ensuring the effective implementation of Board decisions.
- Reviewing the Group's organisational structure and recommending changes as appropriate.
- Supervising the activities of the Regional Chairmen and divisional senior management, overseeing their development and succession planning.
- Overseeing Group operations.
- Overseeing the activities of subsidiary companies.
- Approving land purchases, within specified limits.
- Overseeing divisional expansion plans.
- Together with the Chair, providing coherent leadership of the Group, including representing the Group to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the general public.
- Keeping the Chair informed of all important matters.
- Overseeing the health and safety, sales and marketing, public relations, and technical departments.

### Group Finance Director

- Devising and implementing the financial strategy and policies of the Group, including treasury and tax.
- Developing budgets and financial plans.
- Responsible for the Group's investor relations activities.
- Responsible for delivering the Board agreed sustainability and ESG strategy.
- Overseeing the sustainability, finance, IT and risk departments.

### Senior Independent Non-Executive Director

- Acting as a sounding board for the Chair, Executive Directors and the Group General Counsel and Company Secretary.
- Being available to shareholders.
- Leading the annual appraisal of the Chair.
- Holding meetings with the Non-Executive Directors without the Chair present.

### Non-Executive Directors

- Constructively challenging management.
- Contributing to the development of strategy.
- Scrutinising the performance of management.
- Ensuring integrity of financial information and financial controls and ensuring systems of risk management are robust.
- Determining appropriate levels of Executive Director, Group General Counsel and Company Secretary and Regional Chairman remuneration.
- Appointing and removing Executive Directors and succession planning.
- Serving on Board committees.

## Division of Responsibilities continued

### Group General Counsel and Company Secretary

- Supporting the Chair and Group Chief Executive in fulfilling their duties.
- Keeping the Board regularly updated on corporate governance, legal, commercial and HR matters.
- Responsible for legal compliance throughout the Group including ensuring policies and procedures are maintained and updated on a regular basis.
- Providing support to the Board and Committees.
- Overseeing the legal, company secretarial, HR, land, strategic land and planning departments.
- Supporting the Group Finance Director on the sustainability and ESG agenda.
- Managing the Group's external legal panel.

### Better with Bellway Leadership Committee

- The Better with Bellway Leadership Committee is comprised of Group Finance Director, Group General Counsel and Company Secretary, Group Production Managing Director and Group Head of Sustainability.
- Oversees the continued development of the Better with Bellway strategy, objectives, and targets.
- Engages with the Board and key external stakeholders.
- Works with senior management across the business to embed the Better with Bellway strategy into day to day activities.

### Board effectiveness

All Directors have access to the advice and services of the Group General Counsel and Company Secretary and his department. All of the Directors may take independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as Directors.

In accordance with the Code, all of the Directors will retire from the Board and offer themselves for re-election or election at the forthcoming AGM. None of the Executive Directors hold external directorships.

The Board, its Committees and the individual Directors are subject to annual performance evaluation and all Directors are subject to annual re-election by shareholders. The Board regularly reviews the Directors' other interests and appointments to ensure that there are no conflicts of interest.

The Chair is responsible for leading the Board and ensuring it operates effectively. The Directors possess an appropriate balance of skills, knowledge and experience to meet the requirements of the business. The Board recognises the value of both gender and ethnic diversity as well as the recommendations of the Parker Reviews, the FTSE Women's Leaders Review, and the FCA disclosure rules. This will be taken into careful consideration when addressing Board succession.

### Conflicts of interest

Pursuant to the provisions of the Companies Act 2006 relating to conflicts of interest, the Board has put in place a register to deal with the notification, authorisation, recording and monitoring of Directors' interests and these procedures have operated throughout the year.

### Board activity during the year

The Board meets formally and informally during the year to consider strategy, performance, risk, major land acquisitions, potential conflicts of interest and reports from senior employees and external advisers.

One meeting a year is devoted entirely to the consideration of strategy where the Board agrees the way forward and ensures that the necessary financial, human, land and other resources are in place to meet its objectives. Areas focused on during the strategy day were the following strategic priorities of:

graphic removed

1. Delivering volume growth.

graphic removed

2. Value creation.

graphic removed

3. Better with Bellway.

Each year we look to hold separate annual conferences for the divisional Managing, Finance, Sales, Technical and Commercial Directors and our Planning Managers which are attended by Executive Directors or members of the Group Office senior management team.

We also host informal Board dinners where senior management meet members of the Board. The Chair meets with Executive Management and individual Directors on a regular basis outside of Board meetings. This process allows for two-way discussion, enabling the Chair to act as necessary to deal with any issues relating to Board effectiveness.

### Membership and meeting attendance

Director	Date appointed to the Board	Number of meetings attended during the year
John Tutte (Chair)	1 March 2022, appointed Chair 1 April 2022	9/9
Denise Jagger	1 August 2013 Resigned 16 December 2022	3/3
Jill Caseberry	1 October 2017	9/9
Ian McHoul	1 February 2018	9/9
Jason Honeyman	1 September 2017	9/9
Keith Adey	1 February 2012	9/9
Sarah Whitney	1 September 2022	9/9

The number of Committee meetings are set out in each Committee report. There were no absences from any Board or Committee meetings.

The Executive Directors and Group General Counsel and Company Secretary regularly met with the divisions during the year. The Board also received presentations from the Regional Chairs and certain Group Functional Heads, with an update on their operating area including the opportunities and challenges they face, and from external advisors.

Each Non-Executive Director separately visits at least one division during the year, independent of the Executive Directors, and reports their key findings and observations at the next Board meeting.

Meetings with operational management ensured that the Board's standards and values for integrity and honesty are disseminated. Each of our divisions has its own management team and staff who manage and take pride in the success of their own operational business within the strategy set by the Board. In this way we create a culture that motivates and rewards our colleagues. We promote a supportive culture that enables our employees to develop their talents and skills. The Board assesses the Group's corporate culture through various interactions with senior management and the wider workforce including Board presentations, divisional visits, Board dinners and the employee awards. The Board has concluded that the corporate culture of the Group is of a high standard.

The Board has adopted a schedule of matters that are specifically reserved for its decision, which includes strategy and management, structure and capital, financial reporting and controls, internal controls covering both financial and operational areas of the business, land acquisition above specified limits, contracts and agreements, communication, Board membership and other appointments, remuneration, delegation of authority, corporate governance matters, Group policies and other miscellaneous items.

In addition, it has a series of matters that are dealt with at regular Board meetings including:

- Operational and strategic review
- Financial review
- Major land acquisitions
- Major projects
- Risk
- Health and safety
- Sales and customer care
- Human Resources
- Reporting requirements
- Corporate governance and internal control including any whistleblowing issues.

The Board also takes a report from the Group General Counsel and Company Secretary on legal, HR, commercial and corporate governance matters at each Board meeting.

In between Board meetings, the Directors receive updates from the Chair, the Group Chief Executive or the Group General Counsel and Company Secretary to advise them of any significant matters affecting the Group or its performance.

During the year the work carried out by the Board included:

- Strategy.
- Considering regular reports on KPIs from the Group Chief Executive.
- A review of risk and internal control.
- Decision to formally constitute a Sustainability Committee as a sub-committee of the Board.
- Consideration of recommendations from the Board Committees.
- Scrutiny of reports from the Group Chief Executive, Group Finance Director, Group General Counsel and Company Secretary and senior management at each Board meeting.
- Considering regular reports on health and safety matters from the Group Chief Executive and approval of the health and safety targets for FY23.
- Approval of major land purchases.
- Board evaluation.
- Approval of debt facility agreements.
- Approval of the share buyback programme.
- Receiving presentations from the four Regional Chairs the performance of the divisions under their responsibility.
- Receiving presentations from Finance, HR, IT, Procurement, Sales and Marketing, Commercial and Technical Head Office departments.
- Receiving presentations on sustainability and approval of corporate responsibility targets for FY24 from the Better with Bellway Leadership Team.
- Approval of the Better with Bellway strategy.
- Approval of the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities in relation to historical fire safety issues and Welsh Government.
- Approval of the Group's tax strategy.
- Approval of major IT expenditure.
- Approval of the Group's insurance programme.
- Approval of the Group's Slavery and Human Trafficking Statement for 2022.
- Approval of the Annual Report and Accounts for 2021/22.
- Approval of the preliminary announcement, interim results and trading updates.
- Recommending the final dividend for 2021/22 to be approved by shareholders.
- Approval of the interim dividend for 2022/23.
- Defence document review and meeting with corporate advisors.
- Crisis protocol review.
- Approval of HR (including Equality, Diversity and Inclusion) KPIs.
- Reviewed and assessed the Group's cyber controls, based on best practices for securing systems and data.
- Receiving regular updates on legacy apartment schemes where fire safety improvements may be required or where works are planned or underway.

## Division of Responsibilities continued

### Training and development

The Board receives appropriate training and updates on various matters relevant to its role and responsibilities. Training needs are reviewed as part of the performance evaluation process through the Board's skills matrix and on an ongoing basis.

An external board evaluation was conducted in July 2023. Following this year's evaluation no specific training needs were identified.

Non-Executive Directors attend external training sessions designed specifically for non-executives and members of Board Committees as and when required.

### Board balance and independence

The roles of Chair and Group Chief Executive are separate, with a clear division of responsibilities, ensuring a balance of responsibility and authority at the head of the Group.

The Company considers all of its Non-Executive Directors, including the Chair, to be independent, as defined in the Code. Each of the Independent Non-Executive Directors has, at all times, acted independently of management and has no relationship that would materially affect the exercise of his or her independent judgement and decision-making.

The Senior Independent Director is Sarah Whitney, with whom shareholders may raise any queries or concerns they may have.

Whenever any Director considers that he or she is interested in any contract or arrangement to which the Group is or may be a party, due notice is given to the Board. No such instances have arisen during the year.

### The Board Committees

The Board has formally constituted Audit, Nomination, Remuneration Committees, and Sustainability Committee. The terms of reference for these Committees are available either on request from the Group General Counsel and Company Secretary, at the AGM or on our website: [www.bellwayplc.co.uk](http://www.bellwayplc.co.uk).

The Sustainability Committee was formally constituted during the year, as a sub-committee of the Board, and consists of the Non-Executive Directors and the Group Finance Director, with the responsibility for sustainability including environmental, social and governance ('ESG') matters relating to the Group and overseeing the performance of the Better with Bellway strategy.

Other Committees of the Board are formed to perform certain specific functions as and when required.

The work carried out by each of the Board Committees during the year is described in the reports of the Committee Chairs which follow.

### Board Committee on Non-Executive Directors' Remuneration

The Board Committee on Non-Executive Directors' Remuneration comprises the Executive Directors and is chaired by the Group Chief Executive.

This Committee meets at least once a year. Last year it met on one occasion to review the fees and terms of appointment of the Non-Executive Directors (excluding the Chair) and received advice from the Group General Counsel and Company Secretary and external remuneration consultants when required.

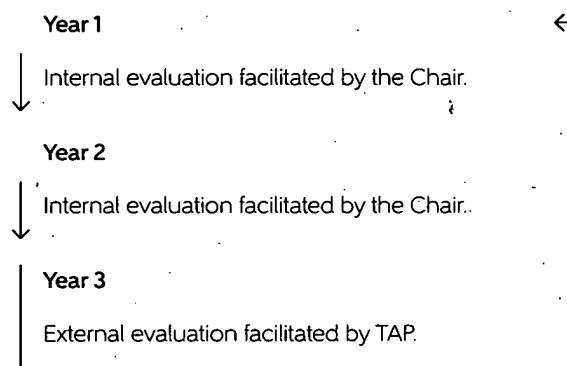
## Composition, Succession and Evaluation

### Board Evaluation

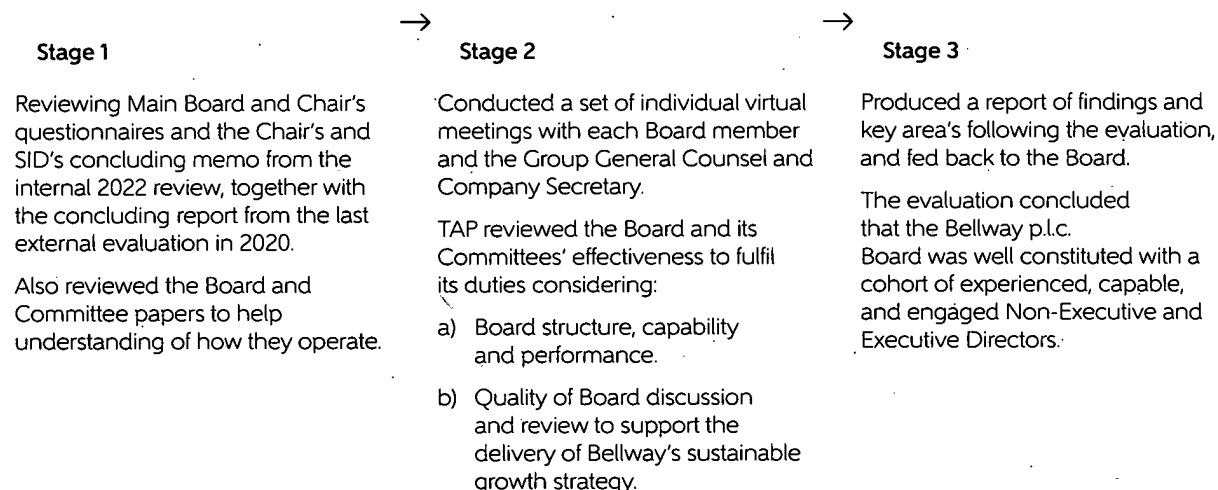
In line with the UK Corporate Governance Code, we undertake a formal and rigorous annual evaluation of our own performance and that of our Committees and individual Directors. We operate a three-year cycle of internal and externally facilitated reviews. Bellway's last externally facilitated evaluation took place in 2020, and for 2023 we appointed Trusted Advisors Partnership ('TAP'), a specialist consultancy which has no other business or connection to the Group or individual directors, to facilitate the evaluation.

Having been provided with a comprehensive briefing by the Chair and Group General Counsel and Company Secretary, TAP conducted an evaluation process in July 2023, involving:

### Board evaluation cycle



### Board evaluation process



Governance

### Board evaluation 2021/22 update

Action point	Progress
The Board should give consideration to its formal objectives and regularly appraise itself against them.	Strategic progress has been added as a standing agenda item.
To further consider Board and Committee membership in line with the Parker Reviews recommendations.	The Board has approved the appointment of an additional Non-Executive Director and recruitment is underway.
Further promote greater interactions between senior managers and the Board to better understand current challenges.	Senior Managers will continue to present updates to the Board. In addition the Board has held meetings at divisional offices and held site visits to increase interactions.

## Nomination Committee Report

### Composition, Succession and Evaluation

image removed

“

The Committee recognised the importance of gender and ethnic diversity as part of the succession planning.”

**John Tutte**

Chair of the Nomination Committee

#### Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
John Tutte (Chair)	1 March 2022, appointed Committee Chair on 1 April 2022	2/2
Denise Jagger	1 August 2013, Resigned 16 December 2022	1/1
Jill Caseberry	1 October 2017	2/2
Ian McHoul	1 February 2018	2/2
Sarah Whitney	1 September 2022	2/2

#### Focus areas for 2022/23

- To focus on Board succession, in particular for the Senior Independent Director, taking into account the recommendations of the FTSE Women's Leaders Review.
- To consider expanding the number of Non-Executive Directors appointed to the Board.
- To continue our work to improve diversity across the Group.
- With support from the Executive Management Team and Group HR, continue to develop the succession plan for those immediately below Board level.

#### Focus areas for 2023/24

- To focus on Board succession.
- To continue our work to improve diversity across the Group.
- With support from the Executive Management Team and Group HR, continue to develop the succession plan for those immediately below Board level.

#### Responsibilities and terms of reference

The main areas of the Nomination Committee's (the 'Committee') responsibilities are:

- To review the structure, size and composition of the Board, in accordance with the Board's Diversity Policy, and recommend to the Board any changes it considers appropriate. This encompasses membership of the Board Committees and the reappointment, if appropriate, of Non-Executive Directors at the end of their term of office.
- To consider succession planning not only within the Board but also immediately below Board level and ensure appropriate plans are in place.
- To identify candidates to fill Board vacancies and nominate these to the Board for approval. Appointments to the Board are made on merit using a formal, rigorous and transparent process against objective criteria recommended by the Committee. These criteria take into account the skills, knowledge and experience of existing members of the Board and the importance of diversity, in all its aspects, within the Board. The Committee is aware of the recommendations of the Parker Reviews, the FTSE Women's Leaders Review and the FCA disclosure rules, and will continue to take these into consideration when making future Board appointments. The appointment of a Non-Executive Director is for a specified term and reappointment is not automatic, rather it is made on the recommendation of the Committee.
- To consider diversity and inclusion targets for the Group.
- To carry out an annual performance evaluation of the Committee and review the results of the Board performance evaluation in relation to the composition of the Board.

The Committee meets at least twice a year and operates under its own terms of reference. These have been agreed by the Board and are available at [www.bellwayplc.co.uk/investor-centre/governance/committees](http://www.bellwayplc.co.uk/investor-centre/governance/committees).

The members of the Committee are shown in the table to the left.

#### Activities in 2022/23

- Appointment of a Non-Executive Director to the Board in September 2022. The Committee recognised the importance of gender and ethnic diversity as part of succession planning. The Committee will continue to work towards increasing the diversity of the current Board.
- Appointment of a new Senior Independent Director in December 2022, taking into account the recommendations of the FTSE Women's Leaders Review and the FCA disclosure rules.
- Consider the appointment of an additional Non-Executive Director, to comply with the requirements of the Parker Reviews, the FTSE Women's Leaders Review and the FCA disclosure rules.
- Planning for Board succession while considering the importance of gender and ethnic diversity, and the current UK recommendations.

- Continued our work to improve diversity across the Group, taking into account the recommendations from the Parker Reviews and the FTSE Women's Leaders Review. Building on the success of the 2022 Bellway Graduate Recruitment Programme, we continue to look for the opportunities to recruit female candidates and candidates from an ethnic minority where possible, which helps drive diversity within Bellway and provides possible leaders of the future.
- Presentation from the Group HR Director on initiatives to improve inclusion across the Group, including new strategies and key targets up to 2025, implementation of new governance structures, inclusive hiring training, accreditation through Clear Assured, the comprehensive schools and colleges engagement programme and improved engagement with supply and contract partners.
- The Committee continued to develop, with support from the Executive Management Team and Group HR Director, the succession plan for those immediately below Board level. This exercise will look to promote diversity and inclusion where possible.

The Committee had oversight of the following activities undertaken by the Group HR function.

- Equality, diversity and inclusion e-learning continues to be issued to employees and forms part of the mandatory training a new employee must undertake. 73% of employees have completed this training within three months of joining Bellway.
- Partnering with external charities and organisations to promote diversity and inclusion throughout Bellway.
- Rolling out talent and succession planning training to senior leaders and line-managers, focused on developing graduates as part of our three-year talent strategy.
- Continuing to work with the Regional Chairs and Managing Directors to develop progression and retention plans for key employees within each division, promoting diversity where possible.

## Focus in 2023/24

- To continue our work to improve diversity across the Group, taking into account the recommendations from the Parker Reviews, the FCA Diversity and Inclusion Policy Statement, and the FTSE Women's Leaders Review.
- In line with the recommendations of the FCA Diversity and Inclusion Policy Statement, as well as those of the Parker Reviews, and The FTSE Women's Leaders Review Diversity recommendations, continue to investigate the appointment of an additional Non-Executive Director to the Board.
- To continue to develop the succession plan for those immediately below Board level.

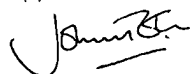
## Director and employee profile

The following tables show the gender and ethnicity split in the Group as at 31 July 2023. Ethnic diversity was reported for the first time in 2021. More detail on the Group's efforts to improve diversity can be found on pages 46 and 47:

	Male No.	Male %	Female No.	Female %	Total No.	Total %
Board of Directors	4	67	2	33	6	<1
Executive Committee and direct reports	12	63	7	37	19	<1
Senior managers	131	81	31	19	162	5
Other employees	1,900	68	892	32	2,792	94
<b>Total</b>	<b>2,047</b>	<b>69</b>	<b>932</b>	<b>31</b>	<b>2,979</b>	<b>100</b>

Governance

	Asian or Asian British	Black or Black British	Mixed/ Multiple Ethnicity	Other Ethnic/ Arab	White British/ European/Non- European	Any other ethnic group	Prefer not to say
Board of Directors	-	-	-	-	6	-	-
Executive Committee and direct reports	-	-	1	-	18	-	-
Monthly paid employees	62	30	21	6	2,134	4	18
Weekly paid employees	-	14	3	-	656	1	5
<b>Total</b>	<b>62</b>	<b>44</b>	<b>25</b>	<b>6</b>	<b>2,814</b>	<b>5</b>	<b>23</b>



**John Tutte**

Chair

16 October 2023

## Audit Committee Report

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“

This report provides an overview of how the Committee operates, ... and its role in ensuring the integrity of the Group's financial statements and effectiveness of audit, risk and internal controls.”

**Ian McHoul**

Chair of the Audit Committee

### Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
Ian McHoul (Chair)	1 February 2018, appointed Committee Chair on 12 December 2018	3/3
Denise Jagger	1 August 2013, resigned 16 December 2022	1/1
Jill Caseberry	1 October 2017	3/3
Sarah Whitney	1 September 2022	3/3

### Statement from the Chair of the Audit Committee

I am pleased to present our report to you as Chair of the Audit Committee. This report provides an overview of how the Committee operates, an insight into the Committee's activities during the year and its role in ensuring the integrity of the Group's financial statements and effectiveness of audit, risk and internal controls. We have worked closely with our finance, and risk and internal audit teams, along with Ernst & Young LLP ('EY'), our external auditor, throughout the year.

The Committee met three times during the year and the attendance by Committee members can be seen above.

### Key areas of focus during the year

As detailed in last year's report, I set out our focus areas for this year and I'm pleased to provide an update on these:

- Ensure the Group has appropriate internal audit resource – we discussed the internal audit team resource when reviewing the Internal Audit Plan for the year ahead and re-visited this at every meeting to ensure resource remained appropriate. The resource levels will continue to be subject to regular review given the changing regulatory environment.
- Continue to assess significant risk and profit items for the Group – this was discussed at both the March and October meetings before the Interim Accounts and Annual Report and Accounts were recommended to the Board for approval. As part of this review, the Committee dedicated a significant amount of time challenging the assumptions and methodology used in calculating the legacy building safety provision, along with the disclosure in the financial statements.
- Ensure that the Group continues to have the appropriate disclosures as required by the TCFD in the 2023 Annual Report and Accounts – the process underlying the TCFD disclosures has been reviewed by management and an update presented to the Committee. It is anticipated that the reporting will continue to evolve in future years.

An additional focus area of the Committee during the year was the Department for Business, Energy & Industrial Strategy ('BEIS') consultation on Restoring Trust in Audit and Corporate Governance. In advance of requirements becoming effective, we have reviewed management's update in relation to progress to date. We will continue to monitor progress against our plan, which includes formal documenting and testing (design and operational effectiveness) of controls for IT, entity level and material financial processes.

### Anticipated key areas of focus for the year ahead

- BEIS consultation – we will continue to monitor changes in legalisation and the UK Corporate Governance Code resulting from the initial BEIS and subsequent Financial Reporting Council ('FRC') consultation process. In addition, we will monitor progress made by management against their strategy for formally documenting and testing the aforementioned controls.
- IT security – we will receive an update from the Group IT Director in relation to the Group's IT infrastructure and operating environment.
- TCFD reporting – we will review the Group's improved disclosures in relation to TCFD in relation to the 2024 Annual Report and Accounts.
- Legacy building safety provision – we will continue to review this provision to ensure the approach and assumptions are appropriate as more detailed information becomes available.
- Audit Committees and the External Audit: Minimum Standard – we are working to early adopt the requirements contained in the FRC report issued in May 2023.



### Other information

Our external auditor, Ernst & Young LLP ('EY') continues to provide robust challenge to management and provides its independent view to the Committee on specific financial reporting judgements and the control environment across the Group.

Every three years the Board appoints an external organisation to perform an independent review of the Committee to evaluate its performance. In the current year the performance was performed externally, and this concluded that the Committee was effective and provides a robust and independent challenge, underpinned by professional respect from all attendees.

### Committee governance and competence

In September 2022, Sarah Whitney joined the Committee, which subsequently comprised four independent non-executive directors. In December 2022 Denise Jagger stepped down from the Committee when she retired from the Board, taking the Committee membership to three non-executive directors. Throughout the period the Committee members had significant and diverse experience, and I believe that between us we have an appropriate and relevant combination of experience and knowledge.

I am a Chartered Accountant, currently Chair of Videndum plc, and Chair the Audit Committee and am a member of the Remuneration Committee of Youngs & Co's Brewery P.L.C. Previously I served Scottish & Newcastle plc from 1998 to 2008, first as Finance Director of Scottish Courage and later as Group Finance Director of Scottish & Newcastle plc, before becoming Chief Financial Officer of Amec Foster Wheeler plc until 2017. The Board considers that I have recent and relevant financial experience as required by the Corporate Governance Code (the 'Code'). As part of the effectiveness review, the Nomination Committee has also confirmed that it is confident that the collective and broad experience of the members enables us to act effectively as an Audit Committee.

Further information on the experience and knowledge of the Committee members is included in the Directors' biographies on pages 102 and 103.

In line with the terms of reference, there were three meetings of the Committee during the year, scheduled in line with the Group's financial reporting timetable, and all members of the Committee attended each meeting.

The Chair of the Board, Group Chief Executive, Group Finance Director, Group General Counsel and Company Secretary, Group Financial Controller and Group Risk Director attend meetings by invitation. The Committee is supported by the Deputy Group Company Secretary who acts as Secretary to the Committee.

Representatives of EY attended all meetings during the year and they, along with the Group Risk Director, also met with the Committee independently of management. Any matters raised during discussions with the external auditors and the Committee were discussed appropriately with executive management. I also had further discussions, independently of each other, with the Group Finance Director, Group Risk Director and external auditor and reported relevant information to other members of the Committee.

Detailed papers are prepared and circulated in advance of Committee meetings by both management and the external auditor, thereby allowing informed discussions, challenge, and decision making to take place.

### Committee purpose and responsibilities

The Committee supports the Board in achieving the objectives of the corporate governance framework, with its principal activities focused on:

- the integrity of financial reporting;
- the quality of narrative reporting;
- the quality and effectiveness of internal controls and risk management systems;
- procedures relating to the prevention and detection of fraud and bribery;
- risk and internal audit; and
- external audit.

A comprehensive version of the Committee's terms of reference is available on the Group's website at [www.bellwayplc.co.uk/investor-centre/governance/committees](http://www.bellwayplc.co.uk/investor-centre/governance/committees).

A review of the terms of reference during the period determined that they remain appropriate and in line with best practice, reflecting the Committee's responsibilities in line with both the Code and other regulations.

### Committee evaluation and effectiveness

During the year the Committee assessed both the performance of the Committee as a whole and that of its individual members. This was externally facilitated and no major areas of improvement were identified.

Following a review of these results, I consider the Committee to be effective and it provides a robust and independent oversight over the financial reporting, narrative reporting, internal control and risk management, fraud and bribery prevention and detection, internal audit, and external audit activities of the Group. The Committee has an appropriate and complementary set of skills and experience that enables it to deliver the aforementioned activities.

## Audit Committee Report continued

### Committee activities during the year

The activities undertaken at the October 2023 meeting concluded the Committee's activities in relation to the Group's financial reporting for the year ended 31 July 2023.

The main activities performed by the Committee at these meetings are described below:

Activity / review	Meeting date			
	October 2022	January 2023	March 2023	October 2023
<b>Financial reporting</b>				
Reviewed the final draft of the Annual Report and Accounts, together with a report produced by EY which detailed their findings both on areas of key financial reporting matters and other areas of audit focus.	✓			✓
Reviewed the final draft of the Interim Announcement.			✓	
Received a paper on significant judgemental areas prepared by management, including the controls, and provided appropriate challenge.	✓		✓	✓
Reviewed a paper which analysed notable one-off items, both those separately disclosed on the face of the income statement or otherwise, that affected profit during the period and provided challenge of the treatment of these.	✓		✓	✓
Considered and challenged a paper produced by management setting out the accounting approach used for the SRT and associated review provision and related expense. This consisted of understanding the approach taken in identifying apartment blocks dating back to April 1992 that could fall within the scope of the SRT, cost estimates applied, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged management's cost and inflation assumptions, including considering a sensitivity paper, and believed management's proposed assumptions to be appropriate.	✓		✓	✓
Considered and challenged a paper produced by management setting out the accounting approach used for the structural defects provision and related expense. This consisted of understanding the technical background of the issue, the basis of the cost estimate, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged management's cost and inflation assumptions, and believed management's proposed assumptions to be appropriate.				✓
Considered and challenged management about the use of APMs and whether they were appropriate or whether GAAP measures would be more relevant.	✓		✓	✓
Reviewed, discussed, and challenged a paper produced by management setting out the rationale for preparing the Annual Report and Accounts and the Interim Announcement on a going concern basis. The paper incorporated a sensitivity analysis based on the Group's internal forecasts.	✓		✓	✓
Reviewed a paper produced by management setting out a proposed change to the inventory accounting policy to incorporate promotion agreements following the acquisition of two companies that hold such assets.			✓	
<b>Narrative reporting</b>				
Concluded that the Annual Report and Accounts presented a fair, balanced and understandable assessment of the Group's position and prospects after considering reports from both internal audit and the external auditor. The Committee recommended the Annual Report and Accounts to the Board for approval.	✓			✓
Reviewed the draft viability statement to appear in the Annual Report and Accounts, together with the supporting assumptions and financial forecasts.	✓			✓
Reviewed a paper setting out the TCFD disclosure requirements and how they have been satisfied by Bellway.	✓			

Activity / review	Meeting date			
	October 2022	January 2023	March 2023	October 2023
<b>Internal control and risk management systems</b>				
Reviewed and approved the Slavery and Human Trafficking Statement.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Reviewed compliance with the Group policies in the period.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reviewed a paper produced by management setting out proposed changes to the journals accounting policy.		<input checked="" type="checkbox"/>		
Reviewed the BEIS project delivery plan.			<input checked="" type="checkbox"/>	
Reviewed a paper setting out the effectiveness of the internal control and risk management framework during the year.				<input checked="" type="checkbox"/>
Reviewed and approved the Group's Corporate Criminal Offence policy and risk assessment.			<input checked="" type="checkbox"/>	
<b>Prevention and detection of fraud</b>				
Reviewed a paper produced by management setting out the main controls for preventing and detecting fraud.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Reviewed the Group's policies and procedures in relation to Whistleblowing, Anti-Bribery and Corruption, Anti-Slavery, Data Protection and Anti-Money Laundering.		<input checked="" type="checkbox"/>		
<b>Risk and internal audit</b>				
Reviewed and challenged a risk management and internal audit update.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Considered whether the interaction between the Group risk and audit function (internal audit) and external auditor during the period had been appropriate.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Reviewed and considered the effectiveness of the Group risk and audit function.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Held a private meeting with the Group Risk Director.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reviewed the Risk Management Policy.		<input checked="" type="checkbox"/>		
Reviewed the Internal Audit Charter and provided feedback on the proposed 2023 Internal Audit plan.		<input checked="" type="checkbox"/>		
<b>External audit</b>				
Assessed the performance of the external auditor, including obtaining an explanation from EY in relation to the firmwide annual Audit Quality Inspection findings compared to their peers and understanding the effect, if any, these had on the Bellway audit.		<input checked="" type="checkbox"/>		
Challenged EY's audit plan; including the proposed Group, subsidiary, and divisional materiality for the 2023 audit.			<input checked="" type="checkbox"/>	
Reviewed the Independent Auditor Policy.			<input checked="" type="checkbox"/>	
Held a private meeting with EY.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Approved the Recruitment of Auditor Staff Policy.			<input checked="" type="checkbox"/>	
Reviewed a report produced by management setting out the requirements of the FRC report 'Audit Committees and the External Audit: Minimum Standard' and agreed a strategy of how the Group will early adopt the requirements.				<input checked="" type="checkbox"/>
<b>Governance</b>				
Considered the findings of the performance evaluation of the Committee.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Reviewed the terms of reference of the Committee, number of meetings and skills and experience of the Committee. No items were identified that needed to be updated.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

## Audit Committee Report continued

### Integrity of financial reporting

#### Significant financial reporting matters

The table below sets out the matters considered and the action performed by the Committee during the year in relation to the significant financial reporting matters of the Group.

Key financial matters	Information provided by management	Procedures performed by the external auditor	Committee assessment and conclusion
<b>Revenue recognition</b>			
<p><b>Matter considered</b></p> <p>Revenue of £3,406.6 million has been recognised in the year. The majority of housing revenue is recognised on a point in time basis either i) when the completed dwelling is transferred to the customer; or ii) when the home is build complete and all material contractual obligations have been satisfied. For a small number of contracts, revenue is recognised over time from the point that the land is irrevocably transferred to the customer.</p>	<p>Management outlined the existing systems and controls surrounding revenue recognition. The Committee discussed these controls, challenging management where appropriate.</p>	<p>The external auditor explained to the Committee that they had:</p> <ul style="list-style-type: none"> <li>• reviewed the appropriateness of the Group's revenue recognition accounting policy;</li> <li>• used data analytics to identify any anomalies, which were investigated;</li> <li>• reviewed internal audit work in relation to sales cut-off;</li> <li>• agreed a sample of legal completions to source documentation; and</li> <li>• reviewed any manual journals.</li> </ul>	<p>The Committee understood the Group's revenue recognition policy.</p> <p>The Committee also reviewed a summary prepared by EY explaining the findings from their work testing the design of the Group's systems and controls pertaining to revenue recognition.</p> <p>Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to ensure revenue is recognised appropriately, and that the Group's revenue recognition policy has been properly applied in these financial statements.</p>
<b>Cost of sales (before net legacy building safety expense) recognition</b>			
<p><b>Matter considered</b></p> <p>Cost of sales (before net legacy building safety expense) of £2,719.3 million has been recognised on housing and other revenue. Cost of sales for completed housing sales is recognised based on the latest whole site/phase margin, which is derived as part of the site/phase valuation process. These valuations are updated frequently throughout the life of the site/phase and include both actual and forecast selling prices, land costs and construction costs. The forecast costs and revenues are estimates and are inherently uncertain due to potential changes in market conditions.</p>	<p>Management outlined the existing systems and controls surrounding gross profit recognition and the valuation process. The Committee discussed these controls, challenging management where appropriate.</p>	<p>The external auditor explained to the Committee that they had:</p> <ul style="list-style-type: none"> <li>• reviewed the appropriateness of the Group's margin recognition accounting policy;</li> <li>• attended valuation meetings;</li> <li>• performed Group-wide analytical reviews; and</li> <li>• challenged assumptions in relation to forecast selling prices and costs.</li> </ul>	<p>The Committee understood the Group's gross profit recognition policy.</p> <p>The Committee also reviewed a summary prepared by EY explaining the findings from their work testing the design of the Group's systems and controls pertaining to the valuation process.</p> <p>Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to assess and quantify both actual and forecast selling prices and costs, and that the Group's gross profit recognition policy is appropriate and has been properly applied in these financial statements.</p>

Key financial matters	Information provided by management	Procedures performed by the external auditor	Committee assessment and conclusion
<b>Carrying amount of land and work in progress</b>			
<p><b>Matter considered</b></p> <p>Land and work in progress are the most significant assets on the Group's balance sheet and at 31 July 2023 had a book value of £4,440.4 million. The carrying value of land and work in progress is affected by both the revenue recognition and gross profit recognition policies of the Group. In addition, all inventory is held at the lower of cost and net realisable value, which is determined by the whole site/phase margin as set out in the 'cost of sales recognition' section. The risk for any site/phase, currently trading or not, is that the whole site/phase margin may be negative resulting in a net realisable value that is below cost. Divisional management review all sites/phases to ensure any with a forecast negative whole site/phase margin have an appropriate provision, and this has been re-assessed at regular intervals during the year.</p>	<p>Management set out details of the land and work in progress impairment review process and the outcome of this.</p> <p>Management provided a summary of this work which was considered by the Committee.</p>	<p>The external auditor explained to the Committee they had:</p> <ul style="list-style-type: none"> <li>reviewed land with either internal or external impairment indicators and discussed these with management; and</li> <li>performed enquires with management.</li> </ul> <p>This included the procedures identified in relation to profit recognition and a review of the latest site/phase valuation for all sites/phases active during the year and those that are yet to commence production.</p>	<p>The Committee reviewed and understood the Group's methodology in reviewing the carrying value of the Group's land and work in progress and the surrounding controls.</p> <p>Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to assess the carrying value of the Group's land and work in progress, and that the carrying value of these assets in the financial statements is appropriate.</p>
<b>Going concern</b>			
<p><b>Matter considered</b></p> <p>The financial statements have been prepared on a going concern basis. If the financial statements were not prepared on this basis, significant adjustments and presentational changes would be required to the balance sheet.</p>	<p>Management produced a paper setting out detailed forecasts and adverse scenarios compared to a base case forecast. These were then compared against the Group's banking facilities to show the expected headroom and bank covenant compliance. This showed that the Group could continue to meet its liabilities as they fall due during the review period.</p>	<p>The external auditor explained to the Committee they had:</p> <ul style="list-style-type: none"> <li>reviewed and challenged the Group's assessment of going concern and obtained an understanding of significant assumptions;</li> <li>understood the assumptions relation to adoption of the Future Homes Standard;</li> <li>challenged the Group's downside and reverse stress testing scenarios;</li> <li>reviewed the effect of the various scenarios on debt headroom and covenants;</li> <li>recalculated debt covenants; and</li> <li>considered the accuracy of previous forecasts.</li> </ul>	<p>Following a review of this paper and challenge of both management and the external auditor, the Committee concluded that the going concern basis of preparation continues to be appropriate in the context of the Group's expected funding and liquidity position.</p> <p>Further details in relation to the Group's going concern and viability assessment can be found on pages 77 and 78.</p>

## Audit Committee Report continued

Key financial matters	Information provided by management	Procedures performed by the external auditor	Committee assessment and conclusion
<b>Legacy building safety improvement provision</b>			
<b>Matter considered</b>	There are two components of the provision as set out below:		
Legacy building safety improvement provision totalling £508.2 million was recognised in the balance sheet as at 31 July 2023.	<p><b>SRT and associated review</b></p> <p>The Committee reviewed a paper setting out the IAS 37 requirements for recognising a provision, and how this applies following the signing of the SRT in March 2023 and the Pact in May 2023.</p> <p>The paper set out the approach taken in identifying apartment blocks dating back to April 1992 that could fall within the scope of the SRT, cost estimates applied, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged management's cost and inflation assumptions, and after considering a sensitivity paper concluded that management's proposed assumptions are appropriate.</p> <p><b>Structural defects</b></p> <p>The Committee reviewed a paper setting out the background of the issue, how the risk has been quantified, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged management's cost and inflation assumptions, and concluded that management's proposed assumptions are appropriate.</p>	<p>The external auditor explained to the Committee they had:</p> <ul style="list-style-type: none"> <li>• reviewed the completeness of the Group's model capturing the potential developments that fall under the scope of the SRT;</li> <li>• reviewed the detailed cost estimates;</li> <li>• challenged assumptions relating to cost inflation, timing of spend and the discount rate; and</li> <li>• reviewed the disclosures in relation to the legacy building safety improvement provision.</li> </ul> <p>The external auditor explained to the Committee they had:</p> <ul style="list-style-type: none"> <li>• reviewed the detailed cost estimates;</li> <li>• challenged assumptions relating to cost inflation, timing of spend and the discount rate; and</li> <li>• reviewed the disclosures in relation to the legacy building safety improvement provision.</li> </ul>	<p><b>Overall</b></p> <p>Following a review of these papers and challenge of management and the external auditor, the Committee concluded that the legacy building safety improvement provision consisting of (i) SRT and associated review, and (ii) structural defects, held in the balance sheet and the associated disclosures are appropriate.</p>

Key financial matters	Information provided by management	Procedures performed by the external auditor	Committee assessment and conclusion
<b>Net legacy building safety expense disclosure</b>			
<p><b>Matter considered</b></p> <p>A pre-tax net legacy building safety expense of £49.6 million has been recognised in the year. Separate disclosure is required on the face of the income statement when, in the opinion of the Board, a transaction is material by size or nature and of such significance that it is necessary to give a proper understanding of the results.</p>	<p>Management produced a paper setting out the accounting and presentational requirements of IFRSs relating to the separate disclosure of material items of income or expense that could affect decisions made by the primary users of the Annual Report and Accounts.</p> <p>This paper used the above framework, which set out the treatment of whether the net legacy building safety expense should be disclosed separately. The paper ensured the principles agreed in the previous year had been consistently applied.</p>	<p>The external auditor explained to the Committee they had:</p> <ul style="list-style-type: none"> <li>reviewed the disclosures in relation to the legacy building safety improvement expense.</li> </ul>	<p>The Committee provided careful consideration to the judgements made in the presentation and disclosure of the net legacy building safety expense, ensuring the Annual Report and Accounts as a whole provides a balanced view, including the presentation of GAAP measures and APMs.</p> <p>Following enquiries with management and the external auditor, the Committee concluded that the net legacy building safety expense is appropriately presented and disclosed in the financial statements.</p>

#### Long-term viability statement

In accordance with provision 31 of the Code and the FRC guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Committee challenged management on the assumptions, methodology and timespan that the viability statement covers.

A paper by management was considered by the Committee which set out the resilience of the Group to the emerging and principal risks and uncertainties to various adverse sensitivities. The base case and scenarios incorporated the anticipated costs arising from the Future Homes Standard. These scenarios included a reduction in both the total number of legal completions and private average selling price, with both sales and administrative overheads, land spend, and construction spend reducing accordingly. The results were then compared to the Group's financing facilities to ensure sufficient headroom exists and to determine whether the Group could continue to meet its liabilities as they fall due.

The paper concluded that the viability statement and going concern basis of preparation is appropriate. This was then recommended to the Board for approval.

#### Accounting policies

The Committee received a report from management in relation to an updated accounting policy for inventory following two corporate acquisitions, one in FY22 and one in FY23. These corporate acquisitions resulted in the Group having promotional agreements which were not covered by the previous policy. Following discussions with management and EY, the Committee approved the updated accounting policy.

## Audit Committee Report continued

### Quality of narrative reporting

#### 2023 Annual Report and Accounts: fair, balanced and understandable

Group Risk and Audit provided a paper to the Committee to assist them in concluding whether the 2023 Annual Report and Accounts are fair, balanced, and understandable. This independent review of the Annual Report and Accounts ensured the various components satisfied the requirements when read as a whole. This review also considered whether feedback provided by shareholders in respect of the 2022 Annual Report and Accounts has been reflected.

In addition, the Committee performed a comprehensive review of the Annual Report and Accounts considering items is shown in the table below.

The Committee concluded that the 2023 Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

#### ESG and climate risk considerations

ESG and climate risks are considered by the Board due to their importance, although the associated disclosure requirements, processes and controls are separately reviewed by the Committee. The Committee is aware of the increasing significance of ESG reporting matters with the Group having established a road map for climate risk disclosures relating to its Annual Report and Accounts. This, along with updates from EY throughout the year, has enabled the Committee to review and assess the disclosures included in the 2023 Annual Report and Accounts.

### Quality and effectiveness of internal controls and risk management systems

The Committee is responsible for reviewing and assessing the Group's internal controls and risk management systems and providing guidance on these to the Board. The Board is responsible for reviewing the effectiveness of the system of internal controls.

Throughout the year the risk register for the Group has been reviewed and updated by management on a quarterly basis. This review includes ensuring the completeness of risks, assessing their likelihood, their impact, and the effectiveness of the control environment to mitigate the risks.

Risk is considered by the Board, with a full review of the risk register taking place throughout the business at least annually. The internal control and risk management process only reduces the risk of material misstatement or loss and does not eliminate this risk completely.

The emerging and principal risks facing the Group, which are described in the Strategic Report on pages 79 to 83, are regularly reviewed and cover all aspects of Bellway's operations including land acquisition, planning, construction, health and safety, sales, HR, IT, legal and regulatory compliance, and climate change.

The continuing role of the Board is, on a systematic and ongoing basis, to review the key emerging and principal risks inherent in the business, the operation of the systems and controls necessary to manage such risks and their effectiveness, and to satisfy itself that all reasonable steps are being taken to mitigate these risks.

Fair	Balanced	Understandable
The Annual Report and Accounts provide a comprehensive review of the Group's strategy and activities during the year which is consistent with the business model.	The Annual Report and Accounts provide a balanced view of the performance and position of the entity, with both significant positive and negative points disclosed.	The Annual Report and Accounts are clear and understandable and have consistent messaging throughout.
The narrative section is both consistent throughout and also with the financial results and performance.	The key accounting judgements considered by the Committee are appropriately disclosed and are consistent with those considered by EY.	There are clear links between the strategy and KPIs.
Market conditions are clearly described, and the emerging and principal risks and uncertainties are both accurate and complete.		The KPIs and APMs have remained consistent and there has been no change in the methodology.
All material transactions and issues faced by the Group are included within the financial statements and disclosed where required.		



The key areas of control are as follows:

- The Board has agreed a list of key risks which affect the Group, that are reviewed throughout the year and has considered the extent to which the measures taken by the Group mitigate those risks.
- The acquisition of land and land interests is initiated by divisional management and reviewed by the appropriate Regional Chair prior to submission to Head Office for approval. All land acquisitions must achieve minimum financial acquisition criteria and are subject to approval by the executive directors and in certain circumstances, approval by the Board.
- A comprehensive monitoring and reporting system is in place including annual budgets, monthly forecasting, and management reporting, incorporating variance analysis and commentary. This is produced by divisional management and reviewed by the Regional Chairs and functional heads at Head Office. Summaries are also provided to the Executive Directors.
- Monthly divisional board meetings are held to review divisional performance, which are attended by the Regional Chairs. The executive directors attend certain divisional board meetings on a regular basis during the year, and this is supplemented with Regional Chair visits to divisions.
- Site/phase valuations are produced periodically throughout the life of a site/phase, with a summary of the actual and forecast costs and revenues produced at a divisional level prior to review by the divisional management team and Head Office team.
- Regular visits to sites by in-house health and safety teams and external consultants to monitor health and safety standards and performance.
- A central treasury function operates at Head Office ensuring the appropriate financing is obtained for the Group as a whole.
- A number of the Group's key functions are dealt with centrally. These include taxation, pensions, insurance, IT, legal, HR, regulatory compliance and company secretarial functions. This centralisation ensures a consistent approach and the appropriate range of skills to manage these specialised areas.

Throughout the year, the Committee received reports from the Group Risk and Audit team on the following areas of focus:

Review	Focus and outcomes
Legal completions (half-year and year-end) 2 reviews	Testing of legal completions is undertaken on a bi-annual basis to check that transactions have been recorded and recognised in the correct period, with appropriate supporting documentation. For FY23, this work provided positive assurance that the processes operate effectively and prevent the occurrence of cut-off issues.
Divisional compliance 15 reviews	These reviews assess whether the design and operation of accounting, land acquisition and commercial processes in trading divisions is compliant with the requirements of key Group policies. Findings and recommendations have resulted in policy improvement, updated procedural guidance, and focused training for divisional management.
Building safety progress review 1 review	This review assessed progress made with regard to the recommendations raised in the 2022 building safety risk assessment, which were intended to further strengthen the Group's policies, training and audit arrangements over fire safety.
Journals (half-year and year-end) 2 reviews	Testing of journals is undertaken on a bi-annual basis to check the validity and accuracy of a sample of transactions and confirm that appropriate journal reviews are being undertaken by the trading divisions. For FY23, administrative improvement opportunities were identified.
Better with Bellway risk assessment 1 review	This risk assessment offered a number of recommendations to further strengthen the Group's monitoring and achievement of the Better with Bellway sustainability strategy.
Document retention risk assessment 2 reviews	This risk assessment offered a number of recommendations to help drive the secure and consistent retention of documents in line with Group policy.
Modern slavery - subcontractors 10 site visits	This work included an audit of trades at 10 sites. The work provided positive assurance that the Group takes its responsibilities surrounding modern slavery seriously and raised minor recommendations which have further enhanced third-party onboarding and induction processes.

Where any control recommendations are made by the external auditors, these are considered, and where relevant are implemented to further strengthen the control environment.

## Audit Committee Report continued

### Procedures relating to the prevention and detection of fraud and bribery

#### Whistleblowing

The Group's Whistleblowing Policy is well publicised at all locations and allows all employees and members of the supply chain to raise concerns in confidence to either the Group General Counsel and Company Secretary, Deputy Group Company Secretary or, alternatively, an independent third party. The Group encourages employees and members of the supply chain to raise any concerns in an open and honest way. These concerns could be in relation to possible wrongdoing in financial reporting, breaches of Group policies and procedures, or other matters such as harassment, bullying, money laundering, modern slavery, or discrimination.

All whistleblowing reports are reviewed and confidentially investigated by senior, independent personnel and the findings are reported to the Board.

During the year the Committee approved minor changes to the Whistleblowing Policy.

#### Bribery Act

The Group's Anti-Bribery and Corruption Policy and procedures are circulated throughout the Group and are included on the Group's intranet.

#### Internal audit

Testing of processes which help the Group prevent and detect fraud is undertaken as part of a rolling programme throughout the year by the Group Risk and Internal Audit function and is focused in the following areas: bank reconciliations, employee expenses, payments, journal transactions, sales completions, site valuations and supplier bank details.

#### Risk and internal audit

The Group has a risk and audit function which, in part, performs internal audit reviews. The Group Risk Director has a direct reporting line into both the Group Finance Director and myself. During the year the Group Risk and Audit function undertook a number of internal audit reviews, utilising specialists from within relevant functions where appropriate. The Group Risk Director provided the Committee with a summary of the findings together with recommendations to further enhance the control environment. A register is maintained centrally which monitors progress against any system and control enhancements to ensure they are implemented appropriately and in a timely and controlled manner.

### External audit

#### Audit performance and effectiveness

The external auditor of the Group is EY. Their performance is regularly reviewed by both management and the Committee, and this is done formally on an annual basis.

The Committee considered a paper produced by management which used the FRC practice aid 'Audit Quality - Practice aid for audit committees' as a basis.

The review consisted of:

- considering the robustness and appropriateness of EY's approach to auditing the significant risk areas facing the Group;
- considering whether EY's materiality proposal for the previous financial year, which was the most up-to-date information held at the date of review, was set at an appropriate level for the component parts of the Group;
- discussions with management who were involved in the financial reporting processes;
- an understanding of the findings of the Audit Quality Inspection ('AQI') results that were published by the FRC on 20 July 2022, following their inspection of audit firms including EY. This included understanding whether any of the findings would have affected the Bellway audit;
- an understanding of the Audit Quality Review ('AQR') and internal EY quality review findings, specifically in relation to the engagement partner, Mark Morritt;
- considering EY's independence, objectivity, and professional scepticism;
- reviewing the performance of EY against their audit strategy for the 2021/22 financial year, the most recent completed audit cycle, and their interaction with the Committee during the process; and
- considering where EY have added value and demonstrated proactivity;

Following this review, the Committee recommended to the Board, which is in turn recommending to the shareholders, that EY be re-appointed as auditor of the Group.

#### Auditor rotation

The Committee acknowledges the provisions contained in the Code in respect of audit tendering. In conformance with these requirements, Bellway will be required to tender the external audit no later than for the 2030 financial year end.

### Auditor independence and non-audit fees

The Independent Auditor Policy, which seeks to preserve the independence of the external auditor by defining those non-audit services which the external auditor may and may not provide, was reviewed during the year.

Any engagement with the external auditor needs to be approved, in advance, by the Audit Committee.

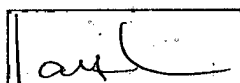
The Group's external auditor is only engaged to provide statutory audit services.

For an analysis of fees paid to EY see note 4 to the accounts.

The ratio of non-audit fees for the year to the external audit fee was 0:1. The Committee considers EY to be independent and EY, in accordance with professional ethical standards, provided the Committee with written confirmation of its independence throughout the year. The Committee monitors all fees paid to the external auditor at each Committee meeting.

The Group has a policy which includes certain restrictions on the recruitment of employees from the external auditor.

The Committee confirms there are no independence issues in relation to the external auditor and that these policies have been adhered to throughout the year.



**Ian McHoul**  
Chair of the Audit Committee

16 October 2023

## Remuneration Report

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“

The Committee continues to operate a remuneration structure... which it considers closely aligns management interests with those of stakeholders.”

**Jill Caseberry**

Chair of the Remuneration Committee

### Annual Statement

#### Dear Shareholder

I am pleased to present the Report of the Remuneration Committee (the 'Committee'). This report consists of this Annual Statement and the Annual Report on Remuneration for the 2022/23 financial year, which will be subject to a single advisory shareholder vote at the forthcoming AGM.

#### Performance and reward in 2022/23

The Committee continues to operate a remuneration structure based on the three core elements of basic salary, annual cash bonus, subject to the deferral policy, and a share-based long-term incentive plan, which it considers closely aligns management interests with those of stakeholders.

The Group has delivered a set of results, consistent with its announcements to the market. The number of housing completions fell by 2.3% to 10,945 (2022 - 11,198), underlying operating profit fell to £543.9 million<sup>(2,3)</sup> (2022 - £653.2 million). Underlying earnings per share fell by 22.0% to 328.1p<sup>(2,3)</sup> per share (2022 - 420.8p) and underlying RoCE fell to 15.8%<sup>(2,3)</sup> (2022 - 19.4%).

The Company has awarded the Executive Directors a bonus payment of 25.06% of basic salary, however, the long-term incentive plan awarded in November 2020 will not vest based on performance over the three financial years to 31 July 2023. The Committee considers that the bonus outcome is reflective of the performance; during challenging macro economic conditions, of the Group and the Executive Directors during the 12-month period to 31 July 2023. Whilst zero vesting is disappointing for the executives, the Committee determined that there was no reason to exercise its powers of discretion in relation to the LTIP outcome, which were considered to be in line with the overall Company performance during the performance period.

As previously noted, the pension rates for the Directors were aligned with those of the workforce at the end of 2022, at 10% of salary, with the workforce pension rates having recently been increased to this level.

As we disclosed last year, whilst not a requirement of the policy at the time, the Group Chief Executive voluntarily agreed to invest all of the FY22 bonus he received above 90% of salary (after paying tax and national insurance) in Bellway shares which would be kept for a minimum of three years.

During the year, the Committee approved the grant of PSP Awards to the Executive Directors which will vest to the extent TSR, EPS, carbon and waste reduction performance conditions are met over the period to 31 July 2025, with any shares delivered being subject to a further two-year holding period. Details of these awards are set out on pages 134 and 135. This grant was intended to be over shares with a value of 200% of salary. However, as we announced at the time, recognising the 39.7% fall in share price that had taken place from the time of the 2021 grant, the Committee scaled back the grants by 30% of salary.

#### How we will implement the Remuneration Policy in 2023/24

There will be a 3.5% increase to the Executive Directors' salaries in 2023/24 which is lower than the level of average increase to the workforce in general, given the challenging inflationary environment. All other benefits remain unchanged.

Within the bonus plan, we have been reviewing whether the profit, land bank and ESG measures are suitable for the year ahead and concluded that some modest changes should be made. We felt that an additional financial measure of adjusted capital employed would strengthen the focus on the efficient use of capital. We have moved the customer service measure to the long term and have introduced an element focused on developing our plans to reduce carbon within our building process. Details are set out on pages 134 and 135.

In the long term incentive plan, we are increasing the weighting and therefore focus on margin protection rather than setting absolute EPS targets. We are also increasing the weighting on relative TSR so it accounts for half of the opportunity. There are also some changes within the 20% that is allocated to ESG measures. In particular, we are making customer satisfaction a long term rather than annual bonus measure and incentivising scope 3 carbon reduction over a 3 year period to complement the annual bonus element. Details of these changes are set out on pages 134 and 135.

These changes better align management's incentives with our current business strategy and also apply to long-term incentives granted to our senior managers.

Health and safety performance will be taken into account as part of the Committee's overall assessment of the bonus payment, which it does every year before making a final determination.

Mandatory deferral of any bonus earned above 100% of salary into Bellway shares for three years was introduced by the 2021 Remuneration Policy. This structure for deferral recognises that the bonus opportunity for Executive Directors is below the mid-market level for both housebuilding companies and UK listed companies of similar size to Bellway. However, if an Executive Director's shareholding is below the target of 200% of salary, then they are encouraged to build that holding through share purchases as well as retaining shares they earn through our incentive plans. Our policy also normally requires this level of shareholding to be retained for two full years after leaving Bellway for whatever reason.

The Committee believes that the manner in which it sets and operates this policy is clear to executives and is aligned to our corporate culture. We operate it with regard to risks inherent in the business and marketplace, providing the opportunity for executives to earn rewards in a manner which is proportionate to the value delivered against clear targets.

#### Environmental

As referred to above, we are making changes to the measures we are going to be using for the bonus and long-term incentives.


Scope 1 and 2 emissions - We have set our goal for 2030 of reducing these by 46% from the 2019 level of 25,715 tonnes. As this target had an eight-year delivery period in 2022 we set a threshold target that equals 3/8ths of the 46% reduction (17.3% reduction by 2025). This created a straight line between 2022 and 2030 for the achievement of our goal. A stretch target of a 25% reduction was set to incentivise earlier delivery of the total 46% reduction. Rather than set targets that extend this by a year, we felt it would be better to focus management on achieving a reduction in scope 3 emissions.

Scope 3 emissions - Making material changes to the amount of carbon generated within the housebuilding process, which makes up 99% of our carbon footprint, will take a number of years to make. Our focus is to develop less carbon intensive building processes, likely through timber frame construction. Accelerating this process will require considerable management time and focus and we feel that it warrants prioritization through incentivisation over both the next year and the next three years. The way the Committee assesses this measure will differ for each element of remuneration, bonus and long-term incentive plan, so that the same performance is not being rewarded for twice.

Waste reduction - We have set ambitious goals for reducing waste in each housing unit built by 20% by 2025 from a starting point of 8.90 tonnes (measured in July 2021). In 2022, we set a threshold to stretch range of reducing waste by 17.5% to 22.5% (1.56 to 2.0 tonnes) per housing unit in FY25. Rather than set targets that extend this by a year, we felt it would be better to focus management on achieving a reduction in scope 3 emissions.

#### Concluding remarks

The Committee continues to monitor changes in best practice and corporate governance to ensure the policy, how it is operated, and our disclosures remain appropriate. We are grateful for the support from our shareholders at the 2022 AGM with around 96% voting for the Annual Report on Remuneration and we hope you are supportive of the approach we have taken and will support the resolution approving this report at the 2023 AGM.



**Jill Caseberry**  
Chair of the Remuneration Committee

16 October 2023

## Remuneration Report continued

### Remuneration at a glance

#### How remuneration links to our strategy

(See pages 10 to 13 for details of our performance).

Strategic objective	Link to remuneration	Metric	Performance against metric
Earnings growth and driving down costs	Annual bonus and future long-term incentive plan awards	Underlying operating profit	Not achieved
Volume growth and focus on RoCE	Annual bonus	Sufficient land bank of plots with DPP	Achieved
Customer First	Annual bonus	Retain 5-star <sup>6</sup> homebuilder status	Partly achieved
Customer First	Annual bonus	Overall customer satisfaction score	Not achieved
Employee Engagement	Annual bonus	Results of Employee Engagement Survey	Not achieved
Customer First and responsible employer/developer	Underpin to annual bonus	Overall health and safety performance	Achieved
Value creation through capital and dividend growth	Long-term incentive plan	Relative TSR against two comparator groups	Not achieved

The Committee set ambitious targets which have been challenging to achieve in a tough economic environment which has impacted all elements of the business, this is reflected in the outcomes highlighted above.

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### Bonus outcomes – see page 130

The 2022/23 bonus was based on financial and strategic targets.

Strategic objective	Weighting (% of salary)	Threshold (25% pays out)	Maximum value (100% pays out)	Actual <sup>(a)</sup>	Payment (% of maximum)	Payment (% of salary)
Operating profit (underlying)	80.0%	£600m	£720m	£543.9m	0%	0%

Strategic objectives and performance against target			Threshold (25% pays out)
Land bank	The land bank of plots with DPP (available for completion in the following financial year) exceeded the maximum target and an award of 20% of salary was achieved.		Achieved in full – 20% of salary awarded
Customer First	We retained our 5-star <sup>6</sup> homebuilder status.		Partly achieved – 5.06% of salary awarded
	The Group's 'Recommend a Friend' score in 2023 was 92.3% compared with the base of 90.0%		
	The Group's 9-month customer satisfaction score in 2023 was 80.5% compared with the base of 82.0%.		Not achieved – no award
Employee Engagement	The Group's employee engagement score in 2023 was 79.3% compared with the base of 87.5%.		Not achieved – no award

Note:

a. For underlying operating profit and land bank bonus purposes, targets and outcomes include our share of joint ventures.

b. Underlying profit excludes exceptional items of income and expenditure, for example costs and recoveries associated with the net legacy building safety expense. This removes any incentive to delay or reduce spending on life-critical fire safety remedial works.

## LTIP outcomes – see page 131

The PSP awards granted in 2020/21 were based on a three-year TSR performance for the period to 31 July 2023.

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
50% of awards	Relative TSR against an index of peer housebuilders	4.1% TSR (median)	26.6% TSR (median +22.5%)	-3.3% Bellway TSR	0%
50% of awards	Relative TSR against the FTSE 250 (excluding financial services companies and investment trusts)	Rank 69 (median)	Rank 35 (upper quartile)	Rank 77 Bellway	0%
<b>Total</b>					<b>0%</b>

## Annual Report on Remuneration

### Committee membership and activity

The Committee met five times during the year and details of the Committee members and their attendance are set out in the table below.

### Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
Jill Caseberry (Chair)	1 October 2017 (appointed as Committee Chair on 13 December 2017)	5/5
John Tutte	1 March 2022	5/5
Denise Jagger	1 August 2013 (resigned 16 December 2022)	2/2
Ian McHoul	1 February 2018	5/5
Sarah Whitney	1 September 2022	5/5

The operation of the Committee is conducted by reference to its terms of reference which have been prepared to comply with relevant statutory, regulatory and corporate governance requirements and best practice and are available at [www.bellwayplc.co.uk/investor-centre/governance/committees](http://www.bellwayplc.co.uk/investor-centre/governance/committees).

None of the Committee members have a personal financial interest, other than as shareholders, in the matters to be decided. There are no conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business.

The Committee appointed Korn Ferry as independent external advisers, following a competitive tender process, on 1 January 2019. Korn Ferry do not provide any other services to the Company other than to the Remuneration Committee and the Board Committee on Non-Executive Directors' Remuneration. They are members of the Remuneration Consultants Group and abide by its Code of Conduct. The Committee is satisfied that Korn Ferry are independent. The total fee paid to Korn Ferry for advice to the committee's during the year was £70,287 (2022 – £40,963) which was charged on a time and material basis. The Committee also benefited from advice received from the Group General Counsel and Company Secretary on issues other than those relating to his own remuneration.

The remuneration of the Non-Executive Directors (apart from the Chair) is determined by the Board Committee on Non-Executive Directors' Remuneration, which comprises the Executive Directors. It also receives advice from the Group General Counsel and Company Secretary, and Korn Ferry.

### Main focus in 2022/23

- Review and determine the remuneration packages for the Executive Directors and the Group General Counsel and Company Secretary, and the first tier of management below Board level.
- Review remuneration policies for senior management below Board level and the wider workforce.
- Approve the long-term incentive awards vesting levels for the 2022/23 year for the Executive Directors and the Group General Counsel and Company Secretary.
- Approve the 2022/23 financial year bonus payments for the Executive Directors and the Group General Counsel and Company Secretary.
- Approve the 2021/22 Remuneration Report.
- Set the bonus targets for the 2022/23 year.
- Make awards under the long-term incentive scheme.
- Engage with employees on executive remuneration through the Employee Listening Groups.

## Remuneration Report continued

### Focus areas for 2023/24

- Review and determine the remuneration packages for the Executive Directors and the Group General Counsel and Company Secretary, and the first tier of management below Board level.
- Review remuneration policies for senior management below Board level and the wider workforce.
- Approve the long-term incentive awards vesting levels for the 2023/24 year for the Executive Directors and the Group General Counsel and Company Secretary.
- Approve the 2023/24 financial year bonus payments for the Executive Directors and the Group General Counsel and Company Secretary.
- Approve the 2022/23 Remuneration Report.
- Set the bonus targets for the 2023/24 year.
- Make awards under the long-term incentive scheme.
- Engage with employees on executive remuneration through the Employee Listening Groups.

### Implementation of Remuneration Policy in 2022/23

The auditor is required to report on the information contained in the following part of this report, as noted on the relevant sections.

### Salary for the year ended 31 July 2023

For 2022/23, Jason Honeyman received a salary of £739,490 and Keith Adey received a salary of £451,259.

### Annual bonus for the year ended 31 July 2023

The annual bonus is payable in November 2023 for performance during the year ended 31 July 2023. The performance targets for the 2022/23 bonus comprised of underlying operating profit and three strategic targets. Any bonus earned above 100% of salary will be deferred into shares which cannot be sold for three years.

The actual bonus payment against underlying operating profit was determined on the following basis:

Strategic objective	Weighting (% of salary)	Threshold (25% pays out)	Maximum value (100% pays out)	Actual <sup>(a)</sup>	Payment (% of maximum)	Payment (% of salary)
Operating profit (underlying)	80.0%	£600m	£720m	£543.9m	0%	0%

Underlying operating profit including our share of joint ventures fell by 16.7% to £543.9 million which is below the threshold.

The basis for payment of the actual bonus against the three strategic measures is set out below:

Strategic pillar	Objectives and performance against target	Opportunity and score
Land bank	Level of land bank plots with detailed planning permission ('DPP') (available for completion in the following financial year) to ensure our growth aspirations are not frustrated by land shortages in future years. A threshold payment of 5% of salary would be triggered for a threshold number of plots with DPP, with an additional 1% payment for further improved performance, up to a maximum of 20% of salary. The land bank targets are commercially sensitive and will be disclosed one year in arrears. <sup>(b)</sup>	Maximum - 20% of salary
	The land bank of plots with DPP (available for completion in the following financial year) exceeded the maximum target and an award of 20% of salary was achieved.	Achieved in full - 20% of salary awarded
Customer First	Retention of 5-star <sup>6</sup> homebuilder status (as measured by the HBF).	Maximum - 7.5% of salary
	We retained our 5-star <sup>6</sup> homebuilder status. The Group's score in 2023 was 92.3% compared with the target range of 90.0% (2.5% of salary) to 94.5% (7.5% of salary).	Partly achieved - 5.06% of salary awarded
	9-month customer satisfaction score (as measured by NHBC). A threshold payment of 1.25% of salary would be triggered for a threshold score of 82.0%, with an additional bonus opportunity on a straight-line basis for further improvement in the score, up to a maximum of 7.5% of salary for a score of at least 83.0%.	Maximum - 7.5% of salary
	The Group's 9-month customer satisfaction score in 2023 was 80.5%.	Not achieved - No award
Employee Engagement	Employee engagement scores (as measured by the July 2023 employee survey). A threshold payment of 2.5% of salary would be triggered for a threshold score of 87.5%, with an additional bonus opportunity on a straight-line basis for further improvement in score, up to a maximum of 5% of salary for a scores of at least 90.0%.	Maximum - 5% of salary
	The Group's employee engagement score in 2023 was 79.3% compared with the target range of 87.5% to 90.0%.	Not achieved - No award

#### Notes:

a. For underlying operating profit and land bank bonus purposes, targets and outcomes includes our share of joint ventures.

b. The 2021/22 base target was set at 12,250 plots with a maximum target of 12,800 plots. The actual performance achieved was 12,825 plots.



The Committee also set a minimum level of operating profit of £520m that had to be achieved for any bonus to be capable of being earned. This minimum hurdle was achieved. Health and safety performance is taken into account by the Committee as part of its overall assessment of the bonus payment, and the Committee has discretion to reduce the overall bonus payment if it considers that health and safety standards have been unsatisfactory. The Committee is satisfied with the health and safety standards over the year.

### Long-term incentives vesting in respect of performance period ended 31 July 2023

The PSP awards granted in 2020/21 were based on a three-year TSR performance for the period to 31 July 2023. The applicable vesting percentages were as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
50% of awards	Relative TSR against an index of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group plc ('Index'): 25% of this part of an award vests at the median, increasing pro-rata, to full vesting at median +22.5% (+7.5% p.a.).	4.1% TSR (median)	26.6% TSR (median +22.5%)	-3.3% Bellway TSR	0%
50% of awards	Relative TSR against the FTSE 250 (excluding financial services companies and investment trusts): 25% of this part of an award vests at median, increasing pro-rata, to full vesting at the upper quartile.	Rank 69 (median)	Rank 35 (upper quartile)	Rank 77 Bellway	0%
<b>Total</b>					<b>0%</b>

Regardless of TSR performance, the Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the overall performance of the Company over the performance period.

The TSR performance thresholds have not been met, and the Committee agreed there were no circumstances that warranted the exercise of discretion. As a result, no awards will vest in October 2023.

## Remuneration Report continued

### Single figure of total remuneration (audited)

		Salary and fees <sup>(a)</sup> £	Taxable benefits <sup>(a)</sup> £	Pension <sup>(a)</sup> £	Annual bonus £	Sub-total £	Long-term incentives <sup>(a)</sup> £	Other items <sup>(a)</sup> £	Total £	Total fixed remuneration £	Total variable remuneration £
<b>Non-executive Chair</b>											
John Tuttle	2023	260,000	-	-	-	260,000	-	-	260,000	260,000	-
	2022	108,333	-	-	-	108,333	-	-	108,333	108,333	-
Paul Hampden Smith	2023	-	-	-	-	-	-	-	-	-	-
	2022	152,282	-	-	-	152,282	-	-	152,282	152,282	-
<b>Executive Directors</b>											
Jason Honeyman	2023	739,490	51,570	104,761	185,316	1,081,137	-	7,488	1,088,625	903,309	185,316
	2022	711,048	43,797	142,210	841,312	1,738,367	-	-	1,738,367	897,055	841,312
Keith Adey	2023	451,259	35,143	63,915	113,086	663,403	-	4,493	667,896	554,810	113,086
	2022	423,572	34,410	84,714	501,170	1,043,866	-	-	1,043,866	542,696	501,170
<b>Non-executive Directors</b>											
Denise Jagger	2023	28,177	-	-	-	28,177	-	-	28,177	28,177	-
	2022	71,776	-	-	-	71,776	-	-	71,776	71,776	-
Sarah Whitney	2023	63,879	-	-	-	63,879	-	-	63,879	63,879	-
	2022	-	-	-	-	-	-	-	-	-	-
Jill Caseberry	2023	75,999	-	-	-	75,999	-	-	75,999	75,999	-
	2022	71,776	-	-	-	71,776	-	-	71,776	71,776	-
Ian McHoul	2023	75,999	-	-	-	75,999	-	-	75,999	75,999	-
	2022	71,776	-	-	-	71,776	-	-	71,776	71,776	-
<b>Total</b>	2023	1,694,803	86,713	168,676	298,402	2,248,594	-	11,981	2,260,575	1,962,173	298,402
	2022	1,610,563	78,207	226,924	1,342,482	3,258,176	-	-	3,258,176	1,915,694	1,342,482

## Notes:

- a. Paul Hampden-Smith retired as Chair on 1 April 2022, John Tuttle was appointed to the Board on 1 March 2022 and took over as Chair upon Paul's retirement. Denise Jagger retired from the Board and as Senior Independent Director on 16 December 2022, Sarah Whitney was appointed to the Board on 1 September 2022 and took over as Senior Independent Director upon Denise's retirement. Their fees reflect their service during the financial year.
- b. Taxable benefits include car allowance/benefit and health insurance and £17,143 for Jason Honeyman which relates to hotel and travel costs.
- c. Pension includes payments in lieu of pension. In 2022/23 Keith Adey made contributions to a defined contribution scheme of £2,613 (2021/22 £5,333). None of the directors are members of the Group's defined benefit scheme.
- d. The value of long-term incentives in 2023 is nil as the threshold performance targets for the 2020 PSP awards were not met and as a result the awards lapsed in full.
- e. Other items refer to the discount on the awards, during the year stated, under the Group's all-employee savings-related share option scheme.

### Directors' share-based rewards and options (audited)

Details of all directors' interests in the Company share-based reward schemes are shown.

#### Jason Honeyman

Scheme	Awards/ options held at 1 August 2022	Granted/ awarded during the year	Exercised during the year	Lapsed during the year	Awards/ options held at 31 July 2023	Exercise price/ market price at date of award (p)	Date of grant/ award	Exercisable/ capable of vesting from
PSP <sup>(a)</sup>	30,667	-	-	(30,667)	-	3,370.0	16.10.2019	16.10.2022
PSP <sup>(b)</sup>	39,005	-	-	-	39,005	2,317.0	27.10.2020	27.10.2023
2013 SRSOS <sup>(c)</sup>	771	-	-	(771)	-	2,333.0	04.12.2020	01.02.2024
PSP <sup>(c)</sup>	33,216	-	-	-	33,216	3,211.0	26.10.2021	26.10.2024
PSP <sup>(d)</sup>	-	64,901	-	-	64,901	1,937.0	11.11.2022	11.11.2025
2013 SRSOS <sup>(e)</sup>	-	1,935	-	-	1,935	1,550.0	07.12.2022	01.02.2028
<b>Totals</b>	<b>103,659</b>	<b>66,836</b>	<b>-</b>	<b>(31,438)</b>	<b>139,057</b>			

## Keith Adey

Scheme	Awards/ options held at 1 August 2022	Granted/ awarded during the year	Exercised during the year	Lapsed during the year	Awards/ options held at 31 July 2023	Exercise price/ market price at date of award (p)	Date of grant/ award	Exercisable/ capable of vesting from
PSP <sup>(a)</sup>	17,823	-	-	(17,823)	-	3,370.0	16.10.2019	16.10.2022
2013 SRSOS <sup>(f)</sup>	621	-	-	(621)	-	2,414.4	03.12.2018	01.02.2024
2013 SRSOS <sup>(f)</sup>	356	-	-	(356)	-	2,528.0	03.12.2019	01.02.2023
PSP <sup>(b)</sup>	22,668	-	-	-	22,668	2,317.0	27.10.2020	27.10.2023
PSP <sup>(c)</sup>	19,304	-	-	-	19,304	3,211.0	26.10.2021	26.10.2024
PSP <sup>(d)</sup>	-	39,604	-	-	39,604	1,937.0	11.11.2022	11.11.2025
2013 SRSOS <sup>(f)</sup>	-	1,161	-	-	1,161	1,550.0	07.12.2022	01.02.2026
<b>Totals</b>	<b>60,772</b>	<b>40,765</b>	<b>-</b>	<b>(18,800)</b>	<b>82,737</b>			

### Notes:

- The performance period was 1 August 2019 - 31 July 2022. The TSR performance condition was in two parts. Half was measured by reference to the median of a group of UK housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group ('Housebuilders' Index). If Bellway's TSR matched that of the median of the companies in that group, 25% of the awards would vest. Full vesting would be achieved for at least a 75% per annum outperformance of the median (22.5% in total). The other half was measured by reference to the companies in the FTSE 250 Index (excluding financial services companies and investment trusts). Awards would start to vest at 25% if Bellway's TSR matches the median of the companies in the group, increasing on a straight-line basis so that full vesting would be achieved if Bellway's TSR reached the upper quartile. Regardless of TSR performance, no part of an award will vest unless the Committee is satisfied that there has been an improvement in the underlying financial performance of the Company over the performance period. The performance conditions were not met therefore none of the award vested.
- The performance period for the awards granted in October 2020 finished on 31 July 2023. Details of the vesting of these awards which will take place after this Report is published are set out in full under the heading 'Long-term incentives vesting in respect of performance period ended 31 July 2023' above.
- The performance period is 1 August 2021 - 31 July 2024. The awards are subject to an EPS performance condition in addition to the same TSR performance conditions set out in note a above. The TSR element of the award would start to vest at 25% if Bellway's EPS reaches a threshold of 383.5p, increasing on a straight-line basis so that full vesting would be achieved if Bellway's EPS reaches 435.9p. Each performance condition represents a maximum of 33.3% of the overall award. These awards are also subject to clawback provisions.
- On 11 November 2022, awards of performance shares under the PSP were made to Jason Honeyman and Keith Adey, equal to 170% of their respective salaries at the date of grant. The face values on grant of these awards were therefore £1,257,133 and £767,140 respectively. The performance period is 1 August 2022 - 31 July 2025. The performance condition was in six parts as detailed below. The Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the overall performance of the Company over the performance period. These awards are also subject to clawback provisions.

Metric	Performance condition (25% to 100% straight line vesting)	Threshold target	Stretch target
20% of opportunity	Underlying EPS in 2024/25 (Calculated using underlying profit and the current tax rates).	409.7p	463.8p
20% of opportunity	Relative TSR against a group of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group PLC.	Median	Median +7.5% p.a.
20% of opportunity	Relative TSR against the FTSE 350 (Excluding financial services companies and investment trusts).	Median	Upper Quartile
20% of opportunity	Underlying Return on Adjusted Capital Employed (Adding back land creditors and legacy building safety provisions to Capital Employed).	14%	19%
10% of opportunity	Reduction in scope 1 and 2 emissions. 25% of this part of the award vests at a reduction in tonnes by 17.3%, increasing pro-rata, to full vesting at a reduction in tonnes by 25% measured by emissions for 2024/25.	4,436 tonnes reduction	6,429 tonnes reduction
10% of opportunity	Reduction in waste per completed unit. 25% of this part of the award vests at a reduction in tonnes by 17.5%, increasing pro-rata, to full vesting at a reduction in tonnes by 22.5% for 2024/25 compared to 2021/22.	156 tonnes reduction	201 tonnes reduction

- All of the above awards set out in notes a-d were granted for nil consideration.
- Further details of the 2013 SRSOS are shown in the summary of outstanding share options in note 23 to the accounts.
- The value of long-term incentive plan awards for the Executive Directors which were exercised in the year and those which will become exercisable in 2023/24 are shown in the single figure of total remuneration table on page 132. As no awards will be exercised the value is nil.
- The market price of the ordinary shares at 31 July 2023 was 2,216p and the closing range during the year was 1,587p to 2,500p.

## Payments to past Directors (audited)

No past Director received any payments from the Company during the year.

## Payments for loss of office (audited)

No payments have been made in respect of loss of office during the 2022/23 financial year.

## Remuneration Report continued

### Statement of Directors' shareholdings and share interests (audited)

The Directors' interests (including family interests) in the ordinary share capital of the Company as at 31 July 2023 are set out below:

Scheme	Beneficially owned at 31 July 2023 <sup>(a)</sup>	% basic salary held by Executive Directors in shares <sup>(a)(b)</sup>	Shareholding target of 200% of basic salary met?	Beneficially owned at 31 July 2022	Outstanding and unvested PSP awards	Outstanding and unvested share options	Share options exercised in the year
Jason Honeyman	38,186	108	In progress	34,777	137,122	1,935	-
Keith Adey	80,218	373	Yes	78,188	81,576	1,161	-
John Tuttle	20,000	N/A	N/A	20,000	N/A	N/A	N/A
Sarah Whitney	-	N/A	N/A	-	N/A	N/A	N/A
Jill Caseberry	470	N/A	N/A	470	N/A	N/A	N/A
Ian McHoul	2,000	N/A	N/A	2,000	N/A	N/A	N/A

Notes:

- Executive Directors are required to accumulate a minimum shareholding equivalent to 200% of basic salary. Within a period of three months of appointment an Executive Director must acquire a minimum of 1,000 ordinary shares in the Company and must retain at least 50% of any shares vesting under the PSP, after allowance for paying tax, until the requisite number of shares has been accumulated. Jason Honeyman joined the Board in September 2017 so has not yet had sufficient time to build the target shareholding from vesting share awards. Jason agreed to invest all bonus he received in FY23 above 90% of salary (after paying tax and national insurance) in Bellway shares.
- The % shareholding is based on salaries as at 31 July 2023 using the average share price for the year.
- Includes shares owned by partner.
- There has been no change in any of the above interests between 31 July 2023 and the date of this report.

The following section of this report is not required to be audited.

### Implementation of Remuneration Policy in 2023/24

This section sets out how the Company will implement the Remuneration Policy for the 2023/24 financial year. Full details of how each element will operate are set out in the Remuneration Policy table later in this report.

The Committee has taken into account the remuneration and related policies for the rest of the workforce generally and engaged with the workforce through the Employee Listening Groups when setting the 2023/24 targets for the Executive Directors.

### Basic salaries

The Committee has awarded Jason Honeyman and Keith Adey salary increases of 3.5% which are below the level of the average for the workforce for 2023/24 of 5%. Therefore, from 1 August 2023, Jason's salary was increased to £765,372 p.a., and Keith's salary was increased to £467,053 p.a.

### Annual bonus

For the 2023/24 financial year, the bonus opportunity will continue to be limited to 120% of basic salary. The performance conditions relate to (i) a stretching target of underlying operating profit, including Bellway's share of joint ventures (with a maximum payment of 72% of basic salary achievable), (ii) a stretching target of adjusted capital employed (with a maximum payment of 12% of basic salary achievable), and (iii) the following strategic performance measures which provide a maximum bonus opportunity of 36% of basic salary.

Strategic measure	Objectives	Score
Land bank	This will be in two parts: <ul style="list-style-type: none"> <li>Sales outlet openings to ensure that we have the ability to meet our sales ambitions and have secured sufficient planning consents.</li> <li>Availability of land bank of plots with DPP (available for completion in the following financial year) to ensure our sales ambitions are not frustrated by land shortages in future years.</li> </ul>	Maximum - 21% of salary
Sustainability - 5 star <sup>6</sup> builder	Retaining 5 star <sup>6</sup> homebuilder status (as measured by the HBF).	Maximum - 5% of salary
Sustainability - Employee Engagement	Targets relating to the annual employee engagement survey.	Maximum - 5% of salary
Sustainability - Carbon Reduction	Development of a high quality timber frame proposition to enable investment to be evaluated in line with our strategic business objectives.	Maximum - 5% of salary

Health and safety performance will be taken into account as part of the Committee's overall assessment of the bonus payment.

The Committee would have discretion if, for example, health and safety standards have been unsatisfactory, or there has been a major safety failure, to reduce the overall bonus payment and could, in exceptional cases, reduce the overall bonus payment to nil. Maintaining a strong health and safety record remains a critical objective and this bonus structure allows for health and safety to have a greater influence on annual bonus outcomes.

In line with the 2021 Remuneration Policy, any bonus earned above 100% of salary is required to be deferred into shares which cannot be sold for three years.

The actual annual bonus performance targets are considered to be commercially sensitive at this time, and the Committee will disclose these retrospectively in next year's annual report on remuneration, provided they are no longer commercially sensitive.

### Long-term incentives

In line with the rationale set out in the Statement from the Committee Chair, the Company anticipates making a grant under the PSP in October 2023 with a face value equivalent up to 200% of salary to the Executive Directors. Awards will vest to the Executive Directors after three years, subject to the achievement of performance conditions with any shares vesting subject to a two year holding period.

Regardless of the vesting outcome the Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the overall performance of the Company over the performance period.

Metric	Performance condition (25% to 100% straight line vesting)	Threshold target	Stretch target
25% of opportunity	Relative TSR against a group of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group plc.	Median	Median +7.5% p.a.
25% of opportunity	Relative TSR against the FTSE 350 (excluding financial services companies and investment trusts).	Median	Upper quartile
10% of opportunity	Margin protection: ROCE in FY26	10%	13%
10% of opportunity	Margin protection: Strategic land in DPP land bank in FY26	2,700 plots	3,000 plots
10% of opportunity	Margin protection: Relative underlying operating margin against a group of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group plc in FY26. Median is calculated as an average of the median company and the company above and below it.	Median	Median x 1.05
10% of opportunity	Sustainability: Customer satisfaction score 9-month survey result in FY26	79%	82%
10% of opportunity	Sustainability: Achieve a meaningful contribution towards reducing scope 1,2 and 3 carbon emissions including through the redesign of Artisan house types to accommodate timber frame construction. We are stretching management to go beyond emission reduction requirements under building regulations through this measure. The Committee will assess performance achieved (including the level and pace of achievement) during the 3 years and report these achievements and our expectations at the end of FY26.	Satisfactory performance	Excellent performance

### Chair and Non-Executive Director fees from 1 August 2023

Director	Fee from 1 August 2022 £	% increase	Fee from 1 August 2023 £
Non-Executive Chair fee	260,000	3.5	269,100
Non-Executive Director fee	62,500	3.5	64,688
Senior Independent Non-Executive Director	11,750	3.5	12,161
Audit and Remuneration Committee Chair fees	13,500	3.5	13,973

The Company's Articles of Association specify an annual limit on Non-Executive Director fees of £500,000. This excludes the fees for the Chair and additional fees payable to the Senior Independent Non-Executive Director and to Committee Chairs. Shareholder approval is required to amend this limit.

## Remuneration Report continued

### Performance graph and table

The graph below shows the TSR performance over the past ten years of the Company, the FTSE 250 Index and the bespoke Housebuilders' Index (as defined in note a on page 133). The FTSE 250 Index has been selected as the most appropriate 'broad equity market index' as the Company has been a constituent of the FTSE 250 Index over this period. The bespoke Housebuilders' Index has been selected as these companies have been used for the Company's long-term incentive plans.

This graph shows the value, as at 31 July 2023, of £100 invested in Bellway on 31 July 2013 compared with the value of £100 invested in the FTSE 250 Index and £100 invested equally in each of the other housebuilders, who form part of the Housebuilders Index. The other points plotted are the values at intervening financial year ends.

chart removed

### Group Chief Executive total remuneration

The table below sets out the total remuneration for the Group Chief Executive over the same ten-year period as for the chart overleaf, together with the percentage of annual bonus paid and the vesting of long-term incentives as a percentage of the maximum (relating to the performance periods ending in that year).

	2014	2015	2016	2017	2018 <sup>(a)</sup>	2019 <sup>(b)</sup>	2020	2021	2022	2023
Total remuneration (£000)	1,450	1,960	2,785	3,468	1,737	1,220	1,110	1,998	1,738	<b>1,089</b>
Annual bonus paid (as % of maximum)	91.6%	88.8%	95.8%	93.8%	0.0%	76.7%	0.0%	99.5%	98.6%	<b>20.9%</b>
PSP vesting (as a % of maximum)	50.0%	50.0%	100.0%	100.0%	99.8%	30.6%	47.7%	28.7%	0%	<b>0%</b>

Notes:

a. Ted Ayres was absent during the 2017/18 financial year due to ill health and so the figures shown are lower than would normally be expected if he had been at work during the year.

b. Jason Honeyman was appointed as Group Chief Executive on 1 August 2018.

## Percentage change in remuneration of directors compared to workforce

The table below shows the annual percentage change in base salary, benefits and bonus between FY19 and FY23 in respect of the Directors of the Company and the average for all other employees. Over time, the percentage change over five years will eventually be disclosed.

	FY22-FY23			FY21-FY22			FY20-FY21			FY19-FY20		
	% Change in salary / fees <sup>(a)</sup>	% Change in benefits	% Change in bonus	% Change in salary / fees <sup>(a)</sup>	% Change in benefits	% Change in bonus	% Change in salary / fees	% Change in benefits	% Change in bonus	% Change in salary / fees	% Change in benefits	% Change in bonus
All other employees <sup>(b)</sup>	+6.3	+1.6	+4.5	+6.0	+8.4	+83.2	+1.6	+8.3	-79.9	+2.6	+8.7	+17.8
J Honeyman (Group Chief Executive) <sup>(c)</sup>	+4.0	-11.9	-78.0	+3.2	-11.2	+2.6	+3.4	+9.8	+100	+25.6	+38.5	-100
K Adey (Group Finance Director)	+6.5	-13.1	-77.4	+5.6	+3.3	+5	+3.4	+0.3	+100	-1.4	+2.4	-100
J Tutte (Chair) <sup>(d)</sup>	+140	n/a	n/a	+100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
P Hampden Smith (Chair) <sup>(e)</sup>	-100	n/a	n/a	-31.2	n/a	n/a	+3.4	n/a	n/a	+31.4	n/a	n/a
D Jagger (INED)	-60.7	n/a	n/a	+3.2	n/a	n/a	+3.4	n/a	n/a	+2.3	n/a	n/a
S Whitney (INED)	+100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J Caseberry (INED)	+5.9	n/a	n/a	+3.2	n/a	n/a	+3.4	n/a	n/a	-1.4	n/a	n/a
I McHoul (INED)	+5.9	n/a	n/a	+3.2	n/a	n/a	+3.4	n/a	n/a	+4.4	n/a	n/a

### Notes:

- The comparative figures used for the Board are the actual salary and fees paid as per the Single figure of remuneration table on page 132.
- All other employee figures are calculated on a cash basis.
- Upon appointment as Group Chief Executive, the Board had agreed a salary increase for Jason Honeyman to be implemented for the financial year beginning August 2019. Details of Jason's benefits are included in note b page 132.
- John Tutte was appointed as Non Executive Chair during the 2021/22 financial year, having joined Bellway on the 1 March 2022.
- Paul Hampden Smith resigned as Non Executive Chair on the 31 March 2022.
- Denise Jagger retired from the Board and as Senior Independent Director on 16 December 2022.
- Sarah Whitney was appointed to the Board on 1 September 2022 and took over as Senior Independent Director upon Denise's retirement.

## CEO pay ratio

We are publishing our CEO pay ratio figures for the financial years 2018/19, to 2022/23. Over time, ten-year ratios will eventually be disclosed.

Financial year	Method	Upper quartile			Median			Lower quartile		
		Pay ratio	Total pay and benefits £	Salary component £	Pay ratio	Total pay and benefits £	Salary component £	Pay ratio	Total pay and benefits £	Salary component £
2018/19	A	19:1	62,168	50,200	28:1	42,845	22,647	40:1	29,858	23,305
2019/20	A	18:1	60,675	24,400	27:1	40,415	22,000	43:1	25,580	25,200
2020/21	A	31:1	65,866	52,279	45:1	44,864	40,556	68:1	29,886	24,750
2021/22	A	25:1	70,036	62,311	36:1	48,662	29,438	54:1	32,148	24,561
<b>2022/23</b>	<b>A</b>	<b>15:1</b>	<b>74,421</b>	<b>55,000</b>	<b>22:1</b>	<b>49,903</b>	<b>40,215</b>	<b>34:1</b>	<b>32,422</b>	<b>26,462</b>

The pay ratios have been calculated as at 31 July 2023 using Option A of the Regulations, that is, the full-time equivalent pay and benefits for all of our employees to identify those employees on the quartiles. Option A has been selected as it is the most statistically accurate method of calculation. Employee benefits include company car, car allowance, private medical, employer pension contributions and share option gains. All payments are included on a cash basis, with the exception of the annual bonus for the Group Chief Executive. The annual bonus earned during the 2022/23 financial year, which is expected to be paid in November 2023, has been approved for the Group Chief Executive, there is not an accurate estimate for all other staff, therefore cash bonus paid during the year (relating to the 2021/22 financial year) has been used in the calculations. The decrease in the CEO pay ratio in the current year is driven by the current year's lower bonus payment.

Jason Honeyman was appointed as Group Chief Executive on 1 August 2018, with a phased increase to his salary implemented in the 2019/20 financial year, this resulted in a lower CEO pay ratio in 2018/19. Due to COVID-19 no bonuses were paid in the 2019/20 financial year, this led to a further fall in the CEO pay ratio.

## Remuneration Report continued

### Importance of remuneration relative to dividends and section 106 and CIL payments

The table below shows the relative expenditure of the Group in respect of employee remuneration, dividends and section 106 and CIL payments, together with the percentage change in each, for the financial years ended 31 July 2022 and 31 July 2023. The Directors have chosen dividends and section 106 and CIL payments as comparators to employee costs as they consider that these demonstrate the relative importance of the remuneration of its employees to the returns the Group generates to shareholders and the contribution it makes to developing communities through section 106 and CIL payments.

	2023 £m	2022 £m	% change
Employee costs <sup>(a)</sup>	191.5	167.0	14.7%
Dividends <sup>(b)</sup>	169.2	172.4	(1.9%)
Section 106 and CIL payments <sup>(c)</sup>	89.2	117.2	(23.9%)

Notes:

a. Employee costs are calculated as wages and salaries, bonus and taxable benefits (including the directors).

b. The dividend figures shown are the interim and final dividends paid or payable for the relevant financial year less forfeited dividends (see note 20 to the accounts).

c. The section 106 and CIL payments figures are calculated from invoices received for these payments.

### Dilution limits/shares held in Trust to satisfy awards

The Bellway Employee Share Trust (1992) (the 'Trust') holds market-purchased shares to satisfy awards made under some of the Company's executive and employee share schemes. As at 31 July 2023 the Trust held 327,202 shares. It is the Company's current intention to use market-purchased shares to satisfy awards made under the PSP. Awards made under the deferred bonus plans (to which the Executive Directors are not eligible) must be satisfied using market-purchased shares. The SRSOS uses new issued shares. The Company's share plans comply with the IA guidance on dilution limits and the position as at 31 July 2023 was:

Limit of 5% in any ten years under all executive share plans	Actual 0.99%
Limit of 10% in any ten years under all share plans	Actual 0.88%

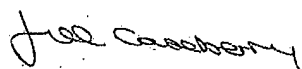
### Statement of voting at AGMs

The votes cast by proxy at AGMs in relation to resolutions regarding directors' remuneration are set out in the table below:

	Directors' Remuneration Policy (binding vote at AGM on 6 December 2021)		Remuneration Report (advisory vote at AGM on 16 December 2022)	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	89,540,335	96.95	91,378,412	96.74
Against	2,815,436	3.05	3,081,126	3.26
<b>Total votes cast (excluding votes withheld)</b>	<b>92,355,771</b>	<b>100</b>	<b>94,459,538</b>	<b>100</b>
Votes withheld	206,210		207,611	

At the AGM on 15 December 2023, the Company's shareholders will have an advisory vote on the Remuneration Report.

On behalf of the Board



**Jill Caseberry**

Chair of the Remuneration Committee

16 October 2023



## Directors' Remuneration Policy

This part of the remuneration report provides a summary of the Directors' Remuneration Policy which was approved by shareholders at the AGM on 6 December 2021. Factual data has been updated where appropriate (e.g. details of service contracts). A full version of the policy, as approved by shareholders, can be found in the Annual Report and Accounts for 2021 on the Company's website.

### Policy principles

The Directors' Remuneration Policy is aligned with the principles within the 2018 UK Corporate Governance Code and these principles are taken into account in its implementation:

Principles	Considerations within the Policy
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We clearly communicate our approach to remuneration in this report and in all communications with shareholders whilst providing transparency in our rationale. This also allows straightforward engagement with the wider workforce.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We have structured the Remuneration Policy to be as simple as possible, within the confines of ensuring arrangements are in line with the business strategy, have a robust link between pay and performance and are designed with consideration of investor expectations.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	We mitigate against these risks through a carefully designed policy which includes a balance between financial and non-financial bonus metrics, a Performance Share Plan which is based on long-term performance, deferral of a portion of the annual bonus into shares, and shareholding requirements. The Committee also has the ability to apply discretion and clawback provisions if incentive payment levels are inappropriate.
Predictability: the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	We carefully consider the range of likely performance outcomes for incentive plans when setting performance target ranges and at the time of assessment would use discretion where necessary if the formulaic result is considered inappropriate.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	<p>The opportunity under incentive plans is determined based on a proportion of salary with the quantum determined to ensure that there is an appropriate link between pay and performance.</p> <p>The performance conditions applying to the incentives are aligned with the Company's strategy and are reviewed on an annual basis to consider whether they are working effectively.</p> <p>There are provisions to override the formula-driven outcome of incentive plans and clawback provisions to ensure that there is not reward for poor performance.</p>
Alignment to culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The annual bonus is based on both financial and non-financial metrics aligned with the strategy incentivising the profitability of the Company whilst maintaining a focus on our customers and the quality of our service.

### Objectives of Remuneration Policy

The aim of the Committee is to ensure that the Company has competitive remuneration packages in place that will promote the long-term success of the Company and motivate Executive Directors in the overall interests of shareholders, the Group, its employees and its customers.

The Committee has a policy of paying a level of remuneration comparable with that at a peer group of similar UK housebuilding businesses, subject to experience and performance.

The Committee uses this comparative approach to benchmarking with caution, recognising the relatively few direct housebuilding comparators, their differing size and the risk of an upward ratchet effect with any peer-based analysis. The structure of the package has been designed to ensure that the performance-related elements of remuneration (annual bonus and long-term incentives) constitute a significant proportion of an executive's potential total remuneration package, but are only receivable if stretching performance targets are achieved.

The structure of the performance conditions for annual bonus and long-term incentives has been designed to provide a strong link to the Group's performance, namely a focus on maximising profit in a sustainable fashion and producing superior shareholder returns, thereby generating a strong alignment of interest between senior executives and shareholders. The two-year post-vesting holding period which applies to the long-term incentive plan (which also applies to good leavers) reinforces that alignment.

## Remuneration Report continued

### Decision-making process

The Committee is responsible for the determination of the Directors' Remuneration Policy and how it is implemented. In addressing this responsibility the Committee works with management and external advisers to develop proposals and recommendations. The Committee considers the source of information presented to it, analyses the detail and ensures that independent judgement is exercised when making decisions. Information is independently verified where there are conflicts of interest and no individual is present when their remuneration is being discussed.

### Consideration of employment conditions elsewhere in the Group

We have commenced using our Employee Listening Groups to provide an opportunity to engage with the workforce on executive remuneration and for employees to raise issues which are reported to the Board. This is one of the UK Corporate Governance Code's requirements. In determining the elements of remuneration for the Executive Directors, the Committee takes into consideration the pay and conditions of employees throughout the Group as a whole, paying particular attention to the levels of basic pay increase awarded to the workforce generally.

All eligible employees, including the Executive Directors, can join the Group's savings-related share option scheme, have life assurance benefits and have access to pension arrangements. A significant proportion of employees benefit from health insurance, a company car or car allowance and are eligible to participate in a discretionary bonus scheme.

The Committee is regularly updated of any significant policy changes for the workforce generally and management below Board level in particular.

### Clawback/malus

The time period over which clawback/malus will apply to bonuses in respect of bonus years commencing and PSP awards granted after 1 August 2018 is at any time before the third anniversary of payment of bonus or vesting of PSP award, as relevant.

### Incentive plan discretions

The Committee will operate the annual bonus plan and PSP in accordance with their respective rules. As part of the rules the Committee holds certain discretions which are required for both an efficient operation and administration of these plans, and are consistent with standard market practice. Any use of the discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

### Policy table

This section of the report describes the key components of each element of the remuneration arrangements for executive and non-executive directors.

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
<b>Salary</b>			
To be market competitive and therefore assist in recruiting, retaining and motivating high-quality executives. Reflects individual role and experience.	Salaries are normally reviewed in July each year and changes normally take effect from 1 August. They are typically determined by reference to market levels of a peer group of similar UK housebuilding businesses, taking account of salaries at other companies of a similar size, and by taking account of the role, performance, and experience of the individual, Company performance, salary increases throughout the rest of the business and economic conditions.	No prescribed maximum.	In addition to the reviews by the Chair, as part of the annual Board evaluation, the performance of the executives and the Company is kept under continuous review by the Board.
		Increases are normally in line with the average for the workforce generally.	
		Increases may be below or above this e.g. due to promotion, change in responsibility or experience, role change or a significant change in the size, value and/ or complexity of the Company.	
	Where salaries of new executive directors are positioned below market levels, the Committee's policy is to progress these over time, with increases potentially higher than for the general workforce, as experience is gained, subject to performance.	Salaries are set out in the Annual Remuneration Report.	

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
<b>Pension</b>			
To provide a structure and value that is market competitive.	Pension contributions into the Company's Group Self Invested Personal Pension Plan and/ or a salary supplement in lieu of pension contributions.	Up to 20% of salary.  The rate for current Directors was aligned with that of the workforce at the end of 2022.	Not applicable.
<b>Benefits</b>			
To provide a range and value that is market competitive	Typically comprises car or car allowance, life assurance and health insurance. Other benefits may be provided where appropriate.  Any expenses incurred in carrying out duties will be fully reimbursed by the Company including any personal taxation associated with such expenses.	Not applicable.	Not applicable.
<b>Annual bonus</b>			
To reward achievement with a combination of financial and non-financial operational-based performance targets in accordance with Group KPIs.	Annual bonuses are normally payable in cash in November following the year end on 31 July, subject to the achievement of performance targets that were set at the start of the financial year.  The Company operates a recovery mechanism which allows the Company to clawback some or all of the payments made under the variable components of an individual's remuneration, in the following circumstances:  (i) material misstatement of results;  (ii) error in assessing a performance condition;  (iii) gross misconduct by the individual;  (iv) in the case of corporate failure; or  (v) in the case of material reputational damage.  Any bonus over 100% of base salary will be deferred into shares which will have to be held for three years.	120% of basic salary maximum.	The bonus may be based on a combination of financial and strategic objectives, with financial performance accounting for a majority of the overall bonus opportunity.  The Committee determines the choice of measure(s) and their weighting for each year to ensure alignment with the Board's priorities and Company strategy over the short to medium-term.  The level of pay-out at threshold for financial metrics will not be more than 40% of maximum, and varies for non-financial metrics.  Full vesting will take place for equalling or exceeding maximum, subject to the health and safety underpin.  The Committee has discretion to adjust the payment outcome to ensure it reflects the individual's contribution and/ or the overall performance of the Company over the performance period.  Details of the performance measures used are set out in the Annual Remuneration Report.

## Remuneration Report continued

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
<b>Share ownership guideline for Executive Directors</b>			
To align Executive Directors' interests with those of shareholders.	<p>Executive Directors are required to accumulate a minimum shareholding equivalent to 200% of basic salary. This level, or if lower the actual shareholding on departure, must be maintained for at least two years post departure.</p> <p>Within a period of three months of appointment an Executive Director must acquire a minimum of 1,000 ordinary shares in the Company and must retain at least 50% of any shares awarded under the PSP, after allowance for paying tax, until the requisite number of shares has been accumulated.</p> <p>If personal circumstances make this difficult, the Committee would exercise discretion.</p>	Not applicable.	Not applicable.
<b>Long-term incentives ('PSP')</b>			
To encourage long-term value creation, aid retention, encourage shareholding and promote alignment of interests with shareholders.	<p>The Company operates a PSP as its primary long-term incentive.</p> <p>Annual awards of nil-cost options or conditional awards may be made under the PSP to the Executive Directors, at the discretion of the Committee.</p> <p>Awards normally vest three years after grant, subject to the achievement of stretching performance targets.</p> <p>Dividend equivalents (in cash or shares) may be payable, and will only accrue during the vesting and holding period on awards that ultimately vest.</p> <p>The Company operates recovery and withholding mechanisms which allow the Company, in exceptional circumstances, to clawback some or all of the payments made, or recover unvested awards, in the following circumstances:</p> <ul style="list-style-type: none"> <li>(i) material misstatement of results;</li> <li>(ii) error in assessing a performance condition;</li> <li>(iii) gross misconduct by the individual;</li> <li>(iv) in the case of corporate failure; or</li> <li>(v) in the case of material reputational damage.</li> </ul> <p>A minimum holding period of two years applies to awards post vesting.</p>	200% of basic salary.	<p>PSP awards are subject to stretching three-year targets.</p> <p>No more than 25% of a part of an award will vest at threshold with full vesting taking place for equalling or exceeding maximum targets set.</p> <p>The Committee has discretion to adjust the vesting outcome in exceptional circumstances to ensure it is a true reflection of the overall performance of the Company over the performance period.</p> <p>Further details of the performance metrics applying to the awards are set out in the Annual Remuneration Report.</p>

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
<b>All-employee share schemes</b>			
To encourage employees to build a stake in the future of the Company.	The Executive Directors can participate in any HMRC approved all-employee plans operated by the Company.	Subject to prevailing HMRC limits.	Not applicable.
<b>Chair and Non-Executive Directors</b>			
To set appropriate fees in light of the time commitment, responsibilities, wider market and best practice.	<p>The Chair's fee is determined by the Remuneration Committee.</p> <p>The remuneration of the Non-Executive Directors is determined by the Board Committee on Non-Executive Directors' Remuneration, which comprises the Executive Directors.</p> <p>Fee levels are normally reviewed annually, taking into account the time commitment and responsibilities of the roles including membership or chairing of Board committees and the level of fees for similar positions in comparable companies.</p> <p>Non-Executive Directors are not normally entitled to any taxable benefits or pension. They do not participate in any bonus or long-term incentive plans and they are not entitled to compensation on termination of their arrangements, other than normal notice provisions of three months given by either party.</p> <p>Travel, accommodation and other related expenses incurred in carrying out the role will be paid by the Company including any personal taxation associated with such expenses.</p>	The aggregate of NED fees is set out in the Articles of Association and is currently £500,000 p.a.	<p>The performance of the Non-Executive Directors is assessed by the Chair.</p> <p>The Senior Independent Non-Executive Director reviews the performance of the Chair in conjunction with the Directors.</p>

For the avoidance of doubt, under this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former directors that is consistent with the approved remuneration policy in force at the time the commitment was made (or, if made before the current policy was approved, as have been disclosed previously to shareholders), or was made at the time when the relevant individual was not a director of the Company. Details of any payments made to former directors will be set out in the Annual Remuneration Report as they arise.

## Remuneration Report continued

### Approach to recruitment remuneration

In arriving at a total package and in considering the quantum for each element of the package, the Committee will take into account the skills and experience of the candidate and the market rate for a candidate of that experience, as well as the importance of securing the preferred candidate.

Element	General policy	Detail
<b>Salary</b>	At a level required to attract the most appropriate candidate.	Discretion to pay lower basic salary with incremental increases, potentially higher than for the general workforce, as new appointee becomes established in the role.
<b>Pension and benefits</b>	In accordance with Company policies.	Additional benefits in relation to recruitment may be provided where considered appropriate, for example, relocation expenses or allowances, legal fees and other recruitment-related costs may be payable.  Any new director's pension contributions will be in line with the wider workforce. The current employer pension contribution rate is between 5% and 10% of salary.
<b>Bonus</b>	In accordance with existing schemes.	Depending on the timing of recruitment, bespoke targets could be introduced for an individual within the maximum individual limits of the annual bonus plan applicable at the time.  Pro-rating would be applied as appropriate for intra-year joiners.
<b>Long-term incentives (PSP)</b>	In accordance with Company policies and maximum limits in the PSP rules.	An award may be made in the year of joining or, alternatively, the award can be delayed until the following year.  Targets would normally be the same as for other directors and grant levels consistent within the permitted individual maximum under the rules of the plan and this policy.
<b>Buyout of forfeited remuneration</b>	The Committee may make an award in cash or shares to replace deferred or incentive pay forfeited by an executive leaving a previous employer (and, if required, by relying on the flexibility provided in the Listing Rules to grant such replacement awards).	Awards would, where possible, be consistent with the awards forfeited in terms of the vehicle, structure, vesting periods, expected value and performance conditions.

### Service contracts and loss of office payment policy

The details of the Executive Directors' service contracts are as follows:

Executive Director	First appointed as a Director	Current contract commencement date	Notice period from employer	Notice period from executive
Jason Honeyman	1 September 2017	1 August 2018	6 months	6 months
Keith Adey	1 February 2012	1 February 2012	12 months	6 months

Our policy is that notice periods for Executive Directors should be no longer than 12 months.

The Executive Directors may accept external appointments provided that such appointments do not, in any way, prejudice their ability to perform their duties as Executive Directors of the Company. The extent to which any Executive Director is allowed to retain any fees payable in respect of such appointments, or whether such fees are remitted to the Company, will be assessed on a case-by-case basis. Neither of the Executive Directors currently holds any outside appointments.

Our policy is that notice periods for Non-Executive Directors should be no longer than three months, save in the case of the Chair whose notice period may extend to six months.

Currently, all Non-Executive Directors have letters of appointment with the Company for no more than three years, subject to annual reappointment at the AGM, with a three-month notice period by either side. The appointment letters for the Chair and Non-Executive Directors provide that no compensation is payable on termination, other than fees accrued and expenses.

Non Executive Director	First appointed as a Director	Current letter of appointment commencement date	Current letter of appointment end date
John Tutte	1 March 2022	1 March 2022	28 February 2025
Sarah Whitney	1 September 2022	1 September 2022	31 August 2025
Jill Caseberry	1 October 2017	1 October 2017	30 September 2023
Ian McHoul	1 February 2018	1 February 2021	31 January 2024

The overriding principle for payments on loss of office will be to honour contractual remuneration entitlements. The Committee would determine, on an equitable basis, the appropriate treatment of performance-linked elements of the package, taking account of the circumstances, in accordance with the rules of each respective plan. Failure will not be rewarded.

The Company may pay statutory claims. Reasonable costs of legal expenses incurred by the Director may be reimbursed by the Company by making direct payment to the professional adviser.

Element	Bad leaver <sup>(a)</sup>	Departure on agreed terms <sup>(b)</sup>	Good leaver <sup>(c)</sup>
<b>Salary, pension and benefits (after cessation of employment)</b>	Nil.	Up to 12 months' basic salary, benefits and pension.  Payments may be phased and subject to offsetting against alternative income from elsewhere during the notice period.  The Company may pay in lieu of notice an amount equivalent to 12 months' salary, pension and benefits.	Apart from death, the Company may pay up to 12 months' basic salary, benefits and pension, less any period of notice worked.  Payments may be phased and subject to offsetting against alternative income from elsewhere during the notice period.  The Company may pay in lieu of notice an amount equivalent to 12 months' salary, pension and benefits.
<b>Annual bonus</b>	No bonus payable.	For the proportion of the financial year worked, bonus may be payable pro-rata, subject to performance, at the discretion of the Committee. There will be no bonus payment in respect of any period of notice not worked.	For the proportion of the financial year worked, bonus may be payable pro-rata, subject to performance, at the discretion of the Committee.
<b>PSP (and SMP awards granted in 2014 or before)</b>	All awards, including those which have vested but are unexercised will lapse immediately upon cessation of employment.	Awards will lapse upon cessation of employment, unless the Committee decides otherwise, in which case awards may vest.  Where employment ends before the vesting date, awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied.  The level of vested award will be reduced, pro-rata, based upon the period of time after the grant date and ending on the date of cessation of employment, relative to the three-year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case.	Awards may be exercised within 12 months of the vesting date.  Where employment ends before the vesting date, awards may be exercised at the normal vesting time (other than by exception) and only to the extent that the performance conditions have been satisfied.  The level of vested award will be reduced, pro-rata, based upon the period of time after the grant date and ending on the date of cessation of employment, relative to the three-year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case.
<b>Other payments</b>	Nil.	Depending upon circumstances, the Committee may consider payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees.	The Company may pay for outplacement support and assistance with legal fees.

Notes:

a. For example, normal resignation from the Company or termination for cause (e.g. disciplinary issues).

b. This may cover a range of circumstances such as business reorganisation, changes in reporting structure, change in requirements for the role, termination as a result of a failure to be re-elected at an AGM, etc.

c. Leaver for compassionate reasons such as death, injury, disability or retirement, with the agreement of the employer.

## Sustainability Committee Report

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“

The Board has determined that it would be... beneficial to both the Group and its stakeholders to establish a Sustainability Committee.”

**John Tutte**

Chair of the Sustainability Committee

The Board had determined that it would be appropriate and beneficial to both the Group and its stakeholders to constitute Sustainability Committee to oversee ESG matters at Bellway. The Committee was established and met for the first time in May 2023.

### Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
John Tutte (Chair)	18 May 2023	1/1
Sarah Whitney	18 May 2023	1/1
Jill Caseberry	18 May 2023	1/1
Ian McHoul	18 May 2023	1/1
Keith Adey	18 May 2023	1/1

### Focus areas for 2022/23

- To focus on the establishment of the Committee and drafting the Committee Terms of Reference.
- Agree the membership of the Committee and number of meetings per annum.
- Monitoring progress of the Better with Bellway strategy.

### Focus areas for 2023/24

- To approve the Committee Terms of Reference.
- Approve the Better with Bellway targets and KPIs for FY24.
- Continue to monitor progress of the Better with Bellway Strategy.
- Meet with key management with responsibility for the delivery of the Better with Bellway strategy.

### Responsibilities and terms of reference

The main areas of the Sustainability Committee's (the 'Committee') responsibilities are:

- Debate, review and scrutinise the Better with Bellway sustainability strategy and implementation plan and make recommendations to the Board for approval.
- Monitor and challenge the objectives, KPIs and targets set in relation to the implementation of the Better with Bellway strategy, make recommendations for new KPIs and targets and recommend these to the Board for approval.
- Scrutinise the implementation of major Better with Bellway initiatives.
- Identify, debate, review and scrutinise the business response to environment and social risks with specific focus on climate risks and opportunities.
- Review the ongoing appropriateness of the Group's approach to ESG issues in the context of external best practice and monitor ESG compliance.
- Review the ongoing appropriateness and relevance of policies relating to ESG matters.

### Activities in 2022/23

- The Committee was established and met for the first time in 2023.
- The Committee Terms of Reference, outlining the Committee's purpose, membership and key responsibilities was drafted during the year and approved by the Board in September 2023.
- Key management met with the Committee and presented an update on the Better with Bellway strategy.

### Focus in 2023/24

- To approve the Better with Bellway targets and KPIs for FY24, ensuring they support the delivery of the overall Better with Bellway strategy.
- Monitor progress of the Better with Bellway strategy, KPI's and targets.
- Meet with key management with responsibility for the delivery of the Better with Bellway strategy.
- Review relevant policies and determine their appropriateness in supporting the Groups sustainability agenda.
- Review industry best practice in respect of ESG compliance.



**John Tutte**

Chair

16 October 2023



## Directors' Report

image removed

“

The Directors have proposed a final ordinary dividend for the year ended 31 July 2023 of 95.0p per share.”

**Simon Scougall**

Group General Counsel and Company Secretary

The Directors of Bellway p.l.c. present their report in accordance with section 415 of the Companies Act 2006.

Bellway p.l.c. is the holding company of the Bellway group of companies and is a UK publicly listed company whose shares are traded on the London Stock Exchange. The main trading company is Bellway Homes Limited and this and all other subsidiaries and joint arrangements of the Group are listed in note 26 to the accounts.

The following table sets out where information can be found which is required to be reported on in the Directors' Report but has been included elsewhere in the Annual Report and Accounts and is cross-referenced here to avoid repetition.

Topic	Page number
Directors	102 and 103
Appointment and replacement of directors	108 and in the Articles
Directors' interests	134
Future developments	33 of the Strategic Report
Group undertakings	196
Environmental issues	38 to 62 of the Strategic Report
Section 172 statement/reporting	63 of the Strategic Report
Greenhouse gas emissions	49 to 52 of the Strategic Report
Whistleblowing	124
Financial risk management	75 to 78 of the Strategic Report
Going concern	77 of the Strategic Report

## Results and Dividends

The profit for the year attributable to equity holders of the parent company amounts to £365.0 million (2022 - £242.6 million).

The Directors have proposed a final ordinary dividend for the year ended 31 July 2023 of 95.0p per share (2022 - 95.0p). This has not been included within creditors as it was not approved by shareholders before the end of the financial year. The Directors recommend payment of the final dividend on Wednesday 10 January 2024 to shareholders on the Register of Members at the close of business on Friday 1 December 2023.

Dividends paid during the year comprise the final dividend of 95.0p per share in respect of the year ended 31 July 2022, together with an interim dividend in respect of the year ended 31 July 2023 of 45.0p per share.

## Directors' indemnities and Directors' and officers' liability insurance

The Company carries appropriate insurance cover in respect of possible legal action being taken against its Directors, Officers and senior employees. The Articles provide the Directors and Officers with further protection against liability to third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of this report.

## Major interests in shares

As at 31 July 2023 and as at the date of this report, the Company had been notified under DTR 5 of the following interests, amounting to 3% or more of the voting rights in the issued ordinary share capital of the Company:

Topic	As at 31 July 2023		As at 16 October 2023	
	Number of shares with voting rights	% total voting rights	Number of shares with voting rights	% total voting rights
BlackRock Inc	<b>Below 5%</b>		Below 5%	
Credit Suisse Securities (Europe) Ltd	<b>3,890,282</b>	<b>3.38</b>	3,890,282	3.38
Dimensional Fund Advisors LP	<b>6,148,373</b>	<b>4.99</b>	6,148,373	4.99
FMR LLC	<b>Below 5%</b>		6,008,422	5.02
Polaris Capital Management	<b>4,941,297</b>	<b>4.09</b>	4,941,297	4.09

## Directors' Report continued

### Post balance sheet events

There were no post balance sheet events.

### Information on those third parties with which the Company has contracts or arrangements essential to its business.

The Company is party to a number of debt agreements with major clearing banks. The withdrawal of such facilities could have a material effect on the financing of the business. There are no other arrangements that the Group considers to be critical to the performance of the business.

### Takeovers directive and change of control

The Company is party to a number of banking agreements that may be terminable in the event of a change of control of the Company. On a change of control, any outstanding options and awards granted under the Group's share schemes would become exercisable, subject to any performance conditions being met.

### Share capital

The Company's total issued share capital, as at 31 July 2023, consisted of 120,558,573 ordinary shares of 12.5p each. Further details of the issued capital of the Company can be found in note 18 to the accounts. The rights and obligations attaching to the ordinary shares in the Company are set out in the Articles of Association (the 'Articles'). Copies of the Articles can be obtained from Companies House or by writing to the Group General Counsel and Company Secretary at the Company's registered office.

### Restrictions on the transfer of shares

The restrictions on the transfer of shares are set out in the Articles. In compliance with the Company's Share Dealing Code, Company approval is required for Directors, certain employees and those persons closely associated with them to deal in the Company's ordinary shares. No person has special rights of control over the Company's share capital. There have been no amendments to these procedures during the year.

### Rights in relation to the shares held in the employee benefit trust

The voting rights on shares held in the Bellway Employee Share Trust (1992) in relation to the Company's employee share schemes are exercisable by the trustees.

### Restrictions on voting rights

Details of the deadlines for exercising voting rights are set out in the Articles. The Directors are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

### Amendments to the Articles

The Company may amend its Articles by passing a special resolution at a general meeting of its shareholders.

### Powers of the Board

The business and affairs of the Company are managed by the Directors, who may exercise all such powers of the Company as are, not by law or by the Articles, required to be exercised by the Company in general meetings. Subject to the provisions of the Articles, all powers of the Directors are exercised at meetings of the Directors which have been validly convened and at which a quorum is present.

### Allotment of shares

During the year, 1,107 new ordinary shares were issued to satisfy awards made under the Company's employee share schemes. The Directors have authority to allot shares within limits agreed by shareholders. Details of the renewal of this authority, including the resolutions which seek to renew this authority, are set out in the Notice of Meeting of the AGM, to be held on Friday 15 December 2023.

### Purchase of the Company's own shares

The Company was given authority at its Annual General Meeting on 16 December 2022 to purchase its own ordinary shares. On 28 March 2023 the Group announced, 'The Buyback Programme', with the Board approving a return of surplus capital of £100 million to shareholders. An initial tranche of £50 million (First Tranche) was completed on 16 June 2023, with a further tranche of £50 million (Second Tranche) commencing on 19 June 2023.

### Listing Rules

There are no disclosures required by LR9.8.4 that apply to the Company.

### Accountability and audit

The Going Concern Statement, Long-Term Viability Statement and the Statement of Directors' Responsibilities in respect of the Annual Report and Accounts are shown on pages 77 and 107 respectively.

The Audit Committee, whose role is detailed on page 114 and 115, has meetings at least twice a year with the Company's auditor, Ernst & Young LLP.

### People

The important role that our people perform is described throughout the Strategic Report. In addition supported by the 'Better with Bellway' sustainable approach and the 'Employer of Choice' business priority, we aim to be an employer of choice, with a safe, diverse, and inclusive environment. More details are included within the Better with Bellway section on pages 46 and 47.

The following disclosures provide additional information on how we treat our people and how we engage with them.

We are an equal opportunities employer. It is our policy to develop and apply, throughout the Group, procedures and practices which are designed to ensure that equal opportunities are provided to all of our employees, or those who seek employment with the Group, irrespective of their age, colour, disability, ethnic origin, gender, marital status, nationality, parental status, race, religion, belief, or sexual orientation.

All employees, whether part-time, full-time, or temporary, are treated fairly and equally. Selection for employment, promotion, training, or other matters affecting their employment is on the basis of aptitude and ability. All employees are supported and encouraged to develop to their full potential and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation. Training at each division is planned and monitored through an annual training plan.

It is our policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) and to comply with any current legislation with regard to disabled persons.

The importance of good communications with employees is recognised by the Directors and senior management team. Employee Listening Groups are held on a regular basis to engage in open communication and a newsletter is issued to all of our employees. Each division maintains good employee relations using a variety of means appropriate to its own particular needs, with guidance, when necessary, from Group Head Office. The Group HR function also facilitates an annual employee engagement survey with the results and proposed action points presented to the Board for approval.

All new employees, when eligible, are automatically entered into the Group's pension arrangements. In addition, we operate a savings-related share option scheme and have discretionary bonus arrangements in place. We also provide life assurance cover to all of our employees, offer a private medical scheme (depending on seniority), and offer childcare vouchers.

### Health and safety at work

We promote all aspects of health and safety throughout our operations in the interests of employees, subcontractors, suppliers, customers and visitors to our sites and premises. This is further supported by our sustainable approach, Better with Bellway, and the 'Building Quality Homes, Safely' business priority. More details can be found within the Better with Bellway section pages 53 and 54.

Health and safety issues are considered at each Board meeting and are addressed in the Strategic Report, and on our website at [www.sustainability.bellwayplc.co.uk/quality-safety](http://www.sustainability.bellwayplc.co.uk/quality-safety). The Board receives external advice and training from specialist advisers on both the Directors' and the Company's regulatory obligations.

### Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming AGM.

### AGM – special business

Seven resolutions will be proposed as special business at the AGM to be held on Friday 15 December 2023. Explanatory notes on these resolutions are set out in the Notice of Meeting of the AGM.

### Disclosure of all relevant information to the auditor

The Directors who held office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given, and should be interpreted in accordance, with the provisions of section 418 of the Companies Act 2006.

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Group and parent company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the company and of the profit or loss of the Group and the company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group Financial Statements are required to be prepared in accordance with international financial reporting standards (IFRS) as adopted by the UK.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures, when compliance with the specific requirements in IFRS is insufficient, to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- In respect of the Group Financial Statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the UK have been followed, subject to any material departures disclosed and explained in the Financial Statements;

## Directors' Report continued

- In respect of the parent company Financial Statements, state whether UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis, unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of 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 comply 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.

The Board consider the annual report and accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

### Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- That the consolidated Financial Statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- That the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board



**Simon Scougall**  
Group General Counsel and Company Secretary

16 October 2023

# Independent Auditor's report to the members of Bellway p.l.c.

## Opinion

In our opinion:

- Bellway p.l.c.'s Group financial statements and Parent Company financial statements (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 31 July 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bellway p.l.c. (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise:

Group	Parent Company
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Balance sheet as at 31 July 2023
Consolidated statement of changes in equity for the year then ended	Statement of cash flows for the year then ended
Consolidated balance sheet as at 31 July 2023	Related notes 1 to 28 to the financial statements, including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 28 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, obtaining an understanding of management's going concern assessment process and challenging management to ensure key factors were considered in their assessment. We obtained an understanding of each of management's modelled scenarios, including the base case, severe downside case and reverse stress test cases. The reverse stress test case had been prepared to illustrate severe and unrealistic assumptions which achieve or nearly achieve a break case; i.e. where the Group runs out of cash.
- Assessing the appropriateness of the duration of the going concern assessment period to 31 July 2025 and considering the existence of any significant events or conditions beyond this period based on our procedures on the Group's business plan, cash flow forecasts and from knowledge arising from other areas of the audit.
- Obtaining management's going concern assessment, including the cash forecast, for the going concern period through to 31 July 2025 and testing these for arithmetical accuracy.
- Assessing the historical accuracy of forecasting and challenging the appropriateness of key assumptions in management's forecasts, including the impact of housing completions and average selling price on revenue generation. We also assessed these against information from the Office of National Statistics, with consideration to trends in respect of house price inflation, noting no contradictory indicators. We considered the appropriateness of the methods used to calculate the cash flow forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an appropriate assessment of going concern.
- Verifying the inputs into the cash flow forecasts, the debt facility terms, and reconciling the liquidity position as at 31 July 2023. We further reviewed borrowing facilities to confirm both availability to the Group and the forecast debt repayments through the going concern assessment period and to validate the financial covenants in relation to the available facilities.

## Independent Auditor's report to the members of Bellway p.l.c. continued

- Obtaining the reverse stress test and downside scenarios prepared by management and assessing the plausibility of these. We did this by challenging the assumptions made and considering indicators of contradictory evidence.
- Considering any mitigating factors included in the downside scenarios that are within control of the Group. This includes assessment of the Group's operating and non-operating cash outflows relating to discretionary bonus payments and dividend payments and evaluating the Group's ability to control these outflows as mitigating actions if required.
- Subjecting the reasonable downside model to additional stress testing to confirm management has considered a balanced range of outcomes in their assessment of going concern.
- Assessing management's consideration of material climate change impacts in the going concern period, including incorporation of the expected costs of applying the Future Homes Standard during the going concern period.
- Reviewing the Group's going concern disclosures included in the Annual Report and Accounts in order to assess whether the disclosures appropriately described the assessment management performed and the key judgements taken.

### Key observations

- The directors' assessment forecasts that the Group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario. Under management's reverse stress test scenario (which comprises a significant investment in land via increasing land creditors by £950m, followed by a reduction in private home completions of 50% from 31 January 2024, and average selling prices on private homes subsequently reducing by 10%), liquidity headroom is eliminated in July 2025.
- Other than the impact of the Future Homes Standard, we have not identified any material climate-related risks that should be incorporated into the Group's forecasts to 31 July 2025.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period to 31 July 2025.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

### Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of Bellway p.l.c. and its components.</li> <li>• The components where we performed full scope audit procedures accounted for 99% of profit before taxation, 99% of revenue and 98% of total assets.</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>• Risk of inappropriate revenue recognition;</li> <li>• Risk of inappropriate cost of sales recognition and valuation of work-in-progress and land on sites under development; and</li> <li>• Risk of inappropriate recognition of legacy building safety improvement provisions.</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall Group materiality of £24.2m which represents 5% of profit before taxation.</li> </ul>

### An overview of the scope of the Parent Company and Group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 10 reporting components of the Group, we selected 2 full scope components covering entities which represent the principal business units within the Group.

Of the 2 full scope components selected, which were selected based on their size or risk characteristics, we performed an audit of the complete financial information. The full scope components accounted for 99% (2022: 99%) of the Group's profit before taxation, 100% (2022: 99%) of the Group's revenue and 99% (2022: 99%) of the Group's total assets.

The remaining 8 components together represent 1% of the profit before taxation. For these components, we performed other procedures, including analytical review, testing of consolidation journals, and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements. The statutory audits of these 8 components were performed concurrently with the Group audit.

#### Changes from the prior year

There are no changes to our scoping compared to the prior year.

### Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

### Climate change

Stakeholders are increasingly interested in how climate change will impact Bellway p.l.c. The Group has determined that the most significant future impacts from climate change on their operations will be from evolving legal and regulatory requirements (e.g. the Future Homes Standard and biodiversity net gain requirements set by the government) and the availability of more efficient products and technologies to deliver climate-resilient homes. These are explained on pages 84-90 in the required Task Force for Climate related Financial Disclosures that form part of the "Other information" rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Basis of Preparation note on page 168 how they have considered the impact of climate change, specifically providing an assessment of inventories and how they could be affected by measures taken to address additional requirements included in the Future Homes Standard and biodiversity net gain objectives. Management concluded in this assessment that no issues were identified that would have a material impact on the carrying value of the Group's assets or liabilities or have any other material impact on the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on understanding management's assessment of the impact of climate risk, physical and transition, and their climate commitments. We also understood the Group's strategy to address these risks that may affect the financial statements and our audit.

As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. We identified the specific impact of climate change relating to the valuation of inventory, including land and work-in-progress under development arising from the requirements of the Future Homes Standard. Specifically, we considered this in the timing and nature of future cost assumptions underpinning the valuation of land and work-in-progress under development. We did this by understanding how future cost estimates were included within the site margin calculation in respect of the costs of applying the Future Homes Standard for units without foundations constructed prior to June 2025.

We also evaluated the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

We read the climate related information within the Annual Report, which included the Group's Task Force for Climate related Financial Disclosures and considered consistency with the financial statements and our audit knowledge.

Based on our work we have considered the impact of climate change on the financial statements to impact certain key audit matters. Details of our procedures and findings on cost of sales recognition and valuation of work-in-progress and land on sites under development are included in our key audit matters below.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's report to the members of Bellway p.l.c. continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Inappropriate revenue recognition</b></p> <p>Refer to the Audit Committee Report (page 118); Accounting policies and Note 1 and 8 of the Consolidated Financial Statements (pages 170, 171 and 178)</p> <p>The Group has reported:</p> <ul style="list-style-type: none"> <li>• Revenues of £3,406.6m (2022: £3,536.8m)</li> <li>• Trade receivables of £34.6m (2022: £47.5m).</li> </ul> <p>We identified a specific risk of fraud and error in respect of inappropriate revenue recognition arising from sales transactions being recorded ahead of performance obligations being satisfied, being legal or practical completion.</p> <p>There is a risk that management may recognise revenue in advance of legal or practical completion of plot sale through inappropriate application of cut off or manual postings recording revenue in an earlier period than appropriate.</p> <p>We focused our procedures on the occurrence of revenue and existence of trade receivables.</p> <p>There is no change in our risk assessment from the prior year.</p>	<p><b>Walkthrough and controls</b></p> <ul style="list-style-type: none"> <li>• We performed walkthroughs of each significant class of revenue transactions which consists of private sales and housing association sales, and other income relating to part exchange sales and assessed the design effectiveness of key transaction controls.</li> </ul> <p><b>Timing of revenue recognition</b></p> <ul style="list-style-type: none"> <li>• We applied a data analytics approach which allowed us to evaluate full populations of revenue transactions across all divisions to focus on any anomalies and unusual trends in respect of timing. This work has also enabled us to obtain assurance through a 3-way correlation between sales, accounts receivables and cash postings. We tested this correlation through a sample of revenue transactions from cash entries to source documentation. We also searched for associated identification of transactions which were processed outside of the expected transaction flow.</li> <li>• We reviewed the output of the work performed by internal audit in respect of revenue recognised on plot completions 2 weeks prior and 2 weeks post the year end. We do not rely on the work performed by internal audit, therefore in line with our identified audit risk, we tested items classified as higher risk and agreed these items to completion statements to confirm the performance obligation was satisfied in advance of year end.</li> <li>• We performed test of details in relation to unit sales at year end. We agreed a sample of transactions pre-year end and post year end to legal or practical completion statements or evidence of cash receipts. We selected these transactions randomly to incorporate unpredictability within our testing. We confirmed that revenue recognition is appropriate based on the performance obligation being satisfied when practical completion takes place.</li> </ul> <p><b>Management override</b></p> <ul style="list-style-type: none"> <li>• We performed inquiries of management at Group and divisions regarding awareness of instances of fraud. We extended these inquiries beyond the finance team and inquired with Group General Counsel and Company Secretary, Regional Chairs and the Divisional Director teams.</li> <li>• We performed specific procedures in relation to manual journals impacting revenue. We focused on entries with specific characteristics, such as journals from outside normal revenue patterns and those with unusual descriptions. Examples of items reviewed were part exchange and Help-to-Buy transactions.</li> </ul>	<p>We did not identify any evidence of material misstatement in revenue recognised in the year as a result of inappropriate revenue recognition, application of cut-off or management override.</p>



Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Inappropriate cost of sales recognition and valuation of work-in-progress and land on sites under development</b></p> <p>Refer to the Audit Committee Report (pages 118 and 119); Accounting policies and Notes 3 and 7 of the Consolidated Financial Statements (pages 173, 177 and 178)</p> <p>The Group has reported:</p> <ul style="list-style-type: none"> <li>• Cost of sales before net legacy building safety expense of £2,719.3m (2022: £2,749.8m)</li> <li>• Land £2,578.8m (2022: £2,786.4m)</li> <li>• Work-in-progress of £1,861.6m (2022: £1,524.8m).</li> <li>• Showhomes £117.2m (2022: £107.0m).</li> </ul> <p>The site margin applied to plot sales includes assumptions regarding forecast revenue and costs which are subject to estimation uncertainty.</p> <p>There is a risk that costs of sales and margin recognised in the financial statements and resulting valuation of work-in-progress including land in respect of sites under development, may be misstated if the site margin is incorrectly determined, whether arising from fraud or error.</p> <p>There is no change in our risk assessment from the prior year.</p>	<p><b>Walkthrough and controls</b></p> <ul style="list-style-type: none"> <li>• We performed a walkthrough of management's transaction controls in place covering the monitoring and updating of certain site valuations to assess design effectiveness.</li> <li>• We attended and observed the valuation meeting at 11 divisions held closest to year end. As part of this, we observed the level of review applied by management in evaluating assumptions within site valuations.</li> <li>• We confirmed that management action logs were reviewed at the valuation meetings attended. This included ensuring the process which is undertaken to challenge the margin, forecast costs to complete and any other factors that could impact on the margin was followed in accordance with the Group commercial policy.</li> </ul> <p><b>Testing appropriateness of assumption underpinning site margin</b></p> <p>We utilised data analytics in order to identify higher risk sites based on certain risk indicators. We identified certain sites for testing and performed the following procedures where appropriate:</p> <ul style="list-style-type: none"> <li>• We assessed management's inputs into projected future selling prices by developing an expectation of revenue at a plot level, utilising historical sales experience and considering the impact of trends in house price inflation. We assessed this using the average selling price on sold plots, based on house types and square footage. Where necessary we further corroborated exceptions to advertised plot release prices and/or selling prices recorded in the Bellway sales system.</li> <li>• We assessed management's inputs into projected costs on a site by site basis. We did this by performing a detailed review of the cost estimate and sampling key elements to supporting documentation including sub-contractor orders, quotations, tender documentation and invoices. We also obtained supporting correspondence with suppliers in respect of price increases and variations where relevant.</li> <li>• We enquired of management regarding their assessment of the impact of climate change on the forecast costs to complete. In order to assess the reasonableness of their assumptions, we selected a sample of sites with construction phases beyond FY23. This was in order to assess for those sites impacted by the Future Homes Standard, that the application of future homes cost assumptions were appropriately reflected within the valuations.</li> <li>• We performed specific procedures to assess whether there were material movements recorded in the final stages of site completion, the net impact of this was not material.</li> <li>• We tested a sample of developments where the last plot was sold during FY23 and compared the final site margin to the previous quarterly valuation to assess whether the previous quarterly valuation was reasonable.</li> <li>• We performed specific procedures to assess whether there have been any material movements in the site margins post-year end. Where we identified sites with margin adjustments, the net impact of this was not material.</li> <li>• We performed inquiries of Regional Chair and the Divisional Director teams to further understand whether there are any other specific issues requiring evaluation.</li> </ul>	<p>We are satisfied the cost of sales margin and valuation of work-in-progress and land on sites under development is appropriate.</p>

## Independent Auditor's report to the members of Bellway p.l.c. continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Inappropriate recognition of legacy building safety improvement provisions</b></p> <p>Refer to the Audit Committee Report (page 120 and 121); Accounting policies and Notes 2 and 10 of the Consolidated Financial Statements (pages 172, 180 and 181).</p> <p>The Group has reported:</p> <ul style="list-style-type: none"> <li>• SRT and associated review provision of £477.7m (2022: £441.5m)</li> <li>• Net legacy building safety expense of £38.6m (2022: £346.2m).</li> </ul> <p>There is estimation uncertainty and subjectivity in determining the most likely costs which will be required in order to remediate affected properties based on the latest legal interpretation and government guidance.</p> <p>There is no change in our risk assessment from the prior year.</p>	<p><b>Walkthrough and controls</b></p> <ul style="list-style-type: none"> <li>• We performed a walkthrough of management's transaction controls in place over monitoring and updating the SRT and associated review provision to assess design effectiveness.</li> <li>• We attended the fire panel meeting closest to year end for divisions identified with actual or potential remediation obligations. As part of this, we observed the level of review applied by management in evaluating the status of live and pending projects (known claims) and challenging assumptions. This included estimates provided by third party consultants underpinning the amounts recognised relating to live projects within management's provision calculation.</li> </ul> <p><b>Understanding basis for recognition of provision</b></p> <ul style="list-style-type: none"> <li>• We read and understood the relevant laws and regulations including recently published government guidance.</li> <li>• We reviewed management's accounting paper to understand management's rationale which supports the recognition of a provision. We obtained an understanding of management's commitment through signing of the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities, to fund, undertake or procure, at its own cost, all necessary remediation or mitigation work to address life-critical fire safety. This is in respect of the design, construction or refurbishment defects on buildings above 11 metres which Bellway played a role in developing or refurbishing that have been built over the last 30 years.</li> <li>• We challenged management's assessment of the basis of the provision against the requirements of IAS 37, through understanding management's process for identification of impacted sites, assessing action plans arising, and agreeing assumptions to third-party investigation reports, cost estimates and latest legal advice.</li> </ul> <p><b>Testing the basis of management's provision calculation</b></p> <ul style="list-style-type: none"> <li>• We obtained management's fire provision schedule showing the brought forward fire provision, amounts spent and recovered, amounts further provided or released, and additional amounts recognised in respect of the Self-Remediation Terms and final year end provision, and understood significant movements.</li> <li>• We performed procedures on sites with known claims. We tested movements in the year, agreeing significant costs and recoveries to supporting documentation and agreed assumptions to third party support where available. We tested items of cash spend incurred in the year in excess of our testing threshold to supporting invoices, contractor certification or payment applications.</li> <li>• We obtained an understanding of the methodology used within valuation reports, through discussion with external consultants. This was in order to understand and challenge the basis of estimates made and to discuss the status of the most material provisions. We assessed the scope of the consultants work in accordance with government guidance. As part of our procedures, we assessed the objectivity, experience and competency of management's external specialist.</li> </ul>	<p>Based on the procedures performed, including testing of key movements; direct inquiry of management's expert and engaging EY Insurance Risk and Actuarial specialists in the audit of assumptions underpinning management's provision calculation, we are satisfied that the resultant year end provision is fairly stated.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<b>Inappropriate recognition of legacy building safety improvement provisions</b> continued	<p>Testing the basis of management's provision calculation continued</p> <ul style="list-style-type: none"> <li>We performed testing on management's assumptions, with support from EY Insurance Risk and Actuarial specialists, regarding the costs of remediation per plot, the number of plots to be remediated, the time period for the work to be completed and the discount factor applied to the overall provision.</li> <li>We performed sensitivity analysis on the provision in order to establish whether these could give rise to material variances.</li> <li>We further performed divisional inquiries with all Regional Chairs and Divisional Finance teams to understand latest obligations. We did not identify any further known or potential issues to be included in management's provision calculation.</li> </ul> <p>Disclosures within the financial statements</p> <ul style="list-style-type: none"> <li>We assessed the appropriateness of the disclosures included within the Financial Statements in relation to provisions and contingent liabilities, including the disclosure of the assumptions and associated sensitivities in relation to the key sources of estimation uncertainty.</li> </ul>	

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £24.2m (2022: £30.7m), which is 5% (2022: 5%) of profit before taxation (2022: profit before taxation adjusted for the estimated one-off impact of the £300.0m Building Safety Pledge recorded in the year). We believe that profit before taxation provides us with the most relevant performance measures to the stakeholders of the Group and is therefore an appropriate basis for materiality.

We determined materiality for the Parent Company to be £3.0m (2022: £2.2m), which is 0.5% (2022: 0.5%) of total assets.

During the course of our audit, we reassessed initial Group materiality and modified it to reflect a reduction in actual trading performance versus the initial forecast.

### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £18.2m (2022: £23.0m). We have set performance materiality at this percentage due to the level of misstatements identified in prior years being low.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £4.3m to £20.2m (2022: £4.6m to £21.9m).

### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.2m (2022: £1.5m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Independent Auditor's report to the members of Bellway p.l.c. continued

### Other information

The other information comprises the information included in the annual report set out on pages 1 to 150, including the Strategic Report, Governance Reports, the Directors' Report set out on pages 8 to 150, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

### Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 77;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 77;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 149 and 150;
- Directors' statement on fair, balanced and understandable set out on page 150;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 79 to 83;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 122 and 123; and;
- The section describing the work of the audit committee set out on page 114 to 125.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 149 and 150, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code), tax legislation, employment law, health and safety legislation, and the Self-Remediation Terms with the Department for Levelling Up, Housing and Communities in relation to historical fire safety issues.
- We understood how the Group is complying with those frameworks by making inquiries with management, internal audit and those responsible for legal and compliance procedures and the Group General Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes and review of Group compliance with policies and processes. We obtained and reviewed legal correspondence to support our audit procedures and to assess management positions reported in respect of legacy building safety improvements.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it was considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals, and journals indicating large or unusual transactions based on our understanding of the business; enquiries of Group management and internal audit; and focused testing, as referred to in the key audit matters section above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Other matters we are required to address**

- Following the recommendation from the Audit Committee, we were appointed by the Company on 11 December 2020 to audit the financial statements for the year ending 31 July 2021 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 July 2021 to 31 July 2023.
- The audit opinion is consistent with the additional report to the Audit Committee.

**Use of our report**

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.

*Ernst & Young LLP*

**Mark Morritt (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle-upon-Tyne  
16 October 2023


 The Oakmont showhome at Summerville Gardens, Dalkeith.

image removed

# Disciplined financial management

We will maintain financial discipline and as previously demonstrated, our balance sheet strength provides the Group with the flexibility to respond to changes in the market, increase investment and capitalise on growth opportunities when they arise.

image removed

 Couple outside their new home at our Cherry Meadow development, Derbyshire.


 Street scene from our Sherwood Gate development, Nottingham.

image removed



# Accounts

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## Key to financial statement icons

Throughout the financial statements the below icons are used and they represent the following:

graphic removed

### Accounting policy

The accounting policies set out within the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

graphic removed

### Accounting estimate

The Directors consider these areas to be the major sources of estimation that have been made in these financial statements.

graphic removed

### Accounting judgement

The Directors consider these to be the major judgements that could have a significant effect on the financial statements when applying the Group's accounting policies.

## Group Income Statement

for the year ended 31 July 2023

	Note	2023 £m	2022 £m
<b>Revenue</b>	1	<b>3,406.6</b>	3,536.8
Cost of sales	3	<b>(2,757.9)</b>	(3,094.0)
Analysed as:			
Underlying cost of sales		<b>(2,719.3)</b>	(2,749.8)
Adjusting item: net legacy building safety expense	2	<b>(38.6)</b>	(344.2)
<b>Gross profit</b>		<b>648.7</b>	442.8
Other operating income	4	<b>29.1</b>	25.3
Other operating expenses	4	<b>(30.3)</b>	(25.1)
Administrative expenses		<b>(142.2)</b>	(134.0)
<b>Operating profit</b>	4	<b>505.3</b>	309.0
Finance income	16	<b>9.9</b>	1.6
Finance expenses	16	<b>(30.8)</b>	(15.7)
Analysed as:			
Underlying finance expenses		<b>(19.8)</b>	(13.7)
Adjusting item: net legacy building safety expense	2	<b>(11.0)</b>	(2.0)
Share of result of joint ventures	13	<b>(1.4)</b>	9.3
<b>Profit before taxation</b>		<b>483.0</b>	304.2
Income tax expense	6	<b>(118.0)</b>	(61.6)
<b>Profit for the year*</b>		<b>365.0</b>	242.6
<b>Earnings per ordinary share – Basic</b>	5	<b>297.7p</b>	196.9p
<b>Earnings per ordinary share – Diluted</b>	5	<b>296.3p</b>	196.2p

\* All attributable to equity holders of the parent.

### Adjusting items

	Note	2023 £m	2022 £m
<b>Gross profit</b>			
Gross profit per the Group Income Statement		<b>648.7</b>	442.8
Adjusting item: net legacy building safety expense	2	<b>38.6</b>	344.2
Underlying gross profit		<b>687.3</b>	787.0
<b>Operating profit</b>			
Operating profit per the Group Income Statement		<b>505.3</b>	309.0
Adjusting item: net legacy building safety expense	2	<b>38.6</b>	344.2
Underlying operating profit		<b>543.9</b>	653.2
<b>Profit before taxation</b>			
Profit before taxation per the Group Income Statement		<b>483.0</b>	304.2
Adjusting item: net legacy building safety expense	2	<b>49.6</b>	346.2
Underlying profit before taxation		<b>532.6</b>	650.4
<b>Profit for the year</b>			
Profit for the year per the Group Income Statement		<b>365.0</b>	242.6
Adjusting item: net legacy building safety expense	2	<b>49.6</b>	346.2
Adjusting item: income tax on net legacy building safety expense	2	<b>(12.4)</b>	(70.3)
Underlying profit for the year		<b>402.2</b>	518.5



## Group Statement of Comprehensive Income

for the year ended 31 July 2023

	Note	2023 £m	2022 £m
<b>Profit for the year</b>		<b>365.0</b>	242.6
<b>Other comprehensive expense</b>			
Items that will not be recycled to the income statement:			
Remeasurement losses on defined benefit pension plans	22	(4.9)	(3.5)
Income tax on other comprehensive expense	6	1.4	0.5
<b>Other comprehensive expense for the year, net of income tax</b>		<b>(3.5)</b>	(3.0)
<b>Total comprehensive income for the year*</b>		<b>361.5</b>	239.6

\* All attributable to equity holders of the parent.

# Statements of Changes in Equity

at 31 July 2023

Group	Note	Issued capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
<b>Balance at 1 August 2021</b>		15.4	179.8	20.0	1.5	3,071.1	3,287.8
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	242.6	242.6
Other comprehensive expense*		-	-	-	-	(3.0)	(3.0)
Total comprehensive income for the year		-	-	-	-	239.6	239.6
<b>Transactions with shareholders recorded directly in equity:</b>							
Dividends on equity shares	20	-	-	-	-	(157.2)	(157.2)
Purchase of own shares	19	-	-	-	-	(7.4)	(7.4)
Shares issued	18	-	2.2	-	-	-	2.2
Credit in relation to share options and tax thereon	6, 23	-	-	-	-	2.8	2.8
Total contributions by and distributions to shareholders		-	2.2	-	-	(161.8)	(159.6)
<b>Balance at 31 July 2022</b>		15.4	182.0	20.0	1.5	3,148.9	3,367.8
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	365.0	365.0
Other comprehensive expense*		-	-	-	-	(3.5)	(3.5)
Total comprehensive income for the year		-	-	-	-	361.5	361.5
<b>Transactions with shareholders recorded directly in equity:</b>							
Dividends on equity shares	20	-	-	-	-	(171.7)	(171.7)
Credit in relation to share options and tax thereon	6, 23	-	-	-	-	4.5	4.5
Share buyback programme and cancellation of shares	18, 19	(0.4)	-	0.4	-	(100.5)	(100.5)
Total contributions by and distributions to shareholders		(0.4)	-	0.4	-	(267.7)	(267.7)
<b>Balance at 31 July 2023</b>		15.0	182.0	20.4	1.5	3,242.7	3,461.6

\* An additional breakdown is provided in the Group Statement of Comprehensive Income.

Company	Note	Issued capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
<b>Balance at 1 August 2021</b>		15.4	179.8	20.0	2.1	388.0	605.3
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	159.9	159.9
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	159.9	159.9
<b>Transactions with shareholders recorded directly in equity:</b>							
Dividends on equity shares	20	-	-	-	-	(157.2)	(157.2)
Purchase of own shares	19	-	-	-	-	(7.4)	(7.4)
Shares issued	18	-	2.2	-	-	-	2.2
Credit in relation to share options	23	-	-	-	-	3.1	3.1
Total contributions by and distributions to shareholders		-	2.2	-	-	(161.5)	(159.3)
<b>Balance at 31 July 2022</b>		15.4	182.0	20.0	2.1	386.4	605.9
<b>Total comprehensive income for the year</b>							
Profit for the year		-	-	-	-	171.5	171.5
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	171.5	171.5
<b>Transactions with shareholders recorded directly in equity:</b>							
Dividends on equity shares	20	-	-	-	-	(171.7)	(171.7)
Credit in relation to share options	23	-	-	-	-	4.5	4.5
Share buyback programme and cancellation of shares	18, 19	(0.4)	-	0.4	-	(100.5)	(100.5)
Total contributions by and distributions to shareholders		(0.4)	-	0.4	-	(267.7)	(267.7)
<b>Balance at 31 July 2023</b>		15.0	182.0	20.4	2.1	290.2	509.7


## Balance Sheets

at 31 July 2023

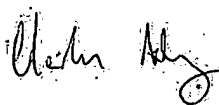
	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	31.7	34.2	-	-
Investments in subsidiaries	12	-	-	48.0	43.5
Financial assets	12	38.6	20.9	-	-
Equity accounted joint arrangements	12	4.9	9.3	-	-
Deferred tax assets	6	1.7	0.1	-	-
Retirement benefit assets	22	2.5	7.1	-	-
		79.4	71.6	48.0	43.5
<b>Current assets</b>					
Inventories	7	4,575.6	4,423.6	-	-
Trade and other receivables	8	88.3	114.6	443.8	509.7
Corporation tax receivable		8.8	-	-	-
Cash and cash equivalents	15	362.0	375.3	52.9	52.8
		5,034.7	4,913.5	496.7	562.5
<b>Total assets</b>		<b>5,114.1</b>	<b>4,985.1</b>	<b>544.7</b>	<b>606.0</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	15	130.0	130.0	-	-
Trade and other payables	9	107.3	106.6	-	-
Deferred tax liabilities	6	6.2	8.9	-	-
Provisions	10	403.5	400.8	-	-
		647.0	646.3	-	-
<b>Current liabilities</b>					
Corporation tax payable		-	0.1	0.4	-
Trade and other payables	9	900.8	930.2	34.6	0.1
Provisions	10	104.7	40.7	-	-
		1,005.5	971.0	35.0	0.1
<b>Total liabilities</b>		<b>1,652.5</b>	<b>1,617.3</b>	<b>35.0</b>	<b>0.1</b>
<b>Net assets</b>		<b>3,461.6</b>	<b>3,367.8</b>	<b>509.7</b>	<b>605.9</b>
<b>EQUITY</b>					
Issued capital	18	15.0	15.4	15.0	15.4
Share premium	19	182.0	182.0	182.0	182.0
Capital redemption reserve	19	20.4	20.0	20.4	20.0
Other reserves		1.5	1.5	2.1	2.1
Retained earnings		3,242.7	3,148.9	290.2	386.4
<b>Total equity</b>		<b>3,461.6</b>	<b>3,367.8</b>	<b>509.7</b>	<b>605.9</b>

Approved by the Board of Directors on 16 October 2023 and signed on its behalf by:

John Tutte  
Director



Keith Adey  
Director



Registered number 1372603

## Parent Company Income Statement

In accordance with the provisions of section 408 of the Companies Act 2006, a separate Income Statement for the Company has not been presented. The Company's profit for the year was £171.5 million (2022 - £159.9 million).

## Cash Flow Statements

for the year ended 31 July 2023

	Note	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>Cash flows from operating activities</b>					
Profit for the year		<b>365.0</b>	242.6	<b>171.5</b>	159.9
Depreciation charge	11	<b>6.0</b>	6.1	-	-
Finance income	16	<b>(9.9)</b>	(1.6)	<b>(1.9)</b>	-
Finance expenses	16	<b>30.8</b>	15.7	-	-
Share-based payment expense	23	<b>4.5</b>	3.1	-	-
Share of post tax result of joint ventures	13	<b>1.4</b>	(9.3)	-	-
Income tax expense	6	<b>118.0</b>	61.6	<b>0.4</b>	-
Increase in inventories		<b>(152.0)</b>	(391.4)	-	-
Decrease/(increase) in trade and other receivables		<b>28.7</b>	(33.2)	<b>66.5</b>	2.6
Decrease in trade and other payables		<b>(75.3)</b>	(104.5)	-	(0.1)
Increase in provisions		<b>55.7</b>	325.5	-	-
<b>Cash from operations</b>		<b>372.9</b>	114.6	<b>236.5</b>	162.4
Interest paid		<b>(6.9)</b>	(5.8)	-	-
Income tax paid		<b>(129.8)</b>	(63.8)	-	-
<b>Net cash inflow from operating activities</b>		<b>236.2</b>	45.0	<b>236.5</b>	162.4
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment		<b>(2.7)</b>	(0.5)	-	-
Proceeds from sale of property, plant and equipment		<b>0.1</b>	0.1	-	-
Increase in loans to joint ventures	12	<b>(15.6)</b>	(2.1)	-	-
Repayment of loans by joint ventures	12	-	21.6	-	-
Dividends from joint ventures	12	<b>3.0</b>	15.7	-	-
Interest received		<b>6.9</b>	0.5	<b>1.3</b>	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(8.3)</b>	35.3	<b>1.3</b>	-
<b>Cash flows from financing activities</b>					
Payment of lease liabilities	17	<b>(3.5)</b>	(2.9)	-	-
Proceeds from the issue of share capital on exercise of share options		-	2.2	-	2.2
Purchase of own shares		-	(7.4)	-	(7.4)
Share buyback programme	19	<b>(66.0)</b>	-	<b>(66.0)</b>	-
Dividends paid	20	<b>(171.7)</b>	(157.2)	<b>(171.7)</b>	(157.2)
<b>Net cash outflow from financing activities</b>		<b>(241.2)</b>	(165.3)	<b>(237.7)</b>	(162.4)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13.3)</b>	(85.0)	<b>0.1</b>	-
Cash and cash equivalents at beginning of year		<b>375.3</b>	460.3	<b>52.8</b>	52.8
<b>Cash and cash equivalents at end of year</b>	15	<b>362.0</b>	375.3	<b>52.9</b>	52.8

Accounts

## Accounting Policies

### Basis of preparation

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Bellway p.l.c. (the 'Company') is a company incorporated in England and Wales.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 July. The Company controls an entity when it 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. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of these entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. A joint arrangement can take two forms:

- (i) Joint venture - these entities are consolidated using the equity method of accounting.
- (ii) Joint operation - the Group's share of the assets, liabilities and transactions of such entities are accounted for directly as if they were assets, liabilities and transactions of the Group.

The consolidated Group financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards ('IAS') and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The parent company financial statements are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. On publishing the Company financial statements here together with the Group financial statements, which were approved for issue on 16 October 2023, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these financial statements.

graphic removed

#### Other financial statement considerations

In preparing the Group and Company financial statements, management has considered the impact of climate change, and the possible impact of climate-related and other emerging business risks. A rigorous assessment of the impact of climate-related risks has been performed, and disclosed in the Strategic Report, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures. This included an assessment of inventories and how they could be affected by measures taken to address global warming. No issues were identified that would materially impact the carrying values of either the Group's or Company's assets or liabilities, or have any other material impact on the financial statements.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies set out within the notes to the financial statements have, except as noted below, been applied consistently to all periods presented in these consolidated financial statements.

The Group recently acquired a number of contractual arrangements with landowners in order to promote their land through the planning process to obtain detailed planning permission, and to subsequently market the sites for residential property development on behalf of the landowner. These agreements are accounted for in inventory and the amended inventories policy of the Group is included in note 7.

### Going concern

graphic removed

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive's Market and Operational Review on pages 30 to 33. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group Finance Director's Review on pages 34 to 37 and the Directors' Report on pages 147 to 150. The Risk Management section on pages 75 to 78 sets out the Group's policies and processes for managing its capital, financial risk, and its exposure to credit, liquidity, interest rate and housing market risk.

The Group's activities are financed principally by a combination of ordinary shares and cash in hand less debt. At 31 July 2023, Bellway had net cash of £232.0 million<sup>2</sup> (note 15), having utilised cash of £13.3 million (note 15) during the year, including £372.9 million of cash generated from operations.

## Going concern continued

The Group has operated within all its debt covenants throughout the year, and covenant compliance was considered as part of the going concern assessment. In addition, the Group had bank facilities of £400.0 million at 31 July 2023, expiring in tranches up to December 2027. Furthermore, in February 2021 the Group entered into a contractual arrangement to issue a sterling US Private Placement ('USPP') for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements, which has maturity dates in 2028 and 2031. In aggregate, the Group had committed debt lines of £530.0 million at 31 July 2023.

Including committed debt lines and cash, Bellway had access to total funds of £762.0 million, along with net current assets (excluding cash) of £3,667.2 million at 31 July 2023, providing the Group with appropriate liquidity to meet its current liabilities as they fall due.

The Group's internal forecasts have been regularly updated, incorporating our actual experience along with our expected future outturn. The latest available base forecast has been sensitised, setting out the Group's resilience to the principal risks and uncertainties in the most severe but plausible scenario. The sensitivity includes a recession due to economic uncertainty and a deterioration in customer confidence. This could lead to a reduction in both the total number of legal completions and private average selling price, with overheads, land spend and construction spend reducing accordingly.

This sensitivity includes the following principal assumptions:

- Private completions in H1 FY24 are supported by the forward order book, but still fall to 55% of that achieved in H1 of FY23. In the 12 months to 31 January 2025, private completions reduce by around 50% compared to the 12 month pre-stress peak achieved in FY22. This is followed by a gradual recovery based on the lower base position.
- Private average selling price in H1 FY24 remains in line with internal forecasts due to the order book position. In the 12 months to 31 January 2025, the private average selling price reduces by 10% compared to the latest achieved pricing. This is followed by a gradual recovery based on the lower base position.
- These assumptions reflect the Group's experience in the 2008-09 Global Financial Crisis.

A number of prudent mitigating actions within the Directors' control were incorporated into the plausible but severe downside scenario, including:

- Plots in the land bank only being replaced at the same rate that they are utilised.
- Construction spend reducing in line with housing revenue.
- Dividends reducing in line with earnings.

The sensitivity analysis was modelled over the period to 31 July 2025 for the going concern assessment, but extended to the 31 July 2027 for the Directors' viability assessment. In addition to the above, several additional mitigating measures remain available to management that were not included in the scenario. These include withholding discretionary land spend and instead trading out of the substantial existing land holdings.

In the scenario, the Group had significant headroom in both its financial debt covenants and existing debt facilities and met its liabilities as they fall due. In relation to climate risks, and in particular the requirement of the Group to reduce carbon emissions, the going concern assessment is not considered to be materially affected by the Future Homes Standard.

The Directors consider that the Group is well placed to manage business and financial risks in the current economic environment. Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2025, aligning with the first year end after the minimum 12 month assessment period, and have therefore prepared the financial statements on a going concern basis.

## Effect of new standards and interpretations effective for the first time

The Group adopted and applied the following amendments in the year, none of which had a material effect on the financial statements:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16.
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018-2020.
- Reference to the Conceptual Framework - Amendments to IFRS 3.
- Pillar 2 minimum tax - Amendments to IAS 12.

## Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there were a number of standards and interpretations which were in issue but not yet effective. These have not been applied in these financial statements and are not expected to have a material effect when adopted.

## Notes to the Financial Statements

### Performance for the year

#### 1. Revenue

graphic removed

##### Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of incentives.

##### Private housing sales and land sales

Revenue is recognised in the income statement at a point in time when the performance obligation, being the transfer of a completed dwelling or land to a customer, has been satisfied. This is when legal title is transferred.

##### Social housing

The Group reviews social housing contracts on a contract-by-contract basis and determines the appropriate revenue recognition based on the specific terms of each contract.

Where a contract with a housing association transfers both land and social housing on legal completion ('turnkey and plot sale contracts' which typically represents around one third of social housing revenue), there is one performance obligation and revenue is recognised in the income statement at a point in time when the homes are build complete and all material contractual obligations have been fulfilled. This is when legal title is transferred.

Where a contract with a housing association transfers legal title of land once foundations are in place ('design and build' contracts' which typically represents around two thirds of social housing revenue) and separately transfers the social housing dwellings when they are build complete, there is a judgement as to whether the sale of land is a separate performance obligation for the purposes of revenue recognition and consequentially whether revenue should be recognised over time or on a point in time basis for the social housing units. Based on the contractual terms in the majority of such contracts, notably those that enable the Group to retain control over the land regardless of the transfer of title, the Group has determined that these contracts include one performance obligation which is appropriately recognised at a point in time, when the homes are build complete and all material contractual obligations have been fulfilled.

The Group recognises revenue in the income statement over time for contracts where the control of land is irrevocably transferred to the customer before or during construction. Revenue is recognised from the point that control is irrevocably transferred to the customer.

Where revenue is recognised over time and the outcome of the contract can be estimated reliably, it is recognised based on the stage of completion of the contract at the balance sheet date. This is usually by reference to surveys of work performed to the balance sheet date. Variations to such contracts are included in revenue to the extent that they have been agreed with the customer. Where the outcome of such a contract cannot be measured reliably, revenue is recognised to the extent of costs incurred.

##### Incentives

Sales incentives are substantially cash in nature. Cash incentives are recognised as a reduction in housing revenue by the cost to the Group of providing the incentive.

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##### Segmental analysis

The Executive Board (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 Board assess performance and allocates resources at this level. All of the divisions have been aggregated in to one reporting segment on the basis that they share similar economic characteristics including:

- National supply agreements are in place for key inputs including materials.
- Debt is raised centrally and the cost of capital is the same at each division.
- Sales demand at each division is subject to the same macroeconomic factors, such as mortgage availability and government policy.

Additional information on average selling prices and the unit sales split between north, south, private and social has been included in the Group Finance Director's Review on pages 34 to 37. The Board does not, however, consider these categories to be separate reportable segments as they review the entire operations at a consolidated and divisional level when assessing performance and making decisions about the allocation of resources.



## 1. Revenue continued

### Revenue from contracts with customers

An analysis of the Group's revenue is as follows:

	2023 £m	2022 £m
Housing revenue	3,396.3	3,520.6
Non-housing revenue	10.3	16.2
<b>Total revenue</b>	<b>3,406.6</b>	<b>3,536.8</b>

The Group's housing revenue can be analysed as follows:

#### (a) Private/social

	2023 £m	2022 £m
Private	2,931.3	3,190.9
Social	465.0	329.7
<b>Total housing revenue</b>	<b>3,396.3</b>	<b>3,520.6</b>

#### (b) North/South

	2023 £m	2022 £m
North	1,608.8	1,543.9
South	1,787.5	1,976.7
<b>Total housing revenue</b>	<b>3,396.3</b>	<b>3,520.6</b>

## 2. Net legacy building safety expense

graphic removed

Exceptional items are those which, in the opinion of the Board, are material by size or nature and of such significance that they require separate disclosure on the face of the income statement.

graphic removed

### Exceptional items

While preparing these financial statements, a major judgement which the Directors consider could have a significant effect on the financial statements when applying the Group's accounting policies is whether items should be treated as exceptional or not. The Directors assessed each possible exceptional item against a framework incorporating the Group's accounting policy and the accounting requirements of IAS 1 'Presentation of Financial Statements' relating to the separate disclosure of material items of income or expense.

For the years ended 31 July 2023 and 31 July 2022, the Directors considered that the net legacy building safety expense satisfied the requirements to be separately disclosed on the face of the income statement.

Profit before taxation for the years ended 31 July 2023 and 31 July 2022 has been arrived at after recognising the following items in the income statement:

	2023 SRT and associated review £m	2023 Structural defects £m	2023 Total £m	2022 SRT and associated review £m	2022 Structural defects £m	2022 Total £m
Provisions (note 10)	58.1	30.5	88.6	347.0	-	347.0
Reimbursement assets (note 10)	(50.0)	-	(50.0)	(2.8)	-	(2.8)
<b>Net cost of sales</b>	<b>8.1</b>	<b>30.5</b>	<b>38.6</b>	<b>344.2</b>	<b>-</b>	<b>344.2</b>
Finance expenses (notes 10, 16)	11.0	-	11.0	2.0	-	2.0
<b>Total net legacy building safety expense</b>	<b>19.1</b>	<b>30.5</b>	<b>49.6</b>	<b>346.2</b>	<b>-</b>	<b>346.2</b>

The net legacy building safety expense has been expanded in the current financial year to include structural defects relating to a legacy building, as explained below. In previous years, the net legacy building safety expense only included items related to the SRT and associated review.

The income tax rate applied to the total net legacy building safety expense in the income statement is the Group's standard rate of income tax, including both corporation tax and Residential Property Developer Tax ('RPDT'), of 25.0% (2022 - 20.3%).

## Notes to the Financial Statements continued

### 2. Net legacy building safety expense continued

#### SRT and associated review

Bellway's continued commitment to act responsibly with regards to fire safety is reflected by the level of our prudent provisions and the actions the Group has taken since the tragic events at Grenfell in 2017.

On 7 April 2022, as part of the Building Safety Pledge (the 'Pledge'), we announced that this commitment would be extended to a 30-year period to include buildings constructed by the Group since 5 April 1992 and to reimburse the Building Safety Fund and the ACM Funds in accordance with the principles set out in the Pledge. The Group signed the Self-Remediation Terms ('SRT') on 13 March 2023 which converted the principles of the Pledge into a binding agreement for the housebuilding industry. On 25 May 2023, the Group also contractually committed to remediate its legacy buildings in Wales by signing the Pact with The Welsh Ministers (the 'Pact').

In total, for the year ended 31 July 2023 Bellway set aside a net exceptional pre-tax expense of £19.1 million (2022 - £346.2 million), in relation to the SRT and associated review. Of this expense, a net £8.1 million (2022 - £344.2 million) is recognised in cost of sales and an adjusting finance expense of £11.0 million (2022 - £2.0 million) in relation to the unwinding of the discount of the provision to present value. The net amount recognised in cost of sales includes £129.7 million (2022 - £349.5 million) relating to cost estimate increases, which are in part offset by both provision releases of £38.6 million (2022 - £2.5 million) and £33.0 million (2022 - £nil) following an increase in discount rates during the year (note 10).

While the SRT and the Pact relates to developments in England and Wales, Bellway has taken a responsible, UK-wide approach to also provide for works in relation to the small number of apartment buildings the Group has developed in Scotland, where remediation is required. Taking this into consideration, the total amount Bellway has set aside in relation to the SRT and associated review since 2017 is £582.8 million (2022 - £513.7 million). Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

The provision has been calculated using cost estimates based on our extensive experience to date, using analysis of previously tendered works and prudent, professional estimates based on knowledge of known issues. In addition, on developments where full investigations have not yet been undertaken or cost reports obtained, costs to date on similar developments have been used to estimate the likely cost. We have also made assumptions with regards to the likely cost of resolving potential issues, that we have not yet been made aware of, on schemes covered by the extended 30-year period.

The provision calculation uses the expected timings of cash outflows which are adjusted for future estimated cost inflation in accordance with the Build Cost Information Service ('BCIS') index, a leading provider of cost and price information to the construction industry. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as an adjusting finance expense.

The majority of the cash outflow is expected to be over the next four years, although there will be some residual expenditure beyond this. The anticipated timing reflects the complex issues around remediation including identifying the works required, design and planning obligations, interpretation of Publicly Available Specification ('PAS') 9980:2022, liaison and negotiations with building owners, and appointment of contractors.

Notwithstanding these complexities the Group has made good progress with work now completed on 9 developments, underway on 12 developments and works due to commence on a further 2 developments in first half of the new financial year.

The net exceptional cost of sales expense includes one-off cost recoveries of £50.0 million, across several sites, which have been pursued for several years.

Total recoveries recognised since 2017 are £80.0 million (2022 - £30.0 million). Reimbursement assets of £nil (2022 - £nil) remained outstanding at the year end.

#### Structural defects

During the year a structural defect relating to the reinforced concrete frame was identified at a historical high-rise apartment scheme in Greenwich, London with the remediation work expected to cost £30.5 million. This cost estimate is based on an expert third-party report and reflects management's expected scope of works. A provision has been recognised as Bellway has a legal obligation to undertake the remedial work.

The provision calculation uses the expected timings of cash outflows which are adjusted for future estimated cost inflation in accordance with the BCIS index. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as an adjusting finance expense.

The Group is carrying out a review of other buildings constructed by, or on behalf of Bellway, where the same third parties responsible for the design of the frame in the Greenwich development have been involved. To date, no other similar design issues with reinforced concrete frames have been identified.

We are actively seeking recoveries in relation to the structural defect identified, but as these are not virtually certain at the balance sheet date, no reimbursement assets have been recognised.

The cash outflow is expected to be over the next two financial years.

### 3. Cost of sales recognition

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#### Cost of sales recognition

Cost of sales is recognised for completed house sales as an allocation of the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. This is a key estimate made in the financial statements.

To determine the amount of cost of sales that the Group should recognise on its sites/phases in the year, the Group needs to allocate site/phase wide costs between all plots, both those already sold, and those plots to be sold in future periods. The Group generally allocates site/phase wide costs based on expected total revenue unless this does not reflect an appropriate apportionment of the costs. It is also necessary to estimate costs to complete on such sites/phases. In addition, the Group makes estimates in relation to future sales prices on the site/phase. The Group has a number of internal controls to assess and review the reasonableness of estimates made. If housing gross margin decreased by 200 basis points, it is estimated that the quantum of housing cost of sales would increase by around 2.5%.

### 4. Operating profit

#### 4a. Part-exchange properties

graphic removed

#### Part-exchange properties

The purchase and subsequent sale of part-exchange properties is an activity undertaken in order to achieve the sale of a new property. The original sale of private housing is recognised at the fair value of the part-exchange property plus the cash received or receivable (note 1). The fair value of the part-exchange property is equal to the amount assessed by external valuers. The onward sale of a part-exchange property is recognised at the fair value of consideration received or receivable. As it is not considered a principal activity of the Group the income and expenses associated with this are recognised in other operating income and other operating expenses. Income is recognised in the income statement at a point in time when the performance obligations have been satisfied. This is when legal title is transferred.

All other operating income relates to the sale of part-exchange properties and all other operating expenses relate to the associated fair value of the part-exchange properties less costs to sell.

#### 4b. Operating profit is stated after charging

	2023 £m	2022 £m
Staff costs (note 21)	223.2	193.1
Depreciation of property, plant and equipment (note 11)	6.0	6.1
Hire of plant and machinery	17.6	17.1

#### 4c. Auditor's remuneration

	2023 £000	2022 £000
Audit of these financial statements	84	64
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	408	370
Pension scheme audit	20	17

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. The relevant amount paid to the auditor for the audit of financial statements of joint ventures is £0.021 million (2022 – £0.020 million).

## Notes to the Financial Statements continued

### 5. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing earnings by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the Company or Trust which are treated as cancelled).

Diluted earnings per ordinary share uses the same earnings figure as the basic calculation. The weighted average number of shares has been adjusted to reflect the dilutive effect of outstanding share options allocated under employee share schemes where the market value exceeds the option price. Diluted earnings per ordinary share is calculated by dividing earnings by the diluted weighted average number of ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are outlined below:

	Earnings	Weighted average number of ordinary shares	Earnings per share	Earnings	Weighted average number of ordinary shares	Earnings per share
	2023 £m	2023 Number	2023 p	2022 £m	2022 Number	2022 p
For basic earnings per ordinary share	365.0	122,593,350	297.7	242.6	123,227,544	196.9
Dilutive effect of options and awards		600,864	(1.4)		416,029	(0.7)
For diluted earnings per ordinary share	365.0	123,194,214	296.3	242.6	123,643,573	196.2

Underlying basic and underlying diluted earnings per share exclude the effect of adjusting items and any associated net tax amounts. Reconciliations of these are outlined below:

	Underlying earnings	Weighted average number of ordinary shares	Underlying earnings per share	Underlying earnings	Weighted average number of ordinary shares	Underlying earnings per share
	2023 £m	2023 Number	2023 p	2022 £m	2022 Number	2022 p
For basic underlying earnings per ordinary share	402.2	122,593,350	328.1	518.5	123,227,544	420.8
Dilutive effect of options and awards		600,864	(1.6)		416,029	(1.4)
For diluted underlying earnings per ordinary share	402.2	123,194,214	326.5	518.5	123,643,573	419.4

## Taxation

### 6. Taxation

graphic removed

#### Taxation

The charge for taxation is based on the result for the year and takes into account current and deferred taxation. The charge is recognised in the income statement except to the extent that it relates to either items recognised in equity in which case it is recognised in equity or other comprehensive income in which case it is recognised in other comprehensive income.

#### Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 6. Taxation continued

### 6a. Income tax recognised in the income statement

	2023 £m	2022 £m
<b>Current tax expense/(income):</b>		
UK corporation tax	101.8	56.8
Residential property developer tax	18.6	3.5
Adjustments in respect of prior years	0.5	(0.4)
	120.9	59.9
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	(1.6)	0.8
Effect of introduction of residential property developer tax	-	0.8
Adjustments in respect of prior years	(1.3)	0.1
	(2.9)	1.7
<b>Total income tax expense in income statement</b>	<b>118.0</b>	<b>61.6</b>

	2023 %	2023 £m	2022 %	2022 £m
<b>Reconciliation of effective tax rate</b>				
Profit before taxation		483.0		304.2
Tax calculated at UK income tax rate	25.0	120.8	20.3	61.8
Non-taxable income and enhanced deductions	(0.4)	(2.0)	(0.2)	(0.7)
Adjustments in respect of prior years – current tax	0.1	0.5	(0.1)	(0.4)
– deferred tax	(0.3)	(1.3)	-	0.1
Effect of residential property developer tax – deferred tax	-	-	0.2	0.8
Effective tax rate and tax expense for the year	24.4	118.0	20.2	61.6

The effective tax expense is 24.4% of profit before taxation (2022 – 20.2%). Both the standard tax rate and effective tax rate include RPDT.

As part of the UK adoption of the Organisation for Economic Cooperation and Development ('OECD') Pillar Two rules, the UK government announced two new taxes, the Multinational Top-up Tax and the Domestic Top-up Tax which are designed to ensure corporations pay tax at a rate of at least 15%. The Domestic Top-up Tax will apply to the Group from 1 August 2024. As the Group's current effective tax rate is in excess of 15%, it is expected the introduction of this tax will not affect Bellway. The Multinational Top-up Tax is not expected to affect Bellway.

It is currently expected that the Group's standard rate of tax, including RPDT, for the year ending 31 July 2024 will be 29%.

### 6b. Tax recognised in equity and other comprehensive income

	2023 £m	2022 £m
<b>Deferred tax recognised directly in equity and other comprehensive income:</b>		
Credit relating to remeasurements on the defined benefit pension scheme	1.4	0.5
Charge relating to equity-settled transactions	-	(0.3)

## Notes to the Financial Statements continued

### 6. Taxation continued

#### 6c. Deferred taxation

The following are the deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the current and prior year:

Group	Capital allowances £m	Retirement benefit assets £m	Share-based payments £m	Inventory £m	Unutilised tax losses £m	Total £m
At 1 August 2021	(1.1)	(2.6)	0.9	(4.5)	–	(7.3)
Income statement charge	(0.5)	–	(0.5)	(0.7)	–	(1.7)
Credit to statement of comprehensive income	–	0.5	–	–	–	0.5
Charge to equity	–	–	(0.3)	–	–	(0.3)
At 31 July 2022	(1.6)	(2.1)	0.1	(5.2)	–	(8.8)
Income statement credit	0.2	–	0.2	1.1	1.4	2.9
Credit to equity	–	1.4	–	–	–	1.4
<b>At 31 July 2023</b>	<b>(1.4)</b>	<b>(0.7)</b>	<b>0.3</b>	<b>(4.1)</b>	<b>1.4</b>	<b>(4.5)</b>

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2023 £m	2022 £m
Share-based payments	0.3	0.1
Unutilised tax losses	1.4	–
<b>Deferred tax assets</b>	<b>1.7</b>	<b>0.1</b>
Capital allowances	(1.4)	(1.6)
Retirement benefit assets	(0.7)	(2.1)
Inventory	(4.1)	(5.2)
<b>Deferred tax liabilities</b>	<b>(6.2)</b>	<b>(8.9)</b>
<b>Net deferred tax liability</b>	<b>(4.5)</b>	<b>(8.8)</b>

The carrying amount of the gross deferred tax assets are reviewed at each balance sheet date and are recognised to the extent that there will be sufficient taxable profits to allow the asset to be recovered.

The deferred tax assets/(liabilities) held by the Group at the start of the comparative year were revalued at the substantively enacted corporation tax rate that will be effective when they are expected to be realised. The deferred tax assets/(liabilities) were revalued at 29%, following the introduction of RPDT on 1 April 2022. The deferred tax assets/(liabilities) were previously recognised at 25% to take into account the increase in the UK corporation tax rate from 1 April 2023 that was substantively enacted in May 2021.

There are no deferred tax balances in respect of the Company.

## Working capital

### 7. Inventories

graphic removed

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, in relation to work-in-progress and showhomes, comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Land comprises: land held for development; options purchased in respect of land; investments in land without the benefit of planning consent; and, promotion agreements in respect of land without the benefit of planning consent.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. A provision is made for any irrecoverable amounts. Where, through deferred payment terms, the fair value of land purchased differs from the amount that will subsequently be paid in settling the liability, the difference is charged as a finance expense in the income statement over the period to settlement.

Options purchased in respect of land are capitalised initially at cost. Regular reviews are carried out for impairment in the value of these options and provisions made accordingly to reflect loss of value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

Promotion agreements in respect of land without the benefit of planning consent comprise initial costs of entering into the agreements. These costs are capitalised initially at cost. Regular reviews are carried out for impairment in the values of these costs incurred and provisions made accordingly to reflect loss of value. The impairment reviews consider the likelihood of securing planning permission, the successful marketing of the site and the remaining life of the promotion agreement.

graphic removed

#### Carrying amount of land held for development and work-in-progress

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work-in-progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. If a 10% increase was applied to the inventories net realisable provision, this would not have a material effect on the carrying value of work-in-progress and land held for development at the year end.

For both the years ended 31 July 2023 and 31 July 2022, a full review of inventories has been performed and write downs have been made where cost exceeds net realisable value. Estimated selling prices have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the Board's assessment of current market conditions.

## Notes to the Financial Statements continued

### 7. Inventories continued

Group	2023 £m	2022 £m
Land	2,578.8	2,786.4
Work-in-progress	1,861.6	1,524.8
Showhomes	117.2	107.0
Part-exchange properties	18.0	5.4
	<b>4,575.6</b>	<b>4,423.6</b>

Inventories of £2,662.0 million were expensed in the year (2022 – £2,693.7 million).

In the ordinary course of business, inventories have been written down by a net £18.4 million in the year (2022 – £4.8 million).

Land with a carrying value of £212.0 million (2022 – £295.6 million) was used as security for land payables (note 9).

Land includes £1,913.3 million (2022 – £1,812.3 million) which is owned or unconditionally contracted by the Group and where there is an implementable detailed planning permission.

During the current year, the Group acquired 100% of the share capital of a private limited company to access land and work-in-progress interests of £25.4 million. During the prior year, the Group acquired 100% of the share capital of a private limited company to access land interests of £8.4 million. These acquisitions did not satisfy the requirements of a business combination, therefore the inventory relating to these amounts is included in 'land' and 'work-in-progress' in the above table.

The anticipated costs relating to the adoption of the Future Homes Standard in 2025, and the interim standard in 2023, are included within the carrying value of inventories as at 31 July 2023, where appropriate.

The Directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of factors including consumer demand and planning permission delays.

The Company has no inventory.

### 8. Trade and other receivables

graphic removed

#### Trade and other receivables

Trade and other receivables are stated at their fair value at the date of initial recognition and subsequently at amortised cost less allowances for impairment. Amounts recoverable on certain social housing contracts where revenue is recognised over time are included in trade receivables to the extent that they have been invoiced, or if not they are included within prepayments and accrued income, and are stated as the amount due less any foreseeable losses.

The loss allowance for amounts owed by Group undertakings is equal to the 12-month expected credit losses unless there has been a significant increase in credit risk since the date of initial recognition, in which case the loss allowance is equal to the lifetime expected credit loss. A significant increase in credit risk is deemed to have occurred if a review of available information indicates an increased probability of default.

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>Current receivables</b>				
Trade receivables	34.6	47.5	–	–
Other receivables	36.5	59.2	–	–
Amounts owed by Group undertakings	–	–	443.2	509.7
Prepayments and accrued income	17.2	7.9	0.6	–
	<b>88.3</b>	<b>114.6</b>	<b>443.8</b>	<b>509.7</b>

The Group assesses the ageing of trade receivables in accordance with the policy on page 76. None of the trade receivables are past their due dates (2022 – £nil), and are therefore all rated as low risk.

Other receivables includes £26.1 million (2022 – £43.7 million) in relation to VAT recoverable.

Included within prepayments and accrued income are non-current prepayments of £0.4 million (2022 – £0.5 million).

The Group has assessed expected credit losses and the loss allowance for trade and other receivables as immaterial.

The Company has assessed expected credit losses and the loss allowance for amounts owed by Group undertakings and other receivables as immaterial.



## 9. Trade and other payables

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### Trade and other payables

Trade and other payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on deferred terms, most notably in relation to land purchases, are recorded initially at the fair value of all expected future payments. The discount to nominal value is amortised over the period to settlement and charged to finance expenses.

graphic removed

### Leases

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's 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. Subsequently, 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.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented in property, plant and equipment on the balance sheet and lease liabilities are shown on the balance sheet in trade and other payables in current liabilities and non-current liabilities.

graphic removed

### Payments on account

Payments on account, measured at amortised cost, are recorded as a liability on receipt and are released to the income statement when revenue is recognised in accordance with the Group's revenue recognition policy.

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>Non-current liabilities</b>				
Land payables	95.4	92.3	-	-
Lease liabilities	11.9	14.3	-	-
	<b>107.3</b>	<b>106.6</b>	<b>-</b>	<b>-</b>

Land payables of £68.8 million (2022 - £60.8 million) are secured on the land to which they relate.

The carrying value of the land used for security is £65.4 million (2022 - £59.9 million).

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>Current liabilities</b>				
Trade payables	306.2	284.0	-	-
Land payables	273.4	301.1	-	-
Social security and other taxes	7.7	7.2	-	-
Other payables	5.0	9.2	0.1	0.1
Lease liabilities	3.1	2.9	-	-
Accrued expenses	147.0	147.6	-	-
Payments on account	123.9	178.2	-	-
Share buyback obligation	34.5	-	34.5	-
	<b>900.8</b>	<b>930.2</b>	<b>34.6</b>	<b>0.1</b>

Land payables of £151.7 million (2022 - £240.1 million) are secured on the land to which they relate.

The carrying value of the land used for security is £146.6 million (2022 - £235.7 million).

## Notes to the Financial Statements continued

### 9. Trade and other payables continued

Payments on account comprises deposits received in advance which are contract liabilities. Deposits received in advance are typically held for up to 18 months before the associated performance obligations are satisfied and the revenue is recognised. The majority of these contract liabilities as at 31 July 2022 have been recognised as revenue in the current year. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 July 2023 is £1,193.5 million<sup>2</sup> (2022 - £2,114.3 million), the majority of which is expected to be recognised as revenue during the next financial year.

On 19 June 2023, the Group entered into an irrevocable non-discretionary share buyback programme to purchase up to £50.0 million of shares as part of Tranche 2 of our share buyback programme. The remaining share buyback of £34.5 million outstanding at 31 July 2023 was recognised as a financial liability.

### 10. Provisions and reimbursement assets

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#### Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past transaction or event, and it is probable that the Group will be required to settle that obligation either due to known data or based on historical data and a weighting of possible outcomes against their associated probabilities. 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 the present value using a UK risk free discount rate reflecting the period of the expected cashflow, where the effect is material.

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#### SRT and associated review

The Directors consider that their assessment and judgement of the SRT and associated review provision, in accordance with the Group's accounting policies, could have a significant effect on the Group's financial statements.

The Directors have established whether any remedial works are required to be performed on certain sites and if so, have then assessed whether there is a legal or constructive obligation at the balance sheet date. A legal obligation, assessed on a site-by-site basis, is present if Bellway is the responsible person for the site or if the building was constructed within a specified time period. A constructive obligation is present if Bellway has communicated to the involved parties (such as residents and building owners) that it will undertake the remedial works. If the Group has identified that it has a legal or constructive obligation then a provision has been recognised for the latest estimated cost of the remedial works.

This is a highly complex area with judgements in respect of the extent of those properties within the scope of Bellway's SRT and associated review provision, the scope of the works and the provision could be extended should the scope of the SRT or latest interpretation of government guidance further evolve (note 24).

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#### SRT and associated review

The SRT and associated review provision has been established to carry out remedial corrective works on a number of schemes. Management have estimated the cost of the corrective works for the current anticipated scope, but this is inherently uncertain as the improvement works are at an early or investigative stage on most affected sites. These estimates may change over time as further information is assessed, building works progress and the interpretation of the scope of the SRT or fire safety regulations further evolve. If:

- cost estimates increase by 5%, the provision at 31 July 2023 would increase by around £24 million.
- the discount rate increases by 100 bps, the provision at 31 July 2023 would decrease by around £11 million.

## 10. Provisions and reimbursement assets continued

	SRT and associated review			Structural defects			Total legacy building safety improvements		
	Provision £m	Reimbursement assets £m	Total £m	Provision £m	Reimbursement assets £m	Total £m	Provision £m	Reimbursement assets £m	Total £m
At 1 August 2022	(441.5)	-	(441.5)	-	-	-	(441.5)	-	(441.5)
Adjusting item - cost of sales (note 2)	(58.1)	50.0	(8.1)	(30.5)	-	(30.5)	(88.6)	50.0	(38.6)
Analysed as:									
Additions	(129.7)	50.0	(79.7)	(30.5)	-	(30.5)	(160.2)	50.0	(110.2)
Released	38.6	-	38.6	-	-	-	38.6	-	38.6
Change in discount rate	33.0	-	33.0	-	-	-	33.0	-	33.0
Utilised/(received)	32.9	(50.0)	(17.1)	-	-	-	32.9	(50.0)	(17.1)
Unwinding of discount (notes 2, 16)	(11.0)	-	(11.0)	-	-	-	(11.0)	-	(11.0)
<b>At 31 July 2023</b>	<b>(477.7)</b>	<b>-</b>	<b>(477.7)</b>	<b>(30.5)</b>	<b>-</b>	<b>(30.5)</b>	<b>(508.2)</b>	<b>-</b>	<b>(508.2)</b>

The provision is classified as follows:

	SRT and associated review £m	Structural defects £m	Total legacy building safety improvements £m
Current	(99.6)	(5.1)	(104.7)
Non-current	(378.1)	(25.4)	(403.5)
<b>Total</b>	<b>(477.7)</b>	<b>(30.5)</b>	<b>(508.2)</b>

The Group has established a provision for the cost of performing fire remedial works on a number of legacy developments and a structural defect relating to a historical high rise apartment scheme (note 2).

The Company has no provisions.

## Investing activities

### 11. Property, plant and equipment

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#### Property, plant and equipment

Items are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over their estimated useful lives over the following number of years:

- Plant, fixtures and fittings - 3 to 10 years.
- Freehold buildings - 40 years.

Freehold land is not depreciated.

#### Right-of-use assets

The accounting policy for leases is included in note 9.

## Notes to the Financial Statements continued

## 11. Property, plant and equipment continued

Group	Land and property £m	Plant, fixtures and fittings £m	Right-of-use assets £m	Total £m
<b>Cost</b>				
At 1 August 2021	16.6	17.3	23.7	57.6
Additions	0.3	1.9	3.2	5.4
Disposals	–	(3.2)	(1.7)	(4.9)
At 1 August 2022	16.9	16.0	25.2	58.1
Additions	1.3	1.4	1.0	3.7
Disposals	–	(1.3)	(1.5)	(2.8)
<b>At 31 July 2023</b>	<b>18.2</b>	<b>16.1</b>	<b>24.7</b>	<b>59.0</b>
<b>Depreciation</b>				
At 1 August 2021	2.9	10.7	8.3	21.9
Charge for year	0.4	2.4	3.3	6.1
On disposals	–	(2.4)	(1.7)	(4.1)
At 1 August 2022	3.3	10.7	9.9	23.9
Charge for year	0.4	2.3	3.3	6.0
On disposals	–	(1.2)	(1.4)	(2.6)
<b>At 31 July 2023</b>	<b>3.7</b>	<b>11.8</b>	<b>11.8</b>	<b>27.3</b>
<b>Net book value</b>				
<b>At 31 July 2023</b>	<b>14.5</b>	<b>4.3</b>	<b>12.9</b>	<b>31.7</b>
At 31 July 2022	13.6	5.3	15.3	34.2
At 31 July 2021	13.7	6.6	15.4	35.7

The Company has no property, plant and equipment.

## 12. Financial assets and equity accounted joint arrangements, and investments in subsidiaries

**Investments in subsidiaries**

Interests in subsidiary undertakings are valued in the Company financial statements at cost less impairment.

The subsidiary undertakings and joint arrangements in which the Group has interests are incorporated in England and Wales. In each case their principal activity is related to housebuilding. At 31 July 2023, the Group was made up of 24 subsidiaries and 8 joint arrangements. Further details are included in note 26.

Where Bellway owns 100% of the voting rights of a business, the company is considered to be controlled by Bellway and is treated as a subsidiary.

The Group and Company had the following investments or financial assets in subsidiaries and joint arrangements at 31 July:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
<b>Subsidiary undertakings</b>				
Interest in subsidiary undertakings' shares at cost	–	–	<b>48.0</b>	43.5
<b>Financial assets and equity accounted joint arrangements</b>				
Financial assets – loan to joint ventures	<b>38.6</b>	20.9	–	–
Interest in joint ventures – equity	<b>4.9</b>	9.3	–	–
	<b>43.5</b>	30.2	–	–
	<b>43.5</b>	30.2	<b>48.0</b>	43.5

## 12. Financial assets and equity accounted joint arrangements, and investments in subsidiaries continued

The movement on both the equity accounted joint ventures and related financial assets during the year is as follows:

	2023 £m	2022 £m
At the start of the year	30.2	55.3
Increase in loans	17.7	2.9
Repayment of loans	-	(21.6)
Dividends received from equity accounted joint ventures	(3.0)	(15.7)
Share of result	(1.4)	9.3
At the end of the year	43.5	30.2

## 13. Joint arrangements

DfE TW Residential Limited, Cramlington Developments Limited, Leebell Developments Limited and Langley Sustainable Urban Extension Limited are classified as joint operations as the shareholders have substantially all of the economic benefit of the assets and fund the liabilities of the entities.

Ponton Road LLP, Fradley Residential LLP, Lambeth Regeneration LLP and Bellway Latimer Cherry Hinton LLP are classified as joint ventures as the Group has rights to the net assets of the arrangements rather than the individual assets and liabilities.

The Group's share of the joint ventures' net assets/(liabilities) and income/(expenses) are made up as follows:

	2023					2022				
	Ponton Road LLP	Fradley Residential LLP	Bellway Latimer Cherry Hinton LLP	Other joint ventures	Total	Ponton Road LLP	Fradley Residential LLP	Bellway Latimer Cherry Hinton LLP	Other joint ventures	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Current assets	0.7	16.3	43.8	4.7	65.5	4.7	15.9	36.9	2.8	60.3
Current liabilities	(0.9)	(1.7)	(42.9)	(4.7)	(50.2)	(2.4)	(1.8)	(26.6)	(2.8)	(33.6)
Non-current liabilities	-	(4.6)	(5.8)	-	(10.4)	-	(5.4)	(12.0)	-	(17.4)
<b>Share of net assets/(liabilities) of joint ventures</b>	<b>(0.2)</b>	<b>10.0</b>	<b>(4.9)</b>	<b>-</b>	<b>4.9</b>	<b>2.3</b>	<b>8.7</b>	<b>(1.7)</b>	<b>-</b>	<b>9.3</b>
Revenue	3.9	6.7	-	-	10.6	49.0	9.2	-	-	58.2
Costs	(3.5)	(5.4)	(0.6)	-	(9.5)	(40.2)	(7.2)	-	-	(47.4)
Operating profit	0.4	1.3	(0.6)	-	1.1	8.8	2.0	-	-	10.8
Interest	0.1	-	(2.6)	-	(2.5)	-	(0.1)	(1.4)	-	(1.5)
<b>Share of result of joint ventures</b>	<b>0.5</b>	<b>1.3</b>	<b>(3.2)</b>	<b>-</b>	<b>(1.4)</b>	<b>8.8</b>	<b>1.9</b>	<b>(1.4)</b>	<b>-</b>	<b>9.3</b>
<b>Share of dividends paid to joint venture partners</b>	<b>(3.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.0)</b>	<b>(15.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15.7)</b>

Guarantees relating to the overdrafts of the joint arrangements have been given by the Company (see note 24).

The Group has assessed expected credit losses and the loss allowance for joint venture financial assets as immaterial.

## 14. Commitments

### Capital commitments

Group	2023 £m	2022 £m
Contracted not provided	-	-
Authorised not contracted	-	1.5

### Company

The commitments of the Company were £nil (2022 - £nil).

## Notes to the Financial Statements continued

## Financing

## 15. Net cash

graphic removed

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits). The Group utilises bank overdraft facilities, which are repayable on demand, as part of its cash management policy. As a consequence, bank overdrafts are included as a component of net cash and cash equivalents within the cash flow statement.

Where bank agreements include a legal right of offset for in hand and overdraft balances, and the Group intends to settle the net outstanding position, the related balances are offset to record the net position in the balance sheet.

graphic removed

**Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are stated at their fair value at the date of initial recognition and subsequently at amortised cost.

## 15a. Reconciliation of net cash flow to net cash

	2023 £m	2022 £m
<b>Group</b>		
Decrease in net cash and cash equivalents	(13.3)	(85.0)
Decrease in net cash from cash flows	(13.3)	(85.0)
Net cash at 1 August	245.3	330.3
<b>Net cash at 31 July</b>	<b>232.0</b>	<b>245.3</b>
<b>Company</b>		
Increase in net cash and cash equivalents	0.1	–
Increase in net cash from cash flows	0.1	–
Net cash at 1 August	52.8	52.8
<b>Net cash at 31 July</b>	<b>52.9</b>	<b>52.8</b>

The Group is party to banking agreements that include a legal right of offset, which enables the overdraft balances within subsidiary entities of £7.8 million (2022: £7.6 million) to be settled net with in hand cash balances.

## 15b. Analysis of net cash

	At 1 August 2022 £m	Cash flows £m	At 31 July 2023 £m
<b>Group</b>			
Cash and cash equivalents	375.3	(13.3)	<b>362.0</b>
Fixed rate sterling USPP notes	(130.0)	–	<b>(130.0)</b>
<b>Net cash</b>	<b>245.3</b>	<b>(13.3)</b>	<b>232.0</b>
<b>Company</b>			
Cash and cash equivalents	52.8	0.1	<b>52.9</b>
<b>Net cash</b>	<b>52.8</b>	<b>0.1</b>	<b>52.9</b>

## 16. Finance income and expenses

graphic removed

### Finance income and expenses

Finance income includes interest receivable on bank deposits.

Finance expenses includes interest on bank borrowings and fixed rate sterling USPP notes. The discounting of both the deferred payments for land purchases and provisions produces a notional interest payable amount and this is also charged to finance expenses.

	2023 £m	2022 £m
Interest receivable on bank deposits	7.2	0.5
Net interest on defined benefit asset	0.3	0.1
Other interest receivable	2.4	1.0
<b>Finance income</b>	<b>9.9</b>	<b>1.6</b>
	2023 £m	2022 £m
Interest payable on bank loans and overdrafts	2.8	2.5
Interest payable on fixed rate sterling USPP notes	3.4	3.4
Interest on deferred term land payables	13.1	7.3
Unwinding of the discount on the SRT and associated review provision	11.0	2.0
Interest payable on leases	0.5	0.5
<b>Finance expenses</b>	<b>30.8</b>	<b>15.7</b>

The unwinding of the discount on the SRT and associated review provision is an adjusting item (note 2).

## 17. Financial instruments

graphic removed

### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Group has transferred those rights and substantially all the risks and rewards of the asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

graphic removed

### Land purchased on deferred terms

The Group sometimes acquires land on deferred payment terms. In accordance with IFRS 9 'Financial Instruments' the creditor is initially recorded at fair value, being the price paid for the land discounted to present day, and subsequently at amortised cost. The difference between the nominal value and the initial fair value is amortised over the deferred term to finance expenses, increasing the land creditor to its full cash settlement value on the payment date.

graphic removed

### Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements in accordance with IFRS 9 and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The maturity profile of the total contracted cash payments in respect of amounts due on land creditors at the balance sheet date is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	More than 5 years £m
<b>At 31 July 2023</b>	<b>368.8</b>	<b>381.1</b>	<b>276.0</b>	<b>61.6</b>	<b>26.0</b>	<b>17.5</b>
At 31 July 2022	393.4	401.5	304.6	72.2	18.7	6.0

## Notes to the Financial Statements continued

### 17. Financial instruments continued

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately above) is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within 1 year or on demand £m	1-2 years £m	2-5 years £m	More than 5 years £m
Trade and other payables (excluding lease liabilities)	311.2	311.2	311.2	-	-	-
Fixed rate sterling USPP notes	130.0	149.8	3.4	3.4	89.4	53.6
Lease liabilities	15.0	17.5	3.6	3.6	6.5	3.8
Share buyback obligation	34.5	34.5	34.5	-	-	-
<b>At 31 July 2023</b>	<b>490.7</b>	<b>513.0</b>	<b>352.7</b>	<b>7.0</b>	<b>95.9</b>	<b>57.4</b>
Trade and other payables (excluding lease liabilities)	293.2	293.2	293.2	-	-	-
Fixed rate sterling USPP notes	130.0	153.2	3.4	3.4	10.3	136.1
Lease liabilities	17.2	18.9	3.3	3.3	7.1	5.2
<b>At 31 July 2022</b>	<b>440.4</b>	<b>465.3</b>	<b>299.9</b>	<b>6.7</b>	<b>17.4</b>	<b>141.3</b>

The imputed interest rate on land payables reflects market interest rates available to the Group on floating rate bank loans at the time of acquiring the land.

At the year end, the Group had £400.0 million (2022 - £400.0 million) of undrawn bank facilities available.

#### Cash and cash equivalents

This comprises cash held by the Group and short-term bank deposits with a maturity date of less than one month.

The amount of cash and cash equivalents for the years ended 31 July 2023 and 31 July 2022 for both the Group and the Company are shown in note 15.

The average interest rate earned on the cash and cash equivalents balance as at 31 July 2023, excluding joint ventures, was 4.16% (2022 - 0.43%).

#### Fair values

The carrying values of financial assets and liabilities reasonably approximate their fair values.

#### Financial assets and liabilities by category

The carrying values and fair values of the financial assets and liabilities of the Group and the Company are as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Loans and receivables	109.7	127.6	443.2	509.7
Cash and cash equivalents	362.0	375.3	52.9	52.8
Financial liabilities at amortised cost	(859.5)	(833.8)	(34.6)	(0.1)
	<b>(387.8)</b>	<b>(330.9)</b>	<b>461.5</b>	<b>562.4</b>

#### Reconciliation of liabilities arising from financing activities

Group	At 1 August £m	Net cash flows £m	New leases £m	Share buyback programme £m	Disposals £m	Interest £m	At 31 July £m
Fixed rate sterling USPP notes	130.0	(3.4)	-	-	-	3.4	130.0
Lease liabilities	17.2	(3.5)	1.0	-	(0.2)	0.5	15.0
Share buyback obligation	-	(66.0)	-	100.5	-	-	34.5
<b>At 31 July 2023</b>	<b>147.2</b>	<b>(72.9)</b>	<b>1.0</b>	<b>100.5</b>	<b>(0.2)</b>	<b>3.9</b>	<b>179.5</b>
Fixed rate sterling USPP notes	130.0	(3.4)	-	-	-	3.4	130.0
Lease liabilities	17.2	(2.9)	3.2	-	(0.8)	0.5	17.2
<b>At 31 July 2022</b>	<b>147.2</b>	<b>(6.3)</b>	<b>3.2</b>	<b>-</b>	<b>(0.8)</b>	<b>3.9</b>	<b>147.2</b>

Cash flows relating to interest are included within interest paid in cash flows from operating activities, within the cash flow statement.

There were no liabilities arising from financing activities within the Company.



## 17. Financial instruments continued

### Bank facilities

The Group had bank facilities of £400.0 million as at 31 July 2023 (2022 - £400.0 million) which expire during the course of the following financial years:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
By 31 July 2023	-	50.0	-	-
By 31 July 2024	-	245.0	-	-
By 31 July 2025	50.0	30.0	-	-
By 31 July 2026	100.0	75.0	-	-
By 31 July 2027	100.0	-	-	-
By 31 July 2028	150.0	-	-	-
	<b>400.0</b>	<b>400.0</b>	<b>-</b>	<b>-</b>

### Fixed rate sterling USPP notes

During 2021, the Group entered a contractual arrangement to issue fixed rate sterling USPP notes for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements. This USPP debt has a weighted average fixed coupon of 2.7%, is fully drawn down at year end and expires during the course of the following financial years:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
By 31 July 2028	80.0	80.0	-	-
By 31 July 2031	50.0	50.0	-	-
	<b>130.0</b>	<b>130.0</b>	<b>-</b>	<b>-</b>

### Capital management

The Group is financed through the proceeds of issued ordinary shares, reinvested profits and cash in hand less debt. The following table analyses the capital structure:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Equity	3,461.6	3,367.8	509.7	605.9
Net debt	-	-	-	-
Capital employed	<b>3,461.6</b>	<b>3,367.8</b>	<b>509.7</b>	<b>605.9</b>

### Risks

Details of the risks relating to financial instruments are set out in the Risk Management section on page 76.

### Company

#### Relating to subsidiaries

The Company is a guarantor to bank and USPP indebtedness of other companies within the Group. Based on the liquidity and expected cash generation of these other companies, the expected credit loss in respect of these financial guarantees, as at 31 July, is not expected to be significant. As a result, no liability has been recognised in these financial statements (2022 - nil). A potential liability may arise if one of the companies that is part of the cross-guarantee defaults. Each guarantor, including the Company, would be liable to cover any outstanding amounts.

#### Relating to joint arrangements

The Company has guaranteed the overdrafts of joint arrangements up to a maximum of £0.3 million (2022 - £0.3 million). It is the Directors' expectation that the possibility of cash outflow on these liabilities is considered minimal and no provision is required.

## Notes to the Financial Statements continued

## Shareholder capital

## 18. Issued capital

graphic removed

**Classification of equity instruments and financial liabilities issued by the Group**

Equity instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

## Group and Company

	2023 Number 000	2023 £m	2022 Number 000	2022 £m
<b>Allotted, called up and fully paid 12.5p ordinary shares</b>				
At start of year	123,486	15.4	123,396	15.4
Issued on exercise of options	2	-	90	-
Cancellation of shares	(2,929)	(0.4)	-	-
At end of year	120,559	15.0	123,486	15.4

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year, the Company purchased 2,928,794 of its own ordinary shares for a total consideration of £66.0 million, including transaction costs of £0.5 million. All shares purchased were for cancellation, as part of the £100.0 million share buyback programme entered into on 28 March 2023. During the year 2,928,794 shares were cancelled and nil were held in treasury by the Company.

## 19. Reserves

graphic removed

**Own shares held by ESOP trust**

Transactions of the Company-sponsored ESOP trust are included in both the Group financial statements and the Company's own financial statements. The purchase of shares in the Company by the trust are charged directly to equity.

**Share premium**

This reserve is not distributable.

**Own shares held**

The Group and Company holds shares within the Bellway Employee Share Trust (1992) (the 'Trust') for participants of certain share-based payment schemes as outlined in note 23. The cost of these is charged to retained earnings. During the period nil (2022 - 268,240) shares were purchased by the Trust and the Trust transferred 3,913 (2022 - 38,978) shares to employees and Directors. The number of shares held within the Trust and on which dividends have been waived, at 31 July 2023 was 327,202 (2022 - 331,115). These shares are held within the financial statements at a cost of £8.8 million (2022 - £8.9 million). The market value of these shares at 31 July 2023 was £7.3 million (2022 - £8.1 million).

**Capital redemption reserve**

On 7 April 2014 the Company redeemed 20,000,000 £1 preference shares, being all of the preference shares in issue. An amount of £20.0 million, equivalent to the nominal value of the shares redeemed, was transferred to a capital redemption reserve on the same date.

During the year, the Company purchased 2,928,794 of its own shares which it cancelled. On cancellation of the shares, the aggregate nominal value of £0.4 million was transferred from share capital to the capital redemption reserve.

This reserve is not distributable.

## 20. Dividends on equity shares

graphic removed

### Dividends

Dividends on equity shares are recognised as a liability in the period in which they are approved by the shareholders. Interim dividends are recognised when paid.

	2023 £m	2022 £m
<b>Amounts recognised as distributions to equity holders in the year:</b>		
Final dividend for the year ended 31 July 2022 of 95.0p per share (2021 – 82.5p)	<b>117.0</b>	101.8
Interim dividend for the year ended 31 July 2023 of 45.0p per share (2022 – 45.0p)	<b>54.7</b>	55.4
	<b>171.7</b>	157.2
Proposed final dividend for the year ended 31 July 2023 of 95.0p per share (2022 – 95.0p)	<b>114.5</b>	117.0

The 2023 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 15 December 2023 and, in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these financial statements. At the record date for the final dividend for the year ended 31 July 2022, shares were held by the Bellway Employee Share Trust (1992) (the 'Trust') on which dividends had been waived (see note 19).

The level of distributable reserves are sufficient in comparison to the proposed dividend.

## Directors and employees

### 21. Employee information

Group employment costs, including directors, comprised:

	2023 £m	2022 £m
Wages and salaries	<b>191.5</b>	167.0
Social security	<b>18.4</b>	16.2
Pension costs (note 22)	<b>8.8</b>	6.8
Share-based payments (note 23)	<b>4.5</b>	3.1
	<b>223.2</b>	193.1

The average number of persons employed by the Group during the year was 3,130 (2022 – 2,978) comprising 1,170 (2022 – 1,116) administrative and 1,960 (2022 – 1,862) production and others employed in housebuilding and associated trading activities.

The Executive Directors and the Group General Counsel and Company Secretary are the only employees of the Company and the emoluments of the Executive Directors are disclosed in the Report of the Board on Directors' Remuneration on pages 126 to 138.

Key management personnel remuneration, including directors, comprised:

	2023 £m	2022 £m
Salaries and fees	<b>3.3</b>	3.1
Taxable benefits	<b>0.2</b>	0.2
Annual cash bonus	<b>0.6</b>	2.7
Pension costs	<b>0.1</b>	0.1
Share-based payments	<b>1.7</b>	1.6
	<b>5.9</b>	7.7

Key management personnel, as disclosed under IAS 24 'Related party disclosures', comprises the Directors and other senior operational management.

## Notes to the Financial Statements continued

### 22. Retirement benefit assets

graphic removed

#### Employee benefits – retirement benefit costs

The net defined benefit scheme asset or liability is the fair value of scheme assets less the present value of the defined benefit obligation at the balance sheet date. The calculation is performed by a qualified actuary using the projected unit credit method. All remeasurement gains and losses are recognised immediately in the Statement of Comprehensive Income ('SOCI'). Net interest income/(cost) is calculated on the defined benefit asset/(liability) for the period by applying the discount rate used to measure the defined benefit liability at the start of the year. Return on plan assets in excess of the amounts included in the net interest cost are recognised in the SOCI.

Defined contribution pension costs are charged to the income statement in the period for which contributions are payable.

#### (a) Retirement benefit assets

The Group sponsors the Bellway plc 1972 Pension Scheme (the 'Scheme') which has a funded final salary defined benefit arrangement which is closed to new members and to future service accrual. The Group also sponsors the Bellway plc 2008 Group Self Invested Personal Pension Plan ('GSIPP') which is a defined contribution contract-based arrangement.

Contributions of £8.8 million (2022 – £6.8 million) were charged to the income statement for the GSIPP.

#### (b) Role of Trustees

The Scheme is managed by the Trustees, who are appointed by either the Company or the members. The role of the Trustees is to manage the Scheme in line with the Scheme trust deed and rules, to act prudently, responsibly and honestly, impartially and in the interests of all beneficiaries. The main responsibilities of the Trustees are to agree with the employer the level of contributions to the Scheme and to make sure these are paid, to decide how the Scheme's assets are invested so the Scheme is able to meet its liabilities, and to oversee that the payment of benefits, record keeping and administration of the Scheme complies with the Scheme trust deed and rules and legislation.

#### (c) Funding

UK legislation requires that pension schemes are funded prudently (i.e. to a level in excess of the current expected cost of providing benefits). The last full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 31 July 2020 and updated on an approximate basis to 31 July 2023.

With regard to the Scheme, regular contributions made by the employer over the financial year were £nil (2022 – £nil).

The employer paid no special contributions (2022 – £nil) and reimbursed the pension fund £nil (2022 – £0.3 million) for expenses incurred by the fund.

The Group is expected to make no regular contributions during the year ending 31 July 2024.

#### (d) Regulation

The UK pensions market is regulated by the Pensions Regulator whose key statutory objectives in relation to UK defined benefit plans are:

- to protect the benefits of members of occupational pension schemes;
- to promote, and to improve understanding of the good administration of work-based pension schemes;
- to reduce the risk of situations arising which may lead to compensation being payable from the Pension Protection Fund, and
- to maximise employer compliance with employer duties and the employment safeguards introduced by the Pensions Act 2008.

#### (e) Risk

The Scheme exposes the Group to a number of risks, the most significant are:

Risk	Description
Asset volatility	The Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. However, a significant proportion of the Scheme's assets are invested in growth assets, such as equities, that would be expected to outperform corporate bonds in the long-term but create volatility and risk in the short-term.
Inflation risk	A significant proportion of the Scheme's defined benefit obligation is linked to inflation, with higher inflation increasing the liabilities. However, there are caps of either a 3% (CPI) or 5% p.a. (RPI) increase in place to limit the effect of higher inflation.
Life expectancy	The majority of the Scheme's liabilities are to provide a pension for the life of the member, with any increase in life expectancy also increasing the Scheme's defined benefit obligation.

The Group and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes liability driven investment funds which invest in assets such as gilts, swaps and repurchase agreements. The purpose of the liability driven investment funds is to significantly reduce the volatility of the Plan's funding level by mitigating inflation and interest rate risks, as the liability driven investment funds match the movements in interest rates and inflation closely.

## 22. Retirement benefit asset continued

### Movements in net defined benefit assets

	Defined benefit obligation		Fair value of Scheme assets		Net defined benefit asset	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Balance at 1 August	(48.9)	(63.6)	56.0	73.8	7.1	10.2
<b>Included in the income statement</b>						
Interest (expense)/income	(1.7)	(1.1)	2.0	1.2	0.3	0.1
	(1.7)	(1.1)	2.0	1.2	0.3	0.1
<b>Included in other comprehensive income/(expense)</b>						
Remeasurement gain arising from:	-	-	-	-	-	-
- Change in demographic and financial assumptions	8.8	14.5	-	-	8.8	14.5
- Experience adjustments	(2.1)	(0.6)	-	-	(2.1)	(0.6)
Return on plan assets excluding interest income	-	-	(11.6)	(17.4)	(11.6)	(17.4)
	6.7	13.9	(11.6)	(17.4)	(4.9)	(3.5)
<b>Other</b>						
Contributions paid by the employer	-	-	-	0.3	-	0.3
Benefits paid	2.4	1.9	(2.4)	(1.9)	-	-
	2.4	1.9	(2.4)	(1.6)	-	0.3
<b>Balance at 31 July</b>	<b>(41.5)</b>	<b>(48.9)</b>	<b>44.0</b>	<b>56.0</b>	<b>2.5</b>	<b>7.1</b>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 12 years (2022 - 14 years).

### Scheme assets

The fair value of the Scheme assets is:

	2023 £m	2022 £m
Diversified growth fund	14.7	21.5
Government bonds	-	8.9
Corporate bonds	5.2	7.8
Liability driven instruments	18.7	11.3
Insurance policies annuities	5.2	6.0
Cash and cash equivalents	0.2	0.5
<b>Total</b>	<b>44.0</b>	<b>56.0</b>

None of the assets have a quoted market price in an active market.

Diversified growth funds are pooled funds invested across a diversified range of assets with the aim of giving long-term investment growth with lower short-term volatility than equities. Liability driven instruments are a portfolio of funds designed to hedge the majority of the interest rate and inflation risks associated with the schemes' obligations.

### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2023 % per annum	2022 % per annum
Discount rate	5.10	3.50
Future salary increases	3.60	3.50
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.90	2.80
Allowance for deferred pension increases of CPI or 3% p.a. if less	2.10	2.00
Allowance for commutation of pension for cash at retirement	15% of pension	15% of pension

## Notes to the Financial Statements continued

### 22. Retirement benefit asset continued

The mortality assumptions adopted at 31 July 2023 are based on the S3PxA tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2023	22.3 years
Female retiring in 2023	24.2 years
Male retiring in 2043	23.6 years
Female retiring in 2043	25.6 years

The mortality assumptions adopted at 31 July 2022 were based on the S3PxA tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2022	22.8 years
Female retiring in 2022	24.6 years
Male retiring in 2042	24.1 years
Female retiring in 2042	26.1 years

#### Sensitivities

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises the effect on the defined benefit obligation at the end of the reporting period if different assumptions were used:

Assumption	Change in assumption	Change in liabilities (%)
Discount rate	+0.10% p.a.	Decrease by 1.1%
Inflation – RPI	+0.10% p.a.	Increase by 1.0%
Mortality	+1 year life expectancy	Increase by 3.2%

The calculations for the sensitivity analysis are not as accurate as a full valuation carried out using these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

### 23. Share-based payments

graphic removed

#### Employee benefits – share-based payments

The fair value of equity settled share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge is only amended if vesting does not take place due to non-market conditions not being met. Various option pricing models are used according to the terms of the option scheme under which the options were granted. The fair value is spread over the period during which the employees become unconditionally entitled to the options. At the balance sheet date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed.

With respect to share-based payments, a deferred tax asset is recognised on the relevant tax base. The tax base is then compared to the cumulative share-based payment expense recognised in the income statement. Deferred tax arising on the excess of the tax base over the cumulative share-based payment expense recognised in the income statement has been recognised directly in equity outside the SOCI as share-based payments are considered to be transactions with shareholders.

Where the Company grants options over its own shares to employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised in equity.

The Group operates a long-term incentive plan ('LTIP'), a deferred bonus plans ('DBP'), an employee share option scheme and Savings Related Share Option Schemes ('SRSOS'), all of which are detailed below.

Awards under the LTIP have been made to Executive Directors, the Group General Counsel and Company Secretary, and senior employees, with awards under the DBP also made to senior employees. The awards take the form of ordinary shares in the Company.

The Bellway p.l.c. (2014) Employee Share Option Scheme ('2014 ESOS') is an approved discretionary scheme which provides for the grant of options over ordinary shares to employees and Executive Directors. It is, however, the current intention that no Executive Directors of the Company should be granted options under this scheme. Awards will be available to vest after three years, subject to objective performance targets. As at 31 July 2023 no options had been granted under this scheme.

## 23. Share-based payments continued

Options issued under the SRSOS are offered to all employees including the Executive Directors.

An outline of the performance conditions in relation to the LTIP is detailed under the long-term incentive scheme section on pages 131 to 135 within the Remuneration Report.

Share-based payments have been valued by an external third party using various models detailed below, based on publicly available market data at the time of the grant, which the Directors consider to be the most appropriate method of determining their fair value.

The number and weighted average exercise price of share-based payments is as follows:

### LTIP, DBP

	2023 Weighted average exercise price p	2023 Number of options No.	2022 Weighted average exercise price p	2022 Number of options No.
Outstanding at the beginning of the year	-	329,279	-	316,427
Granted during the year	-	222,974	-	121,569
Lapsed during the year	-	(88,717)	-	(69,742)
Exercised during the year	-	(3,913)	-	(38,975)
Outstanding at the end of the year	-	459,623	-	329,279
Exercisable at the end of the year	-	88	-	451

The options outstanding at 31 July 2023 have a weighted average contractual life of 1.5 years (2022 - 1.4 years). The weighted average share price at the date of exercise for share options exercised during the year was 1,906.6p (2022 - 3,148.4p).

### SRSOS

	2023 Weighted average exercise price p	2023 Number of options No.	2022 Weighted average exercise price p	2022 Number of options No.
Outstanding at the beginning of the year	2,445.4	442,082	2,404.8	525,421
Granted during the year	1,550.0	684,517	2,535.0	158,154
Forfeited during the year	2,337.5	(371,508)	2,450.3	(151,655)
Exercised during the year	1,892.8	(1,107)	2,357.3	(89,838)
Outstanding at the end of the year	1,686.5	753,984	2,445.4	442,082
Exercisable at the end of the year	2,528.0	356	2,185.5	2,522

The options outstanding at 31 July 2023 have an exercise price in the range of 1,550.0p to 2,535.0p (2022 - 1,892.8p to 2,934.4p) and have a weighted average contractual life of 3.3 years (2022 - 2.4 years). The weighted average share price at the date of exercise for share options exercised during the year was 2,445.7p (2022 - 2,825.1p).

### Valuation methodology

For LTIP options granted prior to October 2021, half of the performance criteria is based on TSR against comparator companies with the other half based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies).

For LTIP options granted in October 2021, one third of the performance criteria is based on the achievement of a level of EPS, one third of the performance criteria is based on TSR against comparator companies with the other third based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies).

For LTIP options granted from October 2022, 20% of the performance criteria is based on TSR against comparator companies, 20% is based on EPS, 20% is based on ROCE, with the final 20% split evenly between ESG targets on Scope 1 and 2 emissions and waste per unit.

A simplified Monte Carlo simulation method has been used to determine the Group's TSR performance against the FTSE 250 Index (excluding investment trusts and financial service companies). In the case of the DBP, there are no market-related performance conditions and awards will be eligible to vest upon reaching a date set out in the Deed of the award. As dividends are not reinvested, the fair value of these awards is equal to the share price at the date of the grant. The Black Scholes method is used for the SRSOS due to the relatively short exercise window of six months.

## Notes to the Financial Statements continued

### 23. Share-based payments continued

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The inputs into the models for the various grants in the current and previous year were as follows:

	2023					
	November 2022	November 2022	November 2022	November 2022	December 2022	December 2022
	LTIP	LTIP	DBP	DBP	3 Year SRSOS	5 Year SRSOS
Scheme description						
Grant date	11-Nov-22	28-Nov-22	28-Nov-22	28-Nov-22	07-Dec-22	07-Dec-22
Risk free interest rate	0.0%	0.0%	0.0%	0.0%	3.3%	3.2%
Exercise price	-	-	-	-	1,550.0p	1,550.0p
Share price at date of grant	2,093.0p	1,996.0p	1,996.0p	1,996.0p	1,940.0p	1,940.0p
Expected dividend yield	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Expected life	3 years	3 years	3 years	4 years	3 years 2 months	5 years 2 months
Vesting date	11-Nov-25	28-Nov-25	28-Nov-25	28-Nov-26	01-Feb-26	01-Feb-28
Expected volatility	40%	40%	40%	40%	40%	35%
Fair value of option	1,560.6p	1,412.6p	1,508.0p	1,432.0p	574.0p	537.0p

	2022					
	October 2021	November 2021	November 2021	November 2021	December 2021	December 2021
	LTIP	LTIP	DBP	DBP	3 year SRSOS	5 year SRSOS
Scheme description						
Grant date	26-Oct-21	11-Nov-21	11-Nov-21	11-Nov-21	02-Dec-21	02-Dec-21
Risk free interest rate	0.0%	0.0%	0.0%	0.0%	0.5%	0.6%
Exercise price	-	-	-	-	2,535.0p	2,535.0p
Share price at date of grant	3,319.0p	3,220.0p	3,220.0p	3,220.0p	3,130.0p	3,130.0p
Expected dividend yield	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Expected life	3 years	3 years	3 years	4 years	3 years 2 months	5 years 2 months
Vesting date	26-Oct-24	11-Nov-24	11-Nov-24	11-Nov-25	01-Feb-25	01-Feb-27
Expected volatility	35%	35%	35%	35%	35%	30%
Fair value of option	2,124.3p	1,867.0p	2,474.0p	2,350.0p	734.0p	638.0p

The expected volatility for all models was determined by considering the volatility levels historically for the Group. Volatility levels for more recent years were considered to have more relevance than earlier years for the period reviewed.

The Group recognised total expenses of £4.5 million (2022 - £3.1 million) in relation to equity-settled share-based payment transactions.



## Contingencies, related parties and subsidiaries

### 24. Contingent liabilities



#### Contingent liabilities

Contingent liabilities of the Group are disclosed unless the possibility of an outflow in settlement is remote.

#### Group

##### SRT and associated review

We continue to take a proactive approach to nationwide concerns with regards to fire safety in high-rise buildings across the UK. Bellway recognises its responsibilities in its legacy apartment portfolio and continues to review combustion risks, in external wall systems, on past high-rise developments.

As detailed in note 2, Bellway has identified a number of developments, which obtained building regulation approval at the time of construction, where the building materials used may not fully comply with the most recent government guidance or where remedial works may need to be performed in line with the SRT. For these developments we have established that the cost of the remedial works satisfies the accounting requirements of a provision at the balance sheet date. While a prudent approach has been taken, the extent of the provision could increase or reduce, in line with normal accounting practice if new issues are identified or if estimates change, as Bellway and building owners continue to undertake their own investigative works on these and other schemes within the legacy portfolio.

### 25. Related party transactions

The Board and certain members of senior management are related parties within the definition of IAS 24 'Related Party Disclosures'. Summary information of the transactions with key management personnel is provided in note 21. Detailed disclosure of individual remuneration of Board members is included in the Remuneration Report on pages 126 to 138.

Transactions between fellow subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

#### Group

During the year the Group entered into the following related party transactions with its joint arrangements:

	2023 £m	2022 £m
Invoiced to joint arrangements in respect of accounting, management fees, interest on loans, land purchases and infrastructure works	22.4	31.6
Amounts owed to joint arrangements in respect of land purchases and management fees at the year end	(4.3)	(4.5)
Amounts owed by joint arrangements in respect of accounting, management fees, interest, land purchases and infrastructure works	45.4	27.0

#### Company

During the year the Company entered into the following related party transactions with its subsidiaries and joint arrangements:

	2023 £m	2022 £m
Amounts received in the year from subsidiaries for share options exercised by subsidiary company employees, dividends received and finance income	171.2	162.1
Amounts paid in the year by subsidiaries on behalf of the Company in respect of dividends, finance expenses and share purchases, and receivable from subsidiaries on disposal of investments	(237.7)	(164.7)
Amounts owed by subsidiaries in respect of dividends and shares issued net of amounts paid on behalf of the Company	443.2	509.7
Investments in subsidiaries and joint ventures	48.0	43.5

## Notes to the Financial Statements continued

### 26. Group undertakings

The Directors set out below information relating to the Group undertakings (excluding resident management companies presented in note 27) as at 31 July 2023. All of these Group undertakings are registered in England and Wales unless otherwise stated. They are engaged in housebuilding and associated activities, have coterminous year ends with the Group, 100% of their ordinary share capital is held by the Company and the registered address is the same as the Company (unless otherwise stated).

#### Subsidiaries – trading

Bellway Homes Limited

Bellway Housing Trust Limited

Bellway Properties Limited

Bellway (Services) Limited

Litrose Investments Limited

Woolsington One Limited ^^

Rosconn Strategic Land Limited ^^

#### Joint arrangements

Cramlington Developments Limited (50% owned, year end of 30 June) ^^a

Fradley Residential LLP (50% owned) ^^

Leebell Developments Limited (50% owned, year end of 30 June) ^^a

Ponton Road LLP (50% owned) ^^

Lambeth Regeneration LLP (50% owned) ^^

Bellway Latimer Cherry Hinton LLP (50% owned) ^^

DFE TW Residential Limited (50% owned, year end of 29 June) ^^c

Langley Sustainable Urban Extension Limited (33% owned, year end of 30 April) ^^e

#### Subsidiaries – dormant ^

Ashberry Homes Limited

J. T. B. Estates Limited

Bellway (Builders) Limited

John T. Bell & Sons (1976) Limited

Bellway Financial Services Limited

Nixons Kitchens Limited

Bellway London Limited

Seaton GR SPV 12 Limited

Bellway Trustee Company Limited

Seaton GR SPV 13 Limited

Bulldog Premium Growth I Limited

Seaton GR SPV 14 Limited

George Blackett Limited

Seaton Thirteen Limited

Homes2Let Limited

Seaton Eleven Limited

J. T. B. (Chapel Farm) Estates Limited

#### Other entities

HBF Insurance PCC Limited <sup>b</sup>

MI New Home Insurance PCC Limited <sup>b</sup>

Artex Insurance (Guernsey) PCC Limited <sup>d</sup>

Notes:

^ Dormant

^^ These shares are held indirectly.

a Registered address is Persimmon House, Fulford, York, YO19 4FE

b Registered address is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET

c Registered address is 5 Temple Square, Temple Street, Liverpool, L2 5RH

d Registered address is PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH

e Registered address is One Eleven, Edmund Street, Birmingham, B3 2HJ

## 27. Resident management companies

The Directors set out below information relating to resident management companies which are currently held by the Group as at 31 July 2023.

Control is exercised by the Group's power to appoint directors and the Group's voting rights in these companies. All the resident management companies listed below are limited by guarantee, unless otherwise indicated, without share capital and are incorporated in the UK.

The capital, reserves and profit or loss for the year have not been stated for the resident management companies listed below as the beneficial interest in any assets or liabilities of these companies is held by the residents. The Group does not have exposure, or rights to variable returns from these companies and therefore they are not included in the consolidated financial statements. They are temporary members of the Group and will be handed over to residents in due course.

Company Name	Registered Office
Abbey Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle upon Tyne, United Kingdom, NE3 2ER
Abbotswood Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Abingworth Meadows Management Company Limited	Suite No.1 Stubbings House, Henley Road, Maidenhead, Berkshire, England, SL6 6QL
Admiral Park (Tongham) Management Company Limited	1st Floor Regent House, 1-3 Queensway, Redhill, England, RH1 1QT
Alkerden Heights (Parcel 5a) Management Company Limited	C/O Trinity Estates Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Amen Corner (Binfield) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Area F1 (Kings Hill) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, United Kingdom, SS2 5TE
Arrowe Brook Park (Greasby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Aspects Management Company Limited	100 Avebury Boulevard, Milton Keynes, England, MK9 1FH
Aspen Apartments (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR
Aspen Walk (Eight Ash Green) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Astley Management Company Limited	Bellway Homes Limited (West Midlands) 1 Centurion Court, Centurion Way, Wilnecote, Tamworth, Staffordshire, United Kingdom, B77 5PN
Avondale (Cressing) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Azalea (Medstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Badbury Reach Management Company Limited	Trinity, Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Barley Fields (Tamworth) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, United Kingdom, PO15 5SN
Bartley Square Management Company Limited	PO Box 4385, 12471695 - Companies House Default Address, Cardiff, CF14 8LH
Barleycorn Way Residents Management Company Limited	C/O Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Barleywoods Residential Management Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
Barton Manor (Barton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Barton Meadows Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle upon Tyne, NE3 2ER
Barton Quarter (Horwich) Residents Management Company Limited	C/O Rmg House, Essex Road, Hoddesdon, United Kingdom, EN11 0DR
Bassingbourne Fields Management Company Limited	C/O Michael Laurie Magar Ltd, Elstree Way, Borehamwood, England, WD6 1JH
Baswich Grange Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Beckton Parkside Management Company Limited	C/O Pinnacle Housing Ltd As Agent For Beckton Parkside Management Company Limited, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Bellway at Rosewood Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Bellway Whitehouse Farm Management Company Limited	Marlborough House, 298 Regents Park Road, London, United Kingdom, N3 2UU
Belmont Park (Maidenhead) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Bentall Place (Heybridge) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Berwick Green Bristol Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Bicknor Wood Ltd	C/O Djc Secretarial And Maintenance Limited Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Blenheim Green Management Company Limited	C/O Trustmgt Ltd Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Bluebell Walk (Harrietsham) Management Company Ltd	C/O Gateway Property Management Limited Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, United Kingdom, SS2 5TE
Bluebells (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Bluecoats Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Bluenote Apartments Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Boorley Gardens Residents Management Company Limited	2 Centro Place, Pride Park, Derby, Derbyshire, United Kingdom, DE24 8RF*
Bourne View (Ipswich) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Bower Place Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Bowood View (Melksham) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN

## Notes to the Financial Statements continued

## 27. Resident management companies continued

Company Name	Registered Office
Brambleside Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Brampton Gate Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Bridleway Grange Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Broadleaf Ashby Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Broadleaf Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Brook View (Wixams) Residents Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Brookvale Management Company Limited	Trinity Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Buckland Rise (Peters Village) Management Company Ltd	Woodland Place, Hurricane Way, Wickford, United Kingdom, SS11 8YB
Buckthorn Grange Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Burdon Rise Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Byron Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, NE3 2ER
Castlegate (Skelton) Management Company Limited	Alexander House 1 Mandarin Road, Houghton Le Spring, Sunderland, United Kingdom, DH4 5RA
Cathedral Park (Chichester) Management Company Limited	Remus Management Limited Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Cecilly Mills Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Chailey Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Chalfont Drive Residents Management Company Limited	406a Birmingham Road, Sutton Coldfield, England, B72 1YJ
Chamberlains Bridge Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Charters Hill Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Cherry Orchard (Bevere) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Chestnut Vale Residents Management Company Limited	C/O Crabtree Pm Limited Head Office, Marlborough House, 298 Regents Park Road, London, United Kingdom, N3 2UU
Clarence Gate Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle-upon Tyne, NE3 2ER
Clifford Gardens (Skipton) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Coed Derw Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Cooper Square (Maidenhead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Copperfields Resident Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Copperhouse Green Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Cophorne Keep Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Corallian Heights Management Company Limited	Bellway House Embankment Way, Castleman Business Centre, Ringwood, Hampshire, United Kingdom, BH24 1EU
Cornelia Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Cornfield's Residents Management Company Limited	Romulus Court Meridian East, Meridian Business Park, Leicester, Leicestershire, United Kingdom, LE19 1YG
Corlands Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
Cotton Woods (Preston) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Crossways Quarter Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Crown Fields (Chatham) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, SS2 5TE
Curzon Park (Residents) Management Company Limited	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ
Cuttle Brook Management Company Ltd	One Eleven, Edmund Street, Birmingham, B3 2HJ
Dacres Wood Court Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Dalesway (Harrogate) Management Company Limited	RMG House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
De Havilland Place (Kings Hill) Management Company Limited	C/O 30 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY
Devonshire Place (Grays) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Dickens Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Digby Court (Birmingham) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Dove Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Dunton Fields (Laindon) Management Company Limited	8 Hemmells, Basildon, Essex, England, SS15 6ED
Earlsfield Park (Knowsley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
East Middle Callerton Residents Management Company Limited	Kingston Property Services Limited Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER

## 27. Resident management companies continued

Company Name	Registered Office
Eastbrook Village East Phase 1 (Site H) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Eastbrook Village East Phase 2 (Site H) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Eastside Quarter Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Ebbsfleet Cross (Phase 2) Management Company Limited	Woodland Place Wickford Business Park Hurricane Way, Wickford, Essex, United Kingdom SS11 8YB
Ebbsfleet Cross Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Elder brook Residents Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JH
Elements Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ
Essendene Residential Management Company Limited	Cheviot House, Beaminster Way East, Newcastle upon Tyne, United Kingdom, NE3 2ER
Eve Meadows (Haughley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Fairfields (Calcot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Farriers Court Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Fellows Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Fielders Crescent Management Company Limited	C/O Pinnacle Housing Ltd As Agent For Fielders Crescent Management Company Limited, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Fielders Crescent Phase 3 (209A) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Fielders Quarter Phase 4 (209B) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Fielders Quarter Phase 5 (208A) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Forest Chase Management Company Ltd	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Forest Oak Management Company Limited	Faulkner & Company 1a, George Street, Hinckley, Leicestershire, England, LE10 0AL
Four Oaks (Oxted) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Foxhill (Brackley) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Foxlow Grange Berryfields Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Foxmill Gardens (Willand) Management Company Limited	C/O Principle Estate Management, 137 Newhall Street, Birmingham, United Kingdom, B3 1SF
Frobisher Court (Finningley) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Furlong Park Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Fusion (Harlow) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Gloster Chase Management Company Limited	C/O 30 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY
Goodsyard (No 1) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
Grammar School Gardens Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Greensands Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Grey Gables Farm Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Greystone Meadows (Undy) Management Company Limited	7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Grove Meadows Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Halewood Oaks Resident Management Company Limited	C/O Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Hall Road (Rochford) Management Company Limited	C/O Pod Group Services Limited First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Halyards Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hampden Gardens (Thame) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hampton Trove Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Hanwell View Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Harbour Village (Ebbsfleet) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, England, SS11 8YB
Hardintone Court Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Harnham Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hartshorne Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Hartside View (Hartlepool) Residents Management Company Limited	2 Centro Place, Pride Park, Derby, Derbyshire, DE24 8RF
Harvard Place (Earls Colne) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Harvino Residents Management Company Limited	Trustmgt (Rfs) Limited 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Hatfield Grove (Hatfield Peveral) Management Company Limited	C/O Pod Group Services Limited First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Hathaway Gardens Management Limited	Alexander Faulkner Partnership Limited, 11 Little Park Farm Road, Fareham, England, PO15 5SN

## Notes to the Financial Statements continued

## 27. Resident management companies continued

Company Name	Registered Office
Hathaway Gardens Ph2 Residents Management Company Limited	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH
Hawthorne Rise Management Company Limited	Trinity, Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hazel Fold Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Hazelrigg Residents Management Company Limited	2 Centro Place, Pride Park, Derby, Derbyshire, DE24 8RF*
Heatherley Wood Residents Management Company Limited	Rmg House, Essex Road, Hoddesdon, England, EN11 0DR
Heathlands Rmc Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Helios Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Helliers Lane (Cheddar) Management Company Limited	1st Floor 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Hellingly (Hailsham) Management Company Ltd	C/O Djc Secretarial And Maintenance Limited Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Henderson Park (Thorpe le Soken) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
High Point Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Hinxhill Park (Ashford) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Hollytree Walk (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Holmwood Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hugglescote Grange Management Company Limited	Bellway Homes Limited (East Midlands) Romulus Court, Meridian East, Leicester, United Kingdom, LE19 1YG
Huntercombe Walk (Taplow) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Ikon (Croydon) Management Company Limited	Aquarium, Suite 7b Mayor Cuttle & Co, 101 Lower Anchor Street, Chelmsford, England, CM2 0AU
Imperial Gardens (Howden) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Imperial Park (Maidstone) Management Company Limited	Gateway House, 10 Coopers Way, Southend On Sea, Essex, United Kingdom, SS2 5TE
Indigo Park (Chichester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Ivy Hill Residential Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
Jameson Manor Residents Management Company Limited	Kingston Property Services Limited Cheviot House, Beamister Way East, Newcastle upon Tyne, United Kingdom, NE3 2ER
Jellicoe Gardens (Moreton) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Jubilee Green Management Company Limited	Bellway Homes Limited (South Midlands) Oak House, Eastwood Business Village, Harry Weston Road, Binley, Coventry, United Kingdom, CV3 2UB
Jubilee Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, UK, SY1 3BF
Keepthatch Chase Management Limited	Pacific House, Imperial Way, Reading, Berkshire, United Kingdom, RG2 0TD
Keepthatch Gardens (Wokingham) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Kingfisher Green (Rainham) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Kingsland Gate Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Kingsreach (Slough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, SP2 7QY
Kingswood (High Wycombe) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, SP2 7QY
Kingswood Heath (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR*
Ladden Garden Village Pl 24-27 (Leasehold Apartments) Management Company Limited	2nd Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Lakeside Park Management Company Limited	137 Newhall Street, Birmingham, England, B3 1SF
Langford Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Latitude Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Latitude Residents No 3 Limited	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, United Kingdom, SO53 3LG
Legacy Wharf (Phase 2) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Legacy Wharf Management Company Limited	Woodland Place, Hurricane Way, Wickford, England, SS11 8YB
Lestone Mews Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Liberty Quarter Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Linkside (Burton) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Linmere Gateway Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Linmere Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Lion Wharf (Isleworth) Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3JT
Little Acres Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, SP2 7QY

## 27. Resident management companies continued

Company Name	Registered Office
Little Meadows (Cranleigh) Management Company Limited	C/O A W Associates Regus, Building 2, Guildford Business Park Road, Guildford, Surrey, GU2 8XG
Littlebrook (Cutbush Lane) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Lockharts Rmc Limited	7 Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Lockwood Place (Bramford) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Long Acre (Shinfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Long Lane (Beverley) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Longfield Place (Sherfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Longholme Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, England, SY1 3BF
Longwood Copse Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Lucas Green Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Lydiat Gate Residents Management Company Limited	C/O Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Lysander Fields Management Company Limited	C/O Djc Property Management Woodland Place, Wickford Business Park, Hurricane Way, Wickford, United Kingdom, SS11 8YB
Maes Y Rhedyn Fern Meadow Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Mallard Walk Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Malvern Chase (Tewkesbury) Management Company Limited	Bellway Homes 2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Maple Creek Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Marconi (Chelmsford) Management Company Limited	C/O Pinnacle Housing Ltd As Agent For Marconi (Chelmsford) Management Company Limited, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Marlborough Road Wroughton (Swindon) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Maybrey Works Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Mead Fields (Phase 2) Weston Parklands Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Mead Fields Phase 2 (Leasehold Apartments) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Meadow Rise (Heighington) Management Company Limited	Cheviot House, Beaminster Way East, Newcastle upon Tyne, NE3 2ER
Meadow View (Romsey) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Merchants Gate Cottingham Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Mill Fields (Wingerworth) Management Company Limited	C/O Trust Green Management Company Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Milldown Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Millstone Park Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Millworks, K Langley Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Montague Green (Rowland's Castle) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Mousley Park Hilton Management Company Limited	One Eleven, Edmund Street, Birmingham, United Kingdom, B3 2HJ
Mulberry Park Apartments (Management Company) Limited	2540 The Quadrant Aztec West, Almondsbury, Bristol, BS32 4AQ
New Cardington Estate Management Company Limited	Rmg House, Essex Road, Hoddesdon, England, EN11 0DR
New Cardington Hangars Block Residents Management Company Limited	C/O Crabtree Pm Limited Head Office, Marlborough House, 298 Regents Park Road, London, United Kingdom, N3 2UU
New Cardington Hangars Estate Residents Management Company Limited	C/O Crabtree Pm Limited Head Office, Marlborough House, 298 Regents Park Road, London, United Kingdom, N3 2UU
New Gimson's Place (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Nightingale Rise (Hoo) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Northdene Residents Management Company Limited	Unit 7 Portal Business Park Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Novello Management Company Limited	C/O Pod Group Services Limited First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Oak Hill Park (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Oakfields Park (Halstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Oakley Park (Edenbridge) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, England, SS11 8YB
Old Forest Road (Winnersh) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Old School Gardens Residents Management Company	Cheviot House, Beaminster Way East, Newcastle upon Tyne, NE3 2ER
Oxenden Park (Thornden Wood) Management Company Limited	Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Oxlease Residents Limited	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, England, SO53 3LG

## Notes to the Financial Statements continued

### 27. Resident management companies continued

Company Name	Registered Office
P.R.P. Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Park Gate Village Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Parsonage Place (Otham) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Parsons Croft Management Company Limited	Unit 7 Portal Business Park, Tarporley, United Kingdom, CW6 9DL
Pasture Walk Management Company Limited	Castlemans Business Centre, Embankment Way, Ringwood, England, BH24 1EU
Pennire Rise Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Phase 1A Parc Mawr (Penllergær) Management Company Limited	Building 1 Eastern Business Park, St Mellons, Cardiff, United Kingdom, CF3 5EA
Phoenix Park (Thame) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Pinchbeck Fields Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
Pine Walk Guisborough Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Pinewood Grange (Stowmarket) Management Company Limited	Second Floor, Premier House, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JH
Pipits Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Pirton Fields (Churchdown) Management Company Limited	Unit 7 Eaton Lane, Tarporley, England, CW6 9DL
Platts Meadow (Winsford) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Plummers Meadow (Halewood) Residents Management Company Limited	Unit 7 Portal Business Park, Tarporley, England, CW6 9DL
Poppy Field Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Poppy Fields (Cholsey) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Poppy View (Saffron Walden) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Porters Grove (St. Leonards) Management Company Limited	C/O 30 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY
Portland Gardens (Wouldham) Management Company Ltd	Gateway House, 10 Coopers Way, Southend On Sea, Essex, United Kingdom, SS2 5TE
Priory Grange (Hatfield Peverel) Management Company Limited	C/O Pod Group Services Limited First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Qe2 (Welwyn Garden City) Management Company Limited	Aquarium, Suite 7b Mayor Cuttle & Co., 101 Lower Anchor Street, Chelmsford, England, CM2 0AU
Quakers Walk (Devizes) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Bristol, United Kingdom, BS32 4AQ
Quantock Heights (Banwell) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Queenshead Park Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Rainbow Fields (Waddicar) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
Redlands Grove Management Limited	13a, Building Two, Canonbury Yard, 190 New North Road, London, England, N1 7BJ
Reflections Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Renaissance (Reading) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Renovo (West Thurrock) Management Company Limited	8 Hemmells, C/O Accordant Estates Company Ltd, Hemmells, Basildon, England, SS15 6ED
Ridleys Orchard (Whitton) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Riverbrook Place (Crawley) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Rolleston Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Roman Fields (Corbridge) Management Company Limited	2 Centro Place, Pride Park, Derby, Derbyshire, United Kingdom, DE24 8RF
Roman Gate (Melton Mowbray) Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, England, NG1 6HH
Roman Walk Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Rookery Park Management Company Limited	Remus Management Limited Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Rose Meadow (Northwich) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Rosedale Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Rowley Fields Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, England, SY1 3BF
Royal Bowland Park Residents Management Company Limited	C/O Rmg House, Essex Road, Hoddesdon, United Kingdom, EN11 0DR
Sandstone Brook Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, West Midlands, B3 2HJ
Sandwell College Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Sapphire Fields & Beaumont Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Saxon Heath (Marham Park) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Scholars Place Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, CM20 2BN
Seaford Grange (Newlands) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, England, SS11 8YB



## 27. Resident management companies continued

Company Name	Registered Office
Sheasby Park Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Silkmakers Court Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Sixty Three Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Sky Plaza (Farnborough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Snelsmoor Village Management Company Limited	Bellway Homes East Midlands 3 Romulus Court, Meridian Business Park, Braunstone Town, Leicester, United Kingdom, LE19 1YG
Solomon's Seal (Horsham) Management Company Limited	25 Carfax, Horsham, West Sussex, RH12 1EE
Somerford Gate (Congleton) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Sovereign Place (Horley) Management Company Limited	C/O Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Spofforth Park Management Company Limited	RMG House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
St George's Park (Phase 2) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
St George's Walk Residential Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
St James Park (Parcels B and C) Management Company Limited	Bellway House, Bury Street, Ruislip, Middlesex, United Kingdom, HA4 7SD
St John's View (Menston) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
St Lythans Park (Culverhouse Cross) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
St Mary's Hill (Blandford) Management Company Limited	C/O Remus Management Limited Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
St Mary's Stannington Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, England, NE3 2ER***
St Wilfrid's Place (Litherland) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
St. George's Park Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
St. James Mews (Charfield) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Staverton Lodge Residents Management Company Limited	Bellway Homes South Midlands, Oak House, Binley Business Park, Harry Weston Road, Binley, Coventry, Warwickshire, CV3 2U
Steeds Farm (Fern Hill Gardens) Management Co Limited	Bellway Homes 2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Steeple Chase (Frisby) Management Company Limited	7 Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Stilton Gate Management Company Limited	Premiere House, Elstree Way, Borehamwood, England, WD6 1JH
Stonebridge View Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, UK, SY1 3BF
Stoughton Park Management Company Limited	One Eleven, Edmund Street, Birmingham, West Midlands, United Kingdom, B3 2HJ
Summerhill View Management Company Limited	Unit 7 Portal Business Park Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Summers Bridge (SAB) Management Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL*
Summers Bridge Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL*
Swanland Grange Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Tattenhoe Park (Parcel 4) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
The Abbey Fields Grange Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, England, NG1 6HH
The Alders (Wolverhampton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Avenue (Medburn) Residents Management Company Limited	Kingston Property Services Limited Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
The Beeches (Stanton Cross) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Brackens Residents Management Company Limited	R M G House, Essex Road, Hoddesdon, England, EN11 0DR
The Bridles Residential Management Company Limited	Bellway Homes 2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
The Chase Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Cherry Meadow & Hatton Court Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
The Coppice Heights & Amber Rise Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, England, NG1 6HH
The Fairways (Basingstoke) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Foundry (Hemel Hempstead) Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, WD6 3TJ
The Furlongs (Gl.Leighs) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Furrows (Warboys) Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Gateford Quarter Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, England, NG1 6HH
The Grange (Fenham) Resident Management Company Limited	Cheviot House, Beaminster Way East, Newcastle, Tyne and Wear, United Kingdom, NE3 2ER
The Haven (Emsworth) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Long Shoot Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
The Mount Prestwich Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY

## Notes to the Financial Statements continued

### 27. Resident management companies continued

Company Name	Registered Office
The Oaks (Parsons Hill) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
The Oaks (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
The Orchards (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
The Pastures (Telford) Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Printworks (Reading) Residents Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
The Residence (Nine Elms) Management Company Limited	C/O Pinnacle Housing Ltd As Agent For The Residence (Nine Elms) Management Company Ltd, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
The Residence (Phase 2) Management Park Company Limited	C/O Pinnacle Housing Ltd As Agent For The Residence (Phase 2) Management Company Limited, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
The Ridgeway (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Rosehips (Lower Howsell Road) Residents Management Company Limited	11 Queensway House Queensway, New Milton, Hampshire, England, BH25 5NR
The Spinney (Oteley Road) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
The Vale (Bottesford) Management Company Limited	One Eleven, Edmund Street, Birmingham, United Kingdom, B3 2HJ
The Vickers (Witchford) Residents Management Company Limited	C/O Michael Laurie Magar Ltd, Elstree Way, Borehamwood, England, WD6 1JH
The Willows (Swallowfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Willows Residents Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
The Withers (Netherton Residents Management Company Limited	Unit 7 Portal Business Park, Tarporley, England, CW6 9DL
The Woodlands (Adel) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, UK, SY1 3BF
The Woodlands (Walnall) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Thomas Road Management Company Limited	C/O Pinnacle Housing Ltd As Agent For Thomas Road Management Company Limited, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Tidbury Heights Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Tindale Reach (Wickwar) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Tranby Park Residential Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
Tylman Place (Faversham) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Vicarage Gardens (South Marston Swindon) Management Company Limited	1st Floor 2540 The Quadrant Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Victoria Gardens (Peters Village) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Waltham Heights Resident's Management Company Limited	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH
Walton Park Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Waterhouse Mill Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Waterside At Riverwell (Block E) Management Company Limited	395 Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Wavendon Chase Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Wavendon View Residents Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Weaver Green Residents Management Company Limited	C/O Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Weavers Meadow (Trowbridge) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Wellfield Rise Residents Management Company Limited	Cheviot House, Beaminger Way East, Newcastle upon Tyne, NE3 2ER
Wellington Gardens (Aldershot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Wellington Grange (Pocklington) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
West End Quarter (Folkestone) Management Company Limited	C/O Gateway Property Management Limited Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, United Kingdom, SS2 5TE
Westbrook Moorings Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Westland Place Management Company Limited	C/O 30 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY
Westminster Road Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Wharf Farm (Rugby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Whitehill Gardens Residential Management Company Limited	C/O Mlm Property Management 2nd Floor, Premiere House, Elstree Way, Borehamwood, United Kingdom, WD6 1JH
Whitehouse Park Residents Management Company Limited	C/O Trinity (Estates) Property Management Limited Vantage Point, 23 Mark Road, Hemel Hempstead, United Kingdom, HP2 7DN
Wickfields (Longwick) Management Company Limited	Aquarium, Suite 7b Mayor Cuttle & Co., 101 Lower Anchor Street, Chelmsford, England, CM2 0AU
Wildflower Meadow Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Willow Park (Halstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Willow Rise Management Company Limited	Bellway Homes Limited (East Midlands) Romulus Court, Meridian East, Leicester, United Kingdom, LE19 1YG

## 27. Resident management companies continued

Company Name	Registered Office
Windgreen Gardens Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Wolds View Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Woodcroft Park Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Woodgreen (Blyth) Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle upon Tyne, Tyne And Wear, England, NE3 2ER
Wyvern Grange Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Yellowfields Phase 3B Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, United Kingdom, HP2 7DN
Yew Tree Gardens (Cholsey) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN

\* Company is a 50/50 Joint venture

\*\* Company limited by shares wholly owned by Bellway Homes Limited

\*\*\* Company limited by shares wholly owned by an employee of Bellway Homes Limited

\*\*\*\* Company limited by shares.

## Other information

### 28. Alternative performance measures

Bellway uses a variety of alternative performance measures ('APMs') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Group.

The APMs used by the Group are defined below:

- **Underlying gross profit and underlying operating profit** – Both of these measures are stated before net legacy building safety expense and exceptional items, and are reconciled to total gross profit and total operating profit on the face of the consolidated income statement. The Directors consider that the removal of the net legacy building safety expense provides a better understanding of the underlying performance of the Group.
- **Underlying gross margin** – This is gross profit before net legacy building safety expense and exceptional items, divided by total revenue. The Directors consider this to be an important indicator of the underlying trading performance of the Group.
- **Administrative expenses as a percentage of revenue** – This is calculated as the total administrative overheads divided by total revenue. The Directors consider this to be an important indicator of how efficiently the Group is managing its administrative overhead base.
- **Underlying operating profit margin** – This is operating profit before net legacy building safety expense and exceptional items divided by total revenue. The Directors consider this to be an important indicator of the operating performance of the Group.
- **Net underlying finance expense** – This is the net finance expense before any directly attributable finance expense or finance income relating to the net legacy building safety expense and exceptional items. The Directors consider this to be an important measure when assessing whether the Group is using the most cost effective source of finance.
- **Net finance expense** – This is finance expenses less finance income. The Directors consider this to be an important measure when assessing whether the Group is using the most cost effective source of finance.
- **Underlying profit before taxation** – This is the profit before taxation before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Group before taxation.
- **Underlying profit for the year** – This is the profit for the year before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Group.
- **Underlying earnings per share** – This is calculated as underlying profit for the year divided by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the Company or Trust which are treated as cancelled).
- **Underlying dividend cover** – This is calculated as underlying profit for the year per ordinary share for the period divided by the dividend per ordinary share relating to that period. At the half year the dividend per ordinary share is the proposed interim ordinary dividend, and for the full year it is the interim dividend paid plus the proposed final dividend. The Directors consider this an important indicator of the proportion of underlying earnings paid to shareholders and reinvested in the business.
- **Dividend cover** – This is calculated as earnings per ordinary share for the period divided by the dividend per ordinary share relating to that period. At the half year the dividend per ordinary share is the proposed interim ordinary dividend, and for the full year it is the interim dividend paid plus the proposed final dividend. The Directors consider this an important indicator of the proportion of earnings paid to shareholders and reinvested in the business.

## Notes to the Financial Statements continued

## 28. Alternative performance measures continued

- **Capital invested in land, net of land creditors, and work-in-progress** – This is calculated as shown in the table below. The Directors consider this as an indicator of the net investment by the Group in the period to achieve future growth.

Per balance sheet	2023 £m	2022 £m	Mvt £m	2022 £m	2021 £m	Mvt £m
Land	2,578.8	2,786.4	(207.6)	2,786.4	2,483.9	302.5
Work-in-progress	1,861.6	1,524.8	336.8	1,524.8	1,431.4	93.4
Increase in capital invested in land and work-in-progress in the year			129.2			395.9
Land creditors	(368.8)	(393.4)	24.6	(393.4)	(455.8)	62.4
<b>Increase in capital invested in land, net of land creditors, and work-in-progress in the year</b>			<b>153.8</b>			<b>458.3</b>

- **Net asset value per ordinary share ('NAV')** – This is calculated as total net assets divided by the number of ordinary shares in issue at the end of each period (see note 18). The Directors consider this to be a proxy when reviewing whether value, on a share by share basis, has increased or decreased in the period.
- **Capital employed** – Capital employed is defined as the total of equity and net debt. Equity is not adjusted where the Group has net cash. The Directors consider this to be an important indicator of the operating efficiency and performance of the Group.
- **Underlying return on capital employed ('underlying RoCE')** – This is calculated as operating profit before net legacy building safety expense and exceptional items divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The Directors consider this to be an important indicator of whether the Group is achieving a sufficient return on its investments.

	2023 Capital employed £m	2023 Land creditors £m	2023 Capital employed including land creditors £m	2022 Capital employed £m	2022 Land creditors £m	2022 Capital employed including land creditors £m
Underlying operating profit	543.9		543.9	653.2		653.2
Capital employed/land creditors:						
Opening	3,367.8	393.4	3,761.2	3,287.8	455.8	3,743.6
Half year	3,481.4	372.4	3,853.8	3,429.8	349.0	3,778.8
Closing	3,461.6	368.8	3,830.4	3,367.8	393.4	3,761.2
Average	3,436.9	378.2	3,815.1	3,361.8	399.4	3,761.2
<b>Underlying return on capital employed</b>	<b>15.8%</b>		<b>14.3%</b>	19.4%		17.4%

- **Return on capital employed ('RoCE')** – This is calculated as operating profit divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The Directors consider this to be an important indicator of whether the Group is achieving a sufficient return on its investments.

	2023 Capital employed £m	2023 Land creditors £m	2023 Capital employed including land creditors £m	2022 Capital employed £m	2022 Land creditors £m	2022 Capital employed including land creditors £m
Operating profit	505.3		505.3	309.0		309.0
Capital employed/land creditors:						
Opening	3,367.8	393.4	3,761.2	3,287.8	455.8	3,743.6
Half year	3,481.4	372.4	3,853.8	3,429.8	349.0	3,778.8
Closing	3,461.6	368.8	3,830.4	3,367.8	393.4	3,761.2
Average	3,436.9	378.2	3,815.1	3,361.8	399.4	3,761.2
<b>Return on capital employed</b>	<b>14.7%</b>		<b>13.2%</b>	9.2%		8.2%

## 28. Alternative performance measures continued

- **Underlying post tax return on equity** – This is calculated as profit for the year before net legacy building safety expense and exceptional items, divided by the average of the opening, half year and closing net assets. The Directors consider this to be a good indicator of the operating efficiency of the Group.

	2023 £m	2022 £m
Underlying profit for the year	402.2	518.5
Net assets:		
Opening	3,367.8	3,287.8
Half year	3,481.4	3,429.8
Closing	3,461.6	3,367.8
Average	3,436.9	3,361.8
<b>Underlying post tax return on equity</b>	<b>11.7%</b>	15.4%

- **Post tax return on equity** – This is calculated as profit for the year divided by the average of the opening, half year and closing net assets. The Directors consider this to be a good indicator of the operating efficiency of the Group.

	2023 £m	2022 £m
Profit for the year	365.0	242.6
Net assets:		
Opening	3,367.8	3,287.8
Half year	3,481.4	3,429.8
Closing	3,461.6	3,367.8
Average	3,436.9	3,361.8
<b>Post tax return on equity</b>	<b>10.6%</b>	7.2%

- **Total growth in value per ordinary share** – The Directors use this as a proxy for the increase in shareholder value since 31 July 2020. A period of 3 years is used to reflect medium-term growth.

Net asset value per ordinary share:		
At 31 July 2023	2,871p	
At 31 July 2020	2,427p	
Net asset value growth per ordinary share		444p
Dividend paid per ordinary share:		
Year ended 31 July 2023	140.0p	
Year ended 31 July 2022	127.5p	
Year ended 31 July 2021	85.0p	
Cumulative dividends paid per ordinary share		352.5p
<b>Total growth in value per ordinary share</b>		<b>796.5p</b>

- **Annualised accounting return in NAV and dividends paid since 31 July 2020** – This is calculated as the annualised increase in net asset value per ordinary share plus cumulative ordinary dividends paid per ordinary share since 31 July 2020 (as detailed above) divided by the net asset value per ordinary share at 31 July 2020. The Directors use this as a proxy for the increase in shareholder value since 31 July 2020.

Net asset value growth per ordinary share	444p
Cumulative dividends paid per ordinary share	352.5p
Total growth in value per ordinary share	796.5p
Net asset value per ordinary share at 31 July 2020	2,427p
Total value per ordinary share	3,223.5p

$$\text{Annualised accounting return} = \left( \frac{3,223.5}{2,427.0} \right)^{(1/3)} - 1 = 9.9\%$$

## Notes to the Financial Statements continued

### 28. Alternative performance measures continued

- **Underlying capital growth in the period** – This is calculated as capital growth in the period before net legacy building safety expense and exceptional items per share.

Capital growth in the period	284.0p
Net legacy building safety expense per share	30.9p
Underlying capital growth in the period	314.9p
Net asset value at 31 July 2022	2,727p
<b>Underlying capital growth</b> $\frac{(314.9p)}{(2,727p)}$	11.5%

- **Capital growth in the period** – This is calculated as the increase in NAV in the period combined with the ordinary dividend paid in the year.

Net asset value per ordinary share:	
At 31 July 2023	2,871p
At 31 July 2022	2,727p
Net asset value growth per ordinary share	144p
Dividend paid per ordinary share:	
Year ended 31 July 2023	140.0p
<b>Capital growth in the period</b>	284.0p

- **Net cash/(debt)** – This is the cash and cash equivalents less bank debt and fixed rate sterling USPP notes. Net cash/(debt) does not include lease liabilities, which are reported within trade and other payables on the balance sheet. The Directors consider this to be a good indicator of the financing position of the Group. This is reconciled in note 15.
- **Average net cash/(debt)** – This is calculated by averaging the net cash/(debt) position at 1 August and each month end during the year. The Directors consider this to be a good indicator of the financing position of the Group throughout the year.
- **Cash generated from operations before investment in land, net of land creditors, and work-in-progress** – This is calculated as shown in the table below. The Directors consider this as an indicator of whether the Group is generating cash before investing in land and work-in-progress to achieve future growth.

	2023 £m	2022 £m
Cash from operations	372.9	114.6
Add: increase in capital invested in land, net of land creditors, and work-in-progress (as described above)	153.8	458.3
Cash generated from operations before investment in land, net of land creditors, and work-in-progress	526.7	572.9

- **Adjusted gearing** – This is calculated as the total of net cash/(debt) and land creditors divided by total equity. The Directors believe that land creditors are a source of long-term finance so this provides an alternative indicator of the financial stability of the Group.
- **Gearing** – This is calculated as net debt divided by total equity. The Directors consider this to be a good indicator of the financial stability of the Group.
- **Order book** – This is calculated as the total expected sales value of current reservations that have not legally completed. The Directors consider this to be an important indicator of the likely future operating performance of the Group.

## Five Year Record

	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m
<b>Income statement</b>					
<b>Revenue</b>	3,213.2	2,225.4	3,122.5	3,536.8	<b>3,406.6</b>
<b>Operating profit</b>	674.9	321.7 <sup>3</sup>	531.5 <sup>3</sup>	653.2 <sup>3</sup>	<b>543.9<sup>3</sup></b>
Net finance expenses	(14.4)	(13.4)	(11.1)	(12.1) <sup>3</sup>	<b>(9.9)<sup>3</sup></b>
Share of results of joint ventures	2.1	1.0	10.4	9.3	<b>(1.4)</b>
<b>Profit before taxation</b>	662.6	309.3 <sup>3</sup>	530.8 <sup>3</sup>	650.4 <sup>3</sup>	<b>532.6<sup>3</sup></b>
Income tax expense	(124.0)	(57.6) <sup>3</sup>	(98.1) <sup>3</sup>	(131.9) <sup>3</sup>	<b>(130.4)<sup>3</sup></b>
<b>Profit for the year (all attributable to equity holders of the parent)</b>	538.6	251.7 <sup>3</sup>	432.7 <sup>3</sup>	518.5 <sup>3</sup>	<b>402.2<sup>3</sup></b>
<b>Balance sheet</b>					
<b>ASSETS</b>					
Non-current assets	83.2	99.3	102.1	71.6	<b>79.4</b>
Current assets	3,806.7	3,984.3	4,574.7	4,913.5	<b>5,034.7</b>
<b>LIABILITIES</b>					
Non-current liabilities	(99.4)	(133.8)	(316.9)	(646.3)	<b>(647.0)</b>
Current liabilities	(869.3)	(955.8)	(1,072.1)	(971.0)	<b>(1,005.5)</b>
<b>EQUITY</b>					
Total equity	2,921.2	2,994.0	3,287.8	3,367.8	<b>3,461.6</b>
<b>Statistics</b>					
Number of homes sold	10,892	7,522	10,138	11,198	<b>10,945</b>
Average price of new homes	£292.0k	£293.1k	£306.5k	£314.4k	<b>£310.3k</b>
Underlying gross margin <sup>2</sup>	24.6%	19.0% <sup>3</sup>	20.9% <sup>3</sup>	22.3% <sup>3</sup>	<b>20.2%<sup>3</sup></b>
Gross margin	24.6%	15.7%	19.2%	12.5%	<b>19.0%</b>
Underlying operating margin <sup>2</sup>	21.0%	14.5% <sup>3</sup>	17.0% <sup>3</sup>	18.5% <sup>3</sup>	<b>16.0%<sup>3</sup></b>
Operating margin	21.0%	11.2%	15.4%	8.7%	<b>14.8%</b>
Basic earnings per ordinary share	437.8p	156.6p	316.9p	196.9p	<b>297.7p</b>
Dividend per ordinary share	150.4p	50.0p	117.5p	140.0p	<b>140.0p</b>
Underlying return on capital employed <sup>2</sup>	24.7%	10.8% <sup>3</sup>	16.9% <sup>3</sup>	19.4% <sup>3</sup>	<b>15.8%<sup>3</sup></b>
Return on capital employed <sup>2</sup>	24.7%	8.3%	15.2%	9.2%	<b>14.7%</b>
Gearing <sup>2</sup>	-	-	-	-	<b>-</b>
Net asset value per ordinary share <sup>2</sup>	2,372p	2,427p	2,664p	2,727p	<b>2,871p</b>
Land portfolio - plots with implementable DPP	26,421	28,289	30,933	32,344	<b>32,229</b>
Weighted average number of ordinary shares	123,012,723	123,205,211	123,306,035	123,227,544	<b>122,593,350</b>
Number of ordinary shares in issue at end of year	123,167,828	123,345,834	123,396,422	123,486,260	<b>120,558,573</b>

Notes:

2 APM.

3 Stated before net legacy building safety expense and exceptional item.



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## Glossary

### Affordable Housing

Social rented and intermediate housing provided to specified eligible households whose needs are not met by the market, at a cost low enough for them to afford, determined with regard to local incomes and local house prices. It is generally provided by councils and not-for-profit organisations such as housing associations.

### Average Selling Price

Calculated by dividing the total price of homes sold by the number of homes sold.

### Biodiversity Net Gain ('BNG')

Is an approach to development and land management, that aims to leave the natural environment in a measurably better state than it was beforehand.

### Brownfield

Land which has been previously used for other purposes.

### Cancellation Rate

The rate at which customers withdraw from a house purchase after paying the reservation fee, but before contracts are exchanged, usually due to difficulties in obtaining mortgage finance. Reservation fees are refunded in accordance with the Consumer Code for Home Builders.

### Community Infrastructure Levy ('CIL')

The CIL is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of the area.

### COVID-19

COVID-19 is a disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease. Formerly, this disease was referred to as '2019 novel coronavirus' or '2019-nCoV'. COVID-19 has been characterised as a pandemic by the World Health Organization.

### DLUHC

Department for Levelling up, Housing and Communities.

### DEFRA

Department for Environment, Food and Rural Affairs.

### Earnings per Share ('EPS')

Profit attributable to ordinary equity shareholders divided by the weighted average number of ordinary shares in issue during the financial year, excluding the weighted average number of ordinary shares held by the Bellway Employee Trust (1992) which are treated as cancelled.

### Energy Savings Opportunity Scheme ('ESOS')

The ESOS is a mandatory energy assessment scheme for large organisations in the UK.

### Executive Board

The Executive Board is made up of the Executive Directors of Bellway p.l.c.

### Global Reporting Initiative ('GRI')

GRI standards are global standards for sustainability reporting.

### Greenhouse Gas ('GHG')

GHGs are gases that contribute to the greenhouse effect by absorbing infrared radiation. Carbon dioxide and chlorofluorocarbons are examples of greenhouse gases.

### Home Builders' Federation ('HBF')

The HBF is an industry body representing the homebuilding industry in England and Wales. It represents member interests on a national and regional level to create the best possible environment in which to deliver new homes.

### Help-to-Buy

The Help-to-Buy equity loan scheme is a government scheme which provides equity loans to both first-time buyers and home movers on newly constructed homes, subject to regional price caps. Buyers have to contribute at least 5% of the property price as a deposit and obtain a mortgage of up to 75% (55% in London) and the government provides a loan for up to 20% (40% in London) of the price.

### Landbank

The landbank is comprised of three tiers: (i) owned or unconditionally contracted land with an implementable detailed planning permission ('DPP'); (ii) medium-term 'pipeline' land owned or controlled by the Group, pending an implementable DPP; (iii) strategic long-term plots which currently have a positive planning status and are typically held under option.

### Land with DPP

Plots owned or unconditionally contracted by the Group where there is an implementable detailed planning permission.

### Legacy Building Safety Provision

Included within this provision, there are two components (i) SRT and associated review, and (ii) Structural defects provision.

### Mortgage Market Review ('MMR')

The MMR was a comprehensive review of the mortgage market which introduced reforms to deliver a mortgage market that is sustainable and works better for consumers.

### National Planning Policy Framework ('NPPF')

The NPPF sets out the government's planning policies for England and how these are expected to be applied. It provides a framework within which local people and their accountable councils can produce their own distinctive local and neighbourhood plans, which reflect the needs and priorities of their communities.

### National House Building Council ('NHBC')

The NHBC is the leading warranty insurance provider and body responsible for setting standards of construction for UK housebuilding for new and newly converted homes.

### Net Legacy Building Safety Expense

This contains the income statement movements in relation to the legacy building safety provision and any associated reimbursement assets.

### New Homes Bonus ('NHB')

The NHB was introduced in 2011 by the coalition government with the aim of encouraging local authorities in England

## Glossary continued

to grant planning permissions for the building of new houses in return for additional revenue. Under the scheme, the government has been matching the council tax raised on each new home built in England.

### New Homes Ombudsman Service ('NHOS')

Has been introduced with the aim to provide dispute resolution for, and determine complaints by, buyers of new build homes.

### New Homes Quality Board ('NHQB')

An independent not-for-profit body which was established for the purpose of developing a new framework to oversee reforms in the build quality of new homes and the customer service provided by developers.

### New Homes Quality Code ('NHQC')

An industry code of practice that lays out a mandatory set of requirements which must be adopted and observed by all registered developers.

### Pipeline

Plots which are either owned or contracted by the Group, pending an implementable detailed planning permission, with development generally expected to commence within the next three years.

### Planning Permission

Usually granted by the local planning authority, this permission allows a plot of land to be built on, change its use or for an existing building to be redeveloped or altered. Permission is either 'outline' when detailed plans are still to be approved, or 'detailed' when detailed plans have been approved.

### Residential Property Developer Tax ('RPDT')

RPDT is a tax, introduced in April 2022, which is charged at a rate of 4% on certain profits of companies carrying out residential property development.

### RIDDOR

RIDDOR refers to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. The regulations require an employer to report any absence by an employee of seven days or more caused by an accident at work to the Health and Safety Executive.

### Science Based Target initiative ('SBTi')

Science-based targets provide companies and financial institutions with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

### Section 75 and Section 106 Planning Agreements

These are legally-binding agreements or planning obligations entered into between a landowner and a local planning authority, under section 75 of the Town and Country Planning (Scotland) Act 1997 or section 106 of the Town and Country Planning Act 1990. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

### Self-Remediation Terms ('SRT')

Is a commitment to remediate buildings over 11 metres in height with identified life critical fire safety issues, which were constructed in England and Wales since 5 April 1992.

### Site/Phase

A site is a concise area of land on which homes are being constructed. Larger sites may be divided into a number of phases which are developed at different times.

### Social Housing

Housing that is let at low rents and on a secure basis to people in housing need. It is generally provided by councils and not-for-profit organisations such as housing associations.

### SONIA

SONIA is the Sterling Overnight Index Average, and is an important interest rate benchmark. It is calculated and published by the Bank of England.

### Strategic Plots

Longer-plots which are typically held option.

### Sustainability Accounting Standards Board ('SASB')

SASB have developed a set of industry standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry to report against.

### Task Force on Climate-related Financial Disclosures ('TCFD')

TCFD was created by the Financial Stability Board to develop consistent climate-related financial risk disclosures.

### Total Shareholder Return ('TSR')

The total return of a stock to an investor, or the capital gain plus dividends.

### The 5% Club

Members of The 5% Club aspire to achieve 5% of their workforce in 'earn and learn' positions (including apprentices, sponsored students and graduates on formalised training schemes) within 5 years of joining.

### Underlying

Throughout the Annual report and Accounts, underlying refers to any statutory performance measure or alternative performance measure which is before net legacy building safety expenses and exceptional items. The Group believes that underlying metrics are useful for investors as these measures are closely monitored by the Directors in assessing Bellway's operating performance, thereby allowing investors to understand and evaluate performance on the same basis as management.

See also Alternative Performance Measures section on pages 205 to 208.

### United Nations Sustainable Development Goals ('SDGs')

The SDGs are a collection of 17 interlinked global goals designed to be a 'shared blueprint for peace and prosperity for people and the planet, now and into the future'.

## Advisers and Group General Counsel and Company Secretary

### Group General Counsel and Company Secretary and Registered Office

Simon Scougall

Bellway p.l.c.  
Woolsington House  
Woolsington  
Newcastle Upon Tyne  
NE13 8BF

Registered number 1372603

### Registrars, Transfer Office and Shareholder Queries

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LS1 4DL

E-mail: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)

Tel +44 (0) 371 664 0300 Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open 9.00am – 5.30pm Monday to Friday excluding bank holidays in England and Wales.

### Financial Adviser

Citigroup Global Markets Limited

### Stockbrokers

Citigroup Global Markets Limited  
Numis Securities Limited

### Bankers

Barclays Bank PLC  
HSBC Holdings plc  
Lloyds Banking Group plc  
National Westminster Bank plc  
Santander UK plc  
Svenska Handelsbanken AB

### Auditor

Ernst & Young LLP

### Solicitor

Slaughter and May

## Shareholder Analysis and Financial Calendar

### Shareholders by size of holding at 31 July 2023

	Holdings		Shares	
	Number	%	Holding	%
0 - 2,000	1,577	70	832,292	1
2,001 - 10,000	323	14	1,403,978	1
10,001 - 50,000	161	7	4,099,094	4
50,001 and over	210	9	114,223,209	94
<b>Total</b>	<b>2,271</b>	<b>100</b>	<b>120,558,573</b>	<b>100</b>

### Shareholders by type at 31 July 2023

	Holdings		Shares	
	Number	%	Holding	%
Private shareholders	1,567	69	2,473,486	2
Investment trusts	8	<1	620	<1
Deceased Accounts	24	1	20,653	<1
Nominee companies	580	26	102,083,551	85
Limited companies	36	1	128,543	<1
Bank and bank nominees	28	1	14,016,698	12
Other institutions	28	1	1,835,122	1
<b>Total</b>	<b>2,271</b>	<b>100</b>	<b>120,558,753</b>	<b>100</b>

## Financial Calendar

Final 2022/23 dividend - ex-dividend date	30 November 2023
Final 2022/23 dividend - record date	01 December 2023
AGM	15 December 2023
DRIP election date for final 2022/23 dividend	15 December 2023
Final 2022/23 dividend - payment date	10 January 2024
Trading update	09 February 2024
Announcement of 2023/24 interim results	26 March 2024

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