

YIT CORPORATION'S CORPORATE GOVERNANCE STATEMENT 2012

This document, YIT Corporation's Corporate Governance Statement, has been prepared separately from the Board of Directors' report pursuant to the Securities Market Act and recommendation 54 of the Finnish Corporate Governance Code. The statement is published on YIT Corporation's website at www.yitgroup.com/investors - Corporate Governance

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 also complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in June 2010, which took effect on October 1, 2010. The Code is publicly available on the Internet at www.cgfinland.fi.

YIT Corporation's auditor, PricewaterhouseCoopers Oy, has verified that the description of the main characteristics of the internal audit and risk management systems related to the financial reporting process found in this statement is consistent with the financial statements. The Audit Committee of the Board of Directors reviewed the statement in its meeting on February 4, 2013.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body, and its tasks are determined on the basis of the Articles of Association and the Finnish Limited Liability Companies Act. The Annual General Meeting makes decisions on approving the financial statements, the payment of dividends, discharging the members of the Board of Directors and the President from liability, the election of the members of the Board of Directors and its Chairman and Vice Chairman and the auditor and the remuneration to be paid to them, and other matters requiring resolutions by the Annual General Meeting under the Limited Liability Companies Act and matters presented to it. The general meeting of shareholders is convened at least once a year. The Annual General Meeting is held annually by the end of March. The general meeting of shareholders is convened by the Board of Directors.

Board of Directors

The Board of Directors is responsible for the administration and the proper organisation of the operations of the company as well as for ensuring that the supervision of accounting and asset management is organised appropriately. The Board of Directors has a ratified charter, and it regularly verifies that it is up to date. According to its charter, the Board of Directors controls and supervises the operations of the company and the Group and makes decisions on the key operating principles, objectives and strategies. The Board of Directors oversees the operations, finances and risk management of the Group.

In particular, the following tasks are handled and decided on by the Board of Directors:

- Electing the CEO and his/her deputy and senior management and the terms of their employment
- The Group's strategy and objectives
- Budgets and operating plans and overseeing their realisation
- Approving the financial statements and interim reports
- Specifying the dividend policy
- Significant acquisitions and investments
- The Group's operational structure
- Principles of risk management
- The Group's values

The Board of Directors convenes approximately once a month according to a pre-determined schedule, or whenever it is deemed necessary. The Board of Directors assesses its activities and operating methods annually.

YIT Corporation's Annual General Meeting elects the Chairman and Vice Chairman and a minimum of three and maximum of five members of the Board of Directors. The term of office of the Board members is the time period between the end of the annual meeting in which the member is elected and the end of the next annual general meeting.

Board members and meetings in 2012

The members of YIT Corporation's Board of Directors between January 1 and March 13, 2012, were **Henrik Ehrnrooth** as the Chairman, **Reino Hanhinen** as the Vice Chairman and members **Kim Gran**, **Eino Halonen**, **Antti Herlin**, **Satu Huber** and **Michael Rosenlew**, elected by the Annual General Meeting in 2011.

The Annual General Meeting elected a chairman, vice chairman and four ordinary members to the Board of Directors on March 13, 2012.

Those elected were Chairman **Henrik Ehrnrooth**, born 1954, M.Sc. (Forest Economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry PLC; Vice Chairman **Reino Hanhinen**, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c. and members **Kim Gran**, born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc; **Antti Herlin**, born 1956, D.Sc. (Econ.) h.c., D.Sc. (Arts) h.c., Chairman of KONE Corporation's Board of Directors; **Satu Huber**, born 1958, M.Sc. (Econ.), Managing Director of Tapiola Mutual Pension Insurance Company and **Michael Rosenlew**, born 1959, M.Sc. (Econ.), Managing Director of Mikaros AB.

All of the members of the Board of Directors were independent of YIT Corporation and, excluding Henrik Ehrnrooth, also its major shareholders. Henrik Ehrnrooth along with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth indirectly holds a controlling interest in Structor S.A., which is the largest shareholder in YIT Corporation.

The Board of Directors convened twelve times in 2012, and the members' total attendance rate was 90%. One meeting was held as a field trip meeting with the Board becoming acquainted with the company's residential construction in St. Petersburg, Russia. The Board of Directors conducted a self-evaluation of its work during the period, assessing matters such as the efficiency of its work, the quality of information and materials submitted to the Board, focus areas of its work and the targets set for management. The results of the assessment are to be used in developing the Board's work.

The focus areas for the Board's work in 2012 included securing focused, balanced and profitable growth as part of YIT's strategic work and business planning, group structure, risk management and the Group's working capital and financial position.

Committees to the Board of Directors

In accordance with its charter, the Board of Directors formed three committees in 2012: the Working Committee, the Audit Committee and the Nomination and Rewards Committee, and it has ratified charters for each of them.

Working Committee in 2012

In accordance with its charter, the tasks of the three-member Working Committee include addressing matters related to business development and preparing proposals for the Board of YIT. Furthermore, it will address matters related to Group strategy, business segment structure, business organisation and significant investment.

The Board of Directors' Working Committee was comprised of Chairman Henrik Ehrnrooth and members Reino Hanhinen and Michael Rosenlew between January 1, 2012, and December 31, 2012.

The Working Committee convened 9 times in 2012. The members' total attendance rate was 93%. Key tasks of the Working Committee for 2012 included the development and implementation of the programme to improve profitability in the Building Services Northern Europe segment and assessing the competitive environment.

Audit Committee in 2012

The Audit Committee assists the Board of Directors in the supervision of YIT Group's reporting and accounting processes, including internal control, risk management, internal audit and monitoring and assessing the audit. The Audit Committee convenes four times a year, prior to approving each interim report and financial statements. If necessary, the Audit Committee convenes more frequently. The Audit Committee has three members who must be independent of the company.

Between January 1 and March 13, 2012, the members of the Audit Committee of YIT Corporation's Board of Directors were Michael Rosenlew (Chairman), Eino Halonen and Satu Huber. At its organisational meeting on March 13, 2012, the Board elected Michael Rosenlew as Chairman and Reino Hanhinen and Satu Huber as members of the Audit Committee from among its number.

The Audit Committee convened four times during 2012, of which three meetings were as the new Committee after March 13, 2012. The members' total attendance rate was 92%. Timo Lehtinen, CFO, was the secretary of the Committee, and Juhani Pitkääkoski, President and CEO, and Ari Ladvelin, Director of Internal Audit, also attended the committee meetings. The auditor with principal responsibility, Heikki Lassila (PricewaterhouseCoopers), also attended the meetings, as did members of the company's management, depending on the matters dealt with by the meeting.

During the financial period, the Audit Committee focused on, for example, preparation of financing arrangements, making use of working capital in the group more efficient, ensuring and monitoring the implementation of the company's information management strategy and IT projects as well as the review of the risk, litigation and claim management processes.

Personnel Committee in 2012

The Board meeting held on March 13, 2012, changed the name of the Nomination and Rewards Committee to the Personnel Committee and ratified the committee's charter. According to it, the task of the Personnel Committee is to assist the Board of Directors in matters related to nominating and rewarding key personnel within the Group. 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 bonuses and the bonuses paid to the management. In addition, identifying talents, the development of key personnel and planning for management replacements fall under the preparation responsibility of the Committee.

Between January 1 and March 13, 2012, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Henrik Ehrnrooth (Chairman) and Eino Halonen, Reino Hanhinen and Antti Herlin. At its organisational meeting held on March 13, 2012, the Board elected Henrik Ehrnrooth as chairman and Reino Hanhinen and Antti Herlin as members of the Personnel Committee.

In 2012, the Personnel Committee (and previous Nomination and Rewards Committee) convened six times, of which four meetings were held after March 13, 2012. The members' total attendance rate was 85%. Key tasks of the Personnel Committee for 2012 included target setting and performance bonus rules of the long term incentive scheme and identifying key personnel.

Board member meeting participation January 1 – December 31, 2012

	Board of Directors	Working Committee	Audit Committee	Personnel Committee
Henrik Ehrnrooth	12/12	9/9	-	6/6
Kim Gran	9/12	-	-	-
Eino Halonen *)	0/1	-	0/1	0/2
Reino Hanhinen	12/12	8/9	3/3	6/6
Antti Herlin	9/12	-	-	5/6
Satu Huber	12/12	-	4/4	-
Michael Rosenlew	12/12	8/9	4/4	-
Average attendance rate	90%	93%	92%	85%

*) Eino Halonen was a member of the Board of Directors, Audit Committee and Nomination and Rewards Committee until March 13, 2012. The Board convened once, the Audit Committee once and the Nomination and Rewards Committee twice before March 13, 2012.

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. He also ensures that the company's accounting is lawful and asset management is organised reliably. The President and CEO is also responsible for reporting to the Board of Directors. The President and CEO serves as the chairman of the Group's Management Board and as the chairman of the Boards of the Group's business segment parent companies.

The Board of Directors decides on the CEO's remuneration and other terms of employment. YIT Corporation's President and CEO has been Juhani Pitkääkoski (born 1958), LL.M., since November 2008, with Kari Kauniskangas (born 1974), M.Sc. (Eng.), B.Sc. (Econ.), acting as his deputy.

Main characteristics of the internal control and risk management systems connected with the financial reporting process

Control environment

YIT Corporation's business operations are organised into four business segments accountable for business results: Construction Services Finland, International Construction Services, Building Services Northern Europe and Building Services Central Europe. YIT Group operates in fourteen European countries. Each segment has a significant number of regional divisions and business units that are accountable for business results.

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

YIT Corporation's financial reporting and control are based on budgets drafted and ratified every six months and on monthly performance reporting. The Group's financial reporting is based on financial data on business results provided by each cost centre combined with segment- and Group-level data. Project-like operations are typical of YIT Corporation's business, and the percentage of completion is applied in financial reporting based on degree of completion and sale. Correct information on the degree of completion and sale of the project and the final cost estimate are essential for the reliability of financial data in project business.

The aim of the internal control and risk management systems related to the financial reporting process is to ensure that the profit development of business operations is reported in a harmonised and reliable way that complies with applicable laws and regulations and the reporting principles ratified in YIT Group. The responsibilities of risk management and internal control are specified by the Group's risk management policy and the charters of the Group and the business segments, which specify the key tasks, duties and responsibilities of the different administrative bodies. The Group's business reporting process is decentralised to business segments with responsibility for business results and thereby internal control is incorporated into the business segments' operations.

Group Accounting, headed by the Group's Chief Financial Officer, defines and communicates the principles related to financial reporting, maintains the tools required for accounting and reporting and prepares the official financial statements to be disclosed. The financial management functions of the business segments are responsible for ensuring that reporting within the business segments is carried out in accordance with the instructions. Financing, information management, investor relations and preparation of significant acquisitions and insurance-related matters are centralised in the Group.

Identification and assessment of risks related to financial reporting

The Group's financial and financing management is responsible for identifying and assessing risks related to financial reporting. Financial reporting processes and systems are continuously developed. In 2012, the use of a harmonised method for the identification and assessment of financial reporting risks continued at the level of the Group and the business segments. The risks are evaluated annually and control measures and reporting control points are developed further on the basis of them in order to prevent risks.

The most significant financial reporting risks were estimated to concern the predictability of capital use and cash flow, fluctuations in exchange rates, the reliability of sales forecasts and the sufficiency of accounting resources.

Management of risks related to financial reporting

Risks related to financial reporting are managed through the Group accounting manual, financing policy, investment guidelines and acquisition guidelines. The use of the SAP ERP system was expanded further in Sweden and Norway.

The Russian companies continued the harmonisation of local accounting principles. The deployment of the joint Microsoft Navision financial administration system proceeded in all countries in the Baltic area and Central Eastern Europe.

A group accounting consolidation tool was adopted, after which the process and system used by the management and external accounting is consistent.

YIT's ethical principles are shared by the entire Group. There is also an anonymous reporting channel in use, making it possible to report any matters related to suspicions of financial misdemeanours.

Actions and responsibilities for managing the identified reporting risks were specified separately during 2012.

The predictability of capital and cash flow has been improved by developing the IT systems. Increased attention was paid to accounting resources, and the goals included more active job rotation, more detailed allocation of time available for reporting and automation of processes.

Communications

The Group CFO and the Investor Relations (IR) function are responsible for the disclosure of financial information and fulfilment of the communication obligations of a listed company. IR is also responsible for the planning and implementation of investor communications and daily contact with investors and analysts.

The aim of the IR function is to support the appropriate valuation of the YIT share by continuously and consistently communicating all essential information on YIT equally to all market parties.

Corporate Communications maintains YIT's communication policy, which is published on the Group's website, and internal guidelines on external and financial communication, which specify YIT's policies in disclosing financial information. Guidelines on financial reporting are available to the personnel on YIT's intranet.

Follow-up

YIT's business segments are responsible for the accuracy of segment data in interim reports and financial statements. The Group's accounting department is responsible for the accuracy, extent and compliance of Group-level numerical data. The Audit Committee reviews any information that will be published and submits it to the Board of Directors for approval.

The Group's financial management team convenes on a monthly basis. It consists of the CFOs of the segments, Group accounting, Group financing and information management. The financial management team reviews process- and development-related matters pertaining to all business segments.

In 2012, the Group's internal auditing took part in the risk management of financial reporting, reviewed International Construction Services' financial reporting, implemented IT projects and carried out individual audits and separate investigations.

Board of Directors' report

The Board of Directors has issued its report for 2012 on February 4, 2013. The Board of Directors' report, Corporate Governance Statement and account of salaries and fees are published simultaneously on the company's website at www.yitgroup.com/investors.

