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 are closely monitoring the Coronavirus (COVID-19) outbreak 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.
   - 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 are following Government advice and will only work where the minimum 2m social distancing guidelines can be ensured throughout.
   - Safety assessments continue to be carried out at the workplace by, and for, our engineers and testers, this has already resulted in some employees being stood down as social distancing guidelines were impractical to adhere to. We have also worked successful to aid the return to work of our teams also.
   - Requiring all employees with, or living in a household with someone who has potential Coronavirus symptoms, to self-isolate in line with Government guidance.
   - 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 have lines of communication in place, through which we are regularly updating employees on Government and KONE guidance.
3.2 Supporting our Customers
- We are proactively communicating any changes as a result of the Coronavirus outbreak to our customers, positively we have only seen a small impact on factory deliveries of new equipment, full replacement and modernisation, and repair parts, currently we have experienced extended delivery times on <2% of our contracts. In the main delays have been for specific components from our supply chain partners in some parts of Europe.
- In regards to our service contracts we have made changes to our scheduling and will carry 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. Our engineer availability remains at a good level throughout the country, although we have furloughed some engineers, as outlined below. We will have proactive communication with customers should there be concerns on meeting their individual expectations.
- We also 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 for “essential” and Key Worker status, we note our field-based service teams have been issued with letters identifying them as such, and we have already been approached by the Police in respect to keeping buildings and facilities operational.

KONE Italy factory and logistics operations continue to be operational
- The continued operation of our two elevator component factories in Lombardy remain unaffected by the lockdown announced by the Authorities last month. We continue to communicate with the Authorities in respect to our logistics operations and have been able to 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 have decreased further.
- We already started preventive actions in Italy some weeks ago. Business travel to and from Italy has been suspended as well as large gatherings of people. The majority of office work is being done remotely and those working at the factories or in the field are instructed and geared-up to protect themselves and others.
- KONE’s stock of products at warehouses and distribution centres are on a good level both in Italy and outside of the country, and we are leveraging 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 continue to operate at a good capacity. The level of activity at KONE’s manufacturing sites and its suppliers has recovered fast, whilst there are still 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 risks escalator deliveries, we 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 are leveraging our global delivery chain to mitigate the challenges and restrictions in individual countries, as the situation develops. 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 appr. 2,000 component suppliers across the globe. Overall, our delivery capabilities have recovered substantially in China and are stable in other countries.

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 change we will start by shifting capacity to maintain our operational capacity subject to any further limitations on movement potentially imposed by 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 has decreased, consequently we have taken 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 have introduced furlough arrangements for some of our engineers.

- We have furloughed “Installation” engineers who are unable to work on the projects that they were assigned to prior or during the outbreak, because of one of the following:
  - The project has been closed by the customer
  - The project has not able to adhere to social distancing guidelines
  - Our current RAMS for the work task required cannot be rewritten to comply with social distancing guidelines.

- Our “Installation” management teams are continuing to have good communication with our customers across our new equipment, full replacement and modernisation projects that are open. Our engineers will carry out regular safety assessments throughout the day including assessing travel to and from their workplace. They will continue to perform a comprehensive review of project/site access protocols, use of drying rooms, canteens etc. They will 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 some tasks that are still under review and are determining if alternate methodology can be incorporated to enable us to carry on our works.

- Field-based service engineers have and will continue to undertake safety assessments in respect to social distancing guidelines. We have 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. 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 have furloughed some of our field-based service engineers as we have 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.
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.