

## Environmental and Social Data Sheet

### Overview

Project Name: Kone People Flow Technology RDI  
Project Number: 2013-0354  
Country: FINLAND  
Project Description: RDI investments related to elevators and lifting technologies during the period of 2014-2017.

EIA required: NO

Project included in Carbon Footprint Exercise<sup>1</sup>: NO

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project concerns investments in research and development that is to be carried out in existing facilities already authorised and does not require an Environmental Impact Assessment (EIA) according to the relevant Directives.

As it concerns RDI activities, the project itself does not have any significant environmental impact.

The more significant impact is actually related to the focus of the RDI, i.e. the development of eco-efficient elevators and escalators focusing on the full life-cycle of the equipment. In this way, Kone seeks to ensure that the products and services they bring to the market create as little environmental impact as possible from design and manufacturing to construction, maintenance and use, modernisation and end-of-life treatment.

Another area of importance in the related RDI is safety – both in operation and installation – where the company's target is zero accidents during operation and installation.

Considering all of the above, the project is acceptable with positive or neutral residual impacts for Bank financing.

### Environmental and Social Assessment

#### Environmental Impact

The environmental impact of the RDI operations is negligible. Most of the impact is linked to the actual products and services developed.

One of the main focus points for the RDI project is eco-efficiency, driven by the Energy Performance of Buildings Directive (Directive 2010/31/EU) specifically, and the Energy-Using Products (Directive 2005/32/EC) and EU's Integrated Product Policy in general. Although elevators are not explicitly mentioned in these EC directives, Kone has taken a proactive stance and has decided to assign high priority to this subject.

When developing new products, Kone thus focuses on minimising the environmental impact throughout the complete life-cycle of the equipment, with the aim to:

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<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100 000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20 000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

- Reduce energy consumption of both:
  - o The product itself with the whole elevator range having the A level according to VDI 4707 and further reduce energy consumption up to 35% for elevators and 30% for escalators (e.g. through optimised operational modes, lighter hoisting, LED lighting options), from base value in 2010, and;
  - o Kone's operation: further reduce Kone's relative carbon footprint by 3% annually (kgCO<sub>2</sub>e/k€ sales), from base value in 2010 (e.g. use of green energy, introducing electric vehicles and car sharing program);
- Optimise material management (i.e. reduce material use, i.e. packaging) and waste handling, exceeding legal requirements;
- Avoid the use of hazardous substances in accordance with applicable laws and regulations;
- Maximise material durability and recycled content to improve material-efficiency;
- Maximise recyclability.
- Minimise water consumption.

### **Other environmental and social aspects**

In addition to the environmental attention to its products, all Kone's corporate functions and all production units are ISO 14001 (corporate environmental management systems) and ISO 9001 (standard for organisations' quality management systems) certified.

Kone also requires that their strategic suppliers are ISO 14001 certified, and that all suppliers sign up for Kone's Supplier Code of Conduct which sets out Kone's global values -including ethics, environment, labour, health and safety and management systems. In 2012, 84% of Kone's strategic suppliers were ISO 14001 certified and all suppliers attain to the Code of Conduct.

Kone reports on this environmental performance in accordance with the Greenhouse Gas Protocol and ISO 14065 guidelines. It has chosen to report using the Global Reporting Initiative (GRI) guidelines in order to facilitate comparison and streamline reporting efforts. A third party check confirmed that the 2012 Corporate Responsibility report meets the Application Level B of the GRI G3 guideline. The greenhouse gas reporting was assessed by an independent environmental consulting company to comply with the reporting criteria stated in the guidelines and standards mentioned above.

Also with regard to safety issues, Kone uses the complete life-cycle approach. Workplace and product safety is embedded in the product development process by identifying potential safety hazards affecting the products' full lifecycle and eliminating them before the product is introduced to the market. Kone therefore develops policies, processes and guidelines to ensure that all of its activities are organised in a structured and harmonised way and that all relevant actors (employees, subcontractors but also building owners and users) have the required competence, i.e. training on responsibilities and tasks for employees and subcontractors, organising safety weeks for users and customers, annual employee survey and regular audits to measure compliance with these policies rules and working methods. To support improvement, accidents near-misses and related concerns are reported, investigated and discussed during quarterly meetings to implement preventative and/or corrective actions.