

## YIT Corporation remuneration statement 2014

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 Personnel Committee of the Board of Directors prepares matters related to the appointment and remuneration of the Board members and the Group's key personnel as well as the Group's HR policy. Among other things, the Committee prepares proposals for the appointment of the Board members, President and CEO and other Group key personnel as well as their remuneration and other terms of employment. In addition, its tasks include preparing the Group's bonus rules and other issues related to pay policy.

### Remuneration of Board members

The Annual General Meeting 2014 decided that the Board of Directors be paid remuneration as follows in 2014:

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.

### Remuneration of Board members in 2014, EUR

Board members	Board membership	Board meetings	Audit Committee meetings	Personnel Committee meetings	Total 2014	Total 2013
Henrik Ehrnrooth*	16,500	550		550	17,600	94,600
Reino Hanhinen	75,200	6,050	550	2,750	84,550	77,050
Antti Herlin 1)						13,900
Kim Gran	57,250	4,950		2,750	64,950	57,800
Satu Huber	46,800	5,500	2,750		55,050	58,350
Michael Rosenlew 2)						32,750
Erkki Järvinen 3)	46,800	6,050	550	2,200	55,600	46,400
Ari Lehtoranta 4)						16,400
Juhani Pitkääkoski 5)	35,100	5,500	2,200		42,800	
Teuvo Salminen 6)	35,100	5,500	2,200		42,800	
Hallitus yhteensä	312,750	34,100	8,250	8,250	363,350	397,250

\*) Henrik Ehrnrooth was a member of the Board and the Personnel Committee until March 18, 2014

1) Antti Herlin was a member of the Board until March 15, 2013.

2) Michael Rosenlew was a member of the Board, the Working Committee and the Audit Committee until June 30, 2013.

3) Erkki Järvinen has been a member of the Board since March 15, 2013 and a member of the Audit Committee 15.3.2013-18.3.2014.

4) Ari Lehtoranta has been a member of the Board 15.3.-30.6.2013.

5) Juhani Pitkääkoski has been a member of the Board since March 18, 2014.

6) Teuvo Salminen has been a member of the Board since March 18, 2014.

The Working Committee was discontinued in 2013.

## **Proposal for fees for 2015**

The Board of Directors proposes to the Annual General Meeting on recommendation of the Board's Personnel Committee that the fees to be paid to the Board of Directors remain the same as in 2014.

## **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 new-initiative bonuses and 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 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 are covered by a monetary bonus under the terms of the scheme. Employees included in the incentive scheme are 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 is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010, the commitment period has ended.

During 2014, a total of 6,144 shares were returned to the company in accordance with the terms and conditions.

The Board of Directors of YIT Corporation decided on March 18, 2014, to launch a new share-based incentive scheme for key persons.

The earnings periods of the 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. 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 shares can be rewarded annually, of which a maximum of 25,000 to the President and CEO. 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 six 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 2014**

Kari Kauniskangas served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 45,238 in March 2014 based on the results of July–December 2013. Based on the results of January–June 2014, the President and CEO was paid a performance-based bonus 73,752 in September.

In 2014 no shares were granted through the share-based incentive scheme, since shares of 2010-2012 were handed over in 2011, 2012 and 2013 and the earnings periods of the new incentive scheme are the years 2014, 2015 and 2016.

#### **Remuneration paid to the CEO and Management Board in 2014**

Kari Kauniskangas, President and CEO, Head of Housing segment

Other Management Board:

- Tero Kiviniemi, Executive Vice President, Head of Business Premises and Infrastructure segment
- Teemu Helppolainen, Head of Housing Russia Business area
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raalo, Senior Vice President, Human Resources

#### **Remuneration paid to the CEO and Management Board in 2014**

	Fixed salary	Fringe benefits	Bonuses	Share-based incentive plan	Total 2014	Total 2013
President and CEO	413,617	15,264	118,990	0	547,871	858,684
Total other Management Board	1,159,148	53,345	229,567	0	1,442,060	3,756,486