

KONE Plc

2020 GENDER PAY GAP

FOREWORD

The KONE story began in 1910 in Finland, when a machine repair shop in Helsinki became known as KONE which is actually Finnish for “machine”. Stable ownership by four generations of the Herlin family has created a strong and supportive environment for development, allowing KONE to continue to respond to the people flow challenges of an increasingly urban future and more than a century later KONE enables the smooth flow of millions of people in urban centres across the globe. Over the years KONE has proven its ability to adapt to the challenges of a changing world and is now a global leader in the lift and escalator industry.

Our People strategy at KONE aims to ensure the engagement, motivation, and continuous development of our employees. We want KONE to be a great place to work – this is one of our strategic targets. For us, creating a great place to work means enabling our people to be their best at work and constantly delighting our customers. High ethical principles guide all of our activities. We actively encourage diversity and inclusion and while our business and industry has traditionally been male dominated, this is something we are working to change and we know that it will require ongoing focus. It is therefore pleasing to see that we have made progress in reducing our Gender Pay Gap in 2020 in both mean and median measures and in respect of bonus payments. A key driver of our progress has been the year on year increase in the average hourly pay rate of female employees.

People are at the heart of our business and it is important to me and my leadership team that we have an organisation that encourages diversity in all areas, and a culture that is attractive to and supports the development of both men and women equally.



OUR WORKFORCE

At KONE, 70% of our workforce are engaged in field engineering or supervisory roles, where the balance of the workforce is currently 98% male. This means our gender balance is uneven and this is reflected in our gender pay data. When we consider our office environments we see a more even distribution of male and female employees (62:38). Of our most senior UK-based roles, 80% are currently filled by men.

Our gender pay gap is therefore primarily due to the lower number of females working in our business and in senior management positions at the present time, which is also indicative of our industry. We are taking active steps in KONE through our Diversity and Inclusion plan to making these types of role and our industry equally attractive to men and women. We believe our Sustainable success with customers strategy and focus on empowering our people will enable us to succeed in attracting, developing and retaining more women to grow their careers in KONE.

DECLARATION

At KONE we believe that it is important to be transparent when reporting on our data. The following report gives an overview of our data as of 5 April 2020.

I confirm that KONE Plc's gender pay gap data has been calculated in accordance with the requirements of The Equality Act (Gender Pay Gap Information) Regulations 2017.

Tim Joyce, Managing Director, KONE plc

KONE Plc

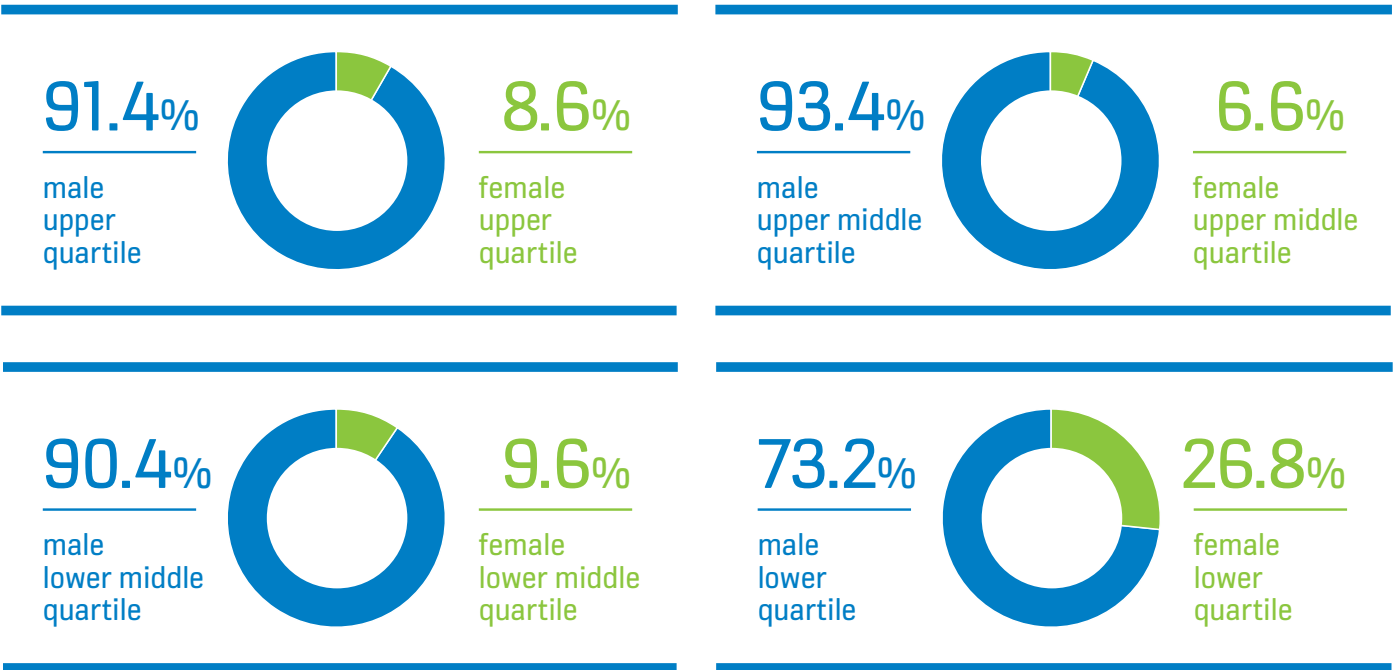
2020 GENDER PAY GAP

The following infographics show KONE's gender pay gap data, as at 5 April 2020.

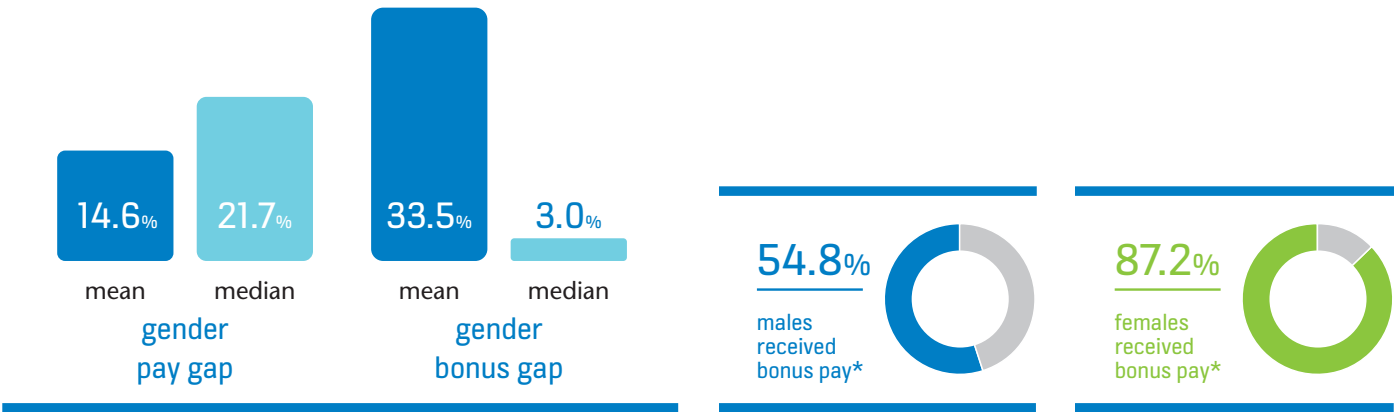
The gender pay gap for KONE has decreased at both the mean and median in comparison to 2019. Overall KONE's results have improved year-on-year since 2017. The mean gender pay gap decreased from 16.8% to 14.6% in 2020 and the median gender pay gap decreased from 22.5% in 2019 to 21.7% in 2020. There is more work to do as this compares to a UK overall median pay gap of 15.5% reported by ONS in 2019. Like many other companies across our and related industries, this is primarily due to the relatively small number of females within the business and in senior roles.

QUARTILES

This shows the proportion of men and women employees distributed across four equally sized quartiles. For example, the highest 25% of earners in KONE consist of 91% male and 9% female.



GENDER PAY GAPS



*12 months to 5 April 2020

*12 months to 5 April 2020

KONE Plc

2020 GENDER PAY GAP

OUR ACTION PLAN

We are delighted to have achieved a third successive reduction in our gender pay gap in 2020 and a cumulative improvement of eight points in the mean gender pay gap since 2017. We know there is more to be done to further close the gap and we are recommitting to further progress in 2021. Our focus areas will be:

1. Creating an inclusive workplace

Having delivered diversity and inclusion workshops for all managers in 2020, we will be engaging our supervisors in similar training in 2021. Our Women's Network goes from strength to strength and has taken a lead in organising events to showcase female talent and the business case for diversity. In 2020 we launched our BAME Network. We will be launching a mentoring offer in 2021 for our female and BAME communities. As we work towards our people being able to return to offices, we are updating our flexible working policies with the intent of extending opportunities to balance office and remote working.

2. Attraction and retention of female talent

We continue to monitor the gender diversity of applications and appointments with the aim of attracting an increasing proportion of female talent. In 2021 we will extend the range of positions for which we will require shortlists to include at least one qualified diverse candidate. We will again hire nearly 30 apprentices in 2021 and have extended the range of organisations we work with to promote the programme to female candidates. We now work with Women in Construction and the Women's Engineering Society to promote our opportunities. In 2020 we launched our Future Leader programme and all three successful candidates were from diverse backgrounds.

3. Developing our people

During International Women's Week 2021 KONE announced its global commitment to increase the proportion of female held director level positions to 35% by 2030. We aim to increase the pipeline of female leaders in our Great Britain and Ireland business in support of this goal. Monitoring the diversity outcomes of our talent attraction and talent development processes will enable us to measure our progress. Equally, we monitor the diversity outcomes of our performance and reward processes to ensure these enable closure of the gender pay gap.

CLOSING STATEMENT

Making KONE a great place to work is one of our strategic targets and at its centre is the offer of a compelling and differentiated employee experience. Diversity and inclusion is integral to this goal. We look forward to our next steps in closing the gender pay gap.

www.kone.co.uk