

Remuneration statement 2017

CAVERION CORPORATION
PUBLIC

Caverion

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

DECISION-MAKING PROCEDURES CONCERNING REMUNERATION

Caverion Corporation's Annual General Meeting decides on the remuneration of the Board of Directors. The Human Resources Committee of the Board of Directors is responsible for preparing a proposal for the remuneration of the Board of Directors to be presented to the Annual General Meeting. The Human Resources Committee also prepares general remuneration principles, short- and long-term incentive schemes and the compensation policy of Caverion Group, which the Board of Directors approves.

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. The Chairman of the Board approves the remuneration decisions concerning the Group Management Board members.

MAIN PRINCIPLES OF THE REMUNERATION AT CAVERION

Short-term incentive schemes

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 performance based short-term incentive plans. During 2017 the number of employees eligible for Caverion Group short-term incentive plans was further increased according to the division specific implementation plans.

The aim of the annual short-term incentive plans is to reward the management and employees based on the achievement of pre-defined and measurable key financial and strategy driven targets. The Board of Directors ratifies the rules of the short-

term incentive plans every year, according to which possible incentives are paid. Performance of the Group, the President and CEO as well as Group Management Board members are evaluated by the Board of Directors. The amount of possible incentives is approved by the Board of Directors after the financial statements have been prepared and released.

The amount of the possible incentive payment is based on the achievement of the set financial targets, such as the Group's and/or division's/unit's financial result, strategic targets and/or individual/team objectives set separately. Individual target and maximum incentive opportunities are based on job requirements. Possible incentive payments can vary from zero payment to the pre-defined maximum incentive payment based on the achievement of set targets.

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

Long-term incentive schemes

Long-term incentive schemes at Caverion are determined by the Board of Directors. Long-term incentive schemes are a part of the management remuneration at Caverion Group. Their purpose 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 service company and a selective master of projects by covering the whole life cycle of buildings, industries and infrastructure. 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.

Share-based long-term incentive plan 2016-2018

Caverion's Board of Directors approved a share-based long-term incentive plan 2016-2018 in its December 2015 meeting. The plan consists of a Performance Share Plan as the main structure supported by a Restricted Share Plan as a complementary structure for specific situations. Both plans consist of annually commencing individual plans, each with a three-year period. The commencement of each new plan is subject to a separate decision of the Board.

The Performance Share Plan 2016-2018 consists of a one-year operative financial performance period (2016), followed by a two-year vesting period. The targets set for the Performance Share Plan 2016-2018 were not met and therefore no rewards will be paid to the participants of the plan.

Share-based long-term incentive plan 2017-2019

Caverion's Board of Directors decided to continue the share based long-term incentive plan for the senior management of the Group in its December 2016 meeting. The share based incentive plan consists of Performance Share Plan as the main structure supported by Restricted Share Plan as a complementary structure for specific situations. The plan is based on the rolling long-term incentive structure approved by the Board of Directors on December 2015.

Performance Share Plan 2017-2019 may include a maximum of approximately 120 members of senior management and key employees. The three-year plan period consists of a one-year operative financial performance period, followed by a two-year vesting period. The potential share reward is based on the targets set for the year 2017 for Earnings per share and Group revenue. The targets set for the Performance Share Plan 2017-2019 were not met and therefore no rewards will be paid to the participants of the plan.

Share-based long-term incentive plan 2018-2020

Caverion's Board of Directors decided to continue the share based long-term incentive plan for the senior management of the Group in its December 2017 meeting. The share based incentive plan consists of Performance Share Plan as the main structure supported by Restricted Share Plan as a complementary structure for specific situations. The plan is based on the rolling long-term incentive structure approved by the Board of Directors on December 2015.

Performance Share Plan 2018-2020 may include a maximum of approximately 120 members of senior management and key employees. The three-year plan period consists of a one-year operative financial performance period, followed by a two-year vesting period. The potential share reward is based on the targets set for the year 2018 for Earnings per share and Operating Cash Flow from Operations before interests and taxes. If all targets will reach their maximum level,

the share rewards based on Performance Share Plan 2018-2020 will comprise a maximum of approximately 850,000 Caverion shares (gross before the deduction of applicable payroll tax). If a participant's employment or service ends for reasons relating to the participant before the reward payment, no reward will be paid.

More information on the long-term incentive plans was released in stock exchange release on December 21, 2017.

Share ownership recommendation policy

Caverion applies a share ownership recommendation policy for the members of the Group Management Board, according to which the members should retain at least 50 per cent of the share rewards received (net shares after the deduction of applicable payroll tax) under the share based incentive plans until the share ownership of these individuals in Caverion amounts to at least his/her annual gross base salary.

REMUNERATION REPORT

Remuneration of the Board of Directors in 2017

Based on the decisions of Caverion Corporation's Annual General Meeting on March 17, 2017, 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 together with associated travel costs.

The remuneration paid to the members of the Board of Directors totalled EUR 454,930 in 2017. 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 short- or long-term incentive schemes or pension plans.

Fees paid to the members of the Board of Directors in 2017 (EUR):

Member of the Board of Directors	Board membership	Audit committee meetings	Human Resources committee meetings	Board meetings	Total 2017
Jussi Aho	36,965		1,650	5,500	44,115
Markus Ehmrooth	57,226	4,400		7,700	69,326
Joachim Hallengren	36,965		1,100	5,500	43,565
Antti Herlin	35,609			2,200	37,809
Thomas Hinnerskov	36,965	3,850		4,400	45,215
Anna Hyvönen	46,800		2,200	6,600	55,600
Eva Lindqvist	46,800	3,850		7,150	57,800
Ari Puheloinen	9,835		550	1,650	12,035
Michael Rosenlew	75,165	4,400	2,200	7,700	89,465
Total	382,330	16,500	7,700	48,400	454,930

Remuneration of the CEO and other executives

The Board of Directors decides on the remuneration, benefits and other terms of the Managing Director agreement of the President and CEO. The remuneration of the President and CEO consists of fixed base salary, fringe benefits, annual short-term incentive plan, long-term incentive plan and other possible benefits such as defined contribution pension plan. The President and CEO's short-term target incentive opportunity was 50% of the annual fixed base salary and maximum incentive opportunity was 100% of the annual fixed base salary. In 2017, 50% of the incentive opportunity was tied to Group's EBITDA percentage and 50% in Group's cash flow. These measures are in line with Caverion's strategic targets.

Ari Lehtoranta has been granted 50,000 Restricted Share Units according to the terms and conditions of Caverion's long-term incentive plan approved by the Board of Directors. Potential Restricted Share reward will be delivered in 2019.

Remuneration paid to the Group Management Board

The members of the Group Management Board are eligible for the Caverion Group short-term incentive plan. In 2017, the maximum short-term incentive opportunity for the members of the Group Management Board was 60-70% of the annual base salary. The targets of the short-term incentive plan were connected to the Group's and/or divisions' EBITDA percentage, cash flow or to the achievement of specified individual targets. The remuneration paid to the Group Management Board members (excluding the President and CEO) including base salaries, fringe benefits and annual performance incentives totalled EUR 3,156,584 in 2017. The share of fixed base salaries was EUR 2,883,651, fringe benefits amounted to EUR 140,857 and short-term incentives totalled EUR 132,075. In addition, some of the Group Management Board members are included in country specific group pension arrangements.

Remuneration paid to the President and CEO in 2017

EUR	Fixed base salary	Fringe benefits	Paid short-term incentive	Total pension scheme	Performance share plan	Total
Ari Lehtoranta 1.1.-31.12.2017	659,760	240	-	132,000	-	792,000

President and CEO's pension, retirement age and termination compensation

The contractual retirement age of the President and CEO Ari Lehtoranta is 63 years. Ari Lehtoranta has a supplementary defined contribution pension plan, annual contribution being 20% of his base salary. During 1.1.2017-31.12.2017 the cost of his supplementary pension scheme was EUR 132,000. He is also eligible for the Finnish statutory pension system.

The President and CEO's notice period for both parties is six months. Severance pay (if the company terminates the agreement) is compensation amounting to 12 months' base salary as monthly payments after the termination date.