

A message from Martyn Coffey – coronavirus (COVID-19) and the actions we are taking

A health pandemic is something modern society has never had to deal with. It has revealed how easily the country and the world can be brought to a stop. All businesses have had to take action, some have done this with the right balance of people, health, safety and business preservation. Others have been more drastic and taken action that has put their employees at a severe disadvantage and caused irrevocable damage to their brand.

Throughout the past few weeks and days, we have had to adjust our plans regularly, but we have always taken the correct course of action for the business and for employees. We have been careful not to make any knee-jerk reactions as the situation has been changing on a daily basis.

First and foremost, we have had to ensure we are following health and safety measures as well as government advice. We have worked hard, as a leadership team, to maintain best practice across all sites and business areas.

The actions we have taken are not about profit. We are not trying to preserve profit. We are trying to preserve our company. To preserve employment for 2,800 people. To put our company and your jobs first, we have had to lockdown spend and preserve cash flow.

We have reviewed our plan to manage through this situation and are today making some changes to our approach. Please note this is for the immediate period of the next three weeks (backdated from Tuesday 24 March 2020). These are the key headlines:

- There will be **no mandating of holiday** in the initial three week period
- There will be a very small number of roles that we see as **business critical**:
 - Where these roles can be carried out on a 'working from home basis' that's how we will operate
 - If a role needs to be carried out at a Marshalls' site, we will ask those colleagues to attend work
- Other colleagues will then be 'furloughed' for an initial period. This period will also start from Tuesday 24 March
- Employees who are on some other form of leave, for example maternity or sick leave will remain on leave (in line with all of our existing policies)

I want to give you background as to why we are trying to keep the business operating as best we can in such extreme circumstances.

We know our competitors are still operating and that merchants are now re-opening. Logistics in the UK is still operating. Retailers have moved their sales to online, the postal service is still active, and deliveries are still being made. Logistics businesses, like Stobart and Wincanton, are still operating. We choose to manage our own fleet rather than outsourcing this operation as we know it brings real commercial and customer advantage.

At this moment, having a working fleet with drivers is critical. We have customers that we must deliver to, not for profit, but because they are working on essential infrastructure projects: roads,

hospitals, public spaces. We must support these customers and maintain the strong bonds that we have with all of our customer base.

For the reasons given, we also need to continue running small parts of our business. We appreciate that some colleagues are nervous about working and we respect that decision. Clearly, we will make sure that colleagues are properly equipped and that health and safety is first – as we always do. For any business critical role that cannot be completed on a ‘working from home basis’, we will give a colleague, in any manufacturing location where we are continuing to operate, an extra half a day holiday per day they work. This can be taken in 2020 or 2021*. This will also apply to our drivers and despatch workers.

Like many organisations we are taking the action of using furlough to lessen the longer term impact on our colleagues. Marshalls has also made the decision, which most employers are not doing, to ‘top up’ salary levels to 100% for the furlough period in the next three weeks. This is our current position.

We know that the term ‘furlough’ is a new one to many. It is not something we have dealt with before. Effectively it is a ‘lay-off’ due to the absence of work. The government is encouraging businesses to avoid making employees redundant in such an extreme situation and is using the principle of ‘furlough’ as a temporary measure to retain workers. If you wish to know more then please visit, you can find information in this link – [click here](#). The specific details of the scheme, how and when monies can be claimed by organisations is not fully clear. We are, like all companies, waiting on HMRC to provide further details and guidance. **Which is why Marshalls will pay you as normal regardless of when they receive the money.**

We can only do this because of how we managed our cash flow and the actions we have taken in the last few days. We could not do this if we hadn’t carefully managed our position through this difficult situation.

I know you all have your own personal circumstances to deal with. I respect that you are concerned for a number of reasons, and I too share this concern. Our direction has always been to do the right thing. Marshalls’ responsibility is towards employees, customers and shareholders, and this is why we’ve made the decisions we have. Obviously, we’re monitoring the situation on a daily basis as this unfolds.

I want to thank you for your patience, support and commitment. Please stay safe and well. We will provide updates as quickly as we can. Thank you.

Martyn Coffey
CEO

*Subject to normal holiday booking procedures.