



REMUNERATION REPORT

KONE 2022

DEAR SHAREHOLDER,

This Remuneration Report includes information concerning the remuneration of the Board of Directors (“Board”) and the President and CEO (“CEO”) of KONE Corporation between January 1, 2022 and December 31, 2022. It is based on the recommendations on Corporate Governance Code in Finland, as well as the provisions to the Finnish Securities Market Act and Limited Liability Companies Act.

OUR REMUNERATION PHILOSOPHY

The remuneration of the KONE Corporation governing bodies is based on the Remuneration Policy that was presented for the Annual General Meeting held on February 25, 2020. The policy is applied until the Annual General Meeting in 2024, unless the Board decides to bring it to the General Meeting earlier.

KONE’s remuneration approach is built on strong principles of driving high performance, fair and competitive remuneration, encouraging value-based behavior and sustainability. We are committed to developing a strong pay for performance culture for employees at all levels across the organization.

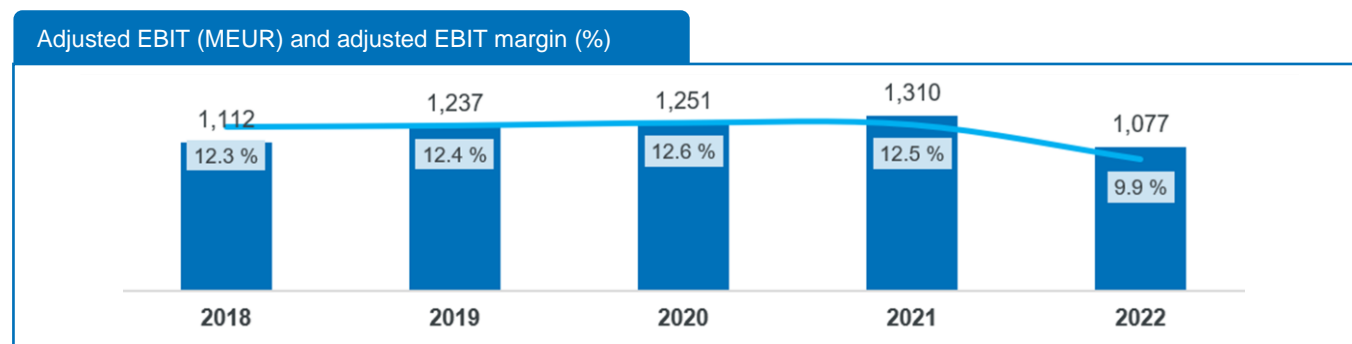
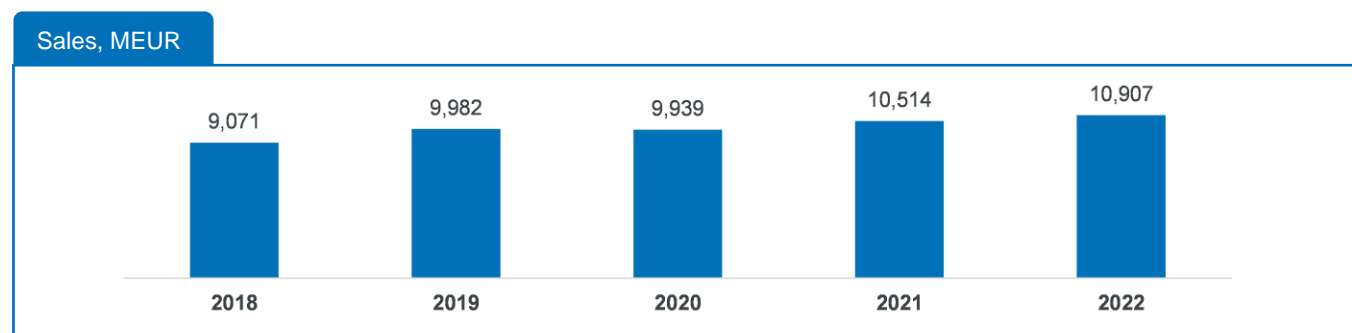
The CEO’s remuneration package is aligned with and supports our pay for performance culture. A significant portion of the CEO’s remuneration package is based on variable pay. To ensure we maintain a strong connection between company performance and CEO remuneration, the performance targets for our short-term and long-term incentives are directly linked to KONE’s business result. In addition, the CEO is expected to build and maintain a minimum shareholding in the company, equaling five times the annual base salary, to further support and align shareholder and management interests.

At KONE, we believe that embedding sustainability into all aspects of our business enables differentiation and superior performance over the long term. Consequently, our long-term incentive program emphasizes sustainability alongside profitable growth to ensure a strong focus in driving transformation and the achievement of our sustainability ambitions.

DEVELOPMENT OF KONE’S FINANCIAL PERFORMANCE AND REMUNERATION

During the past five years, KONE’s compound annual sales growth amounted to 3.2% (in comparable currencies). In 2022, sales declined slightly due to the impact of liquidity constraints and COVID-19 restrictions on the new equipment business in China. KONE’s five-year financial performance has been solid, although the last two years have been impacted by a significant decline in the Chinese market and increased material, logistics and component costs.

According to our remuneration policy, the CEO is paid for performance and a notable part of the CEO remuneration is based on variable pay, i.e. short- and long-term incentives. As our performance targets for short- and long-term incentives are linked to our business result this development is reflected in the performance-based rewards paid to the CEO.



5-year remuneration development (paid remuneration per year)

Average Compensation, EUR	2018	2019	2020	2021	2022
Chair of the Board	927,640	834,888	936,951	588,562	240,000
Vice Chair of the Board	115,700	114,100	118,976	107,865	151,766
Member of the Board	44,750	45,083	50,214	112,000	120,000
President and CEO	4,470,194	3,780,650	5,214,169	3,755,742	1,585,350
KONE employee*	37,653	39,428	37,412	39,635	42,020

* Average KONE employee is personnel expenses excluding indirect employee cost divided by the average number of personnel during the year

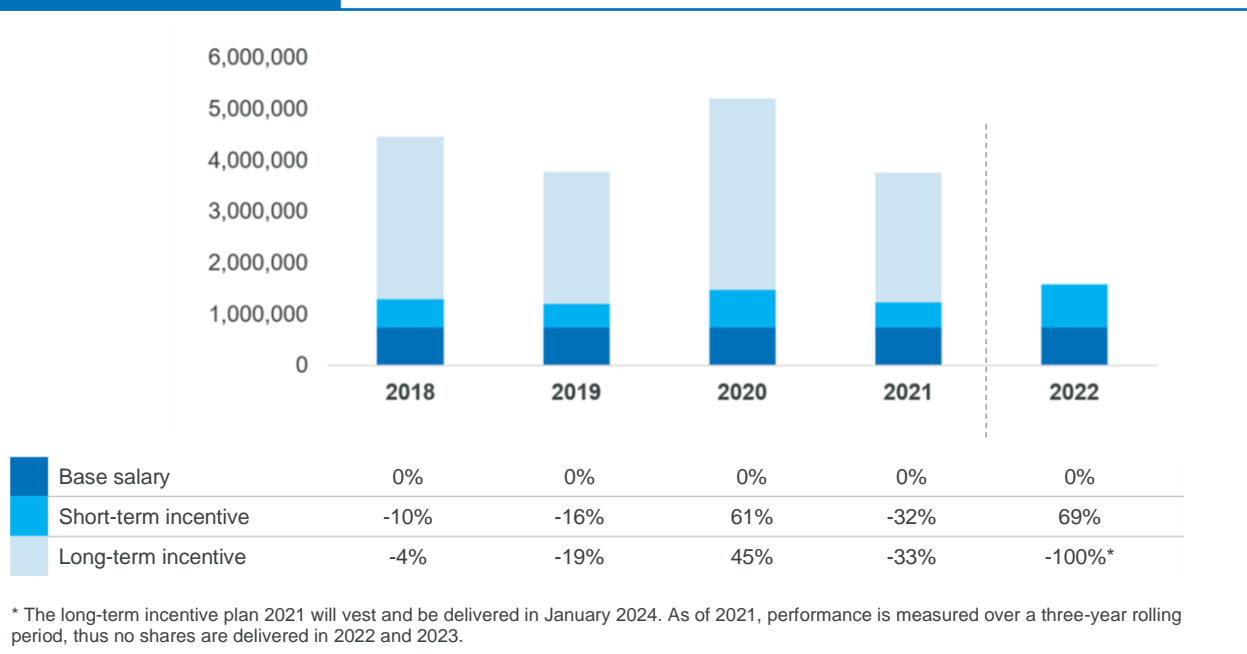
The graph presents remuneration paid in the corresponding financial year including the increase/decrease in remuneration. For example, in 2022:

- Base salary 2022
- Annual short-term incentive earned in 2021 and paid in 2022

The long-term share-based incentive granted in 2022 will vest and be delivered in January 2025.

As of 2021, performance is measured over a three-year rolling period, thus no shares are delivered in 2022 and 2023.

CEO compensation, EUR



REMUNERATION OF THE BOARD OF DIRECTORS FOR 2022

KONE Board remuneration 1 January– 31 December 2022:

Director	Annual Fees	Committee Fees	Remuneration based on employment*	Total
Herlin Antti, Chairman of the Board	220,000	20,000		240,000
Herlin Jussi, Vice Chair of the Board			151,766	151,766
Alahuhta Matti	110,000	20,000		130,000
Duinhoven Susan	110,000	10,000		120,000
Herlin Iiris	110,000			110,000
Kant Ravi	110,000	20,000		130,000
Mikkilinen Krishna	110,000			110,000
Xin-Zhe Li Jennifer	110,000	10,000		120,000
Kaskeala Juhani**				0

*See remuneration based on employment terms in the chapter below
 ** Board Member until March 1, 2022
 The Annual General Meeting 2022 elected Andreas Opfermann as Member of the Board of Directors. On March 24, 2022, KONE announced Opfermann's decision to resign from his position effective March 31, 2022. No compensation was paid to Opfermann.

On March 1, 2022 the Annual General Meeting (AGM) confirmed the following annual fees for the members of the Board of Directors.

- Chairman: EUR 220,000
- Vice Chair: EUR 125,000
- Member: EUR 110,000

Based on the decision of the AGM, 40 percent of the annual fees are paid as class B shares of KONE Corporation and the rest in cash.

Additionally, the AGM confirmed separate annual compensation to the members of the board committees:

- Chairman of the Audit Committee: EUR 20,000
- Members of the Audit Committee: EUR 10,000
- Chairman of the Nomination and Compensation Committee: EUR 20,000
- Members of the Nomination and Compensation Committee: EUR 10,000

The annual compensation of the members of the board committees is paid in cash. Compensation is not paid to a board member who is employed by the company with a separate employment contract.

REMUNERATION OF THE EXECUTIVE VICE CHAIR OF THE BOARD WITH SEPARATE EMPLOYMENT TERMS

Vice Chair of the Board Jussi Herlin has a separate employment contract for his role as Executive Vice Chair of the Board. The employment-based compensation consists of a base salary and an annual bonus decided by the Board on the basis of the Group's financial result. The annual bonus may not exceed 100 percent of the annual base salary. In 2022, Jussi Herlin was paid a base salary

of EUR 125,600. In addition, he received a bonus of EUR 26,166 which was earned in 2021. There will be no bonus payout in 2023 as the performance criteria for 2022, tied to the Group's financial performance, were not met.

The Executive Vice Chair's retirement age and pension is determined in accordance with Finland's

Pensions Act. No separate agreements regarding early retirement or additional pension plan have been made.

Board member Matti Alahuhta, who served as President and CEO of KONE until March 31, 2014, has received EUR 276,826 pension from KONE in 2022.

REMUNERATION OF THE PRESIDENT AND CEO

We measure the success of our CEO as well as the Executive Board by how well KONE achieves its strategic and operational targets. In addition to a base salary, the President and CEO is offered an annual short-term incentive and long-term share-based incentive plan.

Short-term incentive

The short-term incentive paid in 2022 was based on the 2021 performance criteria. The performance achievement for the President and CEO for 2021 was 74.3% out of maximum, with a reward payout of EUR 835 350.

The maximum earning opportunity for the short-term incentive equals 150% of the CEO's annual base salary. This is aligned with KONE's pay for performance culture. The 2022 short-term incentive plan was based on financial and strategic performance (85%) and on individual performance (15%). Based on the achieved performance, the President and CEO earned a bonus payout of EUR 465,675, which equaled 41.4% out of the maximum performance. The reward will be paid in 2023.

Remuneration paid to the President and CEO in 2022, EUR

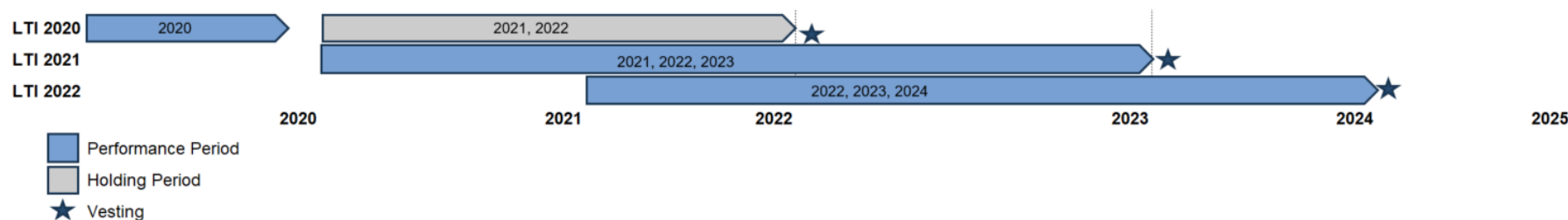
Base salary ¹⁾	Annual short-term incentive – earned in 2021	Long-term incentive plan ²⁾	Total compensation
750,000	835,350	-	1,585,350

1) Base salary amount includes vacation pay
2) The long-term incentive plan 2021 will vest and be delivered in January 2024. As of 2021, performance is measured over a three-year rolling period, thus no shares are delivered in 2022 and 2023.

Short-term incentive plan of the President and CEO

Performance year	Performance criteria	Weight	Performance outcome (0 - 100%)	Maximum bonus opportunity (% of annual base salary)	Pay-out (EUR)	Payment year
2021	Financial & Strategic Performance	85%	74.3%	150%	835,350.00 (111.38% of ABS)	2022
	Individual Performance	15%				
2022	Financial & Strategic Performance	85%	41.4%	150%	465,675.00 (62.09% of ABS)	2023
	Individual Performance	15%				

Long-term share-based incentive plan



The President and CEO is included in the long-term share-based incentive plan for the Group's senior management.

In 2021, KONE's Board of Directors decided on a new long-term incentive plan, which replaced the previous long-term incentive plans. The new long-term incentive plan continues to emphasize profitable growth and as a new measure sustainability. It consists of annually commencing individual share plans, each with a three-year rolling performance period. The plans vest and are delivered in one portion after the three years, based on

accumulated outcomes for the performance period. No shares are delivered in 2022 and 2023.

The performance criteria applied to the 2021, 2022 and 2023 performance years are based on a combination of annual sales growth and adjusted EBIT margin (80% weighting), as well as improvements in sustainability (20% weighting). The sustainability performance condition is a combination of reductions in carbon footprint, as well as diversity and inclusion and safety related targets.

The 2020 long-term incentive plan, based on the performance year 2020, was delivered in April 2021 and

was subject to a restriction period until the end of 2022. The shares from the 2020 plan were released in January 2023.

Long-term incentive plan of the President and CEO

Long-term incentive plan	Performance period	Vesting date	Performance criteria	Weight	Performance outcome (0 – 100%)	Maximum number of shares available*	Paid shares**
LTI 2020	January 2020 - December 2020	January 2023	Adjusted EBIT margin % and sales growth	100%	58.7%	30,000	17,625
LTI 2021	January 2021 - December 2023	January 2024	Adjusted EBIT margin % and sales growth	80%	-	53,541	-
			Sustainability	20%	-		
LTI 2022	January 2022 - December 2024	January 2025	Adjusted EBIT margin % and sales growth	80%	-	58,243	-
			Sustainability	20%	-		

*LTI 2020 (net shares + cash payment to cover taxes), LTI 2021, 2022, 2023 gross before deduction for taxes.

** LTI 2020 net shares delivered together with a cash payment to cover taxes. LTI 2021, 2022, 2023 gross before deduction for taxes. Actual delivered shares will be lower because a portion of shares corresponding to the tax obligation will be withheld to cover income tax.