

Section 172(1) statement

This statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 when performing their duty to promote the success of the Group for the benefit of its members as a whole.

The infrastructure of the Group and composition of the board has been built with a desire to maintain a reputation for high standards of business conduct in all decisions made throughout the business.

2019 has been a year of incremental progress with changes to senior management and a focus on alignment of key functional processes and values across the Group.

The directors consider the following to be the Group's key stakeholders:

Employees

Employees are the cornerstone of our business and the foundation upon which the success of the Group has been built. Frequent engagement with employees is critical to ensure they have the right support and that their views are heard and incorporated into Board decisions.

The Group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests. The Group keeps employees informed of business performance, key developments and the decisions which are taken that affect employees. This is achieved through one or more of the established communication channels including Notice Boards, Team Briefs, Newsletters and more formal means such as consulting with elected members of the workforce. The HR function throughout the Group reports directly into the Group CEO, establishing a chain of communication for employees directly into the Board.

A range of policies including compliance to wellbeing and equality are accessible by all employees, and are regularly updated and communicated to new staff via the employee handbook. There is a Group wide intranet platform that facilitates communication.

The Group recognises the importance of employee development and has during the year introduced a new employee personal development review program. In 2019, the Group also introduced a suggestion programme designed to encourage, recognise and reward employees & agency staff who put forward original suggestions that will improve any aspect of the business. The suggestion programme demonstrates the inclusion of employees and recognises their ideas while improving the performance of the Group.

The Group is committed to being an equal opportunities employer and to valuing diversity. Working practices are free from unfair and unlawful discrimination and encourage mutual trust and respect of all individuals. A policy of equal opportunities enables the Group to employ, train and promote employees on the basis of their experience, ability and qualifications without regard to age, disability, gender and race honouring all aspects of the Equality Act 2010.

Customers

The business places high value on its customers. Forming strong relationships with our customers has enabled the business to grow to where it is today. We maintain frequent communication with our customers to understand their needs, and work with them to continue to design and deliver products that satisfy the consumer.

During the year, the Group collaborated with customers to introduce many new models and ranges. This drives our business and seeks to offer a fresh look for our customers.

Suppliers

We rely on our suppliers and supply chain partners to provide materials and services that meet both our and our customers' high-quality standards, to reliably distribute our goods across the UK and provide the factory workspace within which we manufacture whilst always seeking to achieve value for money. We strive to build trusting partnerships from which we can both mutually benefit.

Belfield Group Limited
Extract from the Annual Report and Financial Statements for the Year Ended 31 December 2019

Investors

The input of and continued access to capital and debt funding has been essential in facilitating the Group's growth to date. Investors rely on us to protect their investment and to deliver sustainable, profitable growth.

To ensure the continued long-term success of the business the board considers the long-term consequences of all its strategic decisions and the implications of these decisions on the stakeholders listed in this statement. During 2019 the Board approved significant capital expenditure for a fabric cutting machine at the site in Preston to improve efficiency and a new foam cutting machine and compression machine to increase mattress capacity. These decisions will improve and sustain the long-term profitability of the Group.

The Group CFO and the Group's finance team are responsible for managing the relationships with our bank and other funding providers, and for the Group's cash management and financing activities. The Group CFO regularly reports to the Board on these activities including policy reviews and market updates.

The Board carefully considers the Group's cash position and forecasts when making decisions on capital expenditure allocation and the payment of dividends.

Under the guidance of new management, the Group hosted a shareholders' day to bring all shareholders up to speed with performance and to discuss strategic plans.

Communities and the environment

We have a responsibility to protect both the environment and the interests of the local communities in which we operate. Minimizing non-recyclable waste, is and continues to be a key objective for the Group. Furthermore, low energy consumption is a major initiative at all premises.

Governing bodies and regulators

The Group prides itself on its high-quality products and operations and has established design and quality control procedures such that products manufactured meet relevant quality and safety requirements.

With the growing number of cyber-attacks, the Group has continued to invest in IT with Cyber Essential compliance and upgraded security a priority.

The Group is aware of and constantly strives to improve its health and safety performance. The importance that the Board places on health and safety mandates that it reports as a function directly to the CEO. A group wide health and safety initiative has been designed and implemented during the year to improve health and safety in the workplace.

The Group manages its tax affairs responsibly and proactively to comply with tax legislation.

The key board decisions made in the year are set out below:

Key decisions and developments	Stakeholders affected	Considerations and actions
Investment in health & safety culture and performance	Employees Governing bodies & regulators	<ul style="list-style-type: none"> • Protect the safety of our employees while at work and maintain high standards of business conduct. • Ensure that policies and procedures comply with regulations. • Instil a new culture throughout the Group to value the importance of health and safety. • A new group wide health and safety initiative has been designed and implemented during the year.

Belfield Group Limited

Extract from the Annual Report and Financial Statements for the Year Ended 31 December 2019

Key decisions and developments	Stakeholders affected	Considerations and actions
Changes to the Group organisational structure	Employees Customers Investors	<ul style="list-style-type: none"> • The Group has been re-structured into the three main product sectors being upholstered furniture, mattresses, and home and leisure. • Streamlined and efficient reporting provides investors with a transparent view of the performance of the business. • Collaboration of teams within these sectors enables the sharing of best working practices and ideas to increase efficiency and quality. • The increase in efficiency and productivity enables the Group to sustain its competitive advantage long-term.
New management team	Employees Customers Suppliers Investors	<ul style="list-style-type: none"> • A new management team brings new ideas and knowledge into the business. • Relationships with key customers and investors have been reinvigorated.
Capital investment in the Upholstery and Mattress divisions	Employees Customers Investors Communities and the environment	<ul style="list-style-type: none"> • During 2019 the Group purchased a new fabric cutting machine for the upholstery site in Preston and a new foam cutting machine and compression machine for the mattress site in Ashton. • Increased operational efficiency provides a greater return to investors on their capital. • The upgrade in production machinery improves product quality and reduces material waste. Energy consumption of the new machines are far better than their replacements further reducing the Group's carbon footprint.
Employee development	Employees	<ul style="list-style-type: none"> • A new employee personal development review program was introduced to recognise and develop the talent across the Group. • A new suggestion programme was designed to encourage, recognise and reward employees & agency staff who put forward original suggestions that will improve any aspect of the business.