

ROCK HOUSE FARM *Family of Brands*

CENTURY[®] HANCOCK & MOORE HICKORY CHAIR[®] HIGHLAND HOUSE
jessica charles MAITLAND-SMITH[®] PEARSON  cabot wrenn

March 25, 2020

To all our associates,

The COVID-19 crisis has continued to worsen as the number of cases in North Carolina and the United States grows. The health of our employees weighs heavily on the minds of our managers and owners as we consider whether to continue normal operations. The number of citizens impacted by a “shelter in place” government order approaches half of the US population. While the state of North Carolina has not yet issued a “shelter in place” order, multiple counties have. From an economic standpoint, our ability to ship products to our customers across the nation for delivery and payment is eroding rapidly. In the last couple of days we have also started to see a steep decline in our incoming order rate. Furniture, unfortunately, is simply not a priority for consumers across the nation right now.

With these realities and concerns in mind, RHF and all its Brands have decided to enact a Furlough week starting with Monday, March 30th and extending to Friday, April 3rd. During this Furlough week all of our factories and offices will be closed. Only a small group of around twenty people in areas such as Human Resources, Payroll, and Finance will be on our campuses or available to keep essential functions running. We will not produce or ship furniture. Our Human Resources staff will be available to our associates to help answer questions and provide assistance and guidance on signing up for unemployment benefits.

We are also considering a second Furlough week that would immediately follow this first week (potentially making this a two-week Furlough). That will be decided and communicated by the end of business on Wednesday, April 1st. Make sure your manager has your contact information so you can be updated; also check the company website at www.rockhousefarm.com after 5pm on April 1st or contact our COVID-19 hotline at 828-326-8600.

In light of the fact that we will be Furloughed next week, we have decided to extend our schedules where possible this week and operate additional hours. Your managers will communicate what this means for your area, but at minimum it should mean an additional four hours from what was previously planned.

Also, there is a Bill moving thru the US Congress that has some provisions intended to support the US working population during this hardship time. Direct cash payments to US citizens and an increase in the unemployment benefit should be available to nearly all our employees soon.

Unfortunately, another provision of this Bill which is written to support “Small Businesses” between 50 and 500 employees will not benefit us because we are too large. There are many companies in our area that will receive these “Small Business, forgivable loans” in order to pay payroll, rent, interest, etc. We are not so lucky. This means that it is likely that the only government support we will be provided to protect our workforce will be in the form of the expansion of the unemployment benefits and the removal of the “one week waiting period” for those benefits. Our Furlough will mean that our employees, many for the first time, will need to sign up for these unemployment benefits. Additional information is attached describing how to apply for these benefits. Please know that your company

provided benefits **will continue** during this temporary, short-term Furlough and the Company has decided to pay the Medical Payroll Deduction during this period of time (up to two weeks if we are Furloughed that long). Other voluntary deductions such as dental, vision, life, or disability would be collected over the next payperiod(s) after you return to work.

I want everyone to know that we are part of a group of furniture companies exploring ways we can produce face masks to support our front-line medical workers during this crisis. If we are able to get the proper materials to produce masks in the next few days or weeks, then we will convert some production areas to the manufacturing of these critical supplies. We will ask key people in cutting and sewing departments to support this effort when it becomes feasible, and we will produce masks if possible despite our Furlough and despite any potential NC Governmental “shelter at home” notice since the production of these essential goods would be allowed even during a mandatory shutdown. Those individuals asked to work will be paid for their hours by the company and will also have the option to decline to come in if they feel uncomfortable doing so. We will support the recovery of our country in any way we can and this is one small way we can contribute.

I cannot express how hard it has been to come to this Furlough decision. Furloughing the company for even just one week puts an incredible strain on our employees, our vendors, and our customers. We all are dedicated and diligent workers . . . to stop doing that for even a brief period is a shock. However, it is the most prudent decision we can make given the current circumstances. We need and want you to be safe and well, and we must assure that we only work and produce products that our customers can accept and pay for. Our top two priorities are the health of individuals and the health of the company.

Those of you who have elected to take the Voluntarily Layoff previously offered, your managers and HR managers will be working with you over the next few days to determine the proper time-frame for each individual.

Please refer to the attached instructions for applying for unemployment benefits. The fastest way to ensure you receive timely unemployment benefits is to register and sign up at www.des.nc.gov. If you do not have access to the internet, or if you need help with registration, your Human Resources team will be ready to help you navigate this process over the rest of this week or by phone next week.

Your next regularly scheduled paycheck will continue to be direct-deposited as usual for your work hours this week.

These are unbelievable times. Fortunately, we have a company built well and strong, a group of employees who are tough and dedicated, and a family of customers and partners who are loyal. We will get thru this and we will return to making the finest furniture in the world very soon.

My sincere thanks,



Alex Shuford, III, CEO