



Annual Report
2014

Caverion

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Caverion in brief

Caverion designs, builds, operates and maintains user-friendly and energy-efficient technical solutions for buildings and industries.

Our services are used in offices, retail properties, housing, public premises, industrial plants and infrastructure, among other places.

We aim to be a leading European provider of advanced and sustainable life cycle solutions. Our strengths include technological competence and comprehensive services, covering all technical disciplines throughout the life cycle of the property and industrial plant.

Our revenue for 2014 amounted to approximately EUR 2.4 billion. Caverion has about 17 000 employees in 12 countries in Northern, Central and Eastern Europe. Our head office is located in Helsinki, Finland. The Caverion share (CAV1V) is listed on the Helsinki Stock Exchange.

Caverion was established through the demerger of Building Services and Industrial Services businesses from YIT Group in June 2013.

[Read more about Caverion's history](#)

Services throughout the life cycle

Caverion understands the complexity of building technologies and industrial processes, and efficiently manages their entire life cycle. We can assume responsibility for designing and building the technical systems and solutions for the property or industrial plant as well as take care of their service and maintenance. Our comprehensive competence covers all technical disciplines, and enable us to guarantee that technical systems always form a compatible, well-functioning entity.

Strong market position in all key operating countries

Austria
Czech Republic
Denmark
Estonia
Finland
Germany
Latvia
Lithuania
Norway
Poland
Russia
Sweden



Austria

Companies: Caverion Österreich GmbH
Main office: Vienna
Number of offices: 9
Personnel: 722
Revenue: EUR 136 million
Local market position: Among top 3

Denmark

Companies: Caverion A/S
Main office: Fredericia
Number of offices: 14
Personnel: 1,041
Revenue: EUR 127 million
Local market position: Among top 5

Finland

Companies: Caverion Suomi Oy, Caverion Industria Oy, Caverion Corporation
Main office: Helsinki
Number of offices: ~70
Personnel: 4,697
Revenue: EUR 521 million
Local market position: 1

Germany

Companies: Caverion Deutschland GmbH
Main office: Munich
Number of offices: 23
Personnel: 2,415
Revenue: EUR 496 million
Local market position: Among top 5

Norway

Companies: Caverion Norge AS
Main office: Oslo
Number of offices: ~50
Personnel: 2,804
Revenue: EUR 458 million
Local market position: 1

Sweden

Companies: Caverion Sverige AB, Caverion Industria Sverige AB
Main office: Solna
Number of offices: ~100
Personnel: 3,868
Revenue: EUR 597 million
Local market position: Among top 3

Other countries (Estonia, Latvia, Lithuania, Russia, Poland, Czech Republic)

Companies: Caverion Eest AS, Caverion Latvija, Caverion Lietuva,
Caverion St. Petersburg, Caverion Elmek,
Caverion Polska, Caverion Ceska Republica s.r.o

Number of offices: 17

Personnel: 1,527

Revenue: EUR 71 million

Local market position: n/a

The company is new, but we already have a long history with a lot of valuable experience. Caverion is a truly European company with strong roots in the countries where it operates.

Based on revenue, we are the sixth largest among European building systems companies. We have strong growth potential in the fragmented market, and we aim to grow both organically and through acquisitions.

Revenue by country in 2014



● Sweden	25%
● Finland	22%
● Norway	19%
● Germany	21%
● Austria	6%
● Denmark	5%
● Other	3%

Personnel by country in 2014



● Finland	28%
● Sweden	23%
● Norway	16%
● Germany	14%
● Denmark	6%
● Austria	4%
● Other	9%

We are the market leader in our field of business in Finland and Norway, and among the top five in all of our key operating countries.

Countries

12

head office in Helsinki,
Finland

~280

locations

Over

30,000

spaces serviced

5,700

service cars

~33,000

shareholders at the end
of 2014

ISO 14001

93%

environmentally certified
operations of our revenue

From the CEO

Fredrik Strand became Caverion's President and CEO in April 2014. In this video, he talks about Caverion's financial development and key actions in 2014, as well as the importance of life cycle solutions for the company's future success. The transcript of the video is attached below.

Length of the video is 05:50 min.

Financial development

I'm very happy that we managed to close the year 2014 in a very positive way.

We had an increasing order backlog. We closed the year with the revenue that was in line with our guidance, equivalent to last year. We also had a good improvement of EBITDA, mainly in the fourth quarter. And what is even more important, we had a negative working capital, giving us the possibility to develop our business further in a much more positive way.

Actions in 2014

In 2014, we secured our ability to develop Caverion to the future. We paid a lot of attention to securing that we have the capital needed to develop our business. We also worked with making sure that we don't provide any loss making projects or contracts to our clients. In the long run, providing them would have a negative impact, not only for us but also for our clients.

We ended 2014 with control over our project and service business. We also managed to get our capital on a healthy level. This will help us now, when we develop our business mix, to consist of a good distribution of technical installations and technical maintenance business, scale projects and managed services business. We now have more flexibility in our contracts with our clients and our suppliers.

Strategic intent: Providing life cycle solutions

Let's think about the strategic intent of Caverion. We have phrased that we develop and take care of life cycle solutions for buildings and industries. We develop buildings in their construction phase and maintain them. In some instances we also work with their renovation and refreshment.

The last part of the life cycle of buildings and industries relates to what we call managed services. In these services we take over the operation and maintenance of all the technologies in the building, and operate them in a most efficient way.

This whole range of services described above is what we call life cycle solutions.

Responsible business

We also talk about responsible business. So what is responsible for us?

I claim that our entire business idea and our vision relates to responsible business. But the responsibility for us extends even further than that. We talk about responsible business in relation to our employees and in terms of our clients. We help our clients to create a better work place: we guarantee energy reduction, work with improving indoor climate, and thereby create a better working environment. We create optimum technical solutions for different types of facilities, ranging from daycare centres and schools to advanced process industries.

We also consider our own employees with the aim of making sure that they can feel truly safe at the work place.

Megatrends provide opportunities in the future

If we look into the future, there are clear trends supporting a company like Caverion. One trend relates to technology and its development in modern buildings. If we wish to achieve the targets of upcoming legislation and the companies' demand for increased energy efficiency, we must integrate these technologies in a proper way. This is the capability we as a company have.

Furthermore, we are living in the internet era, meaning that all the technologies in buildings are connected. And there is a lot of data you can pull out. This means we can further improve the efficiency of the energy consumption, but also create a better environment for the people using the facilities we are working with.

This all may sound a bit complex, but it plays very well together with how we develop our business. The trends towards the increasing complexity of technologies, tightening legislation when it comes to energy consumption, and also using the possibilities we have now for being connected to different technologies in various buildings. These, for certain, will lead to an increasing need of capabilities and knowledge Caverion has as a company.

We have more than 17,000 people present all over the Northern Europe, Central Europe and Eastern Europe being prepared to help our clients to be successful, as they move to the future.

Events in 2014



New reporting structure

Caverion adopted a new reporting structure as of the beginning of 2014. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) were replaced by one single operative segment that also includes the Group services and other items. The first interim report based on the new reporting structure was published on April 24, 2014 (interim report for January–March 2014).



Fredrik Strand was appointed President and CEO

In January, the Board of Directors appointed Fredrik Strand as President and CEO of Caverion Corporation. Strand took up the new position at the beginning of April. Before joining Caverion, Strand worked at Sodexo, where he was responsible for the company's Nordic businesses. Caverion's previous President and CEO Juhani Pitkääkoski stayed with Caverion and assumed responsibility as head of Mergers & Acquisitions.



Towards a more coherent Caverion

The transition from a financial holding model towards one, coherent Caverion made good progress. During the summer and autumn, we focused increasingly on developing and implementing a common operating model and processes and tools for all of our divisions.

Focus on life cycle solutions

The core of our strategy remained intact, but we specified the wording for our vision: Our aim is to be a leading European provider of advanced and sustainable life cycle solutions for buildings and industries. The key focus areas of our strategy were specified to emphasise the role of strong corporate image, innovative and advanced solutions, excellent leadership, and operational excellence as enablers of profitability and growth.

[Read more](#)



Consistent service offering

In the spring and summer, we introduced a new way of presenting our service offering, which consists of service areas, disciplines, and client segments. A new slogan, "Life Cycle Solutions for Buildings and Industries", was taken into use. It reflects that we assume responsibility for the entire life cycle of properties and industrial plants.

[Read more](#)



Positive development in order backlog

Our order backlog strengthened by 7% in 2014. We received a number of large orders during the year. For example, we secured a EUR 33 million contract to deliver all building systems to the new Henninger Tower in Frankfurt am Main, Germany. As the technical main contractor for the project, Caverion will also be responsible for design and engineering and project management.

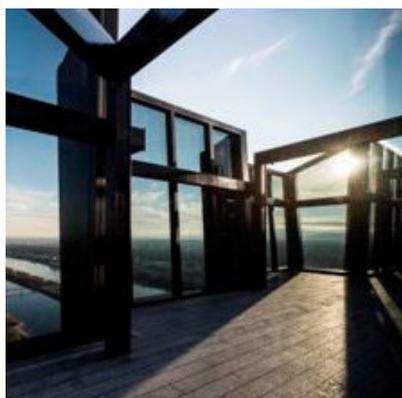
[Read more](#)





Progress with measures to improve profitability in the project business

The ongoing profitability improvement measures in our project business proceeded as planned. We reviewed our entire project base in all divisions and revised the cost estimates and provisions of low performing projects.



The tallest building in Austria praised for sustainable solutions

Thanks to Caverion's environmentally friendly and energy efficient solutions, the tallest building in Austria, the DC Tower, achieved a shared second place in the renowned Best Tall Building Europe competition. The building features a variety of sustainable solutions such as advanced heat recovery and rain drainage systems, among others.



Joint development work

During the year, we worked on developing the organisations in both project and service and maintenance business to enable harmonisation of operating models and sharing of knowledge across operating countries. Development of business is carried out in a centralised manner, while divisions are responsible for operative work. We initiated a number of development projects, including those related to improving the efficiency of mobile service process and introducing common system tools, for example.

The first Caverion Spirit



Our first personnel survey as an independent company was conducted in autumn with the entire Caverion personnel invited to contribute to the development of our company. The survey had active participation with the response rate of 78%. According to the survey results, 75% of the respondents were overall satisfied in Caverion as a place to work.

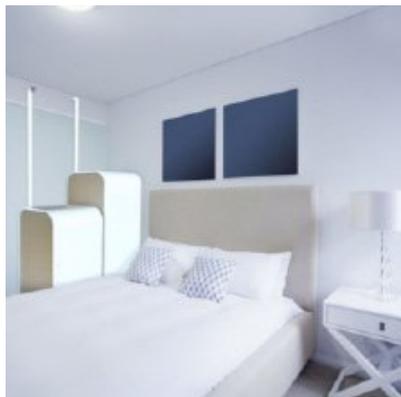
[Read more](#)



New members in the Group Management Board

New members were recruited to the Group Management Board: Werner Kühn was appointed as head of division Germany, and Thomas Lundin as head of division Sweden. Niclas Sacklén was appointed to head division Eastern Europe. In addition, several other key appointments were made in Group functions and divisions.

[Read more](#)



Award-winning product development

In line with our strategy, we focused on in-house product development. During the year, Caverion submitted 10 patent applications concerning new solutions. In Finland, Caverion was involved in developing an apartment-specific fire extinguishing system, which received the Finnish Fire Protection Fund's Innovation Award, and particularly improves the homesafety of elderly people. In Norway, Caverion's ClimaCeil suspended ceiling element won the competition arranged by the cities of Oslo and Bergen in search of solutions to improve the indoor air quality and ventilation systems of schools.

[Read more](#)

Financial development in 2014

Group's revenue with comparable exchange rates and EBITDA excluding non-recurring items for 2014 were in line with the previous year.

- **Order backlog** increased by 7% from the end of 2013. Changes in currency rates decreased the order backlog in the end of December 2014 by EUR 31.6 million.
- **Revenue** decreased by 5% compared to the previous year. At previous year's exchange rates for corresponding period, revenue decreased by 3%. Revenue grew in Germany due to increased order backlog in 2013, and decreased mainly in Sweden and Norway due to Caverion's increased selectiveness in projects and revised revenues in the project portfolio. Service and maintenance revenue was 54% (2013: 55%) and project revenue 46% (45%) of total group revenue. Revenue in service and maintenance decreased by 8% and revenue in projects decreased by 2%.
- **EBITDA** decreased by 5% compared to the previous year. Projects mainly in Norway and Denmark diluted the profitability. The profitability was also affected by the more close revision of the overall project portfolio in all divisions in the second quarter as well as the revision of the cost estimates and provisions relating to some low-performing projects. However, actions to improve profitability progressed well during the second half of the year.
- **Working capital** developed towards financial targets. At the end of December, it was EUR 19.3 million negative, while Caverion targets negative working capital by the end of 2016.
- **Operating cash flow** before financial and tax items strengthened by 5%.
- The Board of Directors proposes a **dividend** of EUR 0.22 per share, which corresponds 100% of the Group's result for the year.

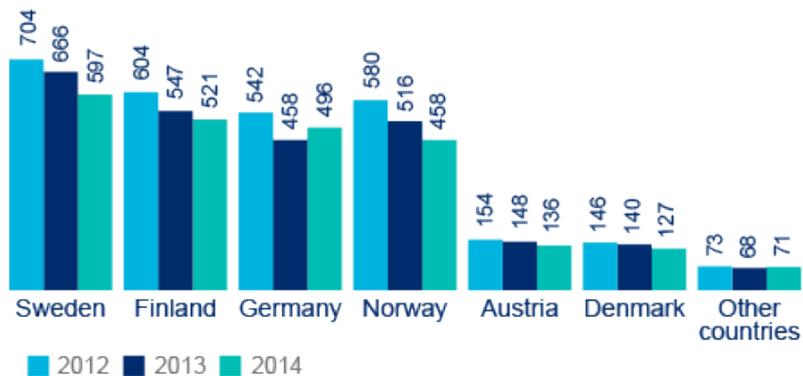
Financial Statements including the Board of Directors' Report

Key figures

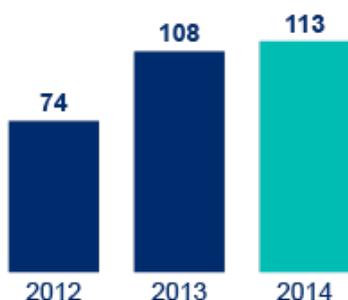
EUR million	1-12 2014	1-12 2013	Change
Order backlog, end of period	1,323.6	1,240.7	7%
Revenue	2,406.6	2,543.6	-5%
EBITDA excluding non-recurring items	80.7	81.7	-1%
EBITDA margin excluding non-recurring items, %	3.4	3.2	
EBITDA	67.5	70.9	-5%
EBITDA margin, %	2.8	2.8	
Earnings per share, basic, EUR	0.22	0.28	-22%
Working capital	-19.3	46.0	
Operating cash flow before financial and tax items	113.5	108.5	5%
Interest-bearing net debt, end of period	50.2	86.5	-42%
Personnel, average	17,300	18,071	-4%

Comparative figures for 2013 are carve-out figures for the periods before the effective date of the partial demerger (June 30, 2013).

Revenue by country 2012–2014 (EUR million)



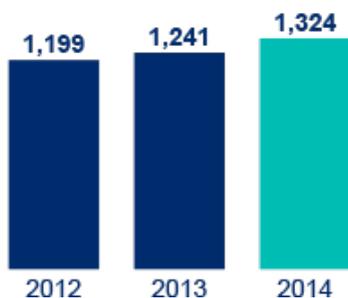
Operating cash flow before financial and tax items (EUR million)



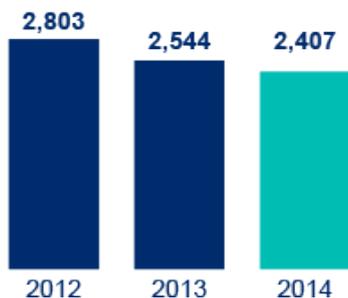
Earnings per share, basic (EUR)



Order backlog at year's end (EUR million)



Revenue (EUR million)

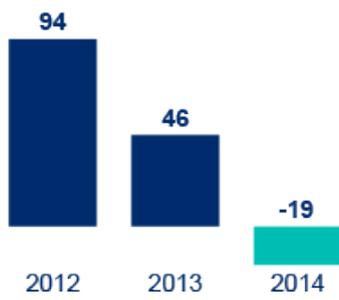


EBITDA



■ EBITDA (EUR million)
■ EBITDA margin (%)

Working capital (EUR million)



Market position

Caverion is among Europe's leading providers of technical solutions for buildings and industries. Our market position remained strong also in 2014. Based on revenue, we were the sixth largest among European building systems companies. We also ranked among the five largest players in all of our largest six operating countries.

Caverion holds a leading market position in Finland and Norway, and is among the three largest companies in Sweden and Austria. In Germany and Denmark, Caverion is among the five largest companies in the market.



Source: Euroconstruct, November 2014, VTT Technical Research Centre of Finland and the company's estimate based on published information from third parties.

In industrial maintenance and industrial project deliveries Caverion is the market leader in Finland, and also one of the leading providers of industrial services in Sweden. In high-pressure pipelines we are the market leader in Northern Europe.

Fragmented market offers growth potential

Germany was clearly our largest market also in 2014. Therefore, our largest potential for growth is in Germany, based on the size of the market alone, among others.

The European market for technical solutions for buildings and industries is very fragmented. Most players in the field are smaller companies with a maximum of a few dozen employees and a limited range of services. The fragmented market provides opportunities for growth, particularly in German-speaking areas.

Competitive landscape

Comprehensive services are a clear competitive advantage for Caverion, enabling us to stand out from the crowd.

Caverion understands the complexity of building technologies and industrial processes, and efficiently manages their entire life cycle. We can assume responsibility for designing and building the technical systems and solutions for the property or industrial plant and take care of their service and maintenance. Our comprehensive expertise in all technical disciplines and competence in integrating them ensures that the final result is always an efficient assembly of compatible systems.

Due to our strong technical expertise and own product development, we can provide our clients with innovative and cost-saving solutions.

Caverion's key competitive edges

- **Life cycle solutions:** Comprehensive services, that cover all technical disciplines throughout the life cycle of a property and industrial plant, and competence in system integration.
- **Strong technical competence** and own innovative solutions
- **Energy efficiency** as part of all services and solutions
- **Geographically extensive operations in 12 countries:** Strong market position in all key operating countries.
- **Preconditions for strong and stable cash flow:** Low invested capital, wide client base and significant share of service and maintenance in business
- **Ability to grow also through acquisitions**

Main competitors

Competition in the market typically takes place on the local level. Building systems companies in the European market can roughly be divided into three categories:

Large companies with global or European-wide presence	European-wide, medium-sized companies	Local companies and companies with more limited geographical presence
Extensive range of services both in projects and service and maintenance	Provide both projects and service and maintenance	Typically provide either projects or service and maintenance
<ul style="list-style-type: none"> ◦ GDF Suez Energy Services ◦ Vinci Energies ◦ Bilfinger SE 	<ul style="list-style-type: none"> ◦ Royal Imtech ◦ Caverion ◦ SPIE 	<ul style="list-style-type: none"> ◦ MITIE ◦ Bravida ◦ Strabag PFS ◦ Alpiq InTec

Main competitors by country:

Finland

Are, Royal Imtech, Consti

Sweden

Bravida, Royal Imtech, Midroc Electro AB

Norway

Gunnar Karlsen, Bravida, Oras

Denmark

Kemp & Lauritzen, Wicotec Kirkebjerg, Bravida

Germany

Bilfinger Facility Services, Royal Imtech, Strabag PFS

Austria

Ortner, EQOS Energie, Cofely

Industry client segment

Maintpartner, BIS Production Partner (Bilfinger Industrial Services), Empower

Clients

Caverion has an extensive and varied client base.

Our clients represent all sectors, including the public sector, industry, real estate owners and developers, real estate users, and general contractors.

We provide services and solutions for many types of properties: offices, retail premises, schools, hospitals, residential buildings, airports, traffic tunnels and industrial plants.

We also operate in all branches of industry with the largest client group being forest industry, energy industry and chemical industry.

Our objective is to foster long-term client relationships with our competence and local presence. Long-term relationships with clients and a wide client base support the stability of cash flow. Caverion is not dependent on individual clients: the 10 largest customers make up only approximately 10% of the Group's revenue.

In addition, different client groups in the private and public sectors and geographically extensive presence reduce our dependency on economic cycles.

[Read more: Clients, quality and R&D](#)



Market development and outlook

The megatrends in the market, such as the increase of technology in buildings, tightening energy efficiency requirements as well as increasing digitalisation and automation continue to promote demand for Caverion's services and solutions over the coming years.

Market development in 2014

The overall market situation was stable throughout the year despite the general economic environment and overall uncertainty.

Service and maintenance

The service and maintenance market was stable in all operating countries. The general interest in life cycle solutions continued to increase.

Projects

In Finland, some of Caverion's clients postponed their projects, but we also secured some relatively large new deals. In Sweden, the project market was stable. Norway also had a good operating environment in the project market. Demand remained favourable in Germany as well.

Market outlook for Caverion's business in 2015



Technical installation and maintenance

- Expected to be stable.
- Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation support positive market development.

Large projects

- Expected to increase
- Low interest rates and availability of financing support investments.
- Demand for design and build projects of total technical solutions expected to develop favourably.

Managed services

- Need for new services and demand for life cycle solutions are expected to increase.
- Opportunities in outsourced operation and maintenance e.g. for public authorities, industries and utilities.

Short-term demand prospects in Caverion's operating countries (Euroconstruct estimates)

	Service and maintenance	Projects
Sweden		
Finland		
Norway		
Germany		
Austria		
Denmark		

Source: Euroconstruct, November 2014

Group strategy

Our mission is to design, build, operate and maintain user-friendly and energy-efficient solutions for buildings, infrastructure and industrial plants. In the strategy period extending to the end of 2016, the main focus is on achieving our growth and profitability targets, improving working capital efficiency, and offering life cycle solutions.

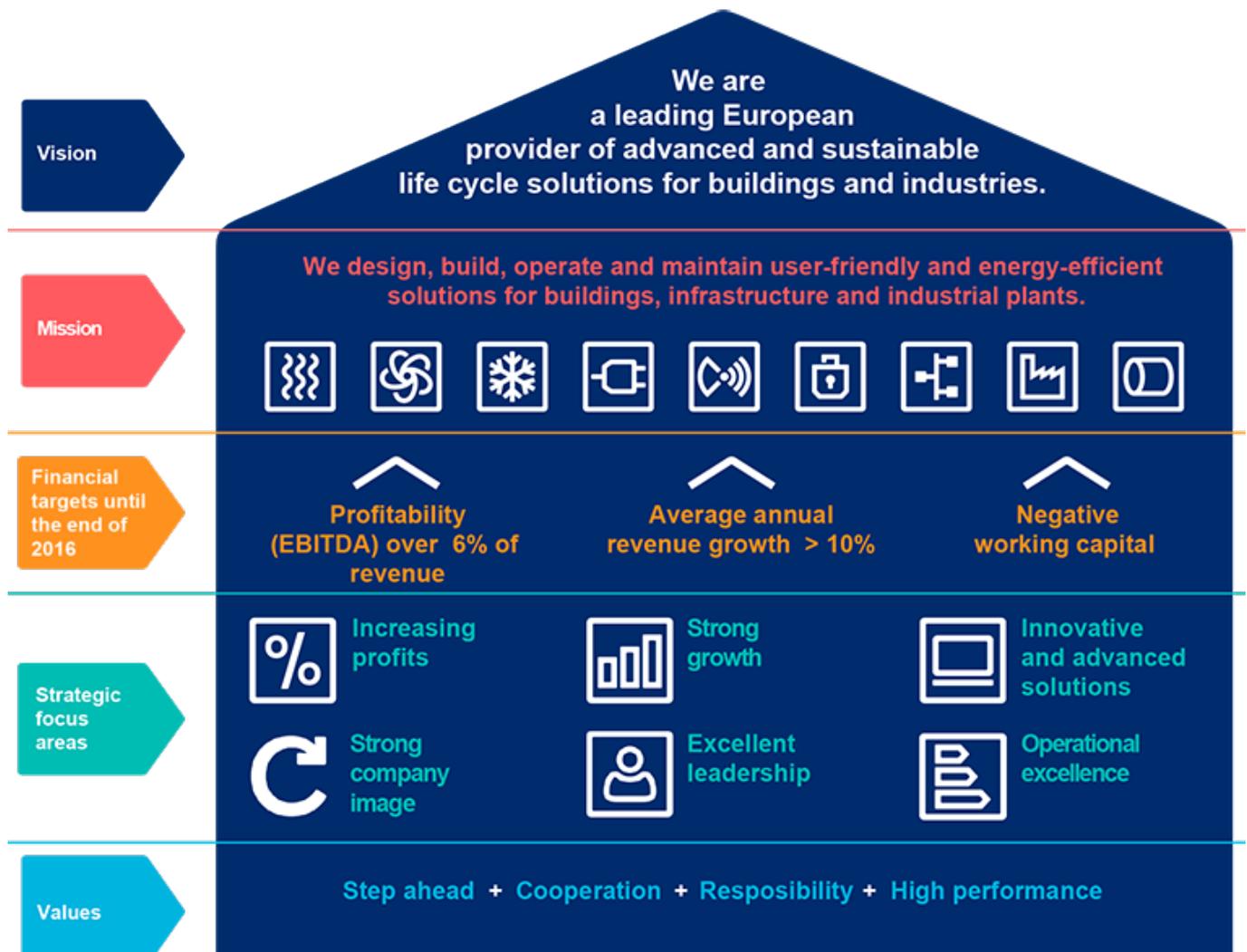
In April 2014, we specified our vision: We are a leading European provider of advanced and sustainable life cycle solutions for buildings and industries.

The core of our strategy remained intact in 2014. Improved profitability, strong growth, as well as the development of innovative, advanced solutions, still remained our objectives. In addition, we are increasingly emphasising strong company image, excellent leadership and operational excellence as enablers of profitability and growth.

We focus on improving the efficiency of our operations by introducing a coherent operating model as well as common processes and tools throughout the company.

Growth is pursued especially through balancing our business mix: increasing the share of service and maintenance and Design & Build projects, and moving towards more comprehensive life cycle services. There is also growth potential through acquisitions.

We aim to strengthen our technological expertise by continuously developing our products, solutions and service concepts, and to utilise the potential related to digitalisation of services, remote management of properties and tightening requirements for energy efficiency.

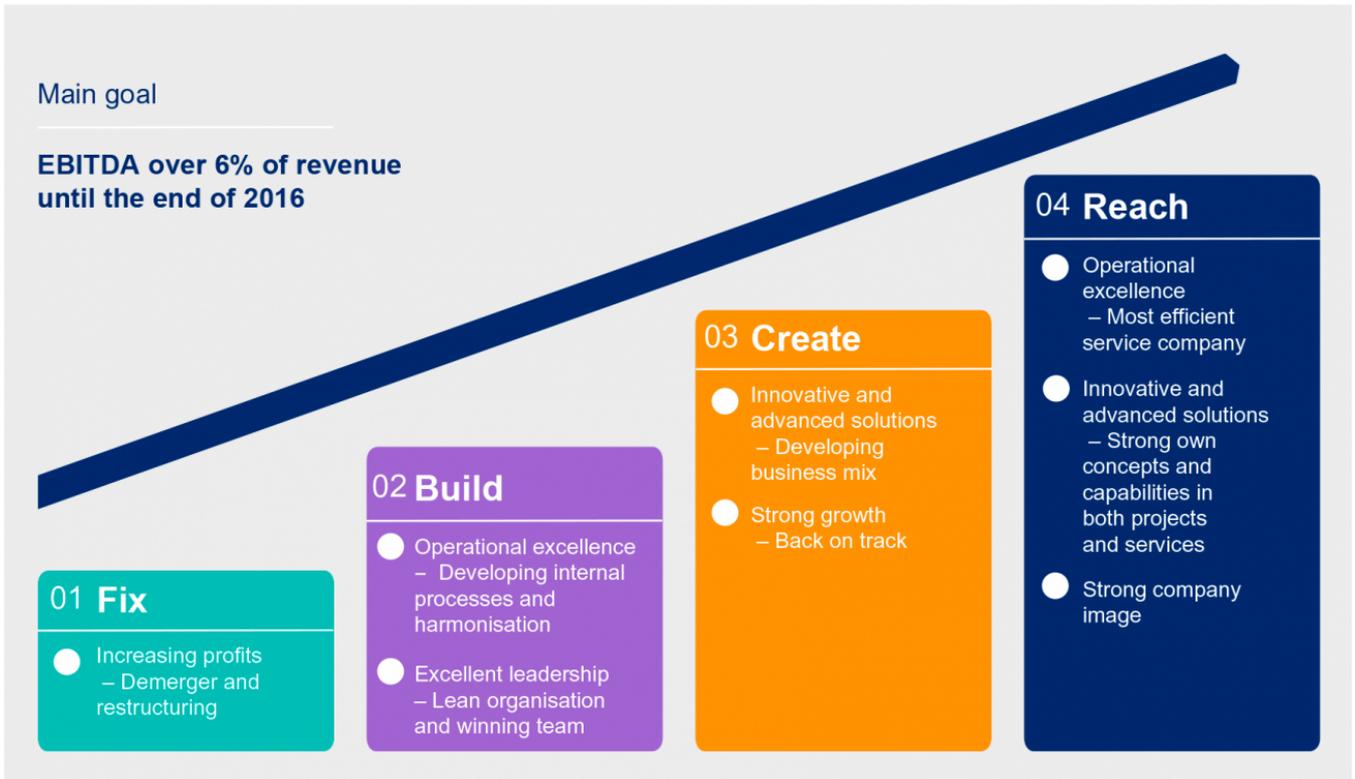


Megatrends in the market support our long-term strategy

Our competitive edge is built on life cycle solutions

We have a clear implementation plan on how to reach our targets

Strategic milestones



Strategic focus areas

We continue to focus on improving our profitability and targeting strong growth. Innovative and advanced solutions, strong company image, excellent leadership and operational excellence are prerequisites for achieving profitability and growth. Together, these form our six strategic focus areas.

Increasing profits

We aim to increase the Group's EBITDA to more than 6% of revenue by the end of 2016. We seek profitability improvement, above all, by improving the efficiency our own operations: we are aiming for a lean, efficient organisation by introducing **a coherent operating model as well as common processes and tools** throughout the company, in all divisions. Our target is to reach negative working capital by the end of 2016, particularly through **more efficient invoicing**.

In project business, we will complete any low performing projects. In order to avoid such projects in the future, we will be more selective in choosing projects in terms of their profitability and risks, as well as the required competencies and resources. We follow a strictly defined process in project selection with and clearly defined approval right limits and authorities for project approvals. We will also enhance the follow-up of projects.

In service business, we will adopt a harmonised, more efficient service process in all divisions. The common ERP system and mobile applications will improve the efficiency of tasks such as receiving job requests, reporting working hours and tracking the progress of service process.



Once we have succeeded in improving our profitability, we can move on to the actual growth phase in 2015.

Strong growth

Once we have succeeded in improving profitability, we can move on to pursue growth. Caverion targets the average annual growth in revenue of more than 10% until the end of 2016.

Caverion is seeking **organic growth** particularly in service and maintenance, which in 2014 accounted for approximately 54% of our business. We aim to increase the share of **long-term maintenance agreements** in particular, to be able to offer more comprehensive services, in which Caverion manages the entire life cycle of the client's property or processes.

In project business, Caverion aims to increase the share of **Design & Build projects**. In these projects, Caverion is involved in the project from the very beginning with responsibility for the design and delivery of the systems, and also for subcontractors.

Approximately half of the targeted revenue growth across the cycle can be achieved through organic growth, which means that **acquisitions** are necessary in order to achieve the revenue growth target. They are considered in situations when expertise regarding a certain technical discipline or service area is required in a certain geographic area. Caverion has good opportunities to strengthen its position through acquisitions in the fragmented Central and Northern European markets, where most of the competitors are small companies, typically offering single technical systems.

Innovative and advanced solutions

Caverion has special **technical expertise** especially in solutions for demanding properties, such as hospitals, laboratories and cleanrooms, as well as in disciplines such as cooling, automation, and security and fire safety systems. This distinguishes us from our competitors, and we aim to strengthen our expertise and offering in these fields.

We aim to increase the share of our **own products and solutions** in our offering. We are continuously developing our products, solutions, and service concepts so that they meet the specific requirements in each client segment. Our research and development centre in Aachen, Germany, supports our product development. Product development is also carried out in divisions.

We aim to utilise all the potential related to megatrends in the market such as digitalisation of services and the tightening requirements for energy efficiency in legislation. Providing comprehensive services requires increasingly advanced **building automation**, which is also a key factor in terms of improving energy efficiency. Our aim is to further develop our **property remote management** services and create a common business model for its. We have vast experience and expertise scattered across the company, which we should turn into company-wide best practices.

We aim to provide even more comprehensive services that cover the entire life cycle of our clients' properties, industrial facilities and processes.

Strong company image

We are building a company image that makes Caverion attractive among clients, investors, employees, and other stakeholders and increases the value of our company.

Life cycle solutions and values (step ahead, cooperation, responsibility and high performance) are at the core of the Caverion brand. We want to build an identity of a leading European service company in our industry.

Excellent leadership

Our people are our most valuable assets – having competent people is decisive in meeting the needs of our clients. We aim to be **the most attractive employer** in our field of business.

We are placing a particular focus on performance management, continuous career-long learning, fair and motivating rewarding, and occupational safety and wellbeing at work. We ensure the right people in the right place and offer them opportunities to advance in their careers. We want to be identified as a genuine European service company. In order to succeed in this, we need a harmonised service culture.

Operational excellence

We are currently making a transition from a financial holding model into one, coherent company. In order to achieve operational excellence and meet our strategic goals, we need to have a common operational model and core and support business processes in all divisions.

The main purpose of having a **common operational model** is to enable us to offer our clients services that cover the entire life cycle of the property or industrial plant. We are developing our processes, organisation, competencies and service offering in order to achieve this objective. Organisations will be adjusted according to the common operating model in all divisions, however, taking into account the local markets and the specific needs of the individual division.

Special expertise related to demanding projects and service agreements will be concentrated in offices set up specifically for this purpose within divisions. These offices will be responsible for major Design & Build projects and other projects involving design and engineering, and also for the development and execution of service agreements that include the life cycle view. Their purpose is to support our core business, i.e. the projects and service agreements implemented locally through our 280 offices.

We aim to expand the use of our **common ERP system** in all of our biggest divisions, in order to improve the efficiency of our processes and facilitate the sharing of information between different functions. Common IT platforms and applications facilitate work planning, scheduling, follow-up, invoicing and reporting, among other things.

Financial targets and dividend policy

Financial targets and dividend policy remained intact in 2014.

Our current financial targets and dividend policy for the strategy period 2014–2016 were announced on November 1, 2013, and they were not amended in 2014. Our updated targets reflect our determination to focus not only on increasing the profitability and efficiency of our business, but also on more efficient use of capital. By addressing this, we can free up capital and further improve our cash flow.

Target	Actual 2014	Development 2012–2014												
EBITDA over 6% of revenue	2.8%	EBITDA  <table border="1"> <caption>EBITDA and Margin Data</caption> <thead> <tr> <th>Year</th> <th>EBITDA (EUR million)</th> <th>EBITDA margin (%)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>85</td> <td>3.0%</td> </tr> <tr> <td>2013</td> <td>71</td> <td>2.8%</td> </tr> <tr> <td>2014</td> <td>67</td> <td>2.8%</td> </tr> </tbody> </table>	Year	EBITDA (EUR million)	EBITDA margin (%)	2012	85	3.0%	2013	71	2.8%	2014	67	2.8%
Year	EBITDA (EUR million)	EBITDA margin (%)												
2012	85	3.0%												
2013	71	2.8%												
2014	67	2.8%												
Average annual revenue growth more than 10%	-5%	Revenue (EUR million)  <table border="1"> <caption>Revenue Data</caption> <thead> <tr> <th>Year</th> <th>Revenue (EUR million)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>2,803</td> </tr> <tr> <td>2013</td> <td>2,544</td> </tr> <tr> <td>2014</td> <td>2,407</td> </tr> </tbody> </table>	Year	Revenue (EUR million)	2012	2,803	2013	2,544	2014	2,407				
Year	Revenue (EUR million)													
2012	2,803													
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2014	2,407													
Negative working capital	EUR -19.3 million	Working capital (EUR million)  <table border="1"> <caption>Working Capital Data</caption> <thead> <tr> <th>Year</th> <th>Working capital (EUR million)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>94</td> </tr> <tr> <td>2013</td> <td>46</td> </tr> <tr> <td>2014</td> <td>-19</td> </tr> </tbody> </table>	Year	Working capital (EUR million)	2012	94	2013	46	2014	-19				
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2012	94													
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2014	-19													
Dividend policy The objective is to distribute at least 50% of the result for the year after taxes, excluding changes in fair value, as dividend and capital redemption to the company's shareholders	The Board of Directors' proposal for dividend distribution to the Annual General Meeting: EUR 0.22/share (100% of the Group's result for the year)	Dividend  <table border="1"> <caption>Dividend Data</caption> <thead> <tr> <th>Year</th> <th>Dividend per share, EUR</th> <th>% of the Group's result for the year</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>0.22</td> <td>78%</td> </tr> <tr> <td>2014</td> <td>0.22</td> <td>100%</td> </tr> </tbody> </table>	Year	Dividend per share, EUR	% of the Group's result for the year	2013	0.22	78%	2014	0.22	100%			
Year	Dividend per share, EUR	% of the Group's result for the year												
2013	0.22	78%												
2014	0.22	100%												

Strategy implementation in 2014

In 2014, we focused especially on improving our profitability, operational efficiency as well as on building future leadership and a coherent operational model for the company. Once we have achieved these objectives, we can start working towards our growth targets in 2015.

Target	Measures in 2014	Results in 2014
Increasing profits		
More efficient project business	<ul style="list-style-type: none"> We introduced a new operating model in which each phase of the project is planned and reviewed more carefully. Increased attention was paid to project selection with new authorisation limits for approving new projects. The centralisation of project business operations in project offices began. We reviewed the entire project base and revised project cost estimates and provisions. The actions to improve the profitability of project business in Norway proceeded well and according to plans. 	<ul style="list-style-type: none"> The Group EBITDA was 2.8% of revenue (2013: 2.8%). Most low-performing projects have been completed.
More efficient service business	<ul style="list-style-type: none"> We developed the efficiency of service process, especially with regard to receiving, planning and scheduling work. We expanded the adoption of mobile applications in the service business. 	<ul style="list-style-type: none"> A common service process was introduced in Finland, Sweden and Norway, and the aim is to have this process in place across all divisions by the end of 2016. By the end of 2014, a mobile solution that for example, brings access to work orders and hour registration onto mobile devices was used by more than 2,000 service technicians in Finland and Sweden. Towards the end of the year, the first service managers in Finland were given access to the so-called mobile dashboard, enabling them to monitor the progress of the service process in their respective areas of responsibility.
Strengthening of cash flow	<ul style="list-style-type: none"> Working capital management was enhanced by developing monitoring and reporting methods and models. New, more efficient solutions (mobile solutions, SAP) were introduced. Assessment of payment plans was included in the project approval process. 	<ul style="list-style-type: none"> Operating cash flow before financial and tax items was EUR 113 million (2013: EUR 108 million).

Target	Measures in 2014	Results in 2014
Strong growth		
	<ul style="list-style-type: none"> We laid a foundation for future organic growth by developing our business mix: we aimed to increase the share of service and maintenance, long-term service agreements, and Design & Build projects in our business portfolio. We maintained a strong market position: We ranked among the five largest companies in all of our six major operating countries. No significant acquisitions were made during the year. A number of potential targets were reviewed, but they did not meet our acquisition criteria. 	<ul style="list-style-type: none"> The share of service and maintenance was 54% of revenue (2013: 55%). The share of Design & Build projects remained at the previous year's level, and was slightly more than a third of revenue. The share of long-term service agreements remained at the previous year's level, and was approximately one-fourth of revenue.

Target	Measures in 2014	Results in 2014
Innovative and advanced solutions		
	<ul style="list-style-type: none"> We invested in the commercialisation of our service offering by launching a development programme focused on it. The role of our property remote management services and related business models and processes were assessed with the aim of introducing a common concept for all divisions in the future. The activities carried out in our research and development centre supported our aim to increase the share of in-house products and solutions in our offering. 	<ul style="list-style-type: none"> In 2014, Caverion registered 10 patent applications: nine in Germany and one in Finland. These patents were mainly related to ventilation and fire safety solutions. We launched a new product, which was an apartment-specific fire extinguishing system.

Target	Measures in 2014	Results in 2014
Strong company image		
	<ul style="list-style-type: none"> We introduced the new slogan "Life Cycle Solutions for Buildings and Industries", which increasingly highlights the significance of life cycle solutions for our business. We introduced a new way of presenting our service offering, which is a matrix of service areas, client segments, and technical systems. We enhanced internal communications on important strategic themes and on our service offering. 	<ul style="list-style-type: none"> During the year, we released more than forty investor news items related to new orders, which contributed to building our company image. According to the results of our perception study, investors have trust in our investment story and life cycle solutions in the long term. According to our personnel survey, 68% of Caverion employees felt proud to work for Caverion, and 66% would recommend Caverion as a workplace. In Finland and Norway, we made it into the Top 100 of the most attractive employers in the Universum employer image survey.

Target	Measures in 2014	Results in 2014
Excellent leadership		
	<ul style="list-style-type: none"> ◦ We recruited key persons for the Group Management Board, division management, and Group functions. ◦ We also invested in employing young talent and reviewed our existing key professionals. ◦ We worked on building a common operating model for HR as well as coherent people processes and IT systems. ◦ We maintained a good level of occupational safety, and upheld practices supporting it. 	<ul style="list-style-type: none"> ◦ We employed a total of more than 1,200 summer interns, trainees and apprentices, which was significantly more than in the previous year (2013: approx. 800). ◦ Caverion's first personnel survey attracted active participation with a response rate of 78%. According to the survey results, 75% of the respondents were generally satisfied with Caverion as a workplace. ◦ The accident frequency rate remained on a stable level being 10 (2013: 9, 2012: 11). There was also slight improvement in the sick leave rates, which was 4.3 (2013: 4.4).

Target	Measures in 2014	Results in 2014
Operational excellence		
	<ul style="list-style-type: none"> ◦ We developed a Group-wide operating model that will be adopted in all divisions. Some divisions introduced the model already in late 2014. ◦ We defined common steering, core and support processes for our operations. ◦ The implementation of a common ERP system continued. ◦ We introduced common mobile solutions that improve the efficiency of our the service process, for example. 	<ul style="list-style-type: none"> ◦ Support functions are developed and steered centrally. ◦ Invoicing times shortened in several divisions.

Caverion's key strengths



Life cycle solutions

Comprehensive services covering all technical disciplines throughout the life cycle of a building and industrial plant. Competence for integrating technical systems to form a well-functioning entity.

[Read more](#)

Geographically extensive operations in 12 countries and strong market position in all key operating countries

[Read more](#)

Strong technical competence and own innovative solutions

[Read more](#)

Energy efficiency always integrated into services and solutions

[Read more](#)

Prerequisites for a strong, stable cash flow

Low capital employed, extensive client base and significant share of service and maintenance

Competence and proven experience in growing through acquisitions

Megatrends

Megatrends support the demand for Caverion's services and solutions.



Increasing technology

- Technology in buildings currently accounts for 40–60% of building costs.
- Integrated technologies require multidiscipline expertise.
- Maintenance is increasingly based on preventive measures as well as on actual needs and conditions.



Improving energy efficiency

- Legislation relating to energy efficiency is tightening.
- In 2020, all new buildings are required to be on a passive house level - that is almost self-sufficient energy-wise.
- There is increasing demand for energy-efficient solutions also for existing buildings.



Growing digitalisation

- All technologies in buildings have an IP address.
- Demand for remote monitoring is increasing.
- 10,000 buildings are currently under Caverion's remote control.



Fragmented market

- There is a large number of small companies in the building systems market.
- Extensive services are a competitive advantage especially in large projects.
- There is growth potential especially in German-speaking areas.

Reporting structure and organisation

Caverion has only one operative segment.

Caverion’s external reporting structure changed as of January 1, 2014. The segments based on geographical areas (Building Services Northern Europe and Building Services Central Europe) were replaced by one single operative segment, that also includes the Group services and other items.

The first interim report based on the new reporting structure was published on April 24, 2014 (interim report for January–March 2014).

Organisation structure and operating model

Service and project business is developed Group-wide, and our eight divisions are responsible for operative business.

In divisions, special expertise related to demanding projects and service agreements (Design & Build projects, life cycle agreements etc.) are centralised in offices focusing specifically in them. These offices support our business operations carried out through our some 280 local offices.

The name of the Industrial Services division is Industrial Solutions as of February 2015.

Caverion Group								
Finance & Control	Division Sweden	Division Norway	Division Germany	Division Finland	Division Austria	Division Denmark	Division Eastern Europe	Division Industrial Services
HR & People								
Group Development & Support								
Mergers & Acquisitions								
Project Excellence								
Service Efficiency								



Business operations and services

Caverion understands the complexity of building technologies and industrial processes, and efficiently manages their entire life cycle.

We **design, build, operate and maintain** user-friendly and energy-efficient technical solutions for buildings and industries.

Our services are used in offices, retail properties, housing, public premises, industrial plants and infrastructure, among other places.

Our clients are real estate owners and developers, real estate users, general contractors, public sector operators, as well as companies representing all fields of industries.

Revenue by business area



● **Service and maintenance 54%**

Advisory Services, Technical Maintenance, Managed Operations, Managed Life Cycle

● **Projects 46%**

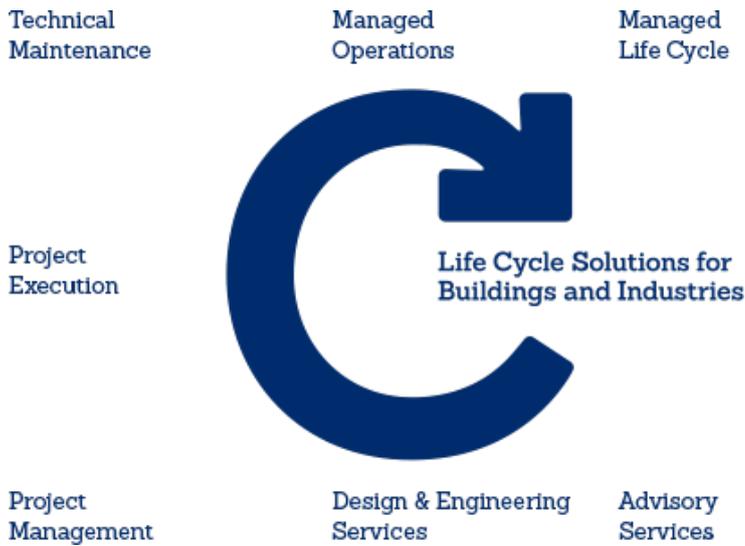
Advisory Services, Design & Engineering Services, Project Management, Project Execution, Managed Life Cycle

Services throughout the life cycle

We can assume responsibility for designing and building the technical systems and solutions for the property or industrial plant as well as take care of their service and maintenance. Our comprehensive competence covers all technical disciplines, enabling us to guarantee that **technical systems always form a compatible, well-functioning entity**. Our services are tailored to our clients' specific needs.

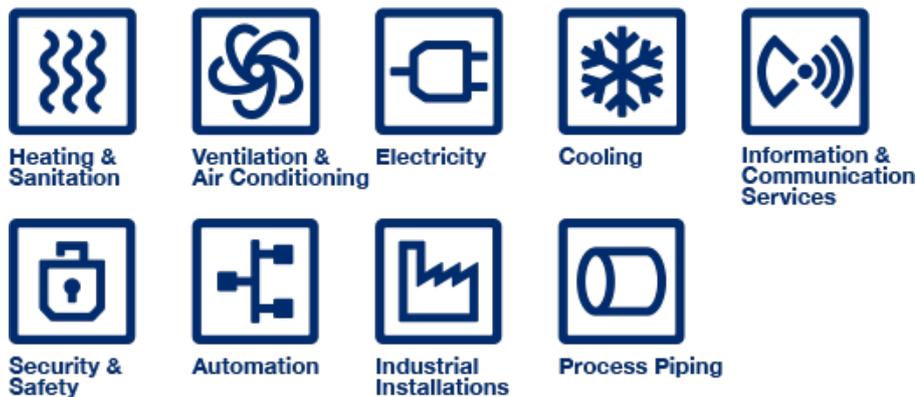
From the client perspective, the life cycle approach means that their buildings, industrial facilities and processes are **functional, safe, sustainable, and energy- and cost-efficient**. All of our services and technical systems are available in all of our countries of operation.

Service areas



[Read more about service areas](#)

Technical disciplines



Technological expertise and own innovative solutions

Technological competence, innovativeness and own solutions are our key strengths. Our **in-house research and development centre** supports our continuous product and service development. We provide our clients with **customised, advanced solutions** for demanding environments such as laboratories, hospitals, and clean rooms.

Energy efficiency considered in all services

Energy efficiency is an integral element in all of our services. We offer energy-efficient technical solutions, and with appropriate operation and maintenance, ensure optimal energy use in the property. Our energy efficiency services range **from energy audits to total deliveries of life cycle projects**.

[Read more](#)

We design, build, operate and maintain technical solutions. Our services cover all technical disciplines and the entire life cycle of the property and industrial plant.

Service areas

We offer services in both project and service and maintenance business, in seven service areas.

Our **project deliveries** range from delivery of a single discipline to total technical solutions, covering all technology in the property. In addition to project execution, our services include project management, design & engineering and advisory services.

We provide **service and maintenance**, ranging from a single repairs to comprehensive maintenance and managed operations of the property.

Ultimately, we provide **life cycle solutions** that cover all our service areas.

Advisory Services:

Providing expertise to optimise clients' operations

- System analysis, development and optimisation
- Own products and R&D
- Energy efficiency advisory services

Design & Engineering Services:

Involved at every stage of the project planning and design

- Customised solutions tailored to the clients' needs and optimised to installation and operation phases
- System integration: ensuring that the final result is an efficient assembly of compatible systems

Project Management:

Ensuring success on site

- Balanced quality, costs and delivery times
- Common processes and tools ensure high quality in all projects

Project Execution: Installations according to clients' needs

- From a single discipline to total deliveries of all technology in the property
- Efficient delivery due to detailed planning, prefabrication and own qualified personnel

Technical Maintenance:

Service with short response times

- Both preventive, planned maintenance and repairs
- ServiFlex concept allows clients to flexibly combine an individual package from an extensive range of services – in one single agreement.

Managed Operations:

Maintaining the property value

- We manage the full scope of technical and soft services in our clients' properties and control their operational expenses and quality.
- Focus on technical services, soft services such as safety, janitor and cleaning services offered as subcontracting
- Comprehensive maintenance cooperation and outsourcings

Managed Life Cycle:

Full responsibility

- Full responsibility for designing, building, operating and maintaining the technical solutions of the clients' property
- Guaranteed effectiveness, usability, safety and condition throughout the contract period, which is often more than 20 years



Service and maintenance

The market demand for service and maintenance continued to be stable and the general interest in life cycle solutions continued to increase in 2014. We developed the efficiency of our service processes and introduced common operating methods.

Highlights in 2014

- The **revenue** of our service and maintenance business was EUR 1,297 million (2013: EUR 1,409 million), accounting for 54% (55%) of the Group's total revenue.
- **The service and maintenance market** was stable in all operating countries. The general interest in life cycle solutions continued to increase.
- The development projects in the service and maintenance business progressed well and we were developing a **common service process** for all of our operating countries. The renewed service process was adopted in Finland, Sweden and Norway. Our goal is to have the common process in use in all divisions by the end of 2016.
- We engaged in active development work with the goal of, for instance, improving the **mobile service process** and introducing common system tools. We expanded the adoption of mobile applications. The solution that for example, brings access to work orders and hour registration onto mobile devices was used by more than 2,000 service technicians in Finland and Sweden, and preparations to introduce the solution in Norway and Austria were under way. A mobile dashboard that enables service managers' to better monitor the progress of service process was introduced in Finland at the end of the year.
- **Market outlook for 2015:** Technical maintenance business is expected to be stable. Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation will be significant factors to support positive market development. Demand for managed services is expected to increase. As technology in buildings is increasing the need for new services and the demand for life cycle solutions are expected to increase. Customers' tendency towards focusing on their core operations continues to open opportunities for Caverion in terms of outsourced operation and maintenance mainly for public authorities, industries and utilities.

New agreements

Holstebro police station, Denmark. Life cycle project that includes the design and total delivery of all building systems in the property, followed by operation, service and maintenance throughout a contract period of 25 years. The value of the project is close to EUR 19 million. [Read more](#)

IZD Tower, Vienna, Austria. The renewed agreement includes the comprehensive maintenance in a 35-storey office building. The value of the agreement is EUR 3 million. [Read more](#)

Technical University of Munich, Germany. The renewed agreement covers technical maintenance, managed operations and energy management of the Garching campus. The agreement also includes other services, such as security and cleaning services, through subcontracting. The property is connected to Caverion's remote monitoring service. [Read more](#)

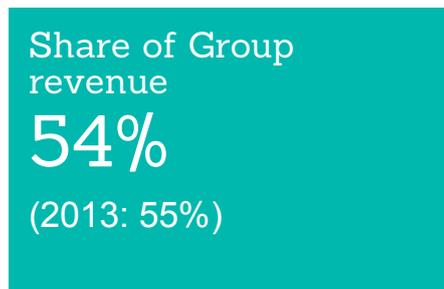
MTU Aero Engines, Munich, Germany. Technical maintenance of all building systems, managed operations, the property's energy audit and the implementation of energy saving measures for MTU's headquarters. [Read more](#)

Rovaniemen Energia, Finland. The outsourcing agreement covering the maintenance of the district heating network and separate heating stations in Northern Finland. [Read more](#)

Kemijoki, Finland. The outsourcing that covers the operations and maintenance of 16 hydropower plants includes most of the properties and infrastructure located by the Kemijoki river in Northern Finland. Approximately 80 employees transferred to Caverion in 2014. [Read more](#)

RTL Television, Cologne, Germany. The technical maintenance of the ventilation, cooling and sanitation systems of the TV studios located in the Rheinhallen building. [Read more](#)

Total Raffinerie Mitteldeutschland, Leuna, Germany. The renewed agreement covers technical maintenance of all the building systems and the managed operations in the non-production areas of the petrochemical company. Furthermore, Caverion is responsible for cleaning of the buildings and maintenance of the outside facilities, among others, arranged through subcontracting. [Read more](#)



Service and maintenance revenue



■ Service and maintenance revenue, EUR million
 — % of total Group revenue

Strategic targets in service and maintenance

In the service business, Caverion's aim is to move up in the value chain towards more comprehensive services, in which it manages the entire life cycle of the client's property or industrial plant.

Our goal is to **increase the share of service and maintenance** in our business. By growing service and maintenance, we can contribute to the profitability of the entire Group, as its margins are typically better than in project business. In addition, demand for maintenance is less susceptible to economic cycles than project business, promoting the stability and continuity of our business.

More comprehensive services

We aim to provide more comprehensive services in which we take responsibility for the **entire life cycle** of our clients' properties and assume overall responsibility for the design, implementation, service and maintenance as well as operation of their technical systems. We also seek growth in **managed operations** and the **outsourcings** of maintenance.

[Read more](#)

Increasing long-term service agreements

Our goal is to increase the share of long-term agreements, i.e. agreements the duration of which is more than a year. Currently, approximately one-fourth of our service and maintenance revenue comes from such agreements. We pay increasing attention to extending agreements with additional services and systems, among others.

Long-term agreements reduce cyclicalities. They also open up opportunities for additional sales. The average duration of an agreement is two to three years, including an option for an extension of one to two years. In life cycle projects, the duration of the agreement may be up to twenty years.

Service and maintenance revenue by contract type



- **Long-term service agreements (longer than one year)**

Typically fixed rate

- **Additional service and maintenance work for contract clients**

Typically hourly and material rates specified in the framework agreement

- **Ad hoc service for other clients**

According to the valid price list

Utilising the full potential of remote management

In our service development, we utilise the potential related to the **digitalisation of services**, the **remote management** of properties and the **tightening energy efficiency legislation**. We aim to increase our competence in property and industrial automation and remote management, and to develop these competences in a coherent manner in all of our operating countries.

[Read more](#)

Developing more efficient service process and common operating methods

We enhance the efficiency of our service business by adopting **unified service processes, operating methods and mobile applications** in all countries. Business development is carried out in a centralised manner, Group-wide, utilising the best practices of our operating countries.

[Read more](#)

Key targets

Attractive service offering

- More comprehensive services that cover all technical disciplines throughout the entire life cycle of a property or an industrial process
- Increasing the share of long-term service agreements
- Growth from the current client base by extending existing agreements and by offering them additional services and solutions
- Utilising the full potential of remote management

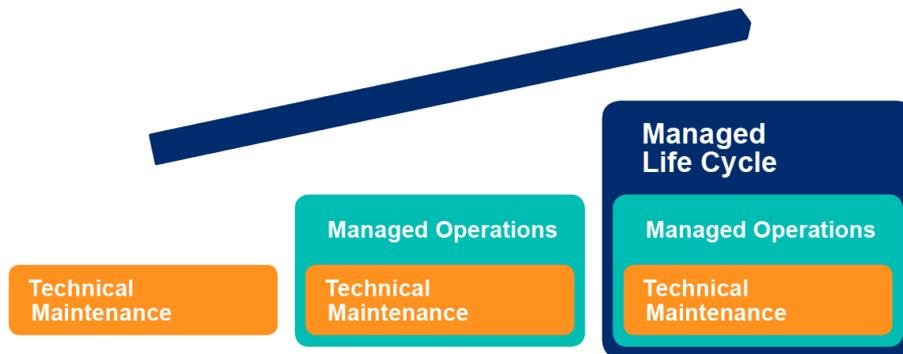
Improving the efficiency of own operations

- Efficient common processes, operating models and tools
- Costs and budgets are monitored closely in each agreement
- Negative working capital through daily monitoring, follow-up, reporting and invoicing

Business model and service areas in service business

Caverion provides a wide range of service and maintenance, from single service measures to comprehensive maintenance of properties and life cycle services.

Up in the value chain in the service business



Technical Maintenance: A stepping stone to more comprehensive services

The technical maintenance of properties and industrial processes is **our core competence**, one that we have provided to our clients for several decades now. It also forms a basis for our more comprehensive maintenance services: managed operations and managed life cycle.

Preventive, planned maintenance is of primary choice in terms of maintaining the value and the long-term cost effectiveness of a property or industrial plant, but we also provide our clients with repairs with fast response times.

ServiFlex is our concept for preventive maintenance, which allows our clients, under one single agreement, to flexibly combine an individual package from range of more than 100 different services. The agreement can cover the maintenance of a single technical system or all of the property's technical systems.

In the ServiFlex concept, the maintenance processes are standardised and quality-assured, allowing us to guarantee uniform service quality regardless of the property. The client defines the maintenance targets, and a single contact person from Caverion takes care of the rest: services in all of the technical disciplines included in the agreement, the planning, scheduling and monitoring of maintenance, as well as statutory reporting.

Preventive service reduces the number of acute incidents, extends the service life of technical systems and maintains optimal conditions in the property. It facilitates the anticipation of operating costs, reduces the client's administrative costs and helps preserve the property's value. The content of each service is described in detail. And when needed, the client can easily add new services based on a fixed price list.

Managed Operations means comprehensive partnership

Our aim is to include managed operations in our service agreements in an increasing degree. Currently, Caverion has a total of approximately 100 service agreements that include managed operations. These clients operate in both the public and private sectors.

We look after the property's value in a comprehensive way, by offering a wide range of **technical and soft services**. By managing these services efficiently, we ensure the quality of the service and keep operating costs under control.

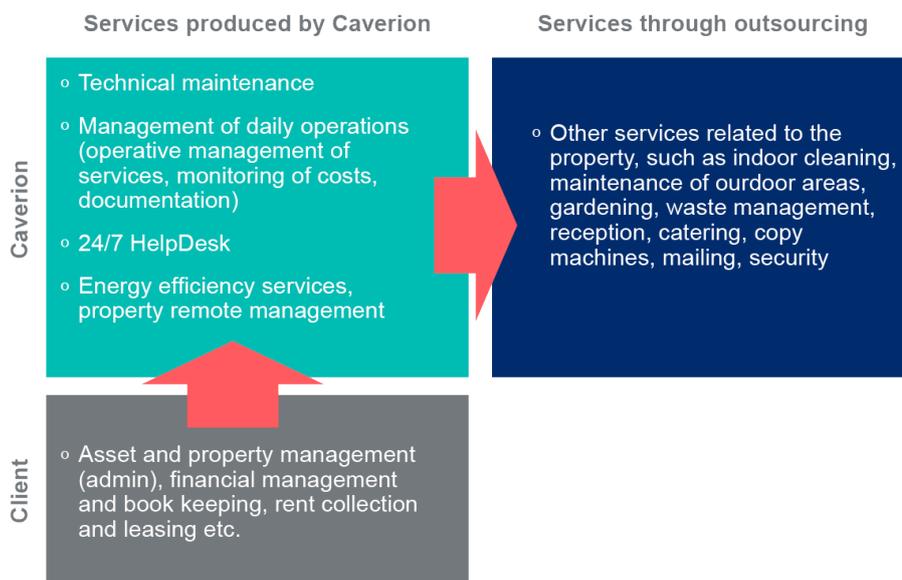
In Managed Operations contracts, we assume responsibility for the agreed conditions, security and energy use in the property. We are also responsible for meeting the financial targets related to the property.

Technical services are our core competence, which we produce ourselves. In addition, we can offer other services related to the property, such as security, reception and cleaning services, through subcontracting. In fact, if needed, our clients can **outsource** all maintenance operations to Caverion. In 2014, for instance, Kemijoki Oy, the most significant generator of hydropower in Finland, outsourced the entire operation and maintenance services of its 16 hydropower plants to Caverion.

With proper maintenance, the rental and resale value of a property can be preserved or it can even grow. Energy costs can be reduced by as much as 30%. Further cost savings also be achieved through lower administrative costs and benefiting from Caverion’s procurement and subcontracting networks.

Building automation is often an integral part of the property. When clients’ properties are connected to Caverion’s **remote management** services, the operation of technical systems can be further enhanced and the energy efficiency in the property increased.

Example of Managed Operations agreement



Managed Life Cycle: All service areas in one contract

Ultimately, Caverion can take full responsibility for the life cycle of its client's property or industrial plant, including the responsibility for **designing, building, operating and maintaining** the technical solutions throughout decades. A life cycle agreement includes services from all of our seven service areas in the project as well as the service and maintenance business.



We offer life cycle projects to our clients both in the public and private sectors and implement them with various agreement and financing models, such as **the Public Private Partnership (PPP)**.

The ESCO (Energy Service Company) and EPC (Energy Performance Contracting) energy-saving contracts are examples of our life cycle projects where we guarantee our client the energy savings specified in the contract as well as the efficiency, functionality, security and the agreed conditions over a contact period of 20 years or more.

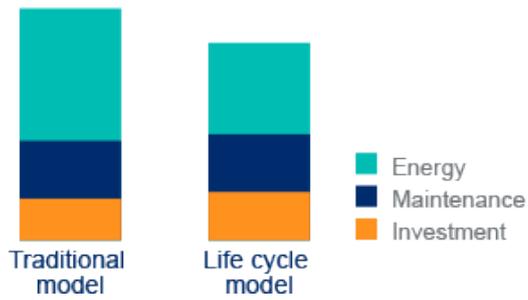
The project usually begins with an analysis of the property's energy consumption. Based on this analysis, we will design a detailed plan for increasing the efficiency of systems through, for example, modernisation. After the project delivery, Caverion is responsible for the property's maintenance throughout the operational phase.

No initial investments are needed from the client, such as a municipality or other public sector client, since the investment is financed with the realised savings. The savings are typically split between the client and Caverion. If the guaranteed savings are not achieved, Caverion is responsible for the difference. **The energy-savings guarantee** is one of our competitive advantages, as few service providers can offer such a service.

Our oldest ongoing life cycle project began in 2000, and the number of life cycle projects has increased over the years in Finland, Sweden and Denmark, in particular. In 2014, we had a total of approximately fifty ongoing life cycle projects.

In Sweden, there were projects ongoing in the municipalities of Söderhamn, Mora and Kalmar, among others. In Denmark, we are in charge of the managed operations and comprehensive energy efficiency of the courthouse of Western Jutland and the Holstebro police station for the next 25 years, as part of a PPP projects. In Finland, PPP projects are underway in, for instance, the Huhtasuo school and daycare centre in Jyväskylä, the Kaivomestari property in Espoo and in three life cycle daycare centres in the City of Porvoo.

The life cycle model reduces costs related to properties and their processes



For clients, the life cycle approach means that their buildings or industrial facilities and processes are functional, safe, sustainable and energy- and cost-efficient.

One million

service requests a year

30,000

maintenance agreements

Remote management of properties

Caverion has been providing remote monitoring and management for properties for more than a decade. The comprehensive management of services demands increasingly advanced property and industrial automation.

The properties and industrial facilities maintained by Caverion have a substantial amount of automation that control the technical systems. **Automation** is an essential part of all properties and processes: it is the brains that control, regulate and monitor operations, makes the scheduling of procedures easier and reduces manual work. When automation systems are connected to Caverion's remote management, technical systems can be controlled and their operations optimised in a centralised way.

The remote management of properties enables the management, monitoring and analysis of technical systems through remote connections. We can monitor the energy and condition data of properties round the clock and, in most cases, solve problems even directly through the remote connection.

The conditions inside a remote controlled property have been optimised, both with regard to energy management and the comfort and safety of the users. Remote management helps to ensure the functionality of ventilation and appropriate temperature in a property as well as the use of systems based on real needs. If heating is interrupted, for example, the system is already aware of the problem and the necessary measures are already initiated before users become aware of the problem.

Remote management saves money by enabling **efficient operation and maintenance** of technical systems, which, in turn, can result in **up to 30% savings in energy costs**. Due to remote management, the technical systems work optimally and any deviations from target values are noticed immediately – not when the trickles have become a stream.

Savings in the property's maintenance costs are achieved as the number of on-site service visits fall and when maintenance is based on actual needs instead of the calendar. The monitoring data produced in remote management allows us to further improve energy use and increase the property's value. It also provides the client with a better chance to anticipate costs.

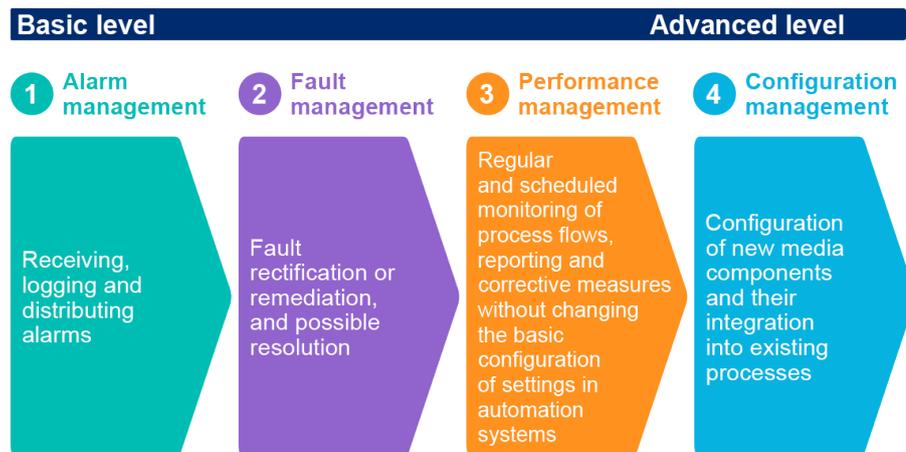
Already more than 10,000 properties connected to remote management

In 2014, the spaces maintained by Caverion numbered approximately 30,000 in total. Of these, approximately 10,000 properties were connected to Caverion's remote management service. The majority of these properties are commercial and office premises. Others include hospitals, data centres, production facilities, residential buildings, under-street heating processes, road and street lighting and petrol stations, among others.

The automation included in technical maintenance agreements typically consists of the **management of alerts and faults**. The system receives alarms, distributes them and investigates and possibly even solves the reasons for them. More comprehensive agreements including managed operations often entail a need for more advanced automation: the system monitors the process flow, produces different reports from it and sometimes even performs **corrective measures** automatically.

Remote management is **always included in the maintenance phases of life cycle agreements**. Without it, we would not be able to monitor conditions and energy consumption effectively and thereby guarantee the realisation of the agreed targets to the client. This savings guarantee we provide in life cycle agreements also requires that we have up-to-date and comprehensive data available.

The levels of automation



Aiming for a uniform model

We offer remote management services **in all of our operating countries**, but there are differences between the countries in, for example, the way in which the services are organised.

In Finland, we offer remote management and the optimisation of technical systems centrally from our **control room**. The control room's staff is made up of some twenty experts, specialised in the monitoring and analysis of changes in the conditions of properties with the help of automation and remote monitoring. The information system in use in the control room allows for the automatic analysis of systems.

The model used in Sweden and Norway is slightly different, and involves a large group of maintenance professionals who monitor the alarms from properties through **remote management solution** and carry out corrective measures as part of daily maintenance operations.

We aim to take advantage of the best experiences and practices of our operating countries and develop a common, competitive concept for automated remote management to be used by all countries.

The systems of the future are not only passive receivers of alarms but actively analyse the operation of the technical systems in the property, determine the causes of problems, monitor processes and, in the best case, resolve the problems automatically.

Increasing the efficiency of the service business

Active development work was carried out in 2014 in the service and maintenance business, with the aim of improving the efficiency of the mobile service process and introducing common system tools, among other things.

The organisations in the service business were developed to enable the harmonisation of the operating model and sharing of knowledge across operating countries.

The Centre of Service Excellence is a **Group-level organisation** established in 2013, the purpose of which is to support the development of service supply chain as well as related processes and IT platforms Group-wide.

In the divisions, too, we have considered it necessary to concentrate large and complex contracts, such as life cycle projects, to dedicated units established specifically for this purpose.

Common service process already in use in some countries

The approximately 10,000 Caverion employees involved in service processes and the roughly one million service requests a year substantiate the importance of efficient and common process for the quality of our services.

The most critical factor in terms of efficiency in the service process is what happens before the actual on-site service visit; the way in which the service requests are received and how work is planned, scheduled and directed to the appropriate person. Naturally, efficiency is paid attention to after this as well: it is essential that work hours are reported and invoiced without delay, primarily on a daily basis.

In 2014, we performed a careful analysis of our processes in terms of, for instance, lead times, and developed their efficiency. An improved service process was introduced in Finland, Sweden and Norway, and our goal is to have the uniform process in use in all divisions by the end of 2016.

Mobile devices support service process

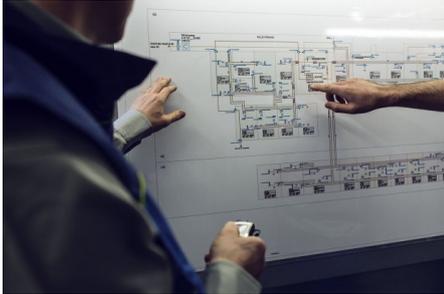
In addition to efficient processes, we also need common **tools for tasks such as planning, scheduling and monitoring**. Our objective is to roll out a common ERP system adopted in all operating countries and integrate the mobile devices used in the field into it by the end of 2016.

In Finland and Sweden we have adopted an application that **supports the work of service technicians** by for example, bringing access to work orders and hour registration onto mobile devices. By the end of 2014, more than 2,000 service technicians in Finland and Sweden were using this application, and we plan to take the system into use in Austria and Norway in early 2015.

Late in 2014, the first service managers were given access to the so-called **mobile dashboard** with which they can monitor the progress of the service process in their respective areas of responsibility. The application shows, among other things, received and open work orders, contracts and various performance indicators, such as lead times. The system will be first introduced in Finland, Sweden and Norway, with roll-out continuing in other countries later in 2015.

In the future, we aim to link the **rewarding of individuals and teams** more closely to performance indicators, such as hour registration, lead times, contract volumes and invoicing, thereby furthering the personnel's commitment to our joint goals.

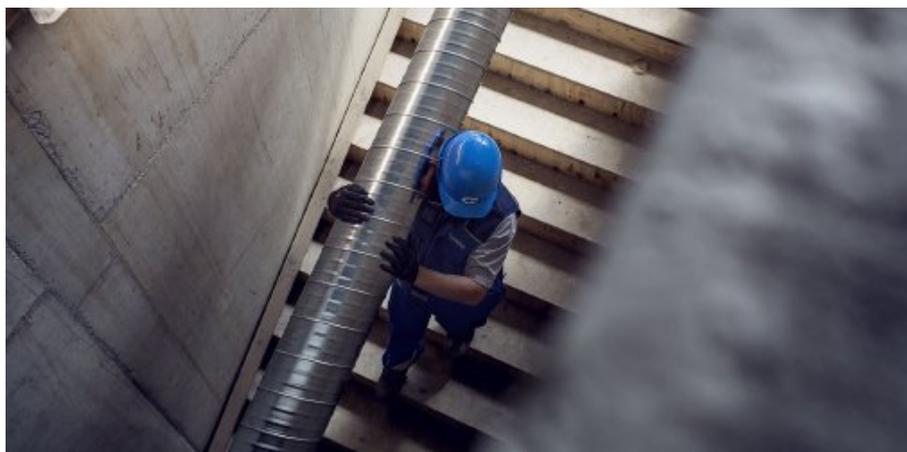
The most critical factor in terms of efficiency is what happens before the actual on-site visit: the way in which the service requests are received, planned, scheduled and dispatched.



Caverion's competitive advantages in service and maintenance



- Comprehensive services that cover **all technical disciplines throughout the entire life cycle**.
- Due to our technical expertise and advisory services, we can offer our clients services that are **tailored to correspond to their individual needs**. The **ServiFlex concept** provides our clients an easy and flexible way to purchase technical maintenance services.
- We provide advanced **property automation and remote management** which guarantee the desired conditions and agreed energy consumption in the property, as well as service measures based on actual needs.
- The aspect of **energy efficiency** is always integrated into Caverion's services, and we seek to include it in all service agreements. In large-scale energy savings projects, we offer a savings guarantee, which few other service providers are able to offer.
- We are located **close to our clients** in 12 countries. 280 local offices and our HelpDesk enable fast response times round the clock. Our human resources largely consist of our own highly skilled employees, which guarantees a high standard of service in all circumstances. Our efficient service process also benefits our clients.



Project business

The overall market situation was stable despite the general economic environment and overall uncertainty, and we received several large, multi-million orders in 2014. Actions to improve the profitability of our project business progressed well.

Highlights of 2014

- The **revenue** of our project business was EUR 1,109 million (2013: EUR 1,134 million) and accounted for 46% (45%) of our total Group revenue.
- The overall **market situation** was stable despite the general economic environment and overall uncertainty. In Finland, some of our customers had to postpone their projects, but we were also able to secure some large new deals. In Sweden the project market was stable, and Norway also had a good operating environment in the project market. In Germany demand remained favourable.
- We received **several large orders** for projects exceeding EUR 10 million in Germany and Norway, and several multi-million contracts also in other countries.
- The actions taken to **improve the profitability** of project business progressed well. The overall project portfolio was reviewed in all divisions and cost estimates and provisions were revised. Most of the low-performing projects were completed.
- We also developed **common project processes**, introduced a **common operating model** and defined **new authorisation limits** for approving new agreements. In project selection, increasing attention is paid to profitability and risks, and each project phase is monitored more closely. We also developed a common process for sales and harmonised procurement-related practices, processes, and organisations. In divisions special expertise related to demanding projects such as large Design & Build projects will be centralised. In some of the divisions, this new structure was already adopted in 2014.
- **Market outlook for 2015:** Technical installation business is expected to be stable. Requirements for increased energy efficiency and better indoor conditions and tightening environmental legislation will be significant factors to support positive market development. Large new tenders for buildings and industry are expected to increase during the year. Positive signs can be seen in tendering activity, especially in the public and industrial sectors. Low interest rates and availability of financing are expected to support investments. The demand for design & build of total technical solutions is expected to develop favourably in the large and technically demanding projects.

New agreements

Henninger Tower, Frankfurt am Main, Germany. Caverion is delivering a total technical solution for the new 40-storey residential building as a technical general contractor. Includes design & engineering, project management and project execution. Value of the deal: EUR 33 million. [Read more](#)

Deutsche Rentenversicherung Bund, Germany. Delivery of heating, sanitation, ventilation, cooling, security and safety as well as fire protection systems for the German statutory pension insurance scheme's administrative building. Includes project execution and project management. Value of the deal: EUR 15.6 million. [Read more](#)

Wintershall office, Stavanger, Norway. Total delivery of all technical systems meeting the criteria for the BREEAM NOR standard/Excellent. Includes advisory services, design & engineering, project execution and project management. Value of the deal: EUR 11 million. [Read more](#)

Baxter, Krems, Austria. Delivery of building systems, including cleanroom technology, for the industry client Baxter's production plant. Includes project management and project execution. Value of the deal: > EUR 10 million. [Read more](#)

Sør-Trøndelag College, Norway. Total delivery of building systems for the new technology building that is being constructed to meet the passive house standards. Includes design & engineering, project management and project execution. Value of the deal: EUR 9 million. [Read more](#)

Huddinge hospital, Stockholm, Sweden. Delivery of heating, sanitation, ventilation and air conditioning systems to the hospital's new education centre. Includes advisory services, project management and project execution. Value of the deal: EUR 6.8 million. [Read more](#)

Puijo hospital, Kuopio, Finland. Delivery of the heating, ventilation, cooling and sanitation systems for the new Säde building. Includes design & engineering, project management and project execution. Value of the deal: EUR 4 million. [Read more](#)

Fortum's nuclear plant, Loviisa, Finland. Installation of the steel structures, industrial piping and electricity and automation systems in the cooling towers. Includes project execution. Value of the deal: EUR 2 million. [Read more](#)

Revenue in 2014

1,109

EUR million
(2013:
EUR 1,134 million)

Share of total Group
revenue

46%

(2013: 45%)

Personnel

6,135

Project business revenue



■ Project business revenue,
EUR million

■ % of total Group revenue

Strategic targets in project business

In project business, we seek growth particularly by increasing the share of Design & Build projects and by strengthening our technical expertise and product development. We also aim to improve the efficiency and profitability of our operations.

Improved business mix

In 2014, slightly more than a third of our project business revenue came from **Design & Build** projects. In these projects, Caverion is involved in the project from the very beginning, responsible for the design and delivery of the systems, project management and subcontractors.

It is our goal to increase the share of these projects in our business. We also aim to increase the share of comprehensive, **multi-discipline deliveries** and system integration. Caverion has the ability to deliver long, extensive projects that require a lot of resources. Our strategy for winning projects lies with our special expertise and experience in demanding project implementations, instead of offering the lowest price.

By granting the responsibility for the whole project to one contractor, our clients can considerably reduce their project-related risks. In addition, partially simultaneous planning and installation work reduces the duration of the implementation. Project costs are foreseeable, because they can be specified during the planning stage. By being involved in the process from planning, we can also influence the choice of systems and technologies and, thus, improve the quality and efficiency of the final delivery.

[Read more](#)

Distribution of revenue in project business in 2014



- **Tender-based contracting (approx. 2/3 of revenue)**

Project execution that typically includes the delivery of one or multiple systems, often based on the ready-made plans from the client. Clients may purchase the property's technical systems from several different suppliers through tendering process.

- **Design & Build projects (approx. 1/3 of revenue)**

In addition to project execution, the contract typically includes planning and project management, as well as responsibility for subcontractors.

Strengthening technical expertise and R&D

Continuous **product development** and own solutions are essential for the success of our business, and we continue to invest in this area also in the future. Our aim is to strengthen our technical expertise especially in advanced solutions for technology-wise demanding properties such as hospitals, laboratories and cleanrooms. In our product development, we focus on disciplines such as cooling, automation, and security and fire safety systems, among others.

Our aim is to increase the share of **own in-house products and solutions** in our offering. Our own research and development centre supports this development, and R&D activities are also carried out in divisions.

Improving efficiency, profitability and risk management

Careful project selection and monitoring is a prerequisite for improving the efficiency and profitability of our project business. We choose projects carefully with regard to risks, profitability and our own expertise and resources. To enable this, we have set a strictly defined process with **approval right limits for project selection**: agreements with a value exceeding EUR 100 million are approved by the Group Board of Directors, agreements of EUR 20–100 million by the Group President and CEO, and agreements of EUR 5–20 million by the head of business segment.

Each project phase is closely monitored in order to be able to address any deviations and risks at an early stage. In major projects, a steering group is established to oversee progress.

Our aim is to have a **coherent operating model, project processes, tools and procurement** in all divisions. Development of business is carried out centrally at the Group level with divisions' active participation.

In divisions, special expertise related to delivering demanding projects will be concentrated in specified project offices responsible for the management of large Design & Build projects and other projects involving Design & Engineering services. The purpose of these offices is to support other projects carried out in our 280 local offices.

Key targets

Developing business mix

- Increasing the share of Design & Build projects
- More comprehensive, multi-discipline deliveries
- Utilising competence in system integration

Strengthening technical expertise and R&D

- Developing in-house products and solutions and increasing their share in our offering

Improving efficiency, profitability and risk management

- More careful selection and monitoring of projects
- Coherent operating model and project process
- Developing procurement
- Securing negative working capital by means of more efficient invoicing

Business model and service areas in project business

We design and build technical systems and processes for both existing and new properties and industrial plants. Our deliveries vary in size from individual systems to total technical solutions that cover all technologies in the property. In addition to project execution, our services cover project management, design and engineering, as well as advisory services.

Our project business mainly consists of a high volume of projects that typically have an individual value of around a few million euros. Our largest target markets are in Central Europe, particularly in Germany, where we have also delivered our largest projects in terms of value: In 2014, our largest project in Germany was worth over EUR 30 million. Often, the largest projects include not only project execution but also project management and design & engineering. In the Nordic countries, Caverion's business was more focused on smaller project deliveries and service and maintenance, with the size of individual projects varying in the range of EUR 2–11 million in 2014.

Providing expertise to optimise clients' operations

Caverion offers **Advisory Services** related to technical systems and industrial processes. Our goal is develop functional, safe, energy- and cost-efficient technology and solutions to increase the efficiency of our clients' operations. We **analyse, develop and optimise** the operation of technical systems. We offer **energy efficiency advisory** and help our clients choose the best systems for each property, that also meet the requirements of environmental certification, when needed.

We use advanced solutions to predict and model the conditions inside properties. In designing the project, we can also utilise information and data obtained through building automation.

Caverion has the ability to deliver extensive projects that cover system integration of several technical disciplines, and include also design & engineering services and project management.

Due to our own research and development centre, product development and own solutions, we can provide our clients with solutions that are tailored to their needs. The company's R&D centre in Aachen, Germany, specialises in the development of advanced products related to ventilation, cooling and heating. In addition, R&D work is carried out in divisions.

In 2014, we launched a total of **10 patent applications** related to our solutions. One of them was an automatic apartment-specific fire extinguishing system launched in Finland. Other submitted patent applications were related to solutions in ventilation, air conditioning and cooling and for example products based on phase change materials.

Read more: [Clients, quality and product development](#)

Design & Engineering Services guarantee high quality

In the **Design & Engineering Services**, we offer customised solutions tailored to the clients' needs and optimised for installation and operation phases.

System integration is one of Caverion's core competencies. Our comprehensive expertise in all technical disciplines and competence in integrating them ensures that the final result is always an efficient assembly of compatible systems.

In-house design and engineering guarantees high-quality of the final project delivery and reduces project-related risks. When we are involved in the project from the very beginning, we can influence the choice of systems and technologies, thus avoiding unnecessary re-design in the implementation phase. Partially simultaneous planning and installation also reduces the duration of the implementation.

Some of our projects feature **Building Information Modelling (BIM)**, which enables the 3D modelling of buildings and technical systems, as well as the simulation of different systems. The modelling of technical systems enables us to test the practical functionality and compatibility of the systems already at the design and engineering phase.

BIM generates cost savings and reduces installation times during project execution, and it also enables the more extensive utilisation of prefabrication. In 2014, it was utilised, for example, in the HVAC and electrical system delivery for the Huddinge hospital's education centre in Sweden.

Professional project management is a prerequisite for successful execution

Caverion has decades of experience in **Project Management** in various client segments. Professional project management enables success on site and secures projects with **balanced quality, costs and delivery times**.

Common processes and tools ensure high quality in all projects. Our project management handbook contains all of our project-related instructions, and helps us to ensure coherent processes and a high level of quality in all projects. We also provide training to make sure that the know-how of our seasoned project managers is transferred to the younger generation.

We closely monitor and follow-up the progress of our projects in each phase to address any risks or deviations in quality, costs, or schedules as early as possible. All actions are documented and stored so that clients can easily review them. This practice also applies to the actions of our subcontractors. All significant changes in the project scope are reported to a higher organisational level, and in major projects, a steering group is established to oversee progress.

Installations according to the client's needs

In **Project Execution**, we provide installation of technical systems according to clients' needs, ranging **from a single discipline to total technical solutions** comprising all technical systems in the property.

Careful planning, just-in-time sourcing of materials and components, as well as our own qualified personnel on site guarantee the efficiency and high quality of our installations. We pay a lot of attention to worksafety on site. Also in this field, we are a forerunner in our industry.

We aim to increase the use of our **own prefabricates** in our project deliveries. Our research and development centre in Aachen, Germany, produces prefabricates related to ventilation, cooling, heating and clean air solutions. Prefabrication improves the efficiency of installation work on site, ensures uniform quality and improves technicians' safety at work.

Solid expertise in industrial processes

In addition to providing technical systems for buildings, Caverion offers **project deliveries of technical systems and processes to industry**. We help our clients in all industries to build a safer and more productive operating process. Our project deliveries to industry include design and engineering, material deliveries, prefabrication at our own workshops, project management and installation.

Industrial project deliveries are based on special expertise in design and extensive industrial prefabrication. We manufacture industrial prefabricates such as industrial piping, tanks and boilers, in three workshops in Finland and Sweden to be delivered to projects around the world. In Northern Europe, we are the market leader in high pressure piping systems.

Industrial projects that include delivery of industrial components are mainly carried out in Finland and Sweden. In other operating countries, we have industry clients to which we provide **building systems** such as ventilation, cooling, electricity and automation.

In addition to providing technical systems for buildings, we offer project deliveries to industry.

Examples of our own solutions and products

- **LuxCool and ClimaCeil** are suspended ceiling elements that integrate the technology needed for office premises: for example, lighting, heating, cooling, ventilation as well as their adjustment and control.
- **Caverion Niagara and Caverion Pyramid** automation systems
- The **Krantz** brand (ventilation, cooling, heating and clean air solutions)
- **CleanPlus** (cleanroom technology)
- **Automatic apartment specific fire extinguishing system**
- **Solutions and products based on phase change materials (PMC)**, which reduce the need for coolers and improve the building's energy efficiency

Cleanroom solutions

Caverion offers comprehensive services for cleanrooms.

Caverion has technical expertise and own trade mark products (CleanPlus) in the field of cleanroom technology.

A cleanroom is a facility where the spreading of dust, microbes, aerobic and chemical fumes, and other such substances is prevented and the concentration of airborne particles minimised. Cleanroom conditions prevent the spreading of infections and ensure that the active ingredients of pharmaceuticals remain pure, among others.

Caverion offers complete cleanroom solutions for clients in several industries, ranging from electronics and nanotechnology to pharmaceuticals, hospitals and surgical rooms. Our competence spans from the design and engineering to the installation and maintenance of the finished facility.

Examples of our projects

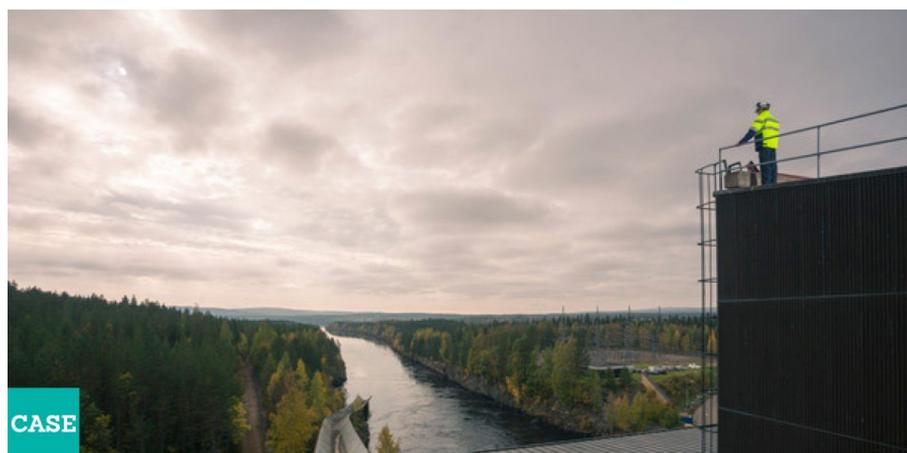
- Bactiguard production premises, Botkyrka, Sweden
- Jenoptik's optical production premises, Germany
- Karolinska University Hospital, Sweden
- Astra Zeneca, Sweden
- Nanolab/NTNU, Norway
- Micronova/VTT, Finland

Our competence in cleanrooms spans from the design & engineering to the installation and maintenance of the finished facility.

Caverion's competitive advantages in project business

- Special technical expertise and extensive services covering **all technical disciplines throughout the life cycle** of the property and industrial plant. Experience from service and maintenance can also be utilised in project design and implementation.
- Competence **in integrating technical systems**, which ensures that the final result is an efficient assembly of compatible systems.
- Special expertise in **technologies for demanding properties** such as hospitals, laboratories and cleanrooms.
- **In-house product development** enables solutions tailored to each client's specific needs.
- **Long experience** in delivering projects for different client segments. Proven track record of carrying out large and extensive projects that require vast resources.
- **Presence in 12 countries** enables service flexibly across borders.





Keeping the hydropower plants running

Caverion is responsible for the comprehensive maintenance and on-site operations of 16 hydropower plants owned by Kemijoki, the most significant generator of hydropower in Finland.

The outsourcing covers a majority of the properties and infrastructure located along the 550-kilometer long Kemijoki river, including artificial lakes, pump and power stations, dams and power cables, all managed by the 80 people now working for Caverion. All operations are monitored and managed remotely from the control room.

In addition to maintenance, Caverion has carried out large modernisations at two of the hydropower plants owned by Kemijoki.

Kemijoki Oy's hydropower plants, Northern Finland

Service areas: Technical Maintenance, Managed Operations

Technical disciplines: Industrial installations

Lifespan: 2014– (ongoing)

Size: 16 hydropower plants

Contract value: not disclosed



Responsibility throughout the life cycle

In 2012–2013, Caverion designed and delivered highly energy-efficient building systems as a the total technical solution to three daycare centres located in the city of Porvoo, Finland.

With underfloor heating, combination of terrestrial heat and solar collectors, LED technology, motion detectors and presence-based ventilation, less than half of the energy consumed is purchased energy. In fact, the properties are very close to qualifying as passive houses.

Energy-efficient technology alone, however, is not sufficient when the objective is to keep the daycare centres in good condition for decades to come. This is why Caverion is also responsible for the buildings' comprehensive maintenance all the way up until 2032.

The daycare centres are connected to Caverion's remote management and control room, where their conditions are monitored round the clock, ensuring optimal energy consumption.

Children's daycare centres in Porvoo, Finland

Service areas: Managed Life Cycle

Technical disciplines: Total technical solution (all technical discipline)

Lifespan: 2012–2032

Size: three daycare centres

Contract value: not disclosed



Frankfurt regains its landmark

For a long time, the tower of the Frankfurt's former Henninger brewery – built in 1960 and decommissioned in 2003 – was one of the city's most recognisable symbols. However, since the renovation of the original building would have been prohibitively expensive, it will be replaced by a new residential building following the shape of its historical predecessor.

The project is unique both due to its location and the building technology it utilises.

Caverion will deliver all building systems for the 40-storey skyscraper and act as the technical general contractor in the project. In addition to more than 200 luxury apartments, the building will provide additional commercial floor space for local service providers.

The building will feature advanced technology such as cooling ceilings, and some of the energy to heat and cool the building will be covered with geothermal energy.

When choosing the technical general contractor, the property developer valued Caverion's experience in similar large-scale projects, and the company's proven ability to carry out projects for high-rise buildings with a high degree of quality, despite tight schedules.

Henninger Tower, Frankfurt
am Main, Germany

Service areas: Design &
Engineering, Project Management,
Project Execution

Technical disciplines: Heating &
Sanitation, Ventilation, Cooling,
Electricity, Security & Safety,
Automation

Lifespan: December 2014–late
2016

Size: ~77,000 m²

Contract value: EUR 33 million



Property that turned into energy-efficient passive house through renovation

Bergelandsgården, located in the centre of Stavanger, was originally a property built in 1985, the building systems of which had become outdated. To be able to meet the demanding needs of its future users – the Norwegian Public Roads Administration and the National Archives of Norway – the building is now undergoing extensive renovation and will become extremely energy efficient in the process. As a passive house, it will consume 75% less energy than buildings constructed in the traditional manner.

The building will combine office space, labs and archives, which all require high indoor air quality.

True to the architecture of its time, the building's room height is low. This requires technical solutions, too, to be built in a manner that does not waste any space. Sheltered underneath the ClimaCeil suspended ceiling element designed by Caverion, out of sight, are the building systems needed in the property: the heating, cooling, ventilation and air conditioning systems, among others.

The ClimaCeil solution is energy efficient, almost totally silent – and intelligent, when combined with building automation and remote management. Airflows and the temperature can be adjusted space-specifically and according to actual need: Should the sun, for example, be shining on the building's facade from a cloudless sky, the volume of air conditioning can be turned up higher there than on the other side of the building, which remains in the shade. The ClimaCeil also provides flexibility, if in the future there is need to change the purpose of the premises or its space distribution.

Bergelandsgården,
Stavanger, Norway

Service areas: Project Execution

Technical disciplines: Heating &
Sanitation, Ventilation & Air
Conditioning, Cooling, Electricity,
Automation

Lifespan: April 2014–November
2015

Size: 12,000 m²

Contract value: EUR 7 million



CASE

Cleanroom technology ensures the purity in production

Bactiguard is a growing international medical technology company with headquarters in Sweden. Its new production facilities in Botkyrka, near Stockholm, develop and manufacture coating materials for medical devices. These materials prevent microbial growth on the surface of medical instruments, thus reducing infections in hospitals and medical facilities.

To prevent impurities from affecting the products during the manufacturing phase, production takes place in cleanrooms delivered by Caverion in 2014. The technology in the cleanroom controls the spreading of dust, microbes as well as aerobic and chemical fumes, and keeps the concentration of airborne particles as low as possible.

Caverion was responsible for the project's total delivery, which included the design and engineering of technical systems, project management and execution as well as setting up the cleanrooms. The cleanroom technology was implemented with Caverion's own CleanPlus solutions. In addition, Caverion has delivered the ventilation, automation, piping, electricity and cooling system for the property. It was also responsible for the validation of the cleanrooms, i.e. ensuring that they are implemented according to the strict requirements of the medical industry.

Bactiguard's cleanrooms,
Botkyrka, Sweden

Service areas: Design &
Engineering, Project Management,
Project Execution

Technical disciplines: Ventilation,
Cooling, Automation, Piping,
Electricity

Lifespan: 2014

Size: 550 m²

Contract value: not disclosed



Courthouse built according to life cycle model

Caverion has designed and delivered building systems for the new courthouse of Western Jutland, Denmark, inaugurated in September 2014. Now that the property has been completed, Caverion is also responsible for its maintenance and life cycle services for the following 25 years.

The project, which includes design & engineering, project execution, project management as well as operation and maintenance was carried out with the public-private partnership (PPP) model. The main goal was to provide the courthouse with high-quality technical solutions and to ensure their functionality and optimal performance.

Caverion holds overall responsibility for the building's energy efficiency and also manages not only technical services but also other services related to the property, such as indoor cleaning and maintenance of the green areas.

The technical systems in the building are connected to remote management system, allowing the space-specific adjustment of lights or temperature, among others, through remote connections. The temperature is adjusted automatically, based on the number of people in the property and lights are switched on and off based on presence. The purpose of the building with restricted access in some areas also demand advanced security systems.

Courthouse of Western
Jutland, Viborg, Denmark

Service areas: Advisory Services,
Design & Engineering, Project
Management, Project Execution,
Managed Operations, Managed Life
Cycle

Technical disciplines: Heating &
Sanitation, Ventilation & Air
Conditioning, Cooling, Electricity,
Automation

Lifespan: 2013–2039

Size: ~9,500 m²

Contract value: Not disclosed



Comprehensive maintenance

Garching is one of the campus areas of Munich's technical university. The campus serves five departments, with a total of more than 12,000 students.

Caverion has delivered technical systems for the campus in late 1990s, after which it has been in charge of the technical maintenance and the managed operations of the properties.

The long-term cooperation was continued with a new service agreement at the beginning of 2014. Caverion was selected as the partner in a Europe-wide public tender process due to its ability to offer comprehensive maintenance and managed operations and its capability to improve the efficiency of technical systems with its solutions.

More than 20 Caverion employees working in the campus area are in charge of the operation and functionality of the technical systems as well as for energy management. The properties are connected to 24/7 remote monitoring and management which ensures that the systems function the way they should and within the agreed levels of energy consumption.

In addition to technical services, the agreement covers other services related to the property, such as security and cleaning and the maintenance of outdoor areas, provided by Caverion as subcontracting.

Technical University of
Munich, Garching campus,
Germany

Service areas: Technical
Maintenance, Managed Operations

Technical disciplines: All building
systems in the property

Lifespan: Long-term cooperation,
extended agreement as of 2014

Size: ~295,000 m²

Contract value: Not disclosed



Substantial savings through remote management

Varma Mutual Pension Insurance Company is one of Finland's largest real estate owners and developers. Caverion has helped Varma to achieve energy savings since 2011 by taking care of technical maintenance and managed operations in more than 80 properties owned by Varma. Roughly 50 of these properties are connected to Caverion's round-the-clock remote management.

Since 2011, the national energy efficiency agreement in Finland has obligated Varma to commit to 6% energy savings by 2016. 70% of the desired savings were achieved during the first two years, during which time some 350 measures aiming to reduce energy consumption were carried out.

The annual savings have amounted to approximately EUR 500,000, which is equal to the energy costs of 470 electrically heated single family houses.

The savings have been achieved primarily through adjustments of existing systems, small-scale modernisations - and through remote management.

Varma Mutual Pension
Insurance Company, Finland

Service areas: Technical
Maintenance, Managed Operations

Technical disciplines: Heating &
Sanitation, Ventilation & Air
Conditioning, Electricity, Security &
Safety

Lifespan: 2011– (ongoing)

Size: 980,000 m²

Contract value: not disclosed



Turning waste into electricity and district heat

By delivering approximately 23 km of industrial piping for the new waste-to-energy plant in Vantaa, Caverion has helped Vantaa Energy to meet the strict environmental requirements imposed on it. The new plant will reduce its emissions by approximately 20%.

The plant satisfies roughly half of city of Vantaa's annual heating and electricity need. It burns 340,000 tonnes of waste a year, from which it then produces some 920 GWh of district heat and 600 GWh of electricity. The plant's efficiency, 95%, places it among the top European CHP (Combined Heat and Power) producers.

The idea for the plant was brought about by the increasingly strict EU Directive on waste. After 2016, organic waste may no longer be transported to landfills. Only inorganic waste that cannot be burnt or recycled will end up there.

Caverion's delivery included engineering, prefabrication and installation of the industrial pipings. With prefabrication, the delivery times were shorter and less manpower was needed on site for the actual installation.

Vantaa Energy's
waste-to-energy plant,
Vantaa, Finland

Service areas: Project Execution,
Project Management

Technical disciplines: Process
piping (high pressure and low
pressure piping)

Lifespan: 2011–2014

Size: 23 km of industrial piping

Contract value: Not disclosed



Wellness resort requires healthy indoor conditions

The spa hotel and wellness centre Viva Salis at lake Altaussee, Austria, is preparing to welcome its first guests in summer 2015. The special requirements of a spa facility are carefully considered in the design of the property's building systems. It all starts with healthy indoor conditions and the comfort of the guests – without forgetting the energy efficiency.

The air change rate in the spa will be based on hygienic and indoor air requirements of the property rather than a set room temperature. All areas of the hotel complex will be fitted with mechanical supply and return air devices with heat recovery units. To ensure a balanced room temperature, under-floor heating will be laid and connected to a gas condensing boiler system. In the spa area, the ventilation ducts will be plastic, which is corrosion-proof against salt and chlorine. Efficient multi-layer filter systems will condition the water for the salt-water pool and bathing area. The guest rooms will be heated with rapid warming systems, which means these facilities will not require constant heating in high volumes when they are not used, at the same time ensuring that the rooms can be rapidly heated to comfortable temperature also on colder days.

Hotel Viva Salis, Altaussee,
Austria

Service areas: Design &
Engineering, Project Management,
Project Execution

Technical disciplines: Heating &
Sanitation, Air Conditioning, Cooling,
Fire extinguishing, Automation

Lifespan: 2014-2015

Size: 15,000 m²

Value: EUR 4.5 million



Management of corporate responsibility

For us, responsibility means that we strive to promote sustainable development and energy-efficient properties with our services and solutions, to secure a safe and healthy working environment for our employees and, for our part, to ensure good business conduct throughout our supply chain.

As a stock listed company, it is our duty to be a profitable investment for our owners. Good financial performance is the key precondition for our existence. However, we do not try to pursue it at any price: The satisfaction of our clients and well-being of our employees are important to us.

The satisfaction of our clients and well-being of our employees are important to us.

Management of responsibility is integrated into all management

Our objective is that everything we do reflects responsible way of operating. The corporate responsibility activities are included in the normal management of the Group on all organisational levels.

Responsible conduct is guided and defined by the following elements:

- Our values, leadership principles and corporate culture
- Our Code of Conduct
- Our Governance principles

We are committed to good corporate governance and comply with all of the recommendations of the Finnish Corporate Governance Code issued by the Finnish Securities Market Association.

The Group Management Board member who is in charge of Group development and support is also in charge of the management of corporate responsibility. In addition, heads of Group Marketing & Communications, Legal and People & HR participate in the development and coordination of responsibility issues. **The Group Management Board** reviews issues that require action from business areas and countries. **The division heads** are responsible for the enforcement of decisions in their respective divisions.

The President and CEO of the Group is responsible for the implementation of Caverion's Code of Conduct approved by the Board of Directors. **The Group Compliance and Ethics Committee** provides assistance to the President and CEO and the Audit Committee of the Board of Directors to enable Caverion to operate in accordance with applicable laws and regulations and appropriate ethical business standards. In 2014, the Committee comprised the heads of Group Legal, Group Internal Audit, People & HR as well as Marketing & Communications. The Committee has meetings when needed. In 2014 it had four meetings.

We follow the GRI guidelines in reporting

We report corporate responsibility-related information normally once a year in our Annual Report and on our website. The 2014 report has been compiled in applying the G3 guidelines of the Global Reporting Initiative (GRI).

According to our own estimate, we apply the guidelines at C level. An independent third party, PricewaterhouseCoopers Oy, has checked that reporting meets GRI's Application Level C requirements.

[Read more](#)

We are included in the OMX GES Sustainability Finland index

The index includes those companies listed on NASDAQ OMX Helsinki that meet the international criteria for environmental and social responsibility and corporate governance. GES Investment Services, the leading North European research institute and service provider in responsible investment, performs an assessment once a year.

Key themes of corporate responsibility

We provide services and solutions that help our clients in reducing their environmental impacts

We take care of the entire life cycle of our clients' properties and industrial facilities. At the same time, we extend their service life and ensure that their energy use is efficient. Energy efficiency is integrated in all of our services.

[Read more](#)

We are also committed to minimising the CO₂ emissions from our own operations

The emissions generated by our own operations are mainly due to the fuel consumption of our service cars. The most important means to reduce CO₂ emissions of our own operations include reducing the number of kilometres driven and promoting economical way of driving.

[Read more](#)

We take good care of the occupational health and safety of our employees

We are a significant employer: we have approximately 17,000 employees in 12 countries, and we pay taxes to our operating countries. Our goal is to have an accident free workplace and to secure the well-being of our employees.

[Read more](#)

We respond to our clients' needs by ensuring quality and good service

We offer our clients services, due to which their properties, industrial facilities and processes are not only energy and cost-efficient, but also sustainable, functional and safe. We want to take good care of client satisfaction. Our goal is that excellent quality is shown in everything we do – starting from the very first contact. We provide our clients with added value through new and advanced services and solutions. We also demonstrate good service attitude.

[Read more](#)

We operate according to our Code of Conduct and company values

We do not tolerate grey economy, corruption or any other illegal activity in any form. We will take any necessary measures without delay, should we detect any signs of illegal or unethical action in our business operations or supply network.

[Read more](#)

Carbon footprint

CO₂ emissions/
revenue ratio

17.9

(2013: 17.1)

ISO 14001 certified
operations

93%

of total revenue
(2013: 82%)

Occupational health and safety

Accident frequency
rate

10

Number of accidents
resulting in absence/one
million hours worked
(2013: 9)

Sick leave ratio

4.3

Hours of absence/hours
worked (2013: 4.4)

OHSAS 18001
certified operations

73%

of total revenue
(2013: 75%)

Quality

ISO 9001 certified
operations

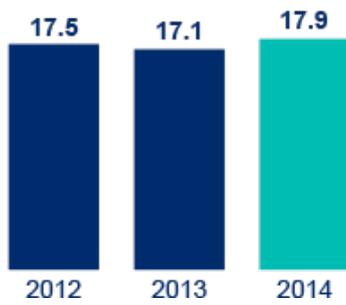
100%

of total revenue
(2013: 100%)

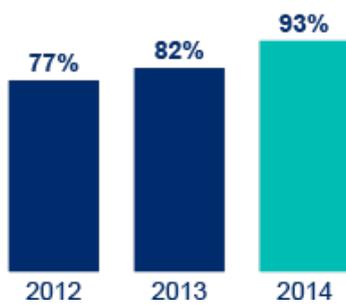
Key figures in responsibility

Carbon footprint

(CO₂ emissions/revenue)

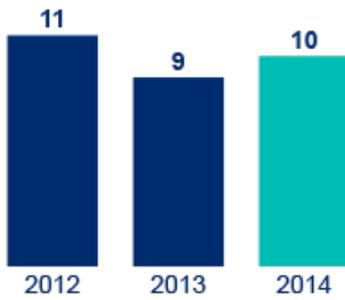


ISO 14001
certified operations
(share of total revenue)



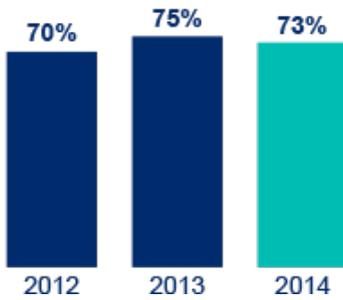
Occupational health and safety

Accident frequency rate



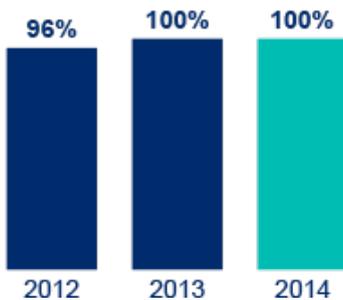
Accidents causing absence
per million hours worked

OHSAS 18001 certified operations (share of total revenue)



Quality

ISO 9001 certified operations (share of total revenue)



The share of ISO 14001 certified operations of our revenue increased. ISO 9001 quality certificate covered 100% of our operations.

Key stakeholders

From the perspective of corporate responsibility, our three most important stakeholder groups are clients, shareholders and employees. Our other stakeholders include the authorities, suppliers and subcontractors, media and business partners.

	Expectations	Channels for interaction
Clients	<ul style="list-style-type: none"> ◦ Healthy and pleasant conditions ◦ Quality at a reasonable price ◦ Energy efficiency ◦ Professional skills and expertise. New, innovative and advance solutions. Product development. ◦ Reliability and compliance with ethical principles. Service as agreed and on schedule. ◦ Smooth interaction 	<ul style="list-style-type: none"> ◦ Client meetings and events ◦ Client satisfaction surveys ◦ Feedback ◦ Websites
Current and future personnel	<ul style="list-style-type: none"> ◦ Stability of employment relationship ◦ Fair, motivating and competitive remuneration ◦ A safe working environment ◦ Fair and equal treatment ◦ Feedback and career advancement possibilities ◦ Strong company image, a responsible company 	<ul style="list-style-type: none"> ◦ Daily management and leadership ◦ Management by key results ◦ Training and induction ◦ Channels for internal communications
Shareholders and the capital market	<ul style="list-style-type: none"> ◦ Good return on investment, good risk management ◦ Future growth potential ◦ Predictability ◦ Good governance ◦ Equal and timely information 	<ul style="list-style-type: none"> ◦ Financial reporting and financial communications ◦ Investor meetings and events ◦ Other materials for investor communications
Subcontractors and partners	<ul style="list-style-type: none"> ◦ Stability of business, reliability, predictability ◦ Clear, transparent procurement criteria, price is not the only criterion ◦ Willingness to develop long-term partnerships ◦ Safe working methods 	<ul style="list-style-type: none"> ◦ Audit and evaluation processes ◦ Meetings and events ◦ Participation in the activities of cooperation bodies
Media	<ul style="list-style-type: none"> ◦ Reliable, up-to-date information ◦ News topics that have wider significance for the society ◦ Good availability 	<ul style="list-style-type: none"> ◦ Interviews ◦ Info meetings ◦ Social media ◦ Releases
Public sector	<ul style="list-style-type: none"> ◦ Taxes ◦ Healthy and good conditions in properties used by the public sector ◦ Savings through energy efficiency in the public finances 	<ul style="list-style-type: none"> ◦ Personal meetings ◦ Public communications ◦ Workshops, seminars



Environment and energy

The most significant means for us to impact the environment and carbon footprint are the services and solutions we offer our clients, allowing them to reduce their environmental impact. By taking into account the entire life cycle of a property or an industrial facility, we contribute to sustainable development. In addition, we strive to keep the environmental impacts of our own operations as minor as possible.

Challenges

Buildings account for approximately 40% of energy consumption and 36% of carbon dioxide emissions within the EU.

- Reducing the energy consumption of buildings is essential to slow down climate change.

The EU's tighter energy goals

- All new buildings must be nearly zero-energy buildings in 2020.
- The demand for energy-efficient solutions is growing also in existing buildings.

Environmental effects must be considered throughout the entire life cycle of the property.

Caverion's approach to environmental responsibility

01 Caverion promotes sustainable development by considering the entire life cycle of the property or industrial facility.

02 Energy efficiency is integrated into all of our services and solutions.

03 We also aim to minimise the environmental impact of our own operations.

All of our services and solutions are designed to optimise a property's energy consumption.

EU's tight energy goals for 2020 and 2030

The European Union aims to improve energy efficiency and reduce emissions by 2020 as follows:

- 20% reduction in greenhouse gas emissions within the EU compared to the emission levels of 1990
- 20% of energy consumption from renewables
- 20% reduction in primary energy consumption

The targets set for 2030 are even stricter. The binding reduction target for greenhouse gas emissions is 40%. The target is also to increase the use of renewal energy sources by 27%. In addition, there is an indicative target to improve energy efficiency by 27%.

The practical implications of these targets mean that all new buildings should be **almost zero-energy buildings** – i.e. buildings that produce the same amount of energy as they consume – as early as by the end of 2020. In addition, an increasing share of energy must be **renewable energy**, such as ground heat or solar energy.

The demand for energy-efficient solutions is rising also in existing buildings. Energy efficiency directive adopted in 2012 includes the **obligation for large enterprises to carry out an energy audit** at least every four years, with a first audit at the latest by December 5, 2015. Audits must be undertaken by qualified and accredited experts. The obligation covers companies in all industries with personnel exceeding 250 persons or revenue more than EUR 50 million or total assets of over EUR 43 million.

Sustainable building accounts for a property's entire life cycle

To meet these strict requirements, environmental impacts must be examined over the entire life cycle of a building.

As an international company that offers technical systems and their maintenance to properties, our chances of impacting energy consumption and carbon footprint in our countries of operation is related, above all, to the services we provide to our clients.

We provide buildings and industrial facilities with **services that span their entire life cycle** and which allow our clients to reduce the environmental impact of their operations: professional design, efficient technical solutions, quality implementation and comprehensive operation and maintenance.

All of our services and solutions are designed to optimise a property's energy consumption.

Energy efficiency is considered throughout the life cycle: in design and engineering, project execution and in operational phase.

We offer energy efficiency throughout the life cycle, in all of our service areas:

- Energy inspections, audits and analyses
- Energy-efficient technical systems and their modernisations
- Optimisation of energy efficiency through system adjustments, building automation and remote management
- Solutions that enable the use of renewable energy sources
- Automated waste collection systems for entire residential areas
- Total deliveries of the ESCO (Energy Service Company) and EPC (Energy Performance Contracting) energy savings contracts
- Advisory services related to environmental certificates

We help our clients to reach the requirements of environmental certification

Energy efficiency and environmental building certification are decisive factors for our clients when selecting service providers. The environmental classification allows investors, authorities and property users to compare the energy efficiency and environmental impact of buildings using uniform methods. Environmental classification is considered to increase a **property's value, the return on invested capital, utility rate and rental income**. In addition, a company that operates in green premises has a responsible image.

Buildings must meet certain minimum requirements that, in terms of technical systems, are usually related to the consumption of energy, water and materials. There are several different classification systems, of which the most common in our operating countries are the international classification systems **BREEAM** and **LEED**.

In addition, there are numerous local classification systems, such as the certificate awarded by the **DGNB** (Deutsche Gesellschaft für Nachhaltiges Bauen) in Germany, and evaluation tools focused on specific areas, such as the energy performance certificates of buildings in the EU area and the indoor air classification and the quality certificates for housing cooperatives in use in Finland.

International cooperation

Cooperation with other industry operators further improves Caverion's possibilities to strengthen its competence in energy-efficient and eco-friendly building systems.

- We participate in the local activities of the international **Green Building Council** in several countries, including Finland, Sweden, Norway and Germany. The network promotes practices related to sustainable development in built environments, as well as the environmental classification of buildings.
- In Norway, we cooperate with **Enova**, a public enterprise by Norway's Ministry of Petroleum and Energy promoting efficient energy use and the production of renewable energy, which has provided financial support to many of our clients.
- In Germany, we are a member of the German Sustainable Building Council **DGNB** (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.).
- In Finland, Caverion is one of the founding members of the **Climate Leadership Council**, established in 2014. The Council aims to influence Finnish businesses' and research organisations' general competitiveness, readiness to combat climate change and their ability to make use of the business opportunities created as a result.

Caverion's services and solutions for increasing energy efficiency of clients operations

Sustainable development requires accounting for the entire life cycle of a property through professional design, efficient technical solutions and quality implementation, as well as comprehensive operation and maintenance. Energy efficiency is integrated into all of Caverion's services and solutions.

We help our clients to meet the increasingly strict targets set for the **reduction of carbon dioxide emissions**. In addition, we want to provide property users with **healthy, safe and comfortable conditions**. Properties should be cost-effective and retain their value, whilst being easy to maintain and have flexibility to adapt to changing needs.

Life-cycle thinking demands a shift of attitudes with regard to costs: instead of the initial investment alone, one needs to account for the **energy and operating costs over the entire life cycle**, which may span from 20 to 50 years. Investing slightly more in functional, effective systems during the building phase enables the achievement of larger overall savings in the long run, as energy consumption and building's environmental impact are reduced.

Energy efficiency – without compromising on functionality or comfort

Energy efficiency considered already in design

We consider the environmental impact and energy efficiency of properties from the very beginning, i.e. the design phase, and evaluate the effects of technical solutions planned for the in terms of the entire life cycle. We design technical systems in such a way that they contribute to the energy efficiency of the property and that their maintenance takes up a minimum amount of resources.

Designing the property's all technical systems as an entity, rather than separately bidding for individual systems, improves the energy efficiency. The new regulations emphasise the significance of total consumption of the property, which further supports the need for design and implementation that integrates all systems.

Our advisory services cover property energy audits and analyses as well as developing the efficiency of technical systems. We also provide advice related to, for example, **environmental certificates**.

We have own product development and in-depth knowledge related to the use of renewables, such as solar, wind and ground power and seawater cooling or phase change materials (PCM) in heating and cooling properties.

Towards zero-energy buildings

The EU's target of **nearly zero-energy building** by 2020 places great demands on building systems in the properties. In practice, a zero-energy building produces the same amount of renewable energy as it consumes in terms of fossil fuels. This requires extremely energy-efficient building systems and a reduction of the energy needs for heating premises and service water.

A passive house also consumes very little purchased energy: nearly all the heat energy derives from solar energy and the heat produced by building's use. While the standards vary from country to country, in Finland, Sweden and Norway, for example, a passive house may consume no more than roughly a quarter of what buildings that meet the requirements of 2008 consume.

Although both zero-energy and passive houses are fairly challenging to implement in the climate of Northern Europe, some of Caverion's projects have already been implemented according to these models.

In Finland, Caverion was responsible for implementing the technical systems of the **elderly home Onnelanpolku** in Lahti according to a nearly zero-energy concept. The energy consumption of the property, opened in June 2014, has been minimised through energy-efficient ventilation and pumps, LED lighting and presence-based lighting that also adjusts according to daylight. The building uses renewable energy in versatile ways and makes efficient use of free and waste energy flows. Solar energy accounts for about 20% of the total energy consumption. The building is connected to Caverion's control room, from where its energy consumption is continuously monitored and optimised.

In Norway, we have been in charge of the total deliveries of building systems for several properties being built as passive houses. In 2014, these included the new police station of Arendal and an office building in Bergen, among others.

Automation and remote management skimp on energy costs

A majority of emissions derive from energy consumed during the use of buildings. Energy-efficient building systems, automation and the appropriate operation and maintenance of technical systems can reduce the energy consumption of existing properties by up to 30%.

The energy efficiency is increased when technical systems are used only when they are actually needed and they are controlled through automation. **Automation** ensures that buildings are, for example, heated and cooled only when necessary and that lights are on only when there are people present.

The **remote management** and monitoring of a building, on the other hand, ensures that whenever the premises are in use their conditions always corresponds with what was agreed. Through remote management we can ensure that operation and maintenance of technical systems is always based on actual needs and that they perform the appropriate measures. It also enables immediate actions, if problems occur. When technical systems are managed remotely, there is no need for a technician to arrive on site for every minor measure.

[Read more](#)

Comprehensive responsibility for energy use for up to 20 years

In the most extensive forms of cooperation, Caverion may assume responsibility for **designing, implementing, operating and maintaining** of technical systems even for several decades. The target can be a new property, to which we provide technical systems or an existing property going through modernisation. The client is usually a municipality or some other public sector client. Life cycle projects are carried out with different financing and contract models, such as **Private Public Partnership (PPP)**.

The **ESCO (Energy Service Company)** and **EPC (Energy Performance Contracting)** energy-saving contracts are examples of our life cycle projects where we guarantee our client the energy savings specified in the contract as well as the efficiency, functionality, security and the agreed conditions over a contact period of 20 years or more.

The project usually begins with an analysis of the property's energy consumption. Based on this analysis, we will plan measures for increasing the efficiency of systems through, for example, modernisation. After the project delivery, Caverion is responsible for the property's maintenance throughout the operational phase.

No initial investments are needed from the client, such as a municipality or other public sector client, since the investment is financed with the realised savings, typically split between the client and Caverion. If the guaranteed savings are not achieved, Caverion is responsible for the difference. **The savings guarantee** is one of our competitive advantages, as few service providers can offer such a service.

The ESCO and EPC models differ from one another mostly in terms of their size: ESCO agreements typically include only a single property or a maximum of a few properties, while EPC agreements may in some cases cover the entire building stock of a municipality.

Some fifty life cycle projects ongoing

Our oldest life cycle agreement began already in 2000. The client is usually a municipality or some other public sector client. In the past few years, demand for life cycle agreements has been increasing especially in Sweden, Denmark and Finland.

In 2014, Caverion had some fifty ongoing life cycle agreements. In Sweden there were projects ongoing in the municipalities of **Söderhamn, Mora and Kalmar**, among others. In Denmark, we are responsible for the managed operations and overall energy efficiency of the **courthouse of Western Jutland** and the **Holstebro police station** for the next 25 years as part of a life cycle agreement implemented according to the PPP model. In Finland, such projects are underway in, for instance, the **Huhtasuo school and daycare centre** in Jyväskylä, the **Kaivomestari** property in Espoo and in life cycle daycare centres in the City of Porvoo.

Resource efficiency through waste management

The EU's directive on waste obligates member states to increase the efficiency of recycling by 2020 in, for instance, such a way that at least half of all paper, metal, plastic and glass waste is recycled. In addition to energy efficiency, Caverion contributes to resource efficiency by providing solutions for the **collection of waste**, among others.

Envac vacuum waste collection system facilitates the waste management of entire residential areas. Using an underground pipe network, waste travels to the collection station, from which it is transported onwards and to be used as recycled material, burned for energy or turned into compost soil. A major part of waste transportation becomes unnecessary, which results in less traffic and emissions and also improves safety and attractiveness of the area.

We have delivered Finland's first Envac system in Suurpelto, Espoo, in 2010. In early 2014, a similar system was operational in the Jätkäsaari residential area in Helsinki, and a third is being built in the Kalasatama area. In addition to designing and installing the systems, we are responsible for their maintenance for approximately 20 years after completion.

Carbon dioxide emissions from own operations

We bear responsibility also for the environmental impact of our own operations. The emissions generated by our own operations are mainly due to the fuel consumption of our service cars.

Caverion's business does not involve significant environmental risks. Our business, which consists of the project deliveries of technical systems and their service and maintenance, consumes minor amounts of non-renewable natural resources and energy. The majority of our operations' environmental impact relates to localised noise, dust or vapours. In addition, our operations generate waste which we recycle and dispose of in the appropriate manner.

The risk of environmental damage is low. Possible mistakes during work seldom lead to a risk of severe damage; rather, they tend to reduce the efficiency of the process or equipment.

We promote economical driving

Caverion has a total of approximately 6,500 company cars, of which the majority, approximately 5,700 cars are service cars. Our cars are an important tool for us. Material transports are also carried out mainly by road.

For the transport of both material and people, we use logistical solutions that help reduce greenhouse gas emissions. Environmental aspects are also considered in the selection of company cars.

We emphasise the **efficient planning of routes** and an **economical way of driving**, because the carbon dioxide emissions of a car are directly linked to the vehicle's fuel consumption. Economical driving can reduce fuel consumption and, consequently, carbon dioxide emissions, by approximately 5–15%.

In some of our operating countries, we have installed GPS devices in our cars, which help us to pay attention to the kilometres driven and reduce their number. The possibilities to use GPS devices varies from country to country, and is dependent on local legislation and local collective bargaining agreements, among others.

We have increased the use of **mobile solutions in field work**. This contributes to the reduction of unnecessary driving, as some of our service technicians (in 2014 more than 2,000 persons) receive work requests directly to their mobile devices and also report their work hours directly from the field, without having to drive to the office.

In 2014, we developed our service process as well as the scheduling of work and driving routes. In the future, work requests can, to an increasing degree, be assigned to technicians in the vicinity of the relevant maintenance target. Our maintenance network is dense, due to which service drives are not very long.

The kilometres driven annually total close to 135,000,000 and the CO₂ emissions generated by driving are approximately 190g/km. We mostly use diesel in our cars. In addition, we use natural gas and ethanol in those countries, where these are available, such as in Sweden. We follow the development of technology, and are open to consider hybrid and electric cars, when the technology is advanced enough.

Caverion's CO₂ emissions in 2014 amounted to approximately 43 thousand tonnes, remaining at the previous year's level (2013: 43 thousand tonnes). The emissions to revenue ratio was 17.9 (2013: 17.1).

In 2014, about 93% of revenue derived from ISO 14001-certified operations (2013: 82%). Through certification, the company improves the management of environmental issues and environmental conservation performance.

Economical driving can reduce the fuel consumption by up to 15%. The mobile devices we use in field and our dense network also help to reduce unnecessary driving.

Caverion's energy consumption and CO₂ emissions in 2014-2013

Consumption of direct energy sources, GWh	2014	2013
Petrol	6.8	7.7
Diesel	115.8	121.3
Light fuel oil	0.7	0.2
Natural gas	4.2	2.3
Total	127.5	131.5

Consumption of indirect energy sources, GWh		
Electricity	30.1	37.8
District heat	15.4	16.4
Total	45.5	54.2

Emissions from direct energy sources, tonnes		
CO ₂ emissions, petrol	1,710.8	1,947.2
CO ₂ emissions, diesel	30,908.8	32,379.3
CO ₂ emissions, light fuel oil	173.0	56.5
CO ₂ emissions, natural gas	792.0	445.5
CO ₂ emissions, other direct sources of energy	3,531.5	1,860.50

Emissions from indirect energy sources, tonnes		
CO ₂ emissions, electricity	3,689.0	4,468.1
CO ₂ emissions, district heat	2,189.9	2,262.9
Direct and indirect CO₂emissions, tonnes	42,995.0	43,420.0

Ratio		
Direct and indirect CO ₂ emissions/revenue	17.9	17.1

The figures concerning energy consumption and emission calculations cover the entire business operations of Caverion Group. The calculations are mainly based on real consumption data. In some countries total consumption has been estimated, if exact data is available for only some of the consumption.

2013 emission figures are restated and thus may differ from figures published in Annual Report 2013.

The share of ISO 14001 -certified operations of our total revenue increased in 2014.

CO₂ emissions

43

thousand tonnes
(2013: 43 thousand
tonnes)

ISO 14001 certified
operations

93%

of revenue (82%)



Caverion as an employer

We operate in a personnel intensive industry. 17,000 employees in 12 countries are our most valuable asset and the cornerstone of our success as competent employees play a key role in fulfilling our clients' needs. We emphasise excellent leadership, which is one of Caverion's six strategic focus areas and a key enabler of our profitable growth.

Our aim is to be the most attractive employer in our field of business. We focus particularly on performance management, continuous career-long learning, fair and motivating rewarding as well as a safe working environment and wellbeing at work. We ensure that competent people work in the right places and offer them opportunities to advance in their careers, also internationally. We are developing a strong culture of client service.

Our aim is to be the most attractive employer in our field of business.

Highlights in 2014

- **We built our identity** as a new company. Our goal is to become known as a genuine European service company, and therefore we focused on developing a common service culture, in particular.
- **We recruited key people** to the Group's Management Board, division management and Group functions. We also reviewed our existing key professionals.
- We invested strongly in **young talent**. We employed a total of over 1,200 summer employees, thesis students and trainees in different countries, which was significantly more than in the previous year (2013: approx. 800).
- We worked on a building common **operating model** for HR as well as coherent people processes and IT systems.
- We conducted our first **personnel survey**, in which our personnel took part in actively, with the response rate being 78%. The results were overall positive: 86% of respondents reported that they enjoy their work, and 75% were overall satisfied in Caverion as a place to work.
- We continued to develop the culture and operating methods that support **occupational safety**. Among other measures, we improved the competence of senior management in preventive safety work. Accident frequency rate (number of occupational accidents resulting in absence per a million work hours) remained on a steady level, being 10 in 2014 (9 in 2013 and 11 in 2012).

Personnel structure

At the end of 2014, we employed 17,074 people in 13 countries. 58% of our employees worked in service and maintenance, 36% in projects and 6% in administration. 66% of them were non-salaried employees, and 34% salaried employees.

All in all, the number of personnel decreased by a total of 599 employees and by 3% in January–December 2014. The number of personnel decreased most in Norway, where we at the end of 2014 employed 665 employees less than at the end of the previous year (-19%).

The number of personnel increased in total in our Eastern European countries (Russia, Estonia, Latvia, Lithuania, Poland, Romania, Czech Republic) with total increase by 247 employees (+19%). Caverion's operations in Romania were sold in January 2015, which means that we currently have employees in 12 operating countries.

In 2014, we had 1,946 new recruits, which means that at the end of the year 11% of our employees were those recruited during 2014. 36% of new recruits occurred in Finland and 21% in Sweden. Also Denmark was active in recruiting: 25% of our employees in Denmark were new recruits in 2014.

The changes in the number of personnel related to Caverion's ongoing **transformation towards a single, coherent service and project company**. Organisational structures in all divisions are adjusted to support the common operating model, and in some divisions the new structure was already adopted in 2014.

We always aim to find alternative solutions and arrangements to lay-offs through, for example, internal transfers and pension arrangements and by concluding fixed-term agreements and implementing temporary redundancies.

We pay particular attention to developing collaboration between the company and its employees, on the local, national and European levels. The EWC (**European Works Council**) agreement forms the basis for international collaboration within Caverion. The objective is to promote collaboration, the dissemination of information and the exchange of opinions between the Group's management and personnel. The EWC convenes three times a year, in varying compositions. Caverion's first EWC was held in Helsinki in June 2014 and it was attended by 22 personnel representatives from Finland, Sweden, Norway, Denmark, Germany, Austria and Lithuania.

We are committed to equal treatment

In accordance with our Code of Conduct, we do not allow discrimination of any kind such as related to age, gender, nationality, social status, religion, physical or mental disability, political or other opinions or sexual orientation.

Although industry has traditionally been male-dominated, we want to play our part in making it more attractive to women as well.

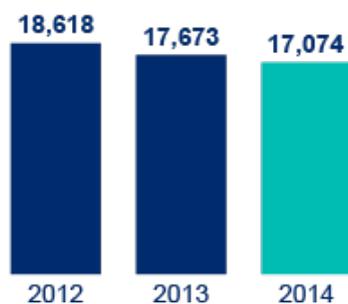
In 2014, women's share of our personnel, Group Management Board and The Board of Directors remained on par with the previous year: Women made up 10% of our entire personnel (2013: 10%). In our Group Management Board 14% (15%) were women and in Board of Directors their share was 40% (40%).

Key figures

	2014	2013	2012
Personnel at year's end	17,074	17,673	18,618
Personnel on average	17,300	18,071	19,132
Non-salaried/salaried employees (%)	66 / 34	67 / 33	67 / 33
Women/men (%)	10 / 90	10 / 90	9 / 91
Share of women on the Management Board (%)	14	15	n/a
Share of women on the Board of Directors (%)	40	40	n/a
Fixed-term employees (%)	7	6	n/a
Fixed-term employees, women and men (%)	10 / 90	n/a	n/a
Attendance rate *)	16,148	16,614	16,987
Average duration of employment, years	11.8	11.1	12.4
Turnover rate, permanent employees (%)	14	n/a	n/a
Age on average	42.2	42.1	41.8
Under 26 years of age (%)	12	13	n/a
26-55 years of age (%)	69	70	n/a
Over 55 years of age (%)	19	17	n/a
Employees that had management by key results review during the year (%), of the respondents in the personnel survey	70	70	n/a
Response rate in personnel survey, share of all employees (%)	78	66	n/a
Sick leave rate (hours of absence/total available hours), (%)	4.3	4.4	n/a
Accident frequency rate (number of occupational accidents resulting in absence per a million work hours)	10	9	11
Fatal accidents	0	0	0
OHSAS 18001 -certified business (%)	73	75	70

*) Persons at work, does not include long absences or temporary lay-offs the duration of which is more than one month.

Personnel at year's end, Group total 2012–2014

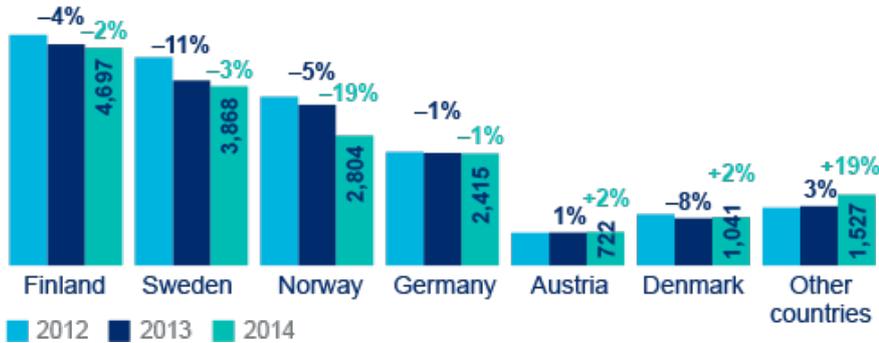


Personnel by country in 2014 (2013)

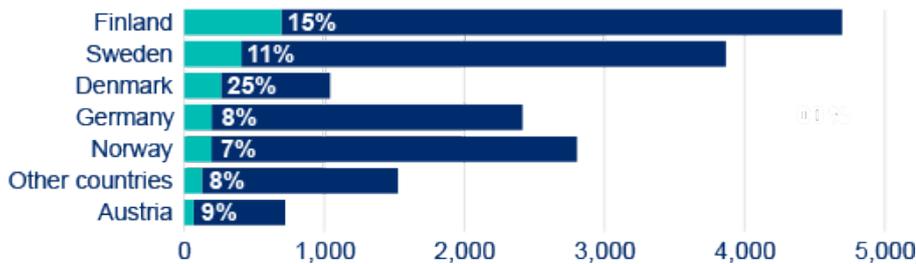


Finland	28% (27%)
Sweden	23% (22%)
Norway	16% (20%)
Germany	14% (14%)
Denmark	6% (6%)
Austria	4% (4%)
Other	9% (7%)

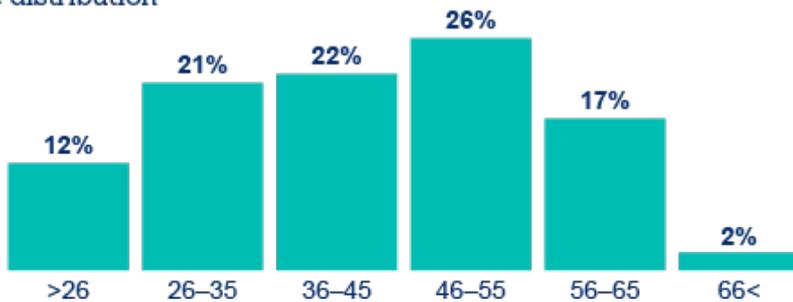
Personnel by country at year's end, change from the previous year (%)



New recruitments and their share of total number of employees in each country



Age distribution



Personnel by job description



● Service and maintenance	58%
● Projects	36%
● Administration	6%

Corporate culture and values

We are building a strong and coherent service culture in accordance with our goal to become known as, above all, a European service company.

Every Caverion employee must contribute to the development of a strong service culture.

The everyday actions of more than 17,000 Caverion employees are an effective way to build our corporate image. These actions, more concretely than any festive speeches, convey to our clients the message that the quality of our service can be relied on.

All our operations are steered by our **client-oriented approach**. Excellent service ultimately comes from our attitudes, competence and the desire to solve the problems of the client at once.

We organise a variety of trainings in our operating countries to **develop competence in client service**. In 2014, we continued coaching programmes aiming to develop our service culture in Finland, Sweden and Norway. Our aim is to expand these coachings also to other operating countries.

Values guide our everyday actions

<h3>Step ahead</h3> <ul style="list-style-type: none"> Continuous learning ensures our high competence We develop sustainable solutions for a better future Our approach is innovative 	<h3>Cooperation</h3> <ul style="list-style-type: none"> Client focus guides our actions We work as a team, respecting our partners We cooperate and share our knowledge
<h3>Responsibility</h3> <ul style="list-style-type: none"> We have high ethical standards We do what we promise We take the initiative 	<h3>High Performance</h3> <ul style="list-style-type: none"> We create added value for different interest groups We go beyond expectations Our objective is to be best in our industry

Eagerness for profit

We want to promote the Eagerness for profit culture in line with our strategy on all organisational levels and substantiate each employee's importance in the achievement of our profitability goal. By explaining what our strategic goals mean in terms of our practical daily work, we hope to motivate and commit our employees to these goals.

In 2014, we paid particular attention to **strengthening our cash flow** through faster invoicing. We instructed and trained our personnel on how to advance timely invoicing and a stronger cash flow. The promptness of invoicing is monitored closely on every level of Caverion's organisation. We also began to publish the weekly invoicing figures on the front pages of our intranet in several countries.

A strong culture of occupational safety

An appreciation for occupational safety constitutes a part of our corporate culture, and is the starting point for all our actions. According to the results of our personnel survey, Caverion's occupational safety culture is strong among both our blue-collar and white-collar employees: 93% of Caverion's employees place occupational safety at the very top of their list of priorities in their work.

We share our knowledge

We cooperate and share our knowledge and competence. This value has gained an increasingly important role during our transition from a company that operates according to the financial holding model **towards a single, coherent Caverion**. In 2014, we developed our operating model and processes in such a way that knowledge is shared across country and divisional borders to an increasing degree. The extensive experience and expertise we have across the company must be turned into unified **best practices** that benefit the entire Group.

Communicating the values

As a new company, it is important for us to ensure that our employees, regardless of country and unit, have a uniform understanding of our corporate culture and values. We communicate our values, strategy and leadership principles to our personnel through various internal communication channels, such as the **intranet, internal newsletters** and **the letters and video greetings of the President and CEO**. New Caverion employees are briefed on these themes in, for instance, orientation events.

Our goal is to organise **regular information events for personnel** in all of our divisions. At these events, the local management provides information on important matters, such as financial development, the progress towards strategic goals and the measures taken to achieve these goals. In 2014, such events were organised in our largest divisions typically once every quarter.

The Golden helmet award is a recognition of a job well done

In 2014, we started a new tradition in which we recognise three individuals or teams who have during the year done **excellent work in terms of implementing our strategy**. The three categories are Eagerness for profit, Excellent leadership and Strong company image. All Caverion employees are free to suggest candidates, and the winner of each category is selected by Caverion's management.



Management and leadership

Every Caverion employee is entitled to good leadership that is based on openness and trust. Performance and development discussions form the basis for performance management and the implementation of our strategy.

In our management and leadership, we comply with Caverion's jointly agreed leadership principles. Open communications and dialogue with personnel form an essential element of good leadership. Each employee is entitled to know the goals of the company and the goals of their own unit.

In 2014, 70% of our employees had performance and development discussion with their supervisor.

Our leadership principles

- We lead courageously by example.
- We set challenging goals and provide honest and constructive feedback.
- We encourage the personal and professional development of competences and support innovative approaches.
- We care about our people's wellbeing
- We remain open and approachable regardless of our position.
- We give responsibility and authority.

Management by key results - an essential part of our management system

Performance management, feedback as well as performance and development reviews form the basis of our management system. Based on our personnel survey, 70% (2013: 70%) of our employees had Performance and development (Management by key results, MBKR) discussion in 2014. Our aim is to increase this share and to improve the quality of these reviews. The objective is to conduct a performance review with all employees twice a year, either individually or at a team level.

The purpose of the MBKR and performance reviews is to ensure employees' commitment to the achievement of our joint goals. During the performance review, the achievement of goals set for the review period and the content of the employee's current job are assessed. In addition, the discussion includes setting goals for the next period. The goals are aligned with the company strategy and clear indicators are specified for them.

In 2014, we developed MBKR and performance reviews in such a way that for the first time, the objectives and goals were set for the entire year ahead, so that they comply with the Group's annual planning and budgeting cycle. The goals and objectives consist of three parts: the goals and objectives of the Group, division and an individual or team. Performance-based bonuses are paid once a year, provided that the goals are achieved. Halfway through the year, we perform an interim assessment, which also includes a discussion on goals for professional development and action plan to reach them.

We develop leadership skills

We organise various types of coaching events to develop leadership within our divisions. These events are meant for many kinds of supervisors at different stages of their careers, from heads of units to team leaders, site managers, project managers and professionals preparing for future supervisory duties. In 2014 these trainings had a total of 1,400 participants.

The themes covered include, for instance, the role and responsibilities of a supervisor, the management and development of competence and performance, employment relationship and occupational safety matters, the management of diversity and managerial communications. We offer supervisors a chance to develop their own leadership behaviour on the basis of 360-degree feedback. In a 360-degree feedback, leadership behaviour is evaluated, in addition to the person himself or herself, by the person's supervisor, subordinates and colleagues.

We also develop leadership by arranging regular Leader Forum events for our key personnel. These events concentrate on strategy and the focus areas of our operations as well as on sharing knowledge and best practices. In 2014, we organised two of these events, both of which were attended by approximately 100 people from different countries.

In 2014, we worked on building our Service Leadership Safari training programme, which aims to develop the leadership skills of the line managers in our service and maintenance business. This training programme focuses on, among other issues, the principles of good leadership, leading and motivating teams (coaching skills), communications as a management tool as well as strategic planning and the preparation of business plans. The aim is to cover all service managers in all of our operating countries. The programme was piloted in 2014 and the aim is to carry it out in 2015 in Finland, Sweden, Norway and Germany.

Competence development

Continuous learning is included in Caverion's core values. We aim to secure the commitment and motivation of our personnel by supporting the development of their professional skills and by offering them opportunities for advancing in their careers. At Caverion, competence development is based on on-the-job learning, which we supplement with a variety of courses and trainings.

On-the-job learning includes the sharing of competence and knowledge within a team and the company as well as experience and skills obtained through collaboration with clients. Job rotation, mentoring, the giving and receiving of feedback and self-assessment are also important channels for continuous learning.

In 2014, we arranged **trainings** on, among other things, occupational safety, managerial work and leadership, sales and client service, information technology and IT applications, as well as operating in the social media. We also provided training for developing professional skills and competence.

The orientation events we arranged for our new employees included introductions to Caverion's operating methods, corporate culture as well as occupational safety and wellbeing at work.

In total, our supervisor trainings had 1,400 participants and professional skills trainings more than 12,000 participants.

We develop e-learning environments

Our trainings increasingly rely on video trainings. **Caverion Tube** is our company's internal video channel that includes trainings on topics such as the use of IT applications and social media channels.

Due to their flexibility, e-learning materials are suitable for diverse training purposes, and they free users from time and place constraints. In the future, we aim increase their use in learning related to, for instance, occupational safety, values, our Code of Conduct and service culture.

In 2014, we began the development of the **Caverion Way e-learning** content with the intention of taking the first modules into use during 2015. In addition, there are future plans to build a more comprehensive e-learning environment (**Caverion Campus**) comprising diverse electronic content for learning. Learning will to an increasing degree take place in social networks, and we plan to increase the use of these channels.

Leadership programme for service and maintenance

In 2014, we were also building a new training programme called **Service Leadership Safari**, which aims to develop the leadership skills of the line managers in our service and maintenance business.

The training programme focuses on, among other issues, the principles of good leadership, leading and motivating teams (coaching skills), communications as a management tool as well as strategic planning and the preparation of business plans. The aim is for the programme to cover all service managers in all of our operating countries. The programme was piloted in 2014, and in 2015, we plan to arrange it in Finland, Sweden, Norway and Germany.

In 2013, we launched a **coaching programme** in Finland aimed at our entire personnel in service and maintenance, the purpose of which was to improve client experience and to be able to better meet our clients' needs. In 2014, already some 1,900 employees (84% of targeted employees at Caverion Suomi Oy) had completed the training and earned the related **Service Pass** that demonstrates its holder's commitment to the principles of good service. The programme has been a success, and in the future, we aim to extend it to our other operating countries as well. In 2014, service training programmes were also organised in Sweden and Norway, among others.

In 2014, our professional skills trainings were attended by more than 12,000 participants.



The areas of personnel development include, among others:

- Orientation and onboarding
- Development of professional skills in trainings; professional and specialist professional degrees and qualifications completed through in-service programmes
- Job rotation and on-the-job learning
- Supervisor and leadership trainings
- Personnel survey
- 360-degree evaluations
- Language and multicultural communications trainings

Learning at Caverion consists of:

70%
New challenges

20%
Feedback and relationships

10%
Training

Occupational safety

Our goal is to become an accident-free workplace. By improving our working methods, introducing safety into everyday management activities and training our personnel on safe working methods, we have been able to decrease the number of occupational accidents during the past few years. We focus on preventive safety work: Safety starts with the anticipation of risks and the active reporting of safety observations.

We consider the **safety of our own employees, our subcontractors and our clients** to be of primary importance.

Occupational safety is important at all of our client sites. However, the risks associated with it are particularly high in properties and industrial plants where work is performed in varying conditions. These include ongoing and interrupted production, fault situations and temporarily bypassed protective measures, and facilities that require special safety plans, such as nuclear power plants and process plants.

The greatest challenges in occupational safety usually involve daily changing work environments, working without the constant presence of a supervisor – and most importantly, employee's personal attitude. All employees shoulder their own share of responsibility for occupational safety in the form of their personal actions and contributions.

A safe working environment is created in cooperation with our clients and partners. We insist upon strict **compliance with safety instructions**. This applies to our employees, subcontractors and partners alike. In addition, we require all of our employees to use and **wear protective equipment** and clothing at all of Caverion's work sites.

Preventive safety work

We prevent occupational accidents by providing **job orientation** and **occupational safety trainings**, and by conducting regular **safety audits and inspections**, among others. We encourage our personnel to reporting any safety observations and assessing risks before starting work. We also develop tools and work ergonomics. Our supervisors and managers conduct **safety rounds** at work sites and talk about safety issues in site meetings.

We aim to ensure that all of our employees have the skills necessary for the safe performance of their own work. They are provided with both safety training and training related to their own tasks. All supervisors should orientate their employees to their tasks and the possible risks and related hazards. We also organise professional training related to safety matters in different occupations.

Accident frequency rate is followed regularly

We regularly monitor the number of accidents and occupational safety observations in the Management Boards of the divisions and Group as well as the Board of Directors. Our divisions publish up-to-date statistics related to these issues on their intranet pages, for example.

While we still have work ahead of us, the active safety work has already produced results. The trend in our accident frequency (the number of occupational accidents that lead to absence per a million hours worked) has been stable over the past few years. In 2014, the accident frequency rate was 10, compared with 9 in 2013 and 11 in 2012. There were no fatal accidents in 2014. The sick leave rate (hours of absence/hours worked) improved slightly and was 4.3 (2013: 4.4).

In some of our units, teams are rewarded for a zero accidents performance. The payment of bonuses, for example, can be tied to the achievement of occupational safety goals.

We take every accident seriously. All accidents happening to our employees and subcontractors are immediately reported and inspected, in order to identify their reasons and learn from them. In cooperation with our clients, we systematically intervene whenever we notice safety-related shortcomings or neglect.

We aim to increase the share of occupational health and safety-certified operations in our business. In 2014, 73% of our revenue came from OHSAS 18001-certified operations (2013: 75%).

Increasing the number safety observations

We aim to increase the reporting of safety observations, as the observations are clearly linked to the accidents: The higher the number of reported safety observations is, the fewer accidents occur.

In Finland, our goal for 2014 was to at least double the number of reported safety observations, in comparison to the observations reported in the previous year. This threshold of 10,000 reports was achieved already in the autumn.

In 2013, we launched a **website** in Finland promoting preventive safety work that allows our employees and subcontractors in the Industry client segment to report their safety observations online. The website (Ennakoi.fi) provides us with safety observation reports for our further actions, while also making our clients aware of them at the same time. In addition, the website contains useful information related to occupational safety, and for instance, provides tools for risk assessment.

In 2014, we expanded the website to include a variety of additional languages. At the moment, the pages are available in Finnish, Swedish, Danish and German. Currently, the reporting of safety observations through this portal is available for the Industry client segment only, but in the future, we plan to introduce a unified reporting method for all of our divisions.

The safety campaign led to good deeds

During the review year, we participated in raising funds for a **new children's hospital in Finland** (Uusi Lastensairaala 2017) by donating five euros for every safety observation reported by our personnel. The observations could also be reported via the Ennakoi.fi website.

Our internal campaign related to this effort was launched at the beginning of February and it ran until the end of May. The safety observations reported during the campaign numbered 3,490. These observations raised 20,000 euros, all of which was donated to the fundraising effort for the new children's hospital in June.

Strong culture for occupational safety

According to the results of our personnel survey, Caverion's occupational safety culture is strong among both blue-collar and white-collar employees:

- Work safety is a priority for me in my work (92%)
- I know the hazards of my working environment (95%)
- Our occupational safety instructions and guidelines are clear (84%)
- I feel free to discuss work hazards and safety issues openly (90%)



Accident frequency rate

10

Occupational accidents resulting in absence/million hours worked (2013: 9)

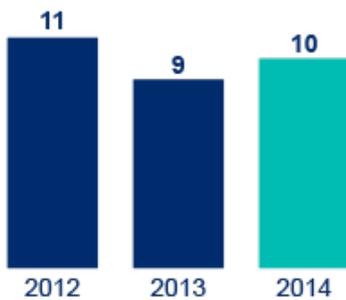
73%

of our revenue derived from OHSAS 18001 certified operations (2013: 75%)

92%

respondents in our personnel survey said they place work safety top priority in their work

Accident frequency rate



Accidents causing absence per million hours worked

Job satisfaction

The job satisfaction and commitment of our employees are important for us, as we want to retain good employees and motivate them to do their best. Our personnel survey is a tool for continuous change and, alongside MBKR and performance reviews, an important channel for the improvement of job satisfaction.

Our personnel survey aims to develop the factors with the strongest impact on the commitment of our personnel, the quality of supervisory work and operational efficiency.

We have a genuine will to use the survey as a tool for change. Supervisors go through the results in their units and teams, where action plans concerning targets of development are jointly prepared. The implementation of the plans is monitored regularly throughout the year.

Our employees enjoy their work and engage in cooperation

Caverion's first **personnel survey, Caverion Spirit**, was conducted in autumn 2014. The survey covered Caverion's entire personnel and was carried out electronically.

The number of respondents was 12,880. This made the response rate of the entire Group 78%, while some units achieved a response rate as high as 94%. Caverion employees were more active than ever, given that the response rate at the beginning of 2013, when we were still a part of YIT, was 66%.

According to the survey, our employees are generally satisfied with their work and the team they work with. 75% reported their overall satisfaction in Caverion as a workplace. Nine out of ten respondents felt that there is cooperation to get the work done and especially strong culture for promoting work safety.

Hopes for more feedback and clear goals from supervisors

Although there is a general satisfaction with supervisors, there is still room for improvement in giving feedback, communicating what is expected from employees and inspiring them to high performance.

70% of respondents reported having had a Management by key results (MBKR) and performance review with their supervisor during the year. According to the respondents, the review should nevertheless be developed in such a way that it would be more useful for improving performance. Our employees feel that at Caverion clients' problems are solved quickly. However, they wish to receive more training to be able to keep up with clients' changing demands.

The results also indicated that our company needs to work harder to improve our employees' confidence in our company's future success. This is understandable given the challenging market situation and the changes that occurred in the company in 2014, which demanded a high degree of tolerance for uncertainty from our employees. The company and its operating model are new, and some of the top management changed during the year. Processes and structures have also undergone changes.



78%

of our employees participated in the survey (2013: 66%).

91%

feel that there is good cooperation at Caverion.

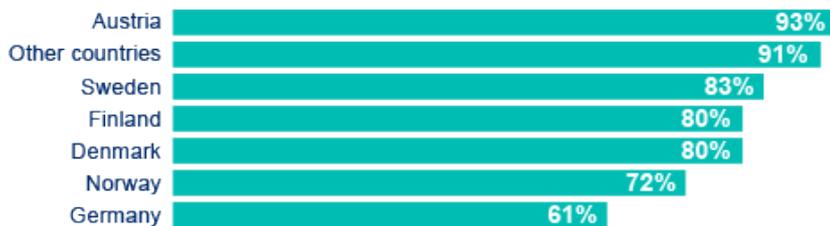
86%

enjoy their work.

75%

are overall satisfied with Caverion as a work place.

Participation in the Caverion Spirit survey by division



Recruitment and employer image

We aim to be the most attractive employer in our field of business. We particularly invest in the recruitment of young students and graduates, by offering them various types of traineeships and jobs, and by developing cooperation with educational institutes. The competition for skilled professionals in our field of business is in some areas rather fierce. Building a strong employer image is particularly important for a new company like us.

There is a shortage of good service engineers and technicians especially in regions with a low unemployment. The large generations are retiring, and our industry is going through a transition in which the advancement of digitalisation and automation increase demand for people proficient in these areas.

We actively aim to recruit the most qualified and suitable professionals. Furthermore, we want to hold on to our good employees and motivate them by providing opportunities for career advancement and competence development. Our goal is to offer motivating and fair rewarding to guarantee our competitiveness in the local markets.

Trainee programmes an important source of young talent

The average age of our employees in 2014 was 42 years. Approximately 69% of our employees were aged 26–55. 12% of our employees were under 26 years of age, and 19% over 55.

We believe it is important to have young people actively taking part in working life. Therefore, we want to offer them work experience already during their studies.

We offer various summer jobs, traineeships and other fixed term jobs to young people. In 2014, we employed a total of approximately 1,200 summer employees, thesis students and trainees in different countries, which was significantly more than in the previous year (2013: approx. 800).

Trainee programmes constitute an important channel of recruitment for Caverion. Many of our best professionals first joined the company as trainees.

In 2014, we employed a total of approximately 1,200 summer employees, thesis students and trainees in different countries.

Cooperation with schools and institutes to develop education in our industry

We support cooperation with schools and institutes of higher education so as to be able to train future employees and develop our image as an employer.

In many countries, apprenticeship is a common way of providing young people with trainee jobs. Apprenticeships involve alternating periods of study and work, and their duration is typically three to four years.

We participate in the development of education programmes related to our field of business. In addition, our employees teach at educational institutions. In particular, we cooperate with vocational schools and universities of applied sciences in engineering.

Building a strong employer image

Building a strong employer image is particularly important for a new company like us. Our employees' positive experiences form the basis for a good employer image. In addition, we promote Caverion by attending recruitment fairs in educational institutions, arrange student excursions and take part in various campaigns that increase awareness of our industry and our way of working.

In Finland, Caverion has been participating in the campaign promoting responsible summer jobs since 2013. Taking part in the Vastuullinen kesäduuni ('**Responsible summer job**') campaign, we undertake to comply with the principles of good summer employment. These principles include suitable, motivating jobs, reasonable pay, good treatment of applicants, sufficient work orientation and guidance, and fair and equal treatment, among others.

In Austria, Caverion was awarded by the Austrian Chamber of Commerce with **the ineo 2014 Award** for exemplary efforts in apprenticeship training.

Our field of industry offers diverse work with responsibility, available now and in the future. This is why we want to be involved in making the field known among young people.

In Germany, Caverion has since 2012 participated in the **Möglichmacher** ("The Enabler") campaign that aims to promote employment in the field of building services and facility management. The campaign is a joint effort of several companies, the purpose of which is to disseminate information about service and maintenance business and its training and career opportunities.

Our image as an employer developed positively in 2014. In Finland and Norway, we made it to the Top 100 of the most attractive employers in the **2014 Universum employer image survey**. In the Nordic ranking, we were the 46th most attractive employer in the eyes of engineering and natural science students. In Finland, professionals in these fields deemed Caverion the 63rd most attractive company, while students saw us as the 83rd most attractive company. In Norway, our ranking on the list of most interesting employers was 91.

In Norway, **the City of Oslo** recognised Caverion as the best apprentice company of the year. The recognition was earned based on the high number of apprentices employed by Caverion and the fact that we see them as workforce to be taken seriously. We take good care of our apprentices, follow up and provide them with the necessary training. Caverion's efforts to recruit female apprentices in a traditionally male-dominated field also garnered praise.



**VASTUULLINEN
KESÄDUUNI
2015**

Die Werte

- Innovation
- Nachhaltigkeit
- Engagement
- Orientierung

STARKEPLATZ MIT ZUKUNFT
AUSZEICHNUNG
VORBILDLICHER
LEHRBETRIEB
2014 - 2017

Wenn Sie denken, Facility Management
ist nur was für die Großen:
Gehen Sie mit uns auf Wachstumskurs.





In Finland and Norway, we made it to the Top 100 of the most attractive employers in the 2014 Universum employer image survey.

Clients, quality and product development

We meet our clients' needs by ensuring that our service is always of a high quality. Client satisfaction forms the starting point for our operations. Our professional skills and competence, local presence, the high quality of our work, our efficient operations and service attitude are the leading principles with which we strive to keep our clients satisfied.

Our clients represent all sectors, including **the public sector, industry, real estate owners and developers, real estate users, and general contractors.**

Added value for clients

We offer our clients services and solutions due to which their buildings, industrial plants and processes are not only energy-efficient and cost-effective, but also functional, safe and sustainable. We always aim to provide our clients with the best possible solutions, tailored to their needs.

We create **added value for our clients** by offering our competence in the integration of technical systems: our comprehensive competence covering all technical disciplines enables us to guarantee that the final result is always an efficient assembly of compatible systems. Our own design and engineering as well as in-house product development ensure that solutions work as planned at the implementation phase and that the needs of the maintenance phase have also been taken into account.

High quality and familiarity with our clients' needs are the key reasons due to which our clients have continued long-term cooperation with us. Long-term service agreements, client relationships and cooperation reflect that the quality of our operations is trusted. We engage in long-term cooperation with our clients in, for example, occupational safety matters.

In our ESCO and EPC energy-savings projects we provide our clients with a savings guarantee rarely offered in our industry. The quality of our operations is the prerequisite for being able to provide such extensive guarantee, covering a life cycle of up to 20 years. Trust is also manifested in the orders we receive: In 2014, our order backlog grew by 7%.

Our clients expect from us:

- Healthy and pleasant conditions
- Quality at a reasonable price
- Increased energy efficiency in properties and industrial facilities
- Professional skills and expertise. New, advanced solutions and product development.
- Reliability and compliance with ethical principles. Service as agreed, carried out on schedule.
- Smooth interaction

Product development leading to patents and awards

We develop our products and services continuously to be able to meet our clients' needs.

At our **in-house research centre** in Aachen, Germany, we focus particularly on the manufacture and product development of advanced solutions for ventilation, cooling and heating. In addition to the research centre, product development work is carried out in our divisions.

We filed **ten patent applications** during the year: nine in Germany and one in Finland. The patent applications concerned products related to ventilation and air conditioning as well as security and safety solutions, in particular.

In Finland, Caverion was involved in the development of the apartment-specific fire extinguishing system, improving the home safety of elderly people, which received **the Finnish Fire Protection Fund's Innovation Award** in 2014.

In Norway, our **ClimaCeil** suspended ceiling element, launched some years ago, won the competition arranged by **the cities of Oslo and Bergen** in search of solutions to improve the indoor air quality and ventilation of schools.

The common operating model improves the quality of our operations

Caverion's investments in research and development were approximately EUR 9.6 million in 2014, or 0.4% of revenue. (2013: EUR 12.7 million or 0.5% of revenue). However, these investments do not include a very important part of our development work that we carry out to improve the quality and efficiency of our operations.

We want high quality to be visible in everything we do, starting from the first contact with a client. This is why we see it important to develop our own **internal processes, tools and operating methods**.

In 2014, we carried out extensive work so to build a coherent operating model and to develop common processes and applications for our company. We also launched a project to commercialise our services.

In Finland, Botnia Mill Service, which is a joint venture part of our company, received a four-star recognition for the quality of its operations in **the Recognised for Excellence competition** of the Finnish Quality Association. The competition is about finding the best organisations in the country and recognising those that have been the most successful in implementing their strategy and improving their performance. According to the assessors, Botnia Mill Service's strengths include the ability to create added value for the client, the development of employees' competencies, the agility of management and a highly skilled personnel.

Good service demands a committed personnel

Each Caverion employee is responsible for the quality of our operations: Caverion is precisely as professional, reliable and good a partner as the client perceives our work to be. Quality operations require a committed personnel.

We offer our personnel training in client service, for example. In Finland, for instance, we arrange the 10+ Asenne ratkaisee ('It is the attitude that counts') **coaching programme** for our employees in the service and maintenance business. The purpose of the coaching is to ensure that the quality of our work is visible in our clients' daily life and that we all comply with jointly agreed operating methods. The coaching ends in what we refer to as the **Service Pass** test, in which the participant must demonstrate that they have adopted the basic rules of good service and that they are committed to work accordingly. The programme has been a success, and our goal is to utilise the concept in our other operating countries in the future, too.

Feedback collected systematically

We collect client feedback and use it for the development of our operations to match our clients' needs.

Client feedback is collected systematically, project- and agreement-specifically. We **measure client satisfaction** throughout the company, but the methods and extent vary depending on the country and unit. In some countries, we carry out small-scale surveys on a weekly basis, concerning specific deliveries, and annually more comprehensive surveys on general client satisfaction. In some countries, surveys are carried out each quarter or twice a year. Client satisfaction surveys are often included in the terms and conditions of a service agreement.

10

patent applications in
2014

The ISO 9001 quality
certification covered

100%

of our revenue



Recognised for excellence
4 star - 2014

In Norway, our ClimaCeil suspended ceiling element won the competition arranged by the cities of Oslo and Bergen.

In Finland, we received the Fire Protection Fund's Innovation Award



Code of Conduct

The Code of Conduct defines our way of working with different stakeholders, such as shareholders, clients, competitors, subcontractors and other partners. Its objective is to ensure that we comply with our values in our daily decision-making.

The key content of the Code of Conduct:

- We do not exercise or tolerate any form of corruption, extortion or bribery.
- We support open and fair competition in all markets.
- We do not make financial contributions to political parties or groups or individual politicians.
- We comply with local labour laws and regulations in the countries in which we operate.
- We strive to provide a safe working environment for our employees and subcontractors.
- The marketing of our products and services is always truthful and our quality can be trusted.
- Environmentally friendly business is strategically important activity for our company, and energy efficiency is incorporated in all of our services and solutions.
- We are committed to minimising the energy consumption and waste generation of our own operations, as well as our greenhouse gas emissions.

The complete Code of Conduct is available on [Caverion's website](#)

Suspected misconduct must be reported without delay

We expect every employee to report any suspected misconduct to their immediate supervisor or some other representative of the company management.

We have a **web-based reporting channel** through which employees can confidentially report their observations of suspected misconduct, also anonymously, if necessary. The channel is available in the languages of all of Caverion's operating countries.

In addition, reports can be submitted via email, in which case the Corporate General Counsel and the head of Internal Audit will become directly aware of them.

We will **without delay take the necessary measures** if signs of illegal or unethical action are detected in our business operations or supply network. If a breach of the Code of Conduct involves any illegal activity, the incident will be reported to the authorities for further investigation and measures. We support the authorities in their investigations.

In 2013, there was an indication of anti-competitive practices at Caverion's Lier branch office in Norway. The related investigation carried out by the authorities was not yet completed at the end of 2014, due to which the possible fine is yet to be confirmed.

We want to make sure that all of our employees know our Code of Conduct and support open and fair competition in the market. In 2014, we supported this goal by adopting detailed **internal instructions on compliance with competition legislation**.

Group Compliance and Ethics Committee promotes operations according to Code of Conduct

Caverion's President and CEO is responsible for the implementation of the Code of Conduct approved by the Board of Directors. Group Compliance and Ethics Committee provides assistance to the President and CEO and the Audit Committee to enable Caverion to operate in accordance with applicable laws and regulations and appropriate ethical business standards.

In 2014, the committee was comprised of the heads of Group Legal, Internal Auditing, People and HR as well as Marketing & Communications.

The committee convenes as necessary. In 2014, it convened four times, discussing, among other things, the instructions concerning compliance with competition legislation and issues related to the channel for reporting misconduct. In addition, it issued a statement on the ethics of marketing and communications in relation to a single incident.

Sponsoring and charity

We select our sponsoring targets openly and transparently. We do not sponsor organisations with a direct link to our business, nor do we sponsor political parties or individual politicians.

Sponsoring is **one of our channels for marketing** that enables us to make ourselves known as a company and gain us visibility.

The Group's sponsoring principles are described in the group-wide sponsoring guidelines, the purpose of which is to help us determine how to divide support and select our sponsoring targets. The principles are managed by the Group Marketing and Communications.

In line with company values and targets

Sponsored organisations are chosen according to Caverion's targets and values. We **support teams**, not individuals. The targets we support are **environmentally friendly**, therefore we do not sponsor, for instance, motor sports. We do not support political parties or individual politicians.

We do not sponsor a target that is directly linked to our business. Requests for sponsorship originating from our clients or our own employees are viewed critically. Should we receive such requests, the applications are handled in the same manner as any other requests and applications.

Sponsoring is done mainly on a country level, in accordance with the Group's sponsoring principles. Decisions are made by the heads of the divisions. Major sponsoring efforts that exceed a certain euro amount are approved by the Group. The Group also monitors the allocation of sponsorship on a regular basis.

Examples of Caverion's sponsorship targets in 2014

Finland

- Veiterä ry (sports club)
- Äänekosken Huima (sports club)
- Ilves, '03 juniors (sports club)
- Kotkan Futis Oy (sports club)
- Pirkkalan Pingviinit Ry (sports club)
- Tornion Pallo -47, junior work (sports club)

Sweden

- Elfsborgs IF (sports club)

Norway

- Sandnes Sykleklubb (sports club, sporting event)
- Mallakof Rock (cultural event)
- Førde Idrettslag (sports club)
- Tall Ships Race, (sporting event)
- Salten golfklubb, (sports club)
- Førde Idrettslag, (sports club)

Denmark

- KIF Kolding (sports club)
- EFB Elite (sports club)
- Team Esbjerg (sports club)

Decisions decided by Board of Directors

All decisions concerning possible donations are made centrally by Caverion's Board of Directors.

In Finland, we supported the effort to raise funds for **the new children's hospital** (Uusi Lastensairaala 2017) with a total of EUR 20,000 in 2014. The sum was formed on the basis of the number of safety observations made by our personnel.

In several countries, we made the decision to forego Christmas presents given to clients, in place of which we made donations to various charities.

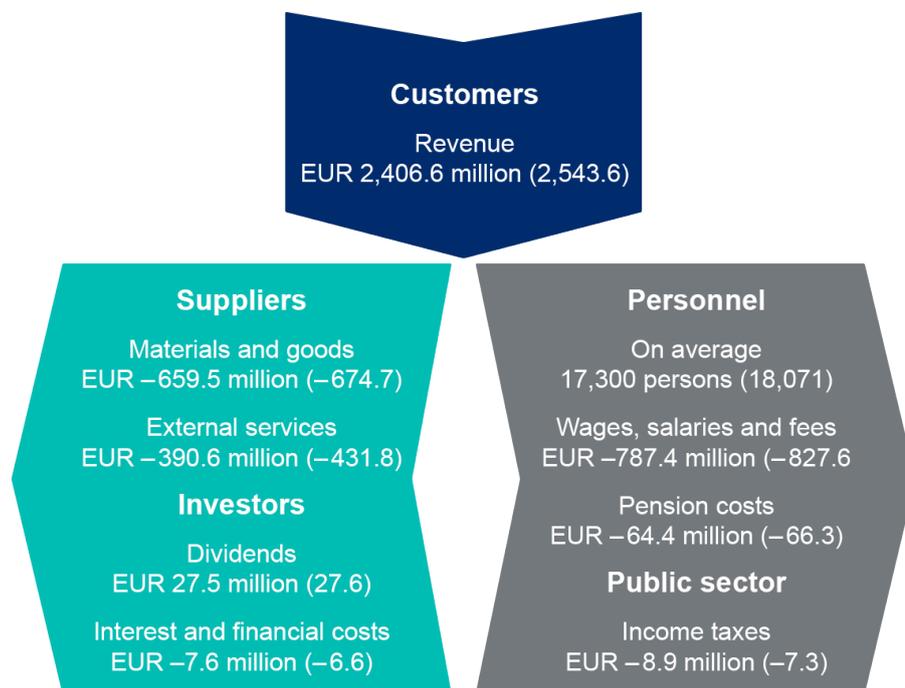
In 2014, our primary targets of sponsoring were children's and youth's sports and culture.

In Finland, we supported the efforts to raise funds for the new children's hospital.



Direct financial effects

Direct financial effects 2014 (2013)



Dividend in 2014: The Board of Directors' proposal to the Annual General Meeting.

GRI table

According to our own estimate, we apply the G3 guidelines of the Global Reporting Initiative (GRI) at C level in our 2014 reporting. An independent third party, PricewaterhouseCoopers Oy, has checked that reporting meets GRI's Application Level C requirements.



Reported fully



Reported partially

GRI Content	Reported	Page	Remarks
1. Strategy and Analysis			
1.1 CEO's statement		From the CEO	
1.2 Key impacts, risks and opportunities		Group strategy, Operating environment, Risks and risk management	
2. Organizational Profile			
2.1 Name of the organization		Corporate Governance Statement	
2.2 Primary brands, products and services		Business	
2.3 Operational structure		Board of Directors' Report, Financial Statements	Financial Statements, Note: 31. Subsidiaries
2.4 Location of organization's headquarters		Caverion in brief	
2.5 Number of countries and locations of operations		Caverion in brief	
2.6 Nature of ownership and legal form		Shares and shareholders	
2.7 Markets served		Caverion in brief	
2.8 Scale of the reporting organization		Financial development	
2.9 Significant changes regarding size, structure or ownership		Board of Directors' Report	
2.10 Awards received in the reporting period		Clients, quality and product development	

3. Reporting Principles				
3.1	Reporting period		Accounting principles	January 1, 2014-December 31, 2014
3.2	Date of most recent report			The previous Annual Report was published on February 21, 2014.
3.3	Reporting cycle		Management of corporate responsibility	Once a year.
3.4	Contact point for questions regarding the report			email: communications(at)caverion.com . Contact details for Corporate Communications available at Caverion's website .
Report scope and boundary				
3.5	Process for defining report content (materiality, prioritizing topics and stakeholders using the report)		Key themes of corporate responsibility, Management of corporate responsibility	
3.6	Boundary of the report			Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope.
3.7	Limitations on the report's scope or boundary		Emissions from own operations	This report covers all of the Group's functions unless otherwise stated. The figures for energy consumption and emissions cover all of the Group's business operations. The calculations are mainly based on actual consumption figures, but in some countries, it has also been necessary to make estimates of total consumption in situations where accurate information has been available for only part of the consumption. Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope.
3.8	Basis for reporting subsidiaries, joint ventures, leased facilities, outsourced operations and other entities affecting comparability		Emissions from own operations	This report covers all of the Group's functions. If the reported figures deviate in terms of coverage, this is specified separately for each figure.

3.10	Explanation of re-statements		Emissions from own operations	2013 emission figures are restated and thus may differ from figures published in Annual Report 2013.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods			No significant changes from previous year.
GRI content index				
3.12	GRI content index		GRI table	

4. Governance, Commitments and Engagement

Governance

4.1	Governance structure of the organisation		Corporate Governance Statement, Board of Directors and committees	
4.2	Position of the Chairman of the Board		Board of Directors and committees	
4.3	Independence of the Board members		Board of Directors and committees	
4.4	Mechanism for shareholder and employee consultation		Corporate Governance Statement	
4.5	Impact of organisation's performance on executive compensation (inc. social and environmental performance)		Remuneration Statement	
4.6	Processes for avoiding conflicts of interest		Corporate Governance Statement	
4.7	Processes for determining Board members' expertise in strategic management and sustainability		Corporate Governance Statement	
4.8	Implementation of mission and values statements, code of conduct and other principles		Code of Conduct, Corporate culture and values	
4.9	Procedures of the Board for overseeing management of sustainability performance, including risk management		Board of Directors and committees, Code of Conduct, Risks and risk management	
4.10	Processes for evaluating the Board's performance		Board of Directors and committees	
Commitments to External Initiatives				
4.11	Addressing precautionary approach		Risks and risk management	

4.13	Memberships in associations		Environment and energy
Stakeholder Engagement			
4.14	List of stakeholder groups		Key stakeholders
4.15	Identification and selection of stakeholders		Key stakeholders
4.16	Approaches to stakeholder engagement		Key stakeholders, Clients, quality and product development, Investor relations, Employer image and recruitment, Job satisfaction
4.17	Key topics raised through stakeholder engagement		Job satisfaction

Economic Performance Indicators

	Management approach to economic responsibility		Financial targets and dividend policy, Risks and risk management, The internal control and risk management systems in relation to the financial reporting process
Economic Performance			
EC1	Direct economic value generated and distributed		Direct financial effects
EC3	Coverage of defined benefit plan obligations		Financial Statements Financial Statements, Note: 22. Employee benefit obligations
EC4	Significant subsidies received from government		EUR 0.8 million in 2014

Environmental Performance Indicators			
	Management approach to environmental responsibility		Management of corporate responsibility, Key themes of corporate responsibility, Caverion as an employer, Occupational safety, Management and leadership
Energy			
EN3	Direct energy consumption		Emissions from own operations
EN4	Indirect energy consumption		Emissions from own operations
EN6	Initiatives to provide energy-efficient or renewable energy based products and services		Environment and energy, Energy efficiency for our clients, Clients, quality and product development
EN16	Total direct and indirect greenhouse gas emissions		Own product development in Aachen R&D centre, own products such as solutions based on PCM materials. The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO2 emissions. In addition, other indirect (scope 3) CO2 emissions have been identified, related to the operations of subcontractors, waste and air travel. Compared to the direct and indirect emissions, air travel and waste account for only a minor share of the total emissions.
EN17	Other relevant indirect greenhouse gas emissions		Emissions from own operations
EN18	Initiatives to reduce greenhouse gas emissions		Emissions from own operations
EN23	Total number and volume of significant spills		
Products and Services			
EN26	Mitigating environmental impacts of products and services		Energy efficiency for our clients
Compliance			
EN28	Significant fines and sanctions for non-compliance with environmental regulations		No significant fines or sanctions during the reporting period.
Transport			
EN29	Environmental impacts of transportation		Emissions from own operations

Social Performance Indicators				
	Management approach to labor practices and decent work		Management of corporate responsibility, Key themes of corporate responsibility, Caverion as an employer, Occupational safety, Management and leadership	
Employment				
LA1	Total workforce by employment type, employment contract and region		Personnel structure	
LA2	Total number and rate of employee turnover by age group, gender and region		Personnel structure	Rate of employee turnover covers permanent employees, and it is calculated based on the number of employees that have been recruited in the company or left the company during the year.
Labor/Management Relations				
LA5	Minimum notice period regarding operational changes		Personnel structure	Caverion complies with the local legislation.
Occupational Health and Safety				
LA7	Rates of injury, occupational diseases, lost days, fatalities and absenteeism		Caverion as an employer, Occupational safety	
Training and Education				
LA11	Programmes for skills management and lifelong learning		Competence development	
LA12	Employees receiving regular performance and career development reviews		Management and leadership, Competence development	
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees		Personnel structure, Board of Directors, Management Board	The average age of the members of Board of Directors was 55. 40% of the Board members were in the age group of 46-55, and 60% in the age group of 56-65. Employee distribution by minority group is not relevant in our field of business, in terms of diversity.

Human Rights			
	Management approach to human rights		Management of corporate responsibility
Child labor			
HR6	Operations identified as having significant risk for child labor and measures taken to contribute to the elimination of child labor		No significant risks for child labor identified in 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		No significant risks for forced or compulsory labor identified in own operations.
Society			
	Management approach to society		Management of corporate responsibility, Key themes of corporate responsibility, Sponsoring and charity
Corruption			
SO3	Percentage of employees trained in anti-corruption policies and procedures		No training so far, but it is being planned for the future.
SO4	Actions taken in response to incidents of corruption		Code of Conduct
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying		No public political statements.
SO6	Contributions to political parties, politicians and related institutions		Code of Conduct, Sponsorship and charity No political contributions during the reporting period. Caverion does not make contributions to political parties or individual politicians, or sponsor them.
SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly		Code of Conduct

Product Responsibility		
	Management approach to product responsibility	 Key themes of corporate responsibility, Sponsoring and charity
Customer Health and Safety		
PR2	Non-compliance with regulations concerning health and safety impacts of products	 No such cases during the reporting period.
Product and Service Labeling		
PR4	Non-compliance with regulations concerning product information and labelling	 No such cases during the reporting period.
PR5	Practices related to customer satisfaction and results of customer satisfaction surveys	 Clients, quality and product development
Marketing Communications		
PR6	Adherence to laws, standards and voluntary codes related to marketing communications, advertising, promotion and sponsorship	 Code of Conduct states that marketing for products and services should always be truthful. In addition, we do not tolerate any discrimination of any type, which is a principle we comply with also in marketing communications. All operations should be in line with our values. The Group Compliance and Ethics Committee reviews breaches of these principles also when it comes to marketing communications.
Compliance		
PR9	Fines for non-compliance concerning the provision and use of products and services	 No fines or sanctions during the reporting period.



Management and governance

The administration of Caverion Corporation and the Caverion Group complies with valid legislation, the company's Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of Finnish listed companies.

In addition, Caverion's operations are guided by the common values and internal operating principles confirmed in the company. Caverion also complies with all recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association.

We comply with all recommendations of the Finnish Corporate Governance Code.

We annually publish the following statements:

- Corporate Governance Statement
- Remuneration Statement

These documents are published in connection with the publication of the Annual Report.

We constantly update information regarding corporate governance on our website. This information includes the CVs and up-to-date share ownership data of the members of our Group Management Board and the Board of Directors as well as the Charters of the Board of Directors and their committees.

More information on Caverion's website:

- Annual General Meeting
- Caverion's governance bodies
- Articles of Association
- Code of Conduct

Elsewhere on the internet:

- Limited Liability Companies Act
- Rules of Helsinki Stock Exchange
- The Finnish Corporate Governance Code

Caverion Corporation's Corporate Governance Statement 2014

This Caverion Corporation's Corporate Governance Statement has been prepared pursuant to the Securities Market Act and recommendation 54 of the Finnish Corporate Governance Code as an independent document from the Report of the Board of Directors. This statement is published on Caverion Corporation's website.

The administration of Caverion Corporation complies with valid legislation, the company's Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of Finnish listed companies. Caverion Corporation also complies with all recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association. The Code took effect on 1 October 2010 and is publicly available on the website www.cgfinland.fi.

The Audit Committee of the Board of Directors reviewed the Statement in its meeting on 28 January 2015 and on the same day the Board of Directors approved it.

Caverion Corporation's statutory auditor, PricewaterhouseCoopers Oy, has checked that this Statement and that the description of the main features of the internal control and risk management systems related to the financial reporting process included in this Statement are consistent with the Financial Statements.

This statement is also available on
[Caverion's website](#)

Annual General Meeting

Caverion Corporation's highest decision-making body is the Annual General Meeting of the Shareholders. The matters to be handled at the General Meeting are determined on the basis of the Articles of Association of Caverion Corporation and the Finnish Limited Liability Companies Act.

The Annual General Meeting makes decisions on adopting the financial statements, the payment of dividends, discharging the members of the Board of Directors and the President and CEO from liability, the election of the members of the Board of Directors and auditor and their remuneration and other matters presented to and requiring resolutions by the Annual General Meeting under the Limited Liability Companies Act.

The Annual General Meeting is convened at least once a year. The Annual General Meeting is held annually by the end of March and it is convened by the Board of Directors.

Board of Directors

According to the Articles of Association, the Board of Directors of Caverion Corporation consists of the Chairman, Vice Chairman and three to five (3–5) members elected by the Annual General Meeting.

The Board of Directors is responsible for the administration and the proper organization of the operations of the company as well as for the appropriate arrangements of bookkeeping and financial administration. The Board of Directors has an approved charter, which was updated along with Board Committee charters in April 2014.

According to its charter, the Board of Directors oversees the management and organization of operations of the entire Caverion Group. In addition, the Board guides and supervises Caverion Corporation's President and CEO, approves the company's strategic goals and the principles of risk management and governance, and ensures the functionality of the management system.

In particular, the following duties are handled and decided on by the Board of Directors:

- Appointment and dismissal of the President and CEO and his/her optional deputy and senior management and the terms of their employment;
- The Group's strategy and long-term objectives;
- Group budget and business plan and overseeing their implementation;
- Approving the financial statements and interim reports;
- Significant acquisitions and divestments with a value equal to or more than 10 million euros and investments with a value of equal to or more than 5 million euros;
- Tenders and agreements with a value equal to or more than 100 million euros;
- Key operational policies on, for example, risk management, business conduct, treasury, disclosure;
- Organization of the Group.

The Board of Directors convenes approximately once a month according to a pre-determined schedule, or whenever it deems it necessary. The Board of Directors assesses its working principles annually.

According to the articles of association, the Annual General Meeting of Caverion Corporation elects the Chairman and Vice Chairman and three to five (3–5) members to the Board of Directors. The term of office of the Board members is the time period between the end of the Annual General Meeting in which the member is elected and the end of the next Annual General Meeting.

Board members and meetings in 2014

The members of Caverion Corporation's Board of Directors during the financial year that ended 31 December 2014, were:

Henrik Ehrnrooth (Chairman), born 1954, M.Sc. Forest Economics, B.B.A.

Ari Lehtoranta born 1963, M.Sc. (Eng.), President and CEO of Nokian Tyres Plc (vice chairman as of 17.3.2014)

Michael Rosenlew, born 1959, M.Sc. (Econ), Managing Director of Mikaros AB (vice chairman until 17.3.2014)

Anna Hyvönen born 1968, Tech. Lic., Executive Vice President of Finland and Baltics, Ramirent Plc.

Eva Lindqvist born 1958, M.Sc. (Eng.)

All board members were independent of Caverion Corporation and, excluding Henrik Ehrnrooth, also of its major shareholders. Henrik Ehrnrooth along with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Structor S.A., which is the largest shareholder in Caverion Corporation with an ownership of 14.2 per cent of all shares (31.12.2014).

The Board of Directors convened eleven (11) times in 2014. The secretary to the Board was the Corporate General Counsel.

The Board appointed a new President and CEO in its meeting in January 2014. In addition, focus areas of the Board's work in 2014 included the approval of Group's revised strategy wording, and monitoring the following areas: strengthening and development of the project business processes and maintenance business efficiency, the improvement of cash flow, and measures taken to decrease operating capital. The Board also focused on occupational safety matters.

Committees to the Board of Directors

In accordance with its charter, the Board of Directors formed two committees in its meeting on 17 March 2014: the Audit Committee and the Personnel Committee. In connection with the update of the Board and its Committee charters in April 2014, the Personnel Committee was renamed the Human Resources Committee.

Audit Committee in 2014

The Audit Committee assists the Board of Directors in its oversight responsibilities related to the financial reporting process, internal control system and risk management of the Caverion Group as well as external auditing and internal audit.

The Audit Committee consists of three members. The Board annually appoints the Chairman and the members. The committee convenes at least four times per calendar year as stated in its charter, prior to approval of each interim report and the financial statements.

The members of the Audit Committee of Caverion Corporation in 2014 were Michael Rosenlew (Chairman), Anna Hyvönen and Eva Lindqvist. The Audit Committee convened seven times during 2014. The secretary to the committee was the Group Chief Financial Officer.

The Audit Committee discussed, for example, its updated charter, development of internal and external reporting, efficiency of capital management, financing, monitoring and ensuring proper risk management, litigation and claim processes.

Human Resources Committee in 2014

The Human Resources Committee assists the Board of Directors in matters related to the nomination and remuneration of key personnel. In addition, the Human Resources Committee evaluates, monitors and guides the situation and development of personnel issues which are important in terms of corporate culture and strategy.

The Human Resources Committee carries out the tasks of the Nomination Committee and the Remuneration Committee as stated in the Finnish Corporate Governance Code. The committee consists of three to five members. The Board of Directors decides on the number of committee members and appoints the Chairman and the members annually.

The members of Caverion Corporation's Human Resources Committee in 2014 were Henrik Ehrnrooth (Chairman), Ari Lehtoranta and Michael Rosenlew. The secretary to the committee was the Group Senior Vice President, Human Resources.

The Human Resources Committee convened in 2014 three times and reviewed the talent management practices and talent review status of key executives and experts, guided design of the rewarding principles and the long and short term incentive programmes and reviewed the strategic focus area Excellent Leadership project portfolio 2014–2016. In addition, the Human Resources Committee gave its support in the preparation of a proposal for the candidates of the Board of Directors and their remuneration to be approved in the Annual General Meeting.

Attendance of the Board members in the meetings held 2014

	Board of Directors	Audit Committee	Human Resources Committee
Henrik Ehrnrooth	11/11	–	3/3
Michael Rosenlew	11/11	7/7	3/3
Anna Hyvönen	10/11	7/7	–
Ari Lehtoranta	10/11	–	3/3
Eva Lindqvist	10/11	7/7	–
Average attendance rate, %	95	100	100

President and CEO

The President and CEO is in charge of the day-to-day management of the company in accordance with the instructions laid down by the Board of Directors. He also ensures that the company's accounting practices comply with the law and that financial matters are handled in a reliable manner. The President and CEO is also the Chairman of the Group Management Board and acts as a primary presenter for matters considered in the meetings of the Board of Directors.

The Board of Directors decides on the President and CEO's remuneration and other terms of employment.

The President and CEO of Caverion Corporation until the end of March 2014 was Juhani Pitkääkoski (born 1958). The Board of Directors appointed Fredrik Strand (born 1964) as President and CEO as of 1 April 2014.

Main features of the internal control and risk management systems in relation to the financial reporting process

Goal

The goal of the internal control and risk management systems is to provide assurance regarding the achievement of Caverion's strategic targets, reliability and integrity of financial and operational information, efficiency and transparency of operations, and compliance with applicable laws, regulations and internal policies and guidelines.

Control environment

The Board of Directors approves Group-level policies, including the Code of Conduct, the Risk Management Policy, the Treasury Policy, and the Disclosure Policy.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by monitoring the efficiency, adequacy and appropriate functioning of Caverion Group's internal control and risk management systems. In addition, it supervises the financial reporting and consolidated financial statement process.

The President and CEO is responsible for defining the strategies, processes and focus areas for risk management and internal control systems.

The Group Internal Audit reports frequently to the Audit Committee and to the President and CEO. The purpose, authority and responsibility of the Group Internal Audit is defined in a charter approved by the Board. The Audit Committee confirms the internal audit plan periodically.

Group Finance defines and communicates the principles related to financial reporting, maintains the common tools for accounting and reporting, and prepares the financial information to be disclosed. The financial management of subsidiaries is responsible for ensuring that reporting is carried out in accordance with the Group's policies, guidelines and instructions.

The main internal control components at Caverion in relation to the financial reporting process include the Code of Conduct, approval policies, accounting manual, treasury policy as well as central application of accounting principles, centrally managed budgeting and monthly reporting process, common chart of account, common accounting tool (SAP) and reasonably automated interfaces between different systems in the monthly reporting process. Treasury, Information technology and systems and mergers and acquisitions (M&A) are centralized functions in the Group.

Caverion's Code of Conduct defines the behavioural manner in which Caverion people act at business occasions and in relationships with other stakeholders. Each employee is expected to comply with the principles laid down in the Code of Conduct in their daily duties.

There is a channel in place to report breaches of Caverion's Code of Conduct. Any person who notices such breaches may, if necessary, also confidentially report them as indicated in the Code of Conduct document through a web-based reporting channel. The Group's compliance and ethics management team manages the investigation process for such cases.

In 2014, Group-wide development and harmonising of internal processes has also covered their internal control systems including, for example, more detailed policies for delegation of authority.

Risk assessment

In accordance with Group Risk Management Policy, Financial management on Group and Division levels is responsible for identifying and assessing risks related to financial reporting and reporting them to Group management.

In late 2014, Caverion initiated a development programme to enhance the risk management framework, including processes for risk identification, assessment, analysis, mitigation and reporting throughout the Group.

Internal information and communication

Information related to the main internal control components, i.e. accounting manual, treasury policy, code of conduct, approval policies, and operating instructions for common tools and practices are available on Caverion intranet. Group Finance & Control is responsible for the development and maintenance of this information.

Group Finance & Control has scheduled meetings with the financial management of divisions in order to share the information and communicate the development in group policies and instructions. Group management as well as Group Internal Audit visit regularly the business units and share knowledge concerning the Group's best practices.

Monitoring

The management of Caverion Group's Divisions is responsible for the accuracy of financial information reported to the Group.

The President and CEO and Group Finance & Control are responsible for the accuracy, extent, compliance and timely readiness of consolidated, external and internal, financial information prepared.

The Group's financial controllers supervise and monitor the consistency of the reporting from divisions.

Caverion Group's financial performance is monitored monthly using a common planning and reporting system.

The CEO, CFO and the Group's financial management analyse monthly the performance of the subsidiaries, and deviations from the previous month's forecasts. The monthly performance review practice between Group and Division managements represents the key monitoring procedure and it focuses on both the management and financial reporting.

The Group Internal Audit assesses the adequacy and efficiency of risk management, internal control systems and governance regarding the audit area under review. In addition, Group Internal Audit promotes developments in those areas. The scope of the Group Internal Audit covers all organisational levels and businesses.

The Report of the Board of Directors

The Board of Directors has approved the report on 2014 at its meeting on 28 January 2015. The Board of Directors' report, the Corporate Governance Statement and the Remuneration Statement will be published on the company's website www.caverion.com/investors at the latest in week 8 of 2015.

Caverion Corporation Remuneration Statement

The aim of Caverion's remuneration systems is to drive top performance, to attract, develop and retain the best talent and to align shareholder and employee interest in the long run.

Decision-making procedure regarding remuneration

Caverion Corporation's Annual General Meeting decides on the remuneration for the Board of Directors. The Human Resources Committee of the Board of Directors is responsible for preparing the remuneration for the Board of Directors. The Human Resources Committee also prepares general remuneration principles, bonus plans, long-term incentive schemes and the compensation policy of Caverion Group which the Board of Directors approve.

The Board of Directors appoints the President and CEO and approves his/her terms of employment and remuneration. The Board of Directors also appoints the members of the Group Management Board. According to Caverion guidelines all individual remuneration decisions have to be approved by applying the manager's manager principle. Regarding Group Management Board members, the Chairman of the Board approves Group Management Board members' remuneration decisions.

Remuneration of the Board of Directors in 2014

Based on the decisions of the Caverion Corporation's Annual General Meeting on March 17, 2014, the members of the Board of Directors are entitled to the following fees:

- Chairman of the Board of Directors: EUR 6,600 per month (EUR 79,200 per year)
- Vice Chairman of the Board of Directors: EUR 5,000 per month (EUR 60,000 per year)
- Members of the Board of Directors: EUR 3,900 per month (EUR 46,800 per year)

A meeting fee of EUR 550 is paid for each Board and Committee meeting attended in addition to travel costs associated.

The remuneration paid to the members of the Board of Directors totalled EUR 324,700 in 2014. None of the Board members have an employment relationship or service contract with Caverion Group and they are not covered by any of Caverion Group's bonus plans, share-based incentive schemes or pension plans.

Fees paid to the members of the Board of Directors in 2014 (EUR)

Member of the Board of Directors	Board membership	Audit committee meetings	Human Resources committee meetings	Board meetings	Total 2014
Henrik Ehrnrooth	79,200	-	1,650	6,050	86,900
Anna Hyvönen	46,800	3,850	-	5,500	56,150
Ari Lehtoranta	57,250	-	1,650	5,500	64,400
Eva Lindqvist	46,800	3,850	-	5,500	56,150
Michael Rosenlew	49,550	3,850	1,650	6,050	61,100
Total:	279,600	11,550	4,950	28,600	324,700

Remuneration principles at Caverion

The basis of remuneration at Caverion is a fixed base salary, in addition to which Group's management and most of the salaried employees are included in a performance bonus scheme. The aim of the annual performance bonus scheme is to reward the management and selected employees based on the achievement of pre-defined and measurable strategic targets. The Board of Directors ratifies the rules of the annual performance bonus scheme every year, according to which possible bonuses are paid. Performance of the Group, the President and CEO as well as Group Management Board members is evaluated by the Board of Directors. The amount of possible bonuses is approved by the Board of Directors after the financial

statements have been prepared.

The amount of the possible bonus payment is based on the achievement of the set financial performance targets, such as the Group's and/or division's financial result, strategic targets and/or development objectives set separately. Individual target bonus opportunity and maximum bonus opportunity are based on role responsibilities.

Possible bonus payments can vary from zero payment to the pre-defined maximum bonus payment based on the achievement of targets set.

Performance and development discussions are an essential part of the performance bonus scheme and performance management at Caverion. In these discussions individual targets, their relative weighting and realization of the previously agreed targets are reviewed.

Share-based incentive schemes

The performance share plan is a part of the management remuneration at Caverion Group. The key aim is to align the interests of the shareholders and the executives in order to promote shareholder value creation and to support Caverion in becoming a leading European provider of advanced and sustainable lifecycle solutions for buildings and industries. In addition, the aim is to commit the key executives to the company and its strategic targets and to offer them a competitive reward plan based on the ownership of the company's shares.

The Board of Directors approved a share based incentive plan in its May 2014 meeting. The plan consists of one three-year performance period in 2014–2016. It is followed by a one-year vesting period, after which the potential rewards will be paid in spring 2018. A person participating in the plan has the possibility to earn a reward only if his/her employment continues until the payment of the reward. After the shares have been allocated, they will be freely transferrable.

The potential reward is based on the targets set for Group revenue and EBITDA margin until the end of 2016. The reward is to be paid in Caverion shares and as cash payment, which is intended to cover the taxes and tax-related costs arising from the reward. If all targets will be reached, the share award will in total correspond to a maximum of 500,000 Caverion shares. Any shares to be potentially rewarded are acquired through public trading, and therefore the plan will have no diluting effect on the share value. In total, the plan covers approximately 40 persons. Expenditures related to share-based incentive plan have been EUR 217,600 in 2014.

Remuneration paid to the President and CEO

The remuneration paid to Mr. Fredrik Strand as Caverion's President and CEO consists of salary, fringe benefits, annual performance bonus, share-based incentive scheme and voluntary pension scheme. The President and CEO's annual performance bonus can be up to 60% of the annual taxable base salary. In 2014, 50% of the total bonus opportunity was tied to Group's EBITDA and 50% in Group's cash flow. These measures are in line with Caverion's strategic targets.

During 1.1.2014-31.3.2014 Mr. Juhani Pitkääkoski's total remuneration including base salary, fringe benefits and performance bonuses as the President and CEO totalled EUR 350,223.

During 1.4.2014-31.12.2014 Mr. Fredrik Strand's total remuneration including base salary, fringe benefits, voluntary pension scheme and expenditures of the share-based incentive scheme totalled EUR 506,644.

Remuneration paid to the President and CEO in 2014 (EUR)

	Base Salary	Fringe benefits	Performance bonuses	Voluntary pension scheme	Share-based incentive scheme	Total
Juhani Pitkääkoski	135,000	3,806	211,417			350,223
Fredrik Strand	349,812	15,341		122,842	18,649	506,644

Pension, retirement age and termination compensation

The contractual retirement age of the President and CEO Fredrik Strand is 65 years. His pension scheme is determined according to a defined contribution based system. In 2014 the total cost of his defined contribution pension scheme was EUR 122,842. Other members of the Group Management Board do not have supplementary executive pension schemes.

The President and CEO's contractual notice period is six months. If the company terminates the contract, he shall also be paid separate compensation amounting to 12 months' base salary.

Remuneration paid to the Group Management Board

The members of the Group Management Board are eligible for an annual performance bonus program. In 2014, the maximum bonus opportunity for the members of the Group Management Board was 50% of the annual base salary. The financial targets of the performance bonus were connected to the Group's EBITDA and cash flow. The remuneration paid to Group's Management Board members (excluding the President and CEO) including base salaries, fringe benefits and performance bonuses totalled EUR 3,619,421 in 2014. The share of fixed base salaries was EUR 2,727,865 fringe benefits amounted to EUR 181,849 and performance bonuses totalled EUR 709,707.

Risks and risk management

Our risk management policies aim to identify major risk factors and manage them so that the company achieves its strategic and financial targets.

The objective is the management of the Group's total risk exposure, not merely the management of individual risk factors.

Definition of risk

We classify as risks those external or internal uncertainty factors that, should they materialise, will have a positive or negative effect on our possibilities to achieve our strategic and financial goals in a sustainable and ethical manner.

Risk management process

The identification and management of risk factors takes into account the special features of the business and operating environment.

Risk management is an integral part of the Group's management, monitoring and reporting systems. Risk management covers the identification and assessment of risks and risk management measures for all major risk categories.

Identification and assessment of risks

The nature and probability of **strategic risks** is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year. As a result of the assessment, the major risks of divisions and the Group are compiled in a risk register and classified into a risk matrix based on their likelihood of occurrence and possible impacts.

The risk reports are reviewed by the Board of Directors, the Group Management Board and the Management Boards of the divisions.

Operational and event risks are reported at the unit and division level on a monthly basis as part of the monitoring of performance. Operational risks are related to the nature of business operations, and they can be managed by developing the operating and resolution procedures.

Financial risks are reported at the unit, division and Group level on a monthly basis as part of the monitoring of performance and quarterly to the Board of Directors' Audit Committee. The risks associated with the financial reporting process are identified and assessed annually.

Risk management measures

We apply risk management measures to those risk factors that we have classified as the most significant for our operations.

Possible risk management measures include:

- **The reduction of the risk, sharing or transfer of risk** through means such as modification of operations, more efficient supervision, insurance policies or contractual means
- **Removal of the risk** through means such as discontinuing operations that involve excessive risk and preparing for risks by developing continuity plans, etc.
- **Acceptance of the risk**

The roles and responsibilities in risk management

Board of Directors

- Approves Caverion Group's risk management policy and its objectives, and guides and supervises the planning and execution of risk management.
- Deals with matters related to the Group strategy, the organisation of business operations and significant investments.

Audit Committee

- Assists the Board of Directors with supervisory duties related to Caverion Group's reporting and accounting processes, including internal monitoring, risk management and internal auditing.

Human Resources Committee

- Assists the Board of Directors in the matters regarding appointment and remuneration of key persons, and evaluates, monitors and directs HR matters, particularly in relation to corporate culture and strategy.

Group President and CEO

- Overall responsibility for risk management.
- Responsible for the organisation and the planning, development, coordination and monitoring of the risk management strategy, as well as its implementation and communication throughout the organisation.
- Reports to the Board of Directors.

Heads of the divisions

- Identify, assess and monitor the major risks of their respective division and draws up contingency plans for the risks.
- Attend to the implementation and supervision of risk management.
- Report to the Group President and CEO.

Group's financial and finance management

- Is responsible for identifying and assessing financial risks.
- Reports to the Group management.

Group's internal audit organisation

- Supports the management in arranging and developing risk management and internal control.
- Reports to the Audit Committee of the Board of Directors and to the President and CEO.

Risk types and means for their management

Strategic risks

Changes in the operating environment

Caverion develops its business structure towards a more stable and balanced direction in order to handle changing economic cycles. Continuous monitoring and analysis make it possible to respond quickly to changes in the operating environment and to utilise the new business opportunities provided by them.

Execution of acquisitions

The Group's aim is to grow both organically and through acquisitions. Risks associated with acquisitions and outsourcing are managed by selecting projects according to strict criteria and integration processes that familiarise new employees with Caverion's values, operating methods and strategy. The Group has a uniform process and guidelines for the implementation of acquisitions.

Operational risks

Caverion's typical operational risks include risks related to contract tenders, service agreements, project management and personnel.

Project management

With regard to various projects, it is important to act selectively, taking into account the risks and profitability of the projects, and review the content, risks and terms and conditions of all contracts and agreements in accordance with specified processes. Inefficient and unsuccessful project management may have a material effect on Caverion's ability to offer high-quality and profitable services. This, in turn, may have an unfavourable effect on Caverion's business, result of operations and financial position.

Personnel

The success of the company materially depends on the professional skills of the company's management and personnel, as well as on the ability of the company to retain its current management and personnel and, when necessary, recruit new skilled personnel. The majority of Caverion's business is labour-intensive, meaning that the availability and commitment of skilled employees is a prerequisite for organic growth. The loss of management members or employees or the inability to attract qualified new personnel may have a material unfavourable effect on the company's business, result of operations and financial position.

Financial risks

Credit loss-related risks

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Caverion Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience on realised write-offs in previous years, empirical knowledge of debt collection, collateral and analyses made by clients and the general macroeconomic situation at the time.

Impairment of goodwill

If negative changes take place in Caverion's result and growth development, this may lead to an impairment of goodwill, which may have an unfavourable effect on Caverion's result of operations and shareholders' equity.

Goodwill recognised on Caverion's balance sheet is not amortised, but it is tested annually for any impairment. The amount by which the carrying amount of goodwill exceeds the recoverable amount is recognised as an impairment loss through profit and loss.

Financial risks

Financial risks include risks related to the sufficiency of financing, currency and interest rates as well as credit and counterparty risks.

Financial risks and risks related to the financial reporting process are managed through the means defined in our accounting and financing policies.

Event risks

Possible event risks include accidents related to personal or information security as well as sudden and unforeseen material damage to premises, project sites and other property resulting, for example, from fire, collapse or theft. Caverion's safety instructions apply to all Group operations and activities.

Board of Directors on December 31, 2014



Henrik Ehrnrooth

Chairman

Born 1954, M.Sc. (Forest economics), B.Sc. (Econ.) Finnish citizen. Chairman of the Human Resources Committee. Independent of Caverion Corporation, but not independent from major shareholders. Henrik Ehrnrooth holds indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth a controlling interest in Structor S.A., which is the largest shareholder of Caverion Corporation.



Ari Lehtoranta

Vice Chairman

Born 1963, M.Sc. (Eng.) President and Chief Executive Officer of Nokian Tyres plc. Finnish citizen. Member of the Human Resources Committee. Independent of Caverion Corporation and its major shareholders.



Anna Hyvönen

Member

Born 1968, Lic.Tech. Executive Vice President, North Europe Central, Ramirent Plc. Finnish citizen. Member of Audit Committee. Independent of Caverion Corporation and its major shareholders.



Eva Lindqvist

Member

Born 1958, M.Sc. (Eng.), MBA. Professional board member. Swedish citizen. Member of Audit Committee. Independent of Caverion Corporation and its major shareholders.



Michael Rosenlew

Member

Born 1959, M.Sc. (Econ.) Managing Director of Mikaros AB. Finnish citizen. Chairman of Audit Committee, member of the Human Resources Committee. Independent of Caverion Corporation and its major shareholders.

Group Management Board on December 31, 2014



Fredrik Strand

President and CEO

Born 1964. Swedish citizen.

In the Group's employ since February 2014. President and CEO since April 1, 2014.



Karl-Walter Schuster

Project Excellence

Born 1950, M.Sc. (Eng.), German citizen. In the Group's employ since July 1, 2013.



Matti Malmberg

Service Efficiency

Born 1960, M.Sc. (Eng.), Finnish citizen. In the Group's employ since July 1, 2013.



Antti Heinola

Finance

Born 1973, M.Sc. (Econ.), eMBA. Finnish citizen. In the Group's employ since July 1, 2013.



Sakari Toikkanen

Group Development & Support

Born 1967, Lic. (Tech.), Finnish citizen. In the Group's employ since July 1, 2013.



Merja Eskola

Human Resources

Born 1961, MBA (E-business), BBA (Foreign Trade). Finnish citizen. In Group's employ since October 2013.



Päivi Alakuijala

Marketing and Communications

Born 1967, M.Sc. (Agr. & Forest). Finnish citizen. In the Group's employ since July 1, 2013.



Thomas Lundin

Sweden

Born 1960, International Executive Education. Swedish citizen. In the Group's employ since November 10, 2014.



Knut Gaaserud

Norway

Born 1967, M.Sc. (Technology). Norwegian citizen. In the Group's employ since July 1, 2013.



Werner Kühn

Germany

Born 1959, Post Graduate Degree in Business Informatics. German citizen. In the Group's employ since October 1, 2014.



Jarno Hacklin

Finland

Born 1978, Engineer. Finnish citizen. In the Group's employ since July 1, 2013.



Manfred Simmet

Austria

Born 1966, Engineer. Austrian citizen. In the Group's employ since July 1, 2013.



Peter Rafn

Denmark

Born 1968, M.Sc. (Econ.) Danish citizen. In the Group's employ since July 1, 2013.



Erkki Huusko

Industrial Services

Born 1957, B.Sc.(Eng), eMBA. Finnish citizen. In the Group's employ since July 1, 2013.



Result publications and investor information

Financial reporting in 2015

- Financial Statements bulletin for 2014 on January 29, 2015
- Annual Report 2014 including Financial Statements on February 19, 2015
- Interim Report for January–March on April 24, 2015
- Interim Report for January–June on July 23, 2015
- Interim Report for January–September on October 23, 2015

The Financial Statements bulletin and Interim Reports are published at approximately 9 a.m. Finnish time (EET).

A news conference for investors, analysts and media will be held in connection with the publication of financial reports. It is also possible to participate in these events through a conference call. Webcasts in English will be available on our website both live and recorded.

[Webcasts from our result publications can be viewed on our website](#)

Closed period

Prior to the Financial Statements bulletin and each Interim Report, Caverion follows a so called silent period which begins on January 1, April 1, July 1 and October 1, and lasts until the publication of the respective financial report.

Annual General Meeting

Caverion Corporation's Annual General Meeting will be held in Helsinki on March 16, 2015. Registration for the meeting has begun and will end on March 11, 2015 at 10.00 a.m. EET.

[More information and registration](#)

Investor information on Caverion's website

The Investors section on Caverion's website includes:

- financial reports, stock exchange releases, investor presentations and webcasts
- monthly updated information of our largest owners, as well as insiders with the duty to declare, including their shareholdings
- the share's trading information
- tools for share analysis, including share price search
- analysts' consensus estimates
- event calendar

[Investors website](#)

IR app

Investor information about Caverion is available also through an iPad application. Through this application, you can read Caverion's up-to-date investor information in a format optimised for iPad. The application provides iPad users with the latest financial information about Caverion, both in online and offline modes. You can download the application free of charge from [App Store](#)

Subscribe releases and publications

You can subscribe Caverion's stock exchange releases, investor news and press releases to your e-mail by completing the order form on [our website](#).

The Annual Report is published online only. Caverion's company brochure can be ordered from Corporate Communications: [communications\(a\)caverion.com](mailto:communications(a)caverion.com)

Our disclosure policy is available on our [website](#).

Annual General Meeting 2015

The Annual General Meeting of Caverion Corporation will be held on March 16, 2015 in Helsinki (Messukeskus, Exhibition and Convention Centre Helsinki, Messuaukio 1, 00520 Helsinki, Finland).

The meeting will start at 10 a.m. Finnish time (EET). The reception of persons who have registered to attend the Annual General Meeting and the distribution of voting slips will commence at 9 a.m. Coffee will also be served from 9 a.m.

The Annual General Meeting will be conducted in Finnish. Simultaneous translation (Finnish/English) will be available at the meeting.

Registration

Registration will end on March 11, 2015 at 10 a.m. EET.

You can register either:

- By using the [registration form on our website](#)

or

- By phone: +358 20 770 6882 (Monday to Friday 9 a.m.- 4 p.m.)

Important dates

AGM record date:

March 4, 2015

Last day to give notice of attendance:

March 11, 2015 by 10:00 a.m.
(Finnish time)

AGM:

March 16, 2015 at 10:00 a.m.
(Finnish time)

Dividend payment record date:

March 18, 2015

Proposed dividend payment date:

April 2, 2015

More information

[Caverion's website](#)

Shares and shareholders

At end of the year 2014, Caverion had 32,837 shareholders.

Shareholders

At the end of December 2014, the number of registered shareholders in Caverion was 32,837 (12/2013: 33,353). At the end of December 2014, a total of 33.0% of the shares were owned by nominee-registered and non-Finnish investors (12/2013: 38.2%)

During the review period, the company published four flagging notifications of change in ownership in Caverion Corporation.

[Flagging notification on Caverion's website](#)

[Up-to-date information on Caverion's largest shareholders and ownership structure available on Caverion's website](#)

Shares held by the Board of Directors, the President and CEO and the Group Management Board

On December 31, 2014, members of Caverion Corporation's Board of Directors and the CEO held a total of 17,845,513 Caverion shares, representing 14.21% of the company's shares and the votes conferred by them. Share ownership includes individuals' direct holdings and the holdings of their close associates and controlled corporations.

Management's shareholding on December 31, 2014

	Shares	% of share capital
Board of Directors	17,841,513	14.21
President and CEO	4,000	0.000032
The Group Management Board excluding the CEO	102,317	0.000815
Total	17,947,830	14.29

Largest shareholders on December 31, 2014

Shareholders	Shares, pcs	% of shares
1. Structor S.A.	17,840,000	14.20
2. Funds held by Antti Herlin, including directly held shares	13,150,180	10.47
3. Ilmarinen Mutual Pension Insurance Company	4,709,444	3.75
4. Fondita funds	3,850,000	3.07
5. Nordea funds	3,264,570	2.60
6. OP funds	2,968,616	2.36
7. Varma Mutual Pension Insurance Company	2,864,393	2.28
8. Aktia funds	2,378,887	1.89
9. The State Pension Fund	1,850,000	1.47
10. Elo Pension Company	1,344,468	1.07
11. Brotherus Ilkka	1,304,740	1.04
12. Evli funds	1,103,705	0.88
13. SEB funds	937,600	0.75
14. Danske Invest funds	874,685	0.70
15. Etera Mutual Pension Insurance Company	757,446	0.60
16. Säästöpankki funds	586,052	0.47
17. Odin funds	537,068	0.43
18. Caverion Oyj	509,257	0.41
19. FIM funds	438,511	0.35
20. Föreningen Konstsamfundet rf	423,002	0.34
20 largest, total	61,692,624	49.10
All shares	125,596,092	100.00

Ownership structure by sector on December 31, 2014

Sector	Shareholders	% of owners	Shares	% of share capital
Nominee registered and non-Finnish holders	177	0.54	41,434,650	33.0
Households	30,473	92.80	26,002,124	20.7
General government	37	0.11	12,678,254	10.1
Financial and insurance corporations	94	0.29	17,217,813	13.7
Non-profit institutions	420	1.28	7,449,174	5.9
Non-financial corporations and housing corporations	1,636	4.98	20,814,077	16.6
On common and special accounts	0	0.00	0	0.00
Total	32,837	100.00	125,596,092	100

The ownership structure is based on the classification of sectors determined by Statistics Finland. The information is based on the list of the company's shareholders maintained by Euroclear Finland Ltd. Each nominee register is recorded in the share register as a single shareholder. The portfolios of several investors can be managed through one nominee-registered shareholder.

Ownership by number of shares held on December 31, 2014

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares, %
1 - 100	8,720	26.6	552,448	0.4
101 - 500	13,267	40.4	3,743,911	3.0
501 - 1 000	5,100	15.5	4,035,925	3.2
1 001 - 5 000	4,711	14.3	10,257,948	8.2
5 001 - 10 000	527	1.6	3,798,059	3.0
10 001 - 50 000	375	1.1	7,767,377	6.2
50 001 - 100 000	54	0.2	3,845,004	3.1
100 001 - 500 000	61	0.2	14,381,712	11.5
500 001 -	22	0.1	77,213,708	61.5
Total	32,837	100.0	125,596,092	100.0

The information is based on the list of the company's shareholders maintained by Euroclear Finland Ltd.

Caverion share

Caverion's shares are listed on NASDAQ Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Ltd. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. All Caverion shares carry equal rights to dividends. The company's shares have no nominal value.

Caverion Corporation's share capital and the number of shares did not change during the review period. The number of shares subject to public trading was 125,596,092 and the share capital was EUR 1,000,000 on December 31, 2014.

Key information about the share (CAV1V)

- Listing: NASDAQ Helsinki
- List: Nordic Mid Cap
- Listing date: July 1, 2013
- Trading currency: EUR
- Industry: Industrial Goods & Services
- Trading code: CAV1V
- ISIN code: FI4000062781
- Reuters code: CAV1V.HE
- Bloomberg code: CAV1V:FH

Indexes

At the end of 2014, the Caverion share was included in the following indexes, among others:

- OMX GES Ethical Finland Index
- OMX Helsinki Cap
- OMX Helsinki
- OMX Helsinki Mid Cap
- OMX GES Sustainability Finland
- OMX Nordic EUR

Treasury shares

Caverion held 4,080 treasury shares on January 1, 2014. During January–December 5,177 Caverion shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme of YIT Corporation.

Caverion acquired 500,000 own shares in public trading arranged by NASDAQ OMX Helsinki Ltd during July 23 – August 12. Caverion's Board of Directors approved a long-term share-based incentive plan 2014–2016 for the company's key senior executives on May 26, 2014. If all targets will be reached, the share award will in total correspond to a maximum of 500,000 Caverion shares.

Caverion held 509,257 treasury shares at the end of December 2014. Number of shares outstanding was 125,086,835 on December 31, 2014.

Own shares held by Caverion Corporation represent 0.41% of the total number of shares and voting rights.

Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Trading in shares

The opening price of Caverion's share was EUR 8.90 at the beginning of the year 2014. The closing rate on the last trading day of the review period on December 30, 2014 was EUR 6.65. The share price decreased by 25.3% during January–December. The highest price of the share during the review period January–December was EUR 8.92, the lowest was EUR 5.37 and the average price was EUR 7.03. Share turnover on NASDAQ Helsinki in January–December amounted to 51.0 million shares. The value of share turnover was EUR 358.3 million (source: NASDAQ OMX).

In addition to the Helsinki Stock Exchange, Caverion's shares are also traded in other market places, such as BATS Chi-X, Frankfurt Stock Exchange (Open Market), Turquoise and Burgundy. During January–December, 3.6 million Caverion Corporation shares changed hands in alternative market places, corresponding to approximately 4.6 percent of the total share trade. Of the alternative market places, Caverion shares changed hands particularly in BATS Chi-X. Furthermore, during January–December, 24.6 million Caverion Corporation shares changed hands in OTC trading outside NASDAQ OMX, corresponding to approximately 31.0 percent of the total share trade (source: Fidessa Fragmentation Index).

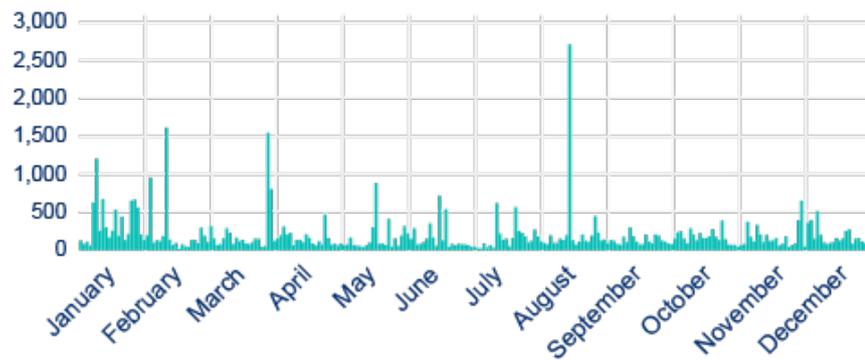
Caverion Corporation's market capitalisation at the end of the review period was EUR 831.8 million. Market capitalisation has been calculated excluding the 509,257 shares held by the company as per December 31, 2014.

Share price development and turnover in NASDAQ Helsinki on January 2, 2014–December 30, 2014

Price, EUR



Turnover, 1,000 shares



Debt financing

Treasury policy

Treasury Policy is carried out by the Treasury of Group in co-operation with subsidiaries under policies approved by the Board of Directors of Caverion Group. Subsidiaries are responsible for providing the Group Treasury with timely and accurate information on financial position, cash-flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management.

The Group Treasury is responsible for maintaining sufficient funding, availability of different funding sources and controlled maturity profile of external loans. The Group Treasury evaluates and monitors continuously the amount of funding required in the Group's business activities to ensure it has adequate liquid fund to finance its operations and repay its loans at maturity.

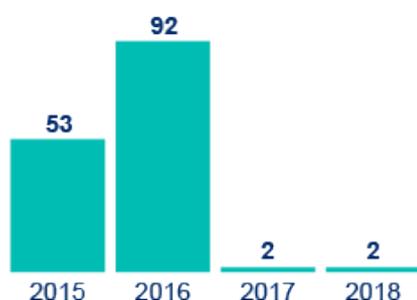
Financing position at the end of 2014

Caverion's cash and cash equivalents amounted to EUR 98.8 million at the end of December (12/2013: EUR 133.3 million). In addition, Caverion had undrawn revolving credit facilities amounting to EUR 60 million and undrawn overdraft facilities amounting to EUR 19 million.

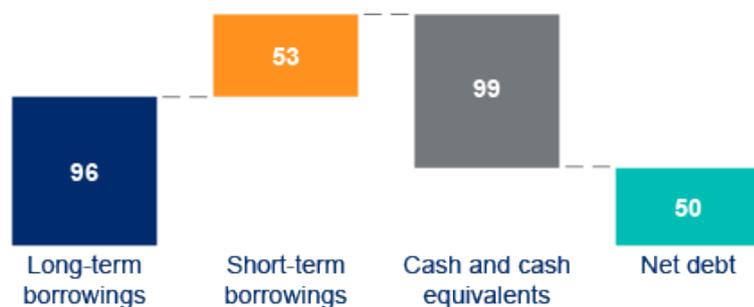
The Group's interest-bearing loans and borrowings amounted to EUR 149.0 million. (12/2013: EUR 219.8 million), and the average interest rate after hedges was 2.1 percent. Fixed-rate loans after hedges accounted for approximately 21 percent of the Group's borrowings. Approximately 93 percent of the loans have been raised from banks and other financial institutions and approximately 5 percent from insurance companies. A total of EUR 53.5 million of the interest-bearing loans and borrowings will fall due during 2015.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Net debt amounted to EUR 50.2 million (12/2013: EUR 86.5 million).

Debt maturity (EUR million)



Gross debt to net debt (EUR million)



Loan portfolio



- Banks 93%
- Insurance companies 5%
- Other 2%

Interest rate type (after hedges)



- Fixed interest 21%
- Floating interest 79%

Investor Relations

The aim of our investor relations activity is to support the appropriate valuation of the Caverion share by continuously and consistently communicating all essential information on Caverion to all market parties.

In addition, we aim to increase interest in the company among equity and debt investors and analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

[Task and objectives](#)

[Disclosure policy](#)

Activities in 2014

In 2014 we met with approximately 1,900 investors and analysts. Caverion held 40 road show days and group meetings. In other individual investor meetings, the company management met approximately 200 institutional investors in Europe and North America. In addition, we met with approximately 1,700 retail investors at events arranged by the Finnish Foundation for Share Promotion, Osakesäästäjät (an organisation for retail investors), Arvopaperi magazine, Nordnet and Helsinki Stock Exchange and in our Annual General Meeting.

In June, we held an analyst day in Helsinki for analysts following Caverion. In addition, we met with analysts and brokers in various seminars.

Caverion's Capital Markets Day for investors, analysts and media was arranged on September 10, 2014 in Stockholm, Sweden. The event focused on presenting Caverion's strategy and service offering.

At the event, President and CEO Fredrik Strand emphasized the significance of life cycle solutions for Caverion and presented the measures for achieving strategic targets of growth and improved profitability.

The head of Project Excellence, Karl-Walter Schuster, and the head of Service Efficiency Matti Malmberg described the seven service areas and discussed the measures to improve profitability in project and service businesses. CFO Antti Heinola presented Caverion's financial development. The day ended with a site visit to the medical technology company Bactiguard's new production facility, for which Caverion has provided cleanroom technology. The event was attended by 26 participants from Finland, Sweden, Norway, Germany, Austria and the United Kingdom.

[Contacts in Investor Relations](#)

[Contacts in Corporate Communications](#)

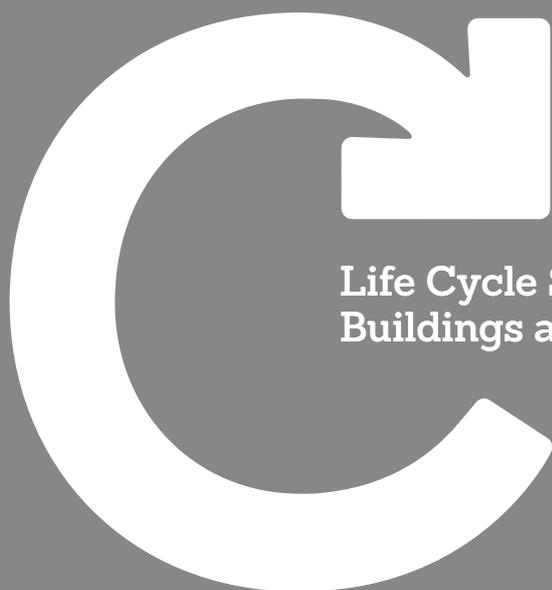
[Analysts' contact details](#)



Analysts following Caverion

According to Caverion's information, at least the following brokerage firms actively follow Caverion. They follow Caverion on their own initiative, and we are not responsible for their views.

- Berenberg
- Carnegie Investment Bank
- Danske Markets Equities
- Evli Bank
- Goldman Sachs International
- Handelsbanken Capital Markets
- Inderes
- Nordea Markets
- Pareto Öhman
- Pohjola Bank
- SEB Eskilda



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