

**Caverion**

# Caverion Corporation Remuneration Statement

Public

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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.

## I Decision-Making Procedure Concerning the 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 the remuneration of the Board of Directors proposed for 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. Regarding Group Management Board members, the Chairman of the Board approves Group Management Board members' remuneration decisions.

## II 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 a performance bonus plan. The aim of the annual performance bonus plan 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 plan 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 plan and 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 are 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.

## Performance share plan 2014-2016

The Board of Directors approved Performance share plan 2014-2016 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 has no diluting effect on the share value. In total, the plan covers approximately 40 persons. Expenses related to share-based incentive plan have been EUR 329,125 in 2015.

## Share-based long-term incentive plan 2016-2018

Caverion's Board of Directors approved a share-based long-term incentive plan in its December 2015 meeting. The plan consists of a Performance Share Plan, complemented with a Restricted Share Plan for special situations. Both plans consist of annually commencing individual plans, each with a three-year period. The first plans will commence at the beginning of 2016 and any potential share rewards thereof will be delivered in the spring of 2019.

## III Remuneration Report

### Remuneration of the Board of Directors in 2015

Based on the decisions of the Caverion Corporation's Annual General Meeting on March 16, 2015, 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 354,600 in 2015. 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 2015 (EUR):

Member of the Board of Directors	Board membership	Audit committee meetings	Human Resources committee meetings	Board meetings	Total 2015
Henrik Ehrnrooth	16,500		550	550	17,600
Markus Ehrnrooth	37,050	2,200		3,850	43,100
Anna Hyvönen	46,800	550	1,650	4,400	53,400
Ari Lehtoranta	75,200		2,200	4,400	81,800
Eva Lindqvist	46,800	1,650		3,300	51,750
Ari Puheloinen	37,050		1,100	3,850	42,000
Michael Rosenlew	57,250	2,750	550	4,400	64,950
<b>Total</b>	<b>316,650</b>	<b>7,150</b>	<b>6,050</b>	<b>24,750</b>	<b>354,600</b>

## Remuneration paid to the President and CEO

The remuneration paid to Mr. Fredrik Strand as Caverion's President and CEO consists of fixed base salary, fringe benefits, annual performance bonus plan, performance share plan and total pension scheme. The President and CEO's annual performance bonus can be up to 60% of the annual fixed base salary. In 2015, 50% of the total bonus 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.

During 2015, Mr. Fredrik Strand's total remuneration including fixed base salary, fringe benefits, annual performance bonus plan, total pension scheme and expenses of the performance share plan totalled EUR 712,080.

Remuneration paid to the President and CEO in 2015 (EUR)	Fixed base salary	Fringe benefits	Performance bonus	Total pension scheme	Performance share plan	Total
Fredrik Strand	455,016	7,365	67,541	141,063	41,094	712,080

## Pension, retirement age and termination compensation

The contractual retirement age of the President and CEO Fredrik Strand is 65 years. His pension is determined according to a defined contribution based pension scheme. He is not included in the collectively agreed occupational pension plan in Sweden and does not belong to the Finnish statutory pension system. In 2015, the cost of his total pension scheme was EUR 141,063. 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 plan. In 2015, the maximum bonus opportunity for the members of the Group Management Board was 50% of the annual base salary. The targets of the performance bonus were connected to the Group's and/or divisions' EBITDA percentage, cash flow or to the achievement of specified personal targets. The remuneration paid to Group Management Board members (excluding the President and CEO) including base salaries, fringe benefits and annual performance bonuses totalled EUR 3,837,783 in 2015. The share of fixed base salaries was EUR 3,416,705, fringe benefits amounted to EUR 172,370 and performance bonuses totalled EUR 248,708. Other members of the Group Management Board than President and CEO do not have individual supplementary executive pension schemes.