

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.

2021 has seen more disruption from Covid 19, raw material shortages and input price pressure, but the Group has maintained focus on key functional processes and customer service.

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 period post Covid-19 closures has re-enforced how valuable an asset our people are.

The Group's commitment to employee well-being is resulting in ongoing improvements in all its Health and Safety metrics.

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 established communication channels including Notice Boards, Team Briefs, Newsletters, monthly CEO video casts 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. Regular communications have been instrumental in the Group managing its business in an effective and efficient manner in the challenging 2021 business environment.

A range of policies including employee 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 continued the employee personal development review programme and 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.

The Group collaborates with customers to introduce many new models and ranges. This drives our business and seeks to refresh the offer that our customers put to the consumer.

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 to 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 Holdings Limited
Extract from the Annual Report and Financial Statements for the Year Ended 31 December 2021

Investors

The input of and continued access to working capital and other 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 2021, the Board approved significant capital expenditure which included the following: investment in significant yard improvements in Deeside to protect employees, visitors and suppliers, a CNC machine in Nelson to increase capacity, IT update and security measures, and a new building fit out in Preston. 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.

The Group hosted a shareholders' day to bring all shareholders up to speed with performance and to discuss strategic plans.

Communities and the environment

The Group has 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 and water consumption is a KPI at all premises.

We have an established Environmental, Social and Corporate Governance (ESG) Council chaired by the CEO that drives all our workstreams on ESG matters. We have over 40 ESG trackers and these are reported and audited externally annually. In 2021 we appointed a Group ESG Director to drive this agenda further, particularly identifying a route to carbon neutrality and driving utility usage down further.

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 all relevant quality and safety requirements.

With the growing number of cyber-attacks across the globe hitting large and small organisations alike, the Group has continued to invest in IT, Cyber safety and upgraded security.

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.

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. • Instill a culture throughout the Group to value the importance of health and safety. • A new group wide health and safety initiative to drive greater local involvement in health and safety matters has been designed and implemented during the year. • A new health and safety leader has been appointed to drive engagement and further improvement. • The Group continues to invest in yard improvements and quality PPE.

Belfield Holdings Limited

Extract from the Annual Report and Financial Statements for the Year Ended 31 December 2021

Key decisions and developments	Stakeholders affected	Considerations and actions
Appointment of an ESG Director	Employees Investors Communities and the environment	<ul style="list-style-type: none"> • Monitor and improve utilities consumption. • Reduce environmental impact of materials used. • Promote an ESG culture • Set a path to carbon neutrality
Right sizing the business	Employees Investors Communities and the environment	<ul style="list-style-type: none"> • Merging three facilities into one will improve utility consumption and reduces internal transport. • The decision to restructure the Ilkeston based business was considered necessary to protect the returns to investors and further improve the service provided to customers
Addressing the twin challenges of input price pressure and availability, and labour shortages and pay rate pressures	Employees Customers Investors	<ul style="list-style-type: none"> • Managing the unavoidable input price pressures to minimize the impact on customers • Keeping our customers abreast of the impact of input material shortages on delivering products to their customers • Recruiting and training / upskilling new locally based colleagues to replace the loss of skills due to Brexit
Changes to the Group structure including sale of the mattress business	Employees Customers Investors	<ul style="list-style-type: none"> • The Group sold its mattress business which comprised three operating sites, repaying the structured loan capital from proceeds. • The Group moved away from a divisional structure and all business MDs now report direct to the Group CEO. • Closer management of the businesses using a Senior Leadership Team comprising all MDs and all functional leaders provides more consistency with Group policies and standards. • Collaboration of teams from different sites 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.
Capital investment in the business	Employees Suppliers Customers Investors Communities and the environment	<ul style="list-style-type: none"> • During 2021 the Group purchased a CNC machine for the site in Nelson, invested in building improvements to expand production capacity, enhanced IT security and upgraded yard management in Deeside. • 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 is far better than their replacements, benefitting the Group's carbon footprint.
Employee development and ideas	Employees	<ul style="list-style-type: none"> • The employee personal development review programme recognises and develops the pool talent across the Group. • The suggestion programme is designed to encourage, recognise and reward employees & agency staff who put forward original suggestions that will improve any aspect of the business.

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Key decisions and developments	Stakeholders affected	Considerations and actions
New HR and payroll system	Employees	<ul style="list-style-type: none">• Provide a better platform from which to monitor employee needs and history and support employees.• Better management of absenteeism and retention
Reorganisation of facilities in Romania	Employees Customers	<ul style="list-style-type: none">• The facilities now have the capability to provide wider sewing support, including leather items, from the Group's Romanian operations, thus improving customer service, increasing production capacity and reducing reliance on external suppliers.