

COVID-19 Group Update

Dear all,

We hope that everyone had a peaceful Easter Weekend – one that we won't forget but hopefully you found time to rest and recharge your energy. We are all facing challenges during this crazy time whether we are working in the workplace or from home or indeed furloughed, so it's important that we take time for our wellbeing. This is one of the reasons why we have been clear about the need to take holidays between now and the end of May.

Last week continued to present challenges for us and we would like to update you on **what we know** at this stage:

1. **Your Protection:** Your safety is our priority and with the reopening of Le Mans we have taken the opportunity to reinforce our protocols to protect people in the workplace and as you would expect, we have shared these protocols around the group. Masks have continued to arrive from our Chinese colleagues to our business units across the group to support activity and protection. Of course, we cannot ensure protection outside of work and we ask everyone to remain vigilant to the protocols when you leave your home especially if you go food shopping.
2. **Our Operations:** With Tianjin fully operational and as Le Mans successfully starting operations on a single, restricted shift for production (focusing on mainly Liquitex Basics) and logistics to despatch the orders we have ready in the system (resulting in a container already on its way to the US), we are starting to focus on new customer demands. We also strengthened the skeleton force in Kidderminster to service the UK demand.

As the one unit that maintained operation throughout, the US DC moved into the first week of alternate week's working (to maximise social distancing whilst retaining service). We were however disappointed to learn about a potential case in the team at the beginning of this week. The decision was therefore taken to close the DC for the rest of this week so that an extensive deep clean and review of protocols could take place ready. Our thoughts are with the employee in question who has been quarantined at home and we plan for the unit to re-open Monday next week.

At this stage Lowestoft and Minehead and the majority of the Kidderminster site remain closed in line with government advice which confirmed an extension of the lock down period in the UK for an additional 3 weeks with most countries confirming that restrictions will be in force for most of May. For this reason, we will be extending the furlough arrangements in Colart and you will be notified directly if this relates to you.

3. **Working From Home:** In our last update we talked about how our systems are really helping with the way we are working virtually. This is good news for the mechanics of home working but what about the environment? We would therefore like to bring your attention to the space in which you are working. It's important that you replicate the safe working environment that you have in the office. As a reminder, we would ask you to complete the online training course (found in the Colart Academy online platform [click here](#)) and let your local HR business partner know if you identify any needs that we can support you with.

4. **Consumer Demand:** Due to the global impact of COVID-19 we saw Amazon temporarily pause their ordering of non-essential product categories so that they could focus on household staples and medical supplies. Over the last week, we have seen this policy change with some very positive orders coming through underpinning the tremendous Sales Out activity we have seen for Amazon in all markets. For example, in the US, March was the largest month ever on Amazon – higher than any holiday period. We believe this pattern will continue for the next few months as demand is definitely out there.
5. **Government Financial Support:** What we absolutely know is that each country has a very different framework for support. It is impossible for Colart to be prescriptive globally, but we can be clear on principle which is aligned to the Company's ability to fund the financial hit. This principle is that April is about no personal loss for those furloughed (i.e. not able to work) but, from May we need to seek ways of controlling our costs. We will also be looking to ensure holidays are taken during the next few months and not built up so that they need to be taken during our recovery phase. Of course, this enforcement of holidays is not ideal, but we need to work together here. What this means needs to be worked through and will be communicated locally in each business unit.

In terms of **what do we do not know:**

1. **Returning to normal:** We are still not clear whether there will be further extensions to the lock down set by each country. So, we are therefore focusing on how to build safety protocols in to the *new normal* to enable us to return to normal operations as soon as possible.
2. **Impact on Retail:** Clearly a challenging period for our retailers and it's difficult to predict how many will survive. For this reason, focus on e-commerce and engagement with our consumers is fundamental to our success and our future.

Any questions?

Naturally there are many questions in this world of unknowns and I hope you have taken the opportunity to visit the [Navigating Covid-19](#) to find out . Keep telling us what else we can do to help and remember the other ways to talk:

1. Talk to your line manager
2. Send an email to people@colart.com giving your contact details so that your local HR business partner can contact you as soon as possible
3. Post the question on the new Q&A platform

The final word as always is that we cannot stress enough the importance of following the safety protocols for everyone in Colart and your families: As reminder please visit [this site](#) for further information on how to ensure protection against infection.

Finally, Dennis will be holding another webinar Town hall on Wednesday 22 April. Based on feedback, these are proving to be an excellent way for us to stay connected.

STAY SAFE and please don't forget to complete the Covid-19 survey.

Regards,



Jane Beeston
Chief People Officer