

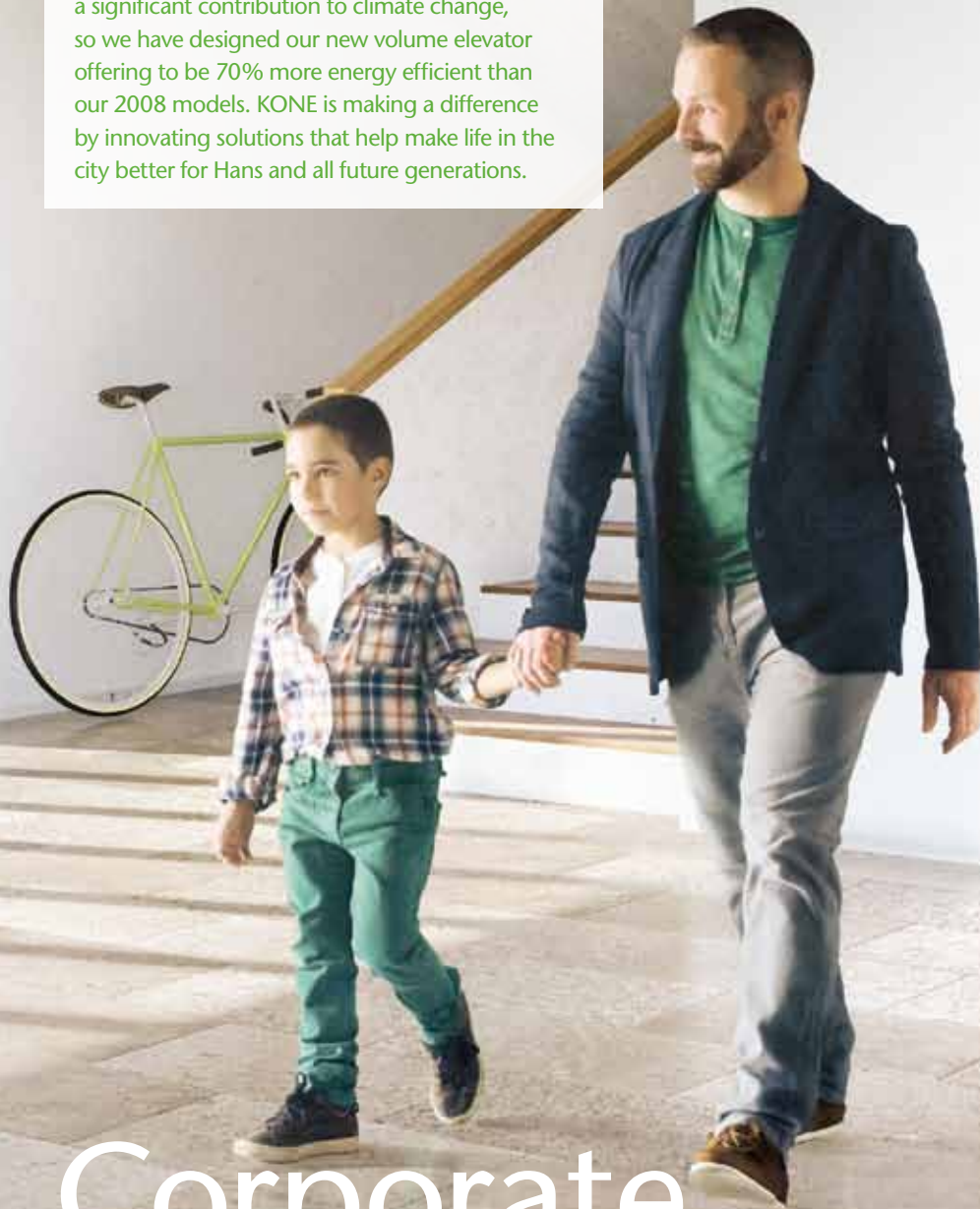
Dedicated to People Flow™



HANNOVER, 8:30 A.M.

Better cities for living

Hans and his father enjoy city life. But climate change and growing urban population present challenges. The energy used in buildings makes a significant contribution to climate change, so we have designed our new volume elevator offering to be 70% more energy efficient than our 2008 models. KONE is making a difference by innovating solutions that help make life in the city better for Hans and all future generations.



Corporate Responsibility Report

KONE 2012

CONTENTS

Letter from the Chairman	2
Letter from the CEO	3
Our strategy	4
Megatrends and our solutions	5
Urbanization	6
Environment	10
Aging population	22
Safety	24
Our people	28
Attracting and engaging people	28
Ethical business practices	32
Economic responsibility	34
Delivery and supply chain	38
Key figures	40
Reporting scope	42
Independent Assurance Report	43
Global Reporting Initiative index	44

Corporate responsibility at KONE

At KONE corporate responsibility is embedded in our organizational culture. It is how we treat each other and our stakeholders, how we take the environment into account in all of our actions, and how we foster economic performance now and in the future. It is in the end user and customer focus of our vision to deliver the best People Flow® experience. We see sustainability as a source of innovation and a competitive advantage. KONE is committed to conducting our business in a responsible and sustainable way and we expect the same commitment from all our partners.



A cityscape featuring modern skyscrapers and traditional buildings along a waterfront with boats. The image shows a mix of architectural styles, from tall glass towers to older brick buildings, with a river in the foreground and boats. The sky is clear and blue.

BETTER CITIES

Every day billions of people need to get from one place to another, and cities are getting more crowded. By 2030, 1.4 billion more people will move to cities and by 2050 nearly a third of us will be over 60.

Our cities' infrastructure is aging and safety standards are tightening. Concerns about climate change and rising energy costs are leading to calls for more energy efficient buildings. We at KONE are committed to improving the quality of life in cities by providing safe, comfortable, efficient and timely mobility for all. We call this People Flow.

KONE in brief

KONE is a global leader in the elevator and escalator industry. We have been committed to understanding the needs of our customers for the past 100 years, providing industry-leading elevators, escalators and automatic building doors, as well as innovative solutions for modernization and maintenance.

We serve more than 400,000 customers across the globe. The majority of these are maintenance customers. Key customer groups include builders, building owners, facility managers and developers. Architects, authorities and consultants are also key parties in the decision-making process regarding elevators and escalators.

In 2012, KONE had annual net sales of EUR 6.3 billion and 40,000 employees. KONE Corporation's class B shares are listed on the NASDAQ OMX Helsinki Ltd in Finland.

Embracing global megatrends for sustainability



KONE's century-long journey has taken us from a tiny machine shop in southern Finland to a truly global company. Our approach to corporate responsibility is the same wherever we operate: we accept accountability for our impact on the community at large, and strive to align our business with values and norms that go well beyond legal and regulatory requirements.

Our vision responds to the urbanization challenge

The megatrends that impact our industry serve as a basis for our sustainability approach and innovation efforts. Urbanization is the most important global trend for our industry. The aging population and a growing emphasis on safety and energy efficiency also guide our business. These trends underpin our vision, which is to deliver the best People Flow[®] experience. This vision centers on the people who use our equipment and is founded on our strong culture for innovation. We believe KONE's solutions play an important role in making urban areas better places to live.

“The megatrends that impact our industry serve as a basis for our sustainability approach and innovation efforts.”

Contributing to communities

Profitable growth is a precondition of sustainability. KONE's economic performance brings important benefits to all our stakeholders by enhancing our ability to serve our customers, providing employment opportunities and sustaining suppliers. It also allows us to pursue an active role in the community where our focus is on the welfare and education of the youngest members of society.

KONE Centennial Foundation, founded in 2010, is an important initiative to support local and often disadvantaged communities. During 2012, the Foundation joined forces with KONE South Africa to support an innovative and dynamic youth program in Westbury, one of Johannesburg's most depressed and troubled communities. KONE facilitated collaboration between three non-governmental organizations, which all lacked proper space for their activities and did not know about each other's programs. With the Foundation's help the organizations today provide coordinated services for young people out of a shared facility.

Another successful year

2012 marked another successful year for KONE. I am proud of the work we have done in conducting our business in a responsible and sustainable way. I would like to thank all our stakeholders who have supported us in this journey and I look forward to the challenges and opportunities ahead.

Antti Herlin
Chairman of the Board
KONE Corporation

A year of strong, sustainable progress



The year 2012 was a good year for KONE, despite the challenging business environment we faced in many countries. We have increased our competitiveness through a focus on five programs to develop our people, operations and solutions. This is extremely important in today's market environment: In weak markets competition tends to get tough. And when there is a limited number of high-growth markets, every company wants to take their share of the most attractive opportunities. Even in challenging times, there are always opportunities to grow.

The strong urbanization trend in Asia has had a big influence on our business, and the elevator and escalator market growth continued in the Asia-Pacific region also last year from the already high level of 2011. Our new volume elevator offering is making us even more competitive. In addition, we have improved our delivery processes and services, and our customer satisfaction has continued to develop favorably.

Dedicated employees

At KONE we know that great achievements come from continuous investment into diverse and motivated people with excellent working conditions. In 2012, we developed our leadership and management capabilities further, and provided personal and professional growth opportunities for our employees.

I am very pleased to see the record-high response rate to our employee engagement survey in 2012. Once again, safety received the highest score in the survey: 89% of employees believe that KONE is committed to safety. The excellent work done in improving workplace safety takes us closer to achieving our goal of zero accidents. The number of workplace injuries declined by over 15% compared to 2011.

Great achievements in eco-efficiency

In 2012 we took a significant step in the eco-efficiency of our solutions. Our new elevators are 70% more energy efficient compared to 2008, and already then our products were industry leading in terms of eco-efficiency. Furthermore, KONE was the first company in the elevator industry to receive an A-class energy rating for its volume elevators.

“Even in challenging times, there are always opportunities to grow.”

Looking ahead

At KONE corporate responsibility is embedded in our organizational culture. It is how we treat each other and our stakeholders, how we take the environment into account in all of our actions, and how we foster economic performance now and in the future. Our achievements in 2012 give us a good foundation to continue providing the best possible People Flow® solutions for our customers all over the world.

Matti Alahuhta
President & CEO
KONE Corporation

Making cities better places to live

KONE is a global company. We have activities in close to 150 countries out of which over 50 are covered by our own operations and 100 by authorized distributors

KONE's vision is to create the best people flow experience. Our strategy is to deliver a performance edge for our customers by offering innovative, cost-competitive and eco-efficient solutions that move people with ease, safety, and comfort. We want to make urban areas better places to live, act responsibly in everything we do, and create value for all our stakeholders.

To help us realize KONE's vision, we continually strive to expand our understanding of customers' needs. By responding to these needs and focusing on our people leadership and processes, we can achieve our four strategic targets of serving increasingly loyal customers, making KONE a great place to work, leading the industry in profitable growth, and providing the best user experience.

Development programs support our strategy

KONE's efforts to meet its strategic targets are supported by development programs that are designed to help us turn our strategy into reality. These programs are reviewed and redefined at regular intervals in response to both achievements and changes in the business environment.

The development programs defined for 2011–2013 are Customer Experience, Employee Engagement, Innovative Solutions for People Flow, Service Leadership, and Delivery Chain Excellence. Achievements in these programs are monitored systematically against predetermined measures and targets, and communicated internally through various employee forums.

We have also defined three high-priority areas that are the backbone for everything we do. These are safety, quality, and simplification. We strive for zero accidents as it is our strong belief that all accidents are preventable. We want to delight our customers by continuously improving our products, services, and processes. And we want to simplify our tools and ways of working in order to maximize quality, productivity, and employee and customer satisfaction. These high-priority areas support our key development programs and help bring the KONE strategy to life.

The development programs and strategic targets are founded on KONE's core values of delighting the customer, energy for renewal, passion for performance, and striving to win together.

Positive contribution to our stakeholders

We work closely with our stakeholders to maintain an active dialogue. It is our responsibility to ensure that the business we run is sustainable and makes a positive contribution to fulfilling our stakeholders' objectives. We aim to create value for our shareholders, deliver the best People Flow® solutions to our customers, provide our employees with training and development opportunities, and build long-term and mutually beneficial relationships with our suppliers.

With open dialog, we can maintain efficient collaboration with our stakeholders and ensure a predictable business environment for all parties.

Read more about stakeholder relationships at kone.com/stakeholders


KONE is an active participant and a major contributor to the development of codes, standards, and guidelines for improving safety, accessibility, energy efficiency, and other important aspects of elevator and escalator products around the world. See the list of organizations of which KONE is a member at kone.com/memberships.



Megatrends that drive the industry

The direction of the global elevator and escalator industry is driven by four megatrends: urbanization, concern for the environment, aging population, and the increasing importance of safety.

KONE contributes to sustainable urban development by developing energy efficient solutions that move people smoothly and safely in urban environments.


 Read more about megatrends at kone.com/megatrends

URBANIZATION

Urbanization is the single most important megatrend within the global elevator and escalator industry. It is expected to drive demand for years to come. The United Nations projects that 1.4 billion more people will live in cities by 2030 compared to 2010. The concentration of people in urban areas increases the importance of moving them efficiently from one place to another.

Did you know?

In 2012, KONE delivered more than 100,000 pieces of new equipment globally. Our vision of delivering the best People Flow experience helps meet the future demand of growing cities.


 Read more about urbanization on page 6.

ENVIRONMENT

The elevator and escalator industry can play a vital role in helping to counter climate change and its negative effects by providing innovative solutions that help to reduce the energy consumption of buildings. Buildings consume around 40% of the world's energy, and elevators and escalators can account for between 2-10% of energy consumption of an individual building.

Did you know?

Our new volume elevators launched in 2012 are over 70% more energy efficient than the 2008 offering. We continuously reduce energy consumption and increase the eco-efficiency of our solutions and operations.


 Read more about environment on page 10.

AGING POPULATION

The global demographic structure is changing and populations are aging. The growing number of older people raises the importance of accessibility in buildings and urban infrastructure. During the next 40 years the share of over-60-year-olds will increase to over 30%.

Did you know?

In Europe, it is estimated that more than four million residential buildings of over three floors' height are without elevators. KONE's solutions can help elderly residents live in their apartments longer and add value to an existing property.


 Read more about aging population on page 22.

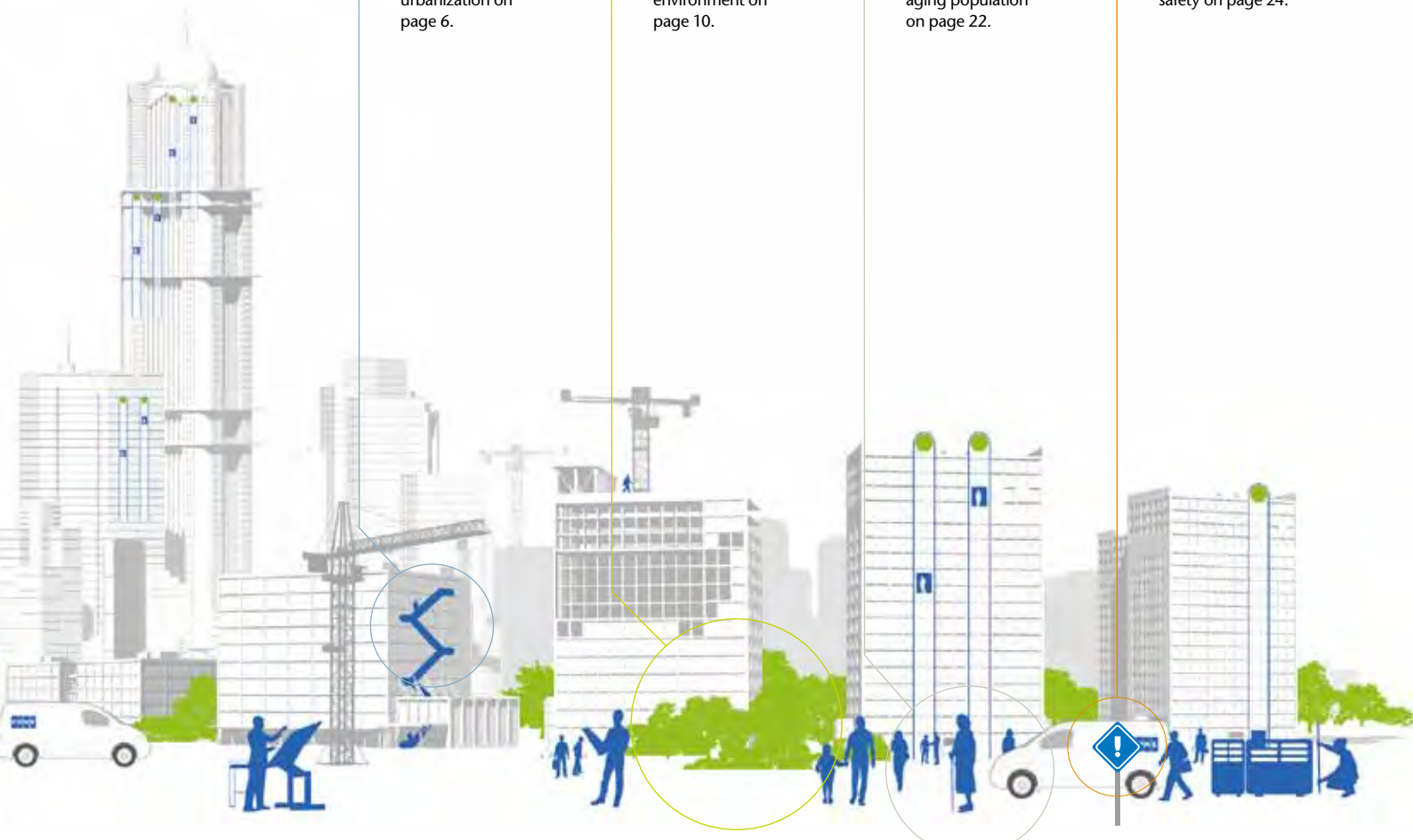
SAFETY

Safety is an important topic globally with various markets having their distinctive safety issues. National and international safety codes and standards play a key role in determining the safety level of elevators and escalators. Millions of people use elevators and escalators every day, and our top priority is to keep them safe.

Did you know?

We have more than 13,000 service technicians working around the world to ensure the equipment maintained by KONE functions properly 24/7. We strive towards achieving our ultimate goal of zero accidents through the continuous development of our people and processes.

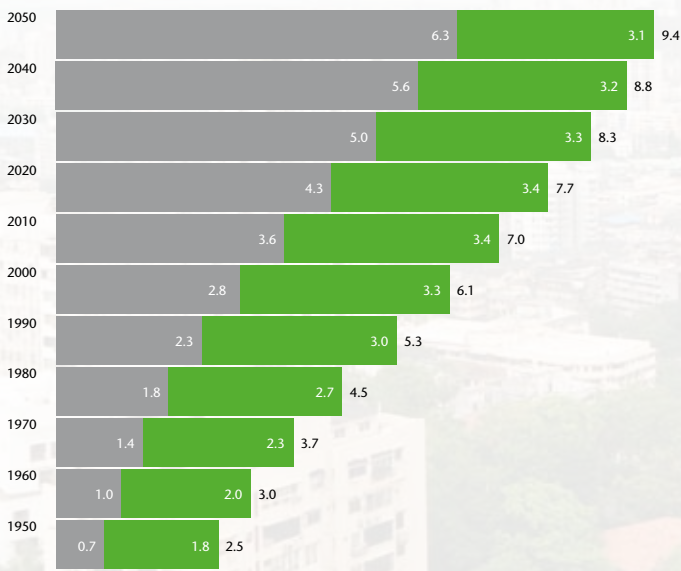
 Read more about safety on page 24.



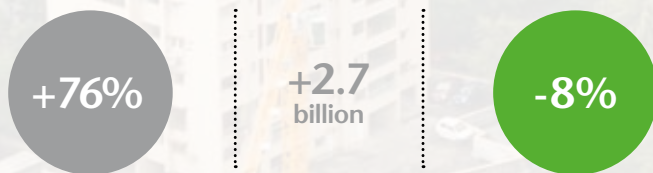
URBANIZATION

Moving around in the cities of today – and tomorrow
 More than half of the world's population live in urban areas. This trend is particularly evident in Asia, where the huge increase in city dwelling is expected to lead to half of the region's population living in an urban area by 2020. The United Nations estimates that by 2050 seven out of every ten people on the planet will be living in cities. This concentration of people in urban areas increases the importance and necessity of finding smooth and efficient ways for them to move from one place to another – making urbanization the single most important megatrend for the global elevator and escalator industry. It is expected that urbanization will drive demand for years to come.

Global population growth, billions of people



Estimated growth 2010–2050



■ Urban population ■ Rural population

Source: U.N. World Urbanization Prospects 2011 revision



People Flow in the urban environment

People Flow means moving people in and between buildings smoothly, safely, comfortably, and without waiting

Driven by the urbanization megatrend, there are over 600,000 new pieces of equipment installed every year. Every single day, millions of people around the world use KONE-maintained equipment to move in and between buildings. People flow is about providing high-quality accessibility for everybody. KONE sees people flow from many different perspectives, focusing on the movement of individuals, large crowds of people, and goods.

Responding to customer needs

By constantly analyzing the flows of people in different types of buildings, and understanding how changing trends affect our customers' businesses, KONE is able to provide solutions that meet our customers' needs. Our key customer groups are builders, building owners, facility managers, and developers. Architects, authorities, and consultants are also key parties in elevator and escalator decision-making processes. KONE provides expert project management services that ensure that projects run smoothly, as well as tools that help customers in their work.

Providing the best possible user experience

KONE has an in-depth understanding of the special user requirements for different buildings, and segments its offering according to building purpose. The primary segments are residential buildings, hotels, offices, retail centers, infrastructure, and medical facilities. We also serve special sectors such as leisure and education centers, industrial properties, and ships. Our goal is to find the most suitable and user-friendly solutions for every individual building.

KONE continuously studies the flow of people to understand the needs of different end users, including the elderly, disabled, and people travelling with baby strollers. We work closely with specific end-user groups to see where further accessibility improvements can be made. Research on accessibility is a continuous effort, and we maintain an active dialog with associations that promote the interests of individuals with disabilities so that we can better understand their needs.

KONE Care™ preventive maintenance services keep elevators, escalators, and automatic building doors in good working order. Our modernization solutions make sure that they meet the latest safety and accessibility standards – ensuring that in an increasingly urban world, people can move around smoothly and safely.

People Flow Day 2012: designing for urban life

To gain deeper understanding of end user behavior and customer needs, KONE holds an annual People Flow Day. This year the theme was design, and in October 2012, hundreds of KONE employees went on fact-finding missions to approximately 120 sites in 23 countries around the world.

Teams of employees acted as researchers, talking to customers, interviewing the public, making on-site observations, and filling in questionnaires. Their aim was to discover first hand exactly how, where, and why people move in and between buildings in urban environments, and how the process can be improved through good design, tailored to specific building types.

The valuable findings obtained during People Flow Day will be used to help us develop new solutions and services that meet the present and future needs of end users and customers alike.

Read more about People Flow Day at kone.com/pfd



Innovations that improve city life

Innovation time line

- 1996 KONE MonoSpace™ machine-room-less elevator
- 1996 KONE EcoDisc® hoisting machine
- 2001 KONE JumpLift construction time elevator
- 2002 KONE EcoMod™ escalator modernization solution
- 2005 The KONE MaxiSpace® elevator modernization solution
- 2007 The KONE Polaris™ destination control system
- 2012 The next generation KONE MonoSpace® and MiniSpace® elevators
- 2012 The next generation KONE TravelMaster™ escalators

KONE is one of the world's most innovative companies



KONE has a long history of innovation. For the past century, we have made systematic and long-term investments into our research and development capabilities, and this is an important element of our success. We track customer needs and monitor market developments and changes in trends while also seeking ways to improve our working methods. We know that to succeed in the future, we need to adapt to a changing world and create new opportunities for growth. In doing so we can improve the quality of life of the ever-growing urban populations around the world with our solutions.

Award-winning innovation

Optimizing the urban environment requires new approaches to modernization and maintenance as much as solutions for new buildings. Innovations such as the KONE EcoDisc® hoisting machine and the KONE MonoSpace® elevator have been helping building owners to cut their energy consumption and carbon footprint for more than a decade. The KONE JumpLift helps save time, boost productivity, and increase safety during construction.

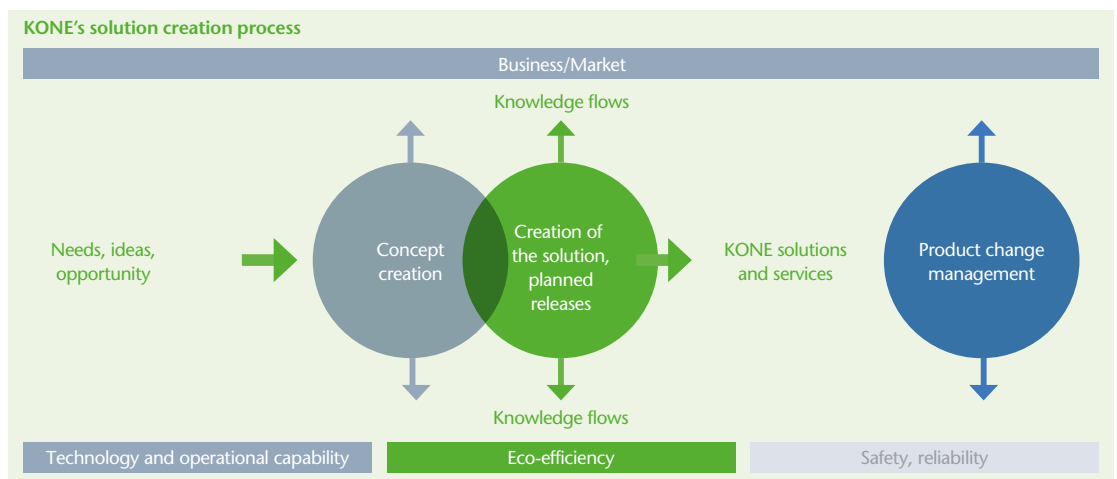
KONE revolutionized the industry in 1996 with the world's first machine-room-less elevator – the KONE MonoSpace® – and the ground breaking, energy efficient KONE EcoDisc® hoisting machine. In 2012, KONE launched a new range of elevators based on years of intensive research into customers' needs and the possibilities of new technology. The result was an elevator range that will serve the demands of the buildings and cities of the future. Many of these buildings will be kept moving with intelligent

technologies like the KONE Polaris destination control system – an innovative solution that improves people flow and optimizes elevator traffic handling capacity and performance in buildings with large populations.

In 2012, KONE was included on the Forbes list of the 100 most innovative companies in the world for the second year running. We also received two awards and two honorable mentions in the red dot award: product design 2012 competition, one of the world's largest and most distinguished design competitions. KONE also received the coveted World Architecture News (WAN) 2012 Product of the Year award for the new KONE MonoSpace® 500 elevator. WAN is followed by 220,000 architects worldwide and selects the Product of the Year to celebrate and promote the best in architectural products and materials.

Creating solutions from inspiration

KONE's solution creation process is a continuous search for new ideas and opportunities. Our starting point is a wide variety of sources, the most important being our customers. We also make use of opportunities presented by the market and ideas generated through our own innovation processes. During the process we collaborate closely with our customers, partners, universities, and research centers. Throughout the entire solution creation process, safety and quality are of utmost importance. In an increasingly urban world, KONE focuses on developing solutions that make buildings more intelligent, keeping people moving, safe, and secure.

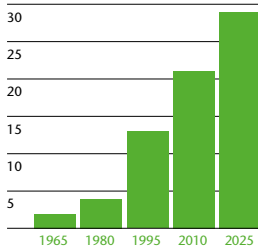


Read more about our innovations at kone.com/innovations

Learn more about KONE's R&D and eco-efficiency on page 12.

Moving to great heights

Cities with over 10 million inhabitants



Source: U.N. World Urbanization Prospects 2009

Cities of the past used to spread outwards in sprawling metropolises, but now they are growing upwards. This has led to a very high density of people all in one place, traveling together to their individual destinations, in and through buildings. Tenants expect comfort, security, and convenience, while building owners and managers need cutting-edge technology and integrated systems for efficient building management. Meeting the demands of ever-higher buildings and their huge, growing populations requires new benchmarks in elevator and building intelligence technology.



The height of innovation

Four of the ten tallest buildings completed in 2012 use KONE solutions to keep people moving smoothly, securely, and in comfort. Standing at 601 m, the Makkah Clock Royal Tower Hotel in Mecca, Saudi Arabia was the tallest building completed during the year. It is the second tallest building in the world and has over 100 KONE escalators and more than 180 KONE elevators in its podium and clock tower alone.



In addition to being the second tallest building completed in 2012, Princess Tower (413.4 m) in Dubai is the tallest residential building in the world. The milestone project features many KONE innovations and utilized the first KONE JumpLift installation in the Middle East. Another residential structure in Dubai is listed as the fourth tallest building completed last year. The Elite Residence (381 m) uses energy efficient solutions including 12 KONE elevators. Leatop Plaza (303 m) in Guangzhou, China, was the ninth tallest building completed in 2012. KONE's eco-efficient solutions contributed to this futuristic complex achieving LEED certification.

From great depths to great heights

KONE tests all its solutions in its elevator test laboratory in Lohja, Finland. Embedded in solid rock, Tytyri is the world's highest elevator test shaft, situated partly underground in a limestone mine. With depths of up to 350 m below ground level, the mine provides an ideal testing environment for high-rise elevators, with a travel distance of 317 m and a maximum speed of 17 m/s. Successful elevator installations rely on tested and proven technology, and Tytyri's two test shafts allow KONE to carry out advanced research into elevator safety, drive and motor systems, controls, ride comfort, installation methods, and the influence of air pressure.

ENVIRONMENT

Technology based on eco-efficiency

Buildings account for about 40% of the world's energy consumption. Elevators and escalators can account between 2 and 10% of the energy consumption of an individual building. By reducing the energy consumption of our products, KONE seeks to decrease the environmental impact of buildings, and thus help to counter climate change and its negative effects.

Thanks to our efforts in R&D, the KONE 2012 volume elevator offering is over 70% more energy efficient than our 2008 offering and the KONE 2012 escalator offering is 30% more energy efficient compared to our 2010 offering. The increasing interest in achieving green building certifications such as LEED, BREEAM, Green Star, and Green Mark is one of the driving factors behind the increase in demand for eco-efficient elevators and escalators.

Energy consumption

40% of the world's energy consumption is from buildings.



2–10%

Elevators and escalators contribute to between 2–10% of this.

70%

Our new elevators offer over 70% reduction in energy consumption compared to 2008 elevators.

Developing eco-efficient solutions for future buildings

KONE is helping to combat climate change and contributing to the development of next-generation green buildings by delivering eco-efficient elevator, escalator, and automatic building door solutions for sustainable and net zero energy buildings

More information on net zero buildings at kone.com/environment

KONE's environmental strategy is to provide safe, environmentally efficient and responsible high performance services, modernizations, and solutions. We strive for continuous improvement in all of our business activities by following or exceeding applicable laws, rules and regulations, and working with our suppliers and customers to prevent or reduce business operations-related emissions and waste.

KONE's long-term environmental objectives are to further improve the eco-efficiency of our solutions, modernize existing elevators, escalators, and automatic building doors to make them more energy efficient, and to further reduce the adverse environmental impact of our operations, particularly with regard to operational carbon footprint as well as energy, material, and water efficiency.

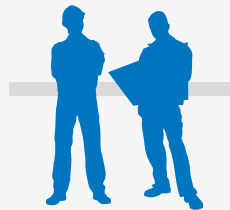
Providing eco-efficiency in every phase of a building's life cycle

We provide services that help our customers achieve their eco-efficiency goals in every phase of their building's life cycle – from designing and constructing the building to maintaining and modernizing it.

We pay careful attention to the way our services are produced and delivered to ensure that they create as little environmental impact as possible.

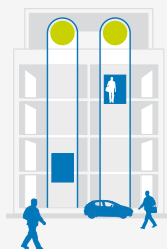
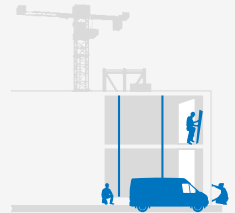
1 Supporting green building design

Calculating our products' energy use and enabling green building construction. We publish the environmental impact of KONE products and contribute to developing global energy management standards.



2 Eco-efficient construction

Considering the environment when installing new equipment. Our well planned and efficient installation processes minimize the adverse environmental impacts of installation work, and our systems ensure we reduce our chemical use and handle waste efficiently on site.

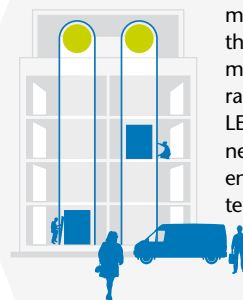


4 Efficient maintenance processes

Using smart technologies and a green vehicle fleet to minimize emissions and maximize efficiency. Remote monitoring solutions reduce unnecessary technician callouts. By carrying spare part stocks in our vehicles we reduce warehouse visits, further decreasing emissions.

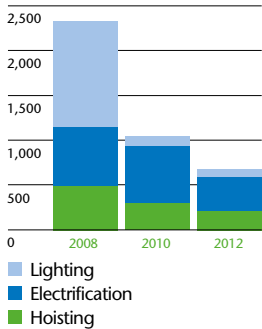
3 Eco-efficiency through modernization

Applying a range of solutions to make the most difference for the least impact. Our modernization solutions range from retrofitting LED lights to a completely new elevator with energy-regeneration technology.



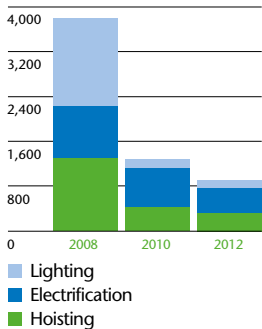
Read more about KONE's eco-efficient solutions for the whole life cycle at kone.com/eco-efficiency

KONE MonoSpace® 500 for Europe – kWh/year
Over 70% reduction 2008–2012*



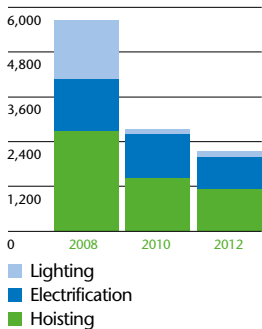
*Calculations are based on an elevator speed of 1 m/s, a load of 630 kg, 150,000 starts/year, a travel height of 9 m and 4 floors

KONE N MonoSpace® for Asia – kWh/year
Over 75% reduction 2008–2012*



*Calculations are based on an elevator speed of 1 m/s, a load of 1,000 kg, 150,000 starts/year, a travel height of 12 m and 5 floors

KONE N MiniSpace® for Asia – kWh/year
Over 60% reduction 2008–2012*



*Calculations are based on an elevator speed of 1.6 m/s, a load of 1,000 kg, 200,000 starts/year, a travel height of 45 m and 15 floors

Energy efficient solutions that lead to greener buildings

KONE is a pioneer in developing eco-efficient solutions in the elevator and escalator industry. The biggest environmental impact of our solutions relates to the amount of electricity used by the equipment over its lifetime. This underlines the importance of continuing to develop and improve energy efficient innovations.

KONE seeks to decrease the environmental impact of buildings by continuing to reduce the energy consumption of its elevators and escalators. Our new range of volume elevators launched in 2012 consumes 70% less energy in Europe, 60–75% less in Asia and 40% less in the US compared to the typical KONE elevator configuration from 2008. The improvements have been made possible by the completely renewed KONE EcoDisc® hoisting machine, a highly efficient drive, enhanced standby solutions, and LED lighting.

Eco-efficiency drives the R&D process

Eco-efficiency is one of the key drivers of our R&D process and is at the heart of the entire KONE offering, from low- and high-rise elevators to escalator and automatic building door solutions. When we are developing new solutions, we focus on minimizing the environmental impact throughout the lifecycle of the equipment. This focus extends from the extraction of raw materials to end-of-life processes such as recycling, waste treatment, and the reuse of recovered materials.

The KONE R&D process aims to:

- reduce energy consumption
- develop new green technologies
- reduce material use (including packaging and waste)
- avoid the use of hazardous substances
- maximize material durability and recycled content
- maximize recyclability
- ensure that our products meet voluntary green building certification requirements
- minimize water consumption

Every product development project at KONE must follow detailed eco-efficiency criteria, verified using prototypes and pilots, with a special focus on minimizing energy consumption. In terms of product management, every new change to a product is evaluated against the existing solution to verify that the new solution delivers improved performance in terms of minimized adverse impact on the environment. To identify and eliminate any product-related risks, including environmental safety, a risk assessment is made in every project.

KONE’s expertise in eco-efficiency enables us to perform in-depth analyses of traffic patterns, energy consumption, and the potential carbon footprint reduction over the entire operational lifespan of the solutions we offer our customers. The tools used to conduct these analyses are particularly valuable in helping customers design net zero energy buildings and comply with green building requirements.

New KONE escalators consume 30% less energy

A typical KONE escalator of 2012 consumes 30% less energy compared to the 2010 offering. This is made possible by the new KONE Direct Drive for escalators, launched in 2012. This innovative and energy efficient escalator drive system contributes to the reduction of escalator energy consumption. In addition to improved eco-efficiency, the updated escalator offering includes new safety and design features.



Top-class energy efficiency

In 2012, KONE further increased the number of energy efficient elevator installations globally, especially in Europe and Asia. KONE is the only elevator company to offer the best A-class energy efficiency rating for its full volume elevator range, alongside fulfilling safety and accessibility codes.

A number of KONE solutions in Europe and Asia ranging from low- and mid-rise to high-rise elevators have received an A-class energy efficiency rating as defined by VDI 4707, the guideline published by the Association of German Engineers (Verein Deutscher Ingenieure), which classifies elevators based on their energy consumption. The VDI 4707 classification ranges from A to G, from the most to the least energy efficient system, and it is commonly used by the elevator industry.

In 2012, the A-class energy efficiency coverage of KONE elevators was expanded to include, in addition to the new global volume elevator offering, the KONE E MiniSpace™ and KONE EcoSpace® elevators. KONE is the only elevator company to offer A-class energy efficiency as standard for the European volume elevator KONE MonoSpace® 500.

The A-class certifications have been achieved on customers' sites with measurements conducted by third parties, in building types varying from low-rise residential buildings to high-rise office buildings and hospitals. KONE has also achieved an A-class VDI 4707 certificate for a double deck elevator, which is a special application for buildings with very high traffic volumes.

Read more about energy efficiency at kone.com/eco-efficiency

VDI 4707 energy efficiency classification



Best-in-class energy efficiency for the whole elevator range

	KONE EcoSpace®	KONE MonoSpace® 500	KONE MonoSpace® 700	KONE MiniSpace™	KONE Double Deck
Building type	Residential	Residential	Hospital	Office	Observation tower
Location	Italy	Finland	Italy	Germany	Austria
Load (kg)	480	630	2,000	4,000	2 x 1,200
Speed (m/s)	0.63	1.0	1.0	3.0	6.2
Energy efficiency class	A	A	A	A	A

	KONE E MiniSpace™	KONE N MiniSpace™	KONE N MonoSpace®	KONE S MonoSpace®	KONE MiniSpace™
Building type	Residential	Test site*	Test site*	Office	Office
Location	China	China	China	China	China
Load (kg)	1,000	1,000	1,150	1,600	1,600
Speed (m/s)	2.0	2.5	1.75	2.5	6.0
Energy efficiency class	A	A	A	A	A

*Measured on KONE premises by an independent certification body; customer installations to begin in 2013.

FIDE certification

In addition to the VDI 4707 certifications, KONE is the first elevator company to achieve FIDE certification for the KONE MonoSpace® 500 and KONE MiniSpace™ elevators. FIDE is an official Mexican organization that certifies equipment. The FIDE evaluation is based on VDI 4707.

Carbon footprint of our products

KONE's environmental responsibility covers the full life cycle of its products, from design and manufacturing to maintenance, modernization, and end-of-life treatment. KONE's life cycle assessment, carried out in accordance with the ISO 14040 standard (ReCiPe method), shows that our

greatest environmental impact stems from the energy consumed by our products during their operational lifetime. By reducing the energy consumption we are successfully reducing the environmental impact of KONE solutions during their operational lifetime.

Carbon footprint of KONE products, tCO ₂ e	2010*	2011**	2012**
Production of materials for products (calculated)	649,000	1,313,000	1,761,000
Lifetime energy consumption of products ordered from KONE during the reporting year (calculated)	2,136,000	2,862,000	4,180,000

* Calculations are based on KONE MonoSpace®

** Calculations are based on KONE MonoSpace®, KONE 3000X MiniSpace™, and KONE TravelMaster™, which explains the increase in figures. 2012 figures include GiantKONE.

Materials used, tonnes	Materials	2010	2011	2012
Manufacturing (calculated)	Metals	159,000	349,000	470,000
	Glass	1,700	3,000	3,700
	Plastics	1,300	3,800	4,200
	Miscellaneous	8,400	9,400	7,800
Packaging (calculated)	Wood	15,400	39,600	42,000
	Carton board	1,900	1,300	1,200
	Plastics	500	800	1,000
Office consumables (actual data)	Paper	300	400	400
Total		188,500	407,300	530,300

Calculations are based on Life Cycle Assessment data and in 2012 and 2011: Elevators and escalators ordered from KONE (2012: 118 k; 2011: 85 k, 2011 excluding GiantKONE); in 2010: Elevators and escalators delivered to customers (60 k)

Saving energy through modernization

Significant reductions in energy consumption can be achieved by modernizing old equipment. KONE has developed modernization solutions that can reduce energy consumption by up to 70% for elevators, and up to 40% for escalators.

To analyze all the critical parameters of the existing equipment and engineering an energy efficient, safe, reliable, and high performance new solution for the customer, KONE has introduced a new electric site survey method. The survey utilizes advanced sensor, measuring, modeling and optimization techniques while minimizing disruption for tenants – the out-of-service time required for the survey is less than 30 minutes.

KONE ESiteSurvey™ has been used in several reference locations. One of them is the Tour Areva high-rise building in the La Défense district outside Paris, France. The capabilities of KONE ESiteSurvey are utilized to a full extent in the project, which includes the modernization of 23 elevators to provide an optimal People Flow experience.

Work in the 184m tall skyscraper began in January 2012 and is expected to be completed in 2016. The survey now allows KONE to engineer an optimal modernization solution and demonstrate the resulting improvements in energy consumption and the savings enabled by the modernized elevator solution for its entire lifecycle.

Improving the eco-efficiency of KONE's People Flow[®] solutions

Eco-efficient elevator solutions

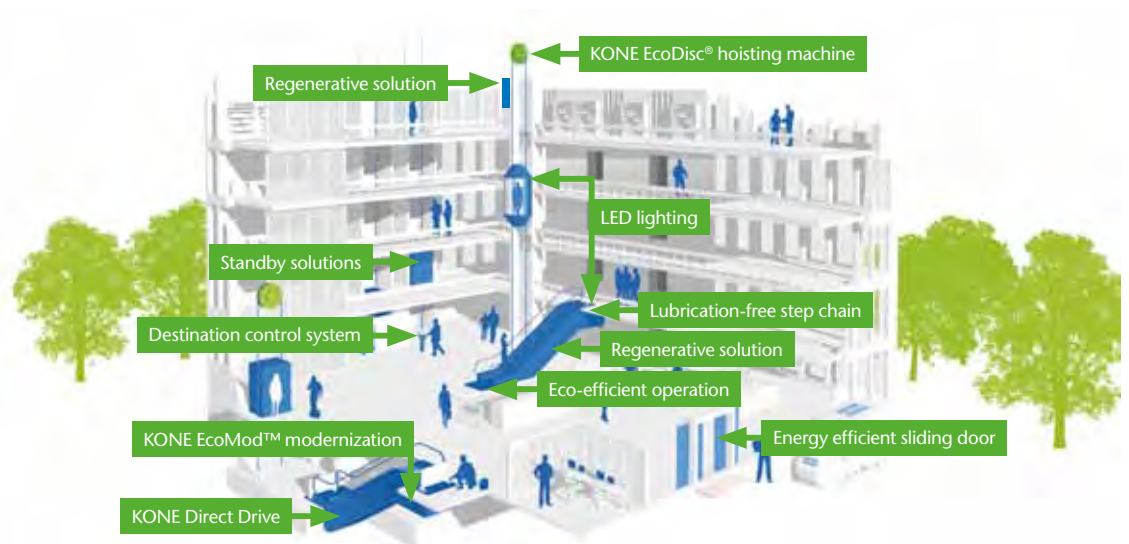
- The renewed KONE EcoDisc[®] hoisting machine is the heart of our energy efficient elevators. The whole hoisting system is optimized for low energy consumption, delivering the best VDI 4707 A-class energy efficiency on the market. The new innovative copper winding system reduces the amount of energy lost as heat by up to 30%. The new braking system reduces the power consumption during steady run by 75% compared to the previous model. The renewed KONE EcoDisc is more compact and lightweight than before, contributing to material and space efficiency.
- KONE's regenerative solutions can provide energy savings of 20–35% by recovering the energy that is released when the elevator is used.
- LED lighting can reduce energy consumption by up to 80% compared to halogen lighting and lasts 10 times longer.
- Standby solutions power down the equipment when it is not in use (including car lights and the door operator), providing substantial energy savings, especially in buildings with periods of low elevator usage.
- The KONE Polaris[™] destination control system optimizes elevator traffic, making it possible to reduce both the size and the number of elevators needed in a building.

Eco-efficient escalator solutions

- The lubrication-free step chain saves oil, reduces chain wear, and decreases fire risk.
- Eco-efficient operation can cut energy consumption by up to 50% by slowing down or stopping the escalator when it is not in use or increasing the efficiency of the motor when traffic volumes are low.
- Regenerative solutions reduce energy consumption by up to 60% by recovering the energy that is released when the escalator is used.
- LED lighting consumes up to 80% less energy compared to conventional lighting technologies.
- KONE Direct Drive is an innovative and eco-efficient drive system that consumes up to 20% less energy than a conventional worm gear drive and makes the escalator safer for passengers as well as during maintenance.
- The KONE EcoMod[™] solution enables an escalator to be modernized without removing the truss, saving both construction time and materials.

Eco-efficient automatic building door solutions

- KONE's energy efficient sliding door solution regulates the door's opening width and opening time based on the outside temperature, wind speed, and pedestrian volumes, enabling savings of up to 4,000 kWh per year in building heating and cooling costs.



The environmental impact of KONE's operations in 2012

KONE's operational environmental work focuses on reducing our carbon footprint and improving energy and material efficiency, as well as reducing the use of hazardous substances, water consumption, and waste. We work with our suppliers and customers to minimize the emissions and other adverse environmental impacts of our business operations and, whenever possible, to prevent them altogether. In order to address the areas that have the most significant environmental impacts, KONE has been assessing its carbon footprint since 2008.

In 2012 KONE's absolute operational carbon footprint amounted to 290 (2011: 250) ktCO₂e (thousand tonnes of carbon dioxide equivalent). The reporting scope has been extended as follows:

- KONE's headcount has increased and more branch offices have been included in the reporting scope
 - GiantKONE, China (a joint venture)
 - Four more country organizations

- India has been included in the absolute logistics reporting figures
- Reporting accuracy has been improved for electricity and heating

In 2012 KONE's operational carbon footprint relative to net sales decreased by 2.5% compared to 2011. The operational carbon footprint of externally assured scope 1 and scope 2 greenhouse gas emissions decreased by 7.5% relative to net sales.

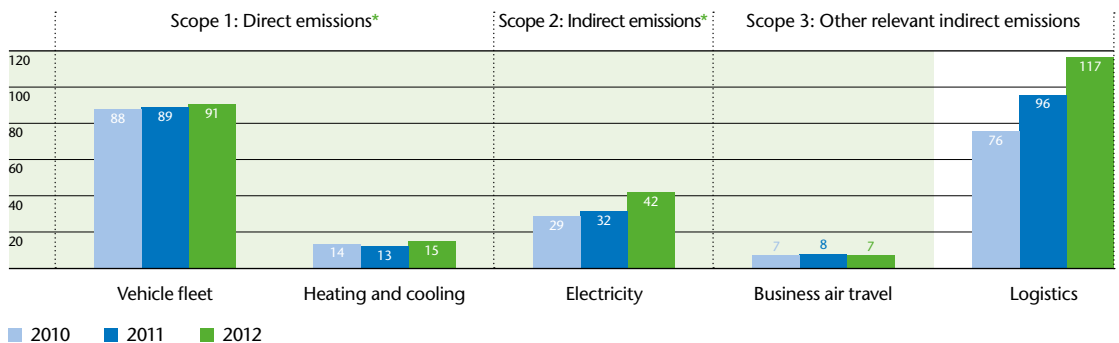
With 117 k (2011: 96 k) tCO₂e in 2012, the major source of greenhouse gas emissions was KONE's logistics operations. The other major components are our vehicle fleet with 91 k (2011: 89 k) tCO₂e, electricity consumption with 42 k (2011: 32 k) tCO₂e, fuels for heating/cooling and manufacturing processes with 15 k (2011: 13 k) tCO₂e, and mobility, including business air travel and employee commuting, with 25 k (2011: 19 k) tCO₂e.

Relative operational carbon footprint

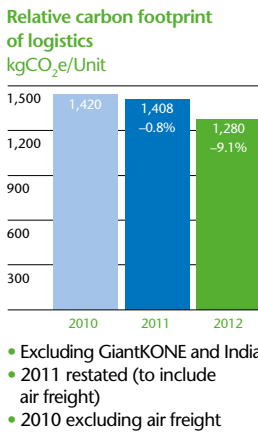
Vehicle fleet (Scope 1)					Electricity (Scope 2)				Business air travel (Scope 3)				Logistics** (Scope 3)				Overall operations							
2010	2011	2012	YoY		2010	2011	2012	YoY		2010	2011	2012	YoY		2010	2011*	2012	YoY		2010	2011*	2012	YoY	
89.1	85.6	85.3	-0.4%	(kgCO ₂ e/Unit in service)	873	898	1,055	+17.5%	(kgCO ₂ e/Headcount)	200	226	182	-19.5%	(kgCO ₂ e/Headcount)	1,420	1,408	1,280	-9.1%	(kgCO ₂ e/Unit)	45.1	47.4	46.2	-2.5%	(kgCO ₂ e/k€ Sales)

* Restated
** Excluding GiantKONE and India

Absolute operational carbon footprint per category, ktCO₂e



□ *Scope 1, scope 2, and business air travel from scope 3 assured by Ecobio Oy
 • 2010-2011 excluding GiantKONE
 • Logistics 2010-2011 excluding GiantKONE and India; 2010 excluding air freight



Logistics

Logistics accounted for 117 ktCO₂e, or 40% of KONE’s operational carbon footprint, making it the biggest contributor in terms of greenhouse gas emissions. KONE’s logistics carbon footprint relative to units delivered to customers decreased by 9.1%.

KONE has been able to control the increase of logistics emissions by further optimizing its logistics network and by improving the logistics efficiency per delivered unit. We have established a second distribution center in China, included the requirement for eco-efficient Euro 4 (European emission standard for light duty vehicles) trucks in Europe, reduced air freight, and continued to improve the reporting accuracy.

KONE’s logistics operations are based on accurate and timely information at all phases of the delivery chain, and on using distribution models that take

eco-efficiency into account. Special attention is paid to reducing the impact of transportation through route and shipment optimization, as well as careful analysis of alternative transportation models. The impact of packaging is managed, for example, by using environmentally conscious packaging design. This applies to both our own packaging and that of our suppliers.

KONE has strict requirements concerning the eco-efficiency of its service providers’ operations. In 2012, KONE rolled out environmental reporting requirements to its main logistics service providers globally.

We constantly look for ways to ensure the cost-effective and environmentally friendly delivery of materials and modules to our production and distribution centers and products and services to our customers.

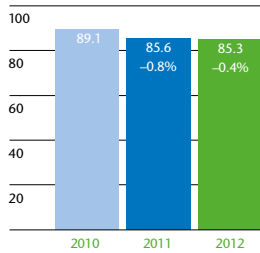
How KONE reduces the environmental impacts of transportation

Development action	Impact on eco-efficiency
Optimized use of transportation networks	Optimal routing of material through distribution center network and selection of suppliers located close to distribution centers.
Maximized use of railway and waterway transportation, minimized use of air freight	Less CO ₂ emissions per tonne-kilometer.
Improved space utilization ratio in loading	Better load planning of outbound trucks and containers resulting in improved container space utilization, optimization of transportation units used and more products delivered per shipment.
Centralized volumes to main suppliers, convenient location of suppliers close to distribution centers	Fewer transportation routes and improved transportation efficiency ratio.
Use of more eco-efficient transportation equipment	Truck equipment selection from eco-efficiency perspective. Requirement for Euro 4 trucks for European logistics service providers.

How KONE reduces packaging-related emissions and waste

Development action	Impact on eco-efficiency
Optimized packaging to better fit into logistics chain	More products delivered per transportation unit.
Optimized use of packaging materials	Less packaging material used, better waste management, increased recyclability of materials.
Management and development of suppliers’ packaging	Less packaging material used, better waste management, improved logistics efficiency.

Relative carbon footprint of vehicle fleet
kgCO₂e/UIS



Vehicle fleet

Altogether, 31% of KONE’s operational greenhouse gases are emitted by our global vehicle fleet, making it the second biggest contributor in terms of greenhouse gas emissions. In 2012 the total size of our fleet remained at 14,000. Two-thirds of the fleet are service vehicles (the rest being employee benefit cars), emitting 91 k (2011: 89 k) tCO₂e. The absolute service vehicle fleet carbon footprint increased by 2.5%, whereas the relative carbon footprint (per unit in service) was reduced by 0.4%. KONE continuously looks for new and innovative ways of reducing the carbon footprint of its vehicle fleet.

Business air travel

Business air travel accounts for 2% of KONE’s operational carbon footprint. In 2012 air travel-related greenhouse gas emissions decreased by 9.6% to 7,200 (2011: 8,000) tCO₂e. The relative decrease was 19.5%.

Key actions taken to reduce the carbon footprint of KONE vehicle fleet

Compliance with KONE vehicle fleet policy	KONE continued to manage its vehicle fleet in compliance with the global vehicle fleet policy, which defines maximum CO ₂ emission limits.
Fuel-efficient vehicles	KONE carefully follows the latest innovations in fuel efficiency. Passenger vehicles that were taken out of use during 2012 were replaced by new, fuel-efficient models. Another example of using eco-efficient technology is the selection of vans with a Start-Stop system.
Introduction of electric vehicles	Piloting the fully electric vehicle models continued in France, Germany, and Spain.
Vehicle rightsizing	KONE has continuously paid attention to selecting correctly sized commercial vans when replacing existing models, which often had larger cargo capacity than required. The proportion of compact and medium-sized vans in the global fleet continues to grow.
Monitoring driver performance	KONE monitored the driving performance of its service technicians in France, the UK, Spain, Portugal, the Netherlands, Czech Republic, Slovakia, and Poland in a pilot project. Drivers were scored each month in terms of fuel efficiency and driving behavior.
Vehicle sharing program	The vehicle sharing program in France continued.
Telematics systems	Telematics systems were piloted in several countries to dispatch service technicians more effectively.

In order to reduce the need for travel and to facilitate global collaboration, KONE invests in virtual meeting tools. In 2012 virtual meeting time increased by 157%. This huge increase has been achieved by acquiring new video conferencing equipment and encouraging KONE personnel to use the virtual meeting tools as the first option instead of travelling.

Electricity

Electricity consumption accounts for 42 k (2011: 32 k) tCO₂e, or 15% of KONE’s operational carbon footprint. The electricity is used in KONE’s offices, warehouses, and manufacturing facilities.

KONE has committed to specific energy consumption and electricity saving programs. For example, KONE’s Finnish country organization is aiming to reduce the electricity consumption at its facilities by 9% by 2016, using 2008 as the base year.

In total, 4% (2011: 7%) of the electricity used in our operations is green electricity produced using renewable sources. KONE’s German, Swedish, Danish, and Dutch country organizations, our Italian and Finnish manufacturing units as well as the headquarters in Finland, use green electricity. KONE’s Italian manufacturing unit in Slimpa has a photovoltaic system to produce some of the electricity consumed and the new, eco-efficient KONE US Operations Center in Moline, Illinois combines active and passive energy strategies, including over 1,300 solar panels.

Eco-challenge boosts KONE’s environmental excellence

To engage KONE employees to create environmental improvement ideas and to share best practices across the organization, a global KONE Eco-challenge 2012 was arranged. Dozens of ideas were received and five of the best selected as winners. Among the winning entries was the initiative of KONE’s Czech manufacturing unit to implement the ISO 50001 Energy management systems standard. KONE is a forerunner in the industry to apply the ISO 50001 standard at its manufacturing facilities.

Percentage of green electricity in Slimpa, Italy, manufacturing unit

100%

Operational carbon footprint



Fuels for heating and manufacturing

Fuels for heating or cooling and manufacturing processes account for 5% of our operational carbon footprint. In 2012 fuels for heating or cooling and manufacturing processes generated 14,900 k (2011: 13,400 k) tCO₂e of greenhouse gas emissions. This represents an increase of 11.1 % compared to 2011. The increase is due to the increased headcount and the inclusion of more facilities in the reporting scope especially in China.

Material management and waste optimization

In 2012 KONE used 530 k tonnes of materials for producing and packaging its elevators and escalators. The figures have been calculated based on the life cycle impact assessment data. The scope of the 2012 calculations has been extended to include the products delivered by GiantKONE in China, which largely explains the increase in the material consumption figures. The figures for 2012 are therefore not fully comparable with the earlier reporting years.

KONE focuses strongly on material management and the optimization of our own operations. Our primary goal is material efficiency throughout our manufacturing chain, beginning with the product development stage. KONE also aims to reduce waste in its manufacturing facilities and offices through reduction at the source, reuse and recycling, and by sending waste to incineration.

Waste is always handled in local KONE organizations according to applicable laws and regulations. KONE aims to be as material-efficient as possible, and we aim to exceed legal requirements.

Only 6% of the waste generated by KONE’s global delivery chain, which comprises 11 engineering and manufacturing sites, is sent to landfill. The remaining 94% is recycled or incinerated. All of the waste generated by our manufacturing units in Chennai, India, and Pero, Italy is recycled or incinerated – none is sent to landfill. In our manufacturing units in Kunshan, China, only 0.5% of the waste is sent to landfill.

Although the water consumption in KONE’s production and maintenance processes is minimal, we are continuing to optimize and further minimize our usage of water. KONE uses municipal water, and waste water is released into community treatment systems that abide by local regulations. The total

amount of water used in our production and our office facilities was 390 k (2011: 270 k) m³. The increase is, again, caused by the extended reporting scope in 2012.

Improving the eco-efficiency of KONE facilities

KONE has over 1,000 facilities globally, including office spaces and installation and service operation hubs. During 2012, KONE launched a global facilities program focusing on eco-efficiency. KONE’s new manufacturing unit in Kunshan, China, has been designed and constructed according to the LEED green building certification system. The manufacturing processes in the new facilities are highly efficient, with emphasis on further reducing energy and water consumption and carbon footprint. In addition, KONE’s new Operations Center in the United States received LEED Platinum certification from the U.S. Green Building Council (USGBC) under its Core & Shell (CS) rating system. This is the first time a project has achieved Platinum certification for the CS category in the state of Illinois. In addition, KONE received LEED Commercial Interiors Gold certification for its interior office design.

Leading by example

The KONE US Operations Center in Moline, Illinois is a tangible example of KONE’s commitment to reducing the environmental impact of its own operations and promoting green building and a more sustainable world. Sustainable design was the key driving force throughout the planning and construction process, and helped the project achieve LEED Platinum certification under the U.S. Green Building Council’s Core & Shell rating system.



Environmental data

Read about KONE's success in Carbon Disclosure Reporting on page 36 in this report.

Energy consumption		Units	2010	2011	2012
Direct	Heating fuels	m ³	1,500	2,500	1,300
	Natural gas*	m ³	4,953,000	3,337,000	5,631,000
Indirect	Electricity, including district heat*	MWh	74,769	76,934	92,233

*2011 restated

Carbon footprint of KONE's operations, tCO ₂ e		2010	2011	2012
Direct (scope 1)	Fuels for heating and manufacturing	13,000	13,000	14,000
	Gases for cooling systems	900	400	900
	Vehicle fleet	87,800	88,500	90,700
Indirect electricity (scope 2)	Electricity consumption (including district heat)	29,000	32,000	42,000
Other relevant indirect (scope 3)	Business air travel	7,000	8,000	7,200
	Employee commuting*	10,100	12,000	18,000
	Logistics**	76,600	95,900	116,800
	Waste*	700	500	500
Total		225,100	250,300	290,100

* 2011 restated

** 2010 excluding air freight; 2010–2011 excluding GiantKONE in China

□ Scope 1, scope 2 and business air travel from scope 3 assured by Ecobio Oy

Waste, tonnes	2010	2011	2012
Recycled waste	32,900	18,000	21,000
Incinerated waste	2,400	2,300	2,700
Landfill waste*	1,500	2,700	2,200
Hazardous waste	700	600	700
Total*	37,500	23,600	26,600

*2011 restated

Water consumption, m ³	2010	2011	2012
Total	270,000	270,000	390,000



Eco-efficiency plays a major role in KONE's largest manufacturing unit

KONE started its operations in the new KONE Park in the Kunshan New and Hi-tech Industrial Development Zone in Eastern China in 2012. At some 240,000 square meters, the purpose-built KONE Park includes three elevator factories and an escalator factory, and is our largest manufacturing unit in the world. It also includes an engineering facility and a research and development (R&D) center. While China is by far the single biggest market for new elevators and escalators, products from Kunshan are also exported to more than 90 countries. From the beginning it was clear that this site was to become one of KONE's greenest facilities.

KONE Park was planned according to our global supply network needs and the lean manufacturing principle, aimed at maximizing efficiency and eliminating waste. Emphasis has also been on further reducing energy and water use as well as the unit's carbon footprint. KONE Park was constructed according to modern green building standards and aims to earn a LEED Gold green building certification.

KONE's commitment to environmentally friendly operations can be seen in day-to-day actions. For instance, energy consumption of the new refrigeration units is low. Sensor lights are used for illumination, and rain and wastewater is collected for plants.

The new site is located close to the Suzhou-Shanghai Expressway, enabling good connections to both suppliers and customers. It replaces an older facility, which has also been located in Kunshan and has included both elevator and escalator production as well as research and development.

The three new Kunshan elevator module factories produce elevator cars, elevator electrification products and elevator motors. The escalator factory produces both commercial and heavy-duty escalators as well as horizontal and inclined autowalks. KONE Park also includes one of our eight global R&D centers. A new high-rise test tower is under construction at the expanded Kunshan R&D site. The tower supports the development of our People Flow® solutions for skyscrapers and will be opened in 2014.

AGING POPULATION

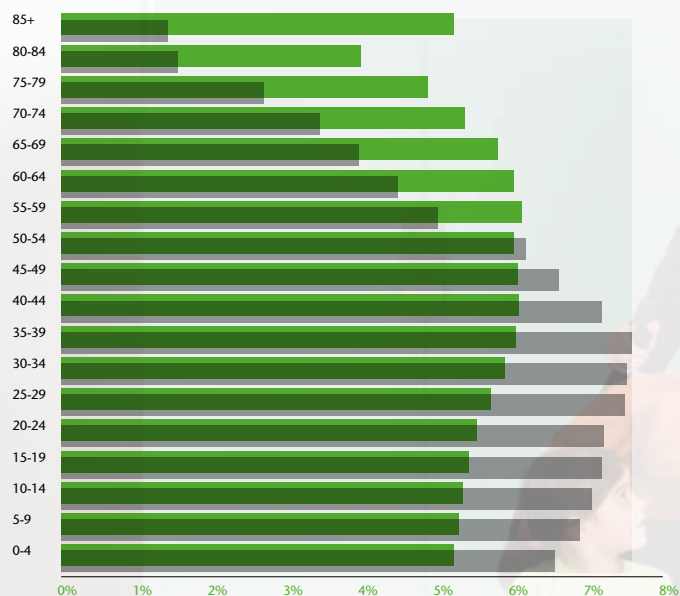
The global demographic structure is changing and populations are aging. There were approximately 810 million persons aged 60 years or over in the world in 2012, of which more than half live in Asia (55%). The number of older persons is expected to exceed the number of children (age 0–14) for the first time by 2050*. During the next 40 years the share of over-60-year-olds will increase to over 30%** in the OECD.

The growing number of older people raises the importance of accessibility in buildings and urban infrastructure. An elevator can help elderly residents live in their apartments longer, facilitate the lives of all residents in a multi-storied building and add value to an existing property.

* UN Economic & Social Affairs, Population Ageing and Development 2012

** OECD (Organization for Economic Co-Operation and Development) Demographic and Labour Force database

OECD population distribution development by age group, % of total share of population in age group



Share of over-60-year-olds

■ 2000: 18% ■ 2050: 31%

Source: OECD (Organization for Economic Co-Operation and Development) Demographic and Labour Force database



Better cities for an aging population

Within 10 years there will be one billion over-60-years-old people worldwide

1 billion

People are living longer due to enhanced living standards and improved medical care. Those that are now above 20 years of age today will be in the above 60 category in 2050.

As populations age, demand for accessible, safe and convenient People Flow® solutions increase. The use of moving aids such as wheelchairs, walkers and canes, needs to be taken into account when designing solutions for urban areas. The city living of elderly is also slower phased compared to younger dwellers, and with impaired hearing and eyesight, everyday tasks may feel different for this age group. Cities – namely buildings and transportation hubs – need to be designed and built in a way that enables elderly persons to move around easily.

For example in Europe, it is estimated that more than four million residential buildings of over three floors' height are without elevators. This makes it very challenging for elderly people to leave their homes. An environment where it's easy and safe to move around also makes it possible for elderly to live at their homes longer, instead of moving to nursing homes. This improves the quality of life, and might also mean substantial savings for society.

An elevator is seen as an important enabler of accessibility in buildings. According to our studies, 92% of people think that a building should have an elevator so that elderly and disabled people can easily move in the building.

Many ways to improve accessibility

In Europe, more than half of the elevators in use are over 20 years old and in need of modernization. Modernization increases safety and accessibility. For example by modernizing an elevator, the space inside the car can increase by up to 50%. This makes it easier to access the elevator with a wheelchair or a walker.

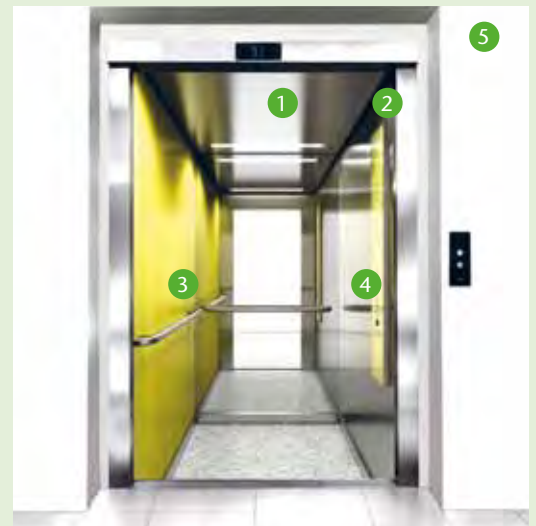
Design of an elevator affects the user experience, including accessibility. Mirrors make it easier to reverse to and out of an elevator with a wheelchair; handrails give support in moving around, and braille signalization makes operating the elevator easy for people with failing eyesight.

Design is an important part of KONE's people flow thinking. Good design helps us deliver the best user experience by capturing functional, aesthetic and emotional aspects in our solutions. Our products and services help architects and customers create more functional urban environments for different users.

KONE continuously studies the flow of people to understand the needs of different end users including the elderly, disabled, and people with baby strollers. We work closely with specific end-user groups to see where further accessibility improvements can be made. Research on accessibility is a continuous effort, and we maintain an active dialogue with associations that promote the interests of individuals with impaired mobility aiming to better understand their needs.

Five ways to improve accessibility

- 1 The space inside the car can be increased by as much as 50%
- 2 Wide opening doors make it easier to enter with a wheelchair or a baby stroller
- 3 Accessibility can be improved by installing accessories such as handrails and a mirror
- 4 Braille signalization and audible announcements are available for people with hearing and vision impairments
- 5 An elevator can be installed in a building previously without one, in the stairwell or attached to an outside wall



Read more about our People Flow® solutions on page 7.

SAFETY

KONE moves millions of people with elevators and escalators every day. Safety is of utmost importance to us, and we constantly strive towards achieving our ultimate goal of zero accidents by paying rigorous attention to our design, manufacturing, installation, and maintenance processes. Our 13,000 service technicians around the world ensure that the equipment maintained by KONE functions properly 24/7.

It is our strong belief that all accidents are preventable.

Geographical distribution of KONE Service Technicians

Americas
15%

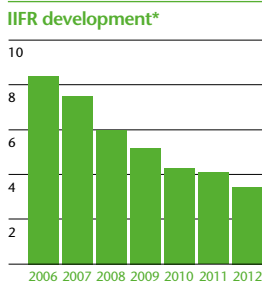
Western
and
Southern
Europe
23%

Central and
Northern
Europe
(including
Russia)
25%

Asia
Pacific
37%



Focusing on the safety of people, products and services



*Industrial Injury Frequency Rate. KONE tracks the number of lost time injuries of one day or more, per million hours worked, as a key performance indicator.

Read more about safety and accessibility at kone.com/safety

Elevators and escalators are among the safest modes of travel. However, the safety level of elevators, escalators, and automatic building doors in service varies because technology, codes, and standards are continuously evolving. KONE is actively involved in the development of codes and standards that aim to further improve equipment safety. We also promote safety through our involvement in industry trade associations, and offer additional safety devices that exceed the minimum requirements.

Elevator, escalator and automatic door safety requires a joint effort. Technology providers must manufacture equipment that meets applicable codes and standards. Building owners and maintenance service providers have a responsibility to make sure that equipment is professionally maintained and kept in good condition. Elevator and escalator users also need to pay attention to their own behavior when using the equipment. For example, children using elevators and escalators should be properly supervised and large items such as baby strollers, heavy luggage, or shopping carts should be transported in elevators, never on escalators.

Managing the safety of our people, products, and services

KONE has global policies, processes, and guidelines to ensure that our business activities, including subcontractor operations, are organized and conducted in a structured and globally harmonized way. Every manager is responsible for ensuring that all necessary arrangements are in place to allow safe working, and employees and subcontractors follow the defined rules and methods. We also focus on making sure every KONE employee has the necessary competence to perform their work in a professional and safe manner. Our employees receive training in health and safety, as well as training relevant to their respective work roles and tasks.

We conduct audits to measure compliance with KONE's policies, rules, and defined working methods, and take immediate corrective actions if deviations are identified. If obstacles to safe working are found, the work in question stops until a safe way to continue has been approved. In cases where any employee deliberately deviates from policies, rules, or defined working methods, the violations procedure is followed, which may result in corrective or disciplinary action as appropriate.

If a subcontractor violates any KONE policies or rules, it may result in the termination of their contract. Members of the senior management teams regularly participate in workplace safety audits.

To support continuous improvement in KONE's safety performance, accidents and near-misses are reported and investigated. The underlying root causes are identified and corrective actions implemented so the accident or near-miss incident is not repeated.

KONE organizes quarterly global safety network meetings to share lessons learned from accidents and near-miss incidents. The meetings also serve as a forum for sharing good practices and discussing concerns. Unit safety managers share the information in their respective unit's regular management meetings, and information is cascaded down from line managers to team leaders for sharing in team meetings and other employee forums. This two-way information channel helps to ensure all concerns and initiatives are effectively communicated, and that any necessary preventive actions are taken.

In September 2012 KONE organized the first global safety week for its employees and subcontractors. The purpose of this yearly event is to highlight the importance and raise the awareness of safety in everything we do, to motivate and engage our employees and subcontractors to share the zero accidents target, and to share information about our safety processes and practices.

Safety targets and achievements

- The ultimate goal of zero accidents
- In our annual employee survey, Pulse, the question about KONE's commitment to employee safety again received a very high score in 2012
- In 2012 our industrial injury frequency rate (IIFR) was 3.4 – a 15.6% reduction compared to 2011

Safety every step of the way

We enhance the safety of our products and services through rigorous attention to our design, manufacturing, installation, and maintenance processes. Safe practices are promoted for our employees and subcontractors, as well as for customers and people who use our equipment.

Suppliers

KONE's Supplier Code of Conduct requires all of our suppliers to protect the health and safety of their employees.

KONE has defined clear quality requirements which are continuously measured and followed. In addition, our quality professionals regularly audit key suppliers to monitor the safety and quality of delivered components and products.

R&D

Workplace and product safety are embedded in the 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 improve their safety and functionality further.

Office

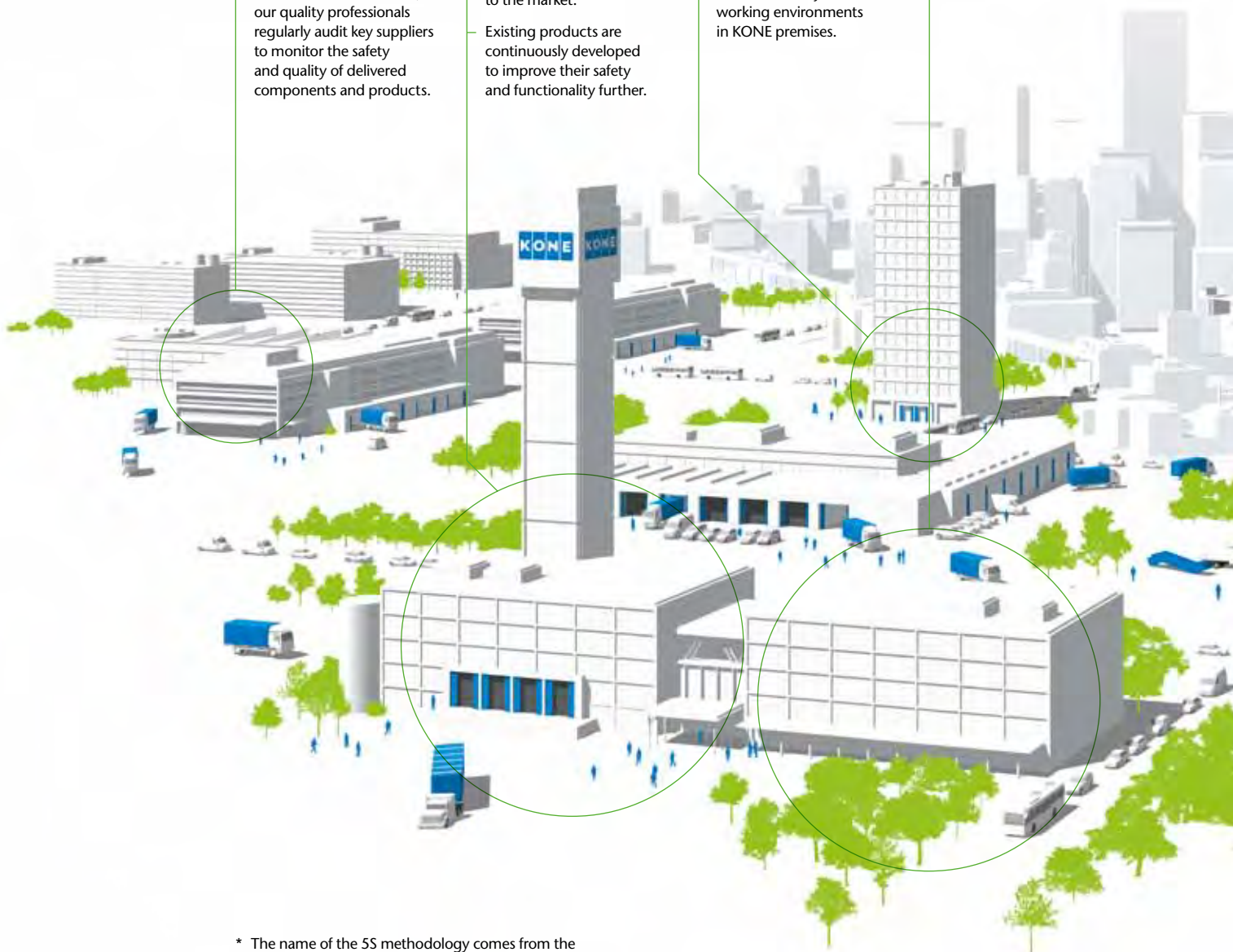
KONE promotes the safety awareness of its employees through health and safety training as well as safety-related internal communication.

Building managers promote and maintain safe and healthy working environments in KONE premises.

Production site

KONE enhances the quality and safety of all components used in production by carefully controlling raw materials and production processes. All KONE major production sites are certified to ISO 9001, 14001 and OHSAS 18001 standards.

We make sure that all our production sites are safe places to work, for example by using the 5S* methodology and by conducting regular safety training.



* The name of the 5S methodology comes from the words sort, stabilize, shine, standardize, and sustain.

Installation

KONE's installation methods and processes are designed to protect installer safety whilst enabling product quality and reliability. KONE implements the 5S* methodology in all of its installation processes.

KONE uses continuous training, site audits, and proven risk-assessed methods to control site safety.

Use

KONE supports customers and building owners in promoting the safe use of elevators, escalators, and automatic building doors.

KONE communicates actively about safety issues, and organizes events for end users and customers to promote the safe use of the equipment we maintain.

Modernization

KONE develops modernization solutions for upgrading or replacing existing equipment with new solutions that meet the latest safety standards, improving equipment reliability and user safety.

Products are installed by professional technicians following strict modernization processes that include safety requirements.

Maintenance

KONE maintains the safety of elevators, escalators, and automatic doors using preventive maintenance methods.

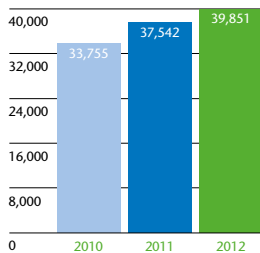
We train our maintenance professionals regularly so that they have the required competence to perform their work safely.



Engaging and developing people



Number of employees
(year end)



Achieving sustainable development is a daunting challenge. It takes collaboration to develop the ideas and solutions that will make cities better places to live. At KONE we know that great achievements come from continuous investments in diverse and motivated people with excellent working conditions.

In 2012, KONE had approximately 40,000 employees in more than 50 countries. Our personnel strategy aims to ensure the availability, engagement, motivation and continuous development of our employees. This is a fundamental part of KONE's business strategy, and highlighted in one of our development programs called Employee Engagement.

An ethical approach

KONE follows high ethical principles in all its activities. All KONE employees have the right to a safe, healthy working environment where discrimination is prohibited and personal well-being promoted. Diversity is important to us. We are committed to an equal opportunity approach that places employees in positions best suited to their abilities. We do this because it's the right thing to do – and because it increases productivity, and

fosters the creativity and innovation that are the backbones of our business.

Engaging employees for great achievements

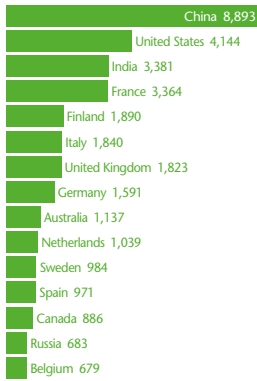
Launched in 2011, our Employee Engagement development program aims for an energizing and collaborative culture where every employee is committed, inspired, and motivated to stay with KONE and achieve outstanding results. The program has three themes: leadership culture, providing growth opportunities for people, and well-being.

In 2012, we redesigned our global leadership development programs, and developed well-being activities that provide practical tools for employees.

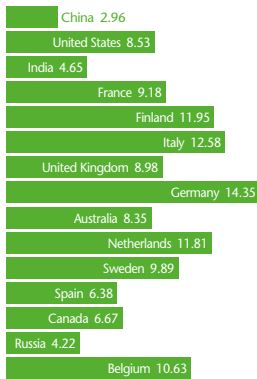
Developing people also in uncertain times

At KONE, we invest in our people also when the economic outlook is uncertain. Development actions will ensure that KONE people are better prepared to turn challenges into opportunities also in difficult times. We want to offer a supportive environment and tools to enable every employee to boost their own development and career. In our employee satisfaction survey, the rating for growth and development opportunities improved in 2012.

Personnel by country
Dec. 31, 2012
(15 largest countries)



Average length of service
Years, Dec. 31, 2012
(15 largest countries)



We continued to develop our global learning management system, which we will start to roll out in 2013. The new system will make the training offer visible to all KONE employees, and allow us to manage certifications, training requirements and personnel development more easily. The system will better support our online and field training, collaboration and material sharing.

KONE mentoring was activated by sharpening our mentoring practices. In 2013 the focus will be in implementing new coaching practices.

In 2012, we redesigned our global learning programs for KONE leaders. We updated our Supervisor Development Program for first-level managers. We added modules on change management, finance for non-financial managers and operational business management to our KONE Leader program for middle managers. We also started a new top management program, which trained approximately 200 management team members during 2011–2012. The remaining KONE management teams will participate in 2013.

Promoting employee well-being

In 2011, KONE created a global framework for employee well-being to encourage employees to be aware, be responsible and be active in terms of their physical, mental and social well-being. In 2012, we launched the ‘well-being corner’ concept, and produced training materials on topics such as stress resilience and taking care of your back, muscles, joints and limbs. There are now 130 well-being corners in our operations around the world.

Managing performance and helping people to grow

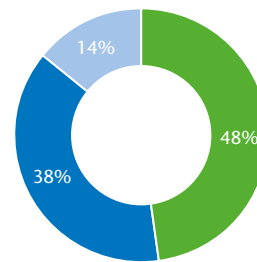
KONE’s goal is to have the best possible professionals with the right competencies in each position. In 2012, we improved our performance management process with new and updated tools. In addition to target setting and job contents review, KONE managers are advised to discuss employee well-being in performance discussions organized at least twice a year. Discussing the career development and growth opportunities is also an important part of these sessions.

Our annual leadership and talent review process evaluates our managers and identifies successors and potential candidates for future management positions. In 2012, we further improved the quality of our recruitment process by launching new assessment tools. For the first time we also utilized the results of our employee satisfaction survey in the leadership and talent review process.

To accelerate employees’ career development and job rotation, all KONE’s open positions are published on our intranets. In 2012 we published more than 3,150 open positions. We also encourage employees to apply for KONE positions in other countries.

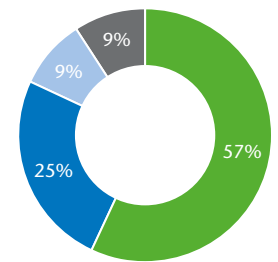
We also actively seek external candidates for key positions to ensure we get fresh insights and are able to renew the way we approach our business. Every year we offer students and graduates opportunities to work on interesting projects in different KONE units around the world through KONE’s International Trainee Program. 19 trainees participated in the program in 2012. Additionally, KONE offers various summer traineeships and thesis opportunities in several countries.

Employees by market
2012



- EMEA 48%
- Asia-Pacific 38%
- Americas 14%

Employees by job category
2012

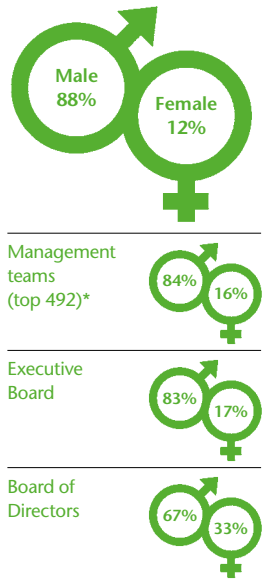


- Maintenance and modernization 57%
- New equipment sales and installation 25%
- Manufacturing 9%
- Administration, IT, R&D 9%

At KONE diversity is valued. We have approximately 100 different nationalities working in our company, and for example in Finland, we had 32 different nationalities in 2012



Gender distribution 2012



*Excluding United States

Measuring employee satisfaction

We conduct an annual Pulse survey with our employees to measure their level of satisfaction with KONE as a workplace. In 2012, more than 31,500 employees provided feedback, and the global response rate reached an all-time high of 91%, up from 87% in 2011.

The survey covers areas such as employee engagement, corporate responsibility, strategy and values, leadership, communication and involvement, customer relationships, and growth and development opportunities. Additionally, how respondents view their job, managers and performance review is covered. We also ask if people have seen actions being taken based on the results of the previous survey and the scores for this item continued to improve compared to 2011.

Global results showed a slight overall improvement in 2012. The greatest improvements were seen in employees' perception of KONE as a socially responsible company, and in collaboration and involvement, which has been the focus of development actions. For the first time the corporate responsibility dimension was included in the survey where environmental aspects were covered in addition to social responsibility.

The highest scores related to KONE's approach to safety, managers treating their employees with respect, and employees having a clear understanding of what is expected of them.

The survey results were communicated and discussed in all units during the spring and summer. Action plans were created for key improvement areas, and are followed up quarterly by the Executive Board.

Rewarding our people

Our reward framework is intended to inspire, motivate and engage employees through easy-to-understand policies, guidelines and practices that align with our business strategy and development programs. While reward policies are consistent across KONE, the practices are flexible enough to meet local needs.

Communication and collaboration

Open and timely communication about KONE's business is also an important element driving employee engagement. At KONE, we use multiple channels to reach and engage our people.

In 2012 we piloted a project called KONE Collaboration Workplace to improve collaboration through the intranet. The upgraded intranet will improve document sharing and support working together through social networking. The project will be implemented in 2013.

Employees can follow the latest KONE news and events through our intranets, employee magazines and newsletters, which we publish both globally and locally. In 2012, KONE published two editions of its global employee magazine, Move, in nine languages. KONE also increased its social media presence to engage more with potential employees.

We encourage employees worldwide to collaborate effectively by offering everyone the opportunity for language testing and online English training.

70% of competence development happens on the job, 20% by learning from others and 10% from training and self study. In 2012 we created the 70-20-10 learning guide, a practical learning solution with examples on building more effective individual development plans



Committed to ethical business practices

KONE has more than 1,000 offices in over 50 countries, and we collaborate with authorized distributors in almost 100 countries around the world. As a global corporate citizen, we are committed to the laws and rules of societies in which we operate. Thus, our global presence makes it crucial to ensure that clear rules and guidance for ethical business practices are in place and easily accessible to all our employees.

KONE's global Code of Conduct sets out our position on ethical business practices. It is supplemented by a detailed Competition Compliance Policy that focuses on competition law.

KONE's Code of Conduct

KONE's Code of Conduct sets out the standard of behavior that is expected of KONE employees and KONE companies, and gives clear guidance about the kind of behavior that is not tolerated. Topics covered include complying with the laws and rules of society, the work environment, product and service marketing, fair competition, the environment and sustainability. All our employees are expected to read and understand the code, and to report any violations to the Corporate Compliance Officer or to the global, or relevant local, legal function.

Number of different language online training programs

24



Topics included in the KONE Code of Conduct	
Compliance with laws and rules of society	<p>KONE is committed to complying with applicable laws and regulations</p> <p>KONE respects prevailing cultural norms and practices, but where there are conflicts KONE's employees are required to follow the KONE Code of Conduct</p>
Work environment and human rights	<p>KONE prohibits all forms of discrimination</p> <p>KONE is committed to ensuring a safe and healthy working environment for all employees</p> <p>KONE prohibits offensive behavior, including sexual harassment</p> <p>KONE prohibits child and forced labor, and does not enter into business with suppliers who use these practices</p>
Competition law	<p>KONE is committed to fair competition, and prohibits any violations</p>
Environment and sustainability	<p>KONE is committed to minimizing the environmental impact of its solutions, products, services, and operations</p>
Risks and conflicts	<p>KONE employees are required to avoid conflicts of interest</p> <p>KONE prohibits direct and indirect bribes and unethical payments, as well as excessive gifts and hospitality</p>

Training and information

- Online training programs delivered in 24 languages complement classroom training provided to employees in their respective business units
- Policy documents available in 27 languages to all employees

Competition Compliance Policy

KONE's Competition Compliance Policy expands on the principles of fair competition presented in the Code of Conduct. The policy details our unambiguous position against anti-competitive practices. It sets out the rules and principles that all KONE employees must follow to ensure that we comply fully with competition laws.

Two online training programs

All KONE employees with personal KONE e-mail accounts must regularly complete the Code of Conduct online training program. Participants for the Competition Compliance Policy program are determined globally and selected on the basis of their role and position. These participants include the members of KONE's Executive Board, local management personnel, sales and sales support teams, as well as other employees who have access to confidential information. Individual business units can nominate additional participants, where they feel it is necessary.

Enforcing the codes and policies

A dedicated corporate compliance officer helps employees comply with KONE's Code of Conduct. Employees have several ways they can contact the compliance officer, and have the right to make contact in their native language.

Supplier Code of Conduct

KONE's Supplier Code of Conduct sets out the ethical business practice requirements that we expect of our suppliers. The Supplier Code of Conduct is explained in more detail on page 39 of this report.

Creating value through profitable growth

KONE's objective is to achieve sustainable and profitable growth by meeting the needs and expectations of our customers in the most efficient way. While KONE's foremost economic responsibility is to its shareholders, a sustainable economic performance brings important benefits for many other stakeholders as well – employees, suppliers and communities as a whole.

Our shareholders and the financial community are important stakeholders for KONE, as they are the ultimate decision-makers and providers of capital for our business and its growth. At the end of 2012 KONE had over 30,000 shareholders, ranging from

institutional investors and companies to individuals, public institutions, and non-profit organizations. KONE's objective is to generate long-term returns for shareholders by conducting its business in a profitable, responsible and transparent manner.

KONE is transparent with all tax authorities. We are committed to paying the amount of tax legally due, and to meeting all disclosure requirements in the countries in which we operate. Any transactions executed must have a solid business rationale without compromising tax compliance principles. KONE's objective is to ensure predictability in its tax matters.

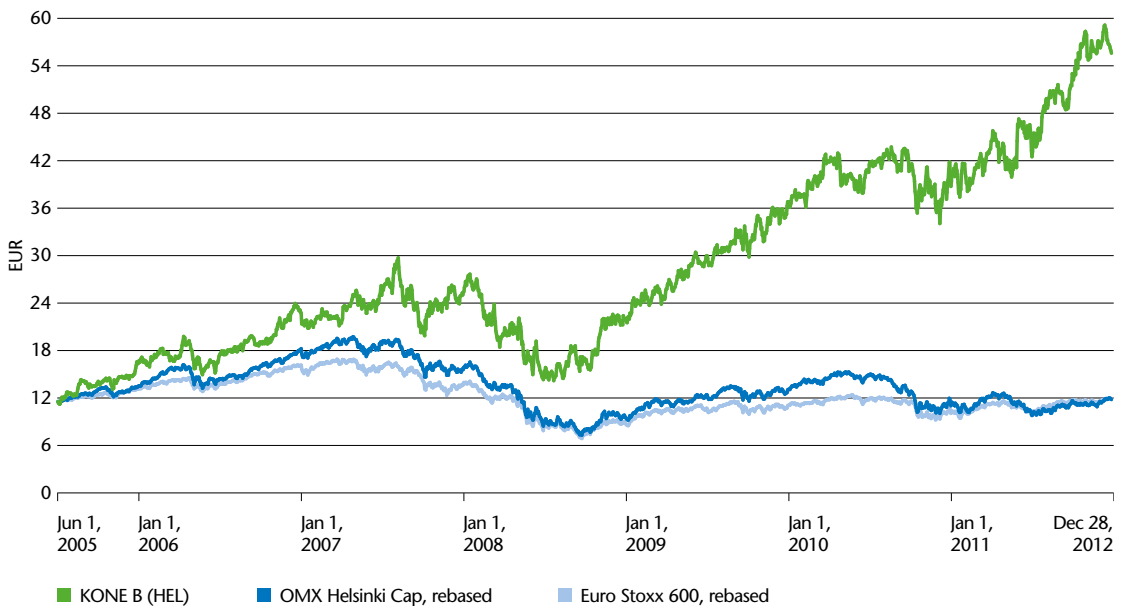
KONE's economic impacts in 2012*

Customers	–	Suppliers	=	Added value	÷	Stakeholders	
6,277 (5,225) MEUR	–	3,610 (2,824) MEUR	=	2,667 (2,401) MEUR	÷	Employees	1,375 (1,345) MEUR
						Creditors	–8 (–18) MEUR
						Public sector	693 (502) MEUR
						Shareholders	449 (741) MEUR
						Economic value retained in the company	159 (214) MEUR

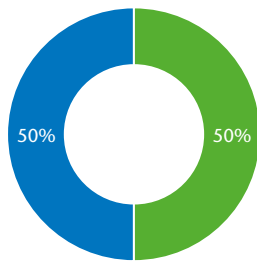
(Year 2011)

* Figures for 2012 restated according to the revised IAS 19 'Employee Benefits'. For further information, please see pages 21 and 22 of the KONE Interim Report for January–March 2013.

Development of KONE's share price versus OMX Helsinki Cap and Euro Stoxx 600

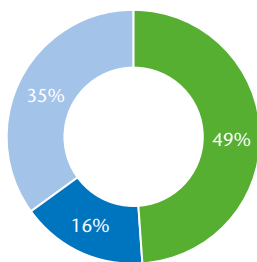


Sales by business, 2012



■ Service 50% (54%)
 ■ Maintenance 34% (37%)
 ■ Modernization 16% (17%)
 ■ New equipment 50% (46%)
 (Year 2011)

Sales by market, 2012



■ EMEA 49% (55%)
 ■ Americas 16% (18%)
 ■ Asia-Pacific 35% (27%)
 (Year 2011)

Long-term Financial Targets

Growth:
faster than the market

Profitability:
16% earnings before interest and taxes

Cash flow:
improved working capital rotation

Our efforts to develop KONE's presence in different regions, to focus on growth opportunities, and to gain a granular understanding of markets locally have been important contributors to our profitable growth in recent years. Continued investments in developing our people have also had a positive impact on this development. KONE's current broad global reach provides stability to the business at a time when many markets are challenging.

Development of KONE's operating environment

In 2012 the overall market situation was challenging due to the general economic environment and overall uncertainty. New equipment demand weakened in many markets outside of Asia-Pacific. Price competition intensified in both new equipment and service, particularly in regions where the new equipment market has been weak for a prolonged period of time. In the Europe, Middle East and Africa (EMEA) region, the new equipment market declined slightly in Central and North Europe, but remained at a relatively good level. In South Europe, the market declined further from an already weak level. In the Americas region, the gradual recovery from a low level continued. The market in Asia-Pacific continued to grow, although at a clearly lower rate than in 2011. Market growth in Asia-Pacific slowed down gradually during the first three quarters before picking up again in the last quarter of the year. The major projects segment was active, particularly in Asia-Pacific and the Middle East, but towards the end of the year lead times in decision-making became longer, which impacted growth. The global modernization market declined slightly, although with regional variations. Maintenance markets continued to develop favorably in most countries.

While KONE's foremost economic responsibility is to its shareholders, a sustainable economic performance brings important benefits for many other stakeholders as well.

Financial performance in 2012

In 2012 KONE's development was solid, especially considering the challenging economic environment outside the Asia-Pacific region. Orders received increased 23% compared to 2011, reaching EUR 5.5 billion (4.5 billion). Sales in 2012 amounted to EUR 6.3 billion (5.2 billion), an increase of 20% from the previous year. Asia's share of total sales increased, but the geographical distribution of sales remained balanced with EMEA accounting for 49% (55%), the Americas for 16% (18%) and Asia-Pacific for 35% (27%). The largest individual countries in terms of net sales were China, the United States and France. China accounted for close to 25% and the United States exceeded 10% of KONE's total net sales in 2012.

The contribution made by different parts of the business to KONE's total sales changed significantly in 2012. The share of new equipment business increased to 50% (2011: 46%) of total sales due to strong sales growth in Asia-Pacific both organically and through the consolidation of an acquisition in China. Maintenance accounted for 34% (37%) of sales and modernization 16% (17%).

KONE's operating income, excluding a one-time cost, was EUR 828.7* (725.1) million in 2012, or 13.2*% (13.9%) of sales. The growth in operating income was a result of continued strong new equipment sales growth in Asia-Pacific, particularly in China, good sales growth in the service business, good development in quality and productivity, as well as a favorable development in translation exchange rates compared to the previous year. The growth in operating income was adversely affected by deliveries of projects that were booked as orders received in 2010 and 2011 with lower margins, particularly in North America, intangible asset amortizations resulting from the consolidation of former joint venture GiantKONE as a subsidiary, increased labor costs in Asia, and during the first half of the year higher material costs. KONE also continued to increase resources and therefore fixed costs in areas supporting the growth of the business, in particular in Asia-Pacific and process development.

* Figures for 2012 restated according to the revised IAS 19 'Employee Benefits'. For further information, please see pages 21 and 22 of the KONE Interim Report for January–March 2013.

Carbon disclosure takes a huge leap forward

In 2012, KONE featured for the second year running in the Carbon Disclosure Project's (CDP) Nordic Carbon Disclosure Leadership Index, scoring 90 points out of a possible 100 (201: 83). The Carbon Disclosure Leadership Index highlights the companies listed on the Nordic OMX that have displayed the most professional approach to corporate governance practices regarding climate change information disclosure. The CDP is a global, non-profit climate change reporting system representing 655 institutional investors.

Read more about our environmental responsibility starting from page 10 in this report.

In addition, the growth in the share of new equipment sales relative to total sales reduced KONE's relative operating income in 2012. The margin of KONE's order book was at a healthy level, and the orders-received margins improved slightly over the course of the year.

In 2012 KONE announced two programs targeting increased competitiveness. The first of the programs targets improved quality and productivity of KONE's support functions, and the second is an adjustment in resourcing in countries where the market has declined to a weak level. The programs are expected to result in approximately 550 fewer jobs globally by the end of 2013. KONE's objective is to manage this through natural attrition and reduced temporary labor as much as possible.

Sales of KONE's new global volume elevator offering, which started in the autumn of 2012 in Europe and Asia, did not have a significant financial impact on KONE during the year. The ramp-up of volumes will be gradual, and with the lag between an order being received and its delivery, the new offering is not expected to be significant in terms of sales in 2013. Once full volumes are reached, the new offering is expected to cover some 60% of KONE's new equipment sales, and 90% of full replacement.

At the end of 2012, KONE's net cash position was significantly positive, at EUR 574.0* million (829.1). Cash flow from operations is KONE's principal source of funding, and we aim to maintain negative working capital in order to ensure healthy cash flow. In 2012, KONE's cash flow from operations (before financing items and taxes) was at a record high, at EUR 1.1* billion (819.8 million). Although KONE has no specific target for its capital structure, our aim is to maintain strong credit quality in order to provide ample access to external funding should business growth demand it. KONE's strong balance sheet provides stability in an uncertain economic environment and allows us to take advantage of potential value-creating business opportunities.

Internal controls and risk management

KONE's internal control processes are designed to ensure that its operations are efficient and profitable, that the business risk management is adequate and appropriate, and that financial information is accurate and reliable. These processes and controls enable us to oversee the business' adherence to agreed operating principles and instructions. They are fundamental to securing KONE's financial performance and the ability to achieve our long-term targets. KONE's internal control procedures are laid down in carefully defined principles and instructions.

A unified and globally harmonized framework provides processes, tools and instructions to cover both managerial and external financial reporting. Risk management aims to coordinate and develop a systematic assessment of risks and opportunities within core business planning and decision-making processes. KONE continuously assesses the risks and opportunities of its business decisions in order to limit unnecessary or excessive risk in achieving its business and financial objectives.

For more information about the broader aspects of our risk management processes, please see the sections on ethical business practices on page 32 and supply chain on page 39.

* Figures for 2012 restated according to the revised IAS 19 'Employee Benefits'. For further information, please see pages 21 and 22 of the KONE Interim Report for January–March 2013.



KONE's key milestones in China since 1985

- 1985 KONE HK starts project business in China
- 1996 KONE Elevators Co., Ltd. registered in China
- 1998 Opening of the KONE local headquarters and factory in Kunshan
- 2005 China headquarters move to Shanghai
- 2005 Phase II of Kunshan facilities fully operational
- 2005 40% share in GiantKONE joint venture
- 2010 Opening of the KONE's distribution center in Kunshan
- 2011 Acquisition of majority (80%) in GiantKONE
- 2012 Opening of the KONE distribution center in Tianjing
- 2012 KONE's factory, R&D and distribution center in Kunshan move to new facilities

China growing in importance

Rapid urbanization and growing demand for smooth People Flow® solutions for city dwellers in Asia – especially China – makes the region the world's fastest growing market for new elevators and escalators. It is expected that half of all Asians will live in urban areas by 2020. In 2012 Chinese market accounted for 65% of all new elevators and escalators ordered globally (measured in units), and the market grew by over 10% in 2011–2012. This makes China an important business area for KONE. The growing demand for new equipment is also a challenge for KONE's delivery chain.

KONE has some 8 900 employees, and has a network of over 350 locations in China. On top of that, KONE has a significant supplier network in the country.

To serve this fast growing market better, KONE opened a new production site and research and development center in Kunshan in 2012. It has made the company's operations in China more cost-effective and improved the correct timing of deliveries, enhancing customer satisfaction.

During 2012 KONE also opened a new distribution center in the northern part of China, in Tianjin Province, and the company's distribution center in Kunshan started its operations in new facilities. The shorter distances to installation sites and the closer proximity of local suppliers are estimated and will bring reductions to KONE's global greenhouse gas emissions from logistics.

Read more about our new production site at Kunshan on page 21.

Ensuring a high quality delivery chain

Number of employees in KONE supply chain

4,100

KONE's delivery chain incorporates all the actions and processes that are involved in bringing products from factories to installation sites. The chain ends when a customer accepts the installation. Customer experience is at the heart of the delivery chain process, and KONE's global presence makes it crucial for the company to be close to its customers.

KONE's delivery chain consists of eight production sites, eight global distribution centers for elevators, and four distribution centers for spare parts. A total of 4,100 people keep KONE's supply operations running, covering new equipment, modernization, and spares supply. Our delivery chain also incorporates a significant number of material suppliers and logistics service providers.

Strategic focus

Delivery Chain Excellence is one of the five global development programs KONE has in place to foster strategy implementation. Tailoring the delivery chain according to customer segment-specific needs in a cost effective way requires modular delivery processes, global harmonization and the smart integration of processes and systems.

We do this by focusing on the following: improving internal effectiveness, increasing collaboration with the different parties and teams in the delivery chain, and synchronizing all delivery process phases to ensure accurate deliveries from suppliers right through to installation.

We systematically build a culture of continuous learning and improvement. In addition to participating in training programs, our employees are actively encouraged to take part in the improvement of processes, products, methods, and the working environment by following the Kaizen concept of continuous improvement.

KONE actively employs Lean and Six Sigma tools and methods to improve the productivity and quality of operations. In 2012 there were 225 employees in various KONE supply units who attended Six Sigma trainings, and 117 of them received certifications.

KONE is committed to implementing Lean across the entire delivery chain. In 2012 we rolled out the Lean Passport e-Learning program to illustrate the key concepts of Lean. The learning module is available in six languages – Finnish, English, Chinese, Italian, Spanish and Czech – for all KONE employees and for selected suppliers. All staff persons in our supply unit have completed the training, and training for factory workers and selected key suppliers is underway.

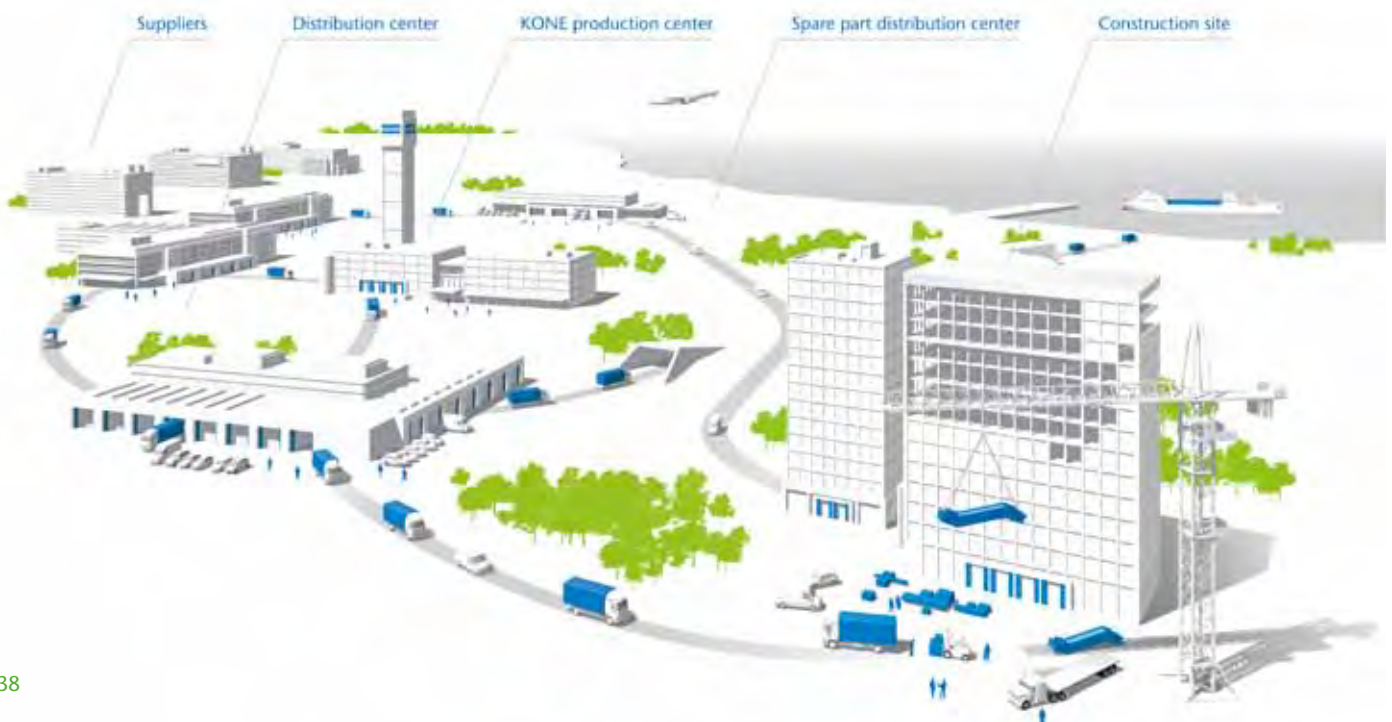
In the future, these tools and methods will be expanded to cover all KONE employees working in installation operations as well as our suppliers to benefit the quality, safety and sustainability of our products.

KONE supply units deliver

>2 million

packages from distribution centers to the installation sites annually

Read more about our delivery chain at kone.com/delivery-chain



A supplier network supporting KONE's goals and values

Number of KONE
Supplier Excellence Certified
supplier factories

69

As well as internal efficiency, it is essential for KONE to work effectively with the 22,000 suppliers who provide us with raw materials, manufacture components and modules, and install our products. Suppliers are an integral part of our delivery chain, and play a key role in helping us deliver high-quality solutions to our customers. KONE purchases 80% of its raw materials, components, and systems supply for new equipment production from approximately 100 suppliers located close to our production centers. This has a positive impact on both our flexibility and environmental footprint.

We ensure supplier excellence by:

- certifying our key suppliers
- assessing and mitigating supplier-related risks
- requiring suppliers to sign up to our Supplier Code of Conduct.

Supplier Excellence Certification

KONE's Supplier Excellence Certification Program assesses our key suppliers' sites. We consider their environmental and quality management systems, performance scorecards, and supplier audit results, among other things. A supplier's ISO 14001 compliance is one of the elements assessed during certification. We aim to maintain a supply base that complies with KONE's and international environmental standards. In 2012 84% of KONE's strategic supplier factories were ISO 14001 certified. We expect all our key suppliers' factories to attain Supplier Excellence Certification. In 2012, 69 supplier factories were certified (2011: 64).

Assessing supplier risks

Our sourcing risk monitoring system is based on a thorough assessment of suppliers, including analysis of financial and business viability, and their dependence on business from KONE. We also work closely with our strategic suppliers to secure competitive raw material price levels.

Supplier Code of Conduct

KONE prohibits any kind of unethical business practices, and all KONE suppliers must comply with our Supplier Code of Conduct, which sets out KONE's global values. Suppliers are expected to adhere to this Code in their dealings with KONE, their own employees and suppliers, as well as third parties. KONE may terminate all contracts with suppliers who breach this code.

KONE's Supplier Code of Conduct focuses on issues including:

Ethics – complying with local laws; intellectual property rights; improper payments; conflict of interest

Environment – complying with environmental laws and regulations and obtaining environmental permits; continuously reducing harmful environmental impacts by minimizing the amount of waste, waste water, air emissions, greenhouse gas emissions, chemicals and hazardous substances.

Labor – non-discrimination, and fair and equal treatment of all employees; child or forced labor; maintaining a safe and healthy working environment; complying with wage-related laws and regulations

Health and Safety – managing exposure to potential safety hazards and physically demanding tasks; implementing emergency plans and response procedures; managing occupational injuries and illnesses

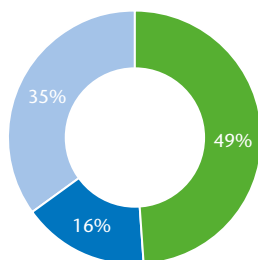
Management systems – identifying, monitoring and understanding applicable laws, regulations and customer requirements; identifying and controlling supplier risks related to environment, health and safety and labor practices.

Supplier Development Program

In 2012, we launched our Supplier Development Strategy, which aims to make KONE suppliers the best in our industry. Extending KONE's drive for delivery excellence to our supplier network will lead to improved quality, reliability and manufacturing efficiency, thus improving our market position. At KONE, Supplier Development involves measuring and enhancing supplier performance through continuous and proactive focus on waste elimination, variation reduction and overall productivity improvements.

Key figures

Sales by market, 2012



■ EMEA 49% (55%)
 ■ Americas 16% (18%)
 ■ Asia-Pacific 35% (27%)
 (Year 2011)

Key financial figures		2011	2012*	change, %
Orders received	MEUR	4,465.1	5,496.2	23.1
Order book	MEUR	4,348.2	5,050.1	16.1
Sales	MEUR	5,225.2	6,276.8	20.1
Operating income	MEUR	725.1	828.7	14.3
Operating income	%	13.9	13.2	
Cash flow from operations (before financing items and taxes)	MEUR	819.8	1,070.8	
Net income	MEUR	644.4	611.0	
Total comprehensive income	MEUR	669.5	591.7	
Basic earnings per share	EUR	2.52	2.35	
Interest-bearing net debt	MEUR	-829.1	-574.0	
Total equity/Total assets	%	54	47.1	
Gearing	%	-40.8	-31.3	
R&D expenditure	MEUR	82.5	86.1	

* Figures for 2012 restated according to the revised IAS 19 'Employee Benefits'. For further information, please see pages 21 and 22 of the KONE Interim Report for January–March 2013.

Relative operational carbon footprint

Vehicle fleet (Scope 1)				Electricity (Scope 2)				Business air travel (Scope 3)				Logistics** (Scope 3)				Overall operations			
2010	2011	2012	YoY	2010	2011	2012	YoY	2010	2011	2012	YoY	2010	2011*	2012	YoY	2010	2011*	2012	YoY
89.1	85.6	85.3	-0.4%	873	898	1,055	+17.5%	200	226	182	-19.5%	1,420	1,408	1,280	-9.1%	45.1	47.4	46.2	-2.5%
(kgCO ₂ e/Unit in service)				(kgCO ₂ e/Headcount)				(kgCO ₂ e/Headcount)				(kgCO ₂ e/Unit)				(kgCO ₂ e/k€ Sales)			

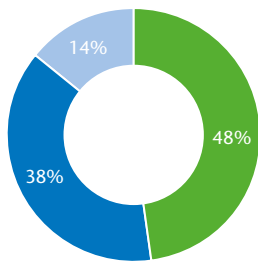
* Restated

** Excluding GiantKONE and India

Key environmental figures		Units	2010	2011	2012	
Energy consumption	Direct	Heating fuels	m ³	1,500	2,500	1,300
		Natural gas	m ³	4,953,000	3,337,000	5,631,000
	Indirect	Electricity, including district heat	MWh	74,769	76,934	92,233
KONE's operations, tCO ₂ e	Direct (scope 1)	Fuels for heating and manufacturing		13,000	13,000	14,000
		Gases for cooling systems		900	400	900
		Vehicle fleet		87,800	88,500	90,700
	Indirect (scope 2)	Electricity consumption, including district heat		29,000	32,000	42,000
	Indirect (scope 3)	Logistics		76,600	95,900	116,800
Waste, tonnes			37,500	23,600	26,600	
Water consumption, m ³			270,000	270,000	390,000	

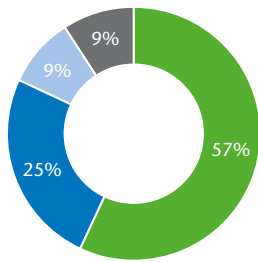
□ Scope 1, scope 2 and partly scope 3 data assured by Ecobio Oy. Full environmental data is available on page 20.

Employees by market 2012



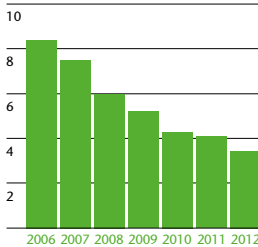
- EMEA 48%
- Asia-Pacific 38%
- Americas 14%

Employees by job category 2012



- Maintenance and modernization 57%
- New equipment sales and installation 25%
- Manufacturing 9%
- Administration, IT, R&D 9%

IIFR development*



*Industrial Injury Frequency Rate. KONE tracks the number of lost time injuries of one day or more, per million hours worked, as a key performance indicator.

Environmental excellence program

Key initiatives	Target 2012	Achievement 2012	Target 2013
We continue to reduce energy consumption and increase the eco-efficiency of our solutions	Further reduction in the energy consumption of volume elevators and escalators	<p>Launched a completely renewed elevator offering that is 35% more energy efficient than the 2010 offering in Europe and 20–28% more energy efficient in Asia Pacific</p> <p>The KONE MonoSpace® 500 elevator awarded the Product of the Year 2012 by World Architecture News</p> <p>VDI 4707* A-class coverage expanded to include KONE E MiniSpace™ and KONE EcoSpace® elevators</p> <p>KONE solutions delivered to LEED, BREEAM and other certified green buildings</p> <p>Escalator energy consumption of a typical configuration reduced by 30% from the 2010 level</p> <p>The KONE TravelMaster™ 110 escalator and the KONE EcoMod® escalator modernization solution received the 2012 Product Innovation Award from Architectural Products Magazine</p>	Further improve the energy efficiency of the next generation of KONE elevators and escalators
We continue to minimize the carbon footprint of our operations	Reduce carbon footprint relative to net sales by 3% from 2011 level	Carbon footprint decreased by 2.5%. The carbon footprint of assured scope 1 and scope 2 GHG emissions relative to net sales decreased by 7.5%	Reduce carbon footprint relative to net sales by 3% annually
Our processes fulfill ISO 14001 and green building requirements	All corporate units, manufacturing units, and targeted country organizations are ISO 14001 and ISO 9001 certified	<p>All corporate units, manufacturing units, and R&D units are ISO 14001 and ISO 9001 certified</p> <p>17 major country organizations are ISO 14001 and ISO 9001 certified (2011: 16)</p> <p>KONE U.S. Operations Center in Moline, Illinois achieved LEED Platinum and LEED Gold certification</p> <p>Our manufacturing and R&D site in China is under LEED pre-certification</p> <p>Our R&D unit in Italy established a Green Lab for developing new green elevator technologies</p>	One ISO and LEED implementation at new KONE production facilities and country offices
We develop environmental excellence jointly with our suppliers	All KONE strategic suppliers meet ISO 14001 requirements	Currently, 84% of strategic suppliers are ISO 14001 certified	All KONE strategic suppliers meet ISO 14001 requirements
We communicate, and gain recognition, as the most eco-efficient company in our industry	KONE Corporate Responsibility Report maintains GRI G3 B-level	<p>KONE 2011 Corporate Responsibility Report maintained GRI G3 B-level</p> <p>KONE's score in the Carbon Disclosure Project improved to 90/100 points (2011: 83) with carbon performance core B. KONE was included in the Nordic Carbon Disclosure Leadership Index for the second year running</p> <p>2012 environmental data for our scope 1, scope 2 GHG emissions and partly scope 3 was assured by Ecobio Oy</p>	KONE is valued as the leader in sustainability and eco-efficiency in our industry; continue to report according to GRI G3 B-level

*VDI 4707 is a guideline published by the Association of German Engineers (Verein Deutscher Ingenieure), which classifies elevators based on their energy consumption.

Reporting scope

KONE has chosen to report using the Global Reporting Initiative (GRI) guidelines in order to facilitate easier comparison of our performance with other companies and to streamline our own corporate responsibility reporting efforts. KONE has published a Corporate Responsibility Report annually since 2008. The previous report was published in May 2012. The reports follow GRI (G3) reporting guidelines as far as they are applicable.

The report for 2012 covers economic, social, and environmental responsibility. A table detailing how this report complies with the GRI guidelines is shown on pages 44–45. We have self-declared our reporting to be Application Level B of the GRI G3 Guidelines. PricewaterhouseCoopers Oy has checked our reporting and has confirmed it to be Application Level B. The reporting period corresponds with the calendar year and with KONE's financial year of January 1–December 31, 2012.

When developing the report content and choosing indicators, the driver has been the materiality to KONE's operations. The materiality analysis was performed by a team representing different organizational units within KONE. The purpose of this analysis was to identify and prioritize the key aspects of KONE's corporate responsibility. These material topics are described at kone.com/CR-focus areas. KONE's approach to corporate responsibility has also been described in the CEO's and Chairman of the Board's reviews on pages 2–3, and in the strategy description on page 4. All major local and regional organizations and all production units are included in the reporting scope.

All financial data and a significant proportion of the employee-related 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 for 2011 and 2012. On December 1, 2011, KONE completed the acquisition of a further 40% stake in GiantKONE, a former joint venture, and became the majority shareholder of the company with a shareholding of 80%.

The personnel data is provided by our HR organization and – with the exception of the data relating to gender distribution in management – covers the entire KONE Group.

The environmental data has been collected from KONE's 11 manufacturing units worldwide and from 33 major country organizations with sales, installation, and service operations in Asia, Europe, and North America. The collected environmental data covers 85% (2011:81%) of KONE's employees.

The data collected from the reporting organizations has then been extrapolated for the entire KONE organization. The goal is to gradually extend our environmental reporting to cover all of KONE. Data on business air travel has been collected from 27 countries and data on the service vehicle fleet fuel consumption from 21 countries. Data related to product and spare parts logistics has been collected centrally by the corporate organization.

KONE has been using an environmental performance software system since 2011. The environmental data has been collected from branch offices using a customized data collection spreadsheet consolidated on the country level. The country-level data has been entered into the environmental performance system. The data has further been consolidated globally in a combined effort with KONE's global carbon footprint assessment. The environmental performance has been reported in accordance with the Greenhouse Gas Protocol and ISO 14064 guidelines. KONE's environmental data for scopes 1 and 2, and partly scope 3 greenhouse gas emissions has been assured by Ecobio Oy.

Improved data collection methodology and the extension of the reporting scope to cover more reporting countries and branch offices has resulted in improved accuracy in the figures for 2012.

We welcome any feedback on this report or our overall corporate responsibility performance. If you have any comments or suggestions, please contact corporate communications at media@kone.com.

Independent assurance report – KONE's GHG emissions 2012

To the management of KONE Oyj

Insinööritoimisto Ecobio Oy (hereafter Ecobio) has been commissioned by KONE Oyj (hereafter KONE) to perform a limited third party assurance engagement regarding greenhouse gas emission (hereafter GHG emission) disclosures, including Scopes 1 and 2 and partly Scope 3 in KONE's Sustainability Report for 2012 for the period of January 1st to December 31st 2012.

KONE's responsibility

KONE was responsible for the collection, preparation and presentation of GHG emission disclosures in the Sustainability Report according to the Greenhouse Gas Protocol (GHG Protocol). Ecobio, as an independent assessor, was not involved in the preparation of any GHG emission disclosures, apart from the independent assurance engagement. The Management of KONE has approved the information on GHG emissions provided in the Sustainability Report.

Practitioner's responsibility

Ecobio's responsibility was to present an independent conclusion on the GHG emission disclosures subject to the limited assurance engagement. Ecobio disclaims any liability or responsibility for any third party decision based upon this assurance report.

Methodology

Ecobio based the assurance process on the following guidelines and standards:

- Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines 3.0
- Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard
- ISO 14064-3 standard (Greenhouse gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions)
- International Standard on Assurance Engagements 3000 (ISAE3000)

Concerning limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained. This assurance engagement was conducted from February to March 2013.

The assurance process included:

- Interviewing personnel responsible for data collection and reporting
- Evaluating procedures for gathering, analyzing, and aggregating quantitative data on GHG emissions
- Performing cross-checks on a sample basis on fuel, electricity and cooling gas consumption data
- Conducting GHG emission calculations on a sample basis
- Evaluating internal guidelines for data collection
- Evaluating the sufficiency of documentation of the data gathering process

Conclusion

Based on the work described in this report, nothing has come to our attention that would cause us to believe that the GHG emission disclosures in KONE's Sustainability Report 2012 are not fairly stated, in all material respects, or that it would not comply with the Reporting Criteria stated before.

Practitioner's Independence and Qualifications

Ecobio is an independent environmental consulting company with over 20 years of history. Ecobio's assessors are skilled and experienced in non-financial assurance and have good knowledge of industry related sustainability issues.

Ecobio has no financial dependencies on KONE beyond the scope of this engagement. Ecobio has conducted this assurance independently, and there has been no conflict of interest.

Helsinki, 27th of March 2013
Insinööritoimisto Ecobio Oy

Sanna Vaalgamaa (Ph.D.)
Managing Director

Pauliina Upla (M.Sc.)
Project Manager

Global Reporting Initiative index

Comparison with Global Reporting Initiative guidelines			
GRI Content	Included	Page	Comments
1. Strategy and analysis			
1.1 CEO's statement	Yes	2-3	
1.2 Key impacts, risks, and opportunities	Yes	4-7, 34-37	
2. Organizational profile			
2.1 Name of the organization	Yes	Back cover	
2.2 Primary brands, products and services	Yes	1, 7-8	kone.com/corporate/en/company/inbrief
2.3 Operational structure	Yes		kone.com/corporate/en/company/KONEs_organization
2.4 Location of organization's headquarters	Yes	Back cover	
2.5 Number of countries and location of operations	Yes	4	kone.com/corporate/en/company/inbrief
2.6 Nature of ownership and legal form	Yes		kone.com/corporate/en/company/inbrief
2.7 Markets served	Yes	4, 7	kone.com/corporate/en/company/inbrief
2.8 Scale of the reporting organization	Yes	28, 40	
2.9 Significant changes regarding size, structure or ownership	Yes	42	
2.10 Awards received in the reporting period	Yes	8	
3. Reporting principles			
Report profile			
3.1 Reporting period	Yes	42	
3.2 Date of most recent report	Yes	42	
3.3 Reporting cycle	Yes	42	
3.4 Contact point for questions regarding the report	Yes	42	
Report scope and boundary			
3.5 Process for defining report content (materiality, prioritizing topics and stakeholders using the report)	Yes	42	kone.com/stakeholders
3.6 Boundary of the report	Yes	42	
3.7 Limitations on the report's scope or boundary	Yes	42	
3.8 Basis for reporting subsidiaries, joint ventures, leased facilities, outsourced operations and other entities affecting comparability	Yes	42	
3.9 Data measurement techniques and bases of calculations	Yes	42	
3.10 Explanation of re-statements	Yes		Reported in connection with the indicators in question.
3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods	Yes	42	
GRI content index			
3.12 GRI content index	Yes	44-45	
Assurance			
3.13 Assurance policy and practice	Yes	42-43	
4. Governance, commitments, and engagement			
Governance			
4.1 Governance structure of the organization	Yes	FS 56	
4.2 Position of the Chairman of the Board	Yes	FS 56	
4.3 Independence of the Board members	Yes	FS 58	
4.4 Mechanism for shareholder and employee consultation	Yes	FS 56	
4.5 Impact of organization's performance on executive compensation (inc. social and environmental performance)	Yes	FS 59	Linkage to CR performance not reported.
4.6 Processes for avoiding conflicts of interest	Yes	FS 56	
4.7 Processes for determining Board members' expertise in strategic management and sustainability	Yes	FS 56, 60	
4.8 Implementation of mission and values statements, code of conduct and other principles	Yes	4, 32-33, 39	
4.9 Procedures of the Board for overseeing management of sustainability performance, including risk management	Yes	FS 57	Procedures related to CR management not reported.
4.10 Processes for evaluating the Board's performance	Yes	FS 56	
Commitments to external initiatives			
4.11 Addressing precautionary approach	Yes	11-12, 26-27, 36	
4.12 Voluntary charters and other initiatives	Yes		No commitments to initiatives as defined by GRI.
4.13 Memberships in associations	Yes	4	kone.com/memberships
Stakeholder Engagement			
4.14 List of stakeholder groups	Yes		kone.com/stakeholders
4.15 Identification and selection of stakeholders	Yes	4	
4.16 Approaches to stakeholder engagement	Yes		kone.com/stakeholders
4.17 Key topics raised through stakeholder engagement	Yes	30	
Economic performance indicators			
Management approach to economic responsibility			
Economic performance	Yes	34-36	
EC1* Direct economic value generated and distributed	Yes	34	
EC2* Financial implications, risks and opportunities due to climate change	Partly	11-12	
EC3* Coverage of defined benefit plan obligations	Partly	FS 35-36	
Market presence			
EC6* Policy, practices and spending on local suppliers	Partly	39	
Indirect economic impacts			
EC9 Significant indirect economic impacts	Partly	5	
Environmental performance indicators			
Management approach to environmental responsibility			
	Yes	12, 14, 16-19, 32-33, 41	

Comparison with Global Reporting Initiative guidelines				
	GRI Content	Included	Page	Comments
EN1*	Materials used by weight or volume	Yes	14	
	Energy			
EN3*	Direct energy consumption	Yes	20	Heating fuel and natural gas reported in m ³ .
EN4*	Indirect energy consumption	Partly	18, 20	
EN6	Initiatives to provide energy efficient or renewable energy-based products and services	Yes	10-12, 15	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partly	17-19	Reductions achieved not reported.
	Water			
EN8*	Total water withdrawal by source	Yes	19-20	
	Emissions, effluents, and waste			
EN16*	Total direct and indirect greenhouse gas emissions	Yes	20	
EN17*	Other relevant indirect greenhouse gas emissions	Yes	20	
EN18	Initiatives to reduce greenhouse gas emissions	Yes	17-18	
EN21*	Total water discharge by quality and destination	Yes	19	
EN22*	Total amount of waste by type and disposal method	Yes	19-20	
	Products and services			
EN26*	Mitigating environmental impacts of products and services	Yes	10-15	
	Compliance			
	Transport			
EN29	Environmental impacts of transportation	Yes	18-20	
	Overall			
	Social performance indicators			
	Labor practices and decent work			
	Management approach to labor practices and decent work	Yes	3, 25, 30, 32-33	
	Employment			
LA1*	Total workforce by employment type, employment contract and region	Partly	28-29	Not reported by employment type or employment contract.
	Labor/Management relations			
LA5*	Minimum notice period regarding operational changes	Yes		According to local legislation.
	Occupational health and safety			
LA7*	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Partly	25	Injury rate reported.
LA8*	Education and prevention programmes regarding serious diseases	Partly	29	
	Training and education			
LA11	Programmes for skills management and lifelong learning	Yes	28-29	
	Diversity and equal opportunity			
LA13*	Composition of governance bodies and breakdown of employees	Partly	30	Breakdown by gender reported.
	Human rights			
	Management approach to human rights	Yes	32-33, 39	
	Investment and procurement practices			
HR2*	Suppliers and contractors that have undergone human rights screening and actions taken	Partly	39	
HR3	Employee training on policies and procedures concerning human rights relevant to operations	Partly	33	
	Non-discrimination			
	Freedom of association and collective bargaining			
	Child labor			
HR6*	Operations identified as having significant risk for child labor and measures taken to contribute to the elimination of child labor	Yes		No risks related to the use of child labour have been identified in KONE's own operations.
	Forced and compulsory labor			
HR7*	Operations identified as having significant risk for forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor	Yes		No risks related to the use of forced or compulsory labour have been identified in KONE's own operations.
	Security practices			
	Indigenous rights			
HR9	Incidents involving rights of indigenous people and actions taken	Yes		No incidents involving rights of indigenous people.
	Society			
	Management approach to society	Yes	4-5, 32-35	kone.com/stakeholders
	Community			
	Corruption			
	Public Policy			
SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly	Yes	FS 5	
	Compliance			
SO8*	Significant fines and sanctions for non-compliance with laws and regulations	Yes		No significant fines or sanctions during the reporting period.
	Product responsibility			
	Management approach to product responsibility	Yes	25-27, 32-33	
	Customer health and safety			
PR1*	Assessment of health and safety impacts of products	Yes	25-27	
	Product and Service Labeling			
PR5	Practices related to customer satisfaction and results of customer satisfaction surveys	Partly		kone.com/stakeholders

* GRI Core indicator



KONE Corporation

Corporate Offices
Keilasaatama 3
P.O. Box 7
Espoo, 02150
Finland

Tel.: +358 (0)204 75 1
Fax.: +358 (0)204 75 4496

Business Identity Code: 1927400-1

KONE Corporation
www.kone.com
media@kone.com

Publication

Liisa Kivelä
Director
External Communications

Economic performance

Karla Lindahl
Director, Investor Relations

Environmental performance

Hanna Uusitalo
Environmental Director

Personnel and social performance

Kerttu Tuomas
Executive Vice President
Human Resources

Read more about KONE's operations in these publications



This publication is for general informational purposes only and we reserve the right at any time to alter the product design and specifications. No statement this publication contains shall be construed as a warranty or condition, express or implied, as to any product, its fitness for any particular purpose, merchantability, quality or representation of the terms of any purchase agreement. Minor differences between printed and actual colors may exist. KONE MonoSpace®, KONE EcoDisc®, KONE Care® and People Flow® are registered trademarks of KONE Corporation. Copyright © 2013 KONE Corporation.

Production and graphic design: Salterbaxter
Print: Kirjapaino Uusimaa, Finland

