

## **Novel Coronavirus (2019-nCoV) – Impact to Global Supply Chains – UPDATED 17/03/20**

Ventec is monitoring the developing situation following the outbreak of the Novel Coronavirus (2019-nCoV) in Wuhan, Hubei Province, Peoples Republic of China (PRC). The China government has put in place well reported travel restrictions around Wuhan and Hubei province to limit the opportunity of the virus spreading. Ventec's mainland China facilities are centered in and around Suzhou in Jiangsu Province, with a pressing facility in Shenzhen, Guangdong Province, both of which are many miles from the center of the outbreak.

The PRC has officially returned to work following the vacation for Lunar New Year / Spring Festival holiday. But central and local governments continue to restrict the movement of people, particularly from those provinces with the highest infection rates, and factory opening restrictions remain in some cities.

As of the date of this update, the status of Ventec mainland China / PRC facilities is as follows:

<b>Suzhou:</b>	Open
<b>Jiangyin:</b>	Open
<b>Shenzhen:</b>	Open
<b>Masslam:</b>	Open

**Across the Ventec International Group we are operating at 90%+ capacity, with a majority of our employees having now returned to work.**

We are currently recruiting new employees to further increase our output during March. Our order loading in the short to medium term is high, so please provide maximum visibility of all requirements via your local service centre.

**No new cases of coronavirus have been reported in Suzhou in the last month.**

### **Logistics Update:**

Some government travel restrictions continue, restricting the movements of goods to airport and ports. This reduction in capacity is currently adding c. 3-4 days to lead times. The travel / logistics restrictions are also causing some lead-time issues with incoming raw material deliveries, in particular for special items where lower inventories are maintained. Some price pressure is starting to be felt for items that are in short supply.

Sea freight continues to work well, and Ventec manages the majority of its supply chain using bulk sea container shipping to maintain its regional inventories.

Well publicised reduction in flights to / from mainland China remain, and the resulting reduction in airfreight capacity will continue to impact on transit times. Significant price increases for air shipment are starting to be passed on, as available capacity is significantly reduced. The net impact to lead-times currently stands at around 5-7 days for airfreight shipments from our China manufacturing facilities. We expect this situation to remain until the airlines start to reinstate the cancelled flights.

Whilst it is impossible to give a guarantee of zero disruption to supply chains, Ventec continues to be well placed to manage continuity of supply to its worldwide customer base from its Global network of

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distribution and service centers, which carry extensive inventories tailored to the needs of its customers in each region.

**EMEA & USA Update:**

As everyone is aware from the Global news coverage the virus is now spreading Globally. Ventec is following government advice in each country where we have service centers and employees. We have also limited all travel in line with government travel advice in each region and country.

Within our service centers we are limiting visits to “essential only” and scanning temperatures of all visitors and all employees, on a daily basis, as they enter the facility. Anyone exhibiting raised temperatures, or other symptoms associated with the Coronavirus, is being asked to self-isolate for 14 days in line with current medical advice. To further limit the possibility of transmission within our facilities, we are reinforcing the importance of hand hygiene, and have installed multiple hand hygiene stations throughout.

As of Monday 16<sup>th</sup> / Tuesday 17<sup>th</sup> March 2020, in line with government advice in Germany & UK we have instigated a home working / office working rotation system for all administration personnel, using technology solutions so staff remain connected with the centers and customers. This means we have a low employee density environment to mitigate the infection risk among our workforce, while maintaining a full service to our customer base. We are taking similar steps in our USA facilities during this week.

**Ventec regional inventories remain at good levels, and our ability to offer uninterrupted supply from local stock remains good.**

We will continue to monitor the situation and will adjust the preventive measures in line with the government advice and policies in each country where Ventec is established.

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