

Caverion

**Caverion Sustainability Report
2017**

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Salmisaarenaukio 2, 00180 Helsinki
PO Box 59,00621 Helsinki
Y-tunnus 2534127-4, Helsinki
www.caverion.com



Our approach

We aim at reducing negative environmental impacts

We aim at reducing negative environmental impacts in our external and internal services and solutions.

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 through professional design, efficient technical solutions and quality implementation, as well as comprehensive operation and maintenance. Energy efficiency is integrated in all of our services.

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. For the transport of both material and people, we use logistical solutions that help reduce greenhouse gas emissions. We emphasise the efficient planning of routes and an economical way of driving.

We emphasise excellent leadership

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.

Occupational health and safety are important to us. 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.

Continuous learning is included in our 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.

We ensure high quality 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.

We operate responsibly

We do not exercise or accept any form of corruption, extortion or bribery and we are committed to working against these practices.

We do not tolerate grey economy, 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. More, we do not tolerate any form of discrimination, including discrimination related to age, gender, national and social origin, religion, physical or mental handicap, political or other opinion or sexual orientation. Nor do we tolerate any kind of harassment or bullying in the workplace.

We support open and fair competition in all markets. We comply with the applicable competition legislation in everything we do and avoid situations where there is a risk that the competition regulations could be breached.

Regarding economic performance, we strive for ensuring good return on investment, good risk management, and future growth potential.

During 2018 Caverion will define updates to the key sustainability KPI's.

Management of corporate responsibility

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:

[o Our Code of Conduct](#)

[o 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 Team 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.

The team consists, depending on the type of the matters discussed, of persons having the following positions at Caverion Group:

- o President and CEO of Caverion Group
- o Chief Financial Officer of Caverion Group
- o Heads of two Divisions (per separate appointment)
- o Group General Counsel
- o Head of Human Resources
- o Head of Marketing and Communications
- o Head of Procurement

The Chief Compliance Officer convenes the meeting and acts as the secretary of the meeting. The Group Compliance and Ethics Team has meetings when needed. In 2017 it had three meetings.

Disclosure on management approach

This page summarises Caverion's approach to managing sustainability topics, and is provided in accordance with Global Reporting Initiative G4 guidelines.

We aim at reducing negative environmental impacts:

Approach and goals: We aim at reducing negative environmental impacts in our external and internal services and solutions

Material aspects: Energy, emissions, products and services

Monitoring and follow-up: Sustainability reporting, reports to CDP, local monitoring

Policies: Code of Conduct, ISO standards

Responsibilities & Resources:

- o Group development
- o Entire line organization
- o Group R&D

We emphasise excellent leadership:

Approach and goals: Our goal is to have an accident free workplace and also to secure the well-being of our employees and great leadership that is based on openness and trust.

Material aspects: Occupational health and safety, training and education, compliance

Monitoring and follow-up: Performance Development Process (MBKR), Employee Engagement Survey, Code of Conduct –e-learning, Common Leadership Safari Program

Policies: Compensations guideline, Job structure guideline, Code of Conduct

Responsibilities & Resources:

- Steering group
- Group HR & People + division HR
- Each line manager

We ensure high quality service:

Approach and goals: 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.

Material aspects: Customer health and safety, training and education

Monitoring and follow-up: Service level agreements, Training

Policies: ISO standards, Product safety, Code of Conduct

Responsibilities & Resources:

- Group development, Service, Projects
- Divisions

We operate responsibly:

Approach and goals: We operate fully in accordance with rules and regulations, our Code of Conduct and company values.

Material aspects: Anti-corruption, compliance, non-discrimination, anti-competitive behaviour, economic performance

Monitoring and follow-up: Risk management and compliance, whistle-blowing channels, training

Policies: Values, leadership principles and corporate culture, Code of Conduct, Competition law guidelines, Supplier Code of Conduct, Governance principles, and Risk management

Responsibilities & Resources:

- Group HR & People
- Group Risk Management & Compliance
- Group Legal
- Internal Audit

Reporting

We report sustainability related information annually. 2017 report is still applying with the G4 guidelines of the Global Reporting Initiative (GRI). The content of the report includes key areas of economic, social and environmental responsibility. A comparison of the contents and the GRI G4 guidelines can be seen in the GRI G4 index.

The most central target groups of the report are investors, shareholders, clients, suppliers, analysts,

Materiality assessment

Through materiality assessment, we aim at identifying the key sustainability themes and aspects for Caverion and our stakeholders. These aspects have been defined according to GRI G4 reporting guidelines. Our first materiality assessment was completed in 2015.

In the materiality assessment 2015 we included internal stakeholders' opinion on key sustainability aspects, and their estimate of what is significant to our external stakeholders. In the future we are planning to develop the assessment and include also more interaction with external stakeholders.

The results show that we identified 11 material aspects (GRI, G4-19). They are further described in the disclose of management approach and also in our key responsibility themes.

Material aspects:

Economic performance

Energy

Emissions

Products and services

Occupational health
and safety

Training and education

Non-discrimination

Anti-corruption

Anti-competitive
behaviour

Compliance

Customer health and
safety

Boundaries

Our reporting covers only Caverion's own operations. Subsidiaries are included in the reporting scope. The boundary for all the material aspects is Caverion Group.



Our people

Caverion's business success is made through our 16,200 services and projects professionals in twelve countries in Europe. Caverion is turning into a leading service company and a selective master of projects covering the whole life cycle of buildings, industries and infrastructure. We also want to be a technology forerunner providing excellent customer experience. Therefore, in our strategy our employees play an essential role to succeed. Our customers appreciate the Caverion service mindset and expertise to respond quickly and solve challenges of customers. We aim to build such a working environment for our employees that they can perform at their highest potential at every level and provide an excellent service experience to our customers. All of Caverion's activities are compliant and guided by ethical principles. The personnel's rights and responsibilities include the right to a safe and healthy working environment, well-being as well as the prohibition of any kind of discrimination.

Our people related strategic focus areas

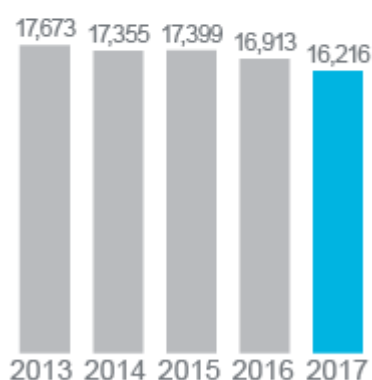
The business environment is changing all the time and digitalization has a big impact on our work both internally and externally. Being able to lead our people to perform well requires clear vision, focus and continuous renewal. In 2017 we launched a new strategy where our people related strategic focus areas are:

- o Top performance at every level
- o Inspiring leadership
- o Right people in right places
- o Professional growth

Caverion continued to face challenges in its operations during 2017. Even though many actions took place already in 2016, the results were not satisfactory and we launched further performance and utilisation improvement actions during 2017 to restructure our businesses and reduce our fixed costs. Restructuring actions and the personnel reductions focused mainly on the division Sweden, but also activities were made in other divisions. Performance improvement actions will continue systematically throughout the strategy period "Fit for Growth".

We continued to develop our leadership capability as one of our strategic focus areas. Through inspiring leadership we engage and motivate our employees and are able to provide them good opportunities to develop their competences and broaden their expertise. Also new resources were needed to fulfil critical competence gaps in certain jobs such as project and service management and technical competence areas. In 2017 we continued our well recognized practice to grow trainees and apprenticeships to get competent resources for Caverion. At the same time special emphasis was put into our project business to improve our controls and strengthen our project management capability in all divisions. Finding the right resources and being able to focus our development activities into the right competence areas are the most important tasks at hand.

**Personnel at year's end,
2013–2017**



Personnel facts

At the end of 2017, we employed 16,216 people in total in 12 countries, of which 66% of our employees were non-salaried employees, and 34% salaried employees.

	2017	2016	2015
Personnel at year's end	16,216	16,913	17,399
Personnel on average	16,607	17,381	17,321
Non-salaried / salaried employees (%)	66 / 34	66 / 34	66 / 34
Women / men (%)	11 / 89	10 / 90	10 / 90
Share of women on the Management Board (%)	14	7	14
Share of women on the Board of Directors	25	40	33

(%)			
Fixed-term employees (%)	11	12	9
Fixed-term employees, women and men (%)	10 / 90	11 / 89	10 / 90
Full-time employees (%)	95.4	96.3	96.5
Relative share of employees working part-time, women and men (%)	17.5 / 3.1	16.1 / 2.3	15.9 / 2.1
Nationalities	47	51	50
Attendance rate**	15,715	16,383	16,862
Average duration of employment (years)	10.6	11.0	10.8
Turnover rate, permanent employees (%)	15.6	14.6	16.5
Age on average (years)	42.7	42.3	42.3
Under 26 of age (%)	11	12	13
26-55 years of age (%)	69	70	70
Over 55 years of age (%)	20	18	17
Employees that had performance development discussions during the year (%), of the respondents in employee survey	75	n/a*	72
Participants in training events (management and leadership, safety and occupational trainings and educations) (total number)	20,300	13,290	12,100
Training events (total number)	3,900	5,767	6,300
Response rate in	79	n/a*	79

personnel survey, share of all employees (%)			
Sick leave rate (hours of absence/total available hours), %	4.1	4.1	4.1
Accident frequency rate (number of occupational accidents resulting in absence per a million work hours)	5.7	6.3	8.3
Fatal accidents (total number)	0	0	0
Employees covered by collective bargaining agreements, of total %	81	69	82
OHSAS 18001 – certified business (%)	91	92	71

*) Personnel survey was not conducted in 2016

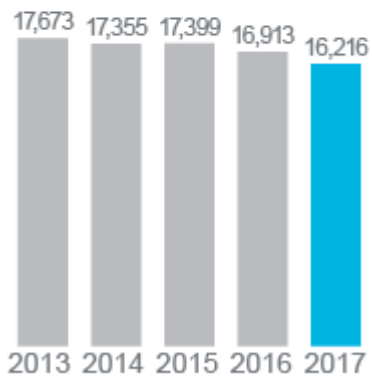
**) Persons at work, does not include long absences or temporary lay-offs the duration of which in more than one month

Changes in personnel in 2017

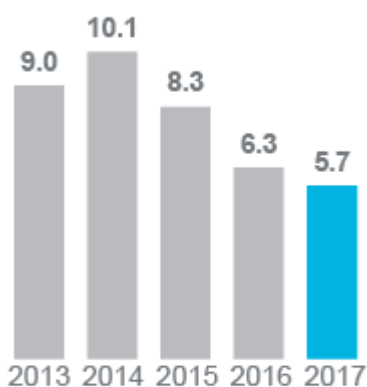
Decreasing trend of personnel number was visible of continued restructuring activities. The number of personnel decreased by a total of -697 employees (-4,1%) in 2017. The number of personnel decreased most in Division Sweden, Division Industrial Solutions and Division Eastern Europe.

In some core capability areas we continued to hire and train personnel for strengthening our competences and replacing resigning or retiring employees. In total we concluded 1,700 permanent new recruitments during 2017. We also acquired new competences through three small acquisitions in 2017: in Finland an asset deal through which we acquired Remote Property management competences, in Austria we acquired Cleanroom technology and electrical engineering competences.

Personnel at year's end,
2013–2017

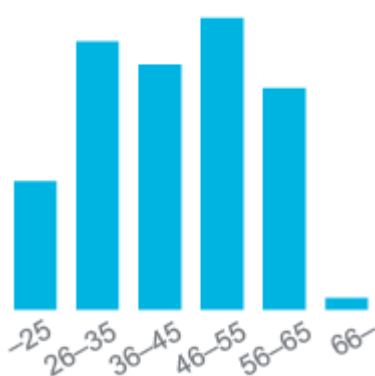


Accident frequency rate
(LTIFR*)

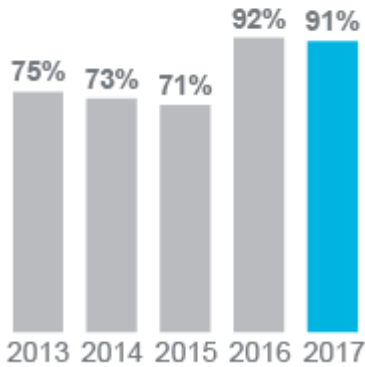


*LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked

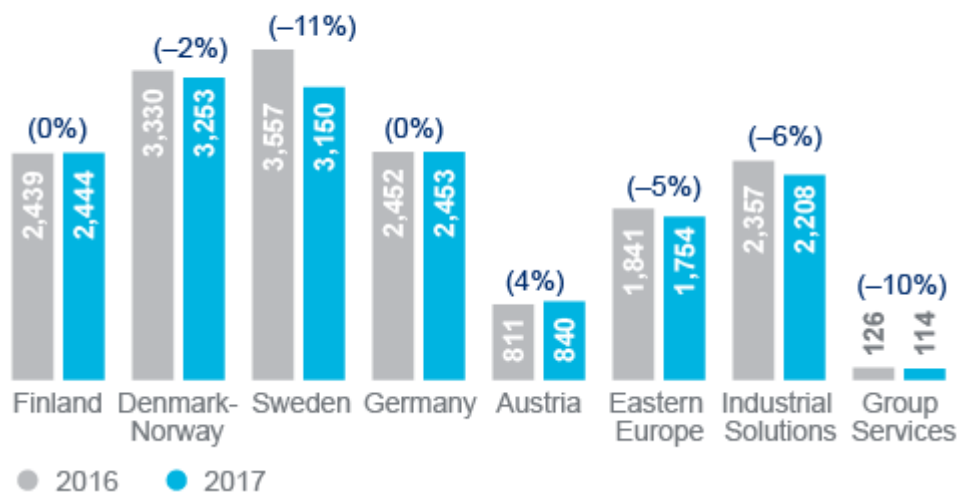
Age distribution



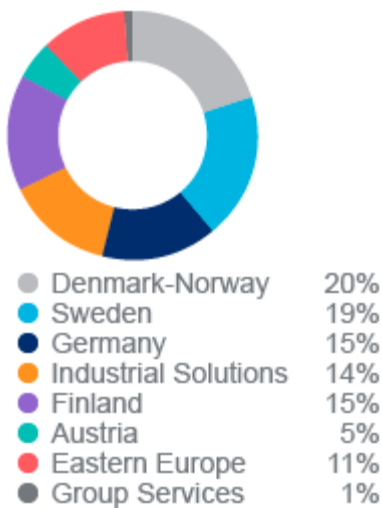
**OHSAS 18001
certified operations
(share of total revenue)**



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



**Personnel by division
at the end of 2017**



Developing the best workplace

Caverion values illustrate our everyday working and cooperation. They form the base of Caverion culture and best workplace for our employees. In the past we have defined four values that form the shared foundation of our business practices: Step ahead, Cooperation, Responsibility and High Performance. They provide orientation for all of our employees.

Our leaders, in particular, are responsible for living our values on a daily basis, making them more than just empty slogans. Caverion Leadership Principles was defined with more than 100 executives collaboratively during 2017 in order to crystallize what kind of leadership is valued in our company. They are derived from our values, and also new strategy work and Spirit results have taken into consideration when defining the Principles. The results were distilled into three key aspects of leadership, tailored to our needs today and execute our new strategy. Leadership principles guide all our leaders as they lead our people and shape our strategy, culture and organization. They describe how leadership should be interpreted and perceived. With our values in mind, we need leaders who are able to lead themselves, lead teams and lead business.

Lead yourself

- Demonstrate high ethical and moral standards
- Act as a role model for the implementation of Caverion values and guidelines
- Communicate openly and honestly
- Show respect towards other people

Lead people

- Empower people
- Encourage people and teams to work together
- Collaborate actively within Caverion and partners
- Communicate expectations and targets clearly
- Drive individual strengths and time management to achieve common goals
- Coach reaching goals with guiding feedback
- Focus on developing people
- Foster wellbeing and safety of employees
- Create a feeling of succeeding and failing together

Lead business

- Convert strategy and decisions into actions
- Promote customer focus and cooperation
- Encourage new thinking and continuous improvement
- Plan and act proactively ensuring future success
- Share information proactively with all stakeholders providing clear direction
- Guarantee quality and cost-consciousness in everything we do

- Monitor changes and trends in our environment

Employee engagement survey in 2017

The Caverion Spirit invites all employees across the company to evaluate different aspects of the working environment on regular bases. The survey measures development in three main indices; Employee Engagement, Leadership and Performance Enablement including Work Safety.

The latest survey took place in spring 2017. 79 % of Caverion personnel took part in the survey and shared their opinions and feedback on different topics. In recent years we have strongly invested in Leadership development and Safety instructions and actions and we can see in the results that it has paid off. All Safety items received very good results and we had good improvement in leadership area, especially in communicating expectations, providing feedback and people management. The main areas to work with and improve were performance and development discussions, development opportunities and building trust in the future of Caverion.

The results have been discussed in all divisions and action plans have been made to reflect the messages coming from the employees. We also follow up the actions and measure the progress to ensure the impact of the employees' voice.

Code of Conduct

All Caverion employees are expected to follow the company's Code of Conduct and other Caverion Guidelines adopted by Caverion as well as all applicable laws and regulations. The Code of Conduct defines our ethical principles and links them to our everyday decision making. It defines our way of working with different stakeholders. Every employee at Caverion is expected to report any suspected misconduct.

In 2017, Caverion rolled out a second round of common Code of Conduct e-learning for all Caverion people. This e-learning was completed by 93 % of our people in the end of 2017 and received excellent feedback about being clear and focused. This training will continue on an annual basis and will be a requirement for all new employees at the start of the employment.

We have a web-based reporting channel through which employees can confidentially report their observations of suspected misconduct. In addition, reports can be submitted via email.

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.

The Compliance and Ethics Team promotes operations according to Code of Conduct.

In 2017, the Compliance and Ethics team was comprised of the President and CEO of Caverion Corporation, Head of Group Legal & Governance, Head of Group HR, Group Risk & Compliance Director and the Head of Division Germany. In 2017, The Compliance and Ethics team convened three times.

[See more about our Code of Conduct : https://www.caverion.com/about-us/code-of-conduct](https://www.caverion.com/about-us/code-of-conduct)

Equal treatment for all

In accordance with our Code of Conduct, we are a responsible and fair employer and we do not permit discrimination of any kind, whether relating to age, gender, national and social origin, religion, physical or mental disability, political opinion or sexual orientation.

Although the industry has traditionally been male-dominated, we want to play our part in making it more attractive to women as well. For example in Germany we launched the Caverion Diversity Network (CDN) as a pilot. The network's goal is to drive gender, and other, diversity by supporting the personal and career development, especially of female employees. Thus, Caverion wants to position itself as an attractive employer for all talents regardless of gender, cultural or ethnical background. In the upcoming year, the network will continue to grow and offer an added value for its' members. Apart from further lectures and talks, the CDN will support reintegration efforts of employees returning from parental leave, offer E-Learning licenses for further education in various fields. The goal is to use the pilot experiences from Germany in order to extend the network across all Caverion divisions.

In 2017, women's share of our personnel remained on par with the previous year: Women made up 11 % of our entire personnel (2016: 10%). At the end of 2017, in our Group Management Board 14% (14%) were women and in Board of Directors their share was 25% (40%).

Collaboration on international level

Caverion pays careful 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 cooperation within our company. The objective is to promote cooperation, 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 EWC meeting was held in Helsinki in June 2017 and it was attended by 30 personnel representatives from Finland, Sweden, Norway, Denmark, Germany, Austria, Poland, Estonia, and Lithuania, and Group's management.

Work Safety

Ensuring the safety of our employees, partners and clients is an inherent part of everyday life and management across our group. Caverion's management and all employees are committed to complying with, maintaining and developing common safety rules. An excellent safety record is a competitive asset and also a sign of quality of Caverion's operations.

We aim to ensure that all of our employees have the skills necessary for the safe performance of their own work and take safety as their personal responsibility.

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. The Group Management Board of Caverion reviews all accidents in their monthly meetings, analysing the root causes and agreeing the corrective actions.

The key reactive and proactive performance indicators in safety and monthly reporting of safety issues are part of the management's agenda at all levels.

Focus on proactive safety work

Our goal is to become an accident-free workplace. We focus on preventive safety work: Safety starts with the right attitudes, anticipation of risks and the active reporting of safety observations.

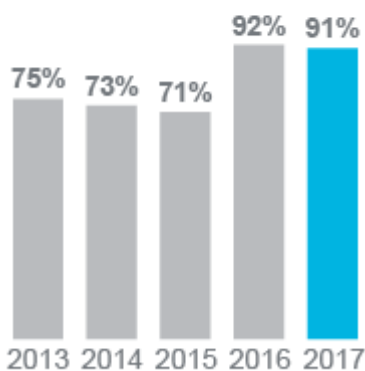
Our active safety work and attention towards safety issues has produced results and good development continued in 2017. In December 2017, the accident frequency rate (LTIFR rolling 12 month) was 5.7 (2016: 6.3). During the year, there were no fatal accidents. The sick leave rate (hours of absence/hours worked) remained on same level as in 2016 (4.1 %).

We aim to develop our safety culture by increasing safety observation reports and became better in utilizing the reported information to improve our working environment.

In our employee engagement survey 93 % state that they feel free to discuss work safety hazards and safety issues openly, this shows we are on the right track.

We aim to increase the share of occupational health and safety-certified operations in our business. In 2017, 91% of our revenue came from OHSAS 18001-certified operations (2016: 92%)

**OHSAS 18001
 certified operations
 (share of total revenue)**



We prevent occupational accidents by, among others:

- providing job orientation and general and occupational-specific safety trainings
- conducting regular safety audits and inspections
- encouraging our personnel to report safety observations and assessing risks before starting work.
- developing tools and work ergonomics
- conducting safety rounds and safety meetings at work sites by our supervisors and managers

Awarded for Safety work

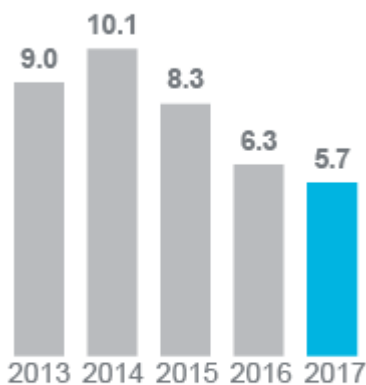
Caverion Germany won the DEKRA Award, a major work safety award of Germany’s biggest expert organization in the certification industry. An expert jury honoured Caverion’s effort to reduce ladder accidents. “This award proves once more that work safety is a number one priority at Caverion. We go beyond fulfilling the expected demands and think one step ahead,” says Franz Wudy, Health and Safety Officer at Caverion Germany.

Cooperating with partners and clients

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.

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.

Accident frequency rate (LTIFR*)



*LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked

Attracting the best talent

People are at the heart of our business strategy and success so we need to be able to attract and retain the right people and offer them an interesting and motivating working environment as well as learning through interesting job assignments.

Our employees’ positive experiences form the basis for our employer image. In addition, we promote Caverion by being active in social media, attending recruitment fairs in educational institutions, arrange student excursions and hackathon events for innovations and take part in various campaigns that increase awareness of our industry, our company and our way of working. We always aim to recruit the most qualified and suitable professionals.

Caverion received an award as “Best Employer Brand in Germany in 2017. Caverion won gold in the category “Internal Branding – Global Player” against a strong field of competitors. The jury was convinced by a fitness and health event for Caverion employees. Each registered participant, 1,400 in total, received a pedometer. They formed teams and competed against the management for four weeks. Every team that collected more steps than the management team got a bonus for their summer party. In addition, there was a corporate goal: each participant should make at least 10,000 steps per day. This target was greatly exceeded.

“Caverion is strongly committed to having healthy employees. I am very pleased that an expert jury acknowledged our efforts,” says Patrick Hartmann, Head of HR at Caverion Germany.

Opportunities for students

In 2017, we employed approximately 1 100 summer workers, apprentices, thesis students and trainees.

Trainee programs and thesis cooperation give us a great opportunity to be involved in the professional development of young students. In fact, trainee programs constitute an important channel of recruitment for Caverion. Many of our best professionals first joined the company as trainees.

In many of our operating countries, such as Germany and Austria, 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 3-4 years. For example in Sweden, Caverion has an official apprenticeship program for electricians. It includes education within the profession at a workplace. In Norway, Caverion has a long tradition for being an apprenticeship company for students in a vocational school and each year approximately one hundred apprentices are hired at Caverion in the whole country.

In order to develop education in our industry, we support cooperation with schools and institutes of higher education. Some of our employees even give classes at educational institutions. In particular, we cooperate with vocational schools and universities of applied sciences in engineering.

Developing and engaging leaders

Inspirational leadership is a critical success factor for Caverion to succeed at strategy execution. In a constant change, it is very important to be clear with manager's role and responsibilities, to be clear with own goals and ensure team success. Caverion's leadership principles guide all our leaders as they lead our people and shape our strategy, culture and organization. They describe how leadership should be interpreted and perceived. Every year every leader should take the opportunity to use these principles to examine their leadership qualities and improve their own leadership skills.

Lead yourself creates a foundation for leadership. This means that we act as a role model in everything we do, such as how we demonstrate high ethical and moral standards, communicate openly and honestly and respect other people. Lead business is crucial part of leadership considering planning, proactive information sharing and continuous quality and cost-consciousness in everything we do. Every leader succeed only through own people. When leading people it is important to drive individual strengths and empower people to work together to reach their goals and collaborate actively within Caverion.

Leadership skills are actively developed

During the year 2017, we organised various types of training, workshop and coaching events to develop leadership throughout Caverion. These events had a total of 1100 participants.

In 2017, the Caverion wide Leadership Safari program continued to roll out in Finland and Industrial Solutions divisions. In addition we organised several other local leadership development programs during the year in different divisions. The themes of these programs include, for instance, the role and responsibilities of a line manager, leading performance and competence development, basic employment and occupational safety matters, management communications and coaching skills.

Leader Forum

For Caverion's key executives we arrange regular Caverion Leader Forum events. These events concentrate on the strategy and the strategic focus areas of our business and operations as well as on sharing knowledge and group-wide networking. In 2017 we organized one Leader Forum with approximately 100 participants from all Caverion divisions and functions. The key focus this year was in the renewal of our strategy.

Encouraging professional growth

Caverion encourages its employees to pursue professional growth and supports them in learning and developing their skills further. The company uses the 70/20/10 model based on the assumption that 70% of learning takes place on the job, 20% comes from learning from others, and 10% comes from development programmes.

Caverion uses a performance development process to set individual strategy-related targets and development plans for all employees. The performance development process provides an opportunity, both for managers and employees, to give and receive feedback on performance, cooperation and leadership. As a part of the performance development process, every individual is expected to do an individual development plan to develop their current and future competences.

In total in 2017, we organized approximately 3,900 training events which were participated by 20,300 employees. Safety training programs had approximately 9,200 participants and technical discipline, general skills training and education programs approximately 10,000 participants.

One of the key areas during 2017 has been Project management competence development. We have conducted a survey in most of our divisions to review the competence levels and further development needs. Based on these results we have built a development portfolio that will be launched in all divisions during 2018.

Rewarding

Base salary at Caverion is based on specific job responsibilities, requirements and experience as well as market specific benchmark. In addition, management and most of the salaried employees are included in a performance based short-term incentive plan, project or service incentive plans. During 2017 the number of participants in these plans was increased and the implementation will continue going forward. Caverion also has a long term incentive plan that is targeted to selected employees according to annual decision by the BoD.

Performance development discussions (including target setting and results review) as well as continuous feedback are an integral part of our management system and drive the strategy implementation and achievement of the key targets. Through this process all Caverion employees gain understanding in how they can contribute to Caverion success, what is expected from them and how they can develop their competences and performance.

Golden Helmets for best strategy executors

In 2017, Caverion continued the Golden Helmet tradition. Through company-wide Golden Helmet recognition, we want to award our best strategy executors of the year. The awards are given to four individuals or teams who have done extraordinary and excellent work for Caverion. In the first round our employees suggested local nominees for each category and final winners were chosen by a group of Caverion management members.

The activity among employees for nominating candidates was on a high level and resulted in a total of 227 suggestions. The final winners 2017 in the different categories were:

- Strong company image: Shell team, Managed Services, Denmark
- Excellent leadership: Project Manager Necati Sertcanli, Sweden
- Innovative and advanced solutions: Lithuania Automation & Low Current team, division Eastern Europe
- Operational excellence: Quality Management Team of Botnia Mill Service

Environment

Operating environment

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. The targets are 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.

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

Cooperation with other industry operators

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.

Environmental impacts

Caverion’s energy consumption and CO₂ emissions in 2017–2015

Direct fuel consumption, GWh	2017	2016	2015
Petrol	10.5	21.2	11.6
Diesel	86.4	81.0	113.1
Light fuel oil	2.2	2.4	2.7
Natural gas	1.1	0.9	1.2
Liquefied petroleum gas	2.2	2.9	2.0
Total	102.4	105.4	128.6
Consumption of indirect energy sources, GWh	2017	2016	2015
Electricity	26.7	27.7	34.3
District heat	16.3	15.9	15.4
Geothermal	0.09	0.21	0.08
Total	42.9	43.9	49.7
Scope 1 emissions from direct fuel consumption, tonnes	2017	2016	2015

CO ₂ emissions, petrol	2,648.9	6,360.1	3,349.3
CO ₂ emissions, diesel	23,052.6	21,605.2	30,063.0
CO ₂ emissions, light fuel oil	581.4	647.1	732.5
CO ₂ emissions, natural gas	211.5	165.9	220.5
CO ₂ emissions,LPG	513.2	677.3	471.5
Total	27,007.6	29,455.7	34,836.9
Scope 2 emissions from indirect energy sources, tonnes	2017	2016	2015
CO ₂ emissions, electricity	8,961.3	9,542.8	11,925.6
CO ₂ emissions, district heat	2,709.4	2,406.8	2,247.3
CO ₂ emissions, geothermal	11.3	25.4	10.2
Total	11,682.0	11,975.0	14,183.1
Scope 1 & 2 CO₂ emissions, tonnes	38,689.6	41,431.9	49,020.0
Intensity ratios	2017	2016	2015
Direct and indirect tCO ₂ emissions/revenue (EURm)	17.0	17.5	20.1
Energy intensity total GWh//revenue (EURm)	0.0189	0.0186	0.0204

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.

Geothermal emission factors are restated and therefore 2016 and 2015 differ from earlier published figures.

Environmental risks

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.

Fleet emissions and economic driving

The emissions generated by our own operations are mainly due to the fuel consumption of our service cars. 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.

Caverion's target is to utilise logistical solutions that help to reduce greenhouse gas emissions. As an example, environmental aspects are considered in the selection of company cars. Caverion mostly uses diesel cars in its service and business car fleet. In addition, gas and full electric business cars are used particularly in Caverion Sweden. Caverion continuously follows the development of technology and is open to consider hybrid and electric cars for wider use in the future. As another example, Caverion Finland offered the possibility to test electric and hybrid cars for business use in 2017.

Caverion's divisions have their own service and business car policies, requirements and restrictions. For service vehicles the limit is between 150-201 gCO₂/km, depending on the country, and for business cars the limit is between 128-150 gCO₂/km. The total number of Caverion's service and business cars decreased from 2016 to 2017, especially in Norway and Sweden. The reduction is partly due to efficiency measures carried out in the business.

An efficient planning of routes and an economical way of driving are important focus areas to Caverion. In 2017, an environmentally friendly driver campaign was rolled out both in both Norway and Denmark, which included smart route planning and ecological driving trainings. The use of mobile solutions in field work has also been increased. This contributes to the reduction of unnecessary driving.

Caverion continuously follows legislation changes in the EU area. The proposed bonus-malus system of Sweden, as an example, would create a monetary incentive to renew the vehicle fleet in order to meet more ambitious emission limits. Otherwise the result would be a higher tax for vehicles with high emissions. Furthermore, an increasing amount of diesel restrictions in city areas could have an effect on Caverion's fleet in the future. Caverion needs to take this into consideration as an increasing amount of its fuel consumption is diesel fuel. In 2017, 95 percent of Caverion's fleet fuel consumption was diesel fuel.

Economic

As a stock listed company, it is our duty to be a profitable investment for our owners. However, we operate in a sustainable way. The satisfaction of our customers and well-being of our employees and the surrounding environment and society are important to us.

Sponsorship guidelines

Caverion is committed to doing business transparently and responsibly, and Caverion sponsorship guidelines and instructions reflect this. The guidelines also reflect company values and compliance with the Code of Conduct. Caverion updated its sponsorship guidelines and instructions in 2017.

Sponsorships must never be given in order to gain an advantage in a specific business transaction or opportunity. Sponsorships must not be used as a means of concealing bribery, and nobody employed by or acting on behalf of Caverion may agree to offer or give any contribution that may be construed as a bribe, either directly or indirectly through a third party.

Caverion does not make financial contributions to political parties or groups or to individual politicians.

Procurement

Suppliers play a significant role in the delivery chain of Caverion. Most of the technical systems and solutions designed and installed by Caverion include components, materials or services bought from suppliers.

Caverion procurement is based on a centrally led category management model covering both direct and indirect materials and services. Procurement organisation is built on multi skilled professionals working on a matrix environment and aligned with the divisions. Economies of scale are captured by utilizing group-wide best practices and purchasing from best suppliers globally in a common way.

Caverion has several common suppliers serving the Group’s demand throughout our operating countries. Major part of purchasing is though done locally, in our operating countries using selected suppliers. Due to the business demand we put high value to the close location of our suppliers and their ability to react rapidly to the changing business demand.

Caverion is aiming to build long-term relationships with its’ suppliers. All suppliers are treated equally and honestly following the applicable laws and regulations. We do not tolerate any forms of bribery or other illegal payments in the relationships with our suppliers. We regularly evaluate our suppliers, follow their performance and assess potential risks. Caverion’s Supplier Code of Conduct (ScoC) has been applied to majority of the suppliers.

GRI G4 Index 2017

Indicator	Topic	Reported	Remarks	Annual Report 2017 / caverion.com
	Strategy and analysis			
G4-1	CEO statement	yes		From the CEO
G4-2	Description of key impacts, risks, and opportunities	yes		Operating environment
	Organizational profile			

G4-3	Name of the organization	yes		Caverion in brief
G4-4	Primary brands, products, and services	yes		Caverion in brief
G4-5	Location of the organization's headquarters	yes		Caverion in brief
G4-6	Operating countries	yes		Caverion in brief
G4-7	Nature of ownership and legal form	yes		Investors
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	yes		Operating environment
G4-9	Scale of the organization	yes		Caverion in brief
G4-10	Total number of employees by employment contract, region and gender.	yes		Sustainability / Our people
G4-11	Percentage of total employees covered by collective bargaining agreements	yes		Sustainability / Our people
G4-12	Organization's supply chain	partly		Sustainability / Economic / Procurement
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	yes		Financial statements
G4-14	Precautionary approach	no		
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	yes		Operating environment
G4-16	Memberships of associations and national or international advocacy organizations	yes		Management and governance
	Identified material aspects and boundaries			Sustainability / Our approach
G4-17	Entities included in the organization's consolidated financial statements Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	yes		Financial statements
G4-18	Process for defining the report	yes		Materiality

	content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.			
G4-19	Material aspects identified in the process for defining report content	yes		Materiality
G4-20	Aspect boundaries within the organization	yes		Materiality
G4-21	Aspect boundaries outside the organization	yes		Materiality
G4-22	Effect of any restatements of information provided in previous reports	yes	Geothermal emission factor is restated, therefore 2017 and 2015 figures differ from the published Annual Report 2016.	
G4-23	Significant changes from previous reporting periods	yes	No significant changes from previous year.	
	Stakeholder engagement			
G4-24	Stakeholder groups engaged by the organization	partly		Materiality
G4-25	The basis for identification and selection of stakeholders with whom to engage	partly		Materiality
G4-26	Approach to stakeholder engagement	partly		Materiality
G4-27	Key topics and concerns raised through stakeholder engagement	partly		Materiality
	Report profile			
G4-28	Reporting period	yes		Financial statements
G4-29	Date of most recent previous report	yes	17 February 2017	
G4-30	Reporting cycle	yes	Once a year	
G4-31	Provide the contact point for questions regarding the report	no		communications(a)caverion.com

	or its contents			
G4-32	GRI Content Index	yes		
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	yes	No external assurance	
	Governance structure and composition			
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	yes		Management and governance
	Highest governance body's role in setting purpose, values, and strategy			
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	partly		Management and governance
G4-51	Remuneration policies for the highest governance body and senior executives for the below types of remuneration	yes		Remuneration statement 2017
	Ethics and integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	yes		Code of Conduct
	Disclosure on management approach			
G4-DMA	Disclosure on management approach	partly		Disclosure on management approach
	ECONOMIC			
	Aspect: economic performance			
G4-EC1	Direct economic value generated and distributed	partly		Sustainability / Economic
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to	partly		Caverion non-financial disclosure in Financial

	climate change			
	ENVIRONMENT			
	Aspect: energy			
G4-EN3	Energy consumption within the organization	yes		Environmental impacts
G4-EN5	Energy intensity	yes		Environmental impacts
G4-EN6	reduction of energy consumption	yes		Environmental impacts
	Aspect: emissions			
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	yes	The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO2 emissions.	Environmental impacts
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	yes	The calculations take into account both direct and indirect (scope 1 and scope 2) sources of CO2 emissions.	Environmental impacts
G4-EN18	Greenhouse gas (ghg) emissions intensity	yes		Environmental impacts
G4-EN19	Reduction of greenhouse gas (ghg) emissions	yes		Environmental impacts
	Aspect: compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	yes	No significant fines or sanctions during the reporting period.	
	Aspect: transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting	yes		Environmental impacts

	members of the workforce			
	SOCIAL			
	Aspect: employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	partly		Sustainability / Our people / Personnel facts
	Aspect: occupational health and safety			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	partly		Sustainability / Our people / Personnel facts
	Aspect: training and education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	partly		Sustainability / Our people / Personnel facts
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	partly		Sustainability / Our people / Encouraging pro
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	partly		Sustainability / Our people / Encouraging pro
G4-HR3	Total number of incidents of discrimination and corrective actions taken	no	Not reported, but we will aim at reporting this in the future. At the moment we already have e.g. whistle-blowing systems.	
	Aspect: child labor			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	partly	No significant risks for child labor identified in own operations.	

	Aspect: forced or compulsory labor			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	partly	No significant risks for forced or compulsory labor identified in own operations.	
	SOCIETY			
G4-SO4	Communication and training on anti-corruption policies and procedures	partly	Training on-going. Updated Code of Conduct.	Sustainability / Our People / Developing the B
G4-SO5	Confirmed incidents of corruption and actions taken	yes	Two cases identified and disclosed.	Financial Statements / Board of Directors Re
	Aspect: anti-competitive behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	yes	One case identified and disclosed.	Financial Statements / Board of Directors Re
	Aspect: compliance			
G4-SO6	Political contributions.	yes	Caverion does not make any political contributions.	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	yes	No significant fines or sanctions during the reporting period.	
	PRODUCT RESPONSIBILITY			
	Aspect: customer health and safety			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	yes	No such cases during the reporting period.	
	Aspect: compliance			
G4-PR9	Monetary value of significant	yes	No significant	

	finances for non-compliance with laws and regulations concerning the provision and use of products and services		finances or sanctions during the reporting period.	
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