

YIT CORPORATION REMUNERATION STATEMENT 2017

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. 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 General Meeting for this purpose.

Remuneration of Board members

The Annual General Meeting 2017 decided that the members of the Board of Directors be paid the following fixed annual fees for the term of office ending at the conclusion of the next Annual General Meeting:

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

In addition, it was decided that the award and payment of the fixed annual fee be contingent on the Board

members committing to purchasing directly, based on the resolution of the Annual General Meeting, YIT Corporation shares amounting to 40% of the fixed annual fee from a regulated market (Nasdaq Helsinki Ltd) at a price determined by public trading, and that the shares in question be purchased directly on behalf of the Board members. The shares shall be purchased within two weeks of the publication of the interim report for the period January 1–March 31, 2017.

It was also decided that the Board members be paid a meeting fee of EUR 550 per meeting in addition to the fixed annual fee. In addition, the members of Board Committees are paid an attendance fee of EUR 550 for each committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the state's travel compensation regulations. No other fees or benefits were paid to Board members.

In line with the resolutions of the Annual General Meeting of YIT held on March 16, 2017, the Extraordinary General Meeting resolved that the new members of the Board of Directors of YIT to be elected for a term of office commencing on the date of registration of the execution of the merger and expiring at the end of the first Annual General Meeting of YIT following the date of registration of the execution of the merger be paid the following remuneration: to the Chairman of the Board EUR 79,200 per year, to the Vice Chairman of the Board of Directors and the Chairman of the Audit Committee EUR 60,000 per year and EUR 46,800 per year to the other members of the Board of Directors. The annual remuneration of the new Board members elected hereunder shall be paid in proportion to the length of their term of office.

In addition to the fixed annual remuneration, the new members of the Board of Directors will be paid a meeting fee of EUR 550 per meeting and the new members of the committees of the Board of Directors will be paid a meeting fee of EUR 550 per each committee meeting. Per diems were resolved to be paid for trips in Finland and abroad in accordance with the State's travelling compensation regulations.

The award and payment of the fixed annual remuneration is contingent on the Board members committing to purchase directly based on the resolution

of the Extraordinary General Meeting YIT Corporation shares from a regulated market (Nasdaq Helsinki Ltd.) at a sum corresponding to 40% of their fixed annual remuneration at a price determined in the public trading, and that the shares in question will be purchased directly on behalf of the Board members. The shares shall be purchased by a financial intermediary based on a purchase order given on behalf of the Board member within two weeks of the publication of the first interim report to be published after the execution of the merger. Otherwise the resolutions on Board remuneration made by the Annual General Meeting held on March 16, 2017 shall remain in force unaffected.

The abovementioned decision on the remuneration of the Board of Directors became effective upon the registration of the execution of the merger.

Proposal for fees for 2018

The Nomination Board proposes that the members of the Board of Directors be paid the following fixed annual fees for the term of office ending at the conclusion of the next Annual General Meeting:

- Chairman of the Board: EUR 100,000,
- Vice Chairman and the Chairman of the Audit Committee: EUR 70,000, and
- Members: EUR 50,000.

In addition, the Nomination Board proposes that the award and payment of the fixed annual fee be contingent on the Board members committing to purchasing directly, based on the resolution of the Annual General Meeting, YIT Corporation shares amounting to 40% of the fixed annual fee from a regulated market (Nasdaq Helsinki Ltd) at a price determined by public trading, and that the shares in question be purchased directly on behalf of the Board members. The shares shall be purchased within two weeks of the publication of the interim report for the period January 1–March 31, 2018.

It is the recommendation of the Nomination Board that members of the Board of Directors not transfer the shares awarded to them as a fixed annual fee until their term on the Board expires.

In the view of the Nomination Board, long-term oriented and increasing share ownership by the members of the Board of Directors benefits all shareholders.

The Nomination Board further proposes that Board members be paid a meeting fee of EUR 550 per meeting in addition to the fixed annual fee. In addition, it is proposed that 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 2017, EUR

Board members	Time line	Board remuneration	Board meetings	Audit committee	Personnel committee	Total 2017	Total 2016	Total 2015
Reino Hanhinen	member until 15.3.2016	0	0	0	0	0	20100	87 450
Kim Gran	member until 15.3.2016	0	0	0	0	0	12050	68 250
Satu Huber	member since 2009	58500	4950	550	2200	66 200	57800	53 950
Erkki Järvinen	member since 2013	71700	5500	3300	0	80 500	55050	55 050
Inka Mero	member since 15.3.2016	58500	5500	0	2200	66 200	42800	0
Juhani Pitkääkoski	member since 18.3.2014	75000	5500	3300	0	83 800	63850	55 050
Teuvo Salminen	member 18.3.2014-15.3.2016	0	0	0	0	0	12800	55 050
Tiina Tuomela	member since 16.3.2017	46800	4950	2750	0	54 500	0	
Matti Vuoria	member since 15.3.2016	99000	5500	0	2200	106 700	67100	0
Board total		409 500	31 900	9 900	6 600	457 900	331 550	374 800

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. In the case of shares granted for 2010 and 2011, the commitment period has ended.

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 period. In the case of shares granted for 2014, the commitment period has ended.

The earnings periods of the third incentive scheme are the years 2017, 2018 and 2019. 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 net promoter score (NPS) was set for 2017. 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 (2016-2019) shares can be rewarded annually, of which a maximum of 30,000 to the President and CEO and 102 000 to the Group Management Board (excluding CEO, earning period 2017). 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, 2019, 2020, 2021 and 2022. 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.

After the execution of the merger, any potential share rewards of Lemminkäinen earned under Lemminkäinen's long-term incentive plan shall be paid as YIT shares using the exchange ratio of the merger consideration.

Pension, retirement age and termination compensation

The contractual retirement age of the CEO is 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO 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 shall also be paid separate compensation amounting to 12 months' salary.

Remuneration paid to the CEO and Management Board in 2017

Kari Kauniskangas served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 78,979 in March 2017 based on the results of July–December 2016. Based on the results of January–June 2017, the President and CEO was paid a performance-based bonus 86,005 in September.

In 2017 according to share based incentive scheme Kari Kauniskangas was granted 7,750 shares and the members of The Group Management Board who are still at The Group Management Board the end of the year 2017 were granted 22,940 shares based on the result of the earning period 2016. These shares and thereto related monetary bonus (monetary bonus cover the taxes and tax-like fees) will be handed over and paid in 2019 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 2017, EUR

	Fixed salary	Fringe benefits	Bonuses*	Share-based incentive plan*	Total 2017	Total 2016	Total 2015
President and CEO	457 766	14 065	164 984	205 009	841 824	600 862	655 566
Total Management Board, excl. CEO	1 622 016	73 121	402 761	486 712	2 584 610	2 071 060	1 900 150

*) GMB members at the time of payment

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 until 9.10.2017
- Esa Neuvonen, Chief Financial Officer, CFO, and since 9.10.2017 deputy to the President and CEO
- Timo Lehmus, Head of the Business Premises and Infrastructure segment since 9.10.2017

- 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
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources