

KONE Coronavirus Business Continuity Plan – Summary

1. Objectives

The objectives of the KONE Business Continuity Plan (BCP) are to safeguard the health and well-being of our people, continue to support our customers and maintain business continuity. We continue to closely monitor the Coronavirus (COVID-19) impact and this document sets out the actions we are taking in response to it.

2. Critical Business Activities

We have identified the critical business activities to be maintained during the Coronavirus outbreak in line with the scope currently indicated by the UK and Irish Governments. We have put in place detailed Business Continuity Plans for each of these activities. The identified critical activities include, but are not limited to;

- maintaining the operation of our Customer Contact Centre
- maintaining our Engineering response to callouts and entrapments
- maintaining technical support and field supervision
- resourcing projects that remain (safely) open
- maintaining critical systems.

3. Current Preventative Actions

3.1 Maintaining the Health and Wellbeing of our People

- Promoting health and hygiene awareness, regular handwashing, and adherence to the minimum 2m social distancing measures.
- Restrictions on international travel by employees and international visitors to UK and Ireland facilities.
- Postponement of large employee meetings until later in the year or 2021
- Maximising use of video-conferencing rather than face to face meetings wherever practical.
- Use of homeworking for all staff who are reasonably able to do so.
- We continue to follow Government advice and will only work where the minimum 2m social distancing guidelines can be ensured throughout, assessment in relation of further relaxation of the lockdown will take place as appropriate, keeping the safety of our customers and employees paramount.
- We will be cognisant of the re-introduction of local lockdowns and implement as appropriate our safety measures in areas designated by government or local authority accordingly.
- Safety assessments continue to be carried out at the workplace by, and for, our engineers and testers. This resulted initially in some employees being stood down as social distancing guidelines were impractical to adhere to. However we have witnessed widescale adequacy of safe procedures being in place enabling us to work on all but a few construction sites and occupied buildings.
- PPE assessment in relation to supporting the health and safety of our employees and others will continue, and updated instructions will be issued when appropriate.

- We have procedures in place to track any Coronavirus cases in our workforce and to ensure that necessary reporting and self-isolation takes place promptly.
- We continue to support employees self-isolating in line with Government guidance on shielding.
- We have lines of communication in place, through which we are regularly updating employees on Government, national Political leaders and KONE guidance.

3.2 Supporting our Customers

- We continue to proactively communicate any changes as a result of the Coronavirus outbreak to our customers, positively we witnessed only a small extension to some delivery times from our factories of new equipment, full replacement and modernisation, and repair parts at the height of the pandemic (impact was less than 1% of our contracts). The delays were for specific components from our supply chain partners in some parts of Europe, these have now eased and we are back to normal.
- In regards to our service contracts we did make changes to our scheduling, carrying out maintenance on equipment to only critical buildings and infrastructure (defined by the Lift & Escalator Association (LEIA) guidelines) whilst attending call-outs and entrapment release where necessary and safe to do so for all our customers. From week commencing 15th June, we supported those customers who opened premises, predominately non-essential retail, in their requests for service and call-out attendance and have extended this to all customers opening their building and facilities subsequently, where safe to do so. Our engineer availability continues to remain at a good level throughout Great Britain and Ireland, aligned with our customers expectations. We have a very limited number of furloughed engineers now, as outlined below, and in the main it is those who continue to shield. We have continued proactive communication throughout the pandemic with customers in respect to concerns on meeting their individual expectations.
- We encourage our customers to engage with us about any of their changing needs, restrictions or protocols that we should be prepared for. We will continue to follow the guidelines set out by government and LEIA, we note our field-based service teams have been issued with letters identifying them as key workers, and we have previously been approached by the Police in respect to keeping essential buildings and facilities operational.

KONE Italy factory and logistics operations continue to be operational

- The two elevator component factories in Lombardy are at normal levels of manufacturing output, and remained unaffected by the lockdown announced by the Authorities earlier in the outbreak. We continue to communicate with the Authorities in respect to our logistics operations and maintain effective delivery of manufactured equipment to our distribution centres and subsequent onward transportation to sites and UK holding hubs. Some of our previous challenges of a limited number of lorry drivers not wishing to make journeys that may risk their re-entry to homeland are now minimal. In July we achieved a record number of deliveries to sites over the last 10 years.
- Preventive actions taken in Italy many weeks ago have been unwound, we operate “Blue” and “White” teams where applicable and those working at the factories or in the field are instructed and geared-up to protect themselves and others. We have aligned

our ramp up and attendance at offices in line with the relaxation of government guidelines upon adequate safety assessment.

- KONE's stock of products at warehouses and distribution centres are on a normal level both in Italy and outside of the country, having leveraged our global delivery chain to mitigate the situation in individual countries.
- The majority of components to the European market come from suppliers which are not located in Italy. For Italian suppliers, KONE has also alternative sources.

KONE China supply line continues to operate at a good capacity

- Since the second week of February, following the extended Chinese New Year break, we have gradually ramped up production - and our Chinese manufacturing units have been operating at a normal level for three months now. The level of activity at KONE's manufacturing sites and its suppliers recovered fast, whilst there has been some restrictions on movement of people across the country this has had minimal impact on our logistics and deliveries. From a UK & Ireland perspective this mainly risked escalator deliveries, we will continue to review weekly manufacturing status on all related contractual commitments and are liaising specifically with our customers who have placed or are considering placing orders with us.

Leveraging the Global KONE supply chain to keep possible impacts minimal

- We continue to leverage our global delivery chain to mitigate the challenges and restrictions in individual countries. Our robust global supply chain and global product platforms are the key enablers in mitigating the impacts to our customers. We have altogether 13 manufacturing units in nine countries and multiple distribution centres. KONE has a global network of approximately 2,000 component suppliers across the globe. Overall, our delivery capabilities have recovered.

Maintaining operational capacity

- Our current contingency process focuses on maintaining situational awareness of our capacity and ability to service all of our customers in accordance to our legal and contractual requirements. This monitoring suggests that today we are functioning with appropriate resources to match these requirements. Should this for any reason change we will start by shifting capacity to maintain our operational capacity subject to any further limitations on movement potentially imposed by local country authorities.

Spare part stock levels

- Consumable spare part stock was increased six-fold as part of our BREXIT readiness planning, therefore remain at high levels that we continue to replenish.
- We have increased the regularity of communication with our suppliers for non-standard stock items, reviewing availability and delivery time periods for bespoke spares. We are focusing on critical replacement part availability and will liaise specifically with customers about any specific challenges that become evident.

3.3 Labour resources

- As a result of the significant reduction of open sites, building restrictions and closures, our workload across all of our business lines did decrease, consequently we took the decision to utilise the UK Government's Job Retention Scheme and we have worked with Unite the Union to agree upon an approach to this for our engineers. This means that we introduced furlough arrangements for some of our engineers.
- We furloughed "Installation" engineers who were unable to work on the projects that they were assigned to prior or during the outbreak, because of one of the following :
 - o The project has been closed by the customer
 - o The project has not been able to adhere to social distancing guidelines
 - o Our current RAMS for the work task required cannot be rewritten to comply with social distancing guidelines.
- Our "Installation" management teams continued to have good communication with our customers across our new equipment, full replacement and modernisation projects that were open when explicit government guidance about construction site work was not clear. Our engineers continue to carry out regular safety assessments throughout the day including assessing travel to and from their workplace. They continue to perform a comprehensive review of project/site access protocols, use of drying rooms, canteens etc. They assess walking routes between their place of work and the material, equipment and tool storage areas also. We will withdraw our workforce after consultation with customers if remedial plans cannot be in place to ensure we can adhere to social distancing guidelines, we will return if appropriately re-assessed. We have reviewed all RAMS & PPE requirements in respect to our work tasks and in some instances re-planned our works and rewritten them to enable social distancing guidelines to be met. We have a small number of tasks that are specifically reviewed to determine if alternate methodology can be incorporated to enable us to carry on our works. Since the government guidance changed we witnessed the number of open sites steadily increasing and we have recommenced works on all but a few of those that we were installing on prior to the outbreak and lockdown. We have also commenced on many new sites since.
- Field-based service engineers have and will continue to undertake safety assessments in respect to social distancing guidelines. Having implemented a service regime of maintenance visits to critical buildings and infrastructure only (defined by LEIA guidelines) and instigated a schedule of essential maintenance modules only, this has been realigned to our customer who have been allowed to open premises as lockdown rules have been relaxed. We continue to provide call-out attendance and entrapment release to all equipment in our service portfolio, when it is safe to do so, and customers are providing adequate access.
- We furloughed some of our field-based service engineers having seen a large reduction of our service delivery and introduced a rota system to continue to meet the demand of our maintenance, call-out and entrapment release needs. Engineers have been returning to work as workload expectations have increased in recent times.

4. Crisis Management Governance

We have established a UK and Ireland Crisis Management Team consisting of members of the senior leadership team and are monitoring developments on a daily basis. This includes reviewing Business Continuity Plan preparedness, responding to updates in Government advice and aligning with and sharing best practices across KONE's global business operations.

We have identified deputies for members of the Crisis Management Team and other business critical roles.

The Crisis Management Team will ensure that any necessary changes to our Business Continuity Plan in response to developments in the Coronavirus outbreak are taken quickly and communicated to our employees and customers.