

YIT



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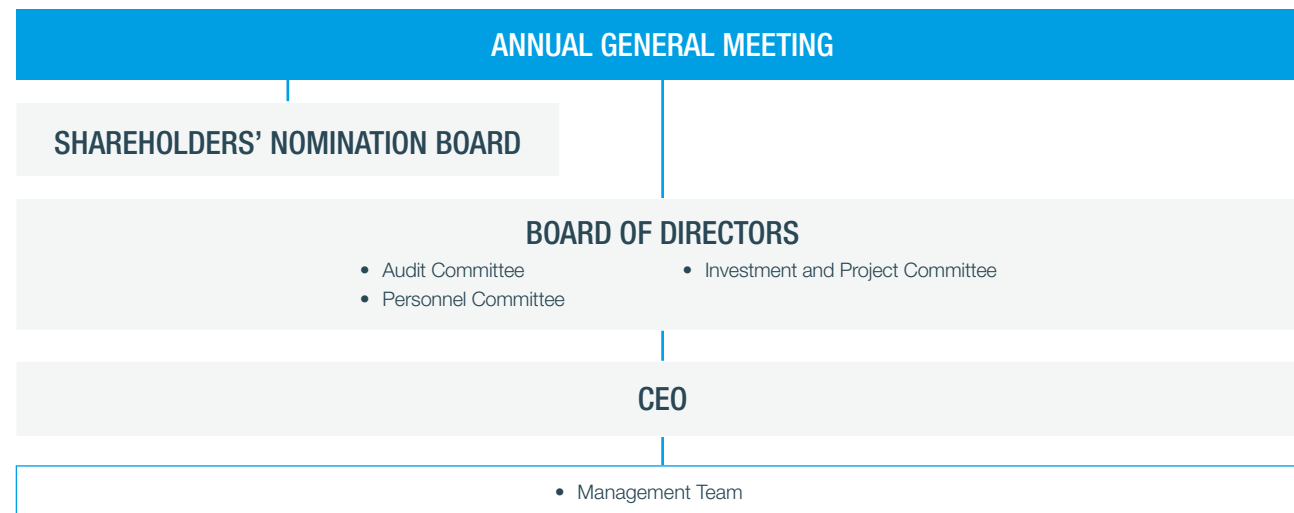
Corporate Governance Statement 2021

YIT Corporation's Corporate Governance Statement for 2021

This Corporate Governance Statement by YIT Corporation has been prepared separately from the Board of Directors' report, pursuant to the Finnish Securities Markets Act and the Finnish Corporate Governance Code. The Statement is available on YIT Corporation's website at www.yitgroup.com/corporategovernance.

The administration of YIT 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. YIT complies with the recommendations of the Finnish Corporate Governance Code approved by the Securities Market Association in September 2019, which took effect on 1 January 2020. The Code is publicly available on the Securities Market Association's website at www.cgfinland.fi/en.

YIT Corporation's auditor PricewaterhouseCoopers Oy has reviewed the description of the main features of the internal control and risk management systems in relation to the financial reporting process in this Statement and found it to be consistent with the financial statements. The Audit Committee of the Board of Directors reviewed, and the Board of Directors approved the Statement at its meetings held on 3 February 2022.



ANNUAL GENERAL MEETING

The Annual General Meeting is YIT's highest decision-making body, where the shareholders participate in the supervision and control of the company and exercise their right to speak and vote. The Annual General Meeting is held each year by the end of June on a date determined by the Board of Directors. Extraordinary General Meetings can be held when the Board of Directors deems it necessary or when required by legislation.

The Annual General Meeting makes decisions on matters falling within its scope of responsibilities by virtue of the Limited Liability Companies Act and the company's Articles of Association, such as:

- The approval of the financial statements
- The distribution of profits
- Discharging members of the Board of Directors and the President and CEO from liability
- The election of the Chairman of the Board of Directors, Vice Chairman and other members, and the remuneration paid to them
- The election of the auditors and the auditors' fees
- Amendments to the Articles of Association
- Decisions leading to changes in the share capital
- The repurchase and transfer of the Company's own shares

The Chairman of the Board of Directors, the members of the Board of Directors, the President and CEO and the external auditor are all present at the Annual General Meeting. Persons nominated to seats on the Board of Directors must always participate in the Annual General Meeting deciding on their election.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting was held in Helsinki on March 18, 2021 in accordance with the so-called Temporary Act without the shareholders' or their proxy representatives' presence at the meeting venue. Shareholders participated in the meeting and exercised their shareholder rights only by voting in advance and by presenting counterproposals and questions in advance.

A total of 239 shareholders representing 110,890,209 shares and voting rights, which was approximately 52,53 per cent of the company's shares and votes, participated in the advance voting.

BOARD OF DIRECTORS

The Board of Directors supervises and controls the management and operations of the company. The duty of the Board is to promote the interests of all shareholders and the Group by seeing to the administration and proper organisation of operations.

The Board of Directors comprises the Chairman and the Vice Chairman and 3–7 members elected by the Annual General Meeting of shareholders for one year at a time. The Articles of Association have no special provisions on the members of the Board of Directors. The majority of the members must be independent of the company. In addition, it is required that at least two of these members are independent of the major shareholders of the company. The President and CEO cannot be elected as the Chairman of the Board. Both genders must be represented on the Board of Directors.

The Board of Directors convenes regularly as summoned by the Chairman. A quorum is established when more than half of its members are present. An opinion supported by more than half of the members present becomes the decision. When the votes are even, the Chairman has the casting vote. The CEO as referendary and the Corporate General Counsel as secretary of the Board are present at Board meetings. Other Group Management Team members and heads of business units and functions attend the meetings when necessary. The President and CEO and the secretary of the Board prepare the meetings with the Chairman of the Board and draw up the agendas. The President and CEO ensures that the Board is provided with sufficient information on matters such as the structure, operations, markets and competitive situation of the company in order to carry out its tasks. The meeting agendas and materials are sent to Board members in good time before the meeting.

The Board of Directors and its committees have ratified standing orders. The members of the Board evaluate the operations of the Board and its committees each year, and the results are taken into account in the Board's work and its development.

KEY TASKS OF THE BOARD OF DIRECTORS

Among other duties, the Board of Directors:

- ensures that the supervision of accounting and asset management is organised appropriately
- reviews and approves the company's Financial Statements and the Board of Directors' report as well as interim reports and half-yearly reports
- supervises and controls operating management
- elects and dismisses the CEO and his deputy, decides on their salaries, and fees and agrees on the other terms of their employment
- convenes the Annual General Meeting and makes proposals on matters to be included on the agenda
- specifies the dividend policy and makes a proposal to the Annual General Meeting on the dividend to be paid annually
- approves the Group's strategy, strategic goals and risk management principles
- approves budgets and action plans and oversees their implementation
- approves significant acquisitions and other investments
- confirms the Group's functional structure
- ensures the functioning of management systems
- ratifies the Group's values and management principles
- monitors and evaluates the Group's financial reporting system as well as the effectiveness of internal control, internal auditing and risk management
- monitors the Group's audit and monitors and evaluates the auditor's independence and the provision of non-audit services by the auditor
- prepares a proposal for the election of the auditor.

DIVERSITY OF THE BOARD OF DIRECTORS

The diversity principles ratified by YIT Corporation's Board of Directors refer to the different backgrounds of the Board members, such as age, gender, international experience, education, expertise and competencies. The aim of diversity on the Board of Directors is to ensure it is broad-based, versatile, has both customer and stakeholder insight, and is creative and future-oriented. A sufficiently diverse Board of Directors supports the company's business and its development, promotes open discussion and independent decision making and is better equipped to support and challenge the operating management.

The members of the Board of Directors having different backgrounds, experiences and views supports the achievement of YIT Corporation's strategic objectives. Anyone elected to the Board of Directors must be qualified for the position, taking into account the requirements and development stages of the company's business as well as the areas of expertise required by the Board of Directors and its committees. Anyone elected as a member of the Board of Directors must have the capacity to allocate sufficient time to managing their duties.

The long-term diversity objective is to ensure that the process for selecting and evaluating candidates for Board membership involves representatives of both genders so as to facilitate a balanced gender distribution on the Board of Directors.

MEMBERS OF THE BOARD OF DIRECTORS AND BOARD MEETINGS IN 2021

The members of YIT Corporation's Board of Directors from 1 January to 18 March 2021 were: Harri-Pekka Kaukonen, Chairman; Eero Heliövaara, Vice Chairman; and Alexander Ehrnrooth, Frank Hyldmar, Olli-Petteri Lehtinen, Kristina Pentti-von Walzel, Barbara Topolska and Tiina Tuomela, members.

The Annual General Meeting held on 18 March 2021, re-elected six (6) ordinary members to YIT's Board of Directors in addition to the Chairman and the Vice Chairman. Harri-Pekka Kaukonen, born 1963, Ph.D. (Computational material physics), M.Sc. (Eng.), was re-elected as the Chairman of the Board, with Eero Heliövaara, born 1956, M.Sc. (Eng.), M.Sc. (Econ.), re-elected Vice Chairman, and the following were re-elected as ordinary members: Alexander Ehrnrooth, born 1974, M.Sc.(Econ), MBA, President and CEO of Virala Corporation; Frank Hyldmar, born 1961, M.Sc.(Econ.), CEO at Currenta GmbH & Co OHG; Olli-Petteri Lehtinen, born 1960, M.Sc. (Econ.); Kristina Pentti-von Walzel, born 1978, M.Sc. (Econ.), M.Sc. (Pol.Sc.), CEO at Laponie Corporation; Barbara Topolska, born 1966, MBA, CPI Property Group, General Director, Poland and Tiina Tuomela, born 1966, M.Sc. (Eng.), CFO, Uniper SE.

BOARD OF DIRECTORS ON 31 DECEMBER 2021



Harri-Pekka Kaukonen

[Chairman](#)

b. 1963, Ph.D. (Computational material physics),
M.Sc. (Eng.)



Eero Heliövaara

[Vice Chairman](#)

b. 1956, M.Sc. (Eng.), M.Sc. (Econ.)



Alexander Ehrnrooth

[Member](#)

b. 1974 M.Sc.(Econ), MBA,
President and CEO of Virala Corporation



Frank Hyldmar

[Member](#)

b. 1961, M.Sc.(Econ.)
CEO at Currenta GmbH & Co OHG



Olli-Petteri Lehtinen

[Member](#)

b. 1960, Master of Economics



Kristina Pentti-von Walzel

[Member](#)

b. 1978, M.Sc. (Econ.), M.Sc. (Pol.Sc.)
CEO and Chairman at Laponie Corporation



Barbara Topolska

[Member](#)

b. 1966, MBA,
CPI Property Group, General Director, Poland



Tiina Tuomela

[Member](#)

b.1966, M.Sc. (Eng.),
Executive Vice President, CFO, Uniper SE

In 2021, all members of the Board of Directors were independent of YIT and its major shareholders, except Alexander Ehrnrooth, who was not independent of significant shareholders.

The Board of Directors convened 15 times during 2021. The members’ total attendance rate was 98 per cent. Corporate General Counsel Juha Jauhiainen served as the secretary of the Board of Directors.

In 2021, a significant part of the Board of Directors’ work was, among the main responsibilities and tasks, dedicated to monitor the development of the Group’s financial results particularly by supporting the analysis, development and improvement of measures related to the performance of the Group and its’ segments as well as work to renew the company strategy. The Board also continuously monitored and evaluated company’s measures to prevent and limit the potential business impacts of the Covid-19 pandemic.

In addition, the Board of Directors supported and monitored the company’s operating model transformation process and measures to secure the continuation of business operations as well as support the development of sustainability targets of the company.

The Board of Directors also conducted the annual self-evaluation. The evaluation emphasized identification of the development areas related to the Board’s strategic work, board annual agenda and practices in order to further develop the Board of Directors’ work.

SHARE OWNERSHIP OF THE MEMBERS OF THE BOARD OF DIRECTORS ON 31 DECEMBER 2021

Name	Position	Shares	Total
Kaukonen Harri-Pekka	Chairman of the Board	47,781	47,781
Heliövaara Eero	Vice Chairman of the Board	33,297	33,297
Ehrnrooth Alexander	Member of the Board	11,185	25,371,185
Tercero Invest AB Shares held by organisation in which the person exercises influence (substantial economic interest, no control)		25,360,000	
Hyldmar Frank	Member of the Board	11,185	11,185
Lehtinen Olli-Petteri	Member of the Board	19,187	19,187
Pentti-von Walzel Kristina	Member of the Board	2,764,259	2,764,259
Topolska Barbara	Member of the Board	11,185	11,185
Tuomela Tiina	Member of the Board	17,279	17,279

COMMITTEES FOR THE BOARD OF DIRECTORS

The Board of Directors had three permanent committees in 2021: The Personnel Committee, the Audit Committee and the Investment and Project Committee.

The Board of Directors elects the members and Chairmen of the committees from among its members at its constitutional meeting following the Annual General Meeting. The committees have written standing orders ratified by the Board of Directors. The committees report to the Board of Directors on the matters they deal with and the required actions on a regular basis at the Board meeting following each committee meeting.

In addition to Audit, Personnel and Investment and Project committees, the Board may appoint other permanent or temporary committees to focus on certain duties assigned by the Board.

PERSONNEL COMMITTEE

The task of the Personnel Committee is to assist the Board of Directors in issues related to appointing and rewarding key personnel. Among other things, the Personnel Committee prepares proposals for the development of the Group’s corporate culture and HR policy, remuneration and incentive schemes, the rules for performance-based bonuses, and the performance-based bonuses paid to the management. In addition, identifying talents, the development of key personnel, and planning for management successors fall under the preparation responsibility of the committee. The committee also prepares the remuneration policy and remuneration report for the company’s governing bodies.

The committee convenes as necessary and when summoned by the Chairman. It has 3–5 members, who all have knowledge of the Group’s business operations and business segments, as well as HR and remuneration-related matters. The majority of the members of the Personnel Committee must be independent of the company. The President and CEO and other members of the company’s executive management cannot be members of the Personnel Committee. The Executive Vice President, Human Resources, acts as the secretary to the committee.

PERSONNEL COMMITTEE IN 2021

In 2021, the members of the Personnel Committee were Harri-Pekka Kaukonen, Chairman, and Eero Heliövaara and Tiina Tuomela as members. The company’s President and CEO also participated in the committee’s meetings. The committee convened a total of six times in 2021. The members’ total attendance rate was 100 per cent. Pii Raulo, Executive Vice President, Human Resources, served as the committee’s secretary.

The Personnel Committee monitored and handled health, wellbeing and safety related preventive measures. Due to the COVID-19 pandemic, particularly measures to hinder virus spreading and ensuring business continuity were regularly handled by the Committee. Key personnel selection related to renewed strategy and operating model, as well as development of corporate culture, leadership and business performance were also strongly on the Committee’s agenda. The Committee prepared and submitted for confirmation by the Board of Directors the remuneration principles pursuant to the governance model, structures of short- and long-term remuneration programmes pursuant to the remuneration policy as well as the budget, including the indicators, goals and target groups. The Committee also examined and presented for confirmation by the Board of Directors the nominations to management positions as well as levels and practices regarding the remuneration of the President and CEO and other management.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in the supervision of the Group’s reporting and accounting processes. Its tasks include overseeing the financial reporting process of the company, the effectiveness of internal control, internal audit and risk management systems, as well as monitoring and assessing the audit. The committee participates in the preparation of the Group’s financing policy, financing plan and financing arrangements. The committee reviews the company’s Financial Statements, Interim Reports and Half-Year Reports and monitors auditing. It evaluates compliance with laws and regulations and follows the Group’s financial position. The committee convenes at least four times per year and more often if necessary. The committee comprises 3–5 members, the majority of whom must be independent of the company, and at least one of the members must be independent of major shareholders. To be selected as a member of the committee, a person must have extensive knowledge of the Group’s business operations and business segments and possess the qualifications required by the committee’s sphere of duties and have experience with the mandatory tasks related to auditing. The Corporate General Counsel acts as the secretary of the Audit Committee.

Audit Committee in 2021

In 2021, the members of the Audit Committee were Olli-Petteri Lehtinen, Chairman, and Alexander Ehrnrooth, Frank Hyldmar and Kristina Pentti-von Walzel as members.

The Audit Committee convened eight times in 2021. The members’ total attendance rate was 100 per cent. Corporate General Counsel Juha Jauhiainen served as the committee’s secretary. The company’s President and CEO also participated in the committee’s meetings. The Internal Audit Director Markus Vuorimaa and, as the Company’s chief auditor, Markku Katajisto (PricewaterhouseCoopers) until March 18, 2021 and since then Samuli Perälä (PricewaterhouseCoopers) also participated in the committee’s meetings, as did members of the Company’s management and experts, depending on the matters dealt with by the meeting.

In 2021, the Audit Committee regularly handled and monitored the development of the company’s capital expenditure and financing and balance sheet position, financing plan execution as well as handled the achievement of the cash flow and profitability targets. In addition, the Committee regularly handled company’s financial reporting relating to major projects.

In addition to its main tasks, the Audit Committee also regulary handled the key IFRS standards and their application to the company’s business operations as well as participated in the process of preparing and approving the Group’s investment policy and renewed strategy.

INVESTMENT AND PROJECT COMMITTEE

The main function of the Investment and Project Committee is to assist the Board of Directors of YIT Corporation by discussing and preparing, in accordance with the internal decision-making authorizations approved by the Board of Directors, significant contract tenders, property development projects, plot and area development project investments and divestments, acquisitions, disposals and equity investments, and to monitor the development, financial reporting and risk management of the respective portfolios.

The committee convenes regularly, at least twice a year, and more frequently by separate invitation from the chairman if deemed necessary in view of the matters discussed by the committee. The committee has 3–5 members, who all have extensive knowledge of the Group’s business operations and business segments and the competence required by the position. The majority of the members of the Investment and Project Committee must be independent of the company and at least one of the members must be independent of significant shareholders. The Corporate General Counsel acts as the secretary of the Investment and Project Committee.

Investment and Project Committee in 2021

In 2021, the members of the Investment and Project Committee were Eero Heliövaara, Chairman, and Alexander Ehrnrooth, Harri-Pekka Kaukonen and Barbara Topolska as members. The company’s President and CEO also participated in the committee’s meetings. The committee convened a total of fourteen times in 2021. The members’ total attendance rate was 100 per cent. Juha Jauhiainen, Corporate General Counsel, served as the committee’s secretary.

In accordance with the main tasks of the Investment and Project Committee, the Committee concentrated on tasks related to the preparation of significant contract tenders, property development projects, investments, divestments and company acquisitions to be proposed to the Board of Directors for decision. The Committee also participated in the monitoring of the development of the strategic key projects and capital employed as well in the reporting practice development. In addition, the Committee participated in the process of preparing and approving the Group’s investment policy.

Temporary Committees in 2021

In addition to permanent committees Board had three temporary committees until April 1, 2021: Asset Management Committee, Service Business Development Committee and Working Committee. These committees supported the Board of Directors and the management in the company’s financial property management, service business model development, achievement of business continuity and strategic objectives and implementing changes.

Meeting attendance of the Board of Directors and its committees in 2021

Name	Board of Directors	Personnel Committee	Audit Committee	Investment and Project Committee	Asset Management Committee (until April 1, 2021)	Service Business Development Committee (until April 1, 2021)	Working Committee (until April 1, 2021)
Kaukonen Harri-Pekka	15/15	6/6		14/14			11/11
Heliövaara Eero	14/15	6/6		14/14	0/0		11/11
Ehrnrooth Alexander	15/15		8/8	14/14	0/0		11/11
Hyldmar Frank	14/15		8/8			0/0	
Lehtinen Olli-Petteri	15/15		8/8				
Pentti-von Walzel Kristina	15/15		8/8				
Topolska Barbara	15/15			14/14	0/0		
Tuomela Tiina	15/15	6/6				0/0	
Board members’ average attendance rate	98%	100%	100%	100%			100%

SHAREHOLDERS' NOMINATION BOARD

YIT Corporation's 2016 Annual General Meeting resolved to establish a Shareholders' Nomination Board for the company to prepare proposals on the election and remuneration of the members of the Board of Directors for the Annual General Meeting and confirmed the proposal for the standing order of the Nomination Board.

The Shareholders' Nomination Board is a body comprised of the company's shareholders or their representatives, the duty of which is to prepare, in accordance with the Board's diversity principles, proposals on the election and remuneration of the members of the Board of Directors for the Annual General Meeting and, where necessary, for the Extraordinary General Meeting. The primary purpose of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience in view of the company's needs, and to prepare proposals, with justifications, on the election and remuneration of members of the Board of Directors to the Annual General Meeting for this purpose.

The Nomination Board comprises the company's three major shareholders or the representatives nominated by these shareholders. The right to nominate members to represent shareholders in accordance with the Standing Order rests with three shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd or another operator on the last weekday of August in the year preceding the Annual General Meeting, and who hold the largest number of votes conferred by shares according to the shareholder register.

The Nomination Board has been established to serve until further notice. The term of office of the Nomination Board members ends at the appointment of new members every year.

The Nomination Board shall submit its proposal to YIT's Board of Directors every year, by the last weekday of January preceding the next Annual General Meeting. The proposals of the Nomination Board are published in a stock exchange release and included in the notice of meeting. Furthermore, the Nomination Board shall present and justify its proposals and give an account of its operations to the Annual General Meeting.

SHAREHOLDERS' NOMINATION BOARD 2021

Between 1 January and 31 August 2021, the Nomination Board (elected in 2020) comprised Juhani Mäkinen, Counsellor of Law, shareholder group, Alexander Ehrnrooth, Chairman of the Board, Tercero Invest AB and Risto Murto, CEO of Varma Mutual Pension Insurance Company. The Chairman of YIT Corporation's Board of Directors, Harri-Pekka Kaukonen, served as an expert member on the Nomination Board, Juhani Mäkinen served as Chairman of the Nomination Board and Corporate General Council Juha Jauhiainen served as the secretary of the Nomination Board.

Starting from 1 September 2021, the members of the Nomination Board were Juhani Mäkinen, Counsellor of Law, shareholder group, Alexander Ehrnrooth, Chairman of the Board, Tercero Invest AB, shareholder group and Risto Murto, President and CEO of Varma Mutual Pension Insurance Company. The Chairman of YIT Corporation's Board of Directors, Harri-Pekka Kaukonen, served as an expert member on the Nomination Board, and Juhani Mäkinen served as Chairman of the Nomination Board. Corporate General Council Juha Jauhiainen served as the secretary of the Nomination Board.

The Nomination Board convened five times in 2021. Between meetings, the Nomination Board prepared its proposals under the leadership of its chairman. The members' total attendance rate was 100 per cent.

PRESIDENT AND CEO AND HIS DEPUTY

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. The Board of Directors appoints and discharges the CEO and supervises the operations of the office. The Board of Directors also decides on the CEO's salary and fees and other terms of the service contract. The CEO ensures that the company's accounting is carried out according to the law and asset management is organised reliably. YIT's President and CEO serves as Chairman of the Group Management Team.

Between January 1 and April 1, 2021 YIT Corporation's Interim President and CEO was Antti Inkilä M.Sc. (Tech.) (born 1969) and Ilkka Salonen, M.Sc. (Econ.) (born 1965) was acting as his deputy.

On 1, April 2021 Markku Moilanen Ph.D., (Tech), (born 1961) started as the company's new President and CEO and Antti Inkilä was acting as his deputy.



Community Centre of Keravanjoki alliance, Kerava, Finland

GROUP MANAGEMENT TEAM

YIT's Group Management Team is the highest operational decision-making body and is responsible for allocating resources to the business segments. The Group Management Team is also responsible for assessing the performance of the business segments.

The President and CEO and other members appointed by the Board of Directors make up the Group Management Team. The President and CEO appoints the Group Management Team's secretary. The Group Management Team, which meets on a regular basis, approximately once a month, assists the Group CEO with operational planning and management and prepares matters that are to be processed by the Board of Directors. Among other duties, the Group Management Team formulates and co-ordinates the Group's strategic and annual planning, supervises the implementation of plans and financial reporting and prepares significant investments, mergers and acquisitions. The development of the Group's internal co-operation and the promotion of joint development projects are among the Group Management Team's key duties. The President and CEO is responsible for the decisions made by the Group Management Team. The task of the members of the Group Management Team is to implement the decisions in their respective areas of responsibility.

GROUP MANAGEMENT TEAM ON 31 DECEMBER 2021

Name	Year of birth	Position and duties	Education	Share ownership
Moilanen Markku	1961	President and CEO Chairman of the Group Management Team	D.Sc. (Tech.) Industrial Engineering and Management	30,000
Mäkipeska Tuomas	1978	CFO	M.Sc. (Econ.)	0
Tom Ekman	1972	EVP, Business Premises segment	M.Sc. (Tech.)	10,098
Teemu Helppolainen	1962	EVP, Housing Russia segment	M.Sc. (Econ.)	37,930 (2,600 shares held by a controlled corporation)
Inkilä Antti	1969	EVP, Housing Finland and CEE segment, Deputy to the President and CEO	M.Sc. (Tech.)	29,849
Juha Kostiainen	1965	EVP, Urban Development and ESG	M.Sc. (Tech), D.Sc. (Adm.)	13,915
Juhani Nummi	1967	EVP, Strategy and development, Integration	M.Sc. (Tech.)	27,454
Pii Raulo	1967	EVP, Human Resources	M.Sc. (Econ.)	30,695
Tolppanen Pasi	1967	EVP, Infrastructure segment	Ph.D. Engineering Geology	600
Tomperi Ilkka	1975	EVP, Partnership Properties segment	Ph.D, Finance	0

Ilkka Tomperi, EVP Property Development segment, has been a member of the Group Management Team since August 1, 2021; Pasi Tolppanen, EVP Infrastructure segment, since August 24, 2021 and Tuomas Mäkipeska, CFO, since November 1, 2021.

Harri Kailasalo, EVP Infrastructure segment, was a member of the Group Management Team until April 1, 2021; Timo Lehmus, Interim EVP Partnership Properties segment, until July 1, 2021; Marko Oinas, interim EVP Housing Finland and CEE segment, until August 24, 2021, Ilkka Salonen, CFO, until November 1, 2021 and Juhani Nummi, EVP, Operations Development and Pii Raulo, EVP, HR were members of the Management Team until December 31, 2021.



Wind farm, Örnköldsvik, Sweden

GROUP MANAGEMENT TEAM ON 1 JANUARY 2022

Markku Moilanen

President and CEO

b. 1961, D.Sc. (Tech.) Industrial Engineering and Management



Teemu Helppolainen

EVP, Housing Russia segment

b.1962, M.Sc. (Econ.)



Tom Ekman

EVP, Business Premises segment

b. 1972, M.Sc. (Tech.)

▲ Tuomas Mäkipeska

CFO

b. 1978, M.Sc. (Econ.)



◀ Minna Korander

Interim EVP, Human Resources

b. 1970, M.Sc. (Food Economics)



Juha Kostiainen

EVP, Urban Development

b. 1965, M.Sc. (Tech), D.Sc. (Adm.)



Antti Inkilä

EVP, Housing Finland and CEE segment,
Deputy to the President and CEO

b.1969, M.Sc. (Tech.)



Ilkka Tomperi

EVP, Property
Development
segment

b. 1975, Ph.D,
Finance

Pasi Tolppanen

EVP, Infrastructure segment

b. 1967, Ph.D. Engineering Geology

THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONNECTED WITH THE FINANCIAL REPORTING PROCESS

CONTROL ENVIRONMENT

YIT's financial administration consists of the following functions that report to the Chief Financial Officer: Financial service centre, Group accounting and reporting, Group treasury, Group control, Taxes, Investments, segment-specific Business controlling functions and financial development. The Financial service centre manages the basic processes of financial administration.

YIT Corporation's financial reporting and supervision are based on budgets drafted and ratified annually as well as monthly financial reporting and forecasting. YIT Corporation's business is characterised by project-type operations, due to which financial reporting applies revenue recognition over time (POC) or recognition of revenue at a point in time. Accurate information on the degree of completion of the project and the final cost estimate are essential for the reliability of financial data in project business. In addition, for projects where revenue is recognised at a point in time, degree or sale is typically one of the key component.

The aim of the internal control, control environment and risk management related to the financial reporting process is to ensure the harmonised and reliable reporting of the Group's financial results in a manner compliant with applicable laws and regulations and the reporting principles confirmed in YIT Group. The responsibilities of risk management and internal control are defined in the Group's risk management policy as well as in the operating models of the Group functions and business segments. The operating models describe the key tasks, operations and responsibilities of the various administrative bodies. The Group's business reporting and forecasting process produces information related to project monitoring. The businesses produce project reporting and forecasting in co-operation with the business controlling function.

The Group accounting and reporting function, which works under the supervision of the Group's CFO, defines, and communicates the principles related to financial reporting, maintains the tools required for Group accounting and reporting and prepares financial information to interim reports and official financial statements published by the Group. The Business controlling function is responsible for ensuring that reporting within the segments is carried out according to instructions. The Group treasury function issues instructions concerning the reporting of internal and external

calculations related to financial transactions and monitors the accuracy of reporting. Based on long-term and short-term cash flow forecasts, the Group treasury function ensures adequate liquidity as well as appropriate and suitable financial instruments. Group treasury also supports the entire financial administration organisation in reporting on financing and the reconciliation of reporting. Group Controlling produces quantitative analyses for the management and prepares a monthly management report. The Taxes function produces the Group's tax guidelines and practices and ensures that tax-related matters are in compliance with the Group's corporate governance principles and internal tax policies. Financial development improves and develops financial processes and information systems, which supports reporting and monitoring.

The Investments function prepares and supports decision making on projects and investments and is responsible for making preparations for the meetings of the Investment and Project Committee.

IDENTIFICATION AND ASSESSMENT OF RISKS RELATED TO FINANCIAL REPORTING

The Group's financial and financing management is responsible for identifying and assessing risks in relation to financial reporting. The processes and systems of financial reporting are developed and their effectiveness analysed continuously. Risks related to financial reporting are managed with the help of the Group's accounting manual, financing and tax policy, investment guideline, acquisition instructions, control environment and internal audit.

COMMUNICATIONS

The Group's CFO and Investor Relations are responsible for the publication and release of financial information and for the fulfilment of disclosure obligations concerning a listed company. Investor Relations are also responsible for the planning and implementation of investor communications and for daily contact with investors and analysts.

The aim of the company's Investor Relations is to support the appropriate valuation of YIT shares by providing all market parties with all essential information concerning YIT in a continuous and consistent manner.

Corporate Communications maintain YIT's communications policy, published on the Group's website, as well as the internal guidelines for external and financial communications, which define YIT's practices in relation to the disclosure of financial information.

GOVERNANCE MODEL

YIT's business segments are responsible for the accuracy of the segment data presented in interim reports and financial statements. The Group's accounting department is responsible for the accuracy and scope of the group-level numerical data as well as their compliance with rules and regulations. The Audit Committee reviews information that is to be published and submits them for the Board of Directors' approval.

The Group's financial management team convenes on a monthly basis. It is composed of the Business controllers responsible for the business segments, the Group controller, group accounting and reporting, group treasury, the service center, financial development, investments, the Corporate General Counsel and the Vice President, Investor Relations. The financial management team mainly discusses financial administration development projects as well as matters related to risk management and resource allocation.

The Group's operational financial management team meets weekly and is composed of the Business controllers responsible for the business segments, the Group controller, group accounting and reporting, group treasury, the service centre and financial development. The operational financial management team addresses all financial process and development issues concerning financial reporting.

YIT Group's internal audit organisation supported the management in the development and supervision of risk management, internal control and good corporate governance. The internal audit reported in 2021 to the Audit Committee of the Board of Directors and administratively to YIT's President and CEO. The targets of the internal audit were selected annually based on risk. The focus of the internal audit has typically been on project risk management, new geographic or functional operating areas and semi-annually defined risk areas.

In 2021, the Board of Director's decided that the YIT Group's Internal Audit is organized as a fully outsourced service starting from January 1, 2022. The Internal Audit function reports onwards functionally to the Audit Committee of the Board of Directors and administratively to YIT's Corporate General Counsel. The internal annual audit plan is developed using a risk-based methodology, including any risks or control concerns identified by senior management and the Audit Committee. Internal Audit's work is coordinated with other Group functions and financial auditing.

RELATED PARTY TRANSACTIONS

The company maintains a list of its related parties and monitors and evaluates related party transactions on a regular basis in accordance with regulative principles. The members of the Board of Directors and Management Team members as well as certain other management key persons are obligated to notify the company of any possible related party transactions. Any possible related party transactions are reported in connection with the company's consolidated financial statements. During the financial year 2021, the company did not have any material related party transactions that deviated from the company's normal business operations or were not be implemented on arms-length terms.

INSIDER ADMINISTRATION

At YIT, the insider administration is responsible for internal communications and training related to insider matters as well as drawing up and maintaining insider lists and submitting these to the Finnish Financial Supervisory Authority upon request.

The insider administration also ensures that trading restrictions and the obligation to give notification of transactions by managers and their closely associated persons are complied with. The insider administration is responsible for internal communications, training, supervision and monitoring regulatory changes in matters pertaining to the trading restriction and the notification obligation. It maintains a list of managers and their closely associated persons, informs managers of their obligations related to trading restrictions and the notification of transactions, is responsible for providing guidance to managers regarding the provision of information to their closely associated persons regarding the closely associated persons' notification obligation as well as the publication of transactions in stock exchange releases, the practical implementation of which is the responsibility of the Investor Relations (IR) function. The person in charge of insider matters at YIT Corporation is the Corporate General Counsel.

AUDIT

YIT has one auditor, which must be an approved and registered auditing firm pursuant to the Auditing Act (1141/2015).

The Annual General Meeting elects the auditor based on the proposal of the Board of Directors. The Board's Audit Committee prepares the draft resolution concerning the election of the auditor. The auditor audits the company's accounting, financial statements and administration for the financial year. The parent company's auditor must also audit the consolidated financial statements. The auditor reports regularly to the Board of Directors and its Audit Committee and gives YIT's shareholders an Auditor's Report as required by law.

Pursuant to the decision of the Annual General Meeting, the auditor's fee is paid as per the invoice approved by the company. We comply with the provisions of the Finnish Accounting Act and the EU Audit Regulation regarding the maximum duration of the auditor's terms of office and, in electing the auditor, we also ensure that the duration of the chief auditor's consecutive terms of office does not exceed seven years.

YIT's auditor is the auditing firm PricewaterhouseCoopers Oy. Until 18 March 2021 the Authorised Public Accountant was Markku Katajisto and since then it has been Samuli Perälä.

AUDIT FEES IN 2021

EUR million	2021	2020	2019
Audit	1.1	1.0	1.2
Tax services	0.0	0.0	0.2
Other services	0.2	0.2	0.5
Total	1.3	1.2	1.9

BOARD OF DIRECTORS' REPORT

The Board of Directors issued its report for 2021 on 3 February 2022. The Board of Directors' report will be published simultaneously with the Corporate Governance Statement and the Remuneration Report on the company's website at www.yitgroup.com/corporategovernance.




YIT is the largest Finnish and a significant North European development and construction company. For 110 years, we have been creating better living environments for our customers: functional homes for sustainable living, future-proof public and commercial buildings and infrastructure for smoother flow of people, businesses and society. We employ 7,000 professionals in ten countries: Finland, Russia, Sweden, Norway, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia and Poland. Our revenue in 2021 was EUR 2.9 billion. YIT Corporation's share is listed on Nasdaq Helsinki Oy. YIT Corporation's share is listed on Nasdaq Helsinki Oy.


YIT CORPORATION


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