

KONECRANES

ANNUAL REPORT AGAINST CANADA FORCED AND CHILD LABOR PREVENTION ACT

Reporting period: January–December 2023

Entities covered: Konecranes Canada Inc, Konecranes Nuclear Equipment & Services, LLC

Konecranes is committed to operating in a manner consistent with internationally recognized human rights as defined in the International Bill of Human Rights and International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. (ILO principles covering occupational safety and health; freedom of association & collective bargaining; non-discrimination in employment and occupation; elimination of slavery and forced labor; and abolition of child labor.) Konecranes is also committed to the United Nations Guiding Principles on Business and Human Rights and the ten principles of the United Nations Global Compact.

Our structure, activities and supply chain

Konecranes Canada Inc. ("Konecranes Canada") and Konecranes Nuclear Equipment & Services, LLC ("KNES") are indirectly fully owned subsidiaries of Konecranes Plc, which is the parent company of the Konecranes group of companies ("Konecranes"), headquartered in Hyvinkää, Finland. As subsidiaries, Konecranes Canada and KNES follow Konecranes group policies and procedures.

Konecranes is a global leader in material handling solutions, serving a broad range of customers across multiple industries, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. Konecranes Industrial Service and Equipment offers specialized maintenance services and spare parts for all types and makes of industrial cranes and hoists, as well as provides an extensive range of industrial cranes, from components and light duty applications to demanding process use and solutions. Konecranes Port Solutions provides equipment, software and service for the container handling industry. The Group has approximately 16,500 employees in over 50 countries.

Konecranes Canada operates under three business segments. Process Cranes Operation sells customized cranes to several industries in Canada, Industrial Cranes Operation sells modular and standard cranes to several industries in Canada and Maintenance Services Operation provides repair and maintenance services, including standard and preventative, for customers' cranes located in Canada. Konecranes Canada has no crane manufacturing facilities. All the business segments are importing into Canada goods produced outside Canada, in addition to having local purchasing.

Konecranes factories in different parts of the world form an important part of the Company's supply chain.

KNES sells, modernizes and services material handling cranes. KNES is based in United States and does business also in Canada. There are no manufacturing facilities or employees in Canada. Goods imported to Canada include, for example, electrical and mechanical components.

Our policies and due diligence processes in relation to forced labor and child labor

Konecranes' Code of Conduct and Corporate Governance Framework guide the everyday activities of the company by clearly describing our internal standards and ethical values as well as our legal obligations. We have a group-wide Code of Conduct, which explicitly forbids the use of forced labor. The Code of Conduct is currently available in 35 languages and is publicly available at https://www.konecranes.com/sites/default/files/2023-03/Code_of_Conduct-2023-English.pdf. In addition, Konecranes Human Rights Policy states Konecranes key human rights commitments and describes the human rights due diligence process. The policy is publicly available at <https://www.konecranes.com/about/sustainability/policies-and-principles>. On top of the public policies, forced labor and child labor prevention are addressed in more detailed level in an internal Konecranes Fair Labor Frame.

We expect our suppliers and subcontractors to conduct their businesses according to similar legal, ethical, environmental, and employee-related principles as those we set out in our own Code of Conduct. The Supplier Code of Conduct forbids the use of child and forced labor. The Supplier Code of Conduct is publicly available in several language versions at <https://www.konecranes.com/suppliers-code-of-conduct-other-languages>.

Our human rights risks and impacts identification is done with a cross-functional internal team and includes input from external human rights experts. Severity of the risks is defined based on the scale, scope and the ability to remediate, and likelihood of each individual risk is estimated based on country context, information from our monitoring channels and on expert knowledge. We review this analysis annually, taking into account changes in our business and the results we get from our monitoring channels, such as from our Whistleblowing Channel and from social responsibility assessments and supplier audits. We seek to collect input for the analysis from affected people through different means, such as with employee surveys and discussions with employee representatives.

We report on our human rights activities annually.

Steps taken to reduce, assess and manage forced labor and child labor risks

We have in place roles and responsibilities to reduce and manage human rights risks. For example, site management has overall responsibility for legal compliance on-site, while Human Resources is responsible for execution of different people processes. The Sustainability organization is responsible for the Group's Human Rights policy and general human rights processes, like due diligence process and target setting. The Legal organization, including Compliance and Ethics, is responsible for whistleblowing and remedy process, enterprise risk management process and advising on legal compliance. The Procurement organization is responsible for compliance with the legal, ethical, environmental and other sustainability obligations of Konecranes' supplier base and sets the requirements and processes for procurement. A group executive-level Compliance & Ethics Committee oversees the implementation and development of our Compliance and Ethics program and Sustainability Council defines, guides and reviews the overall sustainability strategy, short-term targets and action plans.

In 2023, we analyzed the human rights risks of the supply chain, which enables us to focus our due diligence activities on high-risk purchase categories and countries. For country-level risk analysis, we used the Global Risk map tool, where human rights risk ratings are based on five international indexes, such as Fundamental Human Rights Index & Global Slavery Index.

Forced labor has been identified as a potential risk, for example when using low-skill workers in our facilities, such as in cleaning and in canteens. Other risk areas include sourcing of minerals "deep" in our supply chains.

To avoid forced labor and other risks from occurring, we have in place different measures. Depending on the risk level, we are requiring or recommending a written contractual commitment from our suppliers and subcontractors to our Supplier Code of Conduct or equal level of requirements. Konecranes performs also supplier evaluations, which are divided into self-assessments and on-site audits. Unless our prescreening shows supplier's risk level to be low, our procurement process involves a background check in the form of self-assessment before the supplier or subcontractor relationship begins. With the assessment we evaluate whether the potential supplier or subcontractor is fulfilling the requirements set in Konecranes Supplier Code of Conduct. Defined suppliers are required to repeat the self-assessment every three years. Audits are conducted for selected new and existing suppliers based on identified risks. In 2023, we executed 33 on-site audits at the Group level for our existing suppliers, concentrating particularly on the compliance with our Supplier Code of Conduct. There was no forced or child labor identified in the audits.

To strengthen our due diligence related to minerals sourcing and compliance of human rights, we joined in 2021 Responsible Minerals Initiative (RMI), to mitigate risks jointly with hundreds of companies.

Additionally, Konecranes conducts social responsibility assessments for its own manufacturing or service operation sites. A third-party is doing the assessments against the Konecranes' Fair Labor Frame, which includes zero tolerance for forced and child labor. In 2023, assessments were done for example in Mexico and Philippines.

Training

We have a regular group-wide Code of Conduct training program where staff employees are required to complete a Code of Conduct training every year and operatives every second year. During 2023, the Code of Conduct training was required by staff and 100% of the Canada staff employees completed the training in 2023. The Code of Conduct training 2023 addressed human rights matters, among others. Code of Conduct basic training is also part of the new employee induction and human rights are embedded in new managers' training. More detailed child and forced labor risk information is shared for some of the employees making purchasing decisions.

Speaking-up and remedy

We aim to promote a healthy speak-up culture where people feel safe reporting compliance and ethical concerns without a fear of retaliation. To encourage our employees to address any issues, we offer multiple ways to raise concerns. Among these is an externally hosted Whistleblowing Channel which gives our employees an additional means to raise concerns relating to compliance with laws and ethical conduct. The Whistleblowing Channel is also open and available for externals at <https://www.konecranes.com/about/sustainability/compliance-ethics/whistleblowing>.

If Konecranes causes or contributes to negative human rights impacts, we seek to provide access to a remedy for the affected people either by ourselves or through cooperating in remediation through legitimate processes. In 2023, we did not take measures to remediate forced or child labor nor did we remediate the loss of income to the most vulnerable families that results from any measures taken to eliminate the use of forced or child labor, as we did not identify forced or child labor in our activities and supply chains.

Assessment of effectiveness

Appropriateness and effectiveness of child and forced labor risk prevention measures and remedies are assessed by responsible functions by different means, including employee surveys and analysis of supplier audit results. Our internal Audit function addresses child and forced labor. Related to the Whistleblowing Channel, incoming complaints are continuously monitored and assessed to understand possible changes in risks. In addition, the effectiveness of the complaints procedure is reviewed and evaluated at least once a year in line with our compliance annual clock by analyzing complaints received in a more comprehensive manner to evaluate any enhancements that may be needed to policies and procedures or internal controls.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Sadi Arbid

Managing Director & VP ISE
Canada

Date 30-May-2024

Sadi Arbid

I have the authority to bind
Konecranes Canada Inc.

Debbie Yost

Financial Controller

Date 29-May-2024

Debbie Yost

I have the authority to bind
Konecranes Nuclear
Equipment & Services, LCC