

Caverion

**Caverion Corporation's
Corporate Governance
Statement 2015**

Public

Contents

| | |
|---|---|
| I Introduction | 1 |
| II Descriptions concerning corporate governance | 1 |
| General Meeting | 1 |
| Board of Directors..... | 1 |
| Board members and meetings in 2015..... | 2 |
| Committees to the Board of Directors..... | 3 |
| Audit Committee in 2015 | 3 |
| Human Resources Committee in 2015..... | 3 |
| Attendance of the Board members in the meetings held 2015..... | 4 |
| President and CEO..... | 4 |
| Other Executives | 4 |
| III Descriptions of internal control procedures and the main features of risk management systems | 5 |
| Internal Control | 5 |
| Risk Management..... | 6 |
| IV Other information | 6 |
| Internal Audit | 6 |
| Main procedures relating to insider administration..... | 6 |
| Auditor..... | 7 |
| The Report of the Board of Directors..... | 7 |

I Introduction

This Caverion Corporation's Corporate Governance Statement ("the Statement") has been prepared pursuant to the Securities Market Act and recommendations of the Finnish Corporate Governance Code 2010 as an independent document from the Report of the Board of Directors. This statement is published on Caverion Corporation's website http://www.caverion.com/investors/Corporate_Governance.

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. Unless otherwise stated hereinafter Caverion Corporation has complied during the year 2015 with the recommendations of the Finnish Corporate Governance Code 2010 issued by the Securities Market Association. The Code took effect on 1 October 2010 and is publicly available on the website www.cgfinland.fi/en.

The Audit Committee of the Board of Directors reviewed the Statement in its meeting on 26 January 2016 and on the same day the Board of Directors approved it.

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

II Descriptions concerning corporate governance

General Meeting

Caverion Corporation's highest decision-making body is the General Meeting of the Shareholders. The matters to be considered at the General Meeting are determined on the basis of the Articles of Association 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, Chairman and Vice-Chairman 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 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 of Caverion Corporation, the Board of Directors consists of the Chairman, Vice Chairman and three to five (3–5) members elected by the General Meeting of Shareholders.

The Board of Directors is responsible for the administration and the proper organisation 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 organisation 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 monitors 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;
- The Group's strategy and long-term objectives;
- Group budget and business plan and overseeing their implementation;
- Approving the Financial Statements and interim reports;

26 January 2016

- Significant acquisitions and divestments with a value equal to or more than EUR 10 million and investments with a value of equal to or more than EUR 5 million;
- Tenders and agreements with a value equal to or more than EUR 100 million;
- Key operational policies on, for example, risk management, code of conduct, treasury, disclosure; and
- Organisation 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 work annually.

The term of office of the members of the Board of Directors is the time period between the end of the General Meeting in which the member is elected and the end of the next Annual General Meeting.

Board members and meetings in 2015

The members of Caverion Corporation's Board of Directors during the financial year that ended 31 December 2015, were:

Between 1 January 2015 and 16 March 2015:

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

Ari Lehtoranta (Vice Chairman), born 1963, M.Sc. (Eng.), President and CEO of Nokian Tyres Plc

Michael Rosenlew, born 1959, M.Sc. (Econ);

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

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

As of 16 March 2015:

Ari Lehtoranta (Chairman), born 1963, M.Sc. (Eng.), President and CEO of Nokian Tyres Plc

Michael Rosenlew (Vice Chairman), born 1959, M.Sc. (Econ);

Markus Ehrnrooth, born 1985, MSc (Tech), BSc Political Science (Econ)

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

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

Ari Puheloinen, born 1951, General Staff Officer

According to the Board of Director's assessment of independency all members were considered as independent of Caverion Corporation and, excluding Henrik Ehrnrooth and Markus 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 (31.12.2015). The independency assessment outcome regarding Henrik and Markus Ehrnrooth was based on overall consideration.

The Board of Directors convened eight (8) times in 2015. The secretary to the Board was the Corporate General Counsel.

In addition to its regulatory tasks the focus areas of the Board's work in 2015 included enhancement of occupational safety procedures, project business development, working capital management and enhancement and monitoring of compliance. The Board also reviewed the business and the development of Industrial Solutions - division, service business and procurement efficiency as well as executed reorganizations in the Group Management Board.

Committees to the Board of Directors

In accordance with its charter, the Board of Directors established two committees in its meeting on 16 March 2015: Audit Committee and Human Resources Committee.

Audit Committee in 2015

The Audit Committee assists the Board of Directors in its oversight responsibilities related to the financial reporting and accounting 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. The Audit Committee convened five times during 2015.

The members of the Audit Committee of Caverion Corporation were between 1 January 2015 and 16 March 2015 Michael Rosenlew (Chairman), Anna Hyvönen and Eva Lindqvist. As of 16 March 2015 Michael Rosenlew continued as Chairman, and Markus Ehrnrooth and Eva Lindqvist were elected as new members. The secretary to the committee was Chief Financial Officer of Caverion Group.

The Audit Committee considered besides interim reports, financial statements and audit matters Group IT Security, risk management development, financing and the litigation and claim processes.

Human Resources Committee in 2015

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 personnel issues related especially to corporate culture and strategy.

The Human Resources Committee carries out the tasks of the Nomination Committee and the Remuneration Committee as stated in the Corporate Governance Code. The committee consists of three to five (3–5) 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 2015 were between 1 January 2015 and 16 March 2015 Henrik Ehrnrooth (Chairman), Ari Lehtoranta and Michael Rosenlew. As of 16 March 2015 members were Ari Lehtoranta (Chairman), Anna Hyvönen and Ari Puheloinen. The secretary to the committee was the Group Senior Vice President, Human Resources and People.

The Human Resources Committee convened in 2015 four times and it focused in its work in talent review and succession planning, reviewed the performance in the Excellent Leadership strategic focus area and reviewed principles of top management remuneration and bonuses. In addition Human Resources Committee guided the design of Caverion Group's new Long Term Incentive Plan 2016-2018 structure and content and criteria of Annual Bonus Plan 2016. In the beginning of 2015 the Committee prepared the appointments of the new candidates for the Board of Directors and prepared on-boarding programs for the new Board members.

Attendance of the Board members in the meetings held 2015

| | Board of Directors | Audit Committee | Human Resources Committee |
|------------------------------------|--------------------|-----------------|---------------------------|
| Henrik Ehrnrooth | 1/1 | - | 1/1 |
| Ari Lehtoranta | 8/8 | - | 4/4 |
| Markus Ehrnrooth | 7/7 | 4/4 | - |
| Anna Hyvönen | 8/8 | 1/1 | 3/3 |
| Eva Lindqvist | 6/8 | 4/5 | - |
| Ari Puheloinen | 7/7 | - | 2/3 |
| Michael Rosenlew | 8/8 | 5/5 | - |
| Average meeting attendance rate, % | 96 | 93 | 91 |

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 of 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 during 2015 was Fredrik Strand (born 1964), Regiment S1 Enköping (Sweden), Military Officer (Schools and Service), 1984–1989.

Fredrik Strand owned 4,000 Caverion Corporation shares on 31 December 2015.

Other Executives

The President and CEO and other members appointed by the Board of Directors constitute the Group's Management Board. In its operational tasks the Management Board assists the President and CEO with operational planning and management and prepares also matters that are to be processed by the Board of Directors. Among other duties, the Management Board prepares the Group's strategic and annual planning, monitors and supervises the implementation of plans and financial reporting and prepares major investments and acquisitions. Development of cooperation within the Group functions and promoting common development projects are also among the Management Board's key duties.

Group Management Board meets on a regular basis, approximately once a month. The President and CEO is responsible for decisions made by the Management Board, whereas the Management Board members implement the decisions in their own areas of responsibility.

Management Board consisted of the following executives in addition to the President and CEO:

| | |
|-------------------------------|---|
| Carina Qvarngård ¹ | Born 1959, M.Sc. (Eng), Senior Vice President, Group Business Development & Marketing |
| Matti Malmberg | Born 1960, M.Sc. (Eng.), Senior Vice President, Group Delivery & Operations Development |
| Antti Heinola | Born 1973, M.Sc. (Econ.), eMBA, CFO (Finance and Governance) |
| Sakari Toikkanen | Born 1967, Lic. (Tech.), Senior Vice President, Group Strategy & Development |

¹ As of 1 October 2015

26 January 2016

| | |
|-----------------------------------|--|
| Merja Eskola | Born 1961, MBA (E-business), BBA (Foreign Trade), Senior Vice President, Human Resources |
| Thomas Lundin | Born 1960, Stockholm School of Economics, International Executive Program IHM Business School in Sweden, Business Administration and Economics, Swedish National Police Academy, Law Enforcement, Political Science and General Law, Executive Vice President & CEO, Division Sweden |
| Knut Gaaserud | Born 1967, M.Sc. (Technology), Executive Vice President & CEO, Division Norway |
| Werner Kühn | Born 1959, Post Graduate Degree in Business Informatics, Executive Vice President & CEO, Division Germany |
| Jarno Hacklin | Born 1978, Engineer, Executive Vice President & CEO, Division Finland |
| Manfred Simmet | Born 1966, Engineer, Senior Vice President & CEO, Division Austria |
| Peter Rafn | Born 1968, M.Sc. (Econ.), Senior Vice President & CEO, Division Denmark |
| Juhani Pitkääkoski ² | Born 1958, LL.M., Executive Vice President & CEO, Division Industrial Solutions |
| Niclas Sacklén ³ | Born 1969, Bachelor of Science (Eng.), MBA, Group Senior Vice President and CEO of Division Eastern Europe |
| Karl-Walter Schuster ⁴ | Born 1950, M.Sc. (Eng.), Head of Project Business Excellence Area |

Management Board members' share ownership in Caverion Corporation 31 December 2015:

| | |
|-----------------------------------|--------|
| Carina Qvarngård | 0 |
| Matti Malmberg | 6 160 |
| Antti Heinola | 9 700 |
| Sakari Toikkanen | 39 882 |
| Merja Eskola | 770 |
| Thomas Lundin | 0 |
| Knut Gaaserud | 506 |
| Werner Kühn | 16 500 |
| Jarno Hacklin | 6 586 |
| Manfred Simmet | 2 377 |
| Peter Rafn | 691 |
| Juhani Pitkääkoski | 53 100 |
| Niclas Sacklén | 0 |
| Karl-Walter Schuster ⁵ | 0 |

III Descriptions of internal control procedures and the main features of risk management systems

Internal Control

Under the supervision of Audit Committee and guidance by the President and CEO, Caverion Group's Finance and Governance function 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 subsidiary reporting is carried out in accordance with the Group's policies, guidelines and instructions.

The main internal control procedures at Caverion Group in relation to the financial reporting include the Code of Conduct, authorisation rules, Group Accounting Manual and Treasury Policy. The control process is based on

² As of 9 February 2015

³ As of 1 May 2015

⁴ Until 1 October 2015

⁵ 30 September 2015

common chart of accounts, common accounting tool (SAP) and appropriately automated interfaces between different systems in the monthly reporting process. In addition essential process of internal control is quarterly held follow-up meetings during which Group management reviews every division's financial standing and business outlook in detail. Financial planning and reporting covers annual budgeting and quarterly business reviews by Group management including review of forecast. Treasury, Information technology and systems and mergers and acquisitions (M&A) are centralised functions in the Group.

Any person who notices breaches of regulations, policies or guidelines (like Caverion's Code of Conduct) is encouraged to report them by contacting his/her line manager or using specific e-mail account. Caverion also maintains a web-based channel to report – even anonymously - e.g. breaches of eventual financial misconduct. The Group's compliance and ethics team supervises and monitors the investigation process for such cases.

Risk Management

Risk management is an integral part of the Group's management, supervision and reporting systems. Risk management covers the identification and assessment of risks as well as contingency planning for all significant risks.

A Group-wide strategic risk assessment is carried out annually. As a result of the assessment, the most important risks are handled in Caverion's Board of Directors and in the Group Management Board. The division level risks are reported as a part of the normal monitoring of financial performance. The risks related to the financial reporting process are identified and assessed annually.

The Board of Directors guides and supervises the planning and implementation of risk management. The Audit Committee assists the Board in the supervision of the reporting and accounting processes of the Group, including internal control, risk management and internal audit.

The President and CEO has the overall responsibility for risk management, but Group Finance and Governance function organises and plans, develops, coordinates and supervises the risk management as well as its implementation and communication in the entire Group.

The division management identifies, assesses and monitors the most significant risks in their own fields of business and draw up plans on how to prepare for such risks. In addition, the division management is in charge of the implementation and supervision of risk management in their area of responsibility and it reports on risk management to the President and CEO.

Group's Finance and Governance function is in charge of the identification and assessment of financial risks and reporting to the Group management.

IV Other information

Internal Audit

The Group Internal Audit reports functionally to the Audit Committee of the Board of Directors and administratively to the Group CFO. 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.

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

Main procedures relating to insider administration

Caverion Group's Finance and Governance function is responsible for managing insider matters within the Group. Corporate General Counsel is appointed as a person responsible for the upkeep of insider registers, training

and advising in insider matters and organising internal monitoring of Caverion Corporation's securities traded by the insiders. Insider management monitors regularly that insiders have not traded on company's securities during restricted periods. Caverion Corporation's Board of Directors has adopted Insider Guidelines which are published on the company's website.

Auditor

The Annual General Meeting elected on 16 March 2015 PricewaterhouseCoopers Oy, Authorised Public Accountants, as the auditor of the company. The auditor with the main responsibility is Heikki Lassila, Authorised Public Accountant.

During 2015 Caverion has paid EUR 0.6 million for audit services and EUR 0.2 million for non-audit services to PricewaterhouseCoopers -companies.

The Report of the Board of Directors

The Board of Directors has approved the Report of the Board of Directors 2015 at its meeting on 26 January 2016. 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 during week 8 of 2016.