

Builders of future-proof
urban environments



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YIT in brief

YIT IS THE LARGEST FINNISH AND SIGNIFICANT NORTH EUROPEAN CONSTRUCTION COMPANY.

We develop and build apartments and living services, business premises and entire areas. We are also specialised in demanding infrastructure construction and paving. Together with our customers, we create more functional, more attractive and more sustainable cities and environments.

YIT employs nearly 10,000 professionals in 11 countries: Finland, Russia, Scandinavia, the Baltic States, the Czech Republic, Slovakia and Poland. The new YIT was born when over 100-year-old YIT Corporation and Lemminkäinen Corporation merged on February 1, 2018. Our pro forma revenue for 2018 was approximately EUR 3.8 billion. YIT Corporation's share is listed on Nasdaq Helsinki Oy.

GEOGRAPHICAL DISTRIBUTION OF REVENUE

EUR million, 2018

SCANDINAVIA

Revenue: 333

Personnel: 757



CEE COUNTRIES

Revenue: 164

Personnel: 290



FINLAND

Revenue: 2,578

Personnel: 5,034



RUSSIA

Revenue: 314

Personnel: 1,740



BALTIC COUNTRIES

Revenue: 300

Personnel: 1,249



Paving



Infrastructure projects



Business premises



Partnership properties



Housing




President and CEO's review

Our most significant events in 2018 can be summed up in one word: integration. YIT and Lemminkäinen merged at the beginning of February to create the new YIT. In addition to focusing on our actual business operations, we allocated significant resources to the brisk integration of the companies and building the foundation for the new YIT. During the year, we also put in the groundwork for the development of our shared efforts in the area of sustainability.

SUSTAINABILITY AS PART OF OUR STRATEGY

The importance of sustainable development has increased significantly in companies in recent years. For us at YIT, it is important because the operations of the merged company have an even larger impact on the surrounding society than before.

In September, we published our new strategy for 2019–2021, based on the cornerstones of urbanisation, digitalisation and sustainability, which



**“AT YIT, WE WANT
TO BE BUILDERS OF
FUTURE-PROOF URBAN
ENVIRONMENTS.”**

we have identified as the most significant megatrends with respect to our operations. To execute our strategy and enhance our progress, we launched three development programmes: Performance, Customer Focus and Green Growth.

With the Green Growth development programme, we support growth and the development of productivity by applying the principles of sustainable development. Our goal is to identify the current state of our operations, set sustainability targets and enhance our operations through energy efficiency, material efficiency and the circular economy. The programme also aims to create new business in line with the principles of sustainable development.

SUSTAINABILITY AS PART OF OUR OPERATIONS

Our operations have both immediate and decades-long impacts on the surrounding society, environment and economy. Observing the principles of sustainable development, we strive to reduce the negative impacts of our operations and ensure that future generations will be in a position to build the future and enjoy a quality of life that is at least as good as our own. For us, sustainability means the efficient use of natural resources, the revitalisation of existing urban areas and making use of the circular economy and collaborative consumption.

This is the principle that has underpinned the creation of our sustainability identity. At YIT, we want to be builders of future-proof urban environments. For us, being future-proof means operating responsibly and in accordance with sustainable development, which allows the products we build and the world around us to maintain their value in the future. In order for us to continue to enjoy a stable operating environment, sufficient natural resources, satisfied employees and delighted customers also in the future, we must take sustainability into consideration in our operations,

our products and our services. We are committed to creating sustainable living environments and a carbon-neutral circular economy while observing the needs of people and the natural environment.

From the perspective of sustainability, 2018 was a good year for us. Our focus on integration meant we emphasised the harmonisation of operating methods, which creates the foundation for setting our future targets. Our targets for 2019 are published as part of this Sustainability Review. Examples of our accomplishments over the past year include reducing our accident frequency to less than 10 in spite of the growth in the number of personnel, increasing the share of recycled asphalt to nearly 16 per cent and defining the sustainability themes that are the most material to our operations.

I am convinced that 2019 will be an even more successful year of sustainability.

Kari Kauniskangas

President and CEO

The foundation for our sustainability: Materiality assessment

What are the most significant aspects of sustainability for us? What do our stakeholders expect from us? After the merger, we assessed our key sustainable development themes with respect to our business and our stakeholders. We found answers to our questions by conducting a materiality analysis.

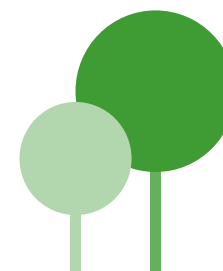
We conducted a materiality assessment process in collaboration with an independent third party in summer 2018. The questionnaire included 22 sustainability themes and invited the respondents to assess the importance of each theme to YIT's operations and YIT's impacts on the surrounding society, environment and economy. The survey was met with widespread interest and we received more than 2,000 responses in total. The respondents represented a wide range of stakeholders, including customers, employees, shareholders, investors, partners, municipalities and the public administration.

We analysed the survey results in YIT's internal workshops and strategy development processes. As a result of our analysis, we chose YIT's six most significant sustainable development themes. Our material sustainability themes are also described in our materiality matrix.

YIT's Group Management Team confirmed and approved the materiality matrix in November 2018. In spring 2019, we set targets and performance indicators for each theme.

The results of the materiality assessment serve as the guideline for our sustainability during the 2019–2021 strategy period.

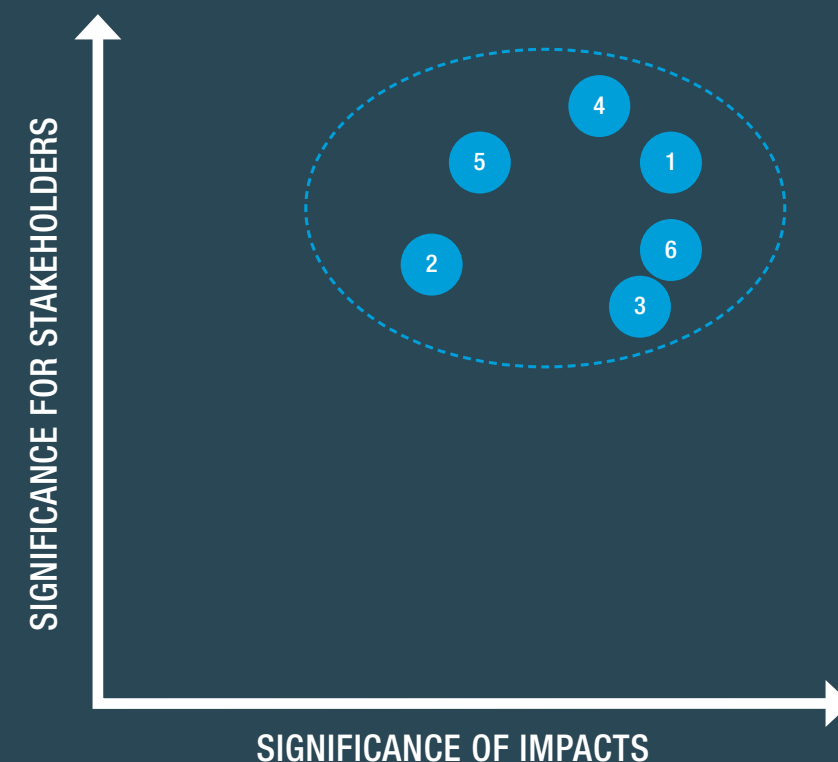
WHAT ARE THE MOST
SIGNIFICANT ASPECTS
OF SUSTAINABILITY
FOR US? WHAT DO OUR
STAKEHOLDERS EXPECT
FROM US?



MATERIAL THEMES










- 1 **Creating sustainable, comfortable and safe urban development by utilising opportunities provided by the circular economy.** We build long-term and attractive residential environments. We promote carbon-neutral construction and develop life-cycle services for properties.
- 2 **Compliance with good corporate governance and preventing corruption and the grey economy.** Our operations are ethical and transparent. We are committed to compliance with responsible business principles.
- 3 **Occupational safety.** We constantly enhance our safety practices. We also monitor compliance with occupational safety practices among our subcontractors and throughout the supply chain.
- 4 **Promoting the personnel's occupational well-being and competence development.** We aim to be an attractive employer and offer equal opportunities to our employees. We invest in the continuous development of employee competence.
- 5 **Implementing responsible subcontracting and procurement.** We are committed to respecting labour and human rights. We set environmental and social responsibility requirements for our subcontractors and supply chain.
- 6 **Reducing the environmental impacts of YIT's own operations.** We improve the energy efficiency of our operations and increase recycling activities in production processes. Through our actions, we aim to safeguard biodiversity throughout our supply chain.

MATERIALITY MATRIX



A look ahead: Targets and performance indicators for 2019

The foundation for sustainability in our operations was established in 2018 in connection with a materiality assessment. In spring 2019, we supplemented our materiality matrix with theme-specific targets and performance indicators. These targets and the related performance indicators will guide our operations and they represent the first step towards our objective of being a builder of future-proof urban environments.

Theme	Target 2019	Key indicator and results
1. CREATING SUSTAINABLE, COMFORTABLE AND SAFE URBAN DEVELOPMENT BY UTILISING OPPORTUNITIES PROVIDED BY THE CIRCULAR ECONOMY		
Circular economy	· Defining YIT's potential for the circular economy and setting objectives	·   
	· Initiating circular economy pilot projects	·   
Sustainable urban development	· Extending the key indicators for sustainable urban development	·   
2. COMPLIANCE WITH GOOD CORPORATE GOVERNANCE AND PREVENTING CORRUPTION AND THE GREY ECONOMY		
Responsible business principles	· Updated YIT Code of Conduct (YIT Code II) online course: coverage 100% of personnel by the end of 2019	· Number of persons who have completed the YIT Code of Conduct online course (percentage of personnel)
Fighting corruption and transparent actions	· Zero incidents (crimes and misdemeanours)	· Number of resolved crimes and misdemeanours · Number of control findings made by internal audit and the corrective actions performed
3. OCCUPATIONAL SAFETY		
Preventive indicators	· Culture: Work Safety Challenge workshops	· Executive management and 500 delegates from participating countries
	· Smart operating methods: Digitalisation of weekly site assessments and occupational safety observations (YIT Finland Ltd)	· Deployment of a digital tool (YIT Finland Ltd) in 2019
Reactive indicators	· A zero-accident workplace	· LTIF <5 (Own personnel)

Theme	Target 2019	Key indicator and results
4. PROMOTING THE PERSONNEL'S OCCUPATIONAL WELL-BEING AND COMPETENCE DEVELOPMENT		
Happy people	· A positive work atmosphere	· Spirit index for the Voice HR survey: objective > 78%
	· An excellent path into the industry for students	· Number of trainees: 1,000 trainees/seasonal employees in 2019 · Trainee feedback (recommendation index): > 90% (YIT Finland Ltd)
	· Good supervisory work and investment into HR development	· Participation in supervisor trainings: objective 100 supervisors in 2019 · Exit rate %: max. 4.5% (rolling review period of 6 months, resignation for personal reasons)
	· A human rights assessment completed in 2019	· Assessment completed and its results factored into annual planning
5. IMPLEMENTING RESPONSIBLE SUBCONTRACTING AND PROCUREMENT		
Audits and harmonising procurement processes	· Harmonising auditing policies and processes, implementation of best practices at the new YIT (incl. responsibility)	· Auditing policies and processes have been defined and approved
	· Harmonising supplier audits and the implementation of best practices (incl. responsibility)	· Supplier audits have been harmonised
Increasing transparency	· Real-time development of supplier monitoring using data analytics as part of responsibility assessments (YIT Finland Ltd)	· A tool has been deployed (YIT Finland Ltd)
	· Developing a responsible supply chain	· A gap analysis for responsible procurement and a preliminary risk assessment have been completed and the results have been factored into annual planning
6. REDUCING THE ENVIRONMENTAL IMPACTS OF YIT'S OWN OPERATIONS		
Energy and material efficiency	· Energy and material efficiency: defining operative efficiency/potential for the circular economy in various business functions and setting targets	· ● ● ●
Carbon calculations	· Developing YIT's energy reporting and CO ₂ calculation models (Group-level and project level calculation)	· ● ● ●
Recycling and reuse of materials	· Developing YIT's waste reporting model (YIT Finland Ltd)	· ● ● ●
	· Increasing the use of recycled asphalt (RAP)	· The proportion of recycled asphalt (RAP) 20% out of all asphalt produced in 2021
Reducing the environmental impacts	· Certification of YIT Finland Ltd's business operations in accordance with the ISO 14001 standard	· All business operations have been certified (ISO 14001) by the end of 2019

Sustainability through cooperation: the year 2018

Sustainability is achieved through cooperation with various stakeholders. That is why we want to describe our sustainable operations in relation to the material themes we have identified in two parts: together with our employees and partners, and together with our customers and society.

TOGETHER WITH EMPLOYEES AND PARTNERS

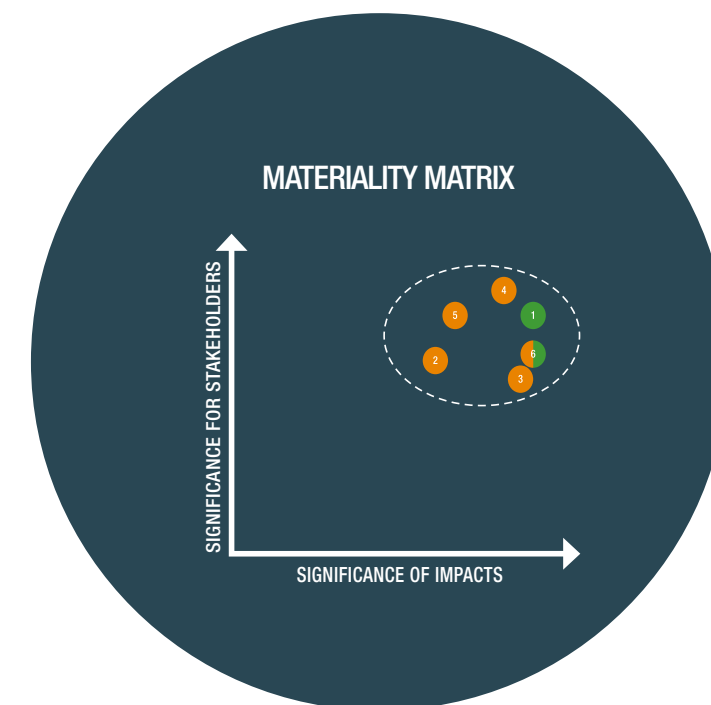


We promote occupational safety, well-being at work and good corporate governance, work against corruption and the grey economy, support the development of responsible subcontracting and procurement and strive to reduce our environmental impacts together with our employees and partners.

TOGETHER WITH CUSTOMERS AND SOCIETY



Our cooperation with customers and society enables sustainable, comfortable and safe urban development as well as the reduction of the environmental impacts of our products.



We want to illustrate our responsible and sustainable approach to business by providing practical examples.

Read on to learn about the many ways sustainability was incorporated into YIT's day-to-day operations in 2018, the year of integration!



Together with employees and partners

WE PROMOTE OCCUPATIONAL SAFETY, WELL-BEING AT WORK AND GOOD CORPORATE GOVERNANCE, WORK AGAINST CORRUPTION AND THE GREY ECONOMY, SUPPORT THE DEVELOPMENT OF RESPONSIBLE SUBCONTRACTING AND PROCUREMENT AND STRIVE TO REDUCE OUR ENVIRONMENTAL IMPACTS TOGETHER WITH OUR EMPLOYEES AND PARTNERS.

Occupational safety

Every employee has the right to a safe working environment. At YIT, we have a strong focus on occupational safety, accident prevention and an open safety culture. We monitor our accident frequency and conduct a comprehensive investigation of all workplace accidents. We continuously develop proactive measures for improving occupational safety. More information on the starting points of our efforts in the area of occupational safety is provided on [pages 31–32 of the Report of the Board of Directors](#).

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

Due to the integration, in 2018 we had a strong focus on establishing common occupational safety practices and learning from each other. We sought to share best practices through all of our employees as well as through our centralised occupational safety organisation. Our occupational safety principles were revised in spring 2018 and we require compliance

with the principles from our employees as well as the employees of our subcontractors.

In 2018, our accident frequency was 9.7. Sadly, one fatal accident occurred at one of our construction sites.

In 2019, the development of occupational safety will be focused on proactive and preventive measures. We have started Group-wide Work Safety Challenge workshops and we are developing a new digital reporting tool for occupational safety observations and weekly measurements. Our ongoing target is to reduce the number of occupational accidents and work towards safer workplace for all.

9.7

Accident frequency 2018

(number of accidents per one million hours worked, 12 months rolling)



Case

Occupational safety in Russia

In Russia, we observe YIT's common occupational safety requirements, which are stringent compared to the local legislation. We require compliance with our occupational safety requirements from our own personnel as well as the employees of our contractors and customers who visit our construction sites. We want our employees to be able to work safely and in good health in every country we operate in, and we seek to propagate our strong occupational safety culture. In addition to supporting safety at work, having high occupational safety standards also promotes a favourable employer image among our employees and ensures high quality in our operations.

Case

Pioneering occupational safety at Tripla

Currently under construction in Helsinki's Pasila district, Tripla is an enormous hybrid project with more than 2,000 people working simultaneously in five major sections during the busiest periods of construction. We appointed a dedicated occupational health and safety manager for the project right from the early stages. We established an occupational safety team under the occupational health and safety manager, consisting of occupational health and safety supervisors and employee representatives. As construction has progressed, the team has grown to have about 20 members.

Harmonising thousands of work stages and the operating cultures of hundreds of partners and dozens of different nationalities must be supported by strictly defined processes that no-one is allowed to deviate from. Compliance with the rules documented in our operating system is required of everyone at



TRIPLA, HELSINKI, FINLAND



the Tripla site. The rules are clear. The monitoring of safety is also connected to monitoring compliance with legislation governing the contractor's liability when work is contracted out.

In Tripla project the clear rules have made it possible for us to establish a construction site culture in which everyone knows what is expected of them. Openness and honesty are never punished, but concealing things can be. This ensures us to effectively collect the information on occupational accidents and near misses. We investigate every incident carefully and implement corrective measures to avoid similar incidents from reoccurring.

At Tripla, no work stage begins without careful occupational safety planning between our own employees and subcontractors.

We hold regular shape-up discussions with our own personnel and subcontractors at every section of the construction site. The occupational safety team plays a key role in internal training and in the provision of support and guidance as well as the on-site monitoring of operations.

We have piloted applications enabled by digitalisation at Tripla. Electronic safety and quality systems, such as access control, hot work monitoring and permit systems, chemical register, logistics system and electronic information boards in shared personnel facilities support us in the management of day-to-day work from the perspectives of safety and quality.

In addition to accurate and frequent reporting on occupational safety, we are in close cooperation with the supervising authorities. Maintaining open lines of communication is in the best interest of all parties concerned. Regular emergency drills and having operating models agreed upon with the rescue department help us to keep the site's crisis preparedness at a high level.

The occupational safety team engages in regular cooperation with the Tripla site's dedicated communication department, as construction in the middle of dense urban infrastructure makes it important to also ensure the safety of outsiders. Timely communication, traffic control and ensuring that the site is clearly cordoned off are part of our safe operating culture.

Occupational well-being and competence development

Healthy and competent employees are a key resource for us. At YIT, we have worked closely together with our occupational health service provider for several years to develop occupational health cooperation. We have also developed tools for comprehensively supporting our employees' ability to work. We look after the competence development of our personnel and invest in the quality of supervisory work. We support our cooperation with trainees and educational institutions through the YIT Studies programme.

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

We harmonised our occupational health services and employee benefits in 2018. Establishing harmonised practices was a key priority due to the integration process. In spite of the changes brought about by integration, our employees were fairly satisfied with their work. According to the Group's personnel survey, the employee commitment index was 74% in 2018.

The rate of voluntary termination of employment also remained low, with the exit rate being 3.8%.

In 2019, we will conduct a human rights assessment concerning our operations and incorporate the results into our annual planning. We will invest in supervisor training and aim to employ at least 1,000 summer trainees to support the professional development of future talents.

74%

Commitment index 2018
(contentment of employees)

3.8%

Exit rate 2018
(own request)



Case

We look after our personnel also in the midst of an integration process

We had an unusual year in 2018 due to the integration of the two merged companies. Many of us had to put a lot of time and energy into integration-related duties in addition to our usual responsibilities. We wanted to ensure the well-being of those involved in the integration process by having them complete a separate occupational well-being survey in autumn 2018. Our aim was to identify those who need assistance and react appropriately. The survey was distributed to more than 300 people involved in the integration efforts and the responses were anonymously reviewed with our occupational health service provider. Many of the respondents indicated that their quality of sleep was poor, amongst other things. Based on the results of the survey, our occupational health partner got in touch with those respondents who had consented to being contacted and whose answers indicated they were in need of support. We wanted to take a proactive approach as our objective is to care about our personnel in all circumstances.



Good corporate governance and preventing corruption and the grey economy

Our operations are guided by the YIT business principles, which set guidelines for our activities in relation to customers, employees, shareholders, partners, competitors, society and the environment. The business principles are used in all our operating countries. We have a zero tolerance policy regarding the grey economy. More information on the premises of good corporate governance at YIT is provided on [pages 33–34 of the Report of the Board of Directors](#).

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

Our business principles were updated as part of the integration process in 2018 and the revised YIT Code of Conduct was implemented in January 2019. Our aim is to implement the new YIT Code II online training programme for all of our personnel in 2019.

In addition we renewed our Ethics Channel for reporting misconduct and other violations. We also added the Ethics Channel to the “Welcome to YIT” training package.

We monitor the number of investigated cases of suspected misconduct. In 2018, we carried out 71 investigations concerning suspected internal or external crimes, misconduct or other corporate security deviations, some of which were found to be unfounded suspicions. We will further develop and harmonise our monitoring activities in 2019.

Case

Lemminkäinen + YIT = Best of Both

The integration process was a turbulent time with regard to the governance and business principles of our company. The process of combining the operations of Lemminkäinen and YIT that began in autumn 2017 culminated in 2018 in us establishing a new corporate governance model and new common rules. Our approach to the integration process can be characterised as “Best of Both”, meaning that we wanted to combine the best practices of both companies. It was not always easy. Before the merger became official, we could only discuss things at a general level. After February 1, 2018, we were free to learn from each other’s practices and models. We identified similarities as well as differences. With regard to corporate security and risk management as well as financial administration, for example, our operating methods were different. With the help of external assistance, we were able to analyse the advantages and disadvantages of the previous ways of working on both sides and establish new practices that suit the new company the best. Harmonising the governance model required contributions from dozens of people, but we believe we achieved a successful outcome. We are now a new YIT!

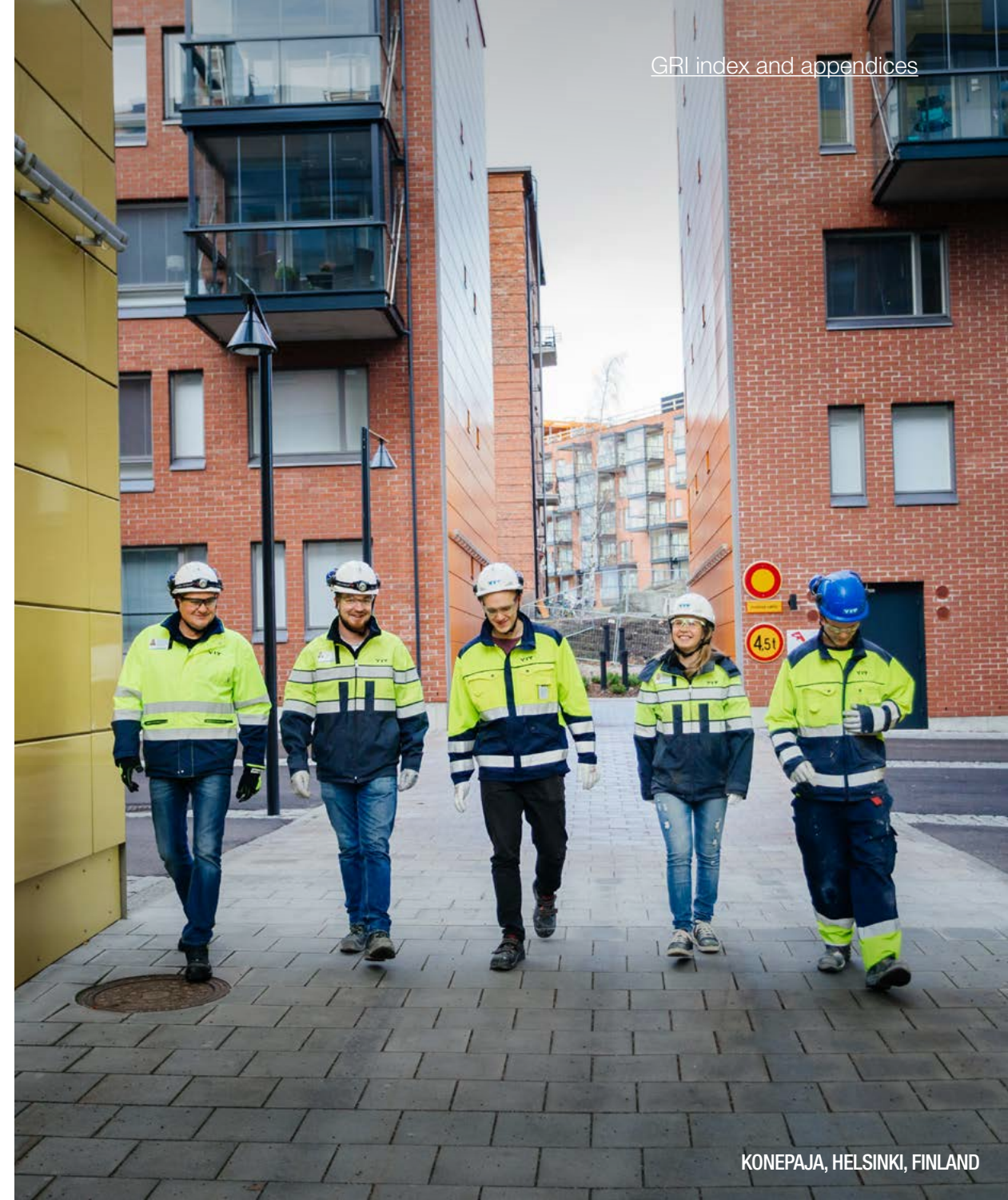
Subcontracting and procurement

We have a procurement policy and Supplier Code of Conduct that include requirements concerning personnel and safety. Our responsibility requirements apply to the entire supply chain. More information on the starting points of our procurement activities is provided on [pages 30–34 of the Report of the Board of Directors](#).

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

In the procurement function, we harmonised our operating methods and updated the Group's procurement policy in 2018. We also updated the corporate security management model applied by the procurement organisation.

Our goal is to develop both external and internal auditing processes and to put best practices into action in 2019. A further objective for 2019 is to develop real-time supplier monitoring based on data analytics. We will also conduct a risk assessment on sustainable procurement and incorporate the results into our annual planning.



Reducing the environmental impacts of our own operations

Our operations have both immediate and decades-long environmental impacts. The environmental impacts of our own operations are mainly local impacts, such as noise, dust, odours, vibration, landscape changes and emissions.

We strive to reduce our negative environmental impacts in all of our operations and we monitor our progress

on a regular basis. We use a management system to manage the environmental impacts of our operations.

The outputs of our operations — meaning the products we build — can have significant positive environmental impacts, which are described in more detail in the section “Reducing environmental impacts in cooperation with customers and society”.

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

In 2018, we began expanding our use of the ISO 14001 environmental management system in Finland. This process has given us the opportunity to share best practices between our businesses. Our target is to have

the ISO 14001 system certified for all of our business segments in Finland by the end of 2019.

Our total energy consumption in 2018 amounted to 910.5 GWh. The paving business accounts for more than 50% of our energy consumption. Due to the post-merger integration, it was not possible to determine commensurate comparison figures for the previous years. We took measures to reduce our energy consumption in several areas, such as the paving business. We invested in two shelters built at asphalt plants to maintain low moisture levels in the mineral aggregates used as raw material for asphalt mixture. Keeping the raw material dry saves energy in the production of asphalt mixture. At the end of 2018, we had shelters at 22 asphalt plants in Finland, Norway, Denmark and Estonia. We are also continuously working to implement lower-emission energy solutions.

In 2019, we will develop our energy and CO₂ reporting on a Group-wide basis and our waste reporting in Finland.



910.5 GWh

Total energy consumption 2018

(direct and indirect energy sources)

Case

More environmentally friendly energy sources in paving

The asphalt production process requires a lot of energy and we have a long track record of investing in the reduction of energy consumption and emissions; for example, by seeking alternative energy sources for our asphalt plants and paving fleet.

Asphalt plants have traditionally used heavy fuel oil as their energy source. We strive to reduce the use of heavy fuel oil by transitioning to more environmentally friendly energy sources. The use of natural gas and liquid gas (propane) as fuel generates lower climate emissions compared to heavy fuel oil, which supports our goal of reducing the environmental impacts of our operations.

In 2018, we began using liquid gas at our asphalt plant in Joensuu. Our asphalt plant in Kotka will make the

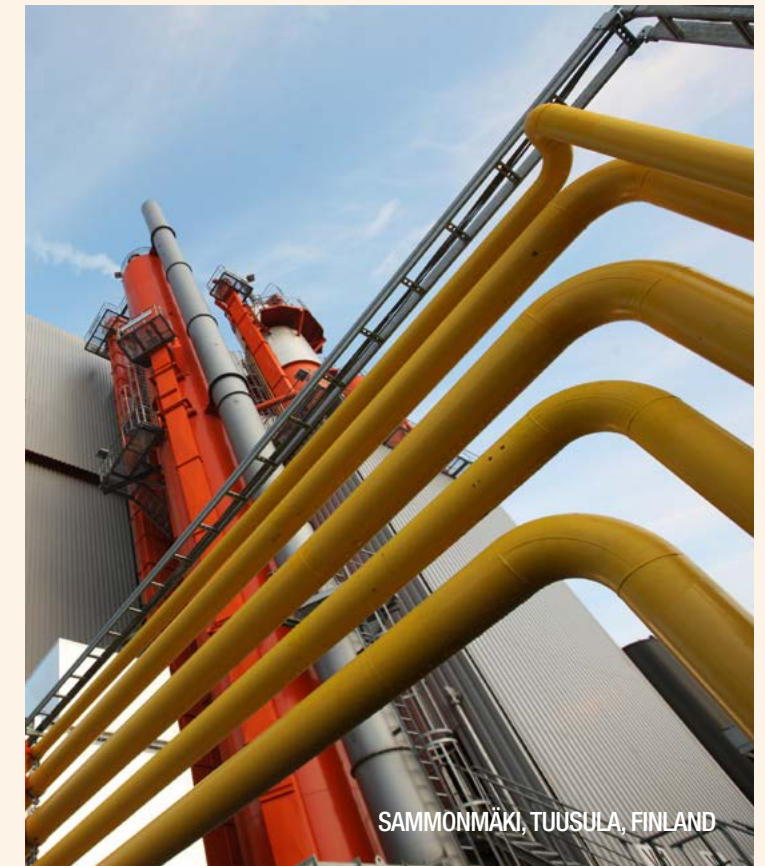
shift to liquid gas in 2019. Using liquid gas as an energy source is, however, subject to a permit issued by the authorities. Obtaining a permit takes approximately one year and the terms and requirements vary by region.

In addition to liquid gas, we have used natural gas as the energy source for our asphalt plants for several years, whenever it has been possible and sensible. The feasibility of using natural gas is mainly determined by the location of natural gas pipelines. Four of our asphalt plants are currently fuelled by natural gas.

Our paving fleet has traditionally been powered by diesel, but we have also taken steps forward with respect to the fleet. In Sweden, part of our paving fleet is powered by bio oil. Bio oil is a fuel produced from organic bio-based raw materials whose use enables lower emissions. In addition, we will begin using GTL to power our paving fleet in Denmark in 2019. GTL (gas-to-liquid) is a fuel produced from liquefied natural gas that burns more cleanly than oil-based fuels.

We will continue our development efforts aimed at the use of environmentally friendly energy sources.

For example, we are currently investigating the possibility of using hydrogen as the energy source for our asphalt plants.



SAMMONMÄKI, TUUSULA, FINLAND



Together with customers and society

OUR COOPERATION WITH CUSTOMERS AND SOCIETY ENABLES SUSTAINABLE, COMFORTABLE AND SAFE URBAN DEVELOPMENT AS WELL AS THE REDUCTION OF THE ENVIRONMENTAL IMPACTS OF OUR PRODUCTS. WE ALSO ENGAGE IN EXTENSIVE COOPERATION WITH GROUPS AND ASSOCIATIONS FOR THE PUBLIC GOOD.

Creating sustainable, comfortable and safe urban development by utilising opportunities provided by the circular economy

Urbanisation is one of the megatrends we have identified as having a major impact on today's society. We want to play a role in enabling sustainable, comfortable and safe living for people in cities as well as revitalise existing urban areas. We develop solutions based on the circular economy and promote carbon-neutral construction.

Renovation, the use of recycled materials and property life-cycle services are good examples of our planned circular economy solutions.

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

In 2018, we participated in several projects that had a strong focus on sustainability and the circular economy in their planning and implementation. Transforming Keilaniemenranta in Espoo from an office district to a sustainable mixed-use living environment is one of the

projects we have been working on. The project is set to continue until 2025 and we are part of it through Regenero associated company. We are also promoting the circular economy approach through the Maria 01 project and the Aviapolis district.

As part of our new strategy, we have launched the Green Growth development programme, the goals of which include increasing our circular economy solutions through new as well as existing businesses.

The programme began in late 2018. We aim to launch more circular economy pilot projects in 2019.

We have monitored the sustainability of our residential development projects by applying the Sustainable Urban Environments indicators since 2012. The metrics of the distances to the nearest grocery shop and public transport illustrate the sustainability of our projects for our customers. We intend to develop and expand our sustainability indicators in 2019.



KEILANIEMENRANTA, ESPOO, FINLAND

Our area development visions

Did you know that we also generate area development visions on our own initiative at YIT? We want to help cities and municipalities revitalise their existing areas, often starting with those that pose the most problems. We want to enable a comfortable and sustainable living environment for as many people as possible. Our visions do not always go from the municipal decision-makers' tables all the way to implementation, but we do not get discouraged and we keep doing what we do. We believe we contribute to the public good by continuing to come up with ideas for area development!

Case

Renovating a kindergarten through cooperation

Students from the Slovak University of Technology asked us to get involved in renovating a kindergarten for special needs children in Bratislava. The idea was to carry out the project on a volunteer basis and we obtained the necessary materials from our other construction sites. In addition to actual construction work, we painted and cleaned up the premises. The children were able to return to new-look premises in September 2018. The renovated kindergarten is an attractive and functional environment for the children.



Reducing environmental impacts in cooperation with customers and society

The outputs of our operations — meaning the products we build — can have significant positive environmental impacts. We recognise that the construction and material choices we make have decades-long impacts. By making sustainable choices, we aim to enable the well-being of the environment and safe living for people.

We engage in continuous development and experiment with new solutions in all of our businesses. We strive

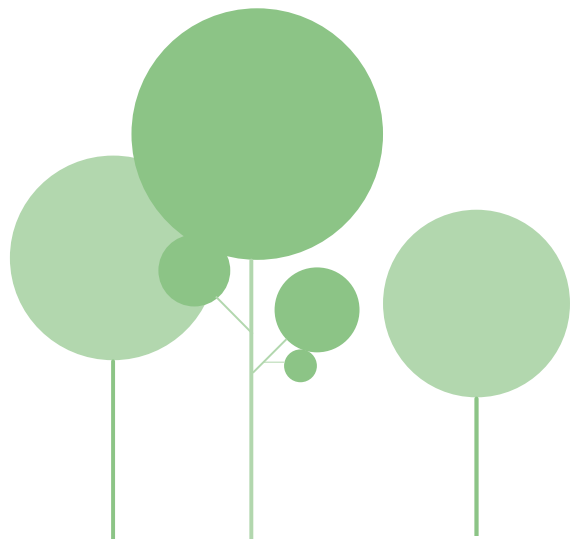
to make our products as environmentally friendly as possible by maximising energy and material efficiency.

WHAT DID WE DO IN 2018 AND WHAT ARE OUR NEXT STEPS?

In 2018, recycled asphalt accounted for 15.9% of the raw material used to produce asphalt mixture. Our target is to increase this figure to 20% by 2021.

We will continue to develop products and production methods in response to the challenges presented by climate change and the adequacy of natural resources. We also want to enable environmentally friendly life choices for the users of our products.

However, not all steps in this area can be achieved by us alone. The municipalities, cities, state and investors that are our customers have the final say in the requirements concerning the products they order. We encourage public and private customers to help us make more sustainable choices.



Case

Soft solutions for stormwater management

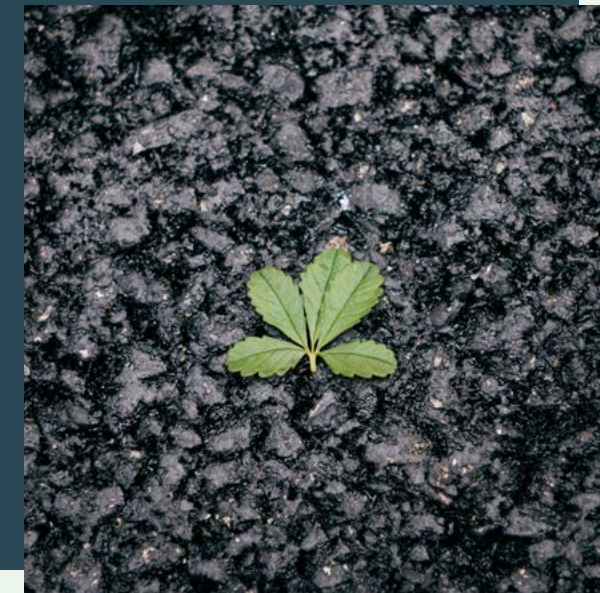
Koivu Zličín, a residential neighbourhood consisting of apartment buildings designed by us, was completed in the Fifth District of Prague in spring 2018. It was the first residential development project in the Czech Republic to include a comprehensive stormwater drainage system based on soft infrastructure. Our customised solutions for the residential district enable us to substantially reduce the amount of water that ends up in storm drains by channelling stormwater into special collection, absorption and retention pools. Rainfall from the roofs of the buildings and adjacent areas is also channelled into wells from where it can be pumped out to water plants.

Our stormwater management solution is a response to alternating periods of extended drought and heavy rain, which has been a growing trend in recent years. Variations in rainfall can lead to the hardened soil being unable to absorb sufficient amounts of water. The water then flows across the surface, causing overflowing storm drains and even flooding. The use of landscaping and soft infrastructure increases the water retention of the soil, reduces the load on the public sewer systems and makes the residential environment more comfortable and safe.

Case

Climate-friendly asphalt

Would you like your car to consume less fuel and generate lower emissions? We would, which is why we developed a climate-friendly asphalt product and tested its functionality in autumn 2018 on the M60 motorway in Taulov, Denmark. The climate-friendly qualities are based on the paving material's low rolling resistance, which is achieved by the asphalt having an optimal composition and using the right production method. Measurements indicated that the paving test conducted over a distance of 1,500 metres was a success. Rolling resistance was reduced by 10%, which in turn reduces fuel consumption and transport-related CO₂ emissions. According to our calculations, if the entire Danish road network were paved using our new product, annual fuel consumption would be reduced by 48 million litres. The Danish transport authorities will review the results and discuss follow-up measures in spring 2019.



Case

Investigating the environmental benefits of recycled asphalt

We have a long track record of using recycled asphalt, but we wanted to support our views with empirical data. We partnered with the Danish Technological Institute and the Danish Road Directorate on a three-year research project on reclaimed asphalt, which involved conducting a life-cycle analysis to evaluate

the environmental benefits of the material. The study was completed in spring 2019 and it indicates that the increased use of recycling can achieve a reduction of approximately 14–22% in the CO₂ emissions of asphalt production. We calculated that the paving industry could reduce CO₂ emissions by as much as 24,000 tonnes annually by increasing the use of recycled asphalt in the abrasion layer of roads.

The study backed up the observation we had previously made in Finland, which is that tens of per cent of the materials used to produce asphalt paving can be replaced with reclaimed asphalt collected from old roads without compromising on the new road's quality, safety or durability. In Finland, reclaimed asphalt has been used in the abrasion layers of roads at levels as high as 50% with good results. Danish Minister for Environment and Food Jacob Ellemann-Jensen has responded to the outcome of the research by encouraging the asphalt industry and municipalities to take the results of the study into consideration in practice.



Case

We promote sustainable living in Russia

Interest in sustainable and environmentally conscious construction has also increased in Russia in recent years. Demand for sustainable solutions has grown particularly among home buyers. More and more customers are paying attention to the energy efficiency classification of properties.

Of our residential development projects in Russia in 2018, five were rated in class A in terms of energy efficiency. Two of these projects are characterised by very efficient energy consumption: The phase two building of the Kaskad project in Rostov-on-Don was rated A++, while an apartment building in the Lytkarino HIT project in the Moscow region was rated A+. A further five buildings we completed in 2018 were rated B+ or B, which represents a very good level in local terms.

Why do Russian customers value energy-efficient buildings? The potential cost savings, increased living

comfort and impressions of ecologically sustainable living are the key factors. Environmental responsibility is increasingly common, and even trendy, among young people in particular, which is why many buyers end up choosing an apartment in an energy-efficient building.

We also want to enable sustainable living for our customers in other ways. The sorting of waste is currently not mandatory in Russia. Nevertheless, in response to our customers' wishes, we have arranged waste recycling stations at our residential buildings. To promote the common good, we organised a recycling-related campaign in 2018 using funds raised from recycled paper collected from our Inkeri residential property in St. Petersburg to purchase tree saplings that were planted in the yard of the same property. Also at Inkeri, we provide free paper bags for collecting pet waste to help dog owners to keep the environment clean.

We have established an annual Eco Saturday event to increase environmental awareness among the residents and build community spirit. The event is organised annually at all of our properties across Russia. Eco Saturday is a springtime event for the



INKERI, ST PETERSBURG, RUSSIA

residents of the property in question and the personnel of the property maintenance company responsible for it. In the spirit of springtime volunteer work, they clean the yard as well as plant flowers and shrubs. Eco Saturday events are characterised by a happy atmosphere and the feeling of spring in the air. For new residents, the event is an excellent opportunity to meet their new neighbours.

We are proud to be among the first companies to promote sustainable development in Russia.

Cooperation with local partners and communities

We want to be actively involved in the development of society and work towards a better future. As developers of future-proof cities, we also recognise our responsibility for the economic and social aspects of society.

We are always seeking new, inspiring and fun ways to cooperate with various parties. Read on for a few examples of our actions as a responsible corporate citizen.



Case

100 Good Deeds

We want to be a responsible member of society and work for the common good. Instead of direct sponsorships, we have focused on doing good deeds with partners and communities since 2012. The 100 Good Deeds campaign has seen us help and delight nearly 200 groups and associations to date.

In 2018, we performed nearly 30 Good Deeds across Finland.

FROM OODI TO THE FOREST OF GOOD DEEDS

One of our significant Good Deeds last year was planting a forest with the 4H youth group in Sipoo. The idea started at the topping out ceremony at the Helsinki Central Library Oodi in May 2018. Oodi's timber cladding is made from spruce, so we wanted to make a contribution related to planting trees. At the topping out ceremony, we challenged all of the local residents who attended the event to participate in building a Forest of Good Deeds. We promised to donate one spruce sapling for each Good Deed done. The total number of Good Deeds reported by the residents ultimately exceeded 500 and we donated 1,000 spruce saplings to the 4H association. The students of Borgby School planted the saplings in the Forest of Good Deeds, in Martinkylä in Sipoo's Vaahterämäki district.

More information on the 100 Good Deeds campaign and the Forest of Good Deeds is available [here](#).

Case

More life in yards

To celebrate the centenary of Finland's independence, we developed a yard concept for creating functional and comfortable yards. Created in cooperation with external stakeholders, the yard concept is built around three functionalities: quiet, social and active. In our view, a comfortable yard has space for each of these functionalities.

The first test of our yard concept took place at Sähköttäjänpuisto Park, which we selected as the test site in cooperation with the City of Helsinki. We renovated the park to make it safer, more comfortable and more functional. We celebrated the opening of the new park in August 2018 together with the city's residents.

More information on Sähköttäjänpuisto Park is available [here](#).

Since then, we have introduced the yard concept in all of our operating countries. In Bratislava, for example, we surveyed the local people's preferences and yard-related needs in 2018. We found that Bratislavans value

a sense of community and greenness. A yard design competition is currently underway in Bratislava, with the results set to come out in spring 2019.



SÄHKÖTTÄJÄNPUISTO PARK, HELSINKI, FINLAND

Case

Archaeological treasures found at the Kalamaja construction site

Did you know that archaeological discoveries, such as a medieval hair brush, are occasionally found on construction sites? It happened to us in Tallinn in summer 2018. The brush turned out to be part of the biggest medieval discovery in Northern Europe, with the number of objects ultimately exceeding 20,000. The start of construction work was delayed by four months due to the archaeological excavation, but as a company that recognises its social responsibility, we were naturally proud and excited to contribute to the success of the excavation. As a sign of respect for the site's history, we decided to give the residential buildings at the site the name Mündrik, which is an old Estonian word for a craftsman, fisherman or horseman.

More information on the medieval excavation in Tallinn is available [here](#).

Case

Bees as pets at the Bratislava office

One interesting observation we made in analysing the results of our 2018 personnel survey was that the respondents highlighted the issue of office pets, which has been an emerging trend in recent years. The people at our Slovakian office wanted to reconcile our company values with environmental and social perspectives in their choice of pet. With the dwindling populations of bees and the critical role they play in our ecosystem having been a hot topic in recent years, the choice was ultimately quite easy. We decided to start a bee farm on the roof of the office car park at our Bratislava office in cooperation with a local organisation by the name of Živica. After careful preparation, we were able to accommodate 60,000 yellow-and-black residents in their new homes. With plenty of flowers and green areas nearby, the rooftop is an ideal environment for the bees. The new pets have brought a lot of joy to the people at our office and they also have a positive impact on the local ecosystem.



BRATISLAVA OFFICE, SLOVAKIA

Together we can do it.

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