

KONE Plc

2018 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 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 2018 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 PEOPLE

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 (65:35). In our senior management team, 85% of roles are 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 steps through our Diversity and Inclusion plan to make our industry equally attractive to men and women. We believe our Winning with Customers strategy and reputation for innovation will help us in this goal.

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 2018.

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

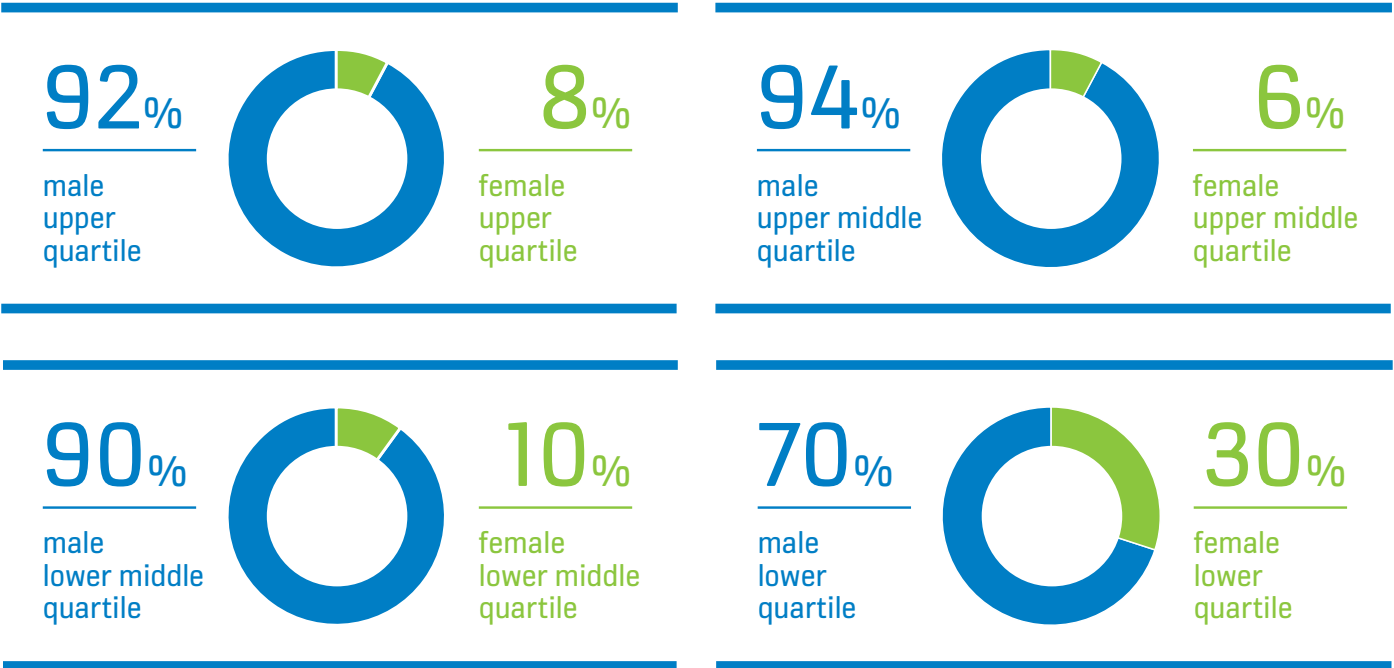
2018 GENDER PAY GAP

The following infographics show KONE's gender pay gap data, as at 5 April 2018.

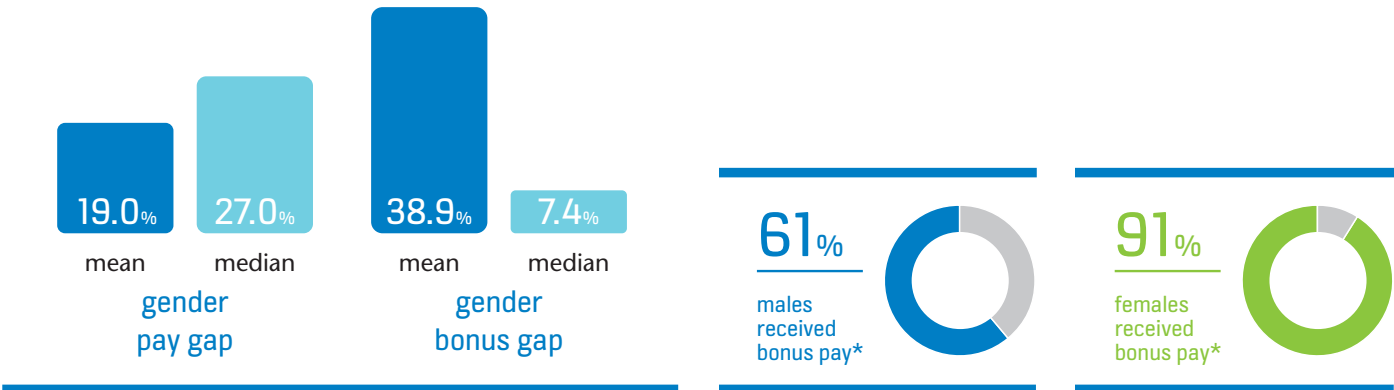
The Gender Pay Gap for KONE has decreased at both the mean and median in comparison to 2017. The mean gender pay gap decreased from 22.9% in 2017 to 19.0% in 2018 and the median gender pay gap decreased from 29.6% in 2017 to 27.0% in 2018. There is more work to do as this compares to a UK overall median gender pay gap of 17.9% for all employees reported by the Office for National Statistics. 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 92% male and 8% female.



GENDER PAY GAPS



*12 months to 5 April 2018

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OUR ACTION PLAN

Having seen our gender pay gap reduce in 2018 we are renewing our action plan to ensure we achieve further improvement in 2019. We will focus on the following areas:

1. Attraction and retention of female talent

We monitor the gender diversity of applications and appointments with the aim of attracting an increasing proportion of female talent. We are committed to finding new sources of diverse talent for KONE. We require all shortlists for senior management roles to include at least one qualified female candidate. Our apprenticeship programme is an important source of future talent and in 2019 we have expanded the number of positions and are actively promoting this opportunity for female applicants.

2. Developing our people

The development opportunities we provide are a core element of our Great Place to Work strategic target and include an extensive range of both leadership and technical and professional competence development. We will be complementing these offers with a mentoring programme for female staff seeking to build their careers with KONE. We also monitor the gender diversity of our succession plan candidates through our Talent Review process.

3. Inclusive Leadership

In 2018 we conducted focus groups with female employees to listen to their views on how to make KONE an attractive place for women to build their careers. From this initiative, we have set up our Women's Network and will be working with them to take forward the ideas developed by the focus groups. It also our intention to extend the training we provide to leaders in understanding inclusion and promoting an inclusive work environment.

WHAT IS A GENDER PAY GAP?

A gender pay gap is different from equal pay.

In summary, a gender pay gap measures the difference in the average pay between men and women across an organisation and over a period of time, no matter what their role is.

A gender pay gap is therefore directly influenced by the proportion of men versus women and the roles that they hold within that organisation.

Equal pay deals with any pay differences between men and women who carry out the same or similar jobs.

GREAT PLACE TO WORK

At KONE we aim to inspire, engage and develop our employees to deliver great results.

We are delighted that in 2018, KONE was recognised for the second year running as one of the best employers in the world by Forbes. This shows that our continued commitment to our employees' wellbeing and development is appreciated by both current and potential employees.

We actively encourage diversity and our values guide us in nurturing an inclusive culture. We continue to focus on this with a global goal of women holding at least 20% of Director level roles by 2020.

We are committed to continuing to make KONE a great place to work.