

YIT CORPORATION'S CORPORATE GOVERNANCE STATEMENT FOR 2013

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 Recommendation 54 of the Finnish Corporate Governance Code. The Statement is available 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 Corporation 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 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 the statement in its meeting held on February 4, 2014.

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 March 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 purchase and transfer of company shares
- Decisions on option rights

Board of Directors

The Board of Directors controls and supervises the management and operations of the company. The Board is tasked with promoting the interests of all shareholders and the Group by seeing to the Group's administration and the proper organisation of its operations.

The Board of Directors comprises the Chairman and the Vice Chairman and three to five members elected by the Annual General Meeting for one year at a time. The Articles of Association do not contain any special orders as regards the appointment of Board members. The majority of Board members must be independent of the company. In addition, at least two of the majority members must be independent of the company's significant shareholders. The President and CEO cannot be elected as Chairman of the Board. Both genders must be represented on the Board of Directors.

The Board of Directors convenes regularly at the invitation of the Chairman. The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision. In the case of a tie, the Chairman has the deciding vote. The President and CEO participates in Board meetings by presenting the items on the agenda, and the Chief Financial Officer as the secretary of the Board. Other Management Board members 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. They also ensure that the Board is provided with the information on the structure, operations, markets and other company

issues that it needs to carry out its tasks. The meeting agendas and materials are delivered to Board members well in advance of meetings.

The Board of Directors and its committees have confirmed charters. Board members evaluate the operation of the Board 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 tasks, 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
- Supervises and controls operative management
- Appoints and discharges the President and CEO and his deputy, decides on their salary and agrees on the other terms of their service contracts
- 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 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
- Establishes the Group's values

Members of the Board of Directors and Board meetings in 2013

During the period from January 1 to March 15 2013, YIT Corporation's Board of Directors was composed of Henrik Ehrnrooth as Chairman, Reino Hanhinen as Vice Chairman and Kim Gran, Antti Herlin, Satu Huber and Michael Rosenlew as members.

The Annual General Meeting held on March 15, 2013 elected five (5) ordinary members to YIT's Board of Directors in addition to the Chairman and the Vice Chairman. Henrik Ehrnrooth was re-elected as Chairman of the Board, Reino Hanhinen was re-elected as the Vice Chairman and Kim Gran, Satu Huber and Michael Rosenlew continued as Board members. Erkki Järvinen and Ari Lehtoranta were elected to join the Board as new members.

The Extraordinary General Meeting held on June 17, 2013 confirmed the number of Board members to be three (3) in addition to the Chairman and the Vice Chairman of the Board. Ari Lehtoranta and Michael Rosenlew, who were elected to Caverion Corporation's Board of Directors, resigned from the Board of YIT Corporation. As of the registration of the partial demerger's implementation on June 30, 2013, YIT Corporation's Board of Directors has been composed of 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; **Satu Huber**, born 1958, M.Sc. (Econ.), Deputy Chief Executive Officer of Elo Mutual Pension Insurance Company and **Erkki Järvinen**, born 1960, M.Sc. (Econ.), President and CEO of Tikkurila.

All Board members, apart from Henrik Ehrnrooth, are independent of YIT Corporation and its significant shareholders. Henrik Ehrnrooth is not independent of a significant shareholder, given that he indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth holds a controlling interest in Structor S.A., which is YIT Corporation's largest shareholder.

The Board of Directors convened 15 times during 2013. Five of these meetings took place after the partial demerger. The members' total attendance rate was 94%. 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, the focal areas of its work and the targets set for management. The results of the evaluation are to be used in developing the Board's work.

During the first half of the year, the Board's work focused on preparing the partial demerger of YIT Corporation and the related decision-making. Other focal areas of the Board's work in 2013 included ensuring balanced, profitable growth as part of YIT's strategic work and business planning, Group structure, risk management and the Group's working capital, cash flow and financial position.

Timo Lehtinen, the CFO of the Group, served as the secretary of the Board.

Committees to the Board of Directors

Until June 17, 2013, the Board of Directors had three committees: the Personnel Committee, the Audit Committee and the Working Committee. The Board's Working Committee was discontinued by a decision made on June 17, 2013.

The Board of Directors elects the members and chairmen of the committees from among its members in its annual constitutional meeting. The committees have written charters confirmed by the Board of Directors. The committees report to the Board of Directors on the matters the committees have dealt with and the actions required on a regular basis, in the Board meeting following each committee meeting.

Personnel Committee

The task of the Personnel Committee is to assist the Board of Directors in issues related to the nomination and remuneration of key personnel within YIT Group. Among other things, the Personnel Committee participates in the development of the Group's corporate culture and HR policy and the preparation of the remuneration and incentive schemes, the rules for performance-based bonuses and the proposals for performance-based bonuses paid to the management. The Committee's tasks furthermore include the identification of talent, the development of key personnel and management's succession planning.

The Committee convenes when necessary and at the invitation of its chairman. It is composed of three to five members who, in addition to the company's business and segments, are familiar with its HR and remuneration policies. The members of the Personnel Committee must be independent of the company as required by the Finnish Corporate Governance Code. The Group's Senior Vice President, Human Resources, serves as the Committee's secretary.

Personnel Committee in 2013

From January 1 to March 15, 2013, YIT Corporation's Personnel Committee was composed of Henrik Ehrnrooth as Chairman and Reino Hanhinen and Antti Herlin as members. At its constitutional meeting of March 15, 2013, the Board of Directors elected Henrik Ehrnrooth as Chairman and Kim Gran and Reino Hanhinen as members of the Personnel Committee.

The Committee convened a total of nine times in 2013. The members' total attendance rate was 100%. Pii Raulo, Senior Vice President, Human Resources, served as the Committee's secretary.

The main tasks of the Personnel Committee in 2013 were to prepare the key choices of persons in connection with the partial demerger, confirm the rules for performance-based bonuses and prepare the new multi-annual incentive scheme. The Personnel Committee also participated actively in the process of preparing YIT's values and management principles.

Audit Committee

The Audit Committee assists the Board of Directors in the supervision of the Group's accounting and reporting processes. It is tasked with, for instance, overseeing the company's financial reporting process, the effectiveness of internal control, internal auditing and risk management systems, and with evaluating the audit. Among other things, the Committee reviews the company's financial statements and interim reports, and monitors auditing. It evaluates compliance with laws and regulations and monitors the Group's financial position.

The Committee convenes four or five times a year and more often, if necessary. It comprises three members who must be independent of the company. In addition, at least one member must be independent of significant shareholders. Persons elected as members have extensive knowledge of the company's business operations and business segments, and sufficient knowledge of accounting and the practices related to financial statements. The Group's CFO acts as the secretary of the Audit Committee.

Audit Committee in 2013

From January 1 to March 15, 2013, the Audit Committee was composed of Michael Rosenlew as Chairman and Reino Hanhinen and Satu Huber as members. At its constitutional meeting held on March 15, 2013, the Board of Directors elected from among its members Michael Rosenlew as Chairman and Satu Huber and Erkki Järvinen as members of the Audit Committee. After the partial demerger on June 30, 2013, Satu Huber was elected as Chairman and Reino Hanhinen and Erkki Järvinen as members of the Audit Committee.

In 2013, the Audit Committee convened six times, of which three times in the new composition of the Committee, after June 30, 2013. The members' total attendance rate was 94%. CFO Timo Lehtinen served as the secretary of the Committee. The Committee's meetings were also attended to by the company's President and CEO Juhani Pitkäkoski until June 30, 2013, and by President and CEO Kari Kauniskangas subsequent to that date. In addition, Ari Ladvelin, head of internal audit, also participated in the meetings. Auditor Heikki Lassila (of PricewaterhouseCoopers) also attended the meetings, as did members of the company's management and experts, depending on the matters dealt with at each meeting.

During the financial period, the Audit Committee focused on, for example, the preparation of the partial demerger and financing arrangements, increasing the efficiency of working capital and cash flow, preparing the company's information management strategy and securing and monitoring key IT projects, as well as on the review of the risk management, litigation and claim processes.

Working Committee

The task of the Working Committee was to assist the Board of Directors in matters related to the development of YIT's business operations. The tasks of the Working Committee included addressing matters related to business development and preparing proposals for the Board of YIT. According to its confirmed charter, the Working Committee addressed matters related to Group strategy, business segment structure, the organisation of business and significant investments.

The Working Committee convened as necessary, at the invitation of its Chairman. The Committee had three members: the Chairman and Vice Chairman of YIT's Board of Directors, and a third member elected by the Board of Directors from among its number. The Chairman of the Board acted as the Chairman of the Committee. The President and CEO served as the Committee's secretary.

Working Committee in 2013

Between January 1 and March 15, 2013, the Working Committee was composed of the Board of Directors' Chairman Henrik Ehrnrooth and Vice Chairman Reino Hanhinen as well as Michael Rosenlew, appointed by the Board of Directors from among its number.

At its constitutional meeting of March 15, 2013, the Board of Directors decided to keep the composition of the Committee unchanged. The Board of Directors decided to discontinue the Working Committee on June 17, 2013.

The Working Committee convened four times in 2013. The members' total attendance rate was 100%. President and CEO Juhani Pitkäkoski acted as the secretary of the Committee. Members of the company's management, depending on the matters dealt with at the meeting, attended some of the meetings.

The main task of the Working Committee in 2013 was to prepare and ensure the partial demerger. During the first half of the year, the Working Committee ensured, for its part, the implementation of the efficiency programme of the Building Services Northern Europe business segment and prepared a strategic company acquisition, which did not materialise.

Board members' participation in meetings January 1 – December 31, 2013

	Board of Directors	Audit Committee	Personnel Committee	Working Committee*
Henrik Ehrnrooth	15/15		9/9	4/4
Kim Gran	13/15		7/7	
Reino Hanhinen	15/15	3/4	9/9	4/4
Antti Herlin**	2/2		2/2	
Satu Huber	15/15	6/6		
Erkki Järvinen***	12/13	5/5		
Ari Lehtoranta****	5/8			
Michael Rosenlew*****	10/10	3/3		4/4
Average attendance rate	94%	94%	100%	100%

* The Working Committee was discontinued on June 17, 2013.

** Antti Herlin was a member of the Board and the Personnel Committee until March 15, 2013. Before March 15, 2013, the Board of Directors convened two (2) times and the Personnel Committee likewise two (2) times.

*** Erkki Järvinen was a member of the Board and a member of the Audit Committee from March 15 to December 31, 2013. During this time, the Board convened thirteen (13) times and the Audit Committee five (5) times.

**** Ari Lehtoranta was a member of the Board from March 15 to June 30, 2013. During this time, the Board convened eight (8) times.

***** Michael Rosenlew was a member of the Board from January 1 to June 30, 2013. During this time, the Board convened ten (10) times. Furthermore, he was the Chairman of the Audit Committee between January 1 and June 30, 2013 and a member of the Working Committee between January 1 and June 17, 2013. During this time, the Audit Committee convened three (3) times and the Working Committee four (4) times.

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 President and CEO and supervises his operation. It also decides on the President and CEO's salary and remuneration and other terms of the service contract. The President and CEO ensures that the company's accounting complies with legislation and that its asset management is organised in a reliable way. The President and CEO serves as the Chairman of the Group's Management Board.

From November 2008 to June 30, 2013, YIT Corporation's President and CEO was Juhani Pitkäkoski, LL.M. (born 1958), with Kari Kauniskangas, M.Sc. (Eng.), B.Sc. (Econ.), (born 1974) acting as his deputy.

Since July 2013, YIT Corporation's President and CEO has been Kari Kauniskangas, with Tero Kiviniemi, M.Sc. (Eng.), EMBA, (born 1971) acting as his deputy.

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

Control environment

Prior to the partial demerger implemented on June 30, 2013, YIT Corporation's business was organised into four segments with profit responsibility: Construction Services Finland, International Construction Services, Building

Services Northern Europe and Building Services Central Europe. At the time, YIT Group had business operations in 14 European countries. Following the partial demerger, YIT's business has been divided into two business segments: Construction Services Finland and International Construction Services. Both segments have a substantial number of regional divisions and units with profit responsibility.

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

YIT Corporation's financial reporting and supervision are based on budgets drafted and ratified every six months as well as on monthly performance reporting. The Groups' financial reporting is based on financial data on the profitability of business provided by each cost centre, combined with segment-level and Group-level data. YIT Corporation's business is characterised by project-type operations, due to which financial reporting applies the percentage of completion method (POC) in accordance with the degree of completion and sales, for example. Accurate 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 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 charters of the Group and its business segments. The charters describe the key tasks, operations and responsibilities of the different administrative bodies. The Group's business reporting process has been decentralised to the segments that are responsible for business results, thus making internal control also a part of the segments' operations.

Group accounting, which works under the supervision of the Group's CFO, defines and communicates the principles related to financial reporting, maintains the tools required for accounting and reporting and prepares the official financial statements published by the Group. The financial management of the business segments are responsible for ensuring that reporting within segments is carried out according to instructions. The Group's financing, IT administration, investor relations and insurance matters as well as the preparation of its most significant corporate acquisitions are centralised.

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 continuously. The application of the uniform method for the identification and assessment of financial reporting risks was continued in 2013, on the level of both the Group and its business segments. Risks are assessed annually. These assessments are used as a basis for the further development of supervision and control measures and the control points of reporting, to prevent the materialisation of risks.

The most significant reporting risks were considered to include the reliability of projects' financial forecasts and the accounting based on them, resource issues in financial administration, risks related to the schedules of reporting, the reliability of cash flow forecasts and valuation issues related to completed unsold residential units.

Management of risks related to financial reporting

Risks related to financial reporting are managed with the help of the Group's accounting manual, financing policy, investment guideline, acquisition instructions and internal audit.

In 2013, the Group's Russian companies continued to harmonise their local accounting and IT systems. All Baltic countries and Central Eastern European countries implemented a uniform financial management system. The focus areas for development work included improving the quality of project forecasts and cash flow reporting, monitoring of the use of capital and the harmonisation work of the Russian accounting system. Development work concerning the next generation information system for project management and reporting was also begun.

YIT's business principles are shared by the entire Group. There is also an anonymous reporting channel through which matters related to suspected financial misconduct can be reported.

Separate measures and responsibilities were determined for the management of reporting risks identified in 2013.

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. The instructions pertaining to financial reporting are available to personnel on YIT's intranet.

Monitoring

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 board convenes on a monthly basis. It is composed of the segments' chief financial officers as well as representatives from Group accounting, Group financing and IT administration. The financial management board addresses all process and development issues concerning the business segments.

YIT Group's internal audit organisation supports the management in the development and supervision of risk management, internal control and corporate governance. The focus of the work of internal auditing is on business processes and risk management. The work is coordinated with auditing and corporate security. The Group's internal audit reports to the Board of Directors' Audit Committee and administratively to the President and CEO of YIT Corporation.

The functions of internal audit were divided between YIT Corporation and Caverion Corporation on 1 July 2013. The operating principles of YIT's internal audit in the new organisation were reviewed and updated. The focus areas of internal audit included the partial demerger, emerging markets, assignments related to reporting and accounting, the management of misconduct risks and the risk management of major projects.

Board of Directors' report

The Board of Directors issued its report for 2013 on February 5, 2014. The Board of Directors' report will be published simultaneously with the Corporate Governance Statement and the Remuneration Statement on the company's website at www.yitgroup.com/investors