

YIT CORPORATION REMUNERATION STATEMENT 2016

The aim of YIT's remuneration systems is to reward good performance, increase the personnel's motivation and commit the company's management and its employees to the company's objectives in the long term.

Decision-making regarding remuneration

YIT Corporation's Annual General Meeting decides on the fees for the Board of Directors. The Board of Directors decides on the salary and fees and other terms of employment of the CEO and other key Group employees, such as the CEO's deputy and members of the Group's Management Board.

The task of the Personnel Committee is to assist the Board in matters 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 proposals for 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 Shareholders' Nomination Board of YIT Corporation is a body comprised of the company's shareholders or their representatives, the duty of which is to prepare proposals on the election and remuneration of the members of the Board of Directors for the Annual General Meeting.

Remuneration of Board members

The Annual General Meeting 2016 decided that the Board of Directors be paid remuneration as follows in 2016:

Chairman: EUR 6,600 per month (EUR 79,200 per year)

Vice Chairman: EUR 5,000 per month (EUR 60,000 per year)

Members: EUR 3,900 per month (EUR 46,800 per year)

In addition, a meeting fee of EUR 550 is paid for each Board and committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travel compensation regulations. The fees of the Board of Directors remained the same as in the previous year. No other fees or benefits were paid to Board members.

Proposal for fees for 2017

The Nomination Board proposes to the Annual General Meeting on the 16th of March, 2017, that the annual fixed remuneration payable to the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the next Annual General Meeting be as follows:

- Chairman of the Board EUR 79,200
- Vice Chairman and the Chairman of the Audit Committee EUR 60,000 and
- members EUR 46,800

The Nomination Board proposes to the General Meeting that as a condition for the annual remuneration the members of the Board of Directors are obliged, directly based on the Annual General Meeting's decision, to use 40 percent of the fixed annual remuneration for purchasing YIT's shares from the market at a price formed in trading at Nasdaq Helsinki's stock exchange list. The purchase will be carried out within two weeks from the publication of the Interim Review for the period January 1, 2017 to March 31, 2017.

The Nomination Board recommends that the board member would not dispose shares received as the annual remuneration before his/her term as a member of the board has ended.

According to the view of the Nomination Board, the long-term and increasing share ownership of the board members serves the interest of all the shareholders.

In addition, the Nomination Board proposes that a meeting fee in the amount of EUR 550 shall be paid. It is proposed that similarly EUR 550 be paid to the members of the committees of the Board of Directors for each committee meeting. Per diems are proposed to be paid for trips in Finland and abroad in accordance with the State's travelling compensation regulations.

Remuneration paid to Board 2016, euros

Board members	Time line	Board remuneration	Board meetings	Audit committee	Personnel committee	Total 2016	Total 2015	Total 2014
Henrik Ehrnrooth	member until 18.3.2014	0	0	0	0	0	0	17 600
Reino Hanhinen	member until 15.3.2016	19 000	550	0	550	20 100	87 450	84 550
Kim Gran	member until 15.3.2016	10 950	550	0	550	12 050	68 250	64 950
Satu Huber	member since 2009	46 800	5 500	2 750	2 750	57 800	53 950	55 050
Erkki Järvinen	member since 2013	46 800	5 500	2 200	550	55 050	55 050	55 600
Inka Mero	member since 15.3.2016	35 100	4 950	0	2 750	42 800	0	0
Juhani Pitkääkoski	member since 18.3.2014	56 700	4 950	2 200	0	63 850	55 050	42 800
Teuvo Salminen	member 18.3.2014-15.3.2016	11 700	550	550	0	12 800	55 050	42 800
Matti Vuoria	member since 15.3.2016	59 400	4 950	0	2 750	67 100	0	0
Board total		286 450	27 500	7 700	9 900	331 550	374 800	363 350

Management remuneration

The remuneration paid to the Group's Management Board is comprised of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance-based bonus, and
- Long-term incentive schemes, such as share-based incentive scheme and pension benefits.

Performance-based bonuses

The basis of remuneration is a fixed salary, in addition to which most of the Group's salaried employees are included in a short-term performance-based bonus scheme. The Board of Directors confirms the criteria for the payment of performance-based bonuses every six months.

The bonuses paid are determined on the basis of the realisation of personal profit objectives, the Group's financial result, and the attainment of profitability, growth and development objectives. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the fulfilment of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance-based bonuses are specified at the business division and unit level.

The maximum annual performance-based bonus paid to the CEO and the Management Board may equal 50–60 per cent of their annual taxable pay excluding the performance-based bonus.

Other monetary rewards in use at YIT include years-of-service bonuses.

Share-based incentive schemes

YIT has implemented a long-term share-based incentive scheme to support the company's strategy of profitable growth and supplement the already available incentive schemes. The scheme aims at encouraging employees to engage in goal-oriented work, rewarding good performance and committing employees to long-term persistent work. Members of YIT's Board of Directors are not included in the share-based incentive scheme.

The first scheme consisted of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance in the previous year. A total of approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

The taxes and tax-like payments arising from the share rewards were covered by a monetary bonus under the terms of the scheme. Employees included in the incentive scheme were obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee was terminated during the commitment period, the employee had to return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010 and 2011, the commitment period has ended.

During 2016, a total of 2 186 shares were returned to the company in accordance with the terms and conditions. The earnings periods of the second incentive scheme are the years 2014, 2015 and 2016. Any bonus will be determined on the basis of the indicators decided

annually by YIT's Board of Directors for each earnings period and their target levels. Return on investment is the key indicator in the scheme. An additional target related to the Group's cash flow was set for 2014. The targets for 2015 were Return on investment and Net debt and for 2016 were return on investment and Earnings per share . YIT's Board of Directors also decides on the approximately 200 key persons from different YIT countries to be included in the incentive scheme for each earnings period. The same employees are not automatically covered by the scheme during all earnings periods.

A total of approximately 650,000 (2014 and 2015) and 700,000 (2016) shares can be rewarded annually, of which a maximum of 25,000 to the President and CEO and 78 000 to the Group Management Board (excluding CEO, earning period 2016). The shares to be granted are already held by YIT as a rule. There is a two-year commitment period associated with each earnings period, after which the shares are transferred to key persons still employed by YIT Group. Shares will be handed over in 2017, 2018 and 2019. The employer will cover the taxes and tax-like fees charged to the key employees covered by the scheme in connection with the handing over of the shares. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner.

Pension, retirement age and termination compensation

The contractual retirement age of the CEO and his deputy is 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60% of salary accounted according to Finnish employment pension law. The pension scheme is benefit-based.

The contractual period of notice is for from six months to nine months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary.

Remuneration paid to the CEO and Management Board in 2016

Kari Kauniskangas served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 71,680 in March 2016 based on the results of July–December 2015. Based on the results of January–June 2016, the President and CEO was paid a performance-based bonus 58,490 in September.

In 2016 according to share based incentive scheme Kari Kauniskangas received 15,500 shares and The Group Management Board (excluding CEO) 54,560 shares on the basis of company's result in 2015. The members of The Group Management Board who are still at The Group Management Board the end of the year 2016 were granted 47 120 shares. These shares and thereto related monetary bonus (monetary bonus cover the taxes and tax-like fees) will be handed over and paid in 2018 by the rules of share based incentive scheme. By the rules of share-based incentive scheme, instead of shares, can also be handed over the amount of money which is equivalent to the market price of hand-over time.

Remuneration paid to the CEO and Management Board in 2016, EUR

Kari Kauniskangas, Chairman, President and CEO
Other Management Board:

Tero Kiviniemi, Executive Vice President, deputy to the President and CEO, Head of the Business Premises and Infrastructure segment

- Teemu Helppolainen, Head of The Housing Russia segment
- Antti Inkilä, Head of The Housing Finland and CEE segment
- Juha Kostainen, Senior Vice President, Sustainable Urban Development, since 1.10.2016
- Timo Lehtinen, Chief Financial Officer, CFO, 1.1.-5.9.2016
- Ari Ladvelin, acting CFO, 5.9.-7.11.2016
- Esa Neuvonen, Chief Financial Officer, CFO, since 7.11.2016 (nominated for The Group management Board 5.9.2016, began in his duties 7.11.2016)
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources

	Fixed salary	Fringe benefits	Bonuses	Share-based incentive plan	Total 2016	Total 2015	Total 2014
President and CEO	456 805	13 887	130 170	0	600 862	655 566	547 871
Total Management Board, excl. CEO	1 649 493	77 279	344 288	0	2 071 060	1 900 150	1 442 060