

EU taxonomy related reporting for the financial year 2021

As a provider of technical services and projects for buildings, infrastructure as well as industrial sites and processes, Caverion is part of the solution for a green, low carbon transition. In 2021, 33.0 percent of Caverion's Group revenue was considered eligible with EU Taxonomy. Activities not considered eligible with EU Taxonomy accounted for 67.0 percent of Group revenue in 2021, consisting of technical building services not contributing to carbon emission reductions and industrial services outside the renewable energy sector. Caverion's capital expenditures and operating expenses resulting from services or products associated with economic activities considered eligible with EU taxonomy amounted to 13.8 percent and 3.1 percent of its 2021 denominators of Capital Expenditure KPI and Operating Expenditure KPI, respectively. Caverion's business model is asset-light and does not require large-scale investments to cope with the EU taxonomy. Most of Caverion's investments are M&A or IT investments. With these eligibility levels, Caverion nevertheless demonstrates its strong position in environment and climate protection.

Sustainability is at the core of Caverion Group's growth strategy. Sustainability is also a mega trend that will support Caverion's market demand over the coming years. Caverion's solutions help its customers to improve their energy-efficiency and thereby reduce their carbon footprint. Caverion commits to making a difference in sustainability together with its customers in line with its strategy and purpose: enabling performance and people's wellbeing in smart and sustainable built environments. Caverion has approved its own sustainability strategy. Caverion also reaffirms its sustainability target of having a positive carbon handprint five times greater than its carbon footprint by 2025. In the longer term, Caverion's target by 2030 is to create a sustainable impact through its solutions, with a positive carbon handprint 10 times greater than its carbon footprint (Scope 1-2).

EU Taxonomy KPI's, EUR million	Total	Eligible, %	Non-eligible, %
Revenue	2,139.5	33.0	67.0
Capital expenditure	80,7	13.8	86.2
Operating expenses related to day-to-day servicing of assets of property, plant and equipment	76.4	3.1	96.9

*Total of EUR 80.7 million includes EUR 54.7 million capital expenditure on leased assets

Assessment of eligibility with EU taxonomy

Caverion has identified close to 30 EU taxonomy activities in seven sectors of economic activity. The most significant sectors for Caverion include Construction & Real Estate and Energy, together representing approximately 87% of the total EU taxonomy eligible revenue.

The relevant sustainable activities relating to the objective of climate change mitigation for Caverion according to EU Taxonomy include the following seven activity categories, with company products, technologies and services listed below each category:

Activity number	Activity	Company products, technologies and services
Construction & real estate		
7.3	Installation, maintenance and repair of energy-efficiency equipment	Installations, maintenance and repair of HVAC equipment and LED lighting, life cycle projects and maintenance contracts
7.4	Installation, maintenance and repair of EV charging stations	Installations, maintenance and repair of EV charging stations
7.5	Installation, maintenance and repair of devices for measuring, regulating and controlling energy performance of buildings	Installations, maintenance and repair of building automation systems, refrigeration automation and remote monitoring services
7.6	Installation, maintenance and repair of renewable energy technologies	Installations, maintenance and repair of renewable energy technologies, including pumped hydropower stations and solar panels
Energy		
4.1	Electricity generation using solar photovoltaic technology	Installation and maintenance related to solar power plants
4.5	Electricity generation from hydropower	Preventive maintenance related to facilities and equipment for hydropower generation
4.7	Electricity generation from renewable non-fossil gaseous and liquid fuels	Installations and operation of thermal power stations
4.9	Transmission and distribution of electricity	Installations and maintenance related to transmission and distribution lines and substations
4.15	District heating/cooling distribution	Installations and maintenance of district heating and cooling networks and facilities
4.16	Installation and operation of electric heat pumps	Installations and maintenance of electric heat pumps
4.17	Cogeneration of heat/cooling and power from solar energy	Installation and maintenance of connections from solar power generation to energy networks
4.24	Production of heat/cooling from bioenergy	Installations and operation of pellet boilers and other bioenergy generation facilities
4.25	Production of heat/cooling using waste heat	Installations and maintenance of heat recovery systems for pulp mills and heat exchangers for buildings
Information & communication		
8.2	Data-driven solutions for carbon emissions reductions	Development of SaaS software and systems related to carbon emission reductions
Professional, scientific and technical activities		
9.3	Professional services related to the energy performance of buildings	Advisory services related to energy efficiency, SRI services, EPC/ESCO contracts
Transport		
6.14	Infrastructure for rail transport	Installations and maintenance related to infrastructure for railways and subways
6.15	Infrastructure enabling low-carbon road transport and public transport	Installations and maintenance related to road traffic telematics and public EV charging stations
6.16	Infrastructure enabling low-carbon water transport	Installations and maintenance of equipment providing shore power to marine vessels
6.17	Low-carbon airport infrastructure	Installations and maintenance related to airport infrastructure
Manufacturing		
3.5	Manufacture of energy-efficiency equipment for buildings	Manufacturing of cooling equipment and building automation systems
Water supply, sewerage, waste management		
5.1	Construction, extension, operation and renewal of water collection, treatment and supply systems	Installation and maintenance of water treatment systems
5.3	Construction, extension, operation and renewal of waste water collection and treatment	Renewal of wastewater collection/sewage and treatment systems
5.5	Collection and transport of non-hazardous waste in source segregated fractions	Installations and maintenance of pneumatic waste collection systems

Caverion did not classify any activities under categories “Construction of new buildings (7.1)” and “Renovation of existing buildings (7.2)” as the company interprets these categories as belonging building construction and renovation activities rather than technical building system related installations and services. However, had this approach been adopted, Caverion would have been able to report a material additional share of its building technology revenue as taxonomy eligible.

With regard to taxonomy activity category “Energy”, Caverion’s interpretation is that “Construction or operation of energy generation facilities” includes Caverion’s installation projects as well as preventive maintenance and other services that are crucial to the energy generation process (i.e. to keeping energy generation running) although the company does not engage in energy generation activities as such.

Accounting principles

Caverion has used a multi-dimensional approach to the preparation of the EU Taxonomy calculations, including the division-level or business unit breakdown of green revenues. The methods applied have varied, but have predominantly been based on the following two approaches:

- > individual identification of taxonomy activities based on profit centre, project, service contract, or customer
- > mass identification of taxonomy activities based on service and project master data, for example technical discipline or material-based information.

After applying a multi-dimensional identification approach, any items subject to double accounting have been identified and eliminated.

Taxonomy KPI’s have been calculated in accordance with Caverion Group’s interpretation of the Commission Delegated Regulation Supplementing Regulation (EU) 2020/852, as described in the following:

Revenue KPI

The denominator of the Revenue KPI covers Caverion Group’s total revenue, as recognised pursuant to International Accounting Standard (IAS) 1. The Revenue KPI includes Caverion’s revenue from customer projects and service contracts within building technology and industrial services.

The numerator of the Revenue KPI covers the proportion of revenue derived from products or services, including intangibles, associated with Taxonomy-eligible economic activities.

Capital Expenditure KPI

The denominator of the Capital Expenditure KPI covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also includes increases in leases accounted for under the IFRS 16 standard. The denominator covers additions to tangible and intangible assets resulting from business combinations.

The numerator of the Capital Expenditure KPI equals the part of capital expenditure included in the denominator that is related to assets or processes associated with Taxonomy-eligible economic activities. The numerator includes mainly capitalised development expenditures related to Caverion’s taxonomy eligible activities, such as sustainable systems and solutions, as well as Caverion’s acquisition costs for business combinations within taxonomy eligible business areas.

Operating Expenditure KPI

The denominator of the Operating Expenditure KPI covers direct non-capitalised costs relating to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures concerning the day-to-day servicing of property, plant and equipment by the undertaking or a third party to which activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The numerator of the Operating Expenditure KPI equals the part of operating expenditure included in the denominator related to assets or processes associated with Taxonomy-eligible economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development. The numerator mainly includes operating expenditure related to Caverion’s taxonomy eligible assets, such as capitalised development expenditures or business combinations.