

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 2021
- Maximising use of videoconferencing 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 are cognisant of the re-introduction of local lockdowns, following the current national one, and will 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. At the start of the pandemic this resulted 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. In the early stages of the pandemic 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, but we have been back to normal since early summer 2020.
- In regard 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. This remains broadly our approach currently, we have engaged with many of our customers to discuss the importance of maintenance and discuss requirements for call-out & repair attendance as well as any specific protocols to be accommodated. 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 that our field-based service teams have been issued with letters identifying them as key workers, where relevant, or authorised to travel for work requirements. We are being approached by the Police in respect to keeping essential buildings and facilities operational and will reissue updated letters in respect to any changes to (local) lockdowns.

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, with no significant impact experienced with the Brexit ramifications either.
- Preventive actions taken in Italy last Spring have been unwound since October, 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 attendance at offices in line with the local government guidelines on 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 2020, we gradually ramped up production - and our Chinese manufacturing units have been operating at a normal level since May. The level of activity at KONE's manufacturing sites and its suppliers recovered fast, whilst there was 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 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, likewise monitoring transportation availability and import considerations in relation to Brexit related disruption at the ports.

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 confirms 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 from middle of 2019, this has remained in place to mitigate concerns in respect to the various deadlines, including the end of the transition period on 31st December 2020.
- Our stock levels will remain at higher levels, and we will continue to replenish, to avoid any impact of challenges associated with importing and/or congestion at ports. In the run up to the Brexit deadline we switched our stock replenishment to air opposed to road/sea freight in order to test this option, which was a success and remains at our disposal should it be needed. 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

- In the early stages of the pandemic, 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 The current RAMS for the work task required could not 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. When the government guidance changed, we witnessed the number of open sites steadily increasing, and recommenced works swiftly on all but a few of those that we had been installing on prior to the outbreak and lockdown. We have commenced on a large number of new projects with the government's guidelines broadly permitting work on construction sites since the first lockdown, with normal attendance in line with customers' expectations.
- Field-based service engineers have, and will continue, to undertake safety assessments in respect to social distancing guidelines. During the first lockdown we 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 was mostly realigned for our customers who were allowed to open premises when lockdown rules were initially relaxed. As equipment maintenance is essential, we have broadly reinstated scheduling across our portfolio since the autumn. We continue to communicate with customers about carrying out servicing and the protocols of access to buildings and facilities that are closed to normal use. Throughout the pandemic, we have continued to provide call-out attendance and entrapment release to all equipment in our service portfolio, when it is safe to do so. This includes the monitoring of localised government restrictions and adhering to any and all safety protocols implemented in those regions.

- During the first lockdown we furloughed some of our field-based service engineers having seen a large reduction of our service delivery and introduced a rota system to meet the demand of our maintenance, call-out and entrapment release needs. Engineers have now mostly returned from furlough, as workload expectations increased, we continue to carry out capacity management on a weekly basis to match customer expectations accordingly, nationally and locally as well as taking into account employees that are self-isolating.

4. Crisis Management Governance

We established a UK and Ireland Crisis Management Team consisting of members of the senior leadership team at the start of the pandemic. We initially monitored developments on a daily basis, and subsequently revised to bi-weekly, which remains in place now to ensure we are nimble in addressing (subsequent) local lockdowns and issues requiring decisions. This includes reviewing Business Continuity Plan preparedness, responding to updates in Government advice as well as 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.

5. Brexit statement

KONE has been carrying out BREXIT mitigation exercises for well over a year. This has included continually reviewing stock levels of materials, parts and spares, and where necessary considering and/or actually pre-ordering those required from Europe for storage in the UK in order to mitigate any potential border issues. This action continues. In addition, KONE operates under the Transitional Simplified Process which is an HMRC initiative, which enables easier movement of goods through the UK borders. KONE has no BREXIT related labour issues because almost 100% of the permanent work force are UK nationals. KONE believes that by carrying out the mitigation exercises identified then the risk that is potentially posed by BREXIT (i.e. customs delay and customs duties) will be mitigated and managed during any period of continued uncertainty.