



Helping cities grow sustainably

Sustainability Report 2023

www.kone.com

Dedicated to
People Flow™

KONE's elevators and escalators move

>1 BILLION

people every day

Close to

600,000

customers

Operations in

>60

countries

~30,000

suppliers

>1,600,000

equipment in KONE's maintenance base

>60,000

employees

Authorized distributors and
agents in close to

100

countries

Sales

MEUR 10,952

→ Read more **about KONE as a
company** on kone.com

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Sustainability highlights 2023



CDP 2023 'A' score for corporate sustainability leadership

EcoVadis gold medal for sustainability performance



34 best-in-class energy efficiency ISO 25745 references for our elevator and escalator platforms



Carbon-neutral manufacturing units




Forbes' 2023 Global 2000: World's Best Employers list




153 nationalities



All major KONE supply units continue to hold ISO 9001 and ISO 14001 certificates



1.1 Industrial Injury Frequency Rate



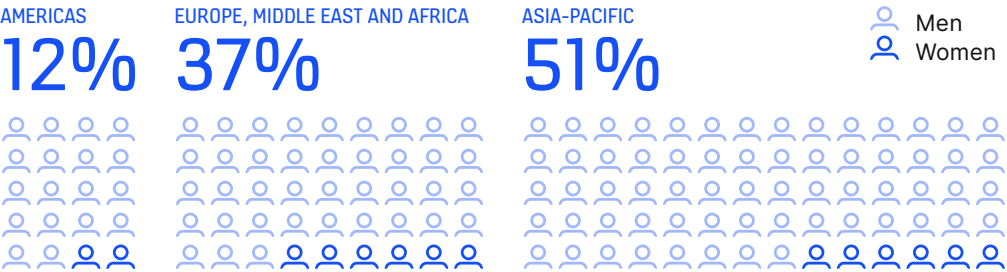
Average of 33 hours on formal development and learning per employee

How KONE added economic value in 2023

ADDED VALUE MEUR 4,856



KONE employed 63,536 people



Sustainability powering KONE's new strategy

Welcome to KONE's Sustainability Report 2023. Join our new President & CEO **Philippe Delorme** and Vice Chairman of the Board **Jussi Herlin** as they discuss last year's sustainability achievements and future direction.

Winds of change blew through KONE in 2023; we underwent an operating model renewal during the first half of the year, and in the autumn our decade-long President & CEO **Henrik Ehrnrooth** decided to step down from his position. Soon after, his successor **Philippe Delorme** was appointed.

"Philippe, welcome to KONE! You've been with us since the beginning of the year, what are your first impressions?" Vice Chairman of the Board **Jussi Herlin** asks.

"Thank you, Jussi. It's been quite wonderful! During my first few months in the company, I've had the opportunity to travel and meet amazing KONE teams across the world. What immediately struck me, was the unique KONE culture and I've felt very welcome from day one," President and CEO **Philippe Delorme** says.

Building a new company strategy together

2024 marks the last year of our 'Sustainable success with customers' company strategy and the work to define our new direction has already kicked off.

"I wanted to start building our new company strategy as soon as I joined, and that's exactly what we've done. The KONE culture and long company history form a solid foundation for this work. One of our key strengths is our people; the dedicated teams across KONE. We wanted our people to engage with the strategy from the word go, and that's why we chose to invite everyone to participate in



CEO Philippe Delorme, Chairman of the Board Antti Herlin and Vice Chairman of the Board Jussi Herlin see great opportunities in digitalization for KONE, especially in services.

the development process – it's a joint effort, not a one man show," Philippe explains.

"Could you already shed some light on our new direction?" Jussi enquires.

"Naturally, many aspects are yet to be defined, but one thing is very clear. We want to continue leading in sustainability. One of the main reasons I joined KONE was the company's strong emphasis on sustainability, which resonates with my personal values," Philippe reveals.

"That's great to hear. I suppose one could say that sustainability is in our DNA at KONE. We have done sustainable business from very early on – even though it might not have been called 'sustainability' back then. We took an official stand on this by including our ambition to be 'the leader in sustainability' in our company strategy in 2008, again as a frontrunner in the industry", Jussi reminisces.

"We can already see that sustainability has become one of the key decision-making factors for our customers and

we are in this business to serve our customers. So, keeping sustainability high up on the agenda is pretty much a no-brainer," Philippe states.

The launch of our new strategy is expected during the third quarter of 2024. The new six-year strategy period will enable us to better adapt to changing market conditions and geopolitical strains.

Carbon-neutral manufacturing units

Almost four years ago, in September 2020, we showed the way in sustainability in our industry by becoming the first elevator and escalator company to commit to science-based targets. Pledging to reach carbon neutral operations by 2030 was a courageous manoeuvre, all in the aid of limiting global warming to 1.5°C.

One major milestone on this journey was reached last year, 18 months ahead of schedule, when all our manufacturing units became carbon neutral at the end of

“The future is smart and connected. I am really excited about the opportunities that lie in digitalization for us, as well as our customers.

– Philippe Delorme, President & CEO

June 2023. KONE has ten manufacturing units in seven countries spread across the globe, and all our factories and their adjoining warehouses have actively worked to reduce their Scope 1 & 2 emissions by 81% compared to the 2018 baseline. Although significant, this is merely a stepping stone, as ultimately, we want to cover all our manufacturing storage locations which amount to over a thousand sites.

"Manufacturing units are an integral part of our supply chain operations and carbon footprint. This achievement demonstrates, on a very practical level, our core principle of sustainability being embedded in everything we do. I am very proud of KONE for leading the industry towards carbon neutrality on that front," Philippe Delorme says.

"Yes, a very important milestone reached, and it goes to show that our hard work around sustainability is paying off," Jussi agrees.

Last year, we were also awarded a position on the CDP 2023 Supplier Engagement Rating Leaderboard, among the highest-performing 450 companies worldwide. The assessment is based on performance for governance, targets, Scope 3 emissions, as well as value chain engagement.

The recognition follows our placement on CDP's prestigious Climate 'A list' for 2023. In addition, as the only elevator and escalator company, KONE has been ranked 55th on the Corporate Knights 2024 Clean200 list for publicly traded companies, leading clean economy solutions.



Jussi Herlin (second from left) and Philippe Delorme (third from left) celebrated the year of the Dragon together with former CEO Henrik Ehrnrooth (left), Executive Vice President for Greater China Joe Bao (right) and KONE's Greater China team.

Let's modernize more

Sustainable living and commuting are driven by people wanting to live in cities. For our industry, the biggest opportunity in the coming years lies in modernization. Even though urbanization with new builds continues across the globe, modernizing and repurposing buildings is not only a growing trend, but a crucial move in order to address the climate emergency and reach net zero emissions.

The future cities have already been built; around 80% of the buildings we have today will still exist in 2050. Since those buildings have already consumed significant amounts of embodied energy during their original construction, renovation rather than demolition and building anew is usually the lower-emission choice.

"Modernizing equipment is a great way to decrease energy consumption. In fact, we can reduce energy consumption by up to 70% through modernization, and a KONE elevator today is up to 90% more energy-efficient than its 1990s counterpart. Currently only about a quarter of our installed elevator base is equipped with regenerative drives or other energy-saving features, so we have a real opportunity to make a big difference here," Philippe explains.

"We've been innovators for over 100 years. Already in the 1990s, sustainability was at the core of our R&D – a great example of this is the EcoDisc introduced in 1996, revolutionizing the energy consumption of an elevator. And now, almost 30 years later, KONE continues to prioritize sustainability in all our innovations, whether they be used for new builds or in modernizing equipment," Jussi says.

On top of modernization, regular maintenance will lengthen equipment lifecycle and also reduce emissions. Digitally enabled products and services further enhance our ability to improve the energy efficiency of our products.

Unleashing our digital potential

"The future is smart and connected. I am really excited about the opportunities that lie in digitalization for us, as well as our customers," Philippe envisions.

He continues: "These days, elevators can optimize energy use based on factors like occupancy and time of day. Advanced algorithms can also group passengers

going to the same floor, reducing the number of stops and minimizing operation time."

With 24/7 Connected Services, we can follow the equipment performance remotely around the clock and identify problems and detect any technical issues before they even arise. In many instances, our customers may not be aware of any issues until they have already been resolved, and a report with full callout details dispatched.

"This kind of service gives our customers peace of mind and reassurance that they are in good hands with KONE. To me, it is clear that connecting all our equipment with remote monitoring is the way forward and brings the biggest benefit to all," Philippe remarks.

Digital advancements don't only make our customers' and passengers' lives easier, they can also be used behind the scenes to help with our ambitions in circular economy. We have already been working with some customers on finding new circular models.

"When dismantling equipment on a modernization site, there is a huge amount of material that can be repurposed in many ways. The digital realm can help us in leveraging automation, data sets, and finding quick connections between buyers and sellers," Philippe concludes.

Diverse way forward

At KONE, we've set ambitious diversity, equity and inclusion (DEI) goals and follow them from several aspects, like the percentage of director-level positions held by women, hiring people from outside our industry, and increasing cultural diversity in our global business units and functions.

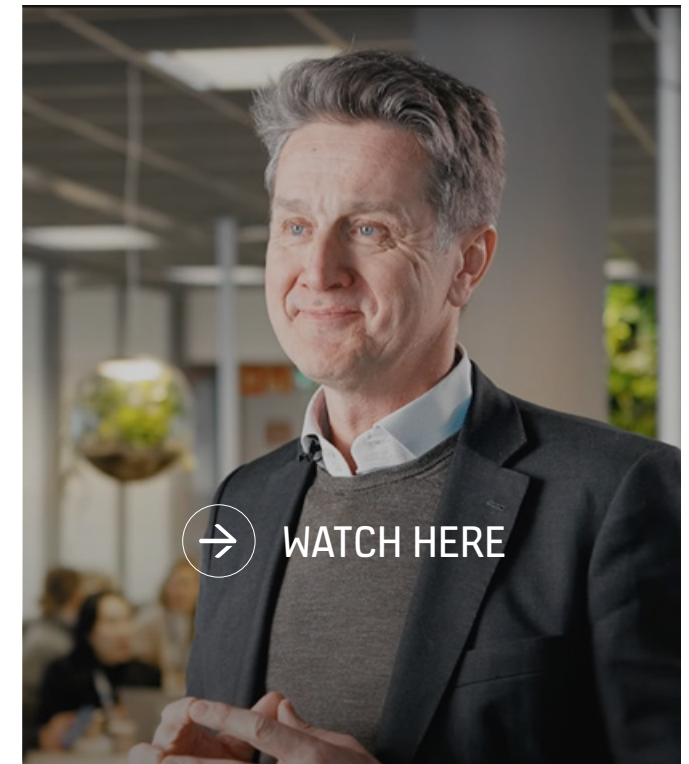
"I'm very happy to see our progress, for example in increasing the share of women at director level, on our way to reach our goal of 35% by 2030. But this is not nearly enough, and we must continue setting the bar high – out of the world's population, women account for approximately half. So why wouldn't we aim for that too?" Philippe states.

We move over a billion people every day. That makes for a very diverse group of people, just like our customers across the globe. At the same time, increasing diversity, equity and inclusion also allows us to offer our employees a more innovative, competitive, and rewarding workplace.

"Everyone has a role to play in increasing DEI. That's

where our employee resource groups are also doing a great job. At the moment we have two global groups: one for women and their allies and the other for LGBTIQ+ inclusion, and several local chapters. These employee-led groups encourage our people around the world to build communities around common topics, helping to foster a more inclusive environment," Philippe says and concludes:

"We remain committed and strive towards a truly diverse and inclusive workplace. It's a marathon without a finish line, but we will continue working on it every day together."



➔ WATCH HERE

"Diversity makes us unique, inclusion makes us powerful." Watch this video as CEO Philippe Delorme shares his insights on diversity, equity and inclusion on YouTube.

ARTICLE

Building for the future

It's not too late to fight back against the climate emergency by creating livable and sustainable cities for the future. The answer lies in modernizing and repurposing our existing buildings, and designing urban areas that adapt to people's changing needs.

The year is 2040, and the urban environment is a tale of two cities. Both are mostly high-rise communities, growing fast and densely populated, but they represent two very different realities from a climate and sustainability perspective.

KONE studies urban megatrends and uses anonymized data on how people move around the built environment. This is done in order to understand how to make cities livable for people, both for today and for future generations. Two extreme scenarios, depicting different paths for cities, have emerged from KONE's most recent research.

Let's call the first city the **Gray Scenario**. It is struggling and sprawling. It is hungry for energy and dirty with emissions.

People live in a treeless and gray environment, an unmitigated [urban heat island](#) of [food deserts](#) and flash floods. They are divided by uneven opportunities, with residents of luxury air-conditioned condos kept apart from tenants in badly clad tenements that swing from sweaty to shivering, season to season. Gated communities separate the haves from the have-nots.

Meanwhile, the city in the **Green Scenario** is thriving and resilient. It is a low-carbon, highly efficient haven of clean power.

People live in a biodiverse and green city that is climate-adapted, smog-free, and walkable, with living walls and

vertical farms. Residents are brought together in mixed-use developments with local shops and diverse neighborhood networks. Social and physical mobility are prized, and the city's smart tech is easy to use and affordable, making the metropolis more inclusive and connected.

How can we make sure we avoid the Gray Scenario?

One way is to focus on modernizing the buildings we already have, to create neighborhoods that adapt to the individual needs of residents. We also have an opportunity to help old, charming buildings stand the test of time, while retaining their unique character.

"Which of the two extreme city scenarios we end up with depends in part on trends such as urbanization and demographic development," said **Amy Chen**, KONE's Chief Innovation Officer. "Other key factors are our willingness to combat climate change, and how we apply technological breakthroughs such as generative AI, robotics, and advances in sustainable, eco-efficient construction and renovation. In a climate-aware, post-COVID-19 world, with an aging and tech-savvy population, the focus is now on the needs of connected micro-communities within livable cities."

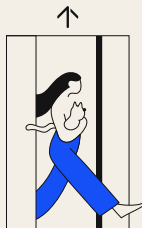
For people to live in cities where their primary wants and needs can be met on foot or bike, within a short distance of their residence, intimate urban neighborhoods must be created. The local community is the ideal planning unit for a city, which will, after all, be composed of multiple communities. Data, [including information from KONE elevators](#), can provide insights into people's movement in cities, and their changing behavior and needs. These insights can also help find new ways to use existing buildings, expanding their lifetime by, for instance, repurposing office buildings for mixed use.

Residential and mixed-use buildings occupy a large proportion of the square footage of cities around the globe.

The more these buildings are connected and utilize insights from data, the closer cities will get to being inclusive of the needs of residents, including accommodating physical disabilities, and reducing their carbon footprints. Advances in elevator technology are already making buildings more suitable for the ways in which people really live their lives.

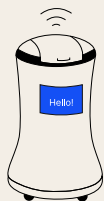


Breakthrough people and material flow technology



Modular elevators:

In London, KONE has co-innovated a concept where elements of elevators are pre-fabricated off-site, cutting installation down to hours rather than weeks. In Shanghai, city planners have retrofitted four-story residential buildings mostly inhabited by aging tenants with connected, digital-ready elevators.



Delivery robots:

KONE carried out a pilot project on a mixed-use building in Helsinki, with living accommodation above a shopping center. Residents placed their grocery orders via an app, then a delivery robot would automatically take the right elevator and bring the goods to them.



Wayfinding

The BlindSquare wayfinding app, which connects to residential building elevators, uses GPS to help blind and partially sighted people move around the city and explore their interests.

"It will take a collective effort to build the cities of our dreams," said Chen. "There is a whole ecosystem of smart devices and digital collaborators out there, plus stakeholders from city planners and property developers, through civil society, to policymakers in government. The more partners we have, the more we can connect, the better it is for people."

People-first cities also need to be sustainable, which starts with refurbishing existing buildings – for example,



Eco-efficient buildings can help meet climate targets.

retrofitting elevators. Often there is no need to resort to economically and environmentally costly demolition of concrete or steel, said **Minna Pirkkanen**, Head of Modernization Offering at KONE. Instead, it's easier to upgrade the vital functions within the elevator. "With a partial renovation, we can often retain the essential structure," she said. This optimizes [reusability and promotes circularity](#).

85–95% of the buildings in Europe will still be standing in 2050, the European Commission estimates. In terms of carbon footprint, the effects of an overhaul can be estimated with a high degree of accuracy. The latest performance data and modelling capabilities, simulation software, and digital-twin technology will all help measure and map the gains and savings to be made. In the future, it should be possible to combine data from multiple systems inside a building in order to create a picture of its overall eco-efficiency.

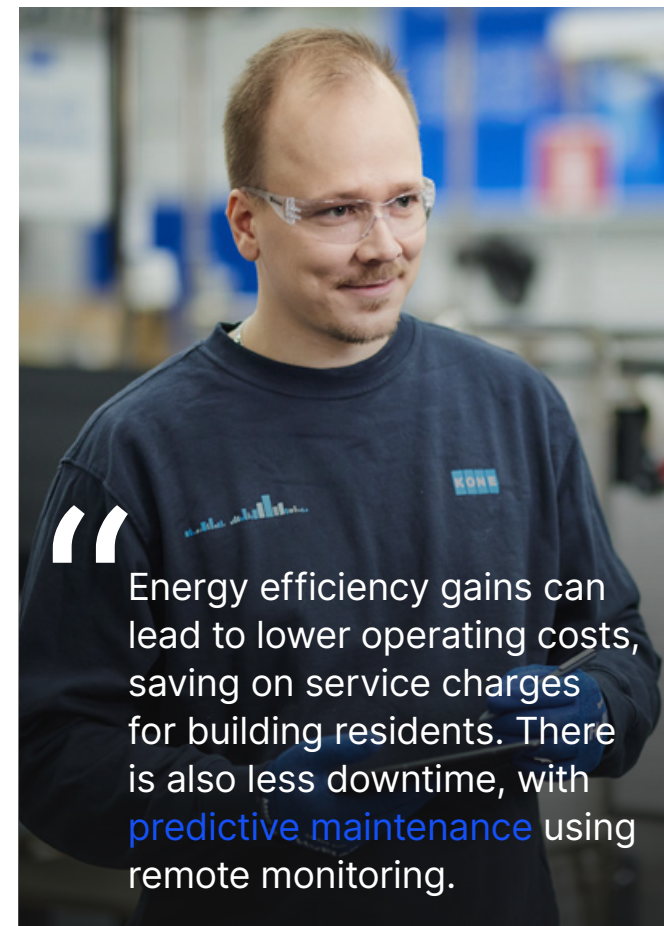
"Modernizing an elevator, in an existing building, means we can reduce energy consumption by up to 70%, and a KONE elevator today is up to 90% more energy-efficient than its 1990s counterpart. This brings big cuts in CO₂, and by extending the life-expectancy, the embodied carbon remains locked away for longer. It is a win-win for the planet," Pirkkanen said.

Additional quantifiable benefits for residents include reductions in noise and vibration, plus options such as smartphone elevator calls to cut waiting times.

In the coming decades, buildings will be constructed, and in some cases retrofitted, with even lighter materials that are designed for carbon neutrality. Canary Wharf in London, which consists of commercial, retail, and residential buildings, has committed to reducing the embodied carbon in all new developments and refurbishments in the district as a crucial step to achieving Net-Zero Carbon by 2030.

Beyond the here and now, though, there is a lot to do to arrive at a unified and inclusive city. "This is about making choices that improve the quality of life of people in our cities," said Pirkkanen. "But we can't do this at any cost — the planet must be able to carry us. At KONE we anticipate future trends and team up with our customers and partners to create solutions that improve the flow of urban life in a sustainable way."

This article was created by [Insider Studios](#) with KONE.



Energy efficiency gains can lead to lower operating costs, saving on service charges for building residents. There is also less downtime, with [predictive maintenance](#) using remote monitoring.

ARTICLE

Designing and adapting the stations of the future

The way we use public transport is changing – our stations must keep up

What if the elevators at your metro station knew where you were going and guided you to your departure point? Ensuring sustainable mobility for our future cities starts with envisioning a passenger experience that's truly first class. That's why KONE has teamed up with the International Association of Public Transport (UITP) to identify ways to design and adapt stations that meet the needs and challenges of tomorrow.

Imagine approaching a sleek, spacious, transport hub that feels more like a futuristic airport than a charmless subway stop. An automated valet parks your e-scooter or EV at the charging station as real-time displays inform you of any changes to your schedule. Once inside, you're greeted by smart elevators – they know where you're going and guide you seamlessly to your departure point, while sustainable energy solutions power the entire complex.

It's not just a utopian fantasy. In fact, envisioning the station of the future is a critical step in ensuring public transport hubs serve our needs into the future, according to **Călin Hera**, Global Business Development Manager, Major Projects, KONE.

"We know that public transport is increasingly critical for the future of cities. Yet we realized that while there is a lot of focus on building better vehicles, research and design seems lacking when it comes to stations," says Hera. "We wanted to understand the latest trends, needs and passenger expectations around stations – and how the pandemic has changed these expectations."

As a result, KONE and the International Association of Public Transport (UITP) joined forces to produce

the [Stations of the Future](#) report, taking a post-pandemic look at the emerging societal, technological, and economic challenges facing station design.

A [follow-up report](#) offers solutions and best-practice examples of station design, facilities and digital tools that will allow the public transport networks to meet changing needs in future. Here the emphasis is not solely on emerging technologies, such as artificial-intelligence-based digital tools – many of the solutions are already in place in some transport systems, and could reap benefits elsewhere by being more widely adopted.

“

We have everything it takes to build smarter, more sustainable cities for future generations. We just need to envisage how all these elements play together.



Accessibility is at the heart of designing future-proof stations.

“

The passenger experience should be smooth, safe and accessible for all.

Designing stations starts with a seamless passenger experience

Society is facing increasing urbanization and population growth, and as we age, well-designed public transportation becomes increasingly critical to ensuring the smooth flow of people. With this comes the need to balance the needs of two key demographics when designing for future cities: Digitally-savvy Gen Z, and the older “silver demographic”. The former have high expectations when it comes to tech-based solutions and the latter are commonly more car-dependent and less comfortable with digital solutions.

“The passenger experience should be smooth, safe and accessible for all, which means embracing both hi-tech and so-called “high-touch” approaches,” explains Hera. “In practice this may mean things like having both large screen displays as well as personalized journey tracking on smartphones, or having the option of both automated and human presences on platforms or ticketing desks.”

The challenge is for services to stay accessible, yet also inviting to younger demographics. If this challenge is met, public transport will retain popularity, also entrenching sustainable mobility for future silver generations.

“Stations are vital places to attract more users towards public transport – they quite literally can be the starting point to more sustainable mobility,” says **Daria Kuzmina**, Rail Manager at UITP.

Enhancing customer journeys with technology and AI

No matter the generation, digitalization is a game changer, with wireless internet and smartphones meaning public transport users expect almost immediate access to real-time journey information. Naturally, this presents challenges, yet it also brings untapped possibilities for

streamlining passenger journeys, for example, through integrating private first and last mile services such as ride-hailing.

Also, the rapid uptake of automation and AI could see physical services such as ticketing desks reduced, freeing up staff to provide more personalized “high-touch” tasks within a station. And while technological innovations are exciting, not all solutions require endless imagination.

“Elevators are needed in many existing environments and much is already being done to create more accessible stations. Many stations in the world are not step-free, so practical solutions such as KONE’s incline lifts make a huge difference,” says Hera. “We’re also constantly implementing and developing other accessible solutions such as voice interfaces and integrated applications for the visually impaired.”

For public transport hubs, the technological possibilities are endless, yet stations must remain attractive to many, while also servicing diverse expectations. Ensuring viability also means attracting both the silver economy and Gen Z passengers.

The economics of sustainable mobility – future-proofing old stations

Lastly, the report highlights how societal, environmental, and technological considerations dovetail with sound economics. Soaring energy prices have wreaked worldwide disruption, giving yet another reason for designing more environmentally sustainable green transit hubs, as well as upgrading, rather than rebuilding, station facilities.

Indeed, Hera points out that the vast majority of our future stations are actually the stations of the present. “To be viable we need to upgrade them to be adaptable and appealing,” Hera says, flagging that smart and modular solutions are likely to be part of this puzzle moving forward.

The labor scarcity felt so pointedly during the pandemic was also identified as an ongoing economic challenge – again, one which is potentially addressed by AI and automation. With every challenge myriad opportunities also arise and it becomes increasingly important to keep abreast of what’s possible. As such, the Stations of the Future working group also takes a deeper dive into design and

planning opportunities as we move people into an urbanized future.

“UITP and KONE provide important recommendations on how stations can get ready for the future on multiple aspects such as accessibility, sustainability and urban planning and design, and why it is important to pay special attention to its design and governance,” says Kuzmina.




For KONE, it’s clear that all roads – or rail lines – lead to the continued development of smart, integrated solutions alongside stakeholders who are energized by a similar vision for sustainable mobility.

“Public transport is an ecosystem of players and priorities. We have everything it takes to build smarter, more sustainable cities for future generations. We just need to envisage how all these elements play together,” concludes Hera.



Megatrends impacting KONE's 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.

 Urbanization	Impact on elevator and escalator industry	KONE's response
<ul style="list-style-type: none"> Population expected to grow to 9.7 billion by 2050 Around two-thirds of the global population will live in cities by 2050 Rise in single occupancy living Age group 65+ growing the fastest 	<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"> Global warming Increasing likelihood of extreme weather events Depletion of the world's natural resources Increased awareness of social issues such as human rights and diversity, equity, and inclusion Heightened interest in health and well-being 	<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 science based 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 in our industry
 Technology		
<ul style="list-style-type: none"> Digitalization, including the Internet of Things (IoT) and artificial intelligence (AI) Faster mobile networks Touchless technology Robotics 	<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 2021–2024: 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.

The 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.

Ways to win areas

Our Ways to Win are KONE-wide transformation and development initiatives that 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 and 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.

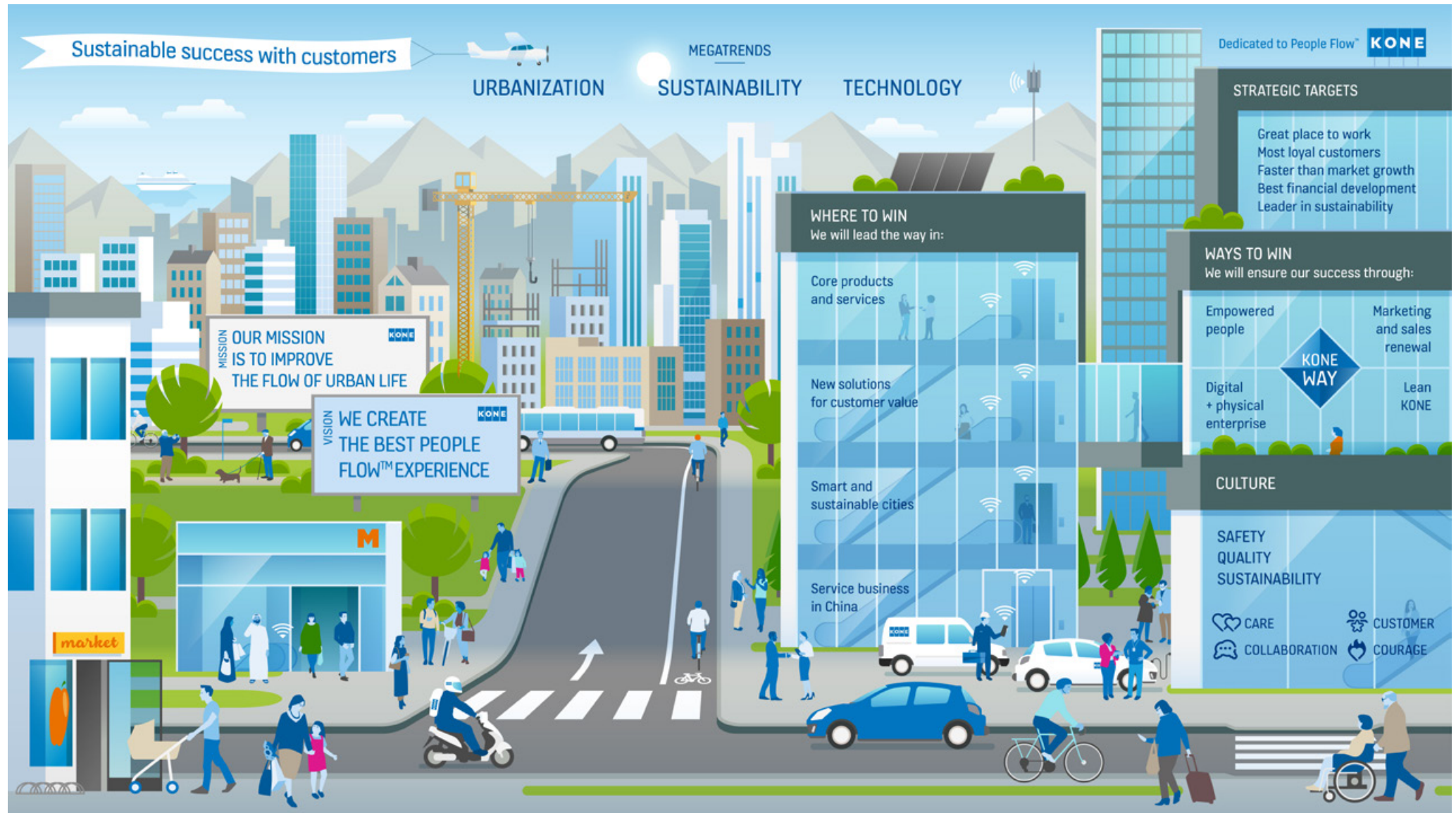
Measuring our progress

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 2021–2024



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 best-in class energy-efficient solutions and sustainable materials.

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 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 over 60,000 employees serve close to 600,000 customers across the globe. We have over 1.6 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; an innovative, sustainable offering and global processes and systems; best partners; efficient manufacturing and delivery chain; a solid financial position; environmentally sustainable operations, and 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 supply of spares.

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 technology.

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.

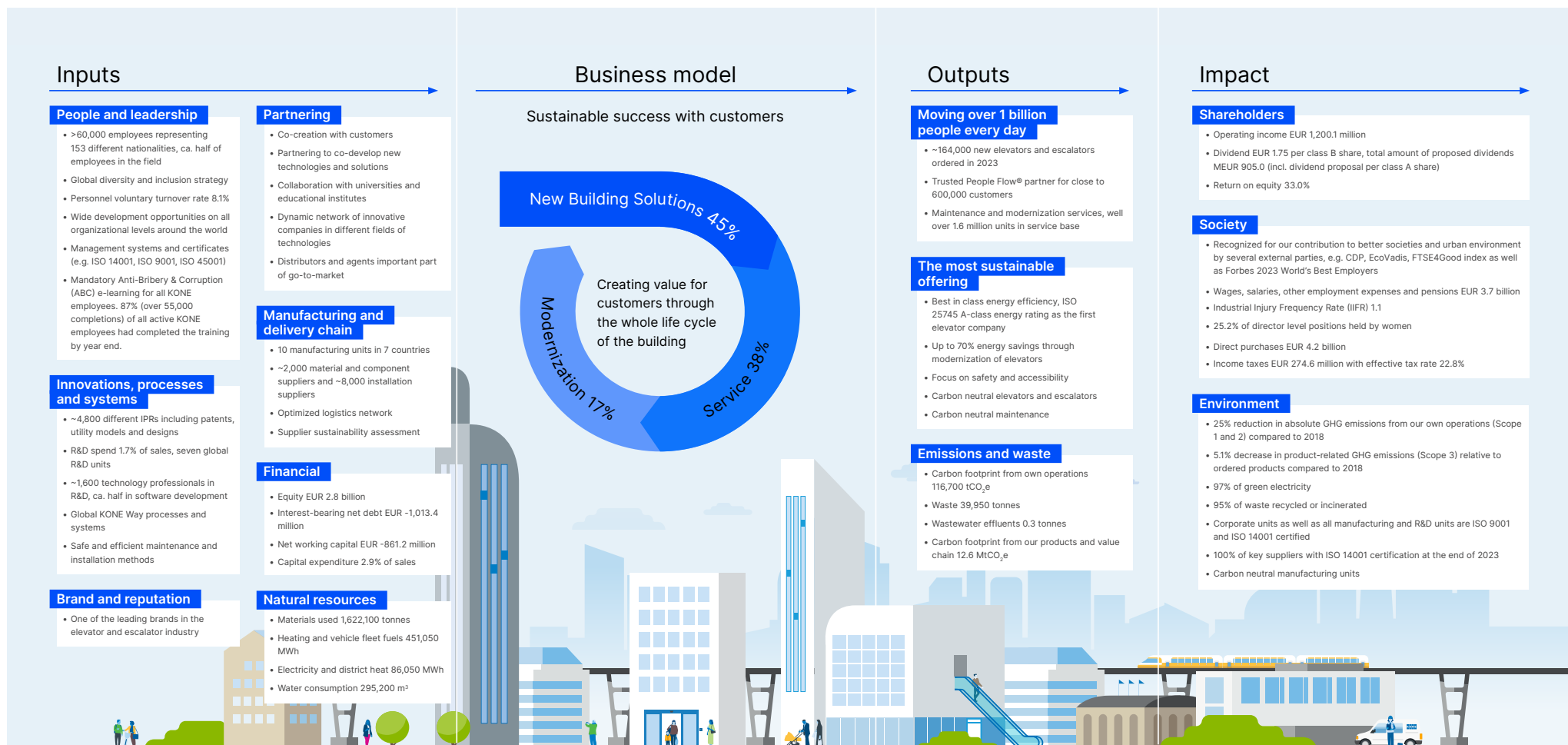
KONE is a long-standing participant in organizations developing codes, standards, and guidelines for improving safety, accessibility, cybersecurity, energy efficiency, and the circular economy.

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 62



How KONE created value for society in 2023



How we manage sustainability

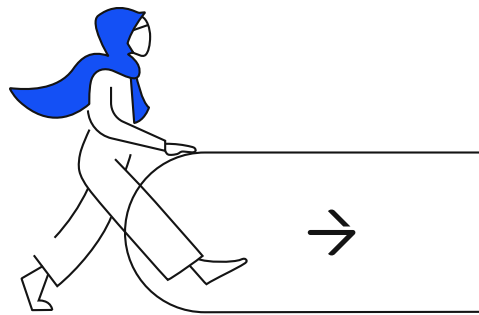
KONE is strongly committed to intergovernmental instruments of responsible business conduct. We have integrated the management of our sustainability focus areas into our operations throughout the organization.

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 codes of conduct, 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 Disclosure 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 Disclosure Board, chaired by KONE's Executive Vice President, Supply Chain.

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 69
- Read more about KONE's non-financial risks and their mitigation in our [Annual Review](#), pages 32–33

About KONE's Sustainability Report 2023

KONE Corporation has reported in accordance with the GRI Standards for the period January 1, 2023 – December 31, 2023. The reporting period corresponds with KONE's financial year. A table detailing how this report complies with the GRI guidelines is shown on pages 79–82. 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.

In 2023, we initiated the revision of the assessment with all key internal stakeholders based on the future reporting requirements such as the Corporate Sustainability Reporting Directive (CSRD). The results will be published in 2025.

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 is also described in the letter from the Chairman and the President and CEO on pages 4–6, and in the strategy description on pages 12–13.

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 pages 76–77
- 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 buildings' life cycle and help them achieve their sustainability objectives. One of our strategic targets 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 15,000 customer interviews, and more than 60,000 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.

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 2023, KONE's Employee Forum met face-to-face. The KONE Compliance Line is available to all our employees.

Employee dialogue and engagement assessments include KONE's yearly Pulse employee survey, followed up by team 'Pulse Talks' held in each team. In 2023, we did not conduct a Pulse survey but conducted several employee surveys related to the operating model renewal.

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 2023, our shareholders were most interested in developments in China's property markets and their implications for KONE's business, as well as Service and Modernization businesses and the drivers for the improvement of KONE's profitability. 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.

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 2023.

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. The KONE Compliance Line is open to our distributors. No material concerns were raised during 2023.

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.

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 2023, the media covered, for example, our financial updates and stock market information, new orders received, our sustainability targets hit ahead of schedule with carbon-neutral factory operations, our work to create a great people flow in the second highest building in the world, Merdeka 118, elevator and escalator safety, KONE's elevator data revealing how cities are getting back to normal after the removal of COVID-19 restrictions, KONE's

divestment 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 2023, we continued to further our collaborations 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.

Our 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, Malaysia, 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.

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.

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 2023 report has the same focus on topics that represent our most significant impacts on the economy, environment, and people, including impacts on their human rights.

→ Read more about [how we identified the material topics](#) on [kone.com](#)

01

Providing the most sustainable offering



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

02

Working towards a more sustainable future



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

03

Empowering our people and attracting the best talent



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

04

Being a good corporate citizen



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

Providing the most sustainable offering

Energy-efficient elevators, escalators, automatic doors, and modernization solutions are the key to reducing CO₂ emissions and building climate resilience. At KONE, we want to be the most trusted partner for our customers throughout their buildings' 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 70–73



Reaching our customers' sustainability ambitions

Our customers are increasingly looking for ways to cut down emissions from building, modernizing and operating facilities, creating demand for carbon-neutral solutions and services. In recent years, KONE has introduced a number of industry-first to meet this need.

In 2021, KONE was the first in the industry to launch a carbon neutral service offering, the KONE Care DX. A year later, we expanded our offering with the introduction of the carbon-neutral elevator, again being the first in the industry to do so. In 2023, our carbon neutral offering was complemented with a carbon-neutral escalator and expanding the offerings to further markets. Now, our customers can choose a carbon-neutral and highly energy-efficient KONE DX Class elevator, KONE escalator (TM110/TM110T), and KONE Care DX carbon-neutral maintenance.

To reach carbon neutrality in our offering, we follow a three-step approach:

1. We measure CO₂ emissions of our solutions. We verify the measurements with third-party verifiers.
2. We have clearly defined emission reduction actions to drive down our CO₂ emissions in line with our science-based targets, environmental guidelines, and overall emission reduction targets. We continuously innovate to improve the

energy efficiency of our products and take further actions to reduce emissions over the life cycle.

3. The remaining carbon emissions are compensated through a third-party partner.

The foundation of carbon-neutral solutions is a sound understanding of the emissions we create over the life cycle of our products and services. KONE leads the industry in the number of third-party verified Environmental Product Declarations (EPDs). KONE was also the first in the industry to publish the partial modernization EPD promoting circularity and life cycle understanding in 2023. In addition, we have made energy savings visible for our customers with updated energy consumption reports in the existing buildings markets.

We actively innovate to further reduce our carbon emissions throughout the value chain. In service, for example, we are moving towards a low-emission car fleet, optimizing routes and maintenance activities, and utilizing predictive maintenance to avoid unplanned visits.

Actions to strengthen our sustainable solutions and services

Carbon neutral solutions

- Carbon-neutral DX elevator
- Carbon-neutral escalator (TM110/TM110T)
- 24 elevators with the best A-class energy efficiency rating and 10 escalator models with the best A+++ rating
- Regenerative drives and other energy-saving innovations

Measure

We calculate the CO₂ impacts of our solutions over their life cycle and the impact of maintenance activities associated with maintaining the equipment. All calculations are verified with third party verifiers.

Reduce

01 We actively innovate to further reduce energy consumption and the overall emissions of our solutions

02 We work with our suppliers to reduce the CO₂ emissions of our products and spare parts

03 We optimize our routes and move to a low-emission car fleet

Compensate

The remaining carbon emissions will be calculated and compensated for.

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, and improved indoor air quality are all contributing factors. Our offering includes best-in-class energy-efficient solutions, and sustainable materials. Energy-efficient features lay the foundation for low-carbon building operations.

In 2023, KONE also took part in the first-ever Finnish Pavilion at the 28th Conference of the Parties (COP28) in Dubai. Together with our customers and partners from both the public and private sectors, KONE organized and participated in several events, all aimed to speed up green and sustainable transformation in cities globally. As a testament to the success of “Action over words,” the pavilion’s theme, KONE showcased its achievement with carbon-neutral manufacturing units and its efforts towards generating circular opportunities and value for customers.

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, the interior materials of our KONE DX Class elevators, for example, adhere to 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 participated in COP28 to contribute to the green and sustainable transformation of cities together with our customers and partners.

KONE’s climate pledge, our environmental guidelines, and overall emission reduction targets.

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. These declarations can be used by our customers to obtain green building certifications, and KONE’s EPDs can, for example, be used to earn the maximum number of relevant credits for LEED certification.

EPDs carry important information about the embodied carbon in our products, and they can be used when calculating the overall carbon footprint of buildings. Embodied carbon and the overall carbon footprint of buildings are areas where regulatory requirements for new construction are emerging in several European countries.

Important achievements were made in transparent communication about the environmental impacts of our products. In 2023, we published third-party verified EPDs for a total of four of our solutions, including two EPDs for modernization solutions. EPDs were published for the KONE MiniSpace™ DX HighRise elevator with Steel Rope, the KONE TransitMaster™ 120 escalator, as well as for the full replacement solution of KONE NanoSpace™ DX and the partial modernization solution of KONE MonoSpace® Upgrade DX. At the end of 2023, KONE had 21 third-party

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 Environmental Product Declarations

- 14 elevator models, 5 escalator models and 2 elevator modernization solutions with third-party verified Environmental Product Declarations (EPD)
- Environmental Product Declarations

Durability and sustainability of materials and solutions

- KONE holds a total of eight Health Product Declarations (HPDs)
- 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

- 24 elevator models with the best A-class rating
- 10 escalator 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

Energy savings through modernization

- 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

verified EPDs in line with EN15804. Our EPDs cover the most sold elevator platforms from low- to high-rise. Through Health Product Declarations (HPDs), we provide information about the material content and associated health effects of our products, responding to a growing need for healthier living environments. KONE also holds a total of eight HPDs, three of which were published in 2023, namely for the Transys™ DX elevator, and the TravelMaster™ 110 and TransitMaster™ 120 escalators.

Green building product certifications

Several KONE solutions have received external recognition for their environmental performance. During 2023, we received Singapore Green Building Product (SGBP) certifications for elevators such as the KONE N MonoSpace DX, the KONE S Monospace DX, the KONE 3000 MiniSpace™, the KONE TranSys™, and the KONE TravelMaster™ 110 escalator. KONE currently has nine SGBP certifications with the highest Leader ratings. KONE was the first elevator and escalator company to achieve such ratings in the vertical transportation category. The SGBP certified solutions are recommended for Green Mark certified buildings.

In 2023, KONE also received the Green Label certification in Malaysia from MyHIJAU (Malaysia's Green recognition scheme) for the KONE N MonoSpace®, the KONE N MiniSpace™, the KONE MiniSpace™, the KONE TranSys™ and the KONE 3000 S Monospace® elevators and the KONE TravelMaster™ 110 and the KONE TransitMaster™ 140 escalators. MyHIJAU Mark is endorsed by the Government of Malaysia, bringing together certified products and services that meet local and international environmental standards under one single mark.

In 2023, KONE holds Byggsvarubedömningen (BVB) approvals for nine products. BVB is a nonprofit organization that evaluates solutions for buildings and drives the use of sustainable building materials.

➔ Read more about [our product declarations](#) on [kone.com](#)



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

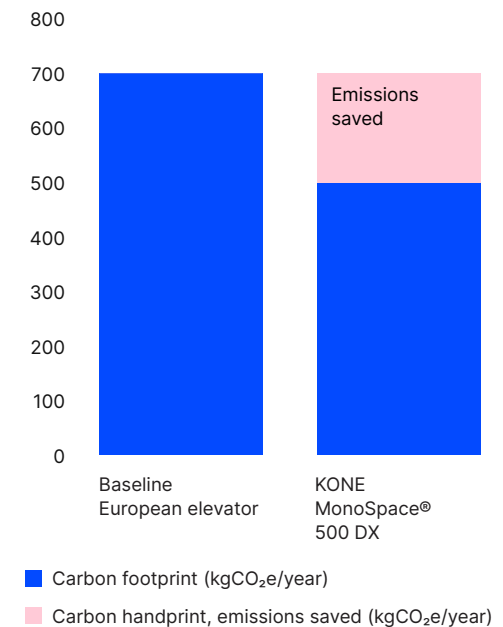
KONE is the first elevator and escalator company to have achieved the best A-class energy efficiency classification for a number of its installed solutions. The classification is granted according to the international ISO 25745 standard for the energy performance of lifts, escalators, and auto walks. We have a wide range of best-in-class energy performance references for our products across various building types, market areas and product specifications. KONE currently has 34 best-in-class energy efficiency references for our elevator and escalator platforms according to the international ISO 25745 standard for the energy performance of lifts, escalators, and moving walks.

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, the 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 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 plays an important role in keeping resources in valuable use for as long as possible.

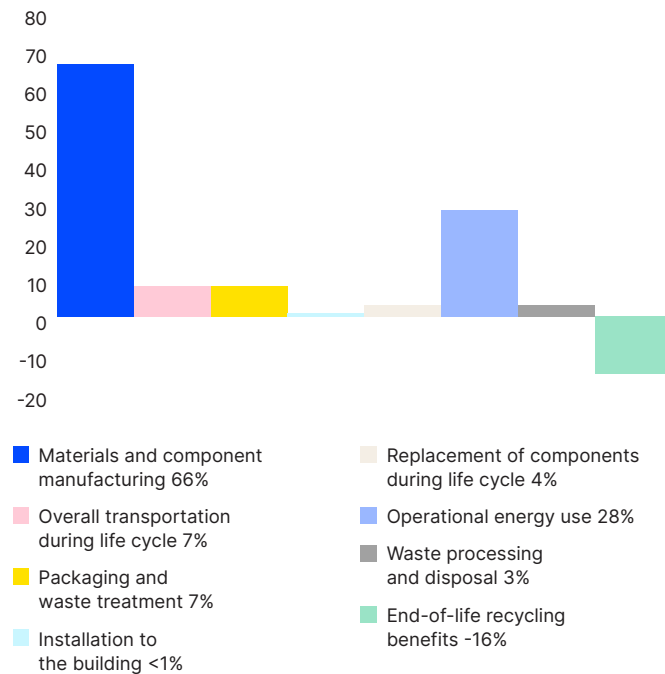
We optimize material use, for example, through robotics and automation, product design, recycling waste wherever possible, and reusing packaging materials. Up to 90% of the materials in our solutions can be recovered. We also work closely with our suppliers to increase the recycled content in our metals 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, materials emerge as the second largest contributor to the environmental impact of our products. 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.

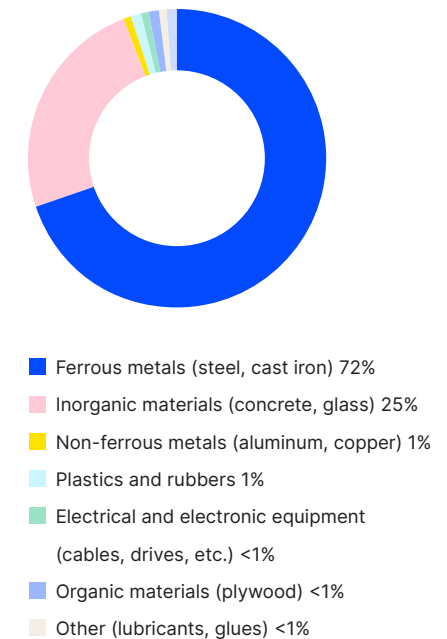
In 2023, we continued to harmonize KONE's elevator and escalator product offering, reducing the need for

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



various types and quantities of components. This resulted in material savings and led to reduced GHG emissions. In 2023, we continued our circularity work especially in our European market to evaluate the reuse or resale value of used elevator parts or components.

A growing trend is Net-Zero buildings, such as those construction using wood-based materials. 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 Northern 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. 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. Calculated using the life cycle assessment method, in 2023, KONE used 1,622,100 tons (2022: 1,595,350 tons) of product and packaging materials.

“

We optimize material use through robotics, automation and product design, recycle and reuse waste as an asset, and reuse packaging materials.



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 reduces the need for copper and plastic by half in cable replacement. 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](#)

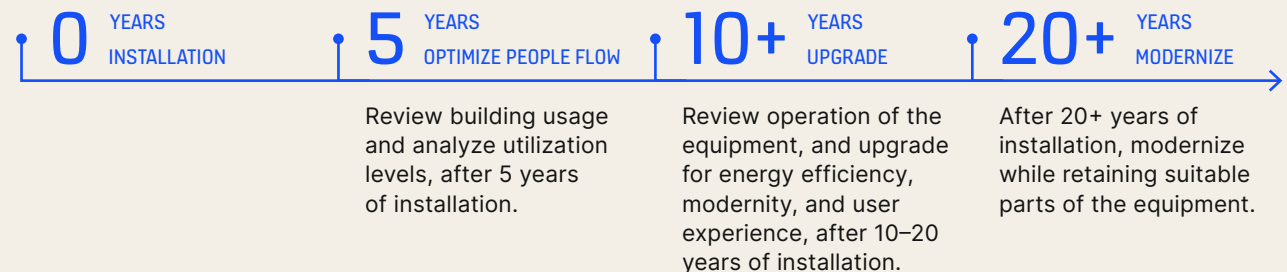
→ Read about our [offsetting program](#) on [kone.com](#)

Modular modernization services

Our modernization services help customers determine when and how to upgrade their equipment to extend equipment lifetime and to 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

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%.

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 2023, we improved our capability to quantify energy-savings after modernization to our customers, and expanded our capacity to modernize non-KONE equipment.

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



Safety: A collective right and responsibility

With billions of people using KONE elevators, escalators, and automatic building doors every day, we put safety at the forefront of everything we do. Our global management system harmonizes safety management practices across KONE; it sets the minimum requirements for us to protect the health and safety of our equipment users, our employees, and everyone else we work with.

As a technology provider, KONE manufactures equipment and services that meet all the required codes and standards, including possible safety features beyond the applicable regulatory requirements. All KONE product and service categories are assessed for health and safety impacts. Safety is also 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, however, is a joint effort that involves everyone – from technology and maintenance service providers to building owners and equipment users. This is why we work systematically to develop a culture where people look after each other and actively promote safety. 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 our equipment users in cooperation with our customers

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We do our utmost to protect the health and safety of our equipment users, our employees, and everyone else we work with.



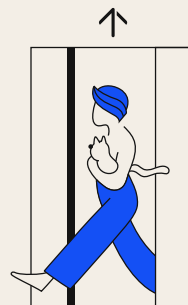
Our beloved safety mascots Max the Mouse and Bob the Elephant appear in a children's workbook and in public spaces such as shopping centers to educate children and parents on safe practices when using elevators and escalators.

to support safe behavior and closely monitor 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. Consequently, building owners need to inform the service provider if they identify any hazards, such as unusual noises or debris on any parts of the equipment.

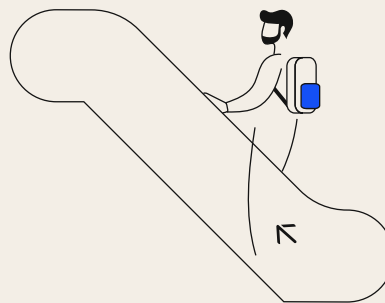
Everyone who steps into an elevator or uses an escalator, an automatic door or an autowalk must do so responsibly by acknowledging the available safety instructions. For example, elevator doors must not under any circumstance be blocked by objects or prevented from opening and closing by body parts. Adults must hold on to the escalator handrail at all times, holding the hand of any accompanying young child.

To support the safe use of our equipment, further safety information and training materials for equipment owners and users are available on [our website](#).



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. When needed, assistance can be reached through 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 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, including for those who, for example, use wheelchairs, canes, or mobility scooters, as well as those with vision or hearing impairments. KONE can help both through planning and providing solutions for accessibility and convenience.

By using data, simulation tools, and the expertise of our data scientists and other specialists, 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 cars improve building access for people pushing a stroller or using a wheelchair. Escalators, elevators, and autowalks give easier access to buildings and public transport, for example. 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 on elevator buttons, voice announcement systems to indicate the floors, and media screens giving guidance on floors, as well as on how to reach a particular destination within the building.

With our connected elevators, we can improve accessibility in new ways. 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 signage and audio announcements help people with vision impairments
5. An elevator can be installed in a building that does not have a dedicated elevator shaft – in the stairwell or attached to an outside wall



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 70–73



Innovating for a better tomorrow

Innovation can play a significant role in addressing issues such as the climate crisis. By working with our customers and partners, we can innovate sustainable solutions that have the greatest possible 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 a strong foundation in research and development (R&D), where agile ways of working and cross-functional collaboration across all geographic areas help us meet customers' expectations for the speed of innovation. Cybersecurity is a key design principle in the increasingly digital and uninterrupted people flow experiences of tomorrow. In addition, 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 also work with approximately 30,000 suppliers around the world, constantly exploring new ways to develop the most sustainable supply chain in the industry. In 2023, KONE was the first in the industry to achieve carbon-neutral manufacturing units globally, a result of strenuous collaboration to meet our customers' sustainability demands in the value chain.

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.



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.



During 2023, KONE was granted the ISO 27001 cybersecurity certification for its digital services, which complements the IEC 62443 cybersecurity certification for KONE DX class elevators. Both certifications showcase our commitment to ensuring that all our connected products and services are safe and sustainable going forward.

In innovation, our objective is to prioritize the creation of new patent applications aimed at enhancing our sustainability performance and bolstering our digital solutions. Our annual target is to ensure that the majority of our new patents contribute to sustainability and digitalization. In 2023, we successfully met this target, with a clear majority of our new patent filings focusing on sustainability and digital solutions. In 2023, KONE had approximately 4,800 patents, utility models, or design patents granted or pending. Our target for 2024 is to maintain our patent portfolio size at the same level through active portfolio management.

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, such as 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 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 to a need-to-know basis. We use only trusted vendors for personal data processing and ensure secure transmission by encrypting personal data.

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.

➔ Read about KONE's key launches in 2023 in our [Annual Review](#), page 12

Driving innovation through partnerships and dialogue

Driving more sustainable urban flow

KONE teamed up with the International Association of Public Transport (UITP) on [the Stations of the Future project](#). The goal has been to identify ways to design or adapt stations to attract people towards more accessible and inclusive public transport as a key ingredient in sustainable urban mobility. Project findings in three reports highlight ways to create a seamless passenger experience through collaboration and smart and sustainable solutions.

In 2023, together with our strategic partner Amazon Web Services (AWS), KONE co-created and implemented a digital twin of a metro station. The innovation concept provided a real-time view and forecasts of future traffic scenarios, helping anticipate changes in people flow and ensuring smooth customer journeys. This is an example of how we keep exploring new ways to ensure a sustainable urban flow with the help of the latest technologies.

Exploring sustainable future scenarios

KONE also explored different future scenarios in construction, urban living and mobility through various projects making use of strategic foresight. For example, KONE partnered with VTT (Technical Research Centre of Finland) to explore future trends in urban living. The resulting trends were clustered into six key drivers and posed alternative future scenarios for the year 2040. The work is used by KONE when planning future business and collaboration with customers and partners towards a more sustainable urban flow. In 2023, KONE also joined the Sustainable Futures co-research project together with VTT, the University of Turku and other companies and cities to develop a data-driven impact model for assessing the long-term value of solutions that promote sustainability.

Accelerating the transition to sustainability

Through the Combient network in the Nordics, Vasakronan, KONE and Combient Pure have come together to accelerate decarbonization and the shift to a circular economy in the construction sector. A recent joint project aims to increase the use of reused and recycled materials in buildings' technical equipment, including elevators and automatic doors. KONE also continues to work with Combient Foundry, which connects startups with leading industrial companies to co-innovate sustainable solutions.

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, one of the flagship projects is KONE SiteFlow, which helps accelerate construction via improved people and material flow. As another example, KONE and partner companies launched [the Nordic Superblocks as Decarbonization Catalysts \(NSDC\) initiative](#), to accelerate the transition towards zero-emission buildings and carbon-neutral living.

KONE continued its collaboration with the Transformative Cities ecosystem 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.

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 to meet the goals of the Paris agreement to limit 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 achieve carbon-neutral operations by 2030, a target that was reached by our manufacturing units in the second half of 2023.

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

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

associated with the purchase of electricity, heat, or cooling (Scope 2) by 2030, compared to a 2018 baseline.

In addition, KONE is working to achieve 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 fostering more sustainable supply chains.



KONE is committed to a 50% reduction in emissions from its own operations (Scope 1 & 2) and 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.

In 2022, we launched our new Climate and Environmental Excellence Program, which covers four focus areas: partner with customers, offering, operations, and mindset and behavior. In 2023, we continued our work in selected climate and environmental areas. Throughout the year, KONE continued virtual information sessions addressing our climate and environmental focus areas. We also organized sustainability and climate training sessions for our sales personnel. These initiatives were undertaken to enhance awareness and ownership of our environmental targets and progress, and to respond proactively to our customers' growing demand for sustainable products and services.

Globally, KONE participated in the World Wildlife Fund's Earth Hour in 2023 by switching off the lights at many

KONE facilities. Every year, on World Environment Day, several KONE countries engage in environmental activities. For example, in 2023 KONE's manufacturing unit in India continued their decade-long tradition of promoting energy and water conservation, along with planting trees on factory premises. Environmental sustainability and climate change were also key the themes of our annual supplier day.

Recognition for outstanding climate and sustainability performance

In 2023, KONE was once again recognized by CDP for its efforts in reducing emissions, mitigating climate risks, and developing a low-carbon economy. Based on data reported through CDP's 2023 Climate Change questionnaire, KONE is among the top companies to achieve an A out of over 21,000 companies scored. KONE has been disclosing through CDP since 2009 and this is the 11th consecutive year that KONE has received a leadership score of A or A-.

KONE was also recognized on the CDP Supplier Engagement Leaderboard, which recognizes companies that actively engage with their suppliers 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. In addition, KONE was awarded a Gold medal in the annual EcoVadis sustainability performance assessment, which evaluates environmental, labor and human rights, ethics, and sustainable procurement practices. This places KONE in the top 5% of all companies assessed.

KONE was the only elevator and escalator industry company featured in Corporate Knights' 2023 Global 100 Most Sustainable Corporations in the World ranking. Notably, KONE was the highest-ranking company headquartered in Finland on this prestigious list. In addition, in 2023, KONE earned a spot among the top 60 companies in the world on Corporate Knights' Clean200 list.

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KONE is committed to the 1.5°C pathway that meets the ambitions of the 2015 Paris Agreement.



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

KONE adheres to the guidelines of the Task Force on Climate Related Financial Disclosures (TCFD) for reporting climate-related risks. In 2023, KONE continued to deepen its understanding of both risks and opportunities, particularly within our supply chain operations. This was part of our 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, actions to mitigate climate change 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 logistics 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 2024, 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 16

➔ Read more about climate and environmental risks in our [Annual Review](#) on page 34

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 enable KONE to further increase its product offering and its 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 that 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"> + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during weather events, and post-event status checks and repairs -/+ 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
'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 research 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"> + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during weather events, and post-event status checks and repairs - 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
'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 over-use 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"> + KONE may develop services helping customers with weather event loss prevention, stand-by maintenance during events, and post-event status checks and repairs - 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

Action on climate and the environment

In 2023, 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 25% compared to our 2018 emissions of 154,700 tCO₂e, exceeding our emission reduction target of 17% (GRI 305-5). The main reasons for the reductions were the result of our systematic transition to improved energy efficiency at the facilities, renewable electricity across our facilities globally, the transitioning of our fleet to lower-emission vehicles, and achievements in the carbon neutrality of our manufacturing units. In 2023, KONE became the first in the industry to achieve carbon-neutral manufacturing units globally. This has been one of our ambitious sustainability targets, which we achieved 18 months ahead of schedule. KONE has ten manufacturing units in seven countries across the globe. All of them have actively worked to reduce their scope 1 & 2 emissions by 81% at the end of 2023, compared to the 2018 baseline.

In addition to our long-term emissions reduction target, KONE's target in 2023 was to reduce the carbon footprint of its operations by 21% compared to a 2019 baseline, with a comparable operational carbon footprint scope (144,400 tCO₂e). We exceeded this target, reducing our emissions by almost 27% from the baseline. We continued to implement an internal carbon cost to encourage the transition towards carbon neutrality within the company.

In addition to our long-term (2030) Scope 3 emission reduction target, we target annual emission reductions either in absolute or in relative terms according to our emission reduction roadmap. In 2023, our absolute product and value chain emissions decreased by 1.8% compared

CASE



First company in the industry to achieve carbon neutral manufacturing units

As the first elevator and escalator company in the world, KONE has achieved carbon neutrality across all its manufacturing units around the globe, reaching this milestone at the end of June 2023, 18 months ahead of schedule. This accomplishment showcases KONE's dedication to its climate pledge with science-based targets for substantial GHG emissions reduction, marking a significant step towards attaining carbon neutral operations by 2030.

KONE has ten manufacturing units in seven countries across the globe. The main sources of emissions in KONE's manufacturing units come from energy use for electricity and heating, process fuels, and emissions generated from support vehicles. All manufacturing units have actively worked to reduce emissions and have achieved carbon-neutral manufacturing.

In total, KONE's manufacturing units have achieved an 81% reduction in greenhouse gas (GHG) emissions

related to own operations (Scope 1 and 2) at the end of 2023, compared to the 2018 baseline. To get there, KONE has systematically invested in energy efficiency and is working on transitioning to electric vehicles in all its manufacturing units.

To enhance energy efficiency, investments have been made in heating, ventilation, and air conditioning systems as well as in manufacturing line robotics and automation. In eight out of ten factories, forklifts have been replaced with electric-powered ones, and most of the remaining diesel-powered forklifts are now powered by biofuels. We have also installed solar panels in nine out of ten manufacturing units, and all units have been purchasing 100% renewable electricity since the beginning of 2023. Two manufacturing units have switched to green district heating partners. The remaining carbon emissions are compensated through a third-party partner.

to 2018 and decreased by 3.9% compared to 2022 (GRI 305-5). Our Scope 3 GHG absolute emissions from our products' annual energy consumption decreased by 6.9% compared to 2018 (387,600 tCO₂e) and 7.8% compared to 2022 (391,300 tCO₂e) (GRI 305-5). Our emissions per product ordered (67.8 tCO₂e/order) decreased by 0.8% compared to 2022 (68.3 tCO₂e/order) and by 5.1% compared to 2018 (71.4 tCO₂e/order) (GRI 305-5). One of the major contributing factors was our products' further improved energy efficiency. For example, this was achieved through an increased share of energy-efficient electrification systems and regenerative drives in the ordered elevators.

Vehicle fleet

KONE's vehicle fleet accounted for approximately 92% of our Scope 1 and 2 GHG emissions in 2023. The total size of KONE's fleet was over 19,000 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 1% compared to 2022 and increased by 5% compared to our 2019 emissions 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.

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 2023, in Europe 17% of passenger cars were electric vehicles, 38% of our car fleet in Norway, and over 24% of our fleet in the Netherlands comprised electric vehicles.

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
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

While we are satisfied with our progress in the above-mentioned countries, there are still challenges to overcome in 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 8% of our Scope 1 and 2 GHG emissions in 2023. 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.

In 2023, we exceeded our green electricity target. Electricity from renewable sources accounted for 97% of all our electricity consumption, up from 84% the previous year. All our manufacturing units use only on-site or purchased renewable electricity.

We reduced our overall facility-related carbon footprint by 47% compared to 2022. The reported electricity and district heat emissions (2,557 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 31,535 tCO₂e. In 2023, our overall energy consumption decreased by 1% compared to 2022.

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 while also providing a safe and secure work environment for our employees and workers. We are working towards this target by 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 (2030) and annual biodiversity target, which states 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 2023, KONE met the target. In 2024, we will continue to investigate KONE's impact on biodiversity to better plan our actions. In 2023, KONE participated in the UN Global Compact Science Based Targets for Nature training program, which helps companies strengthen their biodiversity work by using science-based best practices and enhance strategies to achieve nature-related goals. Moreover, selected KONE employees completed a biodiversity leadership program.

Due to our automated manufacturing systems and assembly lines, the amount of NO_x, SO_x and VOC emissions we produce is minuscule. Our processes emit little to no NO_x, SO_x or VOC. Typical production processes, such as automated punching and bending lines, as well as automated motor assembly lines, contribute to this minimal environmental impact. We track the amount of NO_x, SO_x and VOC emissions. Our long-term (2030) and annual target is to limit the amount of NO_x and SO_x emissions to less than one ton per year and for VOC emissions below two tons per year. In 2023, KONE met the air pollution reduction target.

Business travel

Our business travel emissions increased by 78% in 2023 compared to the previous year. The lifting of COVID-19 restrictions led to an increase in flight CO₂ emissions.

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.

In 2023 GHG emissions from logistics increased by

0.6% in absolute terms, and the number of units delivered decreased by 1.7% compared to 2022. Thus, relative to units delivered, KONE's logistics emissions increased by 2.3% compared to the previous year. The calculation takes into account the Aviation-induced Radiative Forcing coefficient, in line with the latest emissions calculations guidelines.

The most significant factor impacting our logistics carbon footprint was the increase in air freight emissions, driven by the growth in the Spare Parts business, which is the primary user for air freight deliveries.

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 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 provides global guidance and advice on waste management, with the objective to prevent or minimize waste. Where generating waste cannot be avoided, our focus is on reusing and recycling.

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 and annual 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 2023, our total waste amount increased by 2.5% compared to the previous year. The proportion of recycled and incinerated waste remained high, amounting to 95% 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 98%. Only 0.6% (0.2% in 2022) 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.

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. Those manufacturing units monitor their water consumption and wastewater discharge parameters, 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 water risk assessment, some of our manufacturing units are located in areas recognized with high levels of water stress. However, manufacturing units' water stress impact is rated minor in 2023 annual environmental assessment.

KONE's environmental policy includes actions to reduce water consumption. We have a transition plan for water consumption reduction in our manufacturing units.

Our long-term target (2030) and annual target for water efficiency and sourcing aim to keep water usage minimal, maintaining it at or below the 2020 level (301,900m³) and to use mainly municipal water sources. In 2023, KONE met its water targets.

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. KONE's Supplier Code of Conduct defines that suppliers shall make all reasonable efforts to protect the environment, and to minimize any negative environmental impact (including water and wastewater) of its activities.



Empowering our people and attracting the best talent

We have over 60,000 employees in more than 60 countries, representing 153 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 an empowering and inclusive culture, great employee experience, opportunities for continuous learning, flexible working practices, and support for well-being. One of our strategic targets 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 74–75



Building great employee experiences

Employees are key to KONE's success. To be a great place to work, we strive to offer the best employee experience throughout the whole 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 have defined the KONE Employee Journey. This helps us to gain an understanding of people's experiences at KONE and how various changes impact them. We utilize co-creation tools and ways of working together, involving employees in the discussion about meaningful moments in their journey.

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 2023, we continued developing KONE's culture to ensure that it supports our strategic targets. We



focused on embedding cultural development into existing processes and transformational activities, namely our employee journey, programs, and leadership development. We also continued raising awareness of the role each employee plays in contributing to the success of our strategy with their actions and behaviors, while utilizing our Culture Playbook to invite everyone at KONE to take part in developing our ways of thinking and working together.



Recognition received in 2023 for being a great place to work

Globally, KONE was again recognized among the World's Best Employers in Forbes magazine's annual ranking and as one of Europe's Diversity Leaders by the Financial Times.

In the Americas, KONE Mexico was awarded 74th place on the list of the Top Companies in Mexico.

In China, 51job, Inc. granted KONE the Excellence in HR Digital award and included us in their 100 Excellence Employer of China ranking for the tenth consecutive year.

In Asia Pacific, Middle East and Africa, our efforts were recognized broadly. KONE India was certified as a Great Place to Work for the fourth consecutive year and listed in the AVTAR Group and Working Mother Media's list of 100 Best Companies for Women in India for the eighth consecutive year.

KONE Malaysia received the WeCare / Caring Award, and KONE Singapore was listed among Straits Times' Best Employers. Additionally, both KONE India and KONE Malaysia were among HR Asia's list of the Best Companies to Work for in Asia.

KONE United Arab Emirates was recognized by Taqdeer for extraordinary efforts to promote and protect the welfare of its people in the construction industry. For the third consecutive year, our teams in Oman, Qatar, Saudi Arabia, and the United Arab Emirates were recognized with the Top Employer Certification.

In Europe, we also received recognition for our continuous work to improve our employee experience. KONE Germany was recognized with the Kununu Top Company and the Best Place to Learn awards, and KONE Switzerland received a Fair Play "TOP" certificate.

In East Europe and Mediterranean, Humanities Institute recognized the frontline as a #2h4family Ambassador, and KONE Israel received the MAALA ESG 'Gold' Corporate Social Responsibility Certificate for DEI.

KONE Finland was recognized in Universum's annual Most Attractive Employers study and by the Academic Work Young Professional Attraction Index. In addition, KONE Finland was recognized as a Promoter of Diversity by the Finnish Foundation for Share Promotion.

KONE Spain was granted the Innovation and Health Award by Matua Universal, and KONE Italy received the Gender Equity Certification. In addition, KONE France, KONE Belgium, and KONE Spain all received the Top Employer Certification.

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 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 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 services teams; they can make use of our self-service tools to gain better visibility into their own data, and to take action when needed.

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 to engage in collective bargaining. A total of 72% (in 2022 71%, in 2021 no data was collected) of KONE's employees are 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. Similarly to 2022, we had zero incidents of child or forced labor reported through any of our compliance reporting channels in 2023. Our target is to maintain zero incidents going forward.

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, 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 ensures that all employees are paid at least minimum wage and mandatory legal benefits. We also recognize the living wage concept and are committed to following any rules and regulations that exist in countries we operate in. KONE follows equal pay laws by providing human resource professionals, leaders and managers visibility into compensation data through our HR system reporting and analytics. We also follow any pay equity and equal pay mandatory reporting requirements at a country level. The compensation and other benefits of the Board of Directors, President and CEO, and the Executive Board are disclosed in the KONE Annual Review 2023 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 utilizes external workforce, in addition to KONE's personnel, when necessary to manage peak workloads with volume fluctuations, to resource specific competencies or services, 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 contracts 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 46–49

➔ Read more about [the due diligence of human rights in our supply and delivery chain](#) on pages 59–62

Keeping our employees safe

KONE operates in an industry which presents various safety risks. Our workers engage in activities that may expose them to hazards, some of which may occasionally present risks to health and to life. If not managed diligently, these risks could impact the safety of our employees, subcontractors and others affected by our work.

Safety is a salient human right and as such, one of KONE's core principles. For us, no task is important enough to compromise safety. We foster our employees' physical and psychological safety through global and local initiatives. We aim for all of our employees, subcontractors, and partners have the required skills, equipment, safeguards and guidance to remain safe.

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Safety is a salient human right and as such, one of KONE's core principles. For us, no task is important enough to compromise safety.

Managing workplace safety

At KONE, safety management is an integrated part of our global management system. The system guides us in our continual improvement of safety practices. It defines our safety policy, including how we manage safety risks and opportunities, and how we promote safety across the organization and other stakeholders. 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 follows the ISO 45001 standard on occupational health and safety management systems.

The KONE management system audit scheme covers 100% of our units and evaluates adherence to safety policy, rules, and established working methods. KONE uses the results from the audit scheme for improve safety systematically. Each audit finding is properly documented, and a corrective action plan is created and monitored in follow-up meetings according to a pre-defined schedule.

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 and determine the most effective measures to protect people from hazards by applying a hierarchy of controls. We systematically start by identifying ways to eliminate the hazard. Where that is not possible, we follow the sequence from most effective levels of control through substitution, engineering controls and administrative controls to the use of Personal Protective Equipment (PPE) as the last line of defense; if all other options of control have been exhausted or deemed to be not effective enough. 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, such as asking for help.



Global safety awareness campaigns

During the annual Global Safety Week, KONE presented a full week of training opportunities, events, and activities for employees, subcontractors, customers, and users of our equipment. Local units also organized site visits and safety or Gemba walks, to experience and understand the reality at our sites and observe how safety could be further improved.

In 2023, the event was held for the 12th time, and the theme was 'Speak up and act for safety', reminding everyone to report all near-misses and incidents, while further enforcing a universal right to stop working in unsafe conditions and raising concerns.

Our annual global 'Year-end safety' campaign complemented this theme of the 2023 Safety Week by spreading a STOP and GO mindset, focusing on the importance of last-minute risk assessments. We urged everyone to ask themselves questions like: "Do I have the required training, knowledge, and understanding of the instructions to do the job safely?" or "Do I have the correct tools?" and ultimately "Are all risks under control?" For maximum engagement, we prompted our employees around the world to reflect on the last time they practiced STOP and GO, and hundreds of peers submitted their answers.

KONE embraces a culture of understanding and caring and promotes open dialogue and active participation at all levels of the organization. Exemplary safe behavior is rewarded, and best practices shared with our employees, subcontractors, third-party workers, customers, and users of our equipment.

All KONE employees are required to complete a global safety e-learning course, available in 36 languages, covering our safety management framework and KONE's Health and Safety Policy statement. These present our safety objectives, commitment, and responsibilities. During our Safety Week in May 2023, we launched a global learning campaign, where the safety e-learning course was assigned to all* employees as a refresher. The set target was a 100% completion rate. By the end of the year, an impressive 90% of those invited had duly completed the refresher training.

KONE workers also receive health and safety training relevant to their individual work tasks. To complement our global e-learning program, KONE frontline units, responsible for local operations, arrange role-based safety training and regular refresher training according to global and local company and regulatory requirements. KONE has also set minimum requirements for subcontractor training. Depending on local practices, subcontractors participate in safety training and toolbox talks as arranged by KONE.

“ 90% of KONE employees completed a safety e-learning refresher by the end of 2023.

*Excluding installers and technicians in Finland and Baltics who had just had a local campaign.

All KONE leaders are, without exception, responsible for providing their team with a safe working environment, ensuring that the team is adequately trained for their respective roles. Our leaders are expected to lead by example, including by conducting site safety visits. To support our leaders in growing their competency, a global e-learning course on safety leadership, available in 16 languages, is assigned to designated target groups of people with specific managerial, safety or quality roles. In the reporting year, two global webinars for leaders were organized on how to drive a culture where everyone feels psychologically safe enough to raise safety concerns.

Collaborating with subcontractors worldwide

KONE sets minimum requirements for subcontractor training, tools, and personal protective equipment (PPE) and depending on the agreement, provides them to subcontractor workers in line with what we offer to own people. Our contracts also mandate the subcontractor companies to adhere to our safety policies and practices. KONE attaches great importance to improving the safety culture with stakeholders. As such, our annual Global Safety Week and the 'Year-end safety' campaign extends to subcontractors worldwide.

To further support our subcontractors in driving their safety culture through the recognition of safe behaviors and to derive lessons learned, we continued our subcontractor safety development audit program and are currently analyzing the results in order to set up an action plan based on the identified improvement opportunities on short-, mid- and long-term items. Priority is given to improving our contracts, framework agreements, and the management of subcontractors. The work will continue in the upcoming years in close collaboration with our subcontracting companies as a Subcontractor Safety Development Program.

As part of the development program, we are working on finding ways of encouraging our subcontractors to feel empowered to report, and will look for opportunities to improve our reporting of our subcontractors' safety performance.

Our safety performance

KONE 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. For the reporting year, the global target for management workplace visits was set to a minimum of twelve visits per leadership team member and for customer and user safety promotion, our global target was set to a minimum of one event or meeting per 2,000 units in service. The progression was closely monitored at unit-level management meetings.

In 2023, we had set ourselves the ambitious Industrial Injury Frequency Rate (IIFR) target of 1.37 – a goal which we exceeded with a record low rate of 1.1. This recent achievement underlines our commitment to safety, while keeping KONE on track for its longer-term IIFR target of 0.6 by 2030. For the year 2024, we target for a 7% reduction compared to the 2023 IIFR. Our total recordable incident rate (TRIR) was 2.8, with 2023 being the first full year this was monitored (GRI 403-9).



In 2023, KONE exceeded its target and achieved a record-low Industrial Injury Frequency Rate (IIFR) of 1.1.

In 2023, KONE did not face any work-related employee fatalities. Nevertheless, one of our subcontractors lost his life in a work-related accident while working on a KONE project. Eight of our own employees were injured in separate high-consequence work-related incidents. The main hazards causing serious injuries at KONE are contact with moving objects and falls from height, whilst the main types of work-related injuries continue to be cuts, strains, and bruises or contusions (GRI 403-9).

Driving continual improvement

At KONE, we believe that our caring culture is the cornerstone of heightened 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 runs 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 or mitigate risks and develop safer procedures in our installation sites through risk assessments and development programs such as the Lean construction program, aimed at delivering projects in a safe, high-quality, and environmentally sustainable manner. Our standard working methods are continually developed based on issues identified in near-miss and incident reports. In the service business, our technical help desk organization helps maintenance technicians to work safely and efficiently by providing 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. During 2023, we expanded our global ISO 45001 certificate coverage with eight units, making a total of 18 units at the end of the year. We aim to further expand this coverage.

Our global 'KONE Safety Solution' safety reporting is used to report and manage employee, subcontractor, third-party, and user-related near-misses and incidents. Access to the reporting system is provided to all KONE employees to enable immediate on-site recording of any near-misses or incidents. Subcontractor workers report to KONE via supervisors. In addition, KONE-related human rights grievances, including those related to health and safety, can be reported by anyone (employees, subcontractors, business partners, end-users) through the KONE Compliance Line anonymously.

Employees and subcontractor workers are encouraged to actively report near-misses and incidents to improve safety. For the reporting year, we received 181,289 near-miss reports, representing an increase of 4.2% when compared to the previous year. We still strive to increase the volume of near-miss reports, but also to improve the quality of the reports, their investigation, and corrective actions by regularly communicating through our global safety network and promoting safety reporting with global campaigns. We also plan to continue improving our safety practitioners'



KONE employees and subcontractor workers are encouraged to actively report near-misses and incidents to improve safety.

analytical skills by developing a global incident investigation training program and updating the root cause analysis process in our reporting system.

For each incident, we take the necessary actions, striving to prevent any recurrence. The causes of the incident are identified, and lessons learned are shared across our global safety network and business units.

Local safety personnel analyze the reported data with the support of global safety and subject matter experts, to find out the root cause(s) using the Five-whys and Cause-and-Effect (Fishbone) methods. These are complemented with a Human Factors analysis where useful. The outcomes are used to enhance safety in best practice-sharing sessions, setting up corrective plans with immediate and corrective actions based on the identified root cause(s). Every such plan incorporates a documented follow-up process, with set deadlines and a task owner for each corrective action.

Incidents and near-misses are part of each unit's monthly reporting to global functions. Our global safety network receives lessons learned from incidents and near-misses, and safety managers exchange issues and best practices in monthly meetings. Transparency is upheld by sharing incident summaries openly – respecting just culture principles – in our internal safety SharePoint site accessible to all employees.

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

➔ Read about [equipment user safety](#) on pages 29–30

Employee well-being

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

KONE has a global benefits and well-being strategy that emphasizes the importance of employee well-being and gives guidance on developing local benefits, well-being practices, and service offerings. 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. Elevate Your Health resources are accessible to all employees and local KONE units ensure that employees are



supported around all four pillars. We believe leaders play a key role in driving a culture that supports well-being, and we therefore 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 employee volunteers in selected countries. The purpose of the program is to raise awareness and promote well-being activities, programs, 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 23 countries, with approximately 250 well-being champions. In 2024, 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 also review medical insurance data annually to provide recommendations and enable preventive actions.

In 2023, we expanded 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 and therefore we recognize multiple types of flexible working such as remote and hybrid work, flexible working time, job sharing, compressed work week and part-time work. To further support the work-life balance of our diverse workforce, we provide family support, for example via childcare and elderly care services, family and caregiving leave, and other caregiving programs in many of our local units.

We want our employees and their families to have improved protection against the risk of financial loss and therefore, we want to provide life insurance to all KONE employees. By the end of 2023, employees in 63 KONE countries were provided life insurance, and we aim for full coverage by the end of 2024.



Improving employee well-being in China

At our Kunshan production site in China, continuous efforts have been made to improve the well-being of our employees through the introduction of a new Health Module. The module comprises four different dimensions:

1. physical health,
2. mental health,
3. labor health, and
4. nutritional health.

To review the progress of this initiative, we conducted data analysis. Based on the results, a report is created both for KONE to develop a holistic understanding of our progress and for our employees to review their own individual results. Professional support and advice are provided to our employees for better sleep, diet, and physical exercise. Enhanced support for those living with chronic diseases has also been made available, including psychological consulting and stress management guidance.

Thanks to this initiative, we have been able to optimize our on-site operational processes. Tangible improvements include the introduction of a health assessment platform, a new health center with upgraded hardware, regular information and coaching sessions on mental and physical well-being, as well as classes and activities to support nutritional health.

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. For 2023, our target was 24.5%. In 2023, we exceeded that target by increasing the share of women at director level to 25.2%, compared to 23.5% in 2022 (21.4% in 2021).

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 2023, we employed people representing 153 nationalities.

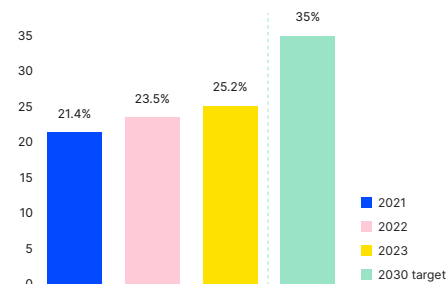
In 2023, we continued to engage our senior leaders in our Empowered by Inclusion leadership learning journey, to pave the way for a more inclusive culture. We created a DEI e-learning course in 36 languages (launched in January 2024), targeted towards all employees at KONE with the purpose of equipping our whole organization with the necessary knowledge to support our DEI efforts. 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 attraction and retention practices.

Throughout the year, we celebrated diverse talent and promoted KONE as an inclusive workplace. We continued collaboration with our Women's Employee Resource Group (SPARK) and our LGBTIQ+ Employee Resource Group (#fromKONEwithPride), with the aim to continuously improve our employees' inclusion experience through open discussion and positive actions.

KONE has endorsed the UN Standards of Conduct to publicly show its commitment to 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 participated in their global benchmark survey and increased our rating by 7 percentage points from 2022. During 2024, we will continue working on the Workplace Pride Benchmark report action plan, and aim to conduct a new benchmark survey in 1-2 years' time. 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.

Share of women at director level



CASE



Driving inclusivity in India

In India, KONE has an active Diversity, Equity, and Inclusion council with top-level sponsorship to guide our actions to attract, engage and develop diverse talent. In 2023, DEI activities in India ranged from the implementation of a diverse hiring strategy to several incentives aimed at improving employee wellbeing and development, such as a 'Flexible Working Policy' for returning mothers, support for pre- and post-maternity leave, and our GLOW leadership program (Growth and Leadership for Outstanding Women).

KONE's DEI priorities in India for 2023 included introducing new, women-centered benefits, including a leave and flexible hours policy for returning and expected mothers. In addition, actions were made to track pay parity across gender data through a dashboard to ensure fairness in pay. The KONE Business Services' Women Inspiring Network (WIN) continued its active work through 2023 with a focus on development, well-being, and the engagement of our female personnel. In addition, the Women Talent Council of KONE India Technology and Engineering Center (ITEC) organized regular activities throughout the year, with a focus on health, inspiration and networking. A highlight for 2023 was the creation of a new model for hiring female technicians, paving the way in strengthening our resource funnel and aiming for lower attrition and improved engagement.

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 continues to be one of the core elements driving the execution of KONE's strategy. The Upskilling Program sets competence development priorities and targets across 12 KONE volume roles, covering over 80% of KONE employees. The global learning dashboard that was launched in 2022 was complemented in 2023 by data derived from completed "priority learning" training programs to increase transparency.

In 2023, KONE's learning and development activities focused on ensuring that our professionals in the field, in sales, and with leadership accountabilities have the required skills and competences to best perform in their jobs. In 2023, we also focused on leadership development, owing especially to the renewal of our operating model. Leaders and managers were provided with a wide selection of learning opportunities, covering topics such as change management, handling difficult discussions, and leading in turbulent times. In addition, leaders were provided with tools and support in setting up their new teams.

In 2023, we revised the definitions of mandatory and recommended learning and development initiatives per role and location to ensure that our employees have better access and space for relevant competence development in their role. With continuous competence development, we have a positive impact on employees' safety, wellbeing and retention at KONE.

At KONE, we recognize that learning truly happens through the 70/20/10 model of learning. This means that 70% of learning happens on the job, through hands-on work, short-term and stretch assignments, and 20%

happens through learning from other people and networks, by encouraging social learning via mentoring, coaching, tutoring, and networking opportunities.

According to the 70/20/10 model, 10% of learning happens through formal learning. In 2023, formal learning hours per employee were 33.1 globally, while the same figure in 2022 was 34.5 hours and in 2021 43.2 hours. Within the years 2021-2023, 96% of KONE employees completed one or more training courses at KONE (excluding compliance-related trainings courses).

Most of the training, especially for our field colleagues, is delivered by field trainers at job sites. We also offer a wide range of digital, gamified and virtual reality-enabled learning solutions for self-study, as well as blended learning opportunities for face-to-face training. Employees are encouraged to take responsibility for their own development by expressing their career and development aspirations, and by preparing individual development plans (IDP's). IDP's are important for two reasons. First, to equip our people with the skills, knowledge, and behaviors that are needed to achieve their current goals. Second, to consider what skills and capabilities are needed to prepare them for their future career role(s).

Employees also have open access to a library of learning content, mentoring opportunities, and 360-degree feedback.

In the future, the aspiration is to continue to drive the reach for strategically important priority learning solutions, while ensuring their relevance for the new KONE strategy. In addition, we will start developing metrics for learning and business impact.

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

2023, 96% of employees whose goals and performance are tracked in our people management tool had completed their performance appraisals for the year 2022. In the previous year we had the same completion rate. Our aim is to make sure that all KONE employees (100%) who are part of the process complete their appraisal in the tool. During the reporting year, 90% had set their goals for 2023. The target level is to ensure 100% of KONE personnel have personal goals in place.



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.

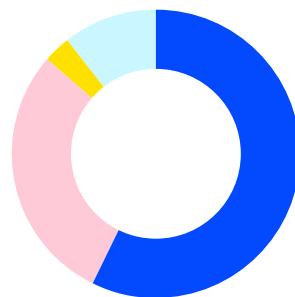
We encourage dialogue with our employees and nurture collaboration. KONE's internal communication and collaboration channels serve as both a channel for the latest news and events, and a platform for virtual teamwork. The latest KONE updates are also shared regularly through various newsletters and, 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.

Our global employee engagement survey is called Pulse, and we aim to conduct the survey annually. It is an important channel for dialogue and an instrument for measuring employee engagement. The survey is completely anonymous, and it enables us to gain insights into the engagement, experience vs expectations, intent to stay, well-being, and inclusion experience of our employees, among others.

Due to our operating model renewal and organizational restructuring, we did not conduct our global employee engagement survey in 2023. Instead, there were several smaller measurements taken to get the pulse on different change programs and strategy progression. The next global Pulse engagement survey will take place in May 2024, where everyone will be encouraged to share their feedback and help shape the future of our company. Our goal for 2024 is to achieve a response rate of 90% or above, and for 2024, our goal is to perform on or above the high-performance benchmark.

Over half of our employees are in the field every day

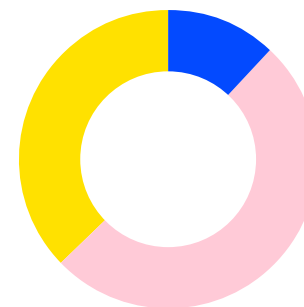
Employees by job category, 2023



■ Maintenance and modernization 57.4% (55.7%)
 ■ New equipments, sales and installations 29.1% (28.6)
 ■ Manufacturing 3.3% (5.7%)
 ■ Administration, IT & R&D 10.3% (9.8%)
 (2022 figures in brackets)

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

Employees by region, 2023



■ Americas 12.0% (11.8%)
 ■ Asia-Pacific 51.0% (50.8%)
 ■ EMEA 37.0% (37.4%)
 (2022 figures in brackets)

In 2022, a total of 55,613 KONE employees took the survey, meaning a global response rate of 91% (compared to 84% in 2021). Overall, the survey results remained mostly stable, and clearly above the external global average benchmark. In 2022, our employee engagement index was 77 % (compared to 79 % in 2021). 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% (compared to 85 % in 2021) of employees participated in the Pulse Talks.

We also measure our rolling 12-month voluntary attrition. Our 2023 12-month voluntary attrition was 8.1% (2022: 7.9%, 2021: 7.8%). Our goal is to keep the 12-month voluntary attrition below 8.1% in 2024.

KONE hosts a European Employee Forum annually to bring together employee representatives and top

management to discuss issues ranging from safety to business development. A smaller working group meets two to four times a year to ensure continuous discussion on important developments affecting our employees. In 2023, topics covered in the Employee Forum included regular business updates and discussions about the 'Sustainable Success with Customers' strategy. Specific focus areas included the operating model renewal and developing the work of service technicians as well as safety, sustainability and quality.

Operating model renewal and its impact on the way we work

In January 2023, KONE announced plans to renew its operating model to strengthen its competitiveness and

customer focus in a changing operating environment. The objective was to drive KONE's strategy forward with greater speed and efficiency and operate more closely with customers, through stronger geographic Areas. The changes were initially estimated to result in the reduction of approximately 1,000 jobs globally. The new organizational structure was implemented on July 1, 2023. At that time, the changes in KONE's Executive Board became effective and new governance and business performance management models were put into use. The operating model will be further defined through continuous development after the program. Actions targeting the 100 MEUR fixed cost savings were completed by the end of 2023.



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, ethical, and human rights practices as KONE.



→ See [data and charts](#) regarding this reporting area on page 75



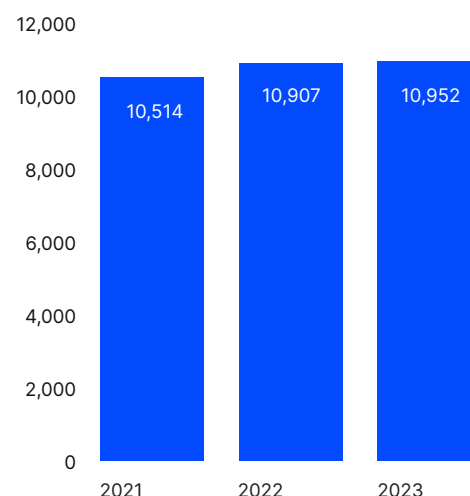
Progress on financial targets

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.

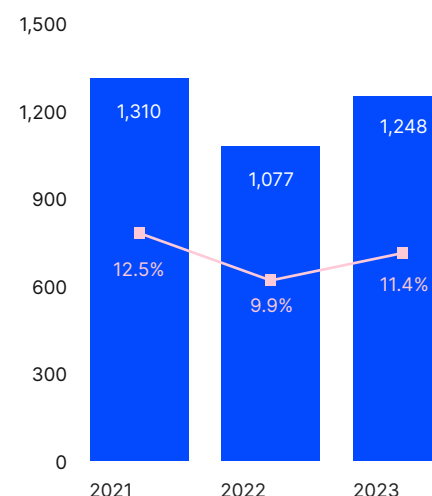
We have three long-term financial targets: to grow faster than the market, to achieve an EBIT margin of 16%, and to improve working capital rotation. We have consistently grown faster than the market. For the 16% EBIT margin, no target date has been set. With our life cycle business model, the short-term 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 close to 111,000 shareholders at the end of 2023 (2022: >110,000).

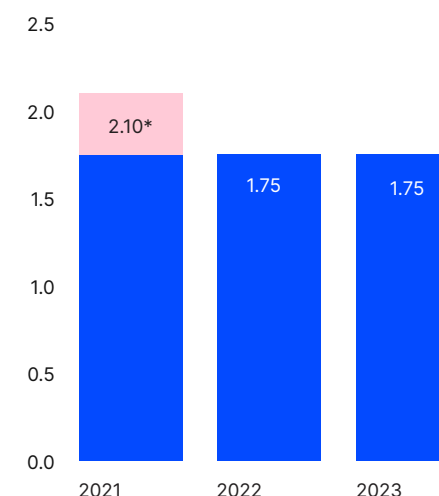
Sales (MEUR)



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



KONE class B share dividend per share (EUR)



■ 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 2023, items affecting comparability amounted to EUR 48.3 million including EUR 57.7 million costs recognized on restructuring measures and a positive effect of EUR 8.0 million recognized on completion of the sale of operations in Russia. In the comparison period, items affecting comparability included a charge for the impairment of assets and recognition of provisions for commitments in Russia and Ukraine as well as restructuring costs.

*An extraordinary dividend of 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.

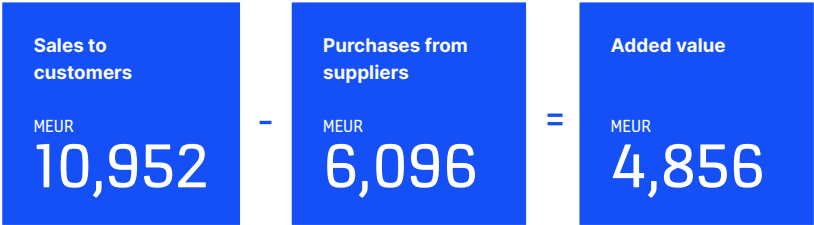
The location of KONE's group entities is driven by business reasons, such as the location of customers, suppliers, raw materials, and know-how.

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 274.6 million (2022: EUR 244.0 million) in 2023, with the ten largest countries by sales accounting for 84.9% (2022: 69%) of corporate taxes. Income taxes of Finnish KONE companies totaled EUR 55.4 million in 2023 (2022: 11.8 million). Our largest direct economic impact comes 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 2023, the largest KONE countries by the number of employees were China, the United States and India.

How KONE added economic value in 2023



Value distributed, MEUR

Wages and salaries	3,140
Creditors	-6
Employment-related costs and taxes	1,186
Shareholders	905
Economic value retained in the company	-370



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.

KONE has a Global Compliance team responsible for developing, implementing, and maintaining an effective compliance and ethics program for KONE. KONE's Global Compliance Committee, comprising four Executive Board members, the Corporate Controller and VP, Global Compliance oversees and advises on the program and meets quarterly to discuss it. In addition, dedicated area teams in Greater China and the Americas, and a compliance manager in KONE Middle East, Türkiye and Africa help implement KONE's compliance program regionally by supporting local management and Area Compliance Committees, conducting risk assessments, providing compliance training and conducting investigations into allegations of employee misconduct, as well as human rights and corruption violations.

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. The Code 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. The Code also emphasizes KONE's non-retaliation policy: we do not tolerate any form of retaliation against anyone who has made a compliance report in good faith. All KONE employees are expected to understand and abide by the Code of Conduct, and to report any violations using the channels available for this purpose. The Code is available at kone.com in 33 languages.



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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 2023. Regular online, video and face-to-face compliance training is provided to employees and all employees are required to complete at least one compliance training course each year. We revise and refresh our key compliance e-learning (Code of Conduct, Competition Compliance, Anti-bribery and corruption) regularly. Our 2021 Code of Conduct e-learning will be revised and re-issued in 2024; our competition compliance e-learning was refreshed in 2022.

In 2023, we launched mandatory Anti-Bribery & Corruption (ABC) e-learning courses for all KONE employees. Two versions were issued comprising different risk scenarios for staff and operatives, respectively. 85% of all active KONE employees (over 53,999 completions) had completed the training by year end. Operatives in GiantKONE, our other brand in China, will be trained in 2024 when they have access to the new Learning Management

System in China; also, all factory workers at our Kunshan production site will be trained in 2024.

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 clear confirmation from employees to comply with the Code of Conduct. We track all compliance training via our learning management system. Separate targeted training on gifts and corporate hospitality continued during 2023. Also, all new office-based staff and supervisors are required to complete the competition compliance policy e-learning, which was updated in 2022. KONE has built a large selection of various trade compliance e-learning modules available globally for employees. Some modules are mandatory for selected employee groups. Face-to-face training on trade compliance topics is offered to employees across KONE based on business needs.

In the Americas, our regional compliance team rolled out location-specific harassment prevention training courses to all employees in the Americas, with some employees in Torreon being trained in 2024. We also provided Code of Conduct training to select employee populations. Face-to-face training sessions were held at various locations, including the Americas Leadership team as well as to the District Vice President team, to promote awareness of the compliance program including the Code of Conduct and the Compliance Line. In KONE Middle East, Türkiye and Africa, our regional compliance manager held face-to-face training on the Code of Conduct and the KONE Compliance line to employees based in seven different countries.

In Greater China, our regional compliance team held face-to-face training courses on the Code of Conduct and the KONE Compliance line to approximately 1400 employees, covering 33 branches. This entailed 46 training sessions in total. In addition, the team in China gave tailor-made face-to-face compliance training sessions to all new branch managers for the Managing KONE Business program.

During the reporting year, we continued our awareness-building efforts. Regular publishing of articles on KONE's global intranet to raise awareness on compliance topics

Our key compliance policies

As a part of our anti-bribery program, we published a new **Anti-Bribery and Corruption (ABC) policy** in 2023. It is available both internally and externally on kone.com in over 30 languages. The policy states KONE's zero tolerance towards bribery and corruption.

KONE's **Competition Compliance policy**, updated in 2022, 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 and 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 **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.

KONE's **Human Rights policy**, issued in 2022, details our role, objectives and responsibilities with respect to our human rights commitment and in relation to our employees and workers across the supply and delivery chain. The policy is available on kone.com.

KONE's **Supplier Code of Conduct** is available on kone.com in 30 languages. It 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 internationally recognized 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, 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 2023, 86% of KONE's total spend with regular trade suppliers and installation subcontractors was with parties who had signed KONE's Supplier Code of Conduct or equivalent. Our target for 2023 was 85%. Our 2024 target is 87%.

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. We require all our distributors to sign our Distributor Code of Conduct. By the end of 2023, 92% of our distributors had signed either the 2021 (89%) or the 2018 (3%) version of the Distributor Code of Conduct. The Distributor Code of Conduct is currently available in seven languages and can be read at kone.com.

continued during 2023, with a focus on anti-bribery and corruption and human rights. Further compliance awareness-building activities included promoting the KONE Compliance Line in both the Americas and KONE Middle East, Türkiye and Africa, to highlight our commitment to whistleblower protection and our non-retaliation policy, and a human rights awareness campaign in India. The Americas' annual compliance week promoted awareness of policies and the KONE Compliance Line. Monthly compliance awareness campaigns were also held throughout China in 2023.

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. Our compliance screening solution manages 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. In 2023 we extended the volume of third parties in our compliance screening solution. The solution currently covers suppliers representing 78.2% of KONE's total spend, as well as customers and other third parties included on the basis of selected risk criteria.

Anti-bribery and corruption (ABC)

To identify KONE's risks of bribery and corruption, we carried out a global risk assessment in 2021 and have since been implementing follow-up actions. With respect to third-party relationships we have put a new due diligence process in place for distributors and centralized information on global distributor management. A new distributor agreement and a revised Distributor Code of Conduct have been rolled-out across KONE. A new customs broker

standard operating procedure has also been implemented. Mergers and acquisitions target entities are systematically screened by Global Compliance. In 2023, work started to implement a conflict-of-interest declaration tool to be deployed throughout KONE in 2024. Also in 2023, work continued to implement the 2022 global instructions on gifts and corporate hospitality.

Local compliance risk assessments, including ABC topics, were conducted in 8 countries in 2023 with a focus on KONE Middle East, Türkiye and Africa. Follow-up actions were identified and will continue to be followed up in 2024.

Respect for human rights

At KONE we are committed to respecting and endorsing internationally recognized human and labor rights including those set out in the International Bill of Human Rights, United Nations Guiding Principles on Business and Human Rights, basic labour rights as defined by the International Labour Organization including the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. We expect the same level of commitment across our entire delivery chain, including our own operations, suppliers, distributors, and other business partners. Our commitment and expectations are laid out in KONE's Human Rights Policy and other related policies, including KONE's Supplier and Distributor Codes of Conduct. 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 that we become aware of.

KONE's Global Compliance Committee is accountable for the human rights program at KONE and consists of four Executive Board members, Corporate Controller, and Vice President, Global Compliance. KONE's human rights working group, reporting to the Global Compliance Committee, continued its work during 2023 to drive the human rights program forward across KONE. The members of the working group represent all parts of KONE's business. The human rights program is reviewed and discussed on a regular basis in the Global Compliance Committee and the Sustainability Disclosure Board.

CASE



Anti-bribery and corruption policy and e-learning

The highlight of our anti-bribery and corruption (ABC) program in 2023 was the introduction of our new anti-bribery and corruption policy and e-learning course/program". The policy builds on the KONE Code of Conduct to provide guidance to employees on how to deal with risky ABC situations. It sets out prohibited arrangements (including direct and indirect bribery, facilitation payments, excessive gifts and hospitality, and inappropriate donations and sponsorships), outlines third party risks, describes KONE's risk-based approach towards the prevention of bribery and corruption, gives examples of practical risk situations that employees should look out for, and provides guidance on how to report any suspected violations.

The policy was accompanied by mandatory ABC e-learning for all employees. Two versions were issued comprising different risk scenarios for office-based staff and operatives, respectively. These were developed on the basis of workshops held with various internal stakeholders from across KONE. Separate targeted training to frontlines and corporate functions on gifts and corporate hospitality continued during 2023. Global Compliance works closely with KONE's Assurance, Internal Controls and Risk Management teams to identify ABC risks and track the effectiveness of our ABC program.

In 2023 our human rights working group focused on four key areas of work:

1. identifying and driving actions to meet regulatory requirements
2. updating KONE's global human rights impact assessment and initiating follow-up actions
3. increasing human rights awareness for employees and other stakeholders, and
4. revising KONE's supplier human rights assessment program.

KONE's Human Rights Policy

KONE's human rights policy details our role, objectives and responsibilities with respect to our human rights commitment 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 omissions may directly impact our operations, products, or services, are expected to respect human rights, and not limit or impinge upon them. The policy applies to all of KONE's directors, officers, managers and employees globally, and covers all subsidiaries, branches and other entities where KONE exercises management control.

Embedding human rights in KONE's strategy, policies and processes

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. Our human rights due diligence process consists of impact assessments, third-party due diligence, supplier screenings and internal assessments and surveys, communication and awareness raising, as well as grievance mechanisms. We continuously

develop and monitor our human rights due diligence program to identify and address potential risks in our own operations and in our supply chain, and to ensure that the program aligns with international human rights standards.

Joint improvements with our suppliers and subcontractors

To address the safety risks identified in the Global human rights risk assessment, various actions are being implemented in the area of subcontractor safety, including improving the management of subcontractor adherence to KONE's Management System requirements, and a new global service frame agreement that also covers health and safety topics. To drive continual improvement of our management system, we aim at increasing the number of ISO 45001 standard certified units, having over 81% of our operational sites ISO 45001 certified, with subcontractors working at many of them. In 2023, we expanded our ISO 45001 coverage to include an additional eight units.

For suppliers and subcontractors, the key recommendation of the impact assessment was to increase online and on-site human rights assessments. The assessment also recommended ensuring that the Distributor Code of Conduct is signed by all distributors. By the end of 2023, 92% of global distributors had done so. In 2023 we also onboarded a new tool from an external vendor to help map our supply chain and identify forced labor and other risks. Similarly to 2022, we had zero incidents of child or forced labor reported through our compliance reporting channels in 2023. Our target is to maintain zero incidents going forward.

KONE renewed its supplier sustainability function in 2023, setting up in the procurement organization a dedicated team responsible for the entire supplier human rights assessment (HRA) program. The team will be working with an external vendor in 2024 to carry out certified on-site supplier HRAs. The vendor will discuss required follow-up actions with the suppliers, and KONE will further check that such actions are implemented within a reasonable timeframe. The supplier sustainability team will be working closely with the global compliance team to address any serious issues flagged in the on-site or online HRAs.

CASE

Global human rights impact assessment

In 2023, we updated our 2019 global human rights impact assessment with the help of an external consultancy, in order to better understand the potential human rights risks in our operations and across the value chain, and to identify key actions to mitigate human rights impacts. The update aimed to reflect our current business environment and operations and detect possible changes in our salient human rights.

The impact assessment found that our salient human rights issues remain the same as in 2019: the health and safety of employees and workers throughout the supply and delivery chains, and respect for individuals' labor rights (prohibiting forced or child labor, discrimination, harassment or bullying, and ensuring freedom of association, collective bargaining, and appropriate working conditions). In addition, the assessment recognized that since 2019, we have solidified our commitment to human rights through the creation of a human rights working group and the publication of our human rights policy in 2022.

During 2023, we put in place an action plan with key KONE internal stakeholders to address the risks listed as high in the impact assessment. In 2024 we will also put in place a follow-up action plan for the medium risks. The 2023 action plan included a new regional employee accommodation policy for the Middle East, Türkiye and Africa launched in October 2023, and a follow-up plan including regular inspections to ensure that the accommodation meets policy requirements.

A particular focus will be given to suppliers in China, India and Mexico, following our internal selection criteria (including location, criticality to KONE, the supplier's number of employees, and the findings from any earlier assessment). Online human rights questionnaires will continue to be a part of our supplier HRA process in the future, and the scope is being further extended in 2024 to include a broader range of suppliers and subcontractors.



In 2023, we sent out the yearly global supplier online human rights assessment questionnaire, which generated a 90% response rate, and the analysis of over 269 supplier production and operations sites. In addition to this, the global HRA process was also extended to cover a number of critical suppliers in selected KONE frontlines in 2023. The online questionnaire was sent to 96 key suppliers in Norway, as a part of fulfilling reporting requirements under the Norwegian Transparency Act. 47.9 % of the suppliers submitted responses and a report, including an action plan, was published on the local KONE website.

In 2023, we continued screening and monitoring relevant suppliers, customers and other third parties with whom we conduct business through a compliance screening solution.

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. We communicate internally and externally about our human rights program on a regular basis, including progress on our human rights impact assessment, supplier human rights assessments, training, awareness activities, third-party due diligence, and screenings. KONE-related human rights grievances can be reported by anyone (employees, business partners, end-users) through the KONE Compliance Line. Employees can also report human rights concerns 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 (including end-users) at all times. It is highlighted to employees in all compliance trainings and awareness materials (articles, posters, info screens). The Compliance Line is also highlighted in our supplier and distributor Codes of Conduct. On kone.com we have a dedicated site which provides clear instructions on how to report suspected violations of our codes of conduct.

The Compliance Line 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. The local staff have been trained to handle reports coming through the local reporting lines. 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 2023, we received a total of 190 compliance reports, of which 29% were received through the Compliance Line. Of the total number of reports, 42% were HR-related (including harassment, discrimination and bullying), 27% were fraud or corruption-related, 15% related to conflicts of interest, and the remaining 16% fell under various other categories. 195 cases were closed in 2023, some of which were reported in previous years. Of these closed cases, 36% were either substantiated or partially substantiated, and disciplinary actions in those cases ranged from coaching discussions to termination of employment. 35 employees were dismissed or resigned as a result of compliance investigations.

➔ Read more about [safety and well-being](#) on pages 46–49

➔ Read more about [labor rights](#) on pages 45 and 59

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 provide 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 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 2023, KONE made selected plans for the expansion of our factories with help of Lean flow to achieve greater efficiency.

Manufacturing execution system (MES) improvements in identifying waste started in our units for continuous improvements planning and implementation. 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.

Responding to customers' needs

In packaging solutions, while keeping the focus on better protecting our products during transport and optimizing end-to-end transportation costs, in 2023 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 and recyclability.

As an example, in 2023, we reduced the weight of packaging material (including plywood, metal, plastic and cardboard) by 35% in one of our escalator products offered to the Greater China market. For the elevator products, we started to increase the recycled content of the plastic films we use in packaging process in our own factories and in the factories of the most important tier 1 suppliers. Plastic material shall include at least 30% of recycled raw material. In escalator deliveries to installation sites, we piloted reusable metal packaging in China and North America to study the feasibility of returning packaging back to factories.

Improved quality and productivity through learning

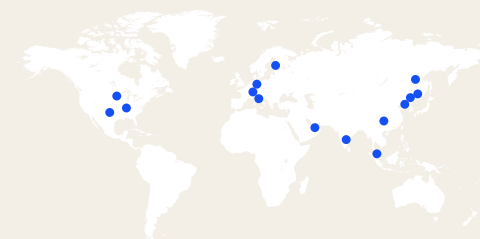
At KONE, we employ various optimization techniques and tools to improve the productivity and quality of our supply chain. An example of these is continual improvement, supported by Lean and Six Sigma methods and management practices. For example, through these methodologies we control process variations 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 2023.

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.

Global logistics

In 2023, approximately 3.2 million packages were delivered to new installation sites, and over 1.6 million spare parts to existing customer sites.



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.

KONE uses the ISO 14001 environmental management system to enhance its environmental performance. It covers our corporate units, including all R&D and manufacturing units, as well as 33 major country organizations. Three KONE manufacturing units hold ISO 50001 energy management system certification. At the end of 2023, 100% (2022: 100%) of our key suppliers were ISO 14001 certified, with our target being 100%.

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, representing 75% of all material purchases.

Collaborating with suppliers for a transparent and sustainable supply chain

In 2023, we invested in strengthening our dedicated supplier sustainability team. 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 2023, KONE continued its supplier sustainability assessments, through 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 continuously encourage our suppliers to publicly commit and set ambitious climate targets, such as science-based targets. Life cycle inventory data is collected 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 59

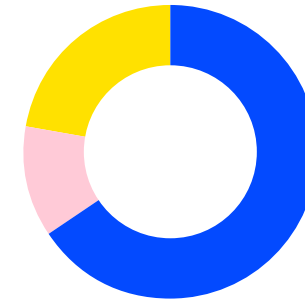


In 2023, we invested in strengthening our dedicated team to enhance transparency and accelerate improvements in supplier sustainability.

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 2023, 77% of our key suppliers were audited (2022: 73%).

Breakdown of material and service purchases from our suppliers*



■ Direct materials and supplies, subcontracting 65.8%
 ■ Other production costs* 12.1%
 ■ Selling, administrative and other expenses** 22.2%
 Total MEUR 5,690.7

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

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

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, their cyber risk profile, and their location-based and sustainability risks, including those related to human rights. The assessment also includes compliance and incident monitoring and a continuous cybersecurity assessment.

Our risk engineering audit concept covers risk such as:

- Facility risks, such as fire risks and risks related to the main machinery
- Production risks, such as production transfer challenges, 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.

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.

Developing quality with our suppliers

KONE's supplier development and supplier quality management function coach 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 continue 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 2023, 100% of our strategic suppliers were ISO 9001 certified (2022: 100%), 100% were ISO 14001 certified (2022: 100%), and 81% of them had ISO 45001 certifications (2021: 80%).



KONE Centennial Foundation

The [KONE Centennial Foundation \(KCF\)](#) is an independent, non-profit organization founded by KONE Corporation in celebration of its 100th anniversary in 2010. The foundation 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.

Collaborating with KONE Employees on Matching Funds

Through three fund-matching campaigns in 2023, KCF matched donations by KONE employees 1:1 to help children and youth impacted by armed conflicts, the effects of natural disasters exacerbated by climate change, and an increasingly challenging economic situation worldwide.

Additionally, KONE employees in Finland and in Thailand received KCF matched funds for their initiatives to support local projects serving underprivileged children and young people.



KCF Engagement

The [KCF Engagement Program](#) offers grants for people who are interested in volunteering in KCF-funded projects that assist the neediest children and youth in local communities. In 2023, an American college student received a grant to travel to Beijing and volunteer at the Dandelion School.

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

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



KONE Centennial Foundation projects 2023

In 2023, KCF continued its efforts in developmental, educational and cultural activities for children and youth around the world through several projects.

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 skills development programs and social services. Additionally, WYC's parent organization, Mashup NPO, is active in a wide range of community affairs, advocating for youth development, gender equality, and 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 11,000 children at 19 schools in urban and rural areas in Hangzhou and Huzhou. KCF is also supporting "[the Dandelion School](#)", a nonprofit school for close to 500 migrant children in Beijing.

In India, KCF and KONE India have been cooperating to support [Single Teacher Schools \(STS\)](#) in 10 impoverished villages in Chennai and the site where KONE has opened a large elevator factory. In 2023, over 300 students attended the schools supported by the Foundation. KCF also awarded a grant to Rising Star Outreach of 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 840 children and young people in local schools and the community in 2023. Additionally, ACX's community museum has moved back to the Hacienda de Xico, which holds historical importance for the local community. Since May, the museum has welcomed over 4,900 visitors.

In rural Thailand, [Zero-to-Hero \(Z2H\)](#) helps children develop socially and cognitively, starting with infant care and continuing through kindergarten and elementary school. KCF continues to support Z2H in its efforts to assist local kindergartens and schools adopting active learning approaches.

In Finland, with KCF support, [The Right to Reconciliation \(Oikeus Sovintoon\)](#) project helped a group of young people from different backgrounds develop expertise in resolving conflicts to prevent violence and bullying. In 2023, in partnership with other youth projects, The Right to Reconciliation expanded its network and reached more young people in need.

Data tables and charts

Sustainability targets

	Key performance indicator	Target	2023 results	2022 results	2021 results
Environmental matters	Greenhouse gas emissions from own operations (Scope 1 and 2)*	Long-term target (2030): 50% reduction in absolute emissions from 2018, carbon neutral operations Carbon neutral manufacturing units (end of 2024) 2023 target: 17% reduction in Scope 1 and 2 absolute carbon footprint from 2018 and 21% reduction in Scope 1 and 2 absolute carbon footprint from 2019 (comparable reporting scope)	25% reduction in Scope 1 and 2 absolute carbon footprint from 2018 27% reduction in Scope 1 and 2 absolute carbon footprint from 2019 (comparable reporting scope)	17% reduction in Scope 1 and 2 absolute carbon footprint from 2018 21% reduction in Scope 1 and 2 absolute carbon footprint from 2019 (comparable reporting scope)	15% reduction in Scope 1 and 2 absolute carbon footprint from 2018 20% reduction in Scope 1 and 2 absolute carbon footprint from 2019 (comparable reporting scope)
	Product-related greenhouse gas emissions (Scope 3)*	Long-term target (2030): 40% reduction in product-related Scope 3 emissions relative to ordered products	KONE's product and value chain emissions (Scope 3) relative to ordered products decreased by 0.8% compared to 2022 and by 5.1% compared to 2018	KONE's product and value chain emissions (Scope 3) relative to ordered products decreased by 4.7% compared to 2021 and by 4.3% compared to 2018	KONE's product and value chain emissions (Scope 3) per products ordered decreased by 0.3% compared to 2020 and increased by 0.4% compared to 2018
	Share of renewable electricity used in our facilities, %	Long-term target (2030): 100% 2023 target: 85%	97%	84%	80%
	Share of key suppliers ISO 14001 certified, %	100%	100%	100%	88%
	Share of landfill waste at our manufacturing units, %	0% annually (2023) and by 2030	0.6%	0.2%	0.4%
	Number of products covered by Environmental Product Declarations	20 by 2023	21	17	13

Key performance indicator		Target	2023 results	2022 results	2021 results
Personnel and social matters	Industrial Injury Frequency Rate (IIFR)**	2023 target: 1.37 2024 target: 7% reduction to 2023 2030 target: 0.6	IIFR 1.1	IIFR 1.4	IIFR 1.6
	Employee engagement	Maintain employee engagement on a strong level in 2023	No employee engagement survey run in 2023	Results remained clearly above the global norm	Slight decline. Remained above the external high-performance benchmark
	Personnel voluntary turnover rate, %***	Maintain voluntary turnover below market level in 2023	8.1%	7.9%	7.8%
	Share of women in director level positions, %	35% of director level positions occupied by women by 2030	25.2%	23.5%	21%
	Average learning hours per employee	>40 hours per year in 2023	33	35	43
Human rights, anti-corruption & bribery	% of total employees who have completed at least one ethics & compliance training during the year	92% in 2023	85%	53% Planned global training was delayed due to Russian sanctions work and COVID-19	96%
	% of KONE's overall external spend that is covered by KONE Supplier Code of Conduct or equivalent accepted by KONE	85% in 2023, 87% in 2024	86%	86%	80%
	% of distributors who have signed the Distributor Code of Conduct	100% annually and by 2030	92%	42% As of 2022, we track the share of distributors who have signed the 2018 or 2021 version of the Distributor Code of Conduct	100% of our distributors in China and 99% in the rest of the world Until 2021, we tracked the share of distributors who had signed the 2016 or 2018 version of the Distributor Code of Conduct

*The greenhouse gas emissions from our own operations and value chain have been calculated in accordance with ISO 14064 and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The Scope 2 emissions have been calculated according to the dual reporting principles of the GHG Protocol Scope 2 Guidance (market- and location-based method).

**The number of lost time injuries of one day or more, per million hours worked.

***Sum of voluntarily left employees (with permanent contract) over 12 months divided by average closing headcount over 12 months.

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 Disclosure Board, Safety, Quality, Environmental and Sustainability 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 Disclosure Board, Safety, Quality, Environmental and Sustainability 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 Disclosure 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 Disclosure Board, Safety, Quality, Environmental and Sustainability Board, Procurement management team, Supplier Quality Management team, Offering and Technology Board, Sustainability leadership Steering

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

KONE Climate and environmental excellence program 2022-2024

Key initiative	Achievements in 2023	Annual target 2023	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 elevators such as KONE N MonoSpace DX, KONE S Monospace DX, KONE 3000 MiniSpace™, KONE TranSys™, and KONE TravelMaster™ 110 escalator. KONE currently has nine SGBP certifications with the highest 'Leader' ratings. We are the first elevator and escalator company to have only the highest possible Leader ratings. KONE holds Byggarbetsmiljöverket (BVB) approvals for nine products. Received Green Label certification under Malaysian My HIAU for seven of our products KONE N MonoSpace®, KONE N MiniSpace™, KONE MiniSpace™, KONE TranSys™, KONE 300 S Monospace®, KONE TravelMaster™ 110 and KONE TransitMaster™ 140 KONE's manufacturing unit in Finland, KONE Great Britain, and KONE Northern Ireland continued to hold Forest Stewardship Council (FSC®) chain of custody certification for sustainably sourced wooden components. KONE solutions delivered to buildings certified with LEED, BREEAM, WELL and other green certifications globally. 	<p>21 products covered by Environmental Product Declarations by 2023.</p> <p>Further reduction in energy consumption and materials used in 2023.</p>	<p>KONE's climate pledge announcement 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.</p>
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 a total of four of our solutions, including two EPDs for modernization solutions. EPDs were published for KONE MiniSpace™ DX HighRise elevator with Steel Rope and KONE TransitMaster™ 120 escalator as well as for full replacement solution of KONE NanoSpace™ DX and partial modernization solution of KONE MonoSpace® Upgrade DX. At the end of 2023, KONE had 21 third party verified EPDs in line with EN15804. KONE also holds a total of eight Health Product Declarations (HPDs), of which three were published in 2023, namely for Transys™ DX elevator and TravelMaster™ 110 and TransitMaster™ 120 escalators. KONE's product and value chain emissions (Scope 3) per products ordered decreased by 5.1% compared to 2018 and decreased by 0.8% compared to 2022. Our absolute product and value chain emissions decreased by 1.8% compared to 2018 and decreased by 3.9% compared to 2022. KONE's carbon footprint data is externally assured. 		
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 25% compared to 2018 (~8% compared to 2022). In addition, with a comparable operational carbon footprint scope (144,400 tCO₂e) we reduced our emissions by 27% compared to 2019 baseline, exceeding our target of 21%. GHG emissions from logistics increased by 0.6% in absolute terms, and the number of units delivered decreased by 1.7% compared to 2022. Thus, relative to units delivered, KONE's logistics emissions increased by 2.3% compared to the previous year. KONE's carbon footprint data is externally assured. KONE became the first in the industry to achieve carbon neutral manufacturing units globally. All of our manufacturing units use only on-site or purchased renewable electricity. Electricity from renewable sources accounted for 97% of all our electricity consumption. 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 98%. Only 0.6% was put into landfill. 	<p>21% 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.</p> <p>Increase the share of renewable electricity to more than 85% by the end of 2023.</p> <p>KONE manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 or other conservation parks or biodiversity sensitive areas.</p>	<p>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).</p> <p>Increase the share of renewable electricity to 100% by 2030.</p> <p>KONE manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 or other conservation parks or biodiversity sensitive areas.</p> <p>0% landfill waste from our manufacturing units by 2030.</p>
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 2023. KONE has disclosed through CDP since 2009 and this is the 11th consecutive year for KONE to receive a leadership score of A or A-. Our corporate and R&D units, all manufacturing units and 33 major subsidiaries are ISO 14001 certified (2022: 32). Three KONE manufacturing units are ISO 50001 certified. At the end of 2023, 100% of our key suppliers were ISO 14001 certified (2022: 100%). KONE continued its supplier sustainability assessment for screening our suppliers' performance on environmental and social responsibility. In 2023, we started to measure our key suppliers' commitment in setting ambitious climate pledges and targets (e.g. Science-based targets) 	<p>CDP Leadership.</p> <p>100% of our key suppliers ISO 14001 certified.</p>	<p>CDP Leadership.</p> <p>100% of our key suppliers ISO 14001 certified.</p>

KONE's total greenhouse gas emissions, tCO₂e

Scope 1, 2 and 3 greenhouse gas emissions data externally assured (GRI 305-1, GRI 305-2 and 305-3)

Greenhouse gas emissions		2021	2022	2023
Direct emissions from own operations (Scope 1)*	Vehicle fleet	110,100	108,300	106,900
	Heating fuels	8,300	8,300	6,900
	Cooling gases	300	200	400
Emissions from purchased electricity and district heat in own operations (Scope 2)*	Electricity consumption, market-based (location-based 2023: 29,602 tCO ₂ e)	10,200	8,600	1,700
	District heat consumption, market-based (location-based 2023: 1,933 tCO ₂ e)	2,000	1,400	800
Total Scope 1 and 2 emissions		130,900	126,700	116,700
Indirect emissions from our value chain (Scope 3)	Purchased goods and services (Materials used for products and packaging**)	5,297,000	4,411,000	4,410,400
	Upstream transportation and distribution (logistics***)	128,500	108,000	108,600
	Waste generated in operations	3,700	4,500	2,600
	Business air travel	5,900	10,100	18,000
	Use of sold products (Lifetime energy consumption of products**)	9,963,500	8,546,000	8,036,000
	Use of sold products (Annual energy consumption of products)	452,500	391,200	360,800
Total Scope 3 emissions****		15,398,600	13,079,600	12,575,600
Total Scope 1, 2 and 3 emissions		15,529,500	13,206,300	12,692,300
Other emissions to air, tons		2021	2022	2023
Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions*****	Nitrogen oxides (NOx)	<0.1	0	0.3
	Sulfur oxides (SOx)	0	0	0
	Volatile organic compounds (VOC)	2.8	0.9	1.3

*KONE's environmental reporting covers almost 99% of our Scope 1 and 2 emissions. The remaining emissions are extrapolated to cover 100% of KONE's operations.

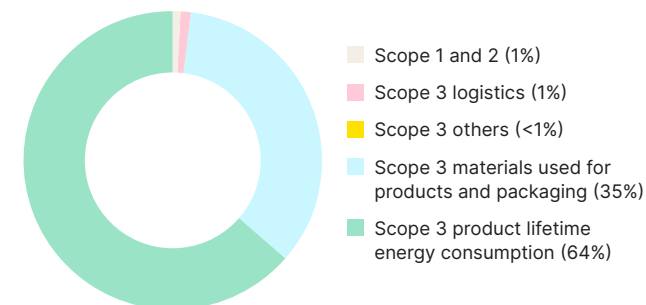
**The product-related Scope 3 calculations are based on latest life cycle assessment data and products ordered from KONE during the reporting year.

***2022 logistics figure is restated; logistics figures 2022 and 2023 are not comparable with 2021.

****Includes the following categories materials used for products and packaging, logistics, waste, business air travel and lifetime energy consumption of products.

*****Emissions from our manufacturing process.

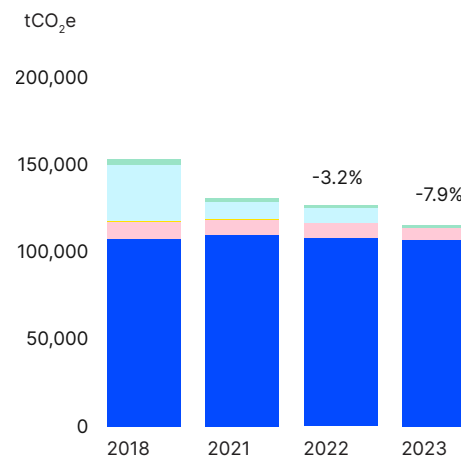
KONE's total greenhouse gas emissions in 2023



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 and 25% absolute reduction in 2023 from 2018 base-year.

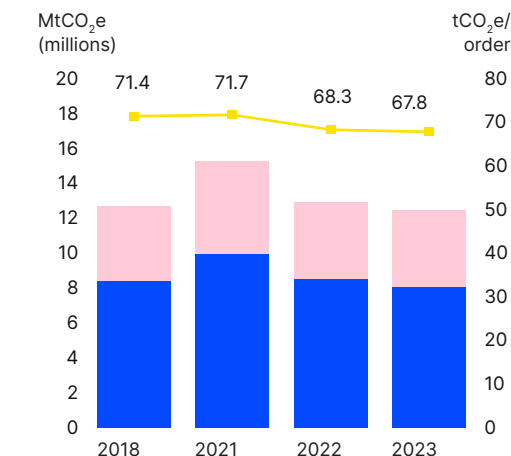


■ Vehicle fleet
■ Heating fuels
■ Cooling gases

■ Electricity consumption
■ District heat consumption

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

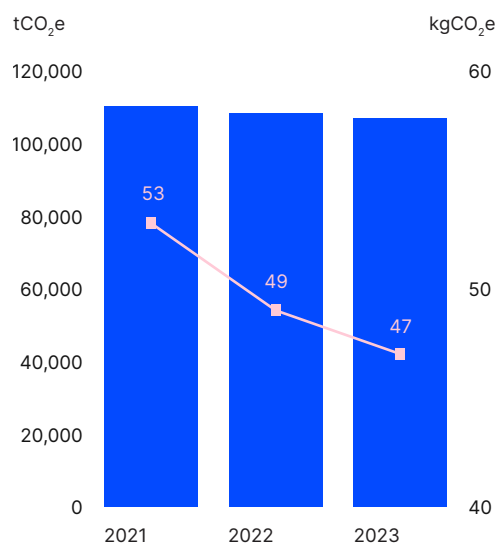
Target: 40% reduction relative to ordered products by 2030 from 2018 base-year and 5.1% reduction compared to 2018.



■ Lifetime energy consumption of products, tCO₂e
■ Materials used for products and packaging, tCO₂e
■ Emissions relative to products ordered, tCO₂e/order

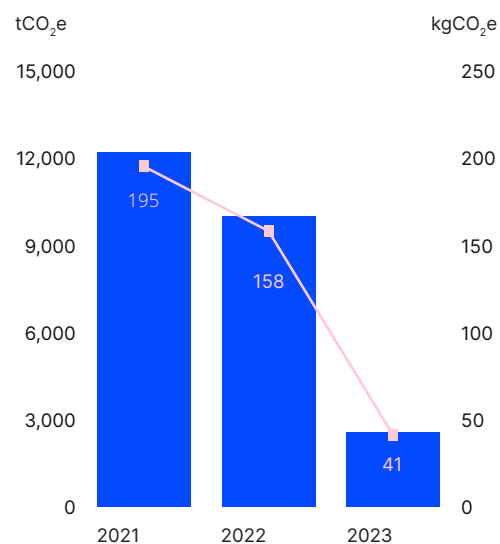
Carbon footprint trend per category

Vehicle fleet (Scope 1)*



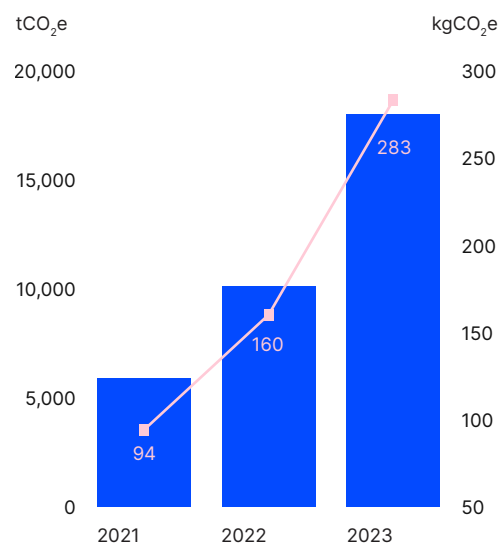
■ Absolute emissions (tCO₂e)
 ■ Emissions relative to units in service (kgCO₂e)

Electricity and district heat (Scope 2)*



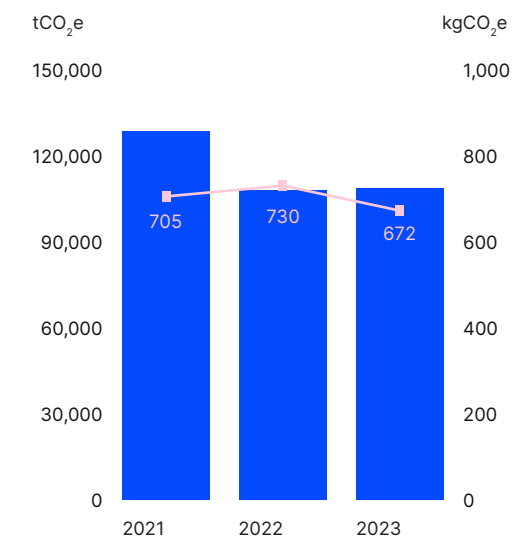
■ Absolute emissions (tCO₂e)
 ■ Emissions relative to headcount (kgCO₂e)

Business air travel (Scope 3)



■ Absolute emissions (tCO₂e)
 ■ Emissions relative to headcount (kgCO₂e)

Logistics (Scope 3)**



■ Absolute emissions (tCO₂e)
 ■ Emissions relative to units delivered (kgCO₂e)

*KONE's environmental reporting covers almost 99% of our Scope 1 and 2 emissions. The remaining emissions have been extrapolated to cover 100% of KONE's operations.

**2022 logistics figure is restated; logistics figures 2022 and 2023 are not comparable with 2021.

Environmental impacts of KONE's operations

Energy consumption, waste, water and effluents and materials data externally assured

Energy, waste and water		2021	2022	2023
Energy consumption, MWh (GRI 302-1)				
Direct	Heating and vehicle fleet fuels (heating oil, natural gas, LPG, petrol, diesel and diesel with biofuel blend)	442,100	455,300	450,400
Direct	Biofuel (from 100% renewable sources)	1,000	800	700
Indirect	Green electricity (purchased and on-site production)	57,300	62,500	71,300
	Other than green electricity	14,400	12,100	2,200
	District heat	14,400	12,000	12,500
Total		529,200	542,700	537,100
Waste, tons (GRI 306-3)				
Recycled waste		31,900	33,300	35,600
Incinerated waste		2,100	2,000	2,400
Landfill waste		1,400	800	700
Hazardous waste		2,000	2,900	1,200
Total		37,400	39,000	40,000
Water and effluents, m ³ (GRI 303-3)				
Water withdrawal, m ³	Municipal water	326,000	235,400	295,200
	Ground water	2,200	4,400	0
Total		328,200	239,900	295,200
Wastewater effluents from manufacturing units, tonnes		3	1	0.3

Materials		2021	2022	2023
Materials used, tons (calculated)* (GRI 301-1)				
Manufacturing	Metals (steel, aluminum, copper)	1,279,000	1,136,000	1,162,000
	Concrete	243,000	217,000	215,800
	Others	49,000	43,000	45,100
	Plastics	13,000	12,000	11,500
	Rubber	12,000	11,000	11,100
	Electronics	8,000	7,000	6,800
	Glass	5,000	5,000	4,000
Packaging (calculated)	Plywood	130,000	115,000	119,000
	Wood	37,000	33,000	30,800
	Metals	8,000	7,000	7,300
	Paper/cardboard	7,000	6,000	5,100
	Plastics	4,000	3,000	2,900
Office consumables (actual data)	Paper	400	400	900
Total		1,795,400	1,595,400	1,622,100

*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 (GRI 405-1)

Employees	
Total number of employees, year-end	63,391
Share of women	11.6%
Share of women in director level positions	25.2%
Share of women in the Executive Board	18.2%
Share of women in the Board of Directors	44.4%
Voluntary turnover rate, compared to 12-month average headcount	8.1%
Total turnover rate	13.1%

Numbers in headcount. No significant fluctuations in the number of employees during the reporting period.

Age distribution	-30	31-50	51-
All KONE employees	24.6%	59.0%	16.4%
Executive Board	0%	54.5%	45.5%
Board of Directors	0%	22.2%	77.8%

Gender distribution per region	Female	Male
Americas	12.1%	87.9%
Asia-Pacific	9.2%	90.8%
EMEA	14.8%	85.2%

Temporary employees, gender distribution per region	Female	Male
Americas	33.3%	66.7%
Asia-Pacific	11.9%	88.1%
EMEA	20.8%	79.2%

Trainees and fixed-term employees, total 1,047 people

Part-time employees, gender distribution per region	Female	Male
Americas	25.0%	75.0%
Asia-Pacific	45.5%	54.5%
EMEA	50.3%	49.7%

Full-time employees, gender distribution per region	Female	Male
Americas	12.1%	87.9%
Asia-Pacific	9.1%	90.9%
EMEA	13.8%	86.2%

Employees with permanent contract per region	Female	Male
Americas	99.7%	99.9%
Asia-Pacific	98.8%	99.1%
EMEA	96.0%	97.3%

Employees by job category	
Maintenance & modernization	57.4%
New equipments, sales and installations	29.1%
Manufacturing	3.3%
Administration, IT & R&D	10.3%

Employees by region	
Americas	12.0%
Asia-Pacific	51.0%
EMEA	37.0%

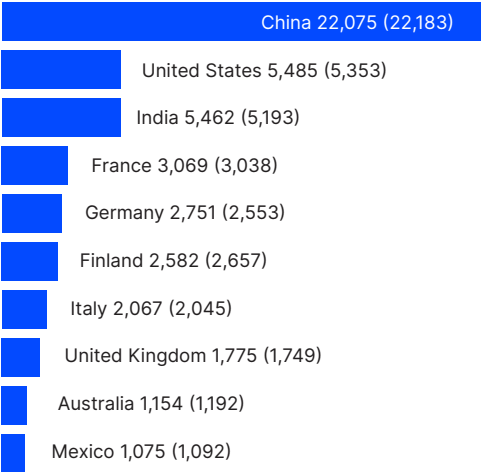
Voluntary turnover rate	
Region	
Americas	7.7%
Asia-Pacific	9.0%
EMEA	7.1%
Gender	
Female	7.9%
Male	8.1%
Age group	
30 and under	14.4%
31-50	7.0%
51 and above	3.1%

New hires, gender distribution per region	Female	Male
Americas	9.9%	90.1%
Asia-Pacific	9.1%	90.9%
EMEA	18.4%	81.6%

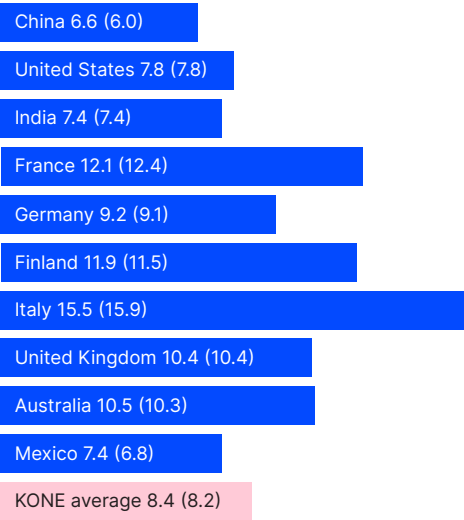
New hires, age distribution per region	-30	31-50	51-
Americas	34.8%	52.5%	12.7%
Asia-Pacific	65.8%	32.7%	1.5%
EMEA	47.2%	45.1%	7.7%

Total number of new hires: 8,863 employees

Personnel by country Dec 31, 2023*

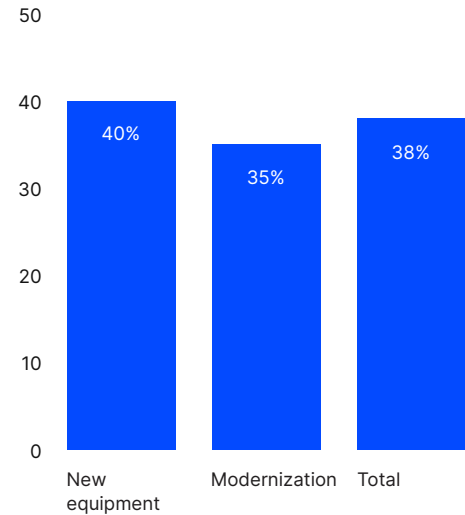


Average workforce tenure in years*

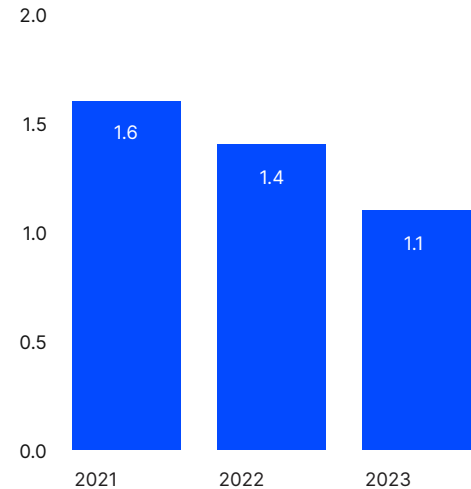


*10 largest countries (2022 figures in brackets)

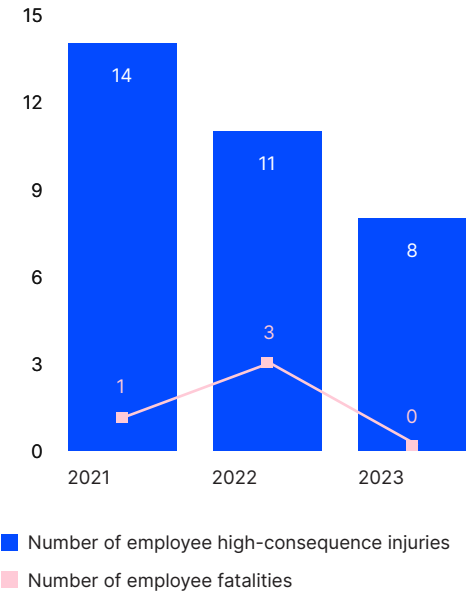
Subcontracting share of total labor costs in installation



Industrial injury frequency rate development among KONE employees

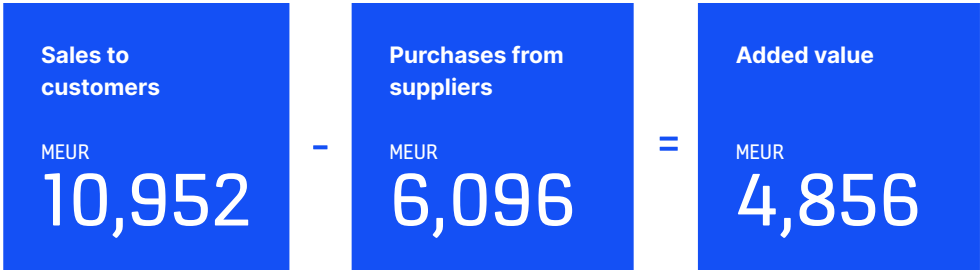


Number of employee fatalities and high-consequence injuries as a result of work-related injury



Being a good corporate citizen

How KONE added economic value in 2023



→ Read more about our non-financial key performance indicators and our financial results in 2023 in [KONE Annual Review 2023](#)

Value distributed, MEUR

Wages and salaries	3,140
Creditors	-6
Employment-related costs and taxes	1,186
Shareholders	905
Economic value retained in the company	-370

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. Data from our employee engagement survey Pulse is maintained in our survey platform, supplied by a leading vendor. Pulse Talks completion rates are estimates, that are reported manually by our People & Communications function. Apart from China, all reported training and course completion data is from our global learning management (LMS) system. In addition, in China a local LMS is used for part of the China field operative population. Percentage of employees covered by collective bargaining agreements is an estimate, based on figures collected from units manually.

The collected environmental data covers almost 99% 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 60 countries, representing 99% of our total fleet globally. The actual facility-related environmental data has been collected from KONE's ten manufacturing units and from 60 subsidiaries in Asia-Pacific, EMEA, and North America. The collected facilities' data covers 99% (2022: 97%) of all KONE's employees and 100% of employees working at our manufacturing units. Our waste data collection covers 52% and our water data collection covers 62% of our operating

countries globally, including all of our manufacturing sites. 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, Reporting principles and scope 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 42 subsidiaries and all manufacturing units, global functions, and R&D, totaling 95% of our employees, has been collected from KONE's biggest travel agency and few 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 order-weighted average emission factor for each region. 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.

Raw data for safety indicators is derived from incident reports. KONE uses a solution from Intellex, a leading provider for reporting and managing safety incidents and near misses. KONE Safety Solution is accessible to all employees with browser or mobile application, and subcontractors report via supervisors. Reports follow a workflow from create, analyze, investigate, legal review to final approval by unit head or senior director. The analysis stage is completed by a supervisor or safety specialist to collect additional details. Moderate, serious or high-risk cases are subject to detailed investigation by the safety manager. This includes root cause analysis, setting and tracking of corrective actions and lessons learned.

Through effective identification of incident causes can we identify and set up impactful corrective actions to prevent recurrence. Analyzing possible trends and monitoring safety performance is also needed to develop safer processes, products, and services. Therefore, KONE Safety Solution is integrated with KONE's modern cloud platform for data analytics. The analytics platform is interconnected also to other internal data sources, which provide necessary data, such as theoretical working hours and equipment information, for further consolidation of safety performance indicators. The number of high-consequence work-related injuries is calculated outside the data analytics platform, following a process based on manual review of relevant incidents: The data is first consolidated at the unit level by local safety function against GRI definition of high-consequence work-related injury, and the total number of high-consequence work-related injuries and is then collected by global safety function. Global safety trainings are tracked in our global learning platform, although China is using a local platform and completion rates are added to global safety training completions manually. Local safety training programs are not monitored in the global platform but on area level, and compliance with programs and requirements is controlled with regular auditing.

In safety management processes, we define subcontractors as service providers who carry out all or

a part of the KONE delivery to our customer. While many of our subcontractor workers meet GRI 403 definition of workers who are not employees but whose work and/ or workplace is controlled by KONE, depending on the type of contract, some of them also fall into the category of workers who are not employees and whose work and workplace are not controlled by the organization, but the organization's operations, products or services are directly linked to significant occupational health and safety impacts on those workers by its business relationships. Internally we monitor subcontractor safety performance, but as we don't monitor subcontractor working hours nor their exact headcount, subcontractor safety data metrics are not included in this report. However, subcontractor fatalities are disclosed according to GRI 403, and our near miss reporting data includes reports also from subcontractors. The rate of employee fatalities, and high-consequence work-related incidents are not in the scope of this report either as the calculation would require number of hours worked, which is considered as confidential. IIFR is calculated based on 1,000,000 hours worked.

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 16

→ Full list of our subsidiaries can be read in our [Annual Review](#), pages 114–116

Independent practitioner's limited assurance report

To the Management and Stakeholders of KONE Oyj

Scope

We have been engaged by KONE Oyj (hereafter KONE) to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on KONE's selected indicators presented below (the "Subject Matter") contained in GRI Content Index as part of the KONE Sustainability Report 2023 for the reporting period 1.1.-31.12.2023 (the "Report").

Selected indicators

GRI 301-1 Materials used by weight or volume

GRI 302-1 Energy consumption within the organization

GRI 302-4 Reduction of energy consumption

GRI 303-3 Water withdrawal

GRI 305-1 Direct (Scope 1) GHG emissions

GRI 305-2 Energy indirect (Scope 2) GHG emissions

GRI 305-3 Other indirect (Scope 3) GHG emissions

- Purchased goods and services (Materials used for products and packaging)
- Upstream transportation and distribution (Logistics)
- Waste generated in operations
- Business air travel
- Use of sold products (Lifetime energy consumption of products)
- Use of sold products (Annual energy consumption of products)

GRI 305-5 Reduction of GHG emissions

GRI 306-2 Management of significant waste-related impacts

GRI 306-3 Waste generated

GRI 403-5 Worker training on occupational health and safety

GRI 403-9 Work-related injuries

GRI 405-1 Diversity of governance bodies and employees

Own indicator: Percentage reduction in the Scope 1 and 2 Emissions relative to the Baseline Year

Own indicator: Share of women in director level positions

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by KONE

In preparing the Subject Matter, KONE applied the Global Reporting Initiative (GRI) Sustainability Reporting Standard and KONE Oyj's reporting principles (the "Criteria"). As a result, the subject matter information may not be suitable for another purpose.

Management's responsibility

The Management of KONE Oyj is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with KONE on 13.12.2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

Ernst & Young Oy also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- a. Gathering an understanding of KONE's material sustainability reporting topics, organization and activities,
- b. Interviews with senior management to understand KONE's sustainability management,
- c. Interviews with personnel responsible for gathering and consolidation of the sustainability information and the specific indicators to understand the systems, processes and controls related to gathering and consolidating the information,
- d. Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data,
- e. Site visit to Hyvinkää.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter in KONE's GRI Content Index as part of the KONE Sustainability Report 2023 for the period 1.1.-31.12.2023, in order for it to be in accordance with the Criteria.

Helsinki 23.04.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public
Accountant

Nathalie Clément
Leader of Climate Change
and Sustainability 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, 2023 – December 31, 2023.

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		2–3, 14, 76, 83	Annual Review p. 3, 52, 124
2-2	Entities included in the organization's sustainability reporting		76	Annual Review p. 124–127
2-3	Reporting period, frequency and contact point		16, 83	Publication date: April 24, 2024
2-4	Restatements of information			
2-5	External assurance		78	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, 14–15	Annual Review p. 3, p. 7–8
2-7	Employees	5, 8	50, 74–75	
2-8	Workers who are not employees	5, 8	14, 45, 62–63, 75	Partly reported. Share of subcontracting out of the total labor costs in installation reported.
Governance				
2-9	Governance structure and composition		16, 69	Annual Review p. 13, 126–127, 130–133
2-10	Nomination and selection of the highest governance body		GRI index	Annual Review p. 124
2-11	Chair of the highest governance body		GRI index	Annual Review p. 125
2-12	Role of the highest governance body in overseeing the management of impacts		16	Annual Review p. 13
2-13	Delegation of responsibility for managing impacts		16	Annual Review p. 13
2-14	Role of the highest governance body in sustainability reporting		GRI index	KONE Sustainability Report is reviewed by KONE's management and approved by the President and CEO.
2-15	Conflicts of interest		GRI index	Annual Review p. 22, 98, 125–126
2-16	Communication of critical concerns		57, 61	Annual Review p. 22
2-17	Collective knowledge of the highest governance body		GRI index	Annual Review p. 13
2-18	Evaluation of the performance of the highest governance body		GRI index	Annual Review p. 13, 124
2-19	Remuneration policies		GRI index	Annual Review p. 95–96, Remuneration report p. 2–6
2-20	Process to determine remuneration		GRI index	Annual Review, p. 124–125, Remuneration Report p. 2
2-21	Annual total compensation ratio		GRI index	Remuneration Report p. 3. The remuneration for the President and CEO and the average KONE employee have been reported, but not their ratio.

GRI 2: General disclosures (2021)		Related SDGs	Page	Further information/omissions
Strategy, policies and practices				
2-22	Statement on sustainable development strategy		4–6	
2-23	Policy commitments		16, 57–60	
2-24	Embedding policy commitments		45, 57–61	
2-25	Processes to remediate negative impacts		46–48, 58–60	Annual Review p. 22–30
2-26	Mechanisms for seeking advice and raising concerns		46, 48, 61	
2-27	Compliance with laws and regulations	16	GRI index	No significant fines or sanctions during the reporting period.
2-28	Membership associations		18	
Stakeholder engagement				
2-29	Approach to stakeholder engagement		17–18	
2-30	Collective bargaining agreements		45	
GRI 3: Material Topics (2021)		Related SDGs	Page	Further information/omissions
3-1	Process to determine material topics		19	https://www.kone.com/en/sustainability/sustainability-report/materiality-assessment/
3-2	List of material topics		19	https://www.kone.com/en/sustainability/sustainability-report/materiality-assessment/
3-3	Management of material topics		20–31, 32–41, 42–53, 54–64, 67–69	
Topic-specific standards		Related SDGs	Page	Further information/omissions
Economic standards				
GRI 201	Economic performance (2016)			
201-1	Direct economic value generated and distributed	8	3, 15, 55–56, 75	
201-2	Financial implications and other risks and opportunities due to climate change	13	36–37	Annual Review p. 34
GRI 202	Market presence (2016)			
202-2	Proportion of senior management hired from the local community	8		
GRI 205	Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	4, 16	57–59	
GRI 206	Anti-competitive behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16		
GRI 207	Tax (2019)			
207-1	Approach to tax	8	56	https://www.kone.com/en/investors/governance/tax-strategy/
207-2	Tax governance, control, and risk management	8	56	https://www.kone.com/en/investors/governance/tax-strategy/
207-3	Stakeholder engagement and management of concerns related to tax	8	56	https://www.kone.com/en/investors/governance/tax-strategy/

Topic-specific standards		Related SDGs	Page	Further information/omissions	Assurance
Environmental standards					
GRI 301	Materials (2016)				
301-1	Materials used by weight or volume	8, 12	73		✓
GRI 302	Energy (2016)				
302-1	Energy consumption within the organization	8, 12, 13	73		✓
302-4	Reduction of energy consumption	8, 12, 13	35–40, 73		✓
GRI 303	Water and effluents (2018)				
303-3	Water withdrawal	9, 11, 12, 13	73	Water withdrawal from areas with water stress not reported.	✓
GRI 305	Emissions (2016)				
305-1	Direct (Scope 1) GHG emissions	12, 13	33–40, 71	Biogenic CO ₂ emissions not reported separately.	✓
305-2	Energy indirect (Scope 2) GHG emissions	12, 13	38–40, 71		✓
305-3	Other indirect (Scope 3) GHG emissions	9, 11, 12, 13	38–40, 71	Biogenic CO ₂ emissions not reported separately.	✓
305-4	GHG emissions intensity	9, 11, 12, 13	38, 71–72		
305-5	Reduction of GHG emissions	9, 11, 12, 13	38–40, 71–72		✓
GRI 306	Waste (2020)				
306-2	Management of significant waste-related impacts	11, 12	25–26, 40–41, 62		✓
306-3	Waste generated	11, 12	73		✓
GRI 308	Supplier environmental assessment (2016)				
308-1	New suppliers that were screened using environmental criteria	12	62–64		
KONE Indicator	Percentage reduction in the Scope 1 and 2 emissions relative to the baseline year	13	38		✓
Social standards					
GRI 401	Employment (2016)				
401-1	New employee hires and employee turnover	5, 8	74		
GRI 403	Occupational health and safety (2018)				
403-1	Occupational health and safety management system	3, 8	46–47, 69		
403-2	Hazard identification, risk assessment, and incident investigation	3, 8	46–48		
403-3	Occupational health services	3, 8	49		
403-4	Worker participation, consultation, and communication on occupational health and safety	3, 8, 16	46–48		
403-5	Worker training on occupational health and safety	3, 4, 8	46–48		✓
403-6	Promotion of worker health	3, 8	49–50		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3, 8	46–48		
403-8	Workers covered by an occupational health and safety management system	3, 8	46–47		
403-9	Work-related injuries	3, 8	75		✓

Topic-specific standards		Related SDGs	Page	Further information/omissions	Assurance
GRI 404	Training and education (2016)				
404-1	Average hours of training per year per employee	4, 8	3, 51		
404-2	Programs for upgrading employee skills and transition assistance programs	4, 8	51	Global guidelines exist for supporting employees in transition.	
404-3	Percentage of employees receiving regular performance and career development reviews	8	51		
GRI 405	Diversity and equal opportunity (2016)				
405-1	Diversity of governance bodies and employees	5, 8	50, 74		✓
KONE indicator	Share of women in director level positions	5, 8	50		✓
GRI 414	Supplier social assessment (2016)				
414-1	New suppliers that were screened using social criteria	5, 8, 16	GRI index		
GRI 416	Customer health and safety (2016)				
416-1	Assessment of the health and safety impacts of product and service categories	3, 9	22–23		



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 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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