

KONE

Helping cities grow sustainably

Sustainability Report 2022

www.kone.com

Dedicated to
People Flow™

KONE'S ELEVATORS AND ESCALATORS MOVE

>1 BILLION

PEOPLE EVERY DAY

>550,000

CUSTOMERS

OPERATIONS IN

>60

COUNTRIES

~30,000

SUPPLIERS

>1,500,000

EQUIPMENT IN KONE'S MAINTENANCE BASE

>60,000

EMPLOYEES

AUTHORIZED DISTRIBUTORS AND AGENTS IN

<100

COUNTRIES

SALES

MEUR 10,907→ Read more about KONE as a
company on kone.com

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Sustainability highlights 2022



CDP 2022 'A' score for corporate sustainability leadership

EcoVadis Gold medal for sustainability performance



23 elevator models with A class ISO 25745 highest energy efficiency ratings

8 escalator and autowalk models with the best A+++ rating



Carbon-neutral option for KONE DX Class elevator introduced

Widest range of externally assured Environmental Product Declarations in compliance with the EN 15804 standard



Forbes 2022: World's Best Employers list



151 nationalities



Average of 35 hours on formal development and learning per employee



Our corporate and R&D units, all major manufacturing units and 32 major subsidiaries are ISO 14001 certified. Three KONE manufacturing units are ISO 50001 certified.



1.4 Industrial Injury Frequency Rate



Human Rights policy issued

How KONE added economic value in 2022

ADDED VALUE MEUR 4,565



KONE employed 63,277 people

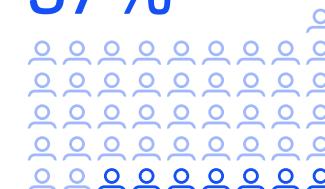
AMERICAS

12%



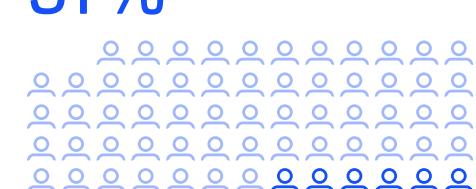
EUROPE, MIDDLE EAST AND AFRICA

37%



ASIA-PACIFIC

51%



Men
Women

Making strides in sustainability during a demanding year

Carbon-neutral solutions, becoming our customers' trusted partner in sustainable building, increased gender diversity, and advances in human rights were amongst the positives in 2022. President and CEO Henrik Ehrnrooth and Chairman of the Board Antti Herlin discuss KONE's progress in sustainability.

2022 was a year to remember. We continued strong progress in our 'Sustainable success with customers' strategy, with positive developments in many of our businesses and geographic areas. At the same time, our operations were impacted by several disruptions as well as the tragic war in Ukraine.

We are currently midway through our four-year strategy period, and there are two big shifts we aim to accomplish. Firstly, we want to embed sustainability in everything we do, and secondly, we want to increase the scope of our business with our customers through value added solutions.

In 2022, we continued to deliver on those goals and introduced new solutions that support our customers in improving their buildings' sustainability, as well as the productivity of their operations.

"We notice our customers are increasingly emphasizing sustainable solutions and services, and expect their partners to operate responsibly. This is a clear and positive change we see in all the markets KONE operates in," says **Henrik Ehrnrooth**, President and CEO of KONE.

"Another growing trend is modernization, as well as circularity, to reduce the carbon footprint in the building industry and conserve scarce resources," Chairman of the Board **Antti Herlin** adds.



Antti Herlin, Chairman of the Board (left) with Henrik Ehrnrooth, President and CEO

Meeting customers' evolving sustainability needs

"We launched the world's first carbon-neutral elevator in March. This elevator complements our smart and sustainable service offering, which includes KONE Care DX, the first carbon-neutral maintenance service in the elevator industry. Digitally enabled products and services further enhance our ability to improve the energy efficiency of our products," Henrik says.

Sustainable solutions are the only way forward as 60% of the world's growing population is expected to live in cities by 2030. To accommodate the flow of people, demand for new buildings and modernizing the old is growing.

"Global focus on sustainability and building adaptability is especially boosting modernization and providing exciting growth opportunities for the whole industry already in the near future," Antti remarks.

In tandem with the growing modernization business, the need for circularity and re-using existing materials is on the rise. Although the necessary infrastructure, processes and regulatory environment for a full circular economy are not yet reality, we are moving in the right direction. KONE is ready to embark on journey this as our elevators are mainly built of metal, meaning that up to 90% of their components have the potential to be recycled or reused.

In 2022, we tackled challenges with sustainability from another angle as well. Compared to other industries, construction has traditionally lagged in productivity. According to a study by McKinsey, 13% of the world's GDP comes from construction – yet the productivity in the industry has only grown by 1%.

"We decided to rise to this challenge and brought new, innovative technology to the market. The new KONE JumpLift construction time elevators on building sites can shave weeks, even months, off project timelines by optimizing the flow of people and materials. Until last year, the JumpLift technology only existed for high-rise buildings, but now it is available for lower-rise buildings too," Henrik explains.

These solutions will not only speed up the building processes and productivity, as well as cut costs in the construction industry, but will also have an important impact on urban life overall. A faster building process means improved quality of life in the neighborhood, with less disturbance from the build.

"We want to carry our responsibility in societies as well, and

the productivity development is one of the key solutions for improving the flow of urban life," Antti describes.

We also focused on productivity and efficiency within KONE, by concentrating our efforts on Lean projects. Several Lean and agile initiatives were completed across the company to improve our performance and eliminate waste, resulting in significant savings and further improvements in quality.

Pulling together as one KONE team

At the same time, last year was characterized by many crises and disruptions. The tragic war in Ukraine, varied challenges in the Chinese property market, and high inflation all played into the supply chain problems globally and the energy crisis in Europe.

The endurance and courage our KONE teams have shown during these difficult times, especially in Ukraine and China, have been amazing to witness. The safety of our people is always our top priority, and we will never compromise on that. Sustainability has never meant just environmental aspects for us and last year really came to show that," Henrik says.

From day one, employees of the KONE countries neighboring Ukraine helped with everything they could, from transportation to accommodation. In addition, KONE donated money through the Finnish Red Cross in aid of the war relief efforts in Ukraine. KONE Centennial Foundation also ran a prolonged matching funds initiative to help those impacted by the crisis.

Tough times call for tough decisions, and one of them was to sell KONE's operations in Russia to the local management after the country's vicious attack on Ukraine. The process was started in June 2022 and the sale is currently pending final approval by the Russian authorities.

"KONE has a long history in Russia, we have operated in the country for over a century. With a history like that, the decision to sell the business wasn't an easy one, but it had to be done," Antti recounts.

Our team in Ukraine has persistently continued their work in the hardest conditions possible and they even managed to secure a big win in September: a business center in Lviv, Western Ukraine, has already got some of the new KONE elevators installed.

"It is truly amazing to see how devoted and resilient our

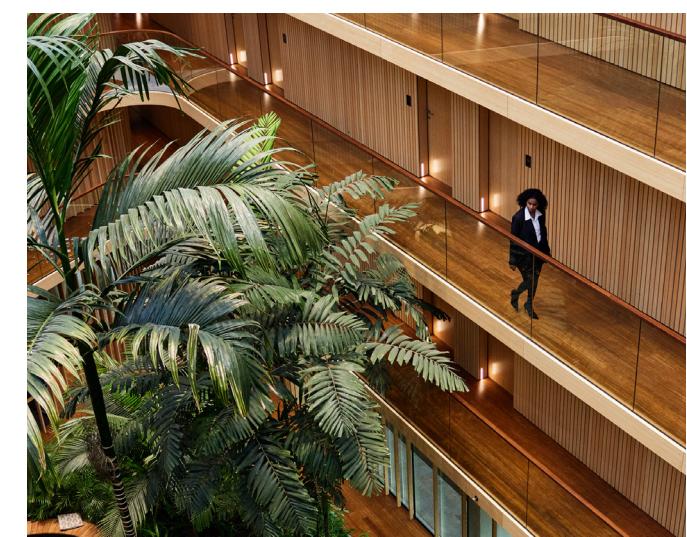
Ukrainian team is and how our entire KONE family has come together to support our colleagues and their families in this tragic situation," Henrik thanks.

Spotlight on the people

Making KONE a great place to work is our first strategic target. One of the key elements in achieving this is attracting the best potential talent and focusing on diversity and inclusion so as to mirror the world around us. Two years ago, we published a pledge to systematically increase diversity, equity, and inclusion (DEI) at KONE.

"We seek out candidates with diverse backgrounds, looking at it from several perspectives: including industry, location, competence, and gender. As a specific example, we aim to make a step-change in the share of women at the director level to 35% by 2030. We are proceeding well with this and are currently at 23,5% in comparison to last year's figure of 21,4%, Henrik states.

In 2022, we also launched our first two global employee resource groups: a women's employee resource group and a LGBTIQ+ employee resource group, with the objective to continuously improve inclusion through open discussions and support.



Our global inclusion survey revealed a clear improvement in the way people view our leaders' readiness to steer a diverse group of employees, as well as in the employees' feeling that they can be their authentic selves at work.

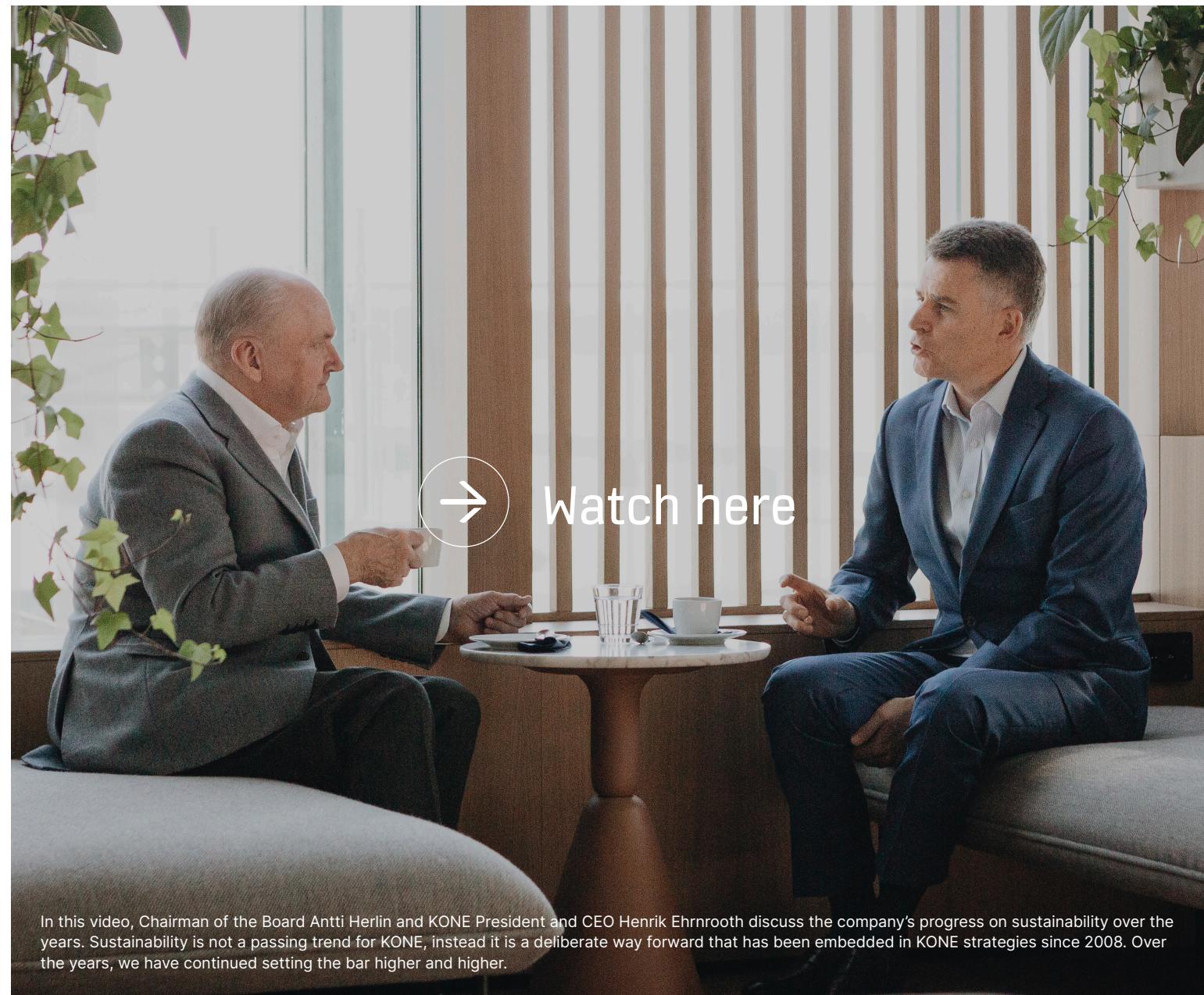
International Human Rights Day in December saw the publication of KONE's new Human Rights policy. "We don't take human rights for granted; we respect human rights and expect the same commitment from all our suppliers, distributors, and other business partners," Henrik explains.

As a company, KONE also continues to support the United Nations Global Compact and its principles on human rights, labor standards, environmental protection, and anti-corruption.

Overall, we have taken significant steps at KONE to improve our environmental, social and financial sustainability during 2022. Working closely together with our customers, partners and other stakeholders, we will continue to pave the way for a truly sustainable urban future.

"The year ended on a very positive note as we learned KONE had once again made it to the Corporate Knights' 2023 Global 100 Most Sustainable Corporations in the World ranking. We were listed as the 19th most sustainable company in the world – and the only elevator and escalator company globally to be featured – something to be genuinely proud of," Henrik says.

"Definitely. It was a great honor to receive this recognition again, for the third time. Corporate Knights is the gold standard in sustainability ranking and it is associated with transparency. This comes to show that our long-term commitment to sustainability continues to pay off," Antti concludes.



In this video, Chairman of the Board Antti Herlin and KONE President and CEO Henrik Ehrnrooth discuss the company's progress on sustainability over the years. Sustainability is not a passing trend for KONE; instead it is a deliberate way forward that has been embedded in KONE strategies since 2008. Over the years, we have continued setting the bar higher and higher.

ARTICLE

How do you recycle a building? The race is on to find out

Nowadays we're all looking for ways to reuse, recycle and repurpose materials to help the environment and save resources. The construction sector is no exception, with innovations towards 'circular' ways of building coming thick and fast. But the new mindset requires learning a host of new skills as well as a new regulatory approach, plus a healthy dose of trial and error.

Imagine a world without waste, where not just products but even buildings can be recycled. The prospect is perhaps closer than you might think. Faced with the climate emergency and resource shortages, companies, authorities and individuals everywhere are increasingly embracing 'circularity', finding ways to reduce the consumption of materials by sharing, recycling, reuse and repurposing.

In the construction industry, a host of trials, pilots and innovative new products are driving the shift towards a more circular approach to building. But the pressure for change is also rising: last year, CO₂ emissions from construction and buildings rose to an all-time high of 40%, with building operations accounting for 27% and building infrastructure and materials for 13%.

"The size of these numbers equals the size of the opportunity," says **Kristin Hughes**, Director of Resource Circularity at World Economic Forum, "but it will be like turning a big cargo ship around. We will need a sustainable alternative for every material and a solution for managing every component."

The World Economic Forum is working across the construction value chain to connect the dots in designing

and overseeing more resilient, efficient, and more profitable businesses. For Hughes, as her title suggests, circularity is key to achieving this.

"When people hear circular economy, they often think it's only about the environment, but it's much more," Hughes says. "Circularity is the solution to the sector's massive footprint but also the key to finding new business strategies for a resource-constrained future."

Necessity propels innovation

In the UK, Hughes cites a case where Covid-19 became a trigger for circular thinking. During the pandemic, supply chain disruptions and delays had been holding back business for a global engineering and development consultancy. So instead of waiting for materials like steel, copper wire, and electrical equipment, the company started searching locally for used and recycled alternatives.

"This was so successful that they are now looking for ways to normalize this approach and replicate it for cost efficiency and sustainability," Hughes says.

Learning the circular way

"The mentality is definitely changing," says **Jean-Paul Bourgeat**, senior vice president of KONE's global modernization business. He says that for KONE, the move towards circularity has opened up opportunities for new partnerships as the company co-innovates new processes and models.

"Recycling has been in place for years," Bourgeat says. "The question now is how we move to a mature circular economy where dismantling and repurposing materials in new ways becomes possible, keeping in mind that reusing a component avoids having to produce a new one."



One of the issues that needs to be overcome is that simply recycling an old piece of equipment or part of a building may not necessarily turn out to be as environmentally and resource friendly as it might first appear.

"For example, if you need lots of trucks to transport materials for recycling, that obviously has an impact on the carbon footprint," Bourgeat explains.

The answer "probably lies in a localization of the reuse-repair-recycle approach," he adds.

A recent pilot at the Opéra National de Lyon is a case in point. This 18-story architectural showcase, topped by an immense curved glass roof and built for crowds of up to 1,500 opera-goers, was being served by five elevators which were reaching the end of their life.

Working in partnership with the Opera and local online sourcing agents, the KONE team launched a historic dismantling and replacement process, where these elevators were meticulously disassembled, with 100 components identified for potential reuse, with the principle of excluding safety components.

Working around opera rehearsals and live performances, the team hand-collected and itemized materials ranging from ornate lamps to electrical boards, as well as more than three kilometers of cables.

Whereas normally each one would have been discarded as waste, many components were selected for a potential second life, and put up for resale to professionals in the real-estate and construction industries, and beyond.

Matching material availability with demand

The World Economic Forum's Kristin Hughes is working with a start-up developing digital solutions to create markets for recycled resources such as those rescued from the Lyon Opera, by matching customer demand with resource availability.

Both Hughes and Bourgeat agree that for a truly successful circular economy, materials must be traceable, to ensure that buyers know where they have originated and how far they have traveled.

So-called digital 'materials passports' that capture and store information on construction materials are already in development, and could include RFID technology to track the whole product lifecycle. This is also intended as a

way of increasing the industry appetite to take up these used materials.

Policy to boost progress towards circularity

Hughes warns, however, that policymakers are not always keeping up with industry strides towards circularity. She cites the example of cement, which accounts for a sizeable eight percent of all building materials emissions.

Hughes recounts the case of a building materials manufacturer which has developed a recycled cement product that performs as well as new cement, if not better, and has a considerably smaller footprint. But although the company is sourcing the used cement from Germany, Austria and France, legal constraints in those countries mean the recycled product can only be sold in Switzerland.

"So the company is left sitting on all this recycled cement and waiting for the legislation to catch up," Hughes laments.

In the meantime, Bourgeat sees the construction business moving ahead in other ways: "We can already see a shift from a mindset of scrapping and rebuilding, which costs a lot more from a carbon point of view, to one of renovating, reshaping and repurposing, and we see our customers moving in this direction with us."

While the infrastructure, processes and regulatory environment necessary for a full circular economy may still be a long way off, the direction of travel is clear and many elements are already in place for the transition to circularity. New KONE elevators, for instance, are overwhelmingly built of metal which means that 90% of components already have the potential for recycling or reuse.

Hughes wants to imagine a future where 100% of all end-of-life products could go back to their manufacturers for reprocessing, and where material-less business models would maximize the lifetime of buildings while addressing the problem of overconsumption and helping solve the climate crisis.

"Sometimes the simplest solutions are right in front of us," she says.

→ This article was originally published on kone.com



The 18-story architectural showcase Opéra National de Lyon chose a circular approach to upgrading the building's five elevators.

Megatrends impacting KONE business

Our business is shaped by three major megatrends: urbanization, sustainability, and technology. Together with the wider building industry, we play a role in developing smart and more sustainable cities.

	Impact on elevator and escalator industry	KONE's response
 Urbanization	<ul style="list-style-type: none"> Increased demand for elevators, escalators and other people flow solutions to enable accessibility and ease of moving in buildings Growing need to maintain and upgrade safe and reliable infrastructure in aging buildings More value placed on smooth people flow in cities Affordable housing 	<ul style="list-style-type: none"> Provide new elevators and escalators for urban environments, enabling the best possible people flow and smart solutions in buildings Data-based design to create innovative solutions for healthier and smoother movement of people in and between buildings Maintenance and modernization solutions that ensure the best and most efficient performance through the lifecycle of equipment Modernization solutions that can improve, for example, the accessibility and adaptability of a building
 Sustainability	<ul style="list-style-type: none"> Green and net zero building a global priority Rising interest in embodied carbon data New demands for the climate resilience of logistics and equipment Increasing demand for circularity Rising customer, employee and equipment user expectations of environmental sustainability and social responsibility Rising interest in the use of healthy and environmentally friendly materials 	<ul style="list-style-type: none"> First in the industry to set ambitious targets to cut greenhouse gas (GHG) emissions, Scopes 1-3 Continuous work to improve the already best-in-class energy efficiency of our products and solutions First in the industry to offer carbon neutral elevators and maintenance Maintenance and modernization solutions that increase the long lifetime of the equipment Work on the climate resilience of the logistics network and solution design Focus on diversity, equity, and inclusion Published a Human Rights policy Increased focus on sustainability in our supply chain, including human rights Use of new and innovative materials contributing to good indoor air quality and health Widest range of Environmental Product Declarations and Health Product Declarations
 Technology	<ul style="list-style-type: none"> Rising interest in building automation systems, for example, elevators and escalators that can be connected to the building's ecosystem and users' devices New technologies enable improved user experience and smarter building management Need to form partnerships and co-innovate for smart and sustainable urban development Increasing need for cybersecurity and data privacy 	<ul style="list-style-type: none"> Creating better user experiences and more customizable People Flow® solutions to make buildings function better Smart, built-in connectivity and application programming interfaces that enable integration with third-party solutions such as service robots and building management systems Intelligent maintenance and modernization services that reduce equipment downtime, improve energy efficiency, and prolong equipment lifetime Partner ecosystem and co-creation with customers Using insights from user data to anticipate future needs End-to-end cybersecurity in our smart solutions

KONE's strategy: Sustainable success with customers

At KONE, our mission is to improve the flow of urban life. We understand urbanization and help our customers make the best of the world's cities, buildings and public spaces. Our vision is to create the best people flow experience. We believe our vision can be best achieved by working together with our customers and partners in every step of the process.

Customer at the center

KONE's strategy phase 2021–2024 is called Sustainable success with customers. We focus on increasing the value we create for our customers with new intelligent solutions and embed sustainability even deeper across all of our operations.

In order to bring our strategy to life we have introduced Where to Win areas and Ways to Win areas.

Where to win areas

In order to bring clear direction to our strategy, KONE has defined four Where to Win areas, representing the biggest opportunities for profitable growth and differentiation:

Core products and services: matching customer specific needs for a seamless experience through connectivity and adaptability. All products and services will be optimized for cost efficiency and sustainability.

New solutions for customer value: developed and integrated with core products and services to create value for customers in new ways.

Smart and sustainable cities: becoming the preferred partner for smart and sustainable city development.

Service business in China: becoming a clear market leader in this very fast-growing and fragmented market.

Way to win areas

Our Ways to Win are KONE-wide transformation and development initiatives which will enable us to create sustainable success with customers:

Empowered people: having the most capable and engaged team of professionals who succeed in a changing world.

Marketing and sales renewal: creating a seamless, unified customer experience across multiple channels.

Lean KONE: leveraging Lean skills, practices and leadership to eliminate waste and ensure continuous improvement.

Digital + physical enterprise: having future-proof technology infrastructure, building the capabilities to use data and analytics and further developing the efficiency and resilience of our supply chain.

KONE Way is our operating model and defines how we implement the Ways to Win and run our business with the right roles, processes, IT tools and data. It enables us to deliver better service to our customers through speed and consistency.

Our culture

The foundation for everything we do is our culture, which is built on safety, quality, sustainability as well as our values: care, customer, collaboration, and courage. Together with our mission, vision and strategy, our culture provides purpose and direction to the decisions we make.

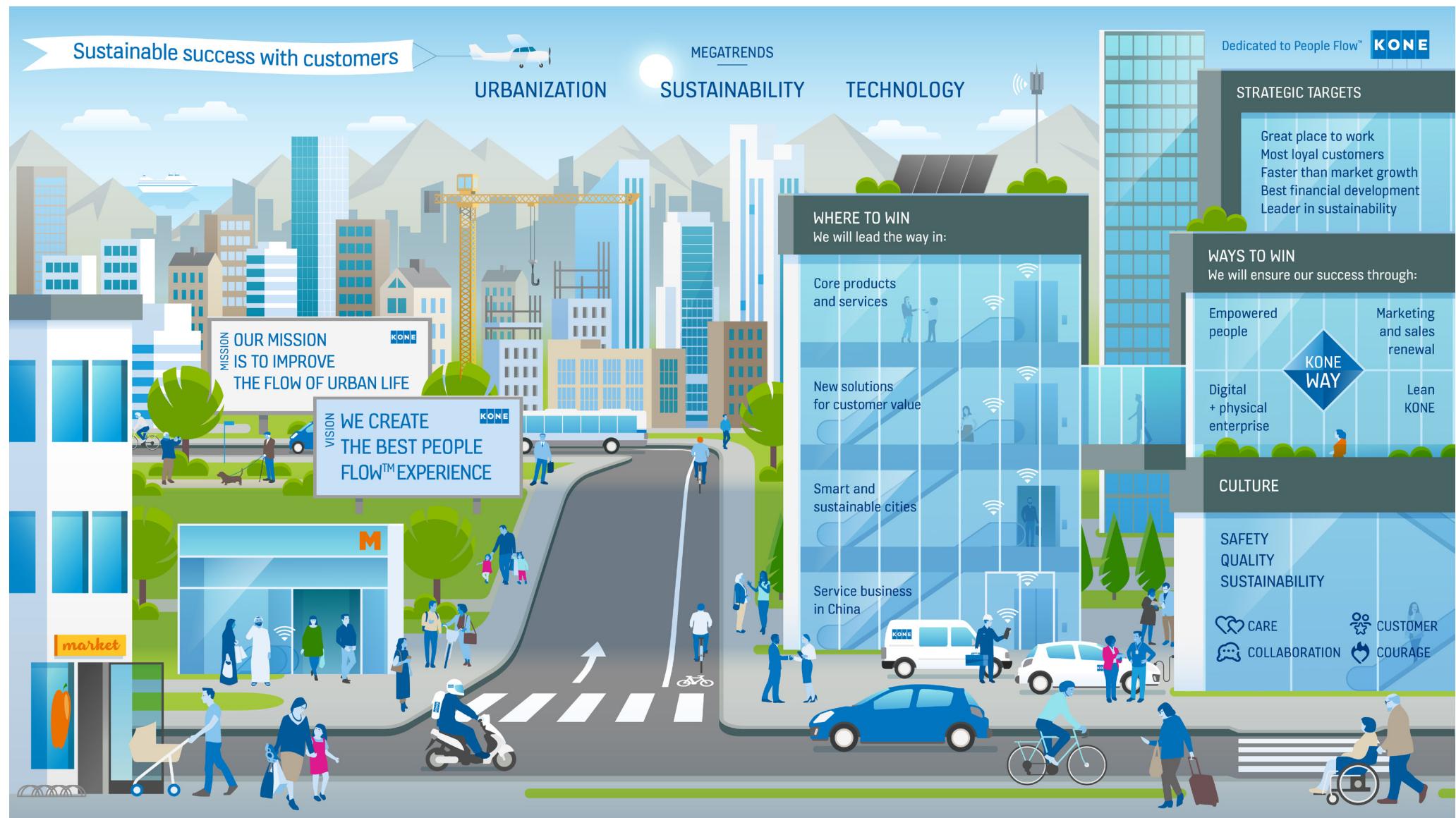
Measuring our progress

We continue to measure our success against five strategic targets: Great place to work; Most loyal customers; Faster than market growth; Best financial development; and, Leader in sustainability.



→ See the KONE strategy image on the next page

KONE strategy



Our value chain

As a global leader in the elevator and escalator industry, KONE provides value for customers during the whole life cycle of a building. The demand for more sustainable communities can be addressed, in part, through green and smart buildings, creating smart and sustainable cities.

In the new equipment business, we offer innovative, intelligent elevators, escalators and automatic building doors to deliver the best people flow experience. In maintenance, we improve the safety and availability of the equipment in operation, and in modernization we offer solutions for aging equipment ranging from partial to full replacements. Our offering includes KONE People Flow® planning and consulting services and solutions, best-in-class energy-efficient solutions, and sustainable materials. Energy-efficient features lay the foundation for low-carbon building operations. KONE supports green building from the planning phase to the recovery phase.

Although we have a significant direct impact on society, a great deal of the value we create is the result of collaboration with our large network of KONE's customers, partners, and suppliers, as well as through the use of elevators and escalators manufactured and/or maintained by us.

With operations in over 60 countries, KONE's 63,000 employees serve more than 550,000 customers across the globe. We have over 1.5 million pieces of equipment in our maintenance base. Key customer groups include builders, building owners, facility managers, and developers. Architects, authorities, and consultants are also key influencers in the decision-making process regarding elevators and escalators.

Through more effective people flow, we make people's journeys safe, convenient, and reliable in taller, smarter buildings. We move over 1 billion people every day.

In addition to the environmental aspects of our offering and operations, our sustainability focus areas include safety, quality, diversity, equity, and inclusion, as well as ethics and compliance. KONE is committed to conducting its business in a responsible and sustainable way. We expect the same commitment from our suppliers and distributors.

KONE has identified the following strategic inputs that are crucial in creating value for customers, shareholders and society: competent and engaged people and strong leadership; innovative, sustainable offering and global processes and systems; best partners; efficient manufacturing and delivery chain; solid financial position; environmentally sustainable operations, as well as a strong brand and solid reputation. In addition, the life cycle business model and the existing maintenance base have a crucial role in value creation.

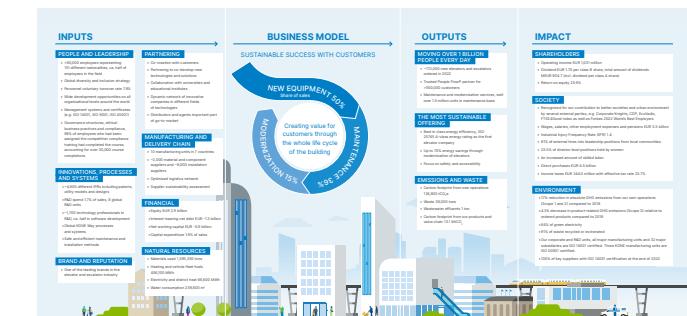
KONE produces selected components in-house, and our own production consists largely of the assembly of sourced components. KONE has ten production sites for elevators, escalators and building doors, nine global distribution centers for elevators, and six distribution centers for spare parts. KONE's supply chain operations cover new equipment production, modernization, and spares supply.

We work closely with selected key material suppliers and logistics service providers. KONE's supplier relationships provide business opportunities and employment for thousands of suppliers globally; our suppliers and their sub-tier suppliers are a critical part of KONE's supply chain. Most of our purchased raw materials and components for new equipment production come from approximately 200 key suppliers, the majority of whom are located in the same regions as KONE factories or distribution centers. Around 30,000 suppliers provide KONE with raw materials, components, modules, logistics and installation services, as well as other indirect materials and services. We also collaborate with authorized distributors and agents in close to 100 countries around the world.

KONE works together with a dynamic network of innovative companies in different fields of technologies. Together with KONE, these partners are responding to the growing needs of cities and environments by bringing smart building solutions to the market. KONE's digital platform also enables our customers to use their own partners to create value adding services for their customers.

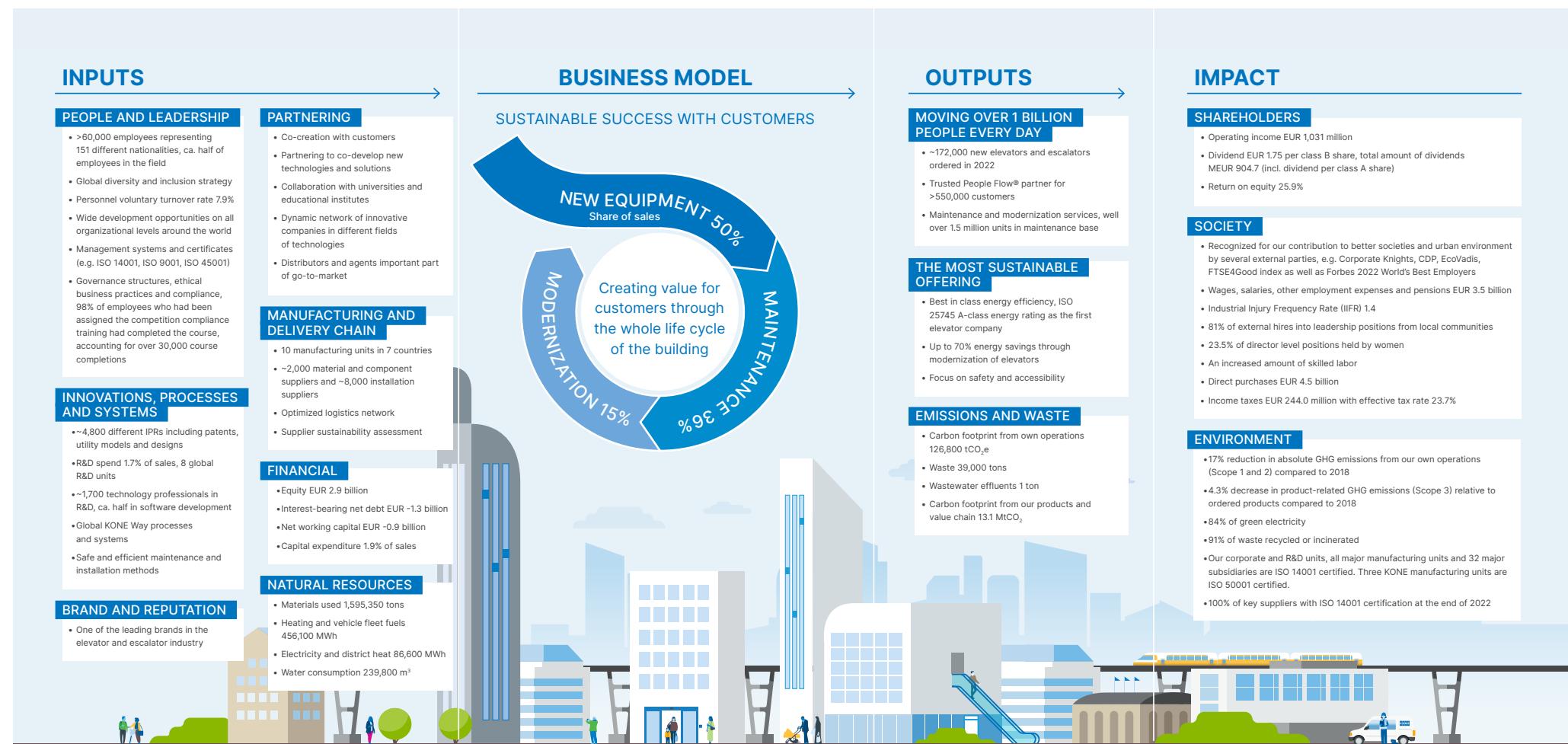
KONE is a long-standing participant in organizations developing codes, standards, and guidelines for improving safety, accessibility, cybersecurity, energy efficiency, and circular economy.

KONE Corporation is headquartered in Helsinki, Finland. KONE class B shares are listed on the Nasdaq Helsinki Ltd. in Finland.



→ Read more about our delivery chain on page 50

How KONE created value for society in 2022



How we manage sustainability

KONE is strongly committed to intergovernmental instruments of responsible business conduct. We have integrated the management of our sustainability focus areas into our operations throughout the organization.

Our everyday work is guided by KONE's Code of Conduct and various other company policies and guidelines, outlined in the table at the back of the report. KONE is a committed Participant of the United Nations (UN) Global Compact and its ten principles on human rights, labor, environment, and anti-corruption. The principles are embedded in our strategy, policies and procedures, such as KONE's Code of Conducts, our Competition Compliance Policy, our new Human Rights policy, our Environmental policy and Climate and environmental excellence program, as well as processes related to these. We apply the precautionary principle, especially in areas involving environmental risks.



Sustainability and its management are ultimately the responsibilities of KONE's Executive Board and our President and CEO.

KONE's Sustainability Board is a steering committee dedicated to sustainability topics, climate and environment among the priority areas. Several members of KONE's Executive Board are members of our Sustainability Board, chaired by KONE's Executive Vice President of Operations Development.

Our management and supervisors work to ensure that our employees are familiar with and comply with the legislation, regulations, and internal operating guidelines of their respective areas of responsibility, and that our products and services are in full compliance with all codes and standards applicable to them.

The assessment and analysis of KONE's most significant risks also cover material non-financial risks. In line with the requirements of the Finnish Accounting Act, KONE has identified the most significant non-financial risks and opportunities.

- Read more about our [sustainability-related management systems](#) on page 54
- Read more about KONE's non-financial risks and their mitigation in our [Annual Review](#), pages 29–30

About KONE Sustainability Report 2022

KONE Corporation has reported in accordance with the GRI Standards for the period January 1, 2022 – December 31, 2022. The reporting period corresponds with KONE's financial year. A table detailing how this report complies with the GRI guidelines is shown on pages 63–66. KONE has published an annual sustainability report since 2008. When developing the content and choosing indicators, the driver has been the materiality on the economy, environment, and people, including impacts on human rights, across our activities and business relationships.

During 2019–2020, we conducted a materiality analysis, and defined the focus areas for KONE's sustainability work (read more on page 17). With the introduction of GRI Universal Standards, we revised our reporting content in 2022. KONE's approach to sustainability has also been described in the letter from the Chairman and the President and CEO on pages 4–6, and in the strategy description on pages 10–11.

In addition to GRI reporting, KONE has mapped its activities according to Sustainability Accounting Standard Board's (SASB) sustainability accounting standards for Electrical and Electronic Equipment. The [SASB disclosure](#) can be read on kone.com. We also report on our sustainability performance annually in line with the United Nations (UN) Communication on Progress (COP) process as defined by the UN Global Compact.

- Read more about our [reporting principles and scope](#) on page 61
- Access our [previous reports](#) on kone.com

Stakeholder engagement

We work closely with our stakeholders on the various sustainability topics and maintain an active dialogue with them.

KONE's main stakeholders are our customers, employees, shareholders, partners and suppliers, distributors, media, educational institutions, and societies of the countries we operate in. Maintaining an open and continuous dialogue enables us to collaborate efficiently and helps us create a more predictable business environment for all parties.

Customers

Everything starts from our customers' needs. We want to be the most trusted partner to our customers throughout their building life cycle and help them achieve their sustainability objectives. Our strategic target is to have the most loyal customers.

We meet our customers in meetings and events, seminars and conferences, and are in constant dialogue with them through solution support. We also share information through company reports, marketing materials, our website, and social media channels. For any compliance-related concerns, the KONE Compliance Line reporting channel is available to all our stakeholders, including customers.

Our annual customer loyalty survey comprises more than 20,000 customer interviews, and more than 50,000 customers take part in our transactional surveys each year. Customer surveys showed continued positive feedback on collaboration with KONE people and the high quality of our products and services. In 2022, our net promoter score developed positively.

Employees

We want to have the most capable and engaged team of professionals who understand our customers' needs. To attract the best talent and retain employees at KONE, we continue to

build and promote KONE as a great employer and a great place to work. We aim to attract employees with new competencies that complement our existing skills and capabilities.

Managers are in continuous face-to-face dialogue with their respective team members and host annual performance discussions with them. Our internal channels offer everyone the opportunity to participate in company-wide discussions. We also share information with our employees globally through the company intranet and internal employee publications. Continuous training opportunities are offered through training events and global learning solutions, and we invite innovative ideas through our innovation tool. In 2022, KONE's Employee Forum met face-to-face. KONE Compliance Line is available to all our employees.

Employee dialogue and engagement assessments include KONE's Pulse employee survey, followed up by team 'Pulse Talks' held in each team. KONE once again scored above the external global benchmarks in 2022.

Shareholders

We share relevant, accurate and timely information about KONE with our shareholders. We do so through stock exchange releases, financial and other company reports, in events, such as annual general meetings and capital market days, as well as in individual meetings with investors and analysts. Our dedicated investor relations team coordinates all KONE's investor relations activities. This ensures fair and equal access to company information and to its spokespersons.

During 2022, our shareholders were most interested in developments in China's property markets and their implications for KONE's business, as well as global supply chain challenges. Growing our services business and the recovery of KONE's profitability were also notable talking points. Additionally, broader themes such as the digital transformation of the elevator and escalator industry and sustainability, with a particular emphasis on energy efficiency, diversity, and

inclusion, sparked interest. Other themes in discussions included the effects of inflation and higher interest rates on the demand for KONE's solutions and services, as well as the global market recovery from the COVID-19 pandemic.

Suppliers

We aim to maintain a reliable, stable and predictable supplier network. We support our suppliers with their commitment to responsible and sustainable business conduct, such as human rights, including safety, quality, and environmental practices, in particular with minimizing their CO₂ footprint.

In addition to continuous one-to-one dialogue with our suppliers, we meet them at trade fairs, steering group meetings, supplier workshops, and host an annual supplier day for selected strategic suppliers. With a number of key suppliers, we closely and continuously collaborate to improve their CO₂ reporting capabilities. We have a separate KONE Compliance Line for our suppliers.

Supplier assessments include audits, an annual supplier excellence certification program with regular environmental, ethics and compliance (including human rights) and quality assessments, as well as discussions about day-to-day operational topics. No material concerns were raised during 2022.

Distributors

We support KONE distributors' business growth in their respective regions by providing commercial, technical and training support, creating synergies and increasing collaboration between distributors.

We engage in continuous dialogue during daily interactions, account planning, regular country visits, distributors' meetings, KONE tools, reward programs, and business development initiatives. KONE Compliance Line is open to our distributors. No material concerns were raised during 2022.

Business partners

Building and maintaining a network of innovative companies in different fields of technology, in order to solve the challenges of - most notably - large-scale urbanization and climate change, is key to providing value-adding smart building solutions and improved people flow to our customers.

We share information with our business partners on our company website and through our application programming interface developer portal, and engage in co-innovation programs, continuous one-to-one dialogue, bilateral collaboration, joint participation in industry events, and innovation events and competitions, such as hackathons. No material concerns were raised by our business partners during the reporting year. KONE achieved second place in the Most Startup-Friendly Company in Finland competition.

Media

We want to maintain and develop our good relations with the media. Our objective is to support our company's business targets, strengthen the KONE brand and its recognition in the business community, create shareholder value, and attract future employees and shareholders.

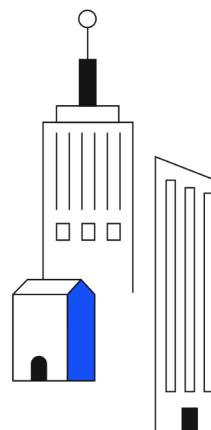
Our channels include press releases, interviews, background briefings, visits, press events, publications, as well as the company website and social media channels. We also monitor and analyze media coverage about KONE.

During 2022, the media covered, for example, our financial updates and stock market information, new orders received, COVID-19 and its impacts on the industry and KONE, the war in Ukraine and KONE's presence in Russia, changes in the market environment in China, industry reports, and our role in developing smart and sustainable cities.

Educational institutions

We want to attract entry-level employees with new kinds of competencies that complement our existing skills.

KONE's apprentice programs enable us to effectively recruit new professionals and encourage them to build a career with us. We also collaborate actively with educational institutions. KONE is a member of the CEMS global alliance of academic and corporate institutions. In 2022, we continued to further



strengthen collaboration to provide information about KONE in schools, universities, and other relevant institutions. KONE offers summer traineeships and thesis opportunities across several countries, and participates in recruitment fairs, engages in common projects, gives guest lectures, and participates in research programs. We are active on our social media channels, and track social media mentions of us.

Countries we operate in

We strive to ensure a stable and predictable business environment for all parties. We also want to understand the local community view of our most significant impacts on the economy, environment, and people, including impacts on their human rights.

Our channels for engagement and information sharing include stakeholder relations, our company website, reports, social media channels, sustainability surveys, reputation studies, KONE Compliance Line, and volunteer work through the KONE Centennial Foundation. No special issues were raised during the reporting period.

Most important sustainability-related memberships and positions of trust

- United Nations Global Compact
- World Business Council for Sustainable Development (WBCSD)
- Climate Leadership Coalition (CLC)
- European Round Table for Industry's (ERT) Energy and Climate Change Working Group, as well as Diversity and Inclusion Task Force
- Council on Tall Buildings and Urban Habitat (CTBUH)
- Green building councils in Australia, Indonesia, Finland, India, Philippines, Singapore, Malesia, Vietnam, the Netherlands, Denmark, Norway and Sweden
- FIBS Finnish corporate responsibility network and FIBS' Diversity Charter Finland
- The International Organization for Standardization (ISO)
- The European Committee for Standardization (CEN)
- National standardization committees and trade associations, such as the Standardization Administration of China (SAC) and the American Society of Mechanical Engineers (ASME)
- International Trade Associations, such as the European Lift Association (ELA), the Pacific Asia Lift and Escalator Association (PALEA), China Elevator Association (CEA), and the National Elevator Industry, Inc. (NEII) in North America

Sustainability reporting focus areas

KONE's sustainability reporting follows the Global Reporting Initiative's (GRI) guidelines. We have divided our material topics into four reporting areas: Providing the most sustainable offering; Working towards a more sustainable future; Empowering our people and attracting the best talent; and Being a good corporate citizen.

In 2022, we reviewed our material topics based on our previous materiality assessment, utilized when defining the current phase of our strategy – Sustainable success with customers. The identified material topics were ranked according to their impact on our value chain, business implications, and stakeholder interest. The report now has a tighter focus on topics that represent our most significant impacts on the economy, environment, and people, including impacts on their human rights.

KONE has integrated the management of its sustainability focus areas into its operations throughout the organization. Global governance and compliance, risk management, stakeholder engagement, and proactive communications form the basis of our sustainability framework. These topics cut across all four reporting areas, reflecting our continuous efforts towards effective global implementation and transparency in our communications.

KONE supports the UN Sustainable Development agenda and its goals. We report on our sustainability performance annually in line with the Communication of Progress process as defined by the UN Global Compact. The goals where KONE has the biggest impact through its operations are mapped in our four sustainability reporting areas.

 Read more about how we identified the material topics on kone.com

01

Providing the most sustainable offering



02

Working towards a more sustainable future



03

Empowering our people and attracting the best talent



04

Being a good corporate citizen



- Creating value for our customers
- Lifetime environmental impact of our products
- End user safety and accessibility

- Sustainable innovations
- Sustainable business models
- Carbon-neutral operations

- Fair employment practices
- Employee and subcontractor safety and well-being
- Diversity, equity, and inclusion
- Competence development

- Generating long-term returns
- Creating wealth via taxes and employment
- Ethical business practices



01

Providing the most sustainable offering

Energy-efficient elevators, escalators, automatic doors, and modernization solutions are the key to reducing CO₂ emissions and climate resilience. At KONE, we want to be the most trusted partner for our customers throughout their building life cycle and help them achieve their sustainability objectives. Every day we work to deliver the best experience for our customers and end users. Safety is always our highest priority.

→ See [data and charts](#) regarding this reporting area on pages 55–58

How we help our customers achieve their green building targets

KONE aims to be the best partner for climate resilient and sustainable buildings throughout their life cycle.

Our environmental responsibility covers the full life cycle of our products, from design and manufacturing to end-of-life treatment.

Circular material flows and net zero emissions play a key role in transforming the built environment. Healthy and sustainable building design and construction, minimized and renewable energy consumption, as well as improved indoor air quality are all contributing factors. Our offering includes best-in-class energy-efficient solutions, sustainable materials, and KONE People Flow® Planning and Consulting services and solutions. Energy-efficient features lay the foundation for low-carbon building operations.

Supporting green building throughout the building's life cycle

KONE supports green building from the planning phase to the recovery phase. We use healthy and durable materials that contribute to good indoor air quality. Supported by relevant documentation, interior materials of our KONE DX Class elevators, for example, meet the green building certification requirements for

LEED, BREEAM, WELL, Ecolabel, Nordic Swan, and other local green building labels.

The long lifetime of our products can be extended even further with our maintenance and modernization services. With our customizable maintenance services, including intelligent KONE 24/7 Connected Services, we can predict issues and act before problems occur. Our tailored modernization services can help keep equipment in service for decades.

We actively reduce our carbon emissions in line with KONE's climate pledge, our environmental guidelines, and overall emission reduction targets.

In 2022, we launched the first carbon-neutral elevator in the industry. Our customers now have the option to buy their energy-efficient KONE DX Class elevator as carbon-neutral, where embodied carbon emissions are compensated until the handover. The launch follows that of our carbon-neutral maintenance service, KONE Care DX, the previous year. In our carbon-neutral solutions, we follow a three-step approach to reach carbon neutrality: measure, reduce, and compensate through a third party.

- Read more about [our maintenance and modernization services](#) on page 24
- Read more about [our compensation program](#) on [kone.com](#)

KONE as a trusted partner throughout the building life cycle

Smart and green building design

- Digital solutions and embedded connectivity
- Early involvement in green building planning
- Durability and sustainability of materials and solutions

Externally assured product declarations

- 13 elevator models and 4 escalator models with third-party verified Environmental Product Declarations
- Product certifications for a local green building system

Durability and sustainability of materials and solutions

- Expertise in the selection of sustainable and green building compliant materials
- Product resilience and reliability, including climatic testing in changing environmental conditions

Best-in-class energy efficiency according to ISO 25745

- 23 elevator models with the best A-class rating
- 8 escalator and autowalk models with the best A+++ rating

Predictive maintenance

- KONE 24/7 Connected Services for more reliable equipment and faster repairs
- KONE Care™ DX carbon-neutral maintenance

Tailored product life extension

- Up to 70% energy savings by modernizing an elevator with the best available technology

Circular resources

- Up to 90% of the metals used in KONE solutions can be recovered
- Up to 90% of the materials used in our elevators can be recovered





Communicating the environmental and health impacts of KONE solutions through product declarations

Our offering holds the widest range of externally assured product information in the industry, such as Environmental Product Declarations (EPD) in compliance with the EN 15804 standard, and energy efficiency documentation according to ISO 25745. The declarations can be used by our customers to obtain green building certifications, and KONE's EPDs can be used to earn the maximum number of relevant credits for LEED certification, for example.

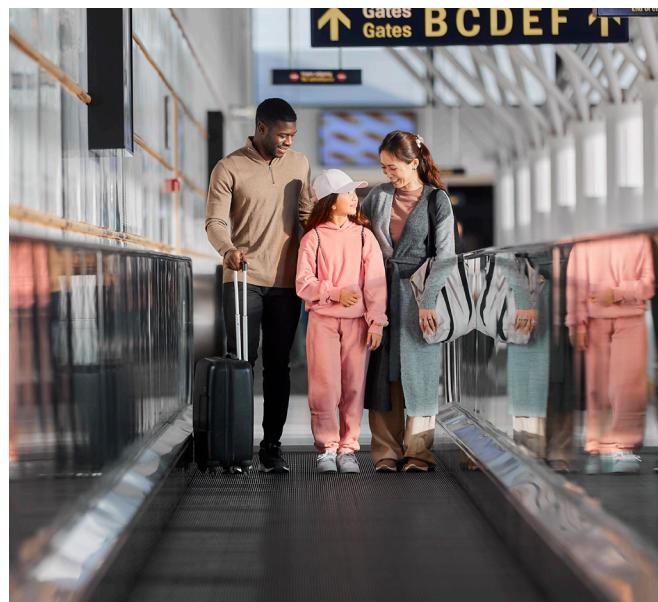
EPDs carry important information about the embodied carbon in our products, and they can be used when calculating the overall carbon footprint of buildings. Both embodied carbon as well as the overall carbon footprint of buildings are areas where regulatory requirements for new construction are emerging in several European countries. In 2022, we published third-party verified EPDs for two elevators and two escalators. Altogether, KONE has third-party verified EPDs for 13 elevator models and 4 escalator models, making KONE the elevator and escalator company with the most EPDs published.

Through Health Product Declarations (HPDs), we provide information about the material content and the associated health effects of our products, responding to a growing need for healthier living environments. Currently, KONE has altogether seven HPDs for its elevators and escalators. By providing HPDs to our customers, we support them in fulfilling additional green building requirements.

Lifetime value through energy efficiency

We constantly focus on the energy efficiency of our products and optimize material use, targeting a 40% reduction in emissions related to the materials used and lifetime energy consumption per product ordered.

KONE can help its customers reduce their carbon footprint by providing products with high energy efficiency, a long lifetime, and low embodied carbon. Our durable and long-lasting products are designed and tested for climate resilience in our reliability laboratories under the most stringent environmental conditions. Energy efficiency and the energy-efficient features of KONE's equipment set the stage for low-carbon building operations.



Best-in-class energy efficiency

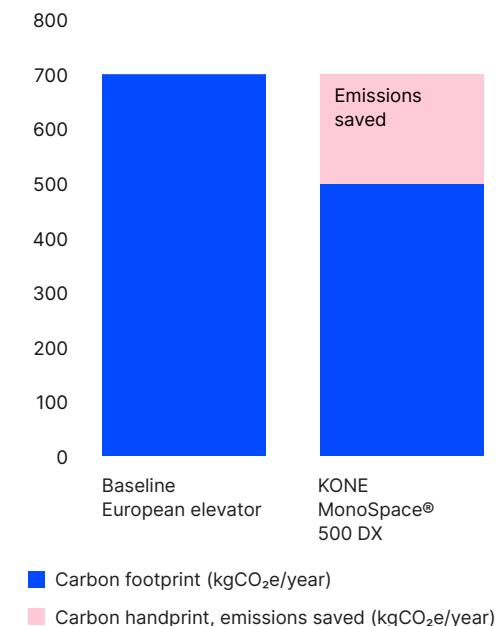
KONE is the first elevator and escalator company to have achieved the best A-class energy efficiency classification for a number of its installed solutions. The classification is granted according to the international ISO 25745 standard for the energy performance of lifts, escalators and autowalks. We have a wide range of best-in-class energy performance references for our products in various building types, several market areas and product specifications. KONE holds a total of 23 best A-class ratings for elevator models, and 8 best A+++ classifications for escalator and autowalk models according to ISO 25745.

Our pioneering eco-efficient solutions, such as the regenerative drive, the EcoDisc® motor, standby solutions and the revolutionary light KONE UltraRope® high-rise hoisting technology, as well as smart electrification, all help our customers reduce the energy consumption of their buildings. KONE UltraRope® can cut the energy consumption of, for example, a 500-meter elevator ride by up to 15%. For taller buildings, the energy savings are even more notable.

KONE constantly works to improve the energy efficiency of its solutions. For example, KONE MonoSpace® 500 DX, our current machine-room-less volume elevator, is up to 90% more energy efficient than KONE's elevators from the 1990s. Compared to a baseline elevator, the KONE MonoSpace® 500 DX has the potential to significantly reduce the amount of greenhouse gas emissions from use phase energy consumption, lowering our customers' carbon footprint.

In terms of potential energy efficiency gains, the European Union's study on energy-efficient elevators and escalators (E4) concluded that by utilizing the best technology available today, energy savings of up to 63% can be realized by modernizing elevators installed in 1985 or earlier.

KONE MonoSpace® 500 DX elevator can save up to 26% of CO₂e annually



The carbon handprint indicates the beneficial environmental impact of a solution compared to a baseline product. The calculation is based on the elevator using 630 kg load, 1.0 m/s speed and 12 m height. European baseline elevator emission reported in the European Commission's report on Ecodesign Preparatory Study for Lifts, published in 2019.

Smart use of materials and circularity

At KONE, our contribution to a circular economy starts with our focus on reducing the materials, energy and other resources used in our solutions and operations.

By providing customers with reliable and energy-efficient equipment that has a lifetime of over 25 years, KONE has an important role in keeping resources in valuable use for as long as possible.

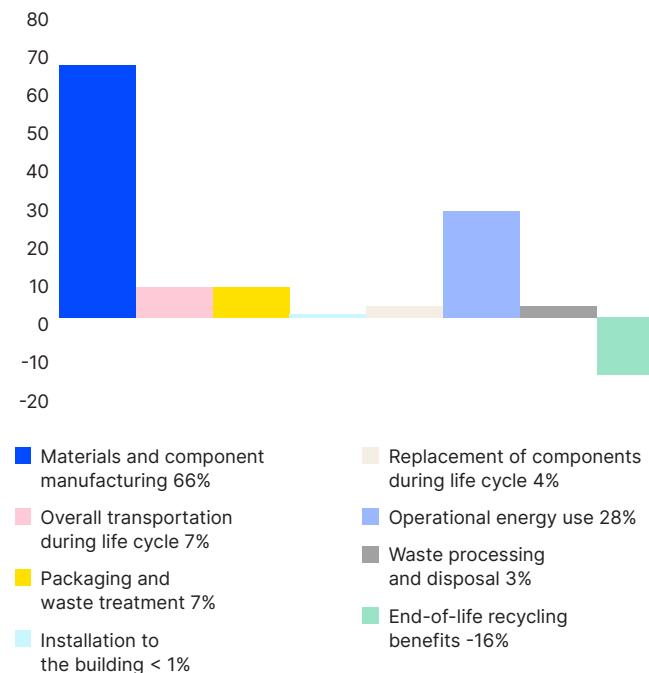
We optimize material use, for example, through robotics and automation, product design, recycling waste wherever possible, and reusing packaging materials. Up to 90% of the materials in our solutions can be recovered. We also work closely with our suppliers to increase the recycled content in our metals, without compromising the safety or quality of the equipment.

We strive to reuse and recycle in both our operations and our delivery chain. KONE's modernization solutions, on the other hand, contribute to the renovation and repurposing of buildings, saving valuable natural resources. Our products are fit for disassembly – reuse and recycling – and we prioritize the smart use of resources and the recycling of materials.

After the lifetime energy use of our long-lasting products, the second largest contributor to the environmental impact of our products is materials. The current share of recycled content in our products is relatively low. We are collaborating with our suppliers to increase the recycled content in the materials used for our products. We actively look for new partners and ways of working to find alternative materials with lower embodied carbon emissions and to develop processes to reuse and recycle materials more effectively.

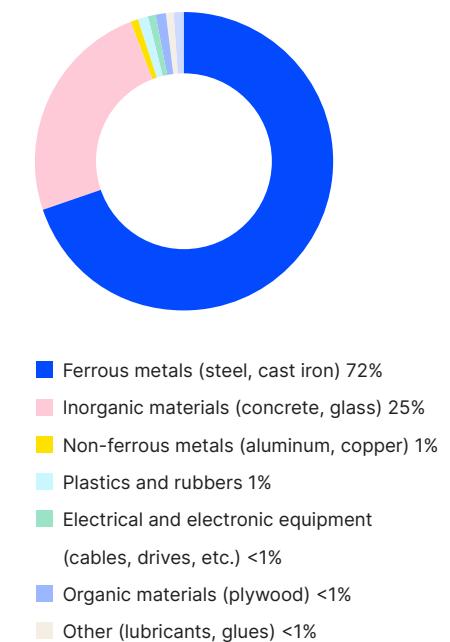
In 2022, we continued to harmonize KONE's elevator and escalator product offering reducing the need for different types and number of components, thus resulting in material savings. We also conducted a circularity pilot in France to evaluate which used elevator parts or components have resell value.

Life cycle carbon footprint of KONE MonoSpace® 700 DX elevator is approximately 24 tCO₂e



The carbon footprint results are dependent on product installation location. The results of this KONE Mono700® DX represent a European installation. For example, in Asian countries, operational energy use emissions tend to be higher.

Material content of KONE MonoSpace® 700 DX elevator



A growing trend is net-zero buildings, such as wood-based construction. KONE's manufacturing unit in Finland continues to hold the Forest Stewardship Council (FSC®) chain of custody certification, providing credible assurance that elevators manufactured in this unit come with wooden components from environmentally and socially responsible sources. KONE's subsidiaries in Great Britain and Ireland continue to hold the FSC® chain of custody certification, meaning that customers can now be provided this assurance for the full delivery chain for elevators installed in these countries.

As part of our day-to-day logistics process, a large share of our packaging is reusable and circulates between our manufacturing units and suppliers. The majority of our packaging materials can be recycled, and some parts of the packaging are also designed to be used as tools during the installation of our equipment. Calculated using the life cycle assessment method, in 2022, KONE used 1,595,350 tons (2021: 1,795,400 tons) of product and packaging materials.

Green building product certifications

KONE's solutions have been recognized by several external parties and recommended for green building certified buildings. During 2022, we received or renewed Singapore Green Building Product (SGBP) certifications for KONE TravelMaster™ 110 and KONE TransitMaster™ 140 escalators and KONE N MonoSpace®, KONE N MiniSpace™ and KONE 3000S MonoSpace® elevators. KONE currently has seven SGBP certifications with the highest Leader ratings. KONE is the first elevator and escalator company to achieve such top ratings in the vertical transportation category. The SGBP certified solutions are recommended for Green Mark certified buildings. Green Mark is a green building certification scheme by the Singapore Building and Construction Authority, promoting energy efficiency and climate-smart circular solutions in the construction and real estate sectors.

During the reporting year, KONE received approved Byggvarubedöningen (BVB) assessments for the KONE TransitMaster™ 120, KONE TravelMaster™ 110T and KONE TransitMaster™ 180 escalators. We now hold BVB certifications for 13 solutions. BVB is a Swedish nonprofit organization

that evaluates solutions for buildings and drives the use of healthy and environmentally sustainable building materials. Furthermore, KONE MonoSpace® DX, one of the best-in-class-rated elevators, received an additional China-mark certification for its superior energy efficiency. The recognition was certified by TÜV, a global provider of technical, safety, and certification services.



Extending product lifetime

The lifetime of elevators, escalators, and automatic doors is typically long and can be extended through maintenance and modernization services. Maintenance and modernization can also help reduce the energy use and carbon footprint, as well as contribute to a circular economy.

In Europe, for example, 85–95% of the buildings that exist today will still be standing in 2050. In China, the most populous country in the world, the construction and urbanization boom that started around 25 years ago is creating a huge opportunity in terms of maintaining and modernizing existing elevators.

Customizable maintenance service

KONE's preventive maintenance methods help us to maximize the safety of elevators, escalators, and automatic doors, and keep them running smoothly. With our customizable maintenance services, including intelligent KONE 24/7 Connected Services, we can predict issues, and act before a disruption occurs, thereby improving the availability of the equipment and helping minimize the equipment's environmental footprint.

KONE's maintenance services can provide energy savings through, for example, changing elevator lamps to LED lighting or enabling stand-by modes.

Our solution design contributes to the circular economy through modularity. We reuse as many of the modular parts as is feasible and recycle according to country-specific capabilities and regulations.

We reduce the need for natural resources, for example, by using a solution that cuts the length of our electric and communication cables needing periodic replacement by 50%, which in turn also halves the need for copper and plastic used in

replacing the cable. Combined with our tailored modernization services, we can help keep equipment in service for decades.

KONE's maintenance services are available for both KONE equipment and for equipment manufactured by other companies.

KONE was the first elevator and escalator company to introduce carbon-neutral elevator maintenance. The service, KONE Care™ DX, is tailored for KONE DX equipment. Emissions are reduced through the energy-efficient KONE DX elevator, smart maintenance, and by striving to reduce the carbon emissions of travel to sites. KONE compensates the remaining CO₂ emissions through a third party.

- Read more about [KONE Care DX™](#) on [kone.com](#)
- Read about our [offsetting program](#) on [kone.com](#)

Modular modernization services

Our modernization services help customers determine when and how to upgrade their equipment to extend equipment lifetime as well as optimize its smooth operation. KONE's modernization solutions are modular, ranging from small upgrades to full replacements. Modularity allows for the retention, reuse, and

recycling of existing components, while extending the lifetime of the equipment. For example, retaining components such as the elevator counterweight, guide rails and landing doors when upgrading to a new, lighter, and smarter elevator saves up to 40% of embodied carbon emissions compared to a full replacement. Further emission reductions are achieved with the significant energy savings gained by using stand-by mode and gearless hoisting machinery, both standard features in our modernization solutions, as well as our regenerative drive that feeds electricity back to the building.

Our modernization offering is connected to KONE's digital platform, enabling a range of services. These include KONE 24/7 Connected Services, which provide, for example, information on upcoming maintenance needs, thereby reducing both equipment downtime and the number of unplanned maintenance visits. During 2022, we improved our capability to quantify energy-savings after modernization to our customers, and expanded our capabilities of modernizing non-KONE equipment.

- Read more about our [maintenance and modernization offering](#) on [kone.com](#)

Extending the lifetime of equipment through modernization

EXAMPLE TIMELINE



Modernizing elevators, escalators and autowalks, and automatic doors will improve their safety, accessibility, performance, energy efficiency, and aesthetics. Modernizing an aging elevator can yield energy savings of up to 70%.

Everyone contributes to safety

Millions of people use elevators, escalators, and automatic building doors every day. Our highest priority is the safety of our equipment users, employees, and everyone we work with.

In every part of our organization, we work towards our goal of zero injuries. As a technology provider, KONE manufactures equipment and services that meet applicable codes and standards and may include additional safety features that exceed the applicable regulatory requirements. All KONE product and service categories are assessed for health and safety impacts.

Safety is embedded in our product development process. Potential safety hazards affecting the products' full life cycle

are systematically identified and eliminated before products are introduced to the market. Existing products are continuously developed to further improve their safety and functionality.

Safety is a joint effort that involves everyone, from technology and maintenance service providers to building owners and equipment users. At KONE, safety is our highest priority.

We work systematically to develop a culture where people look after each other and actively promote safety. KONE's global management system harmonizes the safety management practices across KONE and sets the minimum requirements for us to do our best to ensure the health and safety of our workers, our partners, and the users of our equipment.

We collaborate with our customers to prevent situations that could lead to safety risks and provide product safety training and materials to support the safety of our customers' workers. We also organize safety awareness campaigns for the users of our

equipment in cooperation with our customers to support safe behaviors and are closely monitoring safety occurrences related to our products.

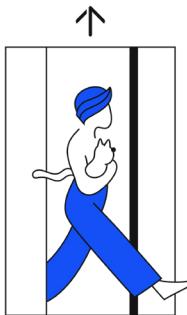
Building owners and maintenance service providers are responsible for ensuring the equipment is professionally maintained and kept in good condition. For example, building owners need to inform the service provider if they identify any hazards, such as abnormal noises or debris on the equipment.

Everyone who uses an elevator or escalator needs to be conscious of their own behavior. For example, elevator doors must not be prevented from opening or closing. Adults need to hold on to the escalator handrail, as well as the hand of any young child during the ride.

→ Read about [the safe use of equipment](#) on [kone.com](#)

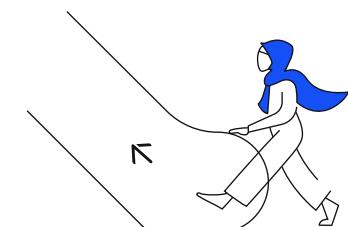
6 ways to improve elevator safety

1. Adequate lighting prevents accidents and makes people feel safer
2. A two-way voice communication system improves safety and passengers' peace of mind
3. Interior doors and automatic landing doors prevent accidents and improve accessibility
4. Accurate stopping prevents people from tripping on the door sill
5. An emergency system that includes an alarm with a two-way phone and an emergency power supply for calling help
6. Integrated air purifiers remove bacteria, viruses and dust from the air



6 ways to improve escalator safety

1. Anti-fall and anti-ride barriers provide additional balustrade height and prevent passengers from climbing onto the handrail and falling from height
2. Directional lighting and signage provide visual guidance to improve building navigation
3. Colored or lit areas provide with a clear understanding of interface areas
4. Multiple horizontal steps reduce the risk of tripping and falling on entry/exit
5. Easy-to-use, accessibly labelled emergency stop buttons bring the unit to a controlled stop if necessary
6. Handrail sanitizer reduces bacteria and viruses on the handrail, improving hygiene and minimizing the risk of infections



Enabling and improving accessibility

As populations age, demand for accessible, safe, and convenient People Flow® solutions increases. Buildings and transportation hubs must be designed and built in a way that enables people with impaired mobility to move around easily.

Good building accessibility is about creating spaces that are designed to be user-friendly, also for people who, for example, use wheelchairs, canes, or mobility scooters, as well as those with vision or hearing impairments. KONE can help through both planning and solutions for accessibility and convenience.

By using data, simulation tools, and the expertise of KONE People Flow Planning and Consulting specialists and data scientists, customers can quickly see how to reduce crowding and bottlenecks and enable people to move around safely and conveniently in buildings.

Our elevator solutions help improve accessibility. For example, larger elevator cabins improve building access for people pushing a stroller or using a wheelchair. Escalators, elevators,

and autowalks give easier access to buildings and for example public transport. For the elderly and disabled, elevator seats increase comfort. Automatic doors that stay open longer and elevators with accurate leveling make entry and exit easier and safer. For wheelchair users, elevator mirrors provide better visibility and help users back out of elevators safely.

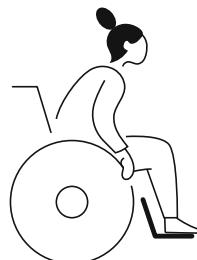
Accessibility can also be improved by using high-contrast numbers and braille in elevator buttons, voice announcement systems to indicate the floors, and media screens giving guidance on floors as well as on how to reach the destination in the building.

With our connected elevators, we can use new ways to improve accessibility. KONE collaborates with organizations that boost accessibility for the blind or visually impaired. As an example, BlindSquare's self-voicing mobile application helps users navigate in and between buildings, including riding elevators safely by allowing the user to call an elevator and go directly to their floor with the aid of guidance prompts.

→ Read more about [boosting accessibility](#) on [kone.com](#)

5 ways to improve accessibility

1. By modernizing an elevator, the space inside the car can be increased by up to 50%
2. Wide-opening doors make entry and exit easier for passengers using a wheelchair or pushing a stroller
3. Accessories such as handrails and mirrors provide support and help improve visibility
4. Braille signalization and audio announcements help people with hearing and vision impairments
5. An elevator can be installed in a building that does not have one – in the stairwell or attached to an outside wall





02

Working towards a more sustainable future

Buildings account for a large part of the world's energy consumption and greenhouse gas emissions. For us, sustainability is a source of innovation as well as a competitive advantage. We create unique value through collaboration with our customers and partners, and by using insights based on data. We also constantly strive to improve our own operations to be more sustainable, reducing our environmental impact.

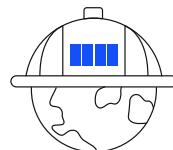
→ See [data and charts](#) regarding this reporting area on pages 55–58

Innovating for a better tomorrow

Innovations can play a significant role in addressing issues such as the climate crisis. By working with our customers and partners we can best innovate sustainable solutions with the greatest impact. Increasing resource efficiency is one of our top priorities. Our solution design contributes to the circular economy, with a long lifetime and modularity as key features of our products. We participate in building the foundations of future urban communities.

KONE has made systematic, long-term investments in research and development (R&D). In 2022, KONE adopted a global agile operating model in R&D. Agile ways of working and cross-functional collaboration help us meet customers' expectations for speed of innovation in increasingly digital people flow experiences. Cybersecurity is a key design principle in the uninterrupted people flow experiences of tomorrow. We never compromise on safety or quality.

We focus on developing smart and sustainable solutions that adapt to future needs. Our starting point covers a wide variety of sources, the most important being our customers, partners, equipment users, and the data we gather from the equipment we service.



Collaborative approach and customer engagement

We strive to expand our offering with value-adding products and services in a smart and sustainable way. Our basic principle is to always start with our customers' needs, and to experiment with new solutions with our customers in a diverse team setup. Constant dialogue with our customers is crucial to our innovation process.

We work with companies in fields ranging from artificial intelligence to robotics. With our ecosystem of partners, our goal is to meet people's diverse needs with new, innovative services. As an example, with new services, elevators can become even more integrated into a smart building, combining equipment and software to create not only a unique elevator experience, but seamless and tailored people flow experiences throughout the entire building.

KONE's multi-year collaboration with industry peers resulted in the ISO 8102-20 cybersecurity standard for elevators, escalators and moving walkways. The standard is a landmark for the industry and showcases our commitment to striving to ensure that all innovation on our connected equipment is sustainable in the future. This is further demonstrated by the IEC 62443-4-1 and IEC 62443-4-2 cybersecurity certifications issued by certification body TÜV Rheinland for KONE DX Class elevators.

We protect our customers', solution users' and employees' right to data privacy. We recognize evolving data protection legislation and comply with the requirements for cybersecurity and data protection across jurisdictions, for example, the European Union's General Data Protection Regulation (GDPR). We follow any legislative changes to personal data processing globally and locally. Our solutions only collect the data necessary for the respective solution's purpose, and we delete the identifying data when it is no longer needed. We strive to process data in a pseudonymous or anonymous format where possible and limit access to the data on a need-to-know basis. We use only trusted vendors for personal data processing and use secure transmission of personal data by encrypting it.

We also work with partners from different sectors in multidisciplinary research and strategic foresight to anticipate the future needs of KONE's customers and society at large. This allows us to continue delivering solutions that create value for them.

KONE continued to build the Flow of Urban Life Veturi innovation program, co-funded by Business Finland. In this four-year program, KONE collaborates with customers and partners to tackle global challenges related to urbanization and climate change through solutions for smart and sustainable cities. For example, KONE is a partner in the ACTOR ecosystem project where companies and research bodies work together to find ways to make construction more productive and environmentally sustainable by decreasing material waste and energy consumption on construction sites.

KONE joined the Transformative Cities project, led by the University of Helsinki. The objective is to develop tools for accelerating the transition to sustainability, particularly in relation to urban climate and biodiversity goals.

KONE also continues to work with Combiient Foundry, which connects startups with leading industrial companies to co-innovate sustainable solutions, for example, by using the principles of the circular economy.

Our three-year participation in the EU-funded SPARCS project ended. The objective of the project is to innovate energy-positive and zero-carbon communities among cities, industrial companies, research institutions and citizens. The project has focused on creating solutions and insights to improve energy efficiency in buildings and sustainable future mobility through community engagement. We will continue our contribution by sharing project-related results with various stakeholders until the end of 2024.

→ Watch a video on the [ACTOR ecosystem](#) on YouTube

→ Read about KONE's [key launches in 2022](#) in our [Annual Review](#), page 11

Our commitment to reaching zero

Buildings and construction account for 37% of global greenhouse gas (GHG) emissions.* Two-thirds of KONE's GHG emissions come from the lifetime energy consumption of our equipment, while materials and packaging account for the rest.

We are committed to combatting global climate change by maximizing our positive impacts on the environment and minimizing adverse impacts – throughout the value chain. Together with our customers, suppliers and partners, we develop smart and sustainable technologies for people flow and strive to be the preferred partner for smart and sustainable cities.

Our climate pledge and science-based targets

In 2020, KONE announced its climate pledge with science-based targets for the significant reduction of GHG emissions by 2030, in line with limiting global warming to 1.5°C.

KONE was the first in the elevator and escalator industry to set ambitious climate targets, validated against the latest climate science by the Science Based Targets initiative (SBTi). Furthermore, KONE has pledged to have carbon neutral operations by 2030, with our manufacturing units reaching this target in 2024.

KONE committed to a 50% reduction in emissions from its own operations. This includes direct GHG emissions that occur from sources that are controlled or owned by us, such as vehicles (Scope 1), and our indirect GHG emissions associated with the purchase of electricity, heat, or cooling (Scope 2) by 2030, compared to a 2018 baseline.

*Global Status Report 2022. Published by UN Environment and the International Energy Agency

In addition, KONE targets a 40% reduction in emissions related to its products' materials and lifetime energy consumption (Scope 3) over the same target period, relative to products ordered. Our actions to reach this target help our customers reduce their own carbon footprint and contribute to more sustainable supply chains.

In 2022, we launched our new Climate and environmental excellence program, with four focus areas: partner with customers, offering, operations, and mindset and behavior.

Internally, we promote environmental and climate actions globally, for example, during dedicated theme days. During 2022, KONE continued virtual information sessions related to our environmental focus areas. We organized sustainability and climate training sessions for sales, and energy efficiency training to a wider KONE audience. We did this to grow awareness and ownership of our environmental targets and progress and to respond to our customer's increasing demand for sustainable products and services.

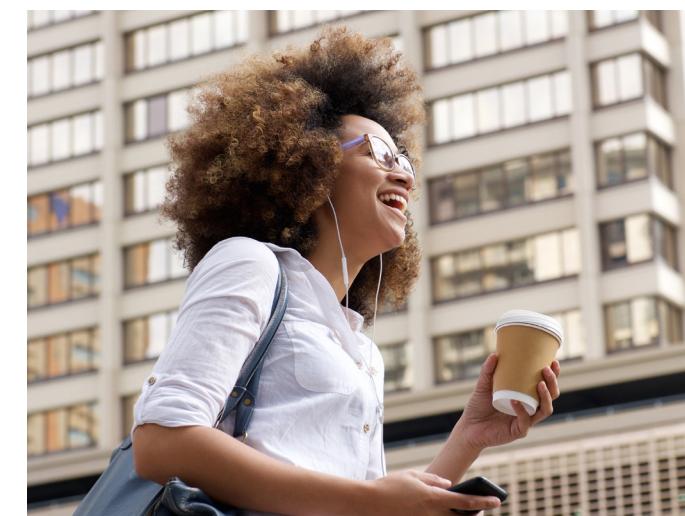
Globally, KONE participated in the World Wildlife Fund's Earth Hour in 2022 by switching off lights at many KONE facilities. Every year, on World Environment Day, several KONE countries engage in environmental activities. For example, in 2022 KONE's manufacturing unit in India continued their decade-long tradition of promoting energy and water conservation and planting trees on factory premises. KONE in Hong Kong received the United Nations Sustainable Development Goals award, which recognizes efforts in sustainability and dedication to achieving carbon neutrality. Environmental sustainability and climate change was also one of the themes of our annual supplier day.

Recognition for outstanding climate and sustainability performance

In 2022, KONE was once again recognized by CDP for its actions aimed at reducing emissions, mitigating climate risks and developing a low-carbon economy. KONE achieved a place on CDP's prestigious Climate A List, signifying that we ranked

among a small number of high performers out of the 15,000 companies that were assessed. KONE has disclosed through CDP since 2009 and has received a leadership score of A or A- for ten consecutive years. The scoring ranges from A to D and is based on an independent assessment against the scoring criteria defined by CDP. KONE also received an A- score in CDP's Supplier Engagement rating, recognizing companies for supplier engagement on climate topics. CDP is an international not-for-profit organization that runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts. KONE was awarded a Gold medal in the annual EcoVadis sustainability performance assessment covering environment, labor and human rights, ethics, and sustainable procurement. This places KONE in the top 3% of all companies assessed.

Furthermore, KONE was ranked 19th among Corporate Knights' 2023 100 Most Sustainable Corporations in the World. Global 100 companies represent the top echelon in the world on sustainability performance.





Long-term success in line with the Paris Agreement – working with climate change scenarios for outstanding climate and sustainability performance

KONE applies the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) on the reporting of climate-related risks. In 2022, KONE expanded its risk and opportunity assessment to include a climate change scenario analysis, based on TCFD recommendations.

In the first phase of the analysis, we focused on the qualitative implications of climate-related risks and opportunities in the key strategic performance areas of our operations: direct material purchases, manufacturing operations, logistics, and product and service design.

The scenarios used in KONE's climate change scenario analysis are: Shared Socioeconomic Pathways SSP1, SSP2 and SSP3 (SSPs). The SSPs were created by an international team of climate scientists, economists and energy system modelers. SSP scenarios characterize future potential development pathways, making assumptions on changes in socio-economic factors, together with assumptions about the ambition level for mitigating climate change. These are translated into respective scenarios of GHG emissions by the International Panel for Climate Change. The resulting climate change projections describe a range of plausible future climates and mean temperatures, from a pessimistic high carbon scenario (4 °C warming pathway) to a middle of the road scenario (2.7 °C warming pathway), to a further low carbon scenario (1.5 °C warming pathway).

KONE is committed to the 1.5 °C pathway that meets the ambitions of the 2015 Paris Agreement. In this scenario, climate change mitigating actions are strong, and the Paris Climate Agreement's goals are met. Regulations are ambitious, globally consistent, and aimed towards a low carbon economy. The demand for sustainable and climate resilient solutions, a full transformation to renewable energy, and electrification, as well as a focus on energy efficiency create opportunities for KONE. Even in the 1.5°C scenario, physical changes may cause occasional disruptions to KONE's factories and supply chain.

In the 2.7 °C scenario, insufficient actions to stop climate change will, in the longer term, lead to major changes globally, causing disruptions in the availability of certain raw materials and increased price volatility. Global supply chains and logistic routes may face notable disruptions, affecting KONE's business.

In the 4°C scenario, emissions continue to rise, the transition to a low-carbon economy is disorganized, economic growth is prioritized over positive climate action, and the overconsumption of resources continues. Climate policies are fragmented, carbon markets non-integrated, and carbon leakage increases due to large differences in carbon regulation between countries. The demand for sustainable and climate resilient solutions grows in advanced economies, whereas in developing markets customers may not be willing to pay for such solutions. Extreme weather conditions increase disruptions in supply chains and logistic routes, which may lead to significant logistical cost increases.

Differences between the three scenarios are expected to emerge more prominently towards 2050, as extreme weather events and chronic changes become more intense, especially in the 4°C scenario. In the 1.5°C scenario, transitional impacts, such as regulations, are more notable, and in the 4°C scenario physical impacts, such as storms, floods and drought, dominate.

In 2023, KONE will continue to analyze and integrate the deliverables of the climate change scenario analysis into its strategic planning.

→ Read more about KONE's climate related disclosures according to TCFD in our [Annual Review](#) on page 14

→ Read more about climate and environmental risks in our [Annual Review](#) on page 29

Summary of KONE's risks and opportunities in each climate scenario

Scenario	Policy and regulatory risks (-) and opportunities (+)	Technological and market risks (-) and opportunities (+)	Reputational risks (-) and opportunities (+)	Acute and chronic physical risks (-) and opportunities (+)
'Sustainability': global warming is limited to 1.5°C	<ul style="list-style-type: none"> + Tighter climate policies promote the demand for KONE's sustainable product offering in all economies - Tighter regulation may increase raw material prices in KONE's main markets and reduce raw material availability - Increased resources may be needed to ensure regulatory compliance and competitiveness in all regions 	<ul style="list-style-type: none"> + Rapid developments in environmental technology create opportunities for KONE, enabling us to further increase our product offering and sustainability - KONE needs to make sure its product offering and delivery structures cost-efficiently meet the demand for sustainable solutions in large volumes 	<ul style="list-style-type: none"> +/- KONE may need to increase investments in R&D and support customers more through, for example, consulting them in building sustainably, to continue to be a leader in sustainability - KONE needs to make sure it has alternative suppliers for all critical components to prevent disruptions in deliveries, which would damage KONE's reputation as a reliable partner 	<ul style="list-style-type: none"> -/+ Severe weather events impact KONE's operations, suppliers' manufacturing sites and logistics routes, but business interruptions remain limited and are mainly recoverable without significant financial losses + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during weather events, and post-event status checks and repairs
'Middle of the road': global warming is limited to 2.7 °C	<ul style="list-style-type: none"> + Tighter policies in countries committed to the Paris Agreement increase the demand for KONE's energy-efficient product offering - With less policy incentive to innovate, the advancement in material efficiency, recycling infrastructure, and new materials is slower 	<ul style="list-style-type: none"> +/- KONE's sales and R&D must cooperate in developing sustainable solutions that are more attractive to customers than competing non-sustainable, low-price solutions + The market demand for 'green' products is expected to increase 	<ul style="list-style-type: none"> +/- KONE may need to increase investments in R&D and support customers more through, for example, consulting them in building sustainably, to continue to be a leader in sustainability - KONE needs to make sure it has alternative suppliers for all critical components to prevent disruptions in deliveries, which would damage KONE's reputation as reliable partner 	<ul style="list-style-type: none"> - Severe weather events impact KONE operations, suppliers' manufacturing sites and logistics routes, and business interruptions may grow in number and severity and are not always recoverable without significant financial losses + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during weather events, and post-event status checks and repairs
'Rivalry': global warming reaches 4°C	<ul style="list-style-type: none"> + Demand for KONE's sustainable and climate resilient solutions grows in a few advanced countries where tight climate policies dominate - In developing markets customers are not willing to pay for sustainable and climate resilient solutions - Potential overuse of certain materials may lead to their depletion and sharp increases in price 	<ul style="list-style-type: none"> - KONE's sustainable solutions may not be attractive to customers in countries where energy efficiency is not required by local regulation and market for sustainable solutions is not mature 	<ul style="list-style-type: none"> +/- KONE may need to increase investments in R&D and support customers more through, for example, consulting them in building sustainably, and KONE to be a preferred partner to select customer groups - KONE needs to make sure it has alternative suppliers for all critical components to prevent disruptions in deliveries, which would damage KONE's reputation as reliable partner - Severe weather impacts may lead to potential failures of KONE's equipment, causing reputational damage 	<ul style="list-style-type: none"> - Severe weather events impact KONE operations, suppliers' manufacturing sites and logistics routes, and business interruptions may grow in number and severity and are not always recoverable without significant losses - Changes in product design may be required to improve the equipment's climate resilience and to enable faultless operation in extreme heat, for example + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during events, and post-event status checks and repairs

Action on climate and the environment

In 2022 we again made good progress on our ambitious emission reduction targets.

During the reporting year, we were able to reduce our Scope 1 and 2 emissions by almost 17% compared to our 2018 emissions of 153,200 tCO₂e, mainly as a result of our systematic transition to renewable electricity across our facilities globally, and the transitioning of our fleet to lower-emission vehicles.

Our emissions per product ordered decreased by 4.7% compared to 2021 (71.7 tCO₂e/order) and by 4.3% compared to 2018 (71.4 tCO₂e/order). One of the major contributing factors was our products' further-improved energy efficiency. This was achieved, for example, through an increased share of energy-efficient electrification systems and regenerative drives in the elevators ordered. Furthermore, in 2022, a larger share of our customers' buildings were located in countries that increased the share of renewable energy in their national electricity production, thus emitting fewer GHG emissions.

In addition to our long-term emissions reduction target, KONE's target in 2022 was to reduce the carbon footprint of its operations by 16% compared to a 2019 baseline, with a comparable operational carbon footprint scope (144,400 tCO₂e). We exceeded this target, reducing our emissions by almost 21% from the baseline. We continued to implement an internal carbon cost to encourage the transition towards carbon neutrality within the company.

Vehicle fleet

KONE's vehicle fleet accounted for approximately 85% of our Scope 1 and 2 GHG emissions in 2022. The total size of KONE's fleet was over 16,000 vehicles. Service vehicles make up two-thirds of the fleet, and benefit scheme cars account for a third.

The total carbon footprint of KONE's vehicle fleet decreased by 2% compared to 2021 (4% compared to our 2019 emissions

How KONE reduces the environmental impacts of its operations

Development action	Impact on eco-efficiency
Logistics	
Optimized use of transportation networks	Optimal routing of material through distribution center network and selection of suppliers located close to distribution centers
Waterway and railway transportation prioritized over air freight	Less CO ₂ emissions per ton-kilometer
Improved space utilization ratio in loading	Better load planning of outbound trucks and containers resulting in improved container space utilization, optimization of transportation units used and more products delivered per shipment
Centralized volumes to main suppliers, convenient location of suppliers close to distribution centers	Fewer transportation routes and improved transportation efficiency ratio
Use of more eco-efficient transportation equipment	Truck equipment selection from eco-efficiency perspective. Requirement for Euro 4 trucks for European logistics service providers (European emission standard for vehicles)
Improved logistics reporting	Continuous development of reporting methods and tools in collaboration with logistics service providers for optimal use of logistics data
Vehicle fleet	
Compliance with KONE Global Vehicle Fleet Policy	Maximum CO ₂ emission limits defined, employees encouraged to select benefit cars with lower CO ₂ emissions
Selecting fuel-efficient vehicles	Vehicle choices guided by the main criteria of fuel efficiency and compactness, cooperation with suppliers who comply with the Euro 6 emission standard for light passenger and commercial vehicles
Driving performance and route optimization	Increased driver safety and fuel efficiency through the monitoring of driving performance, including fuel efficiency and driving behavior. Increased use of telematics systems, remote monitoring and mobile tools
Planning for the long-term mobility solutions of our service fleet	Reduced CO ₂ emissions and agile services through extended pilots of full electric and hybrid vehicles, as well as through vehicle sharing and electric bicycles
Packaging-related emissions and waste	
Optimized packaging to better fit into logistics chain	More products delivered per transportation unit
Optimized use of packaging materials	Less packaging material used, more effective waste management, increased recyclability of materials
Management and development of suppliers' packaging	Less packaging material used, more effective waste management, improved logistics efficiency

of 102,100 tCO₂e, with a comparable operational carbon footprint scope).

One of the main initiatives on our path towards carbon-neutral operations by 2030 is our transition to a low emission vehicle fleet, or no fleet. Our aim is to make this shift as soon as the leasing contract renewal periods allow, and once the required infrastructure for an electrified fleet is at a reasonable level in each country. We are incorporating electrified vehicles in local car policies, encouraging our employees to select low emission vehicles, and providing charging points. In 2022, we removed about 2,000 vehicles from our fleet.

KONE subsidiaries also continued to transition their vehicle fleets. For example, in our maintenance operations, KONE continues to use e-cargo bikes and e-scooters, while replacing old motorcycles with new, electric ones in Hong Kong. At the end of 2022, 31% of our car fleet in Norway and over 13% of our fleet in the Netherlands comprised electric vehicles.

While we are satisfied with our progress in, for example, the above-mentioned countries, there remain challenges in the progress of other countries. These include the limited offering in electrified vans, a lack of sufficient charging infrastructure in some countries, and the long delivery time of ordered electrified vehicles. We continue to focus on the transformation of our vehicle fleet, prioritizing countries with a high percentage of clean energy infrastructure and production.

Facilities

Globally, KONE operates in over 1,000 facilities, including office spaces and installation and service operation hubs. Our facilities accounted for approximately 15% of our Scope 1 and 2 GHG emissions in 2022. KONE is committed to reducing electricity consumption in its own operations and has set a target to increase the share of electricity from renewable sources to more than 80% by the end of 2022 and to 100% by 2030.

During the reporting year, we exceeded our green electricity target. Electricity from renewable sources accounted for 84% of all our electricity consumption, up from 80% the previous year. Apart from India, all our manufacturing units use only on-site or purchased renewable electricity. In 2022, our manufacturing unit in India increased its share of purchased renewable electricity and will continue to do so in 2023.

We reduced our overall facility-related carbon footprint by 11% compared to 2021. The reported electricity and district heat emissions (9,980 tCO₂e) take into account the green electricity produced using renewable sources (using a market-based calculation method). Our location-based electricity and district heat carbon footprint emissions were 33,370 tCO₂e.

KONE's Global Facilities Policy outlines our approach to selecting and managing our facilities. It aids in developing fit-for-purpose facilities and eco-efficient operations, as well as in providing a safe and secure work environment for our employees and workers. We are working towards this target by, for example, optimizing energy usage in heating, ventilation, air conditioning and lighting systems, increasing the share of electricity produced using renewable sources to 100%, and setting up on-site renewable energy production. Our objective is to have any new KONE buildings designed according to LEED, BREEAM, WELL, or other green building rating systems.

Green buildings should also be favored when relocating KONE facilities to existing buildings. KONE has a long-term and annual biodiversity target, stating that KONE manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 sites or other conservation parks, or biodiversity-sensitive areas. In 2022, KONE met the target. In 2023, we will continue to investigate KONE's impact on biodiversity in order to better plan our actions.

Due to our automated manufacture systems and assembly lines, produced amount of NOx, SOx and VOC emissions is minuscule. Our processes emit no or minimal amounts of NOx, SOx or VOC. Typical production processes include, as examples, automated punching and bending lines, as well as automated motor assembly lines. We track the amount of NOx, SOx and VOC emissions. Our long-term target 2030 is to limit amount of NOx and SOx emissions to less than 1 ton per year and for VOC emissions below 2 tons per year. In 2022, KONE met the air pollution reduction target.

Business travel

Our business travel emissions increased by 72% in 2022 compared to the previous year, but was still less than the pre-COVID 19 level, with most meetings taking place virtually.

Logistics

Our logistics operations cover the transportation and warehousing of products and components from KONE's suppliers and manufacturing units to our installation sites, as well as the delivery of spare parts to our maintenance customers' buildings.

GHG emissions from logistics decreased by 11% in absolute terms, and the number of units delivered decreased by 14%. Thus, relative to units delivered, KONE's logistics emissions increased by 3.5% compared to the previous year. The calculation takes into account the Aviation-induced Radiative Forcing coefficient, in line with the newest emissions calculations guidelines.

The biggest factor impacting our logistics carbon footprint was air freight emissions, which increased due to continued logistics disruptions that resulted in KONE having to manage its deliveries to customers in a less than optimal manner.

Optimizing material use and minimizing waste

KONE aims to maximize resource efficiency and circularity in its operations and delivery chain. To encourage responsible production, we prioritize the smart use of resources and the recycling of materials, for example, by:

- Optimizing manufacturing material use through robotics and automation
- Recycling waste wherever possible
- Reusing and reducing packaging materials.

As part of our day-to-day logistics process, a large proportion of our packages are reusable, and circulate between our manufacturing units and suppliers. Most of our packaging materials can be recycled, and some parts of the packaging are also designed to be used as tools during the installation of our equipment.

KONE has global guidance and advice on waste management. Our objective is to prevent or minimize waste, or, where generating waste cannot be avoided, to reuse and recycle.

KONE's site waste management plans provide information on our approach to waste management, including practical advice on organizing and handling recycling in our facilities.

The main waste sources are materials used for our products, packaging, and office waste. Our objective is to reduce the waste generated in our manufacturing, offices and customer sites.

KONE constantly monitors all waste consumption as part of our regular facility monitoring. Our long-term target for waste management is 0% landfill waste at our manufacturing units by 2030. Waste is always handled according to applicable laws and regulations, and we aim to exceed legal requirements.

During 2022, our total waste amount increased by 4% compared to the previous year. The proportion of recycled and incinerated waste remained high, amounting to 91% of the total waste generated by KONE units globally. In the ten manufacturing units within our data collection scope at the end of the year, the share of recycled or incinerated waste was 99%. Only 0.2% (0.4% in 2021) was put into landfill.

Optimizing our already minimal water usage

Throughout KONE's global operations, water is mainly used for sanitary purposes. Water consumption in KONE's maintenance and modernization activities is minimal. KONE sources water mainly from municipal water supplies, and wastewater is released into municipal wastewater treatment systems that abide by local regulations. Our long-term target 2030 for water efficiency and water source is to keep the water usage minimal, maintaining the 2020 level or below, and use mainly municipal water sources. In 2022, KONE met its water targets.

Some of our manufacturing units use minor quantities of water in their industrial processes, for example, in painting and coating processes with closed loop water circulation, and for cooling purposes. Our manufacturing units monitor their water consumption and wastewater discharge, perform the necessary sampling, and report to the local authorities according to the local regulation. Two out of our ten manufacturing units have their own wastewater treatment systems, with regular third-party monitoring and permits in place. Based on our assessment in 2022, our manufacturing units are not located in areas experiencing high levels of water stress.

As with material management, we continued to improve our water data collection capabilities, together with our suppliers, by extending data collection to our supply chain. In KONE's Supplier Code of Conduct, we specify that our suppliers are expected to monitor and control water usage and appropriately treat wastewater.





03

Empowering our people and attracting the best talent

We have over 63,000 employees in more than 60 countries, representing 151 nationalities. Our ambition is to have the most capable and engaged team of professionals, and to help them succeed in a changing world. We strive towards this goal through a diverse and inclusive culture, great employee experience, opportunities for continuous learning, flexible working practices, and support for well-being. Our strategic target is to be a great place to work, and our everyday work is based on KONE's strong culture and values.

→ See [data and charts](#) regarding this reporting area on pages 59–60

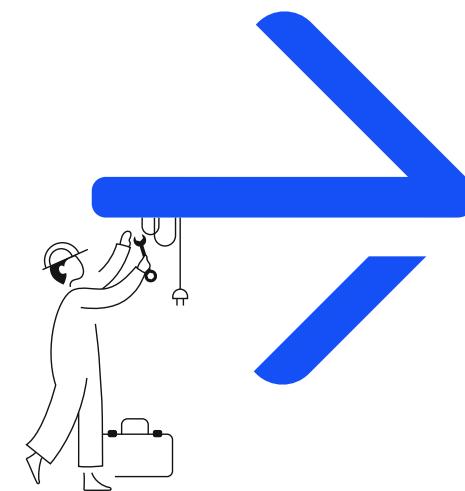
Building great employee experiences

Employees are key to KONE's success. To be a great place to work, we work to offer the best employee experience on the employee journey. Our strong and unique culture has always supported our employees in successfully developing both their skill sets and our business in line with the changing market environment. We meet constantly evolving employee expectations with a sense of purpose and an employee-first mindset.

With our employees around the world, we defined the first version of the KONE Employee Journey. This has helped us gain an understanding of people's experiences at KONE and how various changes impact them. We introduced co-creation tools and ways of working together, involving all employees in the discussion about meaningful moments in the journey. We continued to train our human resources (HR) professionals in sharing information regarding this people-centric approach throughout the organization. In addition, we are working with colleagues from different teams to ensure people-centricity across the company.

KONE's culture and values lay the foundation

At KONE, we are passionate about safety, quality, sustainability and the KONE values — care, customer, collaboration, and courage — which together form a strong foundation for our company culture. They are embedded in the ways each of us collaborates, how we view and impact the world, and how we bring our culture and values to life.



During 2022, we continued to develop KONE's culture to ensure it supports our strategic targets and selected priorities: inclusion, outside-in thinking, and sustainability. We focused on embedding culture into existing processes and transformational activities – for example, our employee journey and leadership development. Leadership principles are guidelines that leaders can use to support KONE's culture and values. We have engaged our leaders through workshops to implement these principles into daily leadership practices. The principles form the basis for leadership development actions.

We also continued raising awareness of the role each employee plays in contributing to the success of our strategy with their actions and behaviors. A key highlight was the launch of KONE's culture playbook. We gradually rolled out the playbook globally, both internally and externally, through various communications channels and engagement activities. The playbook serves as an invitation for everyone at KONE to take part in developing behaviors, the mindset, and ways of working as one KONE team.

Recognition for being a great place to work

Globally and for the sixth year running, KONE was recognized as one of the best employers in the world by Forbes business magazine.

In China, two leading recruitment websites recognized KONE as a great employer. KONE was again included in the rankings for the 100 Employer Excellence of China and Excellence Corporate Social Responsibility Award by 51job, and in China Healthiest Workplace by Mercer. KONE India was certified as a Great Place to Work for the third consecutive year and listed in the AVTAR Group and Working Mother Media's list of 100 Best Companies for Women in India for the sixth consecutive year.

For the second consecutive year, KONE France, Belgium, Oman, Qatar, Saudi Arabia, and United Arab Emirates were each recognized with the Top Employer award. KONE Turkey was awarded as a Great Place to Work. In Finland, for the eleventh consecutive year, KONE retained its first place in the Engineering category of 100 Most Attractive Employers among both students and professionals. In KONE Germany, we won the award for being a leading company in Germany as well as the Top Company award by the leading digital job board Kununu.

KONE Mexico was recognized as the 66th best place to work for companies of our size in 2022 for the second year running. In addition, we were again ranked the 59th best company for women in Mexico.

Fair employment practices

At KONE, creating a great place to work also means treating employees fairly. We respect and protect our employees' labor rights in areas pertaining to discrimination, bullying, and harassment, conditions of employment, freedom of association and collective bargaining, and child and forced labor. We require our suppliers to respect the same labor rights with regard to their employees.

Local human resources (HR) professionals manage personnel-related policies and ensure that we comply with local legislation and any relevant labor union practices in every country in which we operate. Through our HR operating model and people processes, we strive to ensure the consistent guidance and alignment of our practices. All employees and managers have access to consistent and unified support from our centralized HR services teams; they can make use of our self-service tools to gain better visibility into their own data, and to take action.

Respect for labor rights

KONE is committed to maintaining a work environment where everyone feels physically and psychologically safe. KONE does not tolerate any type of discrimination, harassment, or bullying.

We respect our employees' right to associate freely as well as collective bargaining. A total of 71% of KONE's employees is covered by collective bargaining agreements.

We adhere to all applicable local laws, relevant ILO conventions and industry standards with respect to working hours, wages, benefits, and overtime. Situations in which local laws conflict with ILO or other relevant standards are addressed

by the Global Compliance Committee.

We recognize that we operate in countries where child labor and forced labor exist. KONE's highest risks lie in our supply and delivery chains. We prohibit any form of child labor and, in line with ILO standards, we do not hire workers under the age of 15 or under local mandatory schooling age, whichever is higher. In 2022, we had zero child or forced labor issues and this aim continues to be a priority.

Equal pay and rewarding performance

The KONE total rewards framework is aligned with our business strategy and focuses on pay for performance. KONE makes significant investments in monetary and non-monetary rewards. By communicating our approach, policies, guidelines, and practices clearly, we aim to make fairness and equality visible to all KONE employees. While reward policies are consistent across KONE, the practices are flexible to meet local needs. We aim to pay our employees fairly, and meet the local legal requirements in the countries where we operate. KONE follows equal pay laws by providing HR, leaders and managers visibility into compensation data through our HR system reporting and analytics. We also follow any pay equity or equal pay mandatory reporting requirements at country level.

The compensation and other benefits of the Board of Directors, President and CEO, and the Executive Board are disclosed in [KONE Annual Review 2022](#) and in our [Remuneration Report](#).

Employee agreements are managed on a national level, and there are differences in national legislation.

Use of external workforce

KONE uses an external workforce in addition to KONE's personnel when needed to manage peak work with volume fluctuations, resourcing specific competence or service, or when the work is temporary in nature. Three main categories form KONE's external

workforce: subcontractors, service providers, and temporary agency workers.

Due to the cyclical nature of the construction business, a significant proportion of our new equipment installation and modernization projects are subcontracted. Additionally, some highly specialized tasks that are project-based or fall outside KONE's core business, for example, some tasks in R&D, IT, customer service and finance, are outsourced to service providers. Furthermore, KONE also utilizes external agency workers to mitigate any short-term capacity or competency gaps in the workforce on a temporary basis.

→ Read more about [health and safety of KONE employees and workers in the supply and delivery chain](#) on pages 38-40

→ Read more about [the due diligence of human rights in our supply and delivery chain](#) on pages 48-49



Employee safety

At KONE, safety is our highest priority. We foster our employees' physical and psychological safety through global and local initiatives. We want all our employees, subcontractors, and partners to have the necessary competence, tools, and instructions to stay safe.

Health and safety, a fundamental human right, is one of the foundations of our company culture. We operate in an industry which presents various safety risks, as our workers engage in many activities that may expose them to hazards. If not managed correctly, these risks could impact the safety of our employees, subcontractors and others affected by our work. KONE embraces an understanding and caring culture and promotes open communication and active participation at all levels when it comes to safety. We regularly reward safe behavior and share best practices to help our employees, subcontractors, third-party workers, customers, and users of our equipment return home safely after each working day.

Managing workplace safety

KONE's safety management system has been integrated into KONE's global management system. The system guides us in the continual improvement of safety. It defines our safety policy, how we manage safety risks and opportunities, and how we promote safety. It applies to the safety management of all KONE employees, subcontractors (service providers who carry out complete or partial delivery to our customers), and partners, and extends to the safety of equipment users. Our safety management framework is based on the ISO 45001 standard on occupational health and safety management systems.

Safety is a key criterion in the risk assessments of KONE's core processes, projects, and daily operations. We conduct workplace safety risk and hazard assessments against legal, KONE's own, and other requirements. In the event of a suspected safety risk, all workers, whether employees, subcontractors, or partners, have a duty to stop working and take the necessary actions — for example, ask for help.

Safety is audited as part of the KONE management system audit scheme to measure compliance with policies, rules, and defined working methods.

We began implementing a subcontractor safety development audit program. The program aims to improve subcontractors' safety culture through the recognition of safe behaviors and to derive learnings. Findings from internal and subcontractor audits are used to systematically improve safety at KONE.

All workers receive health and safety training relevant to their work. KONE's employees are required to complete global safety e-learning, available in 36 languages, covering our safety management framework and KONE's Health and Safety Policy statement, which present our safety objectives, commitment, and responsibilities. To complement the global e-learning, KONE country organizations arrange role-based safety training and regular refresher training locally according to global and local requirements. KONE also sets requirements for subcontractor training. Depending on local practices, subcontractors may participate in safety training and toolbox talk sessions arranged by KONE.

All leaders are responsible for providing their team with a safe working environment, and for ensuring that the team is adequately trained for their respective roles. Our leaders are expected to lead by example, including conducting site safety visits. A global e-learning course on safety leadership is available in 16 languages for them.

Each year, KONE organizes a global safety week that presents KONE employees with training opportunities, events, and activities. Many KONE units organize local events and training



with customers and subcontractors during the week. In 2022, our safety week focused on human factors to drive consistent and inclusive safety management practices and safe behaviors across KONE. Our annual global year-end safety campaign was organized to raise our safety commitment and awareness of our core safety principles.

COVID-19 pandemic

The COVID-19 pandemic still affected our people in some countries — for example, China. At the end of the year, China lifted all COVID-19 restrictions. Our priority globally has been to serve our customers in the safest possible manner. We continued implementing measures to protect the health and safety of our employees and subcontractors and minimize the impacts on our customers and equipment users and kept monitoring the situation.

Our safety performance

A safe working environment is the cornerstone of all our operations. KONE, therefore, monitors and analyzes a wide range of leading and lagging safety performance indicators. As proactive indicators, we monitor metrics such as the number of management workplace visits and the number of customer and end-user safety promotion events. During the reporting year, our industrial injury frequency rate (IIFR) was 1.4. Our target is IIFR 0.6 by 2030.

We are sad to report that three KONE employees lost their lives as a result of separate work-related accidents, and 11 employees were injured in separate high-consequence work-related incidents. The main hazards causing high-consequence injuries are contact with moving objects and fall from height.

It is also with great sadness that we received the news in June that six KONE employees lost their lives in a road accident in Egypt. They were on their way to work when a truck collided with a bus transporting them to their worksite.

The main types of work-related injuries at KONE are cuts, strains, and bruises or contusions.

For each incident, we take the necessary actions, striving to prevent any reoccurrence. The causes of the incident are identified, and lessons learned are shared across our global safety network and business units. We will continue to do our utmost to make sure that all our employees and subcontractor workers return home safely at the end of each working day.

Improving our safety performance

At KONE, we believe that a caring culture lays the foundation for improving our safety performance. We therefore encourage our workers', customers', and partners' commitment to and involvement in improving safety through targeted safety promotion, and by communicating relevant improvement results and maintaining documented information as evidence of continual improvement. To enable workers' participation and to ensure employee consultation, KONE has local safety forums with workers and their representatives. KONE's management teams and leadership actively contribute to the safety committee's activities.

We systematically eliminate risks and develop safer procedures in our installation sites through, for example, a Lean construction program. In the service business, our technical help desk organization helps maintenance technicians to work safely and efficiently by providing training and guidance in solving technical issues. Furthermore, we drive the continual improvement of our management system and certify units in accordance with the ISO 45001 standard on occupational health and safety management systems.

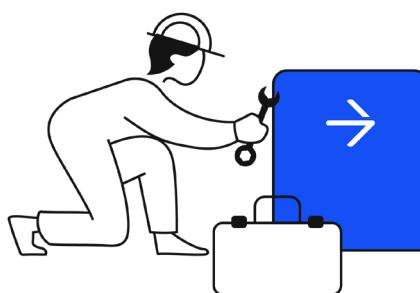
KONE Safety Solution, our global safety reporting system, is used to report and manage employee, subcontractor, third-party, and user-related near-misses and incidents. A mobile application is provided to all KONE employees to enable immediate on-site recording of any near-misses or incidents, while subcontractor

workers report to KONE via supervisors. Employees and subcontractor workers are encouraged to actively report near-misses and incidents, as this offers valuable information to improve safety. We understand the importance of trust and mutual respect, and we recognize that mistakes and errors can be made unintentionally. We focus on discovering root causes and making changes to organizational systems and practices to encourage safe behavior.

In 2022, we received close to 175,000 near-miss reports, an increase of 17% on the previous year. Local safety personnel analyze the reported data and use the results to improve safety. Incidents and near-misses are part of each unit's monthly reporting to global functions. Lessons learned from incidents and near-misses are shared globally with our safety network, and safety managers discuss concerns and share best practices in monthly meetings. We strive to increase the volume of incident and near-miss reports, but also to improve the quality of the reports, their investigation, and corrective actions. In 2023, we will continue to develop human factor analysis in our incident investigation process.

→ Read more about [safety throughout the value chain](#) on [kone.com](#)

→ Read about [equipment user safety](#) on page 25



Employee well-being

At KONE, we believe that employee well-being is key to energized, resilient, and motivated employees. Our culture and values reflect our care for our employees. We demonstrate this care by carrying out global and local programs that focus on employee well-being.

In 2022, we established a benefits and well-being strategy to highlight the importance of employee well-being and to give further global guidance on developing benefits and well-being practices and service offerings locally. As part of the strategy, KONE has a global framework and program for employee well-being, Elevate Your Health, which is based on four pillars of well-being: physical, emotional, financial, and social well-being. Elevate Your Health resources are accessible to all employees and local KONE units ensure that employees are supported in all four topics. During the reporting year, well-being was on the agenda in several leadership forums, as we believe leaders have a key role in driving a culture that supports well-being. We also help our leaders pay attention to their teams' well-being through various e-learning programs, toolkits, and short guides.

KONE has set up a well-being champions program consisting of volunteer employees in selected countries. The purpose of the program is to raise awareness and promote well-being activities, program, and services throughout the organization, and to inspire employees to take care of their well-being. During the year, we expanded the program and have now implemented it in 17 countries, with close to 150 well-being champions trained. In 2023, we will further expand the network to cover more countries.



KONE units organize healthcare for KONE employees according to local practices and regulations. Employee health, safety and well-being are considered in the working environment. For example, ergonomic workspaces and appliances and on-site first aid are available to employees as well as to workers who are not employees. Our safety organization continuously acts to identify and eliminate hazards and minimize risks.

We review medical insurance data annually to provide recommendations and enable preventive actions. In 2022, we increased the possibilities for flexible working to improve work-life balance. Through flexible ways of working, we believe we can increase diversity in our teams. Our aim is to provide some form of flexibility to everyone at KONE.

We aim to provide life insurance to all KONE employees. By the end of 2022, employees in 58 KONE countries were provided life insurance, and we will continue to close the gap in 2023.

The war in Ukraine

After the Russian invasion of Ukraine, the focus has been on helping our approximately 40 employees in Ukraine through means such as relocation, financial and material help, and psychological support.

KONE has also supported its employees in Russia, where the company is in the process of divesting, to the greatest extent possible.

Diversity, equity, and inclusion

KONE is committed to providing equal opportunities, according to which people are recruited to positions that best suit their abilities. We respect and value difference and believe in an inclusive workplace that empowers individuals.

KONE values diversity in all its forms and welcomes new perspectives. We believe that our future success depends on our collective ability to build diverse and inclusive teams, communities, and networks. When people are valued as their authentic selves, they are happy and perform at their best.

Diversity is a broad spectrum, and we follow it from several perspectives, including industry background, competence, and gender. As a specific example, we aim to make a step-change in the share of women at the director level to 35% by 2030, up from 23.5% at the end of 2022. To further increase the diversity

of experiences and perspectives at KONE, we will continue hiring people from outside our industry, with competencies that complement ours. As we aim to become as diverse as our customers and the communities we serve, we are working to increase cultural diversity across our global business units and functions. In 2022, we employed people representing 151 nationalities, with 81% of external hires into leadership positions hailing from local markets.

In 2022, we continued to engage our senior leaders in our Empowered by Inclusion leadership learning journey, to pave the way for a more inclusive culture. We also continued to strengthen DEI maturity in our countries through various actions, from transparent communication and data-driven decision-making to building more inclusive talent practices and culture. We launched two global employee resource groups: a women's employee resource group (SPARK) and a LGBTIQ+ employee resource group (#fromKONEwithpride), which aim to continuously improve inclusion through open discussion.

Throughout the year, we celebrated diverse talent and promoted KONE as an inclusive workplace. KONE has endorsed the UN Standards of Conduct to publicly show its commitment for promoting LGBTIQ+ inclusion. We continued to partner with Workplace Pride, a not-for-profit foundation dedicated to improving the lives of lesbian, gay, bisexual, transgender, intersex, and queer (LGBTIQ+) people in workplaces worldwide. We celebrated Pride month with local pride organizations, and our employees took an active part in sharing their stories and proudly standing with the LGBTIQ+ community. We also organized an inclusion week and conducted a global inclusion survey to understand how our employees experience their daily work from an inclusion point of view. The survey findings indicate slight improvements in the overall inclusion experience at KONE. Importantly, the results revealed a clear improvement in the way people view our leaders' readiness to steer a diverse group of employees, as well as in the employees' feeling that they can be their authentic selves at work.



Continuous development opportunities

Employees are at the heart of KONE's success. We support our employees throughout their careers by offering continuous development opportunities.

Upskilling is one of the core elements of our strategic development initiative. This means maintaining a focus on driving competence development and talent acquisition efforts for five organization-wide competences, using a role-based approach. The program covers over 80% of KONE employees and sets competence development priorities and targets. In 2022, we launched a dashboard to follow the rate of course completions in specified strategic competence areas, with the data collected serving as a vital basis for further decision making. We also made it easier for all employees to find relevant learning solutions for them by renewing the internal learning hub. In 2022, KONE employees spent an average of 35 hours on formal development and training.

Learning also happens through hands-on work, short-term and stretch assignments, encouraging social learning via mentoring, coaching, tutoring, and networking opportunities, supporting employees to participate in industry events and conferences, and enabling personal studies. Lean thinking and leadership skills, as well as digital and customer understanding, were among the promoted learning topics of high importance to all of us in 2022.

During the reporting year, we overhauled our 360° assessment, allowing any KONE employee to request feedback at any time and enabling our employees to take charge of their own development. This process measures factors such as critical leadership competences, including innovation, continuous improvement, managing change, building a psychologically safe working environment, inclusion, and coaching. This assessment is embedded in our key leadership development programs.

To further support the development of our employees, we built a pool of nearly 300 mentors drawn from across the organization. With the launch of a fully self-led mentoring program, we allow anyone in the company to request a mentor any time throughout the year.

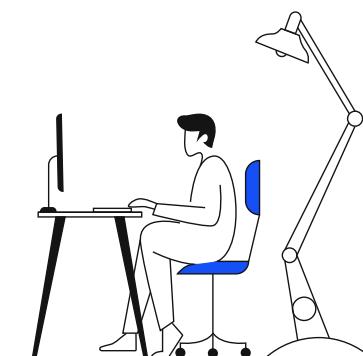
Facilitating professional growth

We facilitate the professional growth, engagement, and continuous development of our people through performance discussions, which take place at least twice a year. In 2022, 96% of employees whose goals and performance are tracked in our people management tool had completed their performance appraisals for the year 2021, and 84% had set their goals for 2022.

We encourage all employees to have a career development discussion with their manager at least once a year and to prepare their own individual development plan. During the reporting year, 86% of employees whose development is tracked in our people management tool documented their respective journeys.

Our people management tool can be accessed via mobile, enabling our field employees to also document their goals and actions, performance discussions, and personal and career development plans with ease. The tool also enables asking for and giving feedback throughout the year.

In 2022, there were 4,901 internal job rotations, including 3,679 promotions and 1,222 lateral moves.



Employee dialogue and engagement

At KONE, we believe that employee engagement can be strengthened through honest, open, and timely communication and dialogue about our culture, values, goals, and strategic direction.

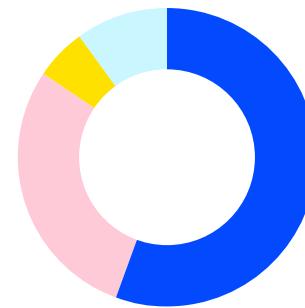
We encourage dialogue with our employees and nurture collaboration. KONE's internal communication and collaboration channels serve as both a channel for the latest news and events, as well as a platform for virtual teamwork. The latest KONE updates are also shared regularly through various newsletters and, for example, through quarterly internal CEO question and answer sessions. Another source of information is our quarterly financial results webcast, during which employees can ask questions in real time via the chat function.

A key channel for dialogue is our annual European Employee Forum. In these meetings, employee representatives and top management come together to discuss topics ranging from safety to business development. A smaller working group meets two to four times a year to ensure continuous discussion on the important developments that affect KONE employees. In 2022, the Employee Forum met face-to-face in Madrid. In addition to regular business updates and discussions about our current strategy, the specific focus areas were safety and quality, sustainability, field service management and the Empowered people strategic development program.

Our global Pulse employee survey is an important channel for dialogue and an instrument for measuring employee engagement. In 2022, a total of 55,613 KONE employees took the survey, meaning a global response rate of 91%. Overall, the survey results remained mostly stable, and clearly above the external global average benchmark. We organized Pulse Talks across all teams to ensure progress on the Pulse results discussions, action planning, and the dialogue on engagement. A total of 94% of employees participated in the Pulse Talks.

Over half of our employees are in the field every day

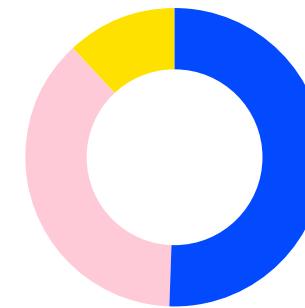
Employees by job category, 2022



- Maintenance and modernization 55.7% (59%)
 - New equipment, sales and installation 28.6% (26%)
 - Administration, IT and R&D 9.8% (9%)
 - Manufacturing 5.7% (6%)
- (2021 figures in brackets)

We have employees in over 60 countries, with a majority in Asia-Pacific

Employees by region, 2022



- Asia-Pacific: 50.8% (50%)
 - EMEA: 37.4% (38%)
 - Americas: 11.8% (12%)
- (2021 figures in brackets)



04

Being a good corporate citizen

KONE directly contributes to economic development in the over 60 countries where we operate. In addition, we work with approximately 30,000 suppliers who provide us with raw materials, components and modules, as well as logistics, installation and other services. We are committed to making a positive impact throughout the whole value chain and expect our suppliers and partners to commit to the same high standard of, for example, environmental as well as ethical and human rights practices as KONE.

→ See [data and charts](#) regarding this reporting area on page 60

Progress on financial targets

We continuously develop our business with a long-term focus. We are constantly developing our competitiveness to strengthen our position as one of the global leaders in the elevator and escalator industry.

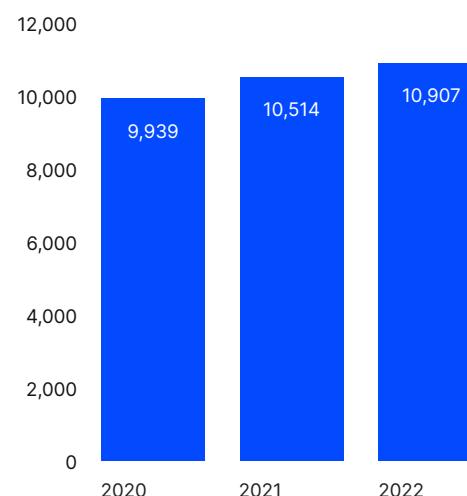
We have three long-term financial targets: to grow faster than the market, to achieve an EBIT margin of 16%, and to improve working capital rotation. We have consistently grown faster than the market. For the 16% EBIT margin, no target date has been set. With our life cycle business model, the short-term focus is on growing absolute EBIT while achieving improved relative profitability over time with growth, further differentiation, and productivity gains. Working capital rotation has clearly improved over the last decade and remained on a good level in recent years.

Our strong financial performance has enabled steadily developing dividends for our shareholders, and our track record on dividend distribution has been sustainable long-term. KONE had over 110,000 shareholders at the end of 2022 (2021: >88,000).

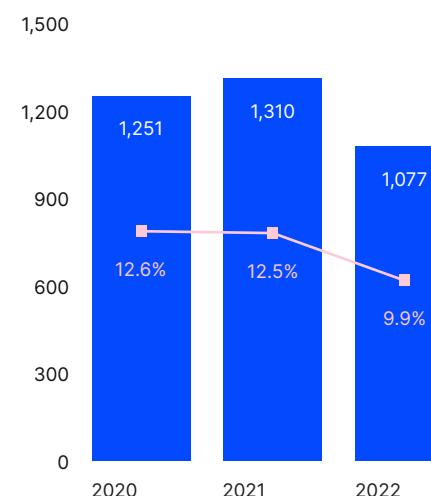
→ Read more about our financial performance in our [Annual Review 2022](#)

→ Read more about sustainability-linked remuneration at KONE in our [Remuneration report](#)

Sales (MEUR)



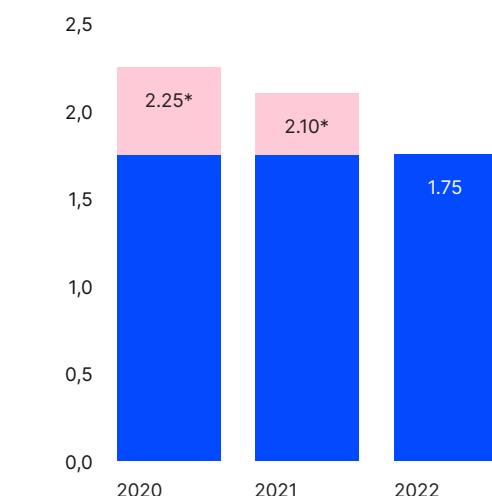
Adjusted EBIT (MEUR) and adjusted EBIT margin (%)



■ Adjusted EBIT*
■ Adjusted EBIT margin %

*KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January–December 2022, items affecting comparability amounted to EUR 45.4 million including a charge for the impairment of assets and recognition of provisions for commitments in Russia and Ukraine, as well as costs for restructuring measures. In the comparison periods, items affecting comparability consisted of restructuring costs.

KONE class B share dividend per share (EUR)



*An extraordinary dividend of EUR 0.50 was paid in 2020 and EUR 0.35 in 2021.

The company's largest shareholder, Antti Herlin, controls 62 percent of the company's voting rights and 23 percent of its shares. For KONE's domestically registered major shareholders, see the [monthly updated list](#) on [kone.com](#).

Creating wealth through taxes and employment

We are committed to paying all taxes that are legally due, and to meeting all disclosure requirements in the countries where we operate. Our objective is to ensure predictability in all tax matters. In addition, every transaction must have a solid business rationale without compromising tax compliance principles.

The location of KONE's group entities is driven by business reasons, such as the location of customers, suppliers, raw materials, and know-how.

We insist on transparency in all our activities, including our relationships with tax authorities. KONE has been collaborating with the Finnish Tax Administration in promoting tax transparency since 2015.

KONE's income taxes globally amounted to EUR 244.0 million (2021: EUR 298.1 million) in 2022, with the ten largest countries by sales accounting for 69% (2021: 68%) of corporate taxes. Income taxes of Finnish KONE companies totaled EUR 11.8 million in 2022 (2021: 40.1 million). Our largest direct economic impacts come from the employment opportunities we provide.

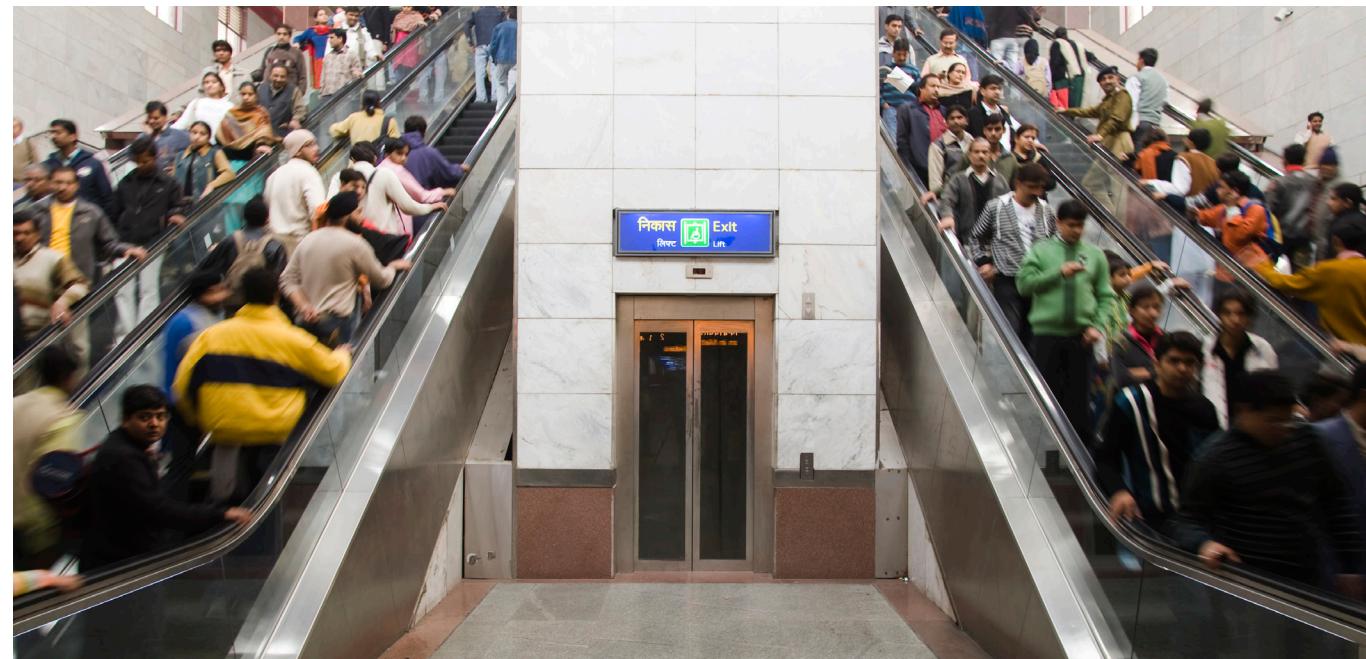
While KONE is a global company with global processes and guidelines, our operations are very local. In our subsidiaries, management and field personnel are predominantly local. In 2022, the largest KONE countries by the number of employees were China, the United States and India.

→ Read [KONE's tax strategy](#) on [kone.com](#)

→ Read more about [our people](#) on pages 35-43

Value distributed, MEUR

Wages and salaries	2,993
Creditors	3
Employment-related costs and taxes	1,118
Shareholders	905
Economic value retained in the company	-453



Ethical business practices

KONE has operations in over 60 countries and collaborates with authorized distributors and agents in close to 100 countries around the world. As a global corporate citizen, we are fully committed to the laws and regulations of the countries where we operate.

KONE's global presence makes it crucial for us to ensure that we have clear compliance rules and guidance in place, which enable us to conduct business in an ethically and socially responsible manner throughout our entire value chain.

A dedicated compliance team, including regional teams in China and North America, develops and implements KONE's global compliance program. Our global and regional compliance committees advise and take decisions on compliance policies, training and initiatives, investigations into allegations of employee misconduct, and the mitigation of human rights, fraud, and corruption risks.

KONE Code of Conduct

The KONE Code of Conduct, approved by the KONE Executive Board, is an integral part of our company culture and the foundation of our ethical business practices. It sets out the responsible and ethical conduct expected of KONE employees and companies and explains how we conduct our business in a responsible and ethical manner. The topics covered in the Code of Conduct include conflicts of interest, corruption, competition compliance, trade compliance, workplace wellbeing, health and safety, environmental compliance, human rights, privacy, fraud and theft, cybersecurity, intellectual property and confidentiality, external communications, and insider trading. Integrity, responsibility, and accountability are highlighted as essential

themes. We also emphasize KONE's non-retaliation policy, which states that we do not tolerate any form of retaliation against anyone having made a compliance report in good faith. All KONE employees are expected to understand and abide by the [Code of Conduct](#), which is available at [kone.com](#) in 33 languages.

Continued focus on training and awareness building

The development of KONE's culture through training and awareness building remains the most important action when it comes to the internal mitigation of compliance risks, and continued to be a focus in 2022. The Code of Conduct e-learning course was assigned to all new starts to KONE as required training. The course is available in 37 languages and includes a clear confirmation from employees to comply with the Code of Conduct. We track all compliance training via our learning management system. Further planned global training in 2022 was delayed due to Russian sanctions work and COVID-19. Nevertheless, 53% of KONE employees completed at least one compliance training course during 2022.

During the reporting year, we updated KONE's Competition Compliance Policy and rolled out new training on this topic, which was assigned to relevant employees. The training course is available in 34 languages and by year-end, 98% of KONE employees within the scope had completed it, accounting for over 30,000 course completions. We also issued new instructions on gifts and corporate hospitality as part of our anti-bribery actions. Training on these instructions is being rolled out to all key employee groups, and this will continue in 2023.

Trade Compliance training modules were launched and will be mandatory for selected employee groups in 2023. Regular face-to-face compliance training is also provided to employees across KONE. Our aim is that all KONE employees should complete at least one compliance training every year.

During the reporting year, we continued our awareness building efforts with a quarterly series of articles based on real-life compliance cases at KONE. The articles were published on

KONE's global intranet and provided guidance on key compliance topics. The series continues in 2023. Further compliance awareness-building activities included the promotion of the KONE Compliance Line, and various articles published internally about gifts and hospitality, and our human rights program. In the Americas, our regional compliance team held its annual compliance week in early December.

KONE's Competition Compliance Policy

KONE's Competition Compliance Policy was updated in 2022. This policy promotes the principles of fair competition that are presented in KONE's Code of Conduct. The policy details our unambiguous position against anti-competitive practices. It sets out the rules and principles that all KONE employees must follow to make sure that we comply fully with competition laws. The Competition Compliance policy is available for our employees in 33 languages.



KONE's Supplier and Distributor Codes of Conduct

KONE's Supplier Code of Conduct sets out the ethical business practice requirements that we expect from our suppliers, including our zero tolerance to bribery and corruption, and the standards we require from our suppliers in terms of labor and human rights, health and safety, and environmental issues. We expect our suppliers to comply with the requirements of the KONE Supplier Code of Conduct in all their dealings with us, as well as with their own employees and suppliers, and third parties, including government officials. All our suppliers and installation subcontractors are expected to sign KONE's Supplier Code of Conduct. KONE may terminate its contracts with suppliers if they fail to adhere to the Code. By the end of 2022, 86% of KONE's total spend was with suppliers and installation subcontractors who have signed KONE's Supplier Code of Conduct or equivalent. The [KONE Supplier Code of Conduct](#) is available in 30 languages on [kone.com](#).

KONE's Distributor Code of Conduct covers topics similar to the Supplier Code of Conduct. As KONE's business partners, our distributors are expected to comply with the requirements of our Distributor Code of Conduct in all their dealings with KONE, as well as in respect to their own employees, customers, suppliers, and third parties, including government officials. Our target is to have the Code signed by all our distributors. By the end of 2022, 100% of our distributors in China and 42% of our distributors in the rest of the world had signed the 2018 or 2021 version of the Code. The [Distributor Code of Conduct](#) is currently available in seven languages and can be read at [kone.com](#).

KONE's Global Trade Compliance Policy

KONE's Global Trade Compliance Policy highlights our commitment to full compliance with all applicable national and international trade compliance laws, rules and regulations, including trade sanctions, export controls, and customs regulations. The policy sets out the trade compliance principles and expectations applicable to all KONE employees.

Third-party due diligence

To meet increasing legal and third-party requirements and to comply with applicable laws and regulations, we take a risk-based approach when screening and monitoring third parties with whom we do business. As part of the due diligence process, we have implemented a new compliance screening solution to manage third parties through five key stages: onboarding, risk assessment, due diligence, risk mitigation and monitoring. The solution carries out automatic screenings against sanctions lists, other official watchlists, sanctioned ownership data and adverse media records on an ongoing basis and alerts the Compliance team in case of new findings. The process ensures comprehensive documentation and provides consistency for the overall due diligence of those included in the process. The solution currently covers suppliers representing 76% of KONE's total spend, as well as customers and other third parties included on the basis of selected risk criteria.

Respect for human rights

At KONE we are committed to respecting and endorsing internationally recognized human and labor rights across our entire delivery chain, including our own operations, suppliers, distributors, and other business partners. We are a committed Participant of the UN Global Compact and its ten principles on human rights, labor, environment, and anti-corruption. We continuously improve our understanding of human rights impacts and take steps to remediate the impacts we become aware of. Our expectations for employees and partners are set out in our Code of Conduct, and our Supplier and Distributor Codes of Conduct and in [KONE's Human Rights policy](#), issued in 2022, which describes in more detail our objectives and responsibilities with respect to our human rights commitments. Our human rights policy details our stance on, for example, our commitment to the health and safety of our employees and workers across the supply and delivery chain, the prohibition of forced or child labor, zero tolerance towards any type of discrimination, harassment, or bullying, ensuring freedom of association, collective bargaining, and appropriate working conditions. Our employees, suppliers, distributors, and other business partners whose actions and omission may directly impact our operations, products, or services, are expected to respect human rights, and not limit or infringe upon them.

KONE's Global Compliance Committee consists of four Executive Board members, a Corporate Controller, and a Head of Global Compliance, and is accountable for the human rights program at KONE. Our human rights program focuses on:

- Governance and accountability for human rights
- Continual development of our supplier human rights assessment program
- Regular human rights impact assessments for our own operations and supply chain
- Increasing training and awareness on human rights for our employees and business partners
- Identifying and taking actions to meet regulatory requirements.

The human rights program is discussed and reviewed on a regular basis in the Global Compliance Committee and the Sustainability Board. A human rights working group – reporting to the Global Compliance Committee – assists the Committee in ensuring that KONE has an effective human rights program and drives this program across KONE. The human rights working group, whose members represent all parts of KONE's business, follows national and international policy developments to ensure that we are compliant with all applicable regulatory requirements and standards.

Human rights due diligence

We identify, assess, and prioritize human rights impacts throughout our business. By embedding human rights in our strategy, policies, and processes, we aim to prevent and mitigate those impacts in an ongoing manner.

We carry out human rights impact assessments to identify the human rights risks that exist within our own operations and across our supply chain. Our 2019 impact assessment recognized our most salient human rights as health and safety, and respect for individuals' labor rights. We will update this impact assessment in early 2023. Such assessments are reviewed regularly as a part of an ongoing process to reflect changes in our operations and in the business environment.

We continuously develop our human rights due diligence program to identify and address potential risks in our own operations and in our supply chain. During the year, we conducted both online and on-site supplier human rights assessments. We received online survey responses from 171



suppliers covering 251 production sites early in the year. The online questionnaire was then revised and sent to over 200 suppliers in December 2022. A total of 10 on-site human rights assessments were conducted, with most of them taking place in India. Human rights training was also provided to our internal human rights assessors. The results of a supplier's human rights assessment, and whether it has signed up to KONE's Supplier Code of Conduct, as well as any other compliance screening results, are taken into account in periodic reviews of suppliers. We prohibit the use of any child or forced labor. In 2022 we had zero child or forced labor issues, and this aim continues to be a priority going forward.

We continued screening and monitoring relevant suppliers, customers and other third parties with whom we conduct business through a compliance screening solution covering international adverse media, sanctions and watchlists. To assess human rights in our own operations, we use internal surveys such as the Pulse employee survey, and ad hoc surveys to identify and address issues relating to discrimination, bullying and harassment within a unit. We also conduct periodic on-site assessments of our employee accommodation provided by KONE, to identify and address any impacts on human rights.

Our human rights impact assessments, third-party due diligence, supplier screenings and internal assessments and surveys are described in more detail in our Human Rights policy, which is available on [kone.com](#). We communicate internally and externally about our human rights program on a regular basis, including progress on our supplier human rights assessments, training, awareness activities, third-party due diligence, and screenings.

KONE-related human rights grievances can be reported through the KONE Compliance Line or through KONE's other internal reporting channels.

Reporting and follow-up of concerns

All KONE employees are expected to understand and abide by KONE's Code of Conduct and to report any violations using the channels available for this purpose. Our internal reporting channels include reporting to management, human resources, legal, or compliance. We also have a confidential reporting channel, the KONE Compliance Line, available for our employees, suppliers, distributors, and the public at all times. It is operated

by an independent third party and is accessible via phone and/or web in over 30 languages. Reports can be made in the reporter's native language and can be anonymous where permitted under data protection laws. Reports can be submitted on a range of topics, including fraud and theft, fraudulent reporting, corruption, competition law, human rights, harassment and discrimination, data protection and confidentiality, environment and safety, trade compliance, and conflicts of interest. All reports are handled by a dedicated, impartial KONE compliance team. Where required by local whistleblower laws, KONE subsidiaries have local reporting lines and processes allowing for the local reporting of compliance concerns. KONE investigates reported concerns in a timely and professional manner and takes corrective action when necessary, including disciplinary action, process improvements, and further training. Our case management system integrates the web, phone, and other reporting channels to allow for a secure and confidential system for managing cases.

In 2022, we received a total of 177 compliance allegations, of which 32% were received through the Compliance Line. Of the total number of reports, 34% were HR-related, 30% were fraud or corruption-related, 14% related to conflicts of interest, and the remaining 22% fell under various other categories. In total, 35% of the 159 cases closed in 2022 were either substantiated or partially substantiated, and disciplinary actions in those cases ranged from coaching discussions to the termination of employment, with 27 employees being dismissed or resigning as a result of these compliance investigations.

→ Read more about [safety and well-being](#) on pages 38–40

→ Read more about [labor rights](#) on pages 37 and 48

Sustainable delivery chain management

KONE produces selected components in-house, and our own production consists largely of the assembly of sourced components. KONE's supplier relationships provide business opportunities and employment for thousands of suppliers globally; our suppliers and their sub-tier suppliers are a critical part of KONE's delivery chain. A total of 30,000 suppliers provides KONE with raw materials, components, modules, logistics and installation services, as well as other indirect materials and services.

KONE has ten production sites for elevators, escalators and modernization packages, nine global distribution centers for elevators, and six distribution centers for spare parts. We closed our building door production in Veenendaal in the Netherlands in 2022.

We work closely with selected key material suppliers and logistics service providers.

With Lean methodology, KONE continues to increase its agility, efficiency and waste reduction in all areas of production. During 2022, KONE updated its plan to modernize its manufacturing machines with the aims of greater energy efficiency and use economy.

Manufacturing execution system (MES) implementations continued in China and Italy. MES is a computerized system that tracks and documents the transformation of raw materials into

finished goods, providing information that helps understand how current conditions on the factory floor can be optimized to improve production output and quality.

Product harmonization enabling greater flexibility in manufacturing and delivery continued in 2022.

As expected, overall supply chain disturbances continued during the year. The logistics disruptions that started in the second half of 2020 continued during the first half of 2022, easing during the second half. KONE continued to manage the situation through its global supply network.

Responding to customers' needs

KONE continues to develop its supply chain with the needs of its customers as the guiding principle. Our work to optimize material loading continued, with the aims of improving truck capacity utilization and reducing carbon emissions. The system now covers approximately 80% of total European road volumes.

During the year, we worked more closely with our logistics partners to learn from them and to roll out further initiatives contributing to KONE's environmental targets. However, after some challenges with their deliveries to us, many of our material suppliers were able to make shipments simultaneously, resulting in KONE needing to manage its deliveries to customers in a less than optimal manner. This had a negative impact on KONE's costs and emission reduction targets in 2022.

In packaging solutions, while keeping the focus on better protecting our products during transport and optimizing end-to-end transportation costs, in 2022 we continued to explore more environmentally sustainable ways of packaging. Our aim is to reduce the volume of materials used for packaging and consequently waste and increase both recycled content as well as recyclability.

Global logistics

In total, almost 3.3 million packages were delivered to new installation sites, and over 1.6 million spare parts to existing customer sites. Our logistics centers are located near our factories, key suppliers, and customers to reduce the transport distances.



Top 10 supplier locations*

- China
- United States
- Italy
- Austria
- Finland
- Germany
- India
- Czech Republic
- Estonia
- Mexico

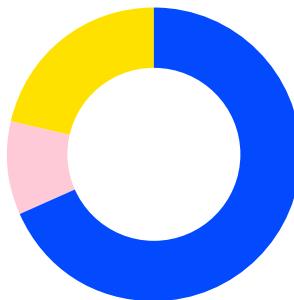
*Suppliers that provide products for new equipment to KONE distribution centers and factories.

As an example, in 2022, we implemented new door packaging for volume product range elevators in Europe, achieving a reduction of approximately 31% in plastic, 11% in wood, and 17% in cardboard compared to old door packaging. In China, where we manufacture and sell most of our escalators, we reduced our standard transport hub escalator's packaging weight by ca. 9% by using the escalator truss as packaging, significantly reducing the need for plywood.

Improved quality and productivity through learning

At KONE, we employ various optimization techniques and tools to improve the productivity and quality of our supply chain. An example of these is continual improvement, supported by Lean and Six Sigma methods and management practices. For

Breakdown of material and service purchases from our supplier*



■ Direct materials and supplies, subcontracting 68.45%

■ Other production costs* 10.22%

■ Selling, administrative and other expenses** 21.33%

Total MEUR 6,053.5

*Mainly freight and packaging, variable costs, such as utilities, tools and operatives related costs.

**For example, administration expenses covering IT, marketing, training, and insurance

example, through these methodologies we control process variations throughout the supply chain and in product and process transitions and reduce waste.

We continued our Lean awareness training for KONE leadership teams, and significantly increased the number of Lean Six Sigma professionals and projects in 2022.

We continued our Lean capability process control and zero-defect programs during the reporting year. All major KONE supply units continue to hold ISO 9001 and 14001 certificates. We will continue investing in our continual improvement capabilities.

Long-term relationships with suppliers

KONE maintains long-term relationships with its suppliers. We manage our suppliers with a tailored approach that involves regularly assessing multiple factors. These factors include the extent of our business with the supplier, the supplier's innovation potential, the criticality of the materials or services they provide, and KONE's level of integration with the supplier.

Our supplier management and measurement tools include KONE's Supplier Code of Conduct, as well as an environmental annex as a standard part of our supplier contracts, audits, quality and sustainability assessments, supplier performance assessments, and a supplier certification program. KONE performs continuous automatic screening of suppliers using publicly available information, such as sanctions lists and other official watchlists. Most of our raw materials and components purchased for new equipment production come from approximately 200 key suppliers, the majority of whom are located in the same regions as KONE factories or distribution centers and represent 75% of all material purchases.

Collaborating with suppliers for a transparent and sustainable supply chain

In 2022, KONE continued its supplier sustainability assessments, in which we measure our approximately 200 key suppliers' performance in terms of their environmental and social responsibility. If improvement needs or non-compliance with KONE requirements are identified, we require corrective measures from the supplier. We collect life cycle inventory data from our material suppliers, enabling accurate and reliable greenhouse gas (GHG) emission reporting from our suppliers.

They are expected to implement emission reduction measures, such as increasing recycled content in the materials used for KONE products. With data collected from the supply chain, we can provide transparent and reliable information to our customers on material content, as well as on the environmental impacts of our products.

→ Read more about [human rights](#) on page 48

Majority of strategic suppliers audited

All of KONE's key suppliers are audited regularly. The audits involve inspecting changes in products or production processes, validating follow-through on improvement initiatives, assessing quality and environmental management systems or pre-auditing the suitability of potential suppliers. We review and prioritize our audit plan every year. In 2022 we performed fewer audits to enable more efficient monitoring of corrective actions, with 73% of our key suppliers audited (2021: 88%).

Assessing supplier risks

KONE's supplier risk management system is based on a thorough assessment of suppliers, including analyses of their financial stability, their dependence on business from KONE, and their location-based risks and sustainability risks, including human rights. The assessment also includes compliance and incident monitoring and a continuous cybersecurity assessment.

Our risk engineering audit concept covers risk such as:

- Risks related to human rights
- Facility risks, such as fire risks and risks related to the main machinery
- Production risks, such as production transfer possibilities, buffer stocks and business continuity management
- IT risks, such as cyber risks
- Natural hazards
- Business continuity risks caused by extreme weather conditions (e.g., storms, floods, droughts, fires)
- Second-tier supplier risks
- Financial risks.

Continuous development of supplier performance

We monitor the performance of our key suppliers through monthly key performance indicators and regular supplier quality and sustainability maturity assessments. The results are shared and discussed with each supplier. If a supplier's performance does not meet our expectations, we initiate corrective actions or development projects and monitor their progress.

Environmental performance of our suppliers

A key element when designing our products is working together with our suppliers to select sustainable and healthy materials and avoid the use of hazardous substances. KONE has stringent global guidelines for all KONE suppliers and partners, as well as internal stakeholders, outlining which substances are not allowed or are to be removed from all KONE products. In 2022, we continued to screen our 200 key suppliers' sustainability performance. Our assessment includes basic criteria that must be met to continue doing business with KONE, as well as criteria to encourage our suppliers to continuously improve, for example, the energy efficiency of their operations and reduce their carbon footprint. We continuously improve our data collection

capabilities together with our suppliers. This enables us to provide transparent and reliable information to our customers about our products' material content, recycled content, and environmental impacts.

Developing quality with our suppliers

KONE's supplier development and supplier quality management function coaches our suppliers in implementing quality management best practices in their respective factories. This includes establishing control points in manufacturing lines to check specific product and process characteristics that are considered critical to product quality.

When new KONE products, or changes to our existing products, are implemented, KONE follows up on the implementation with the suppliers' quality and production managers. This helps make sure that KONE's requirements for product and process quality are met. When suppliers make changes to their products or processes, and those changes affect products delivered to KONE, they need to inform KONE about these changes. On a case-by-case basis, KONE's supplier quality engineers will request and evaluate evidence to ensure

that changes are made in a controlled manner.

KONE performs quality maturity assessments to verify its suppliers' compliance with the KONE Supplier Quality Standard. If any gaps are identified, suppliers are requested to take actions towards full compliance. Supplier quality maturity also guides our sourcing decisions and planning of business allocations between different suppliers. We continued to work towards our goal of zero defects by applying mistake-proofing methods in our supply chain.

KONE's supplier excellence certification program

Our objective is to maintain a supplier base that complies with international quality and environmental standards as well as our own stringent standards. We expect our key suppliers to attain Supplier Excellence Certification. KONE's Supplier Excellence Certification is based on supplier results in quality and sustainability maturity assessments, including ISO 9001, ISO 14001 and ISO 45001 certifications.

In 2022, 100% of our strategic suppliers were ISO 9001 certified (2021: 100%), 100% were ISO 14001 certified (2021: 88%), and 80% of them had ISO 45001 certifications (2021: 73%).



KONE Centennial Foundation

The KONE Centennial Foundation (KCF), an independent, non-profit organization founded by KONE in celebration of its 100th anniversary in 2010, focuses on innovative programs that advance and support developmental, educational, and cultural activities for children and youth around the world.

KCF cooperates closely with local partners and a designated project coordinator in each country to plan and monitor projects, aiming to ensure efficient resource allocation and respect for local culture and priorities. Wherever possible, KCF chooses projects where local KONE units can contribute practical support and KONE volunteers can participate in their spare time.

Support for international humanitarian aid

After the outbreak of the war in Ukraine, KCF launched a matching funds campaign to help Ukrainian children and their families. KONE employees from 24 countries donated through the campaign. KCF matched (1:1) their contributions to support the relief efforts by Save the Children, the World Food Programme, Doctors Without Borders (MSF), the Finnish Red Cross, and UNICEF.

Additionally, KCF supported MSF's emergency medical activities in Ukraine and neighboring countries. KCF also contributed to support the World Food Programme during the global food crisis.

KCF Engagement

The KCF Engagement program replaces the previous KCF teaching travel grants. It offers grants for people who are interested in volunteering in KCF-funded projects that assist children and youth in need. Grants can also be awarded to project team members for their professional development. During the fall of 2022, a Thai teacher received a grant that enabled her to visit Finland for professional development internships.

KCF projects in 2022

In South Africa, KCF continues its commitment to support the Westbury Youth Centre (WYC) in Johannesburg to serve marginalized youth. The Centre provides a variety of social services and skills development programs. New programs included welding, social entrepreneurship, and leadership development. Effective youth outreach activities enable the Centre to reach more young people who need support to reconnect to study and work opportunities. Additionally, WYC's parent organization, Mashup NPO, was active in a wide range of community affairs, advocating for youth development and gender equality, as well as an end to drug trafficking and gang violence in Westbury and the surrounding area.

In China, continuing the partnership with KONE China and two local libraries, the Children's Mobile Library project delivered age-appropriate books and library services to over 6,000 migrant children at 13 schools in urban and rural areas in Hangzhou and Huzhou. KCF also supports the Dandelion School, a nonprofit school for over 620 migrant children in Beijing.

In India, KCF and KONE India have been cooperating to support Single Teacher Schools (STS) in impoverished villages near Chennai, where KONE has a large elevator factory. These STSs provide instruction for children who are either poorly served by local schools or do not attend them regularly. KCF also awarded a grant to the Rising Star Outreach in India, supporting a math teacher's salary at a school for children from communities near Chennai affected by leprosy.

In Mexico, with KCF support, Arte y Cultura Xico (ACX) provided various cultural activities for over 520 children and young people in local schools and the community. ACX also actively participated in community development activities, advocating for the preservation of cultural heritage and water resource sustainability.

In rural Thailand, Zero-to-Hero's (Z2H) active learning model helps children develop at every stage, starting with infant care, and continuing through kindergarten and elementary school. KCF continues to support Z2H in collaborating with local kindergartens and schools to adopt active learning approaches.

In Finland, with KCF support, Oikeus sovintoon (the Right to reconciliation) project helped a group of young people from different backgrounds develop expertise in resolving conflicts to prevent violence and bullying. The project also facilitated members' participation in public events, representing the voices of young people on issues related to youth violence and bullying.

KONE employee participation

Although KCF is an independent entity, cooperation with KONE companies and the participation of KONE volunteers are central to its ability to meet its objectives. KCF welcomes inquiries and initiatives from KONE employees and appreciates the enthusiastic cooperation it receives from KONE companies in the countries where it supports ongoing projects.

→ For more on KCF and their projects, visit konecentennialfoundation.org



The Dandelion School, Beijing

Data tables and charts

Managing sustainability

Focus area	Material topics	Management systems	Management bodies
Providing the most sustainable offering	<ul style="list-style-type: none"> Creating value for our customers Lifetime environmental impact of our products End user safety and accessibility 	ISO 9001 Quality management system, KONE's Supplier Quality Standard, KONE's Environmental Policy Statement, KONE's Quality Policy Statement, KONE Management System Manual for Quality, Environment, Occupational Health and Safety, KONE Way operating model, ISO 14001 Environmental management system, ISO 25745 Energy performance of lifts, escalators and moving walks, LEED, BREEAM or other green building certification systems, ISO 45001 Occupational Health and Safety Management System, KONE's Health and Safety Policy Statement, Cybersecurity Policy, Personal Data Protection Policy	Board of Directors, Executive Board, President and CEO, Sustainability Board, Safety, Quality and Environmental Board, Offering and Technology Board, KONE Security Council
Working towards a more sustainable future	<ul style="list-style-type: none"> Sustainable innovations Sustainable business models Carbon-neutral operations 	ISO 9001 Quality management system, ISO 14001 Environmental management system, KONE's Supplier Excellence Certification, ISO 50001 Energy management system, KONE's Environmental Policy Statement, KONE's Quality Policy Statement, KONE Management System Manual for Quality, Environment, Occupational Health and Safety, KONE Global Facilities Policy, KONE Global Vehicle Fleet Policy, KONE Global Travel Policy, KONE Way operating model	Board of Directors, Executive Board, President and CEO, Sustainability Board, Safety, Quality and Environmental Board, Offering and Technology Board
Empowering our people and attracting the best talent	<ul style="list-style-type: none"> Fair employment practices Employee and subcontractor safety and well-being Diversity, equity, and inclusion Competence development 	KONE's Human Rights policy, KONE Code of Conduct, ISO 45001 Occupational Health and Safety Management System, KONE Management System Manual for Quality, Environment, Occupational Health and Safety, KONE's Health and Safety Policy Statement, KONE continuous learning approach, KONE policy for supporting long-term external studies, KONE Recruitment policy, KONE flexible working statement, KONE Total Reward policy, KONE Employee Performance policy, KONE Base Pay policy, KONE Roles, Grades and Evaluation policy, KONE Retirement Policy	Executive Board, President and CEO, Global Compliance Committee, Human Resources leadership team, Sustainability Board, KONE Retirement Committee
Being a good corporate citizen	<ul style="list-style-type: none"> Generating long-term returns Creating wealth via taxes and employment Ethical business practices 	Finnish Corporate Governance Code, KONE's tax strategy and principles, internal control, risk management, internal assurance, KONE Code of Conduct, KONE's Competition Compliance Policy, KONE's Global Trade Compliance Policy, KONE Supplier Code of Conduct, KONE's Human Rights policy, KONE's Supplier Quality Standard, KONE's Supplier Excellence Certification, KONE's supplier sustainability assessment, KONE's supplier human rights assessment, ISO 14001 Environmental management system, ISO 9001 Quality management system, KONE Distributor Code of Conduct, KONE supply chain management approach	Board of Directors, Executive Board, President and CEO, Annual General Meeting, Audit Committee, Global Compliance Committee, Sustainability Board, Safety, Quality and Environmental Board, Sourcing management team, Supplier Quality Management team, Offering and Technology Board, KONE Sustainability Disclosure Steering

Providing the most sustainable offering, Working towards a more sustainable future

KONE Climate and environmental excellence program 2022-2024

Key initiative	Achievements in 2022	Annual target 2022	Long term target 2030
Partner for customers We are the trusted partner for making people flow in buildings environmentally sustainable	<ul style="list-style-type: none"> Received Singapore Green Building Product (SGBP) certifications for KONE TravelMaster™ 110 and KONE TransitMaster™ 140 escalators, and KONE N MonoSpace®, KONE N MiniSpace™ and KONE 3000S MonoSpace® elevators. KONE currently has seven SGBP-certified products. We are the first elevator and escalator company to have only the highest possible Leader ratings. Approved Byggvarubedömningen (BVB) assessments for the KONE TransitMaster™ 120, KONE TravelMaster™ 110T and KONE TransitMaster™ 180 escalators. KONE's manufacturing unit in Finland, KONE Great Britain, and KONE Ireland continued to hold Forest Stewardship Council (FSC®) chain of custody certifications for sustainably sourced wooden components. KONE solutions delivered to buildings certified with LEED, BREEAM, WELL and other green certifications globally. 	17 products covered by Environmental Product Declarations by 2022 Further reduction in energy consumption and materials used in 2022	KONE's climate pledge with a target of 40% reduction in product-related carbon footprint from materials and lifetime energy use (Scope 3) relative to products ordered by 2030, from a 2018 baseline
Offering We design and innovate for the most sustainable low carbon offering	<ul style="list-style-type: none"> Third-party verified Environmental Product Declarations (EPDs) published for two elevators and two escalators. KONE currently has EPDs for 13 elevator and 4 escalator models. KONE currently has Health Product Declarations (HPDs) for seven elevator and escalator models. KONE's product and value chain emissions (Scope 3) per product ordered decreased by 4.7% compared to 2021 (71.7 tCO₂e/order) and by 4.3% compared to 2018 (71.4 tCO₂e/order). 		
Operations We are committed to making our own operations carbon-neutral by 2030	<ul style="list-style-type: none"> KONE's operational carbon footprint decreased by almost 17% compared to our 2018 emissions of 153,200 tCO₂e (~3% compared to 2021) and KONE's logistics emissions relative to units delivered increased by 3.5% compared to 2021. Apart from India, all of our manufacturing units use only on-site or purchased renewable electricity. In 2022, our manufacturing unit in India increased its share of purchased renewable electricity and it has plans to continue increasing it in 2023. KONE manufacturing units are not located in or near UNESCO World Heritage sites, Nature 2000 or other conservation parks or biodiversity sensitive areas. In the ten manufacturing units at the end of the year in our data collection scope, the share of recycled or incinerated waste was 99%. Only 0.2% was put into landfill. 	16% absolute reduction in the carbon footprint from our own operations (Scope 1 and 2) (baseline 2019 with comparable operational carbon footprint scope), 4% reduction in our logistics carbon footprint (Scope 3) relative to units delivered Increase the share of renewable electricity to more than 80% by the end of 2022 KONE manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 or other conservation parks or biodiversity sensitive areas	KONE's climate pledge with a target of 50% absolute reduction in the carbon footprint from our own operations (Scope 1 and 2) by 2030 (baseline 2018) Increase the share of renewable electricity to 100% by 2030 KONE manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 or other conservation parks or biodiversity sensitive areas 0% landfill waste from our manufacturing units by 2030
Mindset and behavior We embrace an environmental mindset and behavior as part of our culture	<ul style="list-style-type: none"> Recognized for climate and sustainability performance: a place on CDP's A List for Climate. We are on the list for the tenth consecutive year. Our corporate and R&D units, all major manufacturing units, and 32 major subsidiaries are ISO 14001 certified (2021: 26). Three KONE manufacturing units are ISO 50001 certified. At the end of 2022, 100% of our key suppliers were ISO 14001 certified (2021: 88%). KONE continued its supplier sustainability assessment for screening its suppliers' performance on environmental and social responsibility. 	CDP Leadership for Climate 100% of our key suppliers ISO 14001 certified	CDP Leadership for Climate 100% of our key suppliers ISO 14001 certified

KONE's total greenhouse gas emissions, tCO₂e

Scope 1, 2 and 3 greenhouse gas emissions data externally assured.

		2020	2021	2022
Direct emissions from own operations (Scope 1)*	Vehicle fleet	101,200	110,100	108,300
	Heating fuels	8,400	8,300	8,300
	Cooling gases	100	300	200
Emissions from purchased electricity and district heat in own operations (Scope 2)**	Electricity consumption, market-based (location-based 2022: 31,100 tCO ₂ e)	23,300	10,200	8,600
	District heat consumption, market-based (location-based 2022: 2,300 tCO ₂ e)	2,100	2,000	1,400
Total Scope 1 and 2 emissions		135,100	130,900	126,800
Indirect emissions from our value chain (Scope 3)	Materials used for products and packaging**	4,792,000	5,297,000	4,411,000
	Logistics***	177,900	128,500	114,500
	Waste	2,500	3,700	4,500
	Business air travel	4,100	5,900	10,100
	Lifetime energy consumption of products**	9,138,000	9,963,500	8,546,000
	Annual energy consumption of products	418,000	452,500	391,200
Total Scope 3 emissions		14,114,500	15,398,600	13,086,100
Total Scope 1, 2 and 3 emissions		14,249,600	15,529,500	13,212,900

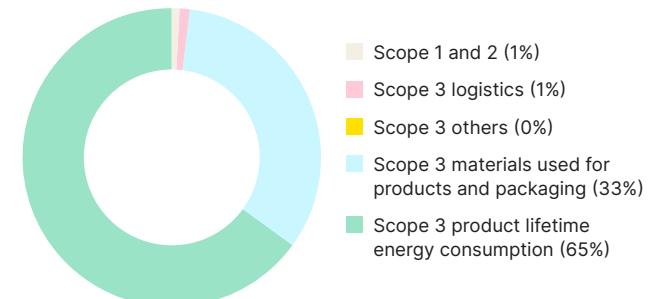
*KONE's environmental reporting covers over 90% of our Scope 1 and 2 emissions. The remaining emissions are extrapolated to cover 100% of KONE's operations.

**The product-related Scope 3 calculations are based on latest life cycle assessment data and products ordered from KONE during the reporting year.

***2021 logistics figure is restated due to updated reporting scope; logistics figures 2021 and 2022 are not comparable with 2020.

****Change compared to the previous year.

KONE's total greenhouse gas emissions in 2022



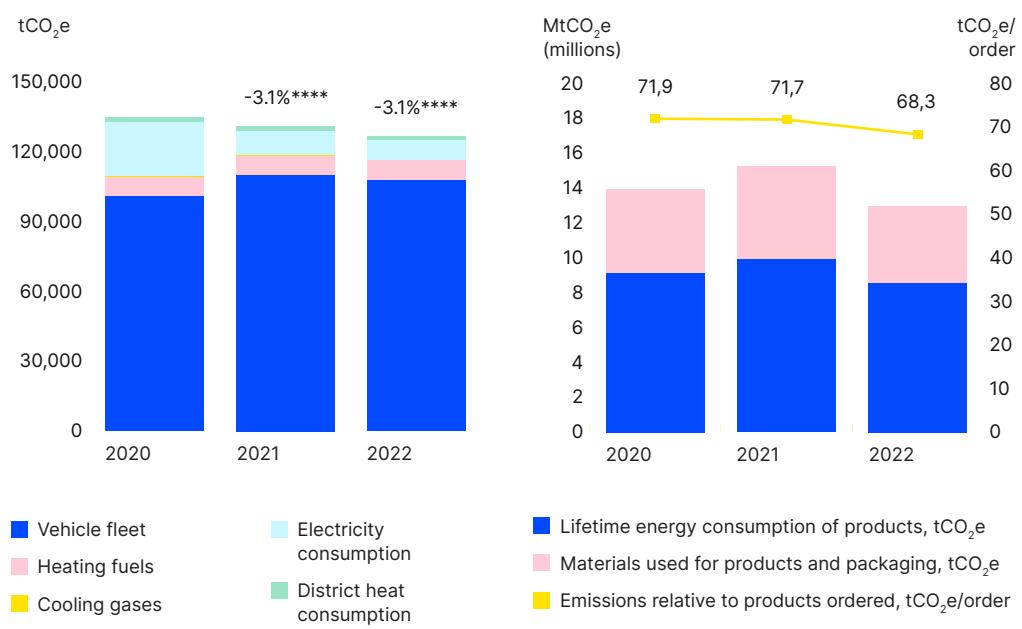
KONE's progress on science-based targets

Greenhouse gas emissions from own operations (Scope 1 and 2)*

Target: 50% absolute reduction by 2030 from 2018 base year; reduction of 17% in Scope 1 and 2 GHG emissions by end of 2022.

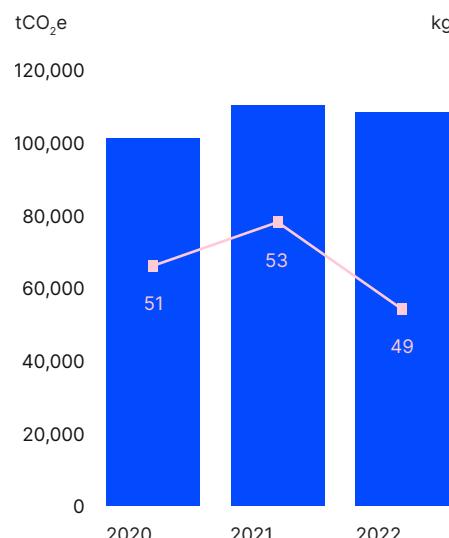
Product-related greenhouse gas emissions (Scope 3)**

Target: 40% reduction relative to products ordered by 2030 from 2018 base year. Our emissions per product has decreased by 4.3% compared to 2018.

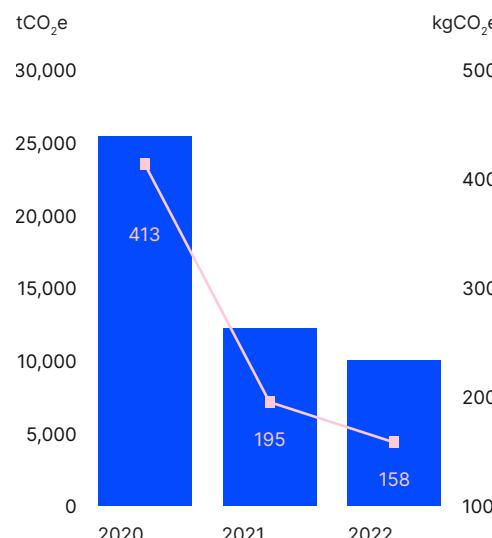


Carbon footprint trend per category

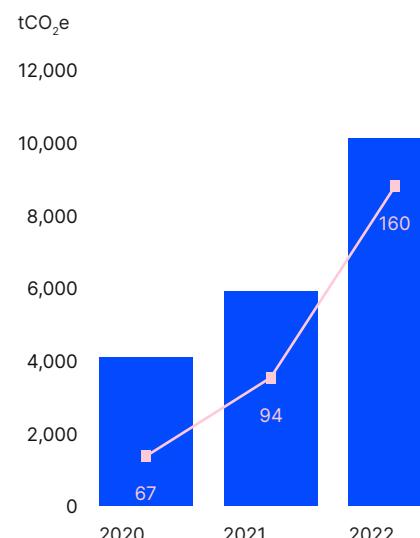
Vehicle fleet (Scope 1)*



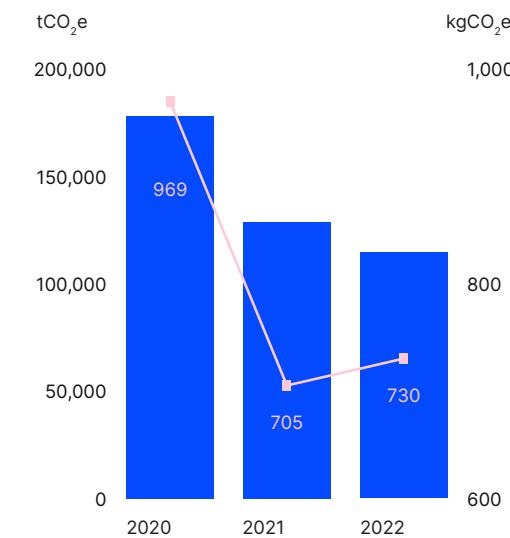
Electricity and district heat (Scope 2)*



Business air travel (Scope 3)



Logistics (Scope 3)**



*KONE's environmental reporting covers over 90% of our Scope 1 and 2 emissions.

The remaining emissions are extrapolated to cover 100% of KONE's operations.

**2021 logistics figure is restated due to updated reporting scope; logistics figures 2021 and 2022 are not comparable with 2020.

Environmental impacts of KONE's operations

		2020	2021	2022
Energy consumption, MWh				
Direct	Heating and vehicle fleet fuels (heating oil, natural gas, LPG, petrol, diesel and diesel with biofuel blend)	407,400	442,100	455,300
Direct	Biofuel (from 100% renewable sources)	800	1,000	800
Indirect	Green electricity (purchased and on-site production)	28,100	57,300	62,500
	Other than green electricity	40,200	14,400	12,100
	District heat	13,300	14,400	12,000
Total		489,800	529,200	542,700
Waste, tons				
Recycled waste		33,600	31,900	33,300
Incinerated waste		3,700	2,100	2,000
Landfill waste		1,300	1,400	800
Hazardous waste		1,000	2,000	2,900
Total		39,600	37,400	39,000
Water and effluents				
GRI 303-5 Water consumption data externally assured				
Water consumption, m ³	Municipal water	299,900	326,000	235,400
	Ground water	2,000	2,200	4,400
Total		301,900	328,200	239,800
Wastewater effluents from manufacturing units, tons*				
		8	3	1

*Systematic continuous improvement has been ongoing in 2021 and 2022 resulting significant reduction in wastewater effluents. In 2021 reporting, the 2021 figure was incorrect.

	Materials	2020	2021	2022
Materials used, tons (calculated)*				
Manufacturing	Metals (steel, aluminum, copper)	1,157,000	1,279,000	1,136,000
	Concrete	221,000	243,000	217,000
	Others	62,000	49,000	43,000
	Plastics	12,000	13,000	12,000
	Rubber	11,000	12,000	11,000
	Electronics	7,000	8,000	7,000
	Glass	11,000	12,000	5,000
Packaging (calculated)	Plywood	117,000	130,000	115,000
	Wood	34,000	37,000	33,000
	Metals	7,000	8,000	7,000
	Paper/cardboard	6,000	7,000	6,000
	Plastics	4,000	4,000	3,000
Office consumables (actual data)	Paper	400	400	350
Total		1,643,400	1,795,400	1,595,350

*The figures for manufacturing and packaging materials are based on latest life cycle assessment data and products ordered from KONE during the reporting year.

Empowering our people and attracting the best talent

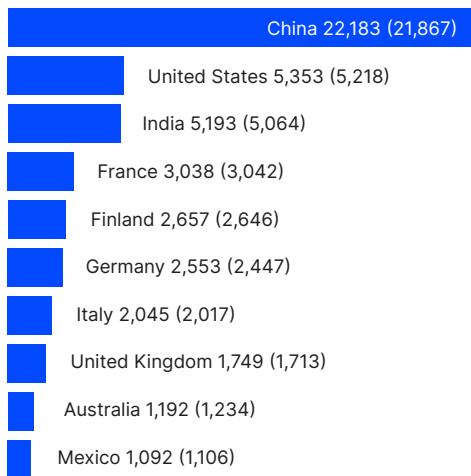
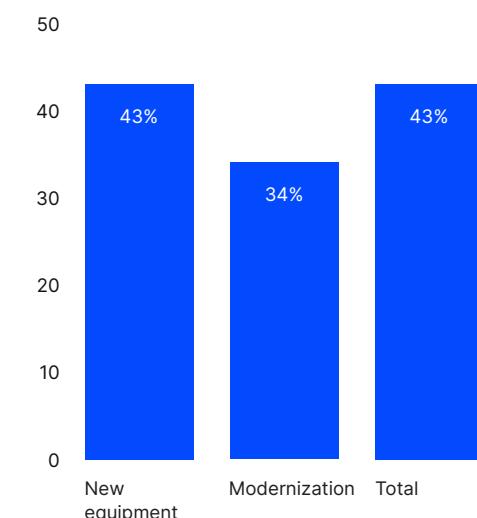
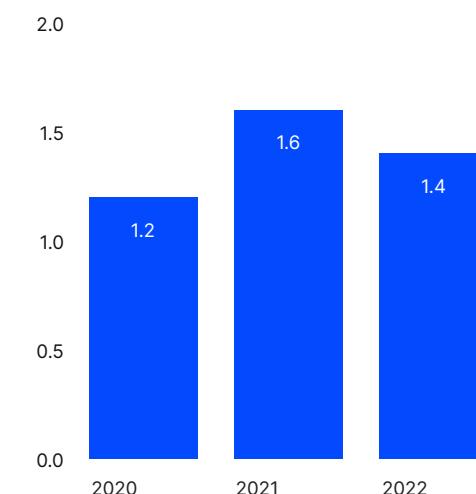
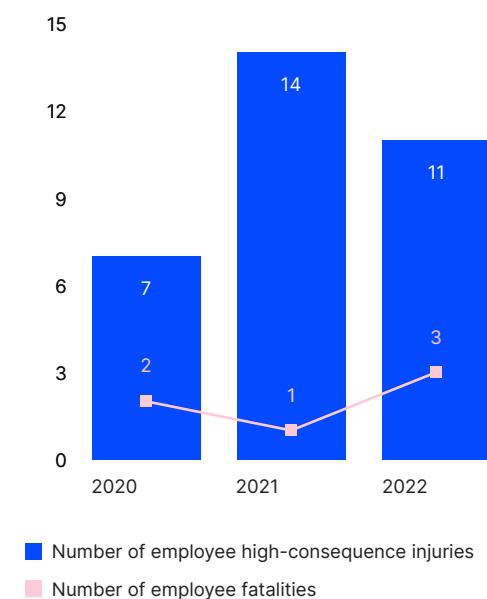
Employees			
Total number of employees, year end			63,277
Share of women			11.5%
Share of women in director level positions			23.5%
Share of women in the Executive Board			21.4%
Share of women in the Board of Directors			38%
Voluntary turnover rate, compared to 12-month average headcount			7.9%
Total turnover rate			12.5%
Numbers in headcount. No significant fluctuations in the number of employees during the reporting period.			
Age distribution		-30	31–50
All KONE employees		25%	58%
Executive Board		0%	37.5%
Board of Directors		0%	25%
51–		16%	62.5%
Gender distribution per region		Men	Women
EMEA		85.3%	14.7%
Asia-Pacific		90.7%	9.3%
Americas		88.1%	11.9%
Employees with permanent contract, per region		Men	Women
EMEA		97.5%	95.7%
Asia-Pacific		98.8%	98.3%
Americas		99.9%	99.8%

Temporary employees, gender distribution per region			
	Men	Women	
EMEA	76.7%	23.3%	
Asia-Pacific	87.3%	12.7%	
Americas	80.0%	20.0%	
Trainees and fixed-term employees; total 1,127 people			
Full-time employees, gender distribution per region			
	Men	Women	
EMEA	86.3%	13.7%	
Asia-Pacific	90.8%	9.2%	
Americas	88.1%	11.9%	
Part-time employees, gender distribution per region			
	Men	Women	
EMEA	45.7%	54.3%	
Asia-Pacific	59.1%	40.9%	
Americas	60.0%	40.0%	

Voluntary turnover rate per region, gender, and age group*			
Region	Female	Male	Age group
EMEA	6.5%		30 and under
Asia-Pacific	8.9%		31–50
Americas	8.8%		51 and above
Gender			
Female	10.1%		
Male		7.6%	
Age group			
30 and under		13.6%	
31–50		6.8%	
51 and above		3.4%	

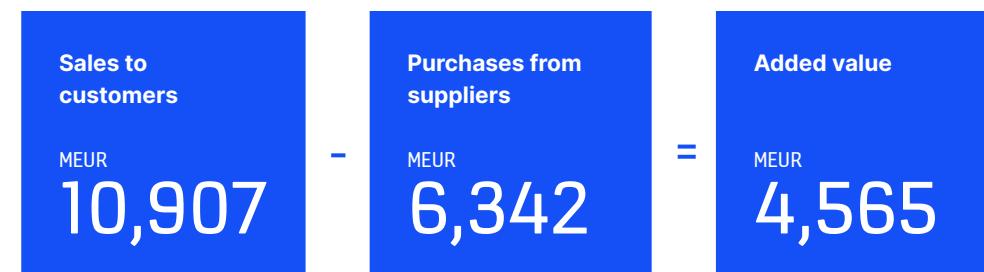
*Calculated from 12-month average headcount

New hires, gender distribution per region			
	Men	Women	
EMEA	79.9%	19.1%	
Asia-Pacific	89.6%	10.4%	
Americas	88.2%	11.8%	
New hires, age distribution per region		-30	31–50
EMEA		49.1%	44.3%
Asia-Pacific		66.4%	32.4%
Americas		34.3%	56.4%
51–		6.6%	1.2%
Total number of new hires: 8,960 employees.			

Personnel by country Dec 31, 2022***Average workforce tenure in years*****Subcontracting share of total labor costs in installation****Industrial injury frequency rate development among KONE employees****Number of employee fatalities and high-consequence injuries as a result of work-related injury**

■ Number of employee high-consequence injuries

■ Number of employee fatalities

Being a good corporate citizen**How KONE added economic value in 2022**

→ Read more about our non-financial key performance indicators and our financial results in 2022 in [KONE Annual Review 2022](#)

*10 largest countries (2021 figures in brackets)

Value distributed, MEUR

Wages and salaries	2,993
Creditors	3
Employment-related costs and taxes	1,118
Shareholders	905
Economic value retained in the company	-453

Reporting principles and scope

All local and regional organizations where parent company KONE Oyj has control and all production units are included in the reporting scope, unless otherwise stated. All financial data has been collected through KONE's enterprise resource management and financial reporting systems. All financial figures presented in this report are based on KONE Corporation's consolidated and audited financial statements.

Employee data is extracted from our people management platform supplied by a leading system provider. Employee numbers are reported in headcount at the end of the reporting period. Subcontracting costs of the total labor costs in installation are derived from KONE's corporate consolidation and reporting system. Employee survey related data is from the third-party survey platform by a leading vendor. Pulse Talks completion rates are estimates that are reported manually. Apart from China, all training and course completion data is from our global people management system, and a separate external e-learning library. In China, a local training course platform was used until December, and the completion information was inserted manually to the global people management system. During December 2022–January 2023, the local system was integrated into the global people management system making the process automatic. Percentage of employees covered by collective bargaining agreements is an estimate, based on figures collected from units manually.

The collected environmental data covers over 90% of our Scope 1 and 2 emissions; remaining emissions have been extrapolated so that the figures account for 100% of KONE's operations. The actual vehicle fleet fuel consumption data has been collected from 52 countries, representing 98% of our total fleet globally. The actual facility-related environmental data has been collected from KONE's 10 manufacturing units and from 50 subsidiaries in Asia-Pacific, EMEA, and North America. The collected facilities' data covers 97% (2021: 96%) of all KONE's employees and 100% of employees working at our manufacturing units. Scope 2 emissions have been calculated according to the dual reporting principles of the GHG Protocol Scope 2 Guidance (market- and location-based method). In our total carbon footprint calculations, market-based Scope 2 emissions are used. REGO guarantees of origin subject to European Energy Certificate System (EECS) and I-RECs have been acquired for the purchased green electricity, as well as some supplier specific instruments.

Emission factors for Scope 2 calculations are based on the data sources of the Association of Issuing Bodies (AIB) European Residual Mix Report,

International Energy Agency (IEA) Emission Factors, and supplier specific factors for Finland and the Czech Republic. Unless otherwise specified, all other emission factors are from the UK Department for Environment, Food & Rural Affairs (DEFRA). We additionally use supplier specific emission factors for biodiesel in Finland.

Business air travel data covering 34 subsidiaries and all manufacturing units, global functions, and R&D, totaling 96% of our employees, has been collected from KONE's six biggest travel agencies and several local travel agencies.

Logistics data covers the transportation of products from KONE's manufacturing units to distribution centers. Transportation to local warehouses or installation sites is included for cases where KONE's manufacturing units are responsible for transportation. Spare parts deliveries are also within the reporting scope. Inbound logistics of materials to KONE's manufacturing sites is excluded from the scope. Product and spare parts logistics data has been calculated using an in-house logistics emission calculation tool developed by KONE's global logistics team.

Product-related Scope 3 emissions calculations include KONE's two main product types, elevators and escalators, for new construction, and for those modernization projects where new elevator units are delivered to the customer. The total emissions are based on the most sold products in each region (Asia-Pacific, EMEA, and North America), multiplied by the number of all products ordered during the reporting year.

We collect supplier-specific data on material usage for our most sold products and combine it with the material emission factors from the EcoInvent V3.4 database or available Environmental Product Declarations (EPDs) from the material manufacturers. We calculate the average annual energy consumption of our products according to the ISO 25745 standards for the most sold configurations and expected usage profiles in each geographical region. The annual energy consumption for the products is further multiplied by the expected lifetimes of 25 and 15 years for elevators and escalators, respectively. For energy usage, we use an average emission factor for each region based on our sales split during the reporting year. The country-specific emission factors are based on the latest publication of the International Energy Agency (IEA) available at the beginning of the year. Our product-related Scope 3 emissions calculations are in line with our third-party verified EPDs, and we are constantly improving them as we work with our suppliers and partners for more transparent and efficient data collection.

KONE uses an environmental performance system by an EHS system vendor. KONE applies an operational control approach for consolidating the CO₂ or GHG emission indicators. Vehicle fleet and facility-related environmental data is first consolidated at the subsidiary or manufacturing unit level by local functions and is then entered into the environmental performance system. The data is further consolidated globally.

Environmental performance has been reported in accordance with ISO 14064 and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Scope 2 Guidance and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. KONE's Scope 1, 2 and 3 (materials used for products and packaging, logistics, business travel, waste and lifetime energy consumption of products) greenhouse gas emissions and water consumption at KONE's manufacturing units have been externally assured.

KONE uses a solution by a leading provider for reporting and managing safety incidents and near misses. Reporting through the tool is accessible to all KONE employees. Global reporting scope covers work-related incidents and near misses, including injuries sustained when traveling between work locations. Industry injury frequency rate (IIFR), and the total number of work-related fatalities and high-consequence injuries are reported for employees. The collected data is analyzed using our data analytics platform. IIFR is calculated based on 1,000,000 theoretical hours worked. The number of high-consequence work-related injuries is collected manually. We monitor subcontractor safety performance through near miss and injury reports, reported by the respective KONE supervisors, as well as subcontractor safety audits. All injuries, including fatalities, are reported to the local authorities according to local regulations.

Signed supplier and distributor Codes of Conduct are tracked manually. Supplier sustainability assessment surveys are sent out as well as tracked electronically by KONE. We screen and monitor relevant suppliers, customers, and other third parties with whom we conduct business through a third-party compliance screening solution covering international adverse media, as well as sanctions and watchlists. Key suppliers' ISO certificates are tracked in KONE's supplier management portal.

→ Read more about [our reporting](#) on page 14

→ Full list of our subsidiaries can be read in our [Annual Review](#), pages 107–109

Independent practitioner's limited assurance report

To the Management and Stakeholders of KONE Oyj

We have been engaged by the Management of KONE Oyj (hereinafter also the "Company") to perform a limited assurance engagement on selected sustainability information for the reporting period from 1 January 2022 to 31 December 2022, disclosed in KONE Oyj Sustainability Report 2022 on the Company's website (hereinafter the Selected sustainability information).

Selected sustainability information

The selected sustainability information within the scope of assurance covers the GRI indicators listed in the GRI Content Index which is included in the Company's Sustainability Report 2022.

Management's responsibility

The Management of KONE Oyj is responsible for preparing the Selected sustainability information in accordance with the reporting criteria as set out in KONE Oyj reporting instructions (described in KONE Oyj's Sustainability Report 2022), Greenhouse Gas Protocol and Global Reporting Initiative (GRI) Sustainability Reporting Standards. The Management of KONE Oyj is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence, other ethical requirements and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), which is founded on fundamental principles of integrity, objectivity, professional competence and

due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Control (ISQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*", and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements (ISAE) 3410 "*Assurance Engagements on Greenhouse Gas Statements*". These Standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Performing virtual site visits in the Company's sites in China, France, India, Italy and USA.

- Interviewing employees responsible for collecting and reporting the Selected information on sustainability indicators at the Group level.
- Assessing how the reporting instructions and procedures are applied in the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that KONE Oyj's Selected sustainability information for the reporting period 1 January 2022 to 31 December 2022 are not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to KONE Oyj for our work, for this report, or for the conclusions that we have reached.

Helsinki 14 April 2023

PricewaterhouseCoopers Oy

Mikael Niskala

Partner

ESG Reporting & Assurance Services

Tiina Puukkoniemi

Partner, Authorised Public Accountant

ESG Reporting & Assurance Services

CONTENT INDEX

Global Reporting Initiative (GRI) and UN Sustainable Development Goal (SDG) indices

GRI content index

Statement of use KONE Corporation has reported in accordance with the GRI Standards for the period January 1, 2022 – December 31, 2022.

GRI 1 used GRI 1: Foundation 2021

Applicable GRI Sector Standard(s) N/A

GRI 2: General disclosures (2021)		Related SDGs	Page	Further information/omissions
Organizational profile				
2-1	Organizational details		2, 12–13	Annual Review p. 1, 47, 117, www.kone.com/en/company/organization-and-management/
2-2	Entities included in the organization's sustainability reporting		61	Annual Review p. 107–109
2-3	Reporting period, frequency and contact point		14, 67	Publication date: April 26, 2023
2-4	Restatements of information			Restatements reported in conjunction with relevant data.
2-5	External assurance		62	The scope of assurance covers the GRI indicators marked as assured in the GRI Content Index.
Activities and workers				
2-6	Activities, value chain and other business relationships	9, 11, 12	12–13, 14–16	Annual Review p. 1, p. 5–6
2-7	Employees	5, 8	43, 59–60	
2-8	Workers who are not employees	5, 8	37, 60	Partly reported. Share of subcontracting out of the total labor costs in installation reported.
Governance				
2-9	Governance structure and composition		54, 59	Annual Review p. 12, 119–120, 123–125
2-10	Nomination and selection of the highest governance body			Annual Review p. 117
2-11	Chair of the highest governance body			Annual Review p. 119
2-12	Role of the highest governance body in overseeing the management of impacts		14, 54	Annual Review p. 12
2-13	Delegation of responsibility for managing impacts		14	Annual Review p. 12
2-14	Role of the highest governance body in sustainability reporting		Content index	KONE Sustainability Report is reviewed by KONE's management and approved by the President and CEO.
2-15	Conflicts of interest			Annual Review p. 91, 117, 119–120, 122
2-16	Communication of critical concerns		47, 49	Partly reported. KONE investigates reported concerns in a timely and professional manner and takes corrective action when necessary, including disciplinary action, process improvements, and further training. Our global and regional compliance committees advise and take decisions on compliance policies, training and initiatives, investigations into allegations of employee misconduct, and the mitigation of human rights, fraud, and corruption risks.

GRI 2: General disclosures (2021)		Related SDGs	Page	Further information/omissions
2-17	Collective knowledge of the highest governance body			Partly reported. Annual Review p. 12. KONE's Board of Directors is responsible for overseeing and supervising the implementation of KONE's strategy, including sustainability topics and climate change topics.
2-18	Evaluation of the performance of the highest governance body			Annual Review p. 117
2-19	Remuneration policies			Annual Review p. 88–89, Remuneration Report p. 2–6
2-20	Process to determine remuneration			Annual Review, p. 88–89, 117–118, Remuneration Report p. 2
2-21	Annual total compensation ratio			Remuneration Report p. 3. The remuneration for the President and CEO and the average KONE employee reported, not their ratio.
Strategy, policies and practices				
2-22	Statement on sustainable development strategy		4–6	
2-23	Policy commitments		14, 47–49	
2-24	Embedding policy commitments		37, 47–49	
2-25	Processes to remediate negative impacts		38–39, 48–49	Annual Review p. 19–20
2-26	Mechanisms for seeking advice and raising concerns		49	
2-27	Compliance with laws and regulations	16	Content index	Annual Review, p. 26. No significant fines or sanctions during the reporting period.
2-28	Membership associations		16	
Stakeholder engagement				
2-29	Approach to stakeholder engagement		15–16	
2-30	Collective bargaining agreements		37	
GRI 3: Material Topics (2021)		Related SDGs	Page	Further information/omissions
3-1	Process to determine material topics		17	www.kone.com/en/sustainability/sustainability-report/materiality-assessment/
3-2	List of material topics		17	www.kone.com/en/sustainability/sustainability-report/materiality-assessment/
Topic-specific standards		Related SDGs	Page	Further information/omissions
Economic standards				
GRI 3: 3-3	Management of material topics		17, 44–46, 51, 54	
GRI 201	Economic performance (2016)			
201-1	Direct economic value generated and distributed	8	3, 13, 45–46, 60	
201-2	Financial implications and other risks and opportunities due to climate change	13	30–31	Annual Review p. 29
GRI 202	Market presence (2016)			
202-2	Proportion of senior management hired from the local community	8	13, 41	Leadership position: KONE grades 1–3 (out of 6). Local: Employee is native to the country where the position is based.
GRI 205	Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	4, 16	47	

Topic-specific standards		Related SDGs	Page	Further information/omissions	Assurance
GRI 206	Anti-competitive behavior (2016)				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	8, 16		Annual Review p. 26	
GRI 207	Tax (2019)				
207-1	Approach to tax	8	46	www.kone.com/en/investors/governance/tax-strategy/	
207-2	Tax governance, control, and risk management	8	46	www.kone.com/en/investors/governance/tax-strategy/	
207-3	Stakeholder engagement and management of concerns related to tax	8	46	www.kone.com/en/investors/governance/tax-strategy/	
Environmental standards					
GRI 3: 3-3	Management of material topics			17–24, 27–34, 50–52, 54–55	
GRI 301	Materials (2016)				
301-1	Materials used by weight or volume	9, 11, 12	58		
GRI 302	Energy (2016)				
302-1	Energy consumption within the organization	12, 13	58		
302-4	Reduction of energy consumption	12, 13	32–33, 58		
302-5	Reductions in energy requirements of products and services	9, 12, 13	21, 32		
GRI 305	Emissions (2016)				
305-1	Direct (Scope 1) GHG emissions	12, 13	32–33, 56–57	Biogenic CO ₂ emissions not separately reported.	✓
305-2	Energy indirect (Scope 2) GHG emissions	12, 13	32–33, 56–57		✓
305-3	Other indirect (Scope 3) GHG emissions	9, 11, 12, 13	32–33, 56–57	Biogenic CO ₂ emissions not separately reported.	✓
305-4	GHG emissions intensity	9, 11, 12, 13	32, 56–57		
305-5	Reduction of GHG emissions	9, 11, 12, 13	32–33, 56–57		
308:	Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	12	51–52		
Social standards					
GRI 3: 3-3	Management of material topics			17, 25–26, 28, 35–43, 47–49, 51, 54	
GRI 401	Employment (2016)				
401-1	New employee hires and employee turnover	5, 8	59		
GRI 403	Occupational health and safety (2018)				
403-1	Occupational health and safety management system	3, 8	38–39, 54		
403-2	Hazard identification, risk assessment, and incident investigation	3, 8	38–39		
403-3	Occupational health services	3, 8	40		
403-4	Worker participation, consultation, and communication on occupational health and safety	3, 8	38–39		
403-5	Worker training on occupational health and safety	3, 4, 8	38		✓
403-6	Promotion of worker health	3, 8	39–40		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3, 8	38–39		

Topic-specific standards		Related SDGs	Page	Further information/omissions	Assurance
403-8	Workers covered by an occupational health and safety management system	3, 8	38		
403-9	Work-related injuries	3, 8	39	Industry injury frequency rate (IIFR) and total number of work-related fatalities and high-consequence injuries reported only for employees. The following data not reported: rate of fatalities as a result of work-related injury, rate of high-consequence work-related injuries, number and rate of recordable work-related injuries, number of hours worked. All injuries, including fatalities, are reported to the local authorities according to local regulations.	✓
GRI 404	Training and education (2016)				
404-1	Average hours of training per year per employee	4, 8	3, 42		
404-2	Programs for upgrading employee skills and transition assistance programs	4, 8	42	Global guidelines exist for supporting employees in transition.	
404-3	Percentage of employees receiving regular performance and career development reviews	8	42		
GRI 405	Diversity and equal opportunity (2016)				
405-1	Diversity of governance bodies and employees	5, 8	59		
GRI 414	Supplier social assessment (2016)				
414-1	New suppliers that were screened using social criteria	12	48–49, 51–52		
GRI 416	Customer health and safety (2016)				
416-1	Assessment of the health and safety impacts of product and service categories	3, 9	20		



In addition to GRI reporting, KONE has mapped its activities according to Sustainability Accounting Standard Board's (SASB) sustainability accounting standards for Electrical and Electronic Equipment. The [SASSB disclosure](#) can be found on kone.com.



KONE also reports on its sustainability performance annually in line with the United Nations (UN) Communication on Progress (COP) process as defined by the UN Global Compact. Our first new COP will be available on the UN Global Compact website by June 30, 2023.



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