



Corporate  
Governance Statement  
**2023**

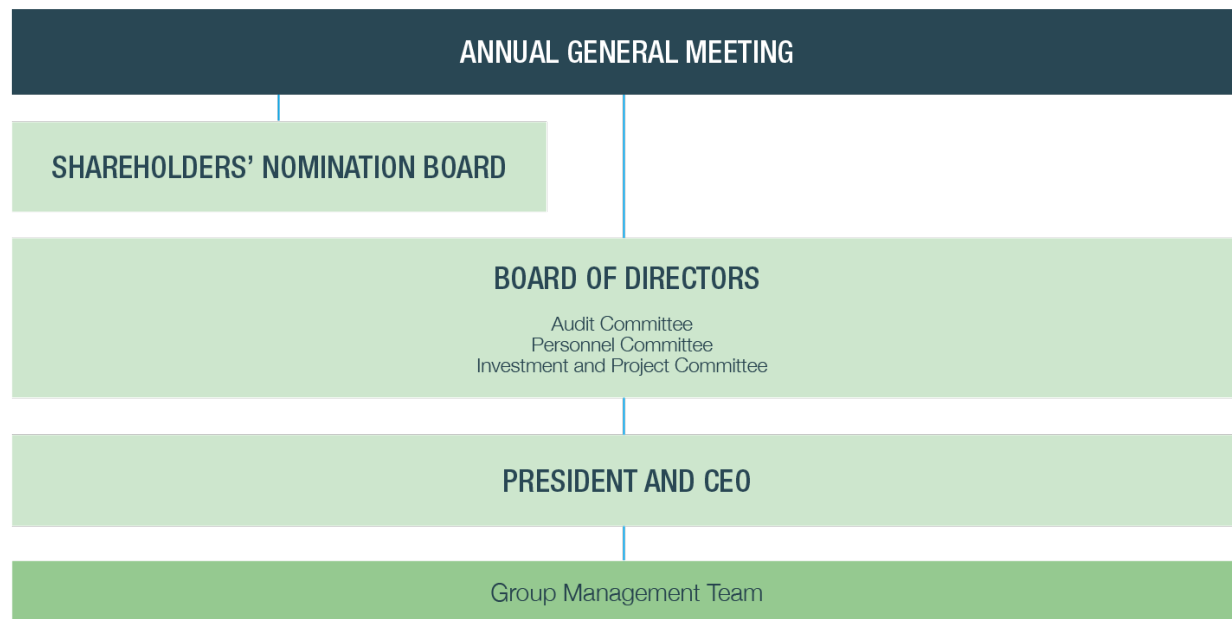


# YIT Corporation's Corporate Governance Statement for 2023

Pursuant to the Finnish Securities Markets Act and the Finnish Corporate Governance Code, the YIT Corporation Corporate Governance Statement has been prepared separately from the report of the Board of Directors. The statement is available on the YIT Corporation website at [www.yitgroup.com/corporategovernance](http://www.yitgroup.com/corporategovernance).

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 complies with the recommendations of the Finnish Corporate Governance Code approved by the Securities Market Association in September 2019, which took effect on 1 January 2020. The Code is publicly available on the Securities Market Association's website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

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 has reviewed this statement, and the Board of Directors has approved it, at meetings held on 8 February 2024.



## 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 June on a date determined by the Board of Directors. Extraordinary general meeting can be held if the Board of Directors deems a meeting necessary or when required by law.

The 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:

- Approval of the financial statements
- Distribution of profits
- Discharging members of the Board of Directors and the President and CEO from liability
- Electing the chairperson, vice chairperson and members of the Board of Directors, and determining their fees
- Appointing the auditors and determining their fees
- Amending the Articles of Association
- Making decisions leading to changes in the share capital
- Acquiring and transferring of the company's own shares

The chairperson of the Board of Directors, the Board members, the President and CEO and the auditor are all present at the general meeting. Persons nominated to seats on the Board of Directors must always attend the general meeting deciding on their election.

## ANNUAL GENERAL MEETING 2023

The annual general meeting was held on 16 March 2023 in Helsinki. A total of 280 shareholders attended the meeting in person or by proxy, representing 113,635,389 shares and voting rights, which corresponded to approximately 53.8 per cent of the company's shares and voting rights.

The annual general meeting approved the financial statements for 2022 and discharged the members of the Board of Directors and the President and CEO from liability. The annual general meeting decided on the payment of dividend, the composition and fees of the Board of Directors, the appointment and fees of the auditor for the financial periods 2023 and 2024, the amendment of the Articles of Association, and authorising the Board of Directors to decide on the repurchase of company shares and share issues.

## BOARD OF DIRECTORS

The Board of Directors supervises and controls the management and operations of the company. Its duty is to promote the interests of all shareholders and the Group by ensuring to the proper administration and organisation of operations.

The Board of Directors comprises the chairperson and the vice chairperson, as well as 3–8 ordinary members elected by the annual general meeting for one year at a time. There are no special provisions on the appointment of Board members in the Articles of Association. The majority of the members must be independent of the company. In addition, it is required that at least two of these members are independent of the major shareholders of the company. The President and CEO cannot be elected as the chairperson of the Board. Both genders must be represented on the Board of Directors in accordance with the Board's diversity principle.

The Board of Directors convenes regularly as summoned by the chairperson. A quorum is established when more than half the members are present. An opinion supported by more than half the members present becomes the decision. When the votes are even, the chairperson casts the deciding vote. The President and CEO attends Board meetings as the presenting official, and the Corporate General Counsel as the secretary of the Board. Other Management Team members and heads of business units and functions attend the meetings when necessary. The President and CEO and the secretary of the Board prepare the meetings with the chairperson of the Board and prepare the agendas. The President and CEO ensures that the Board is provided with sufficient information about matters such as the structure, operations, markets and competitive situation of the company to carry out its tasks. Meeting agendas and materials are sent to Board members in good time before a meeting.

The Board of Directors and its committees have ratified standing orders. The Board members annually assess the operations of the Board and its committees, and the results are taken into account in the Board's work and its development.

## KEY TASKS OF THE BOARD OF DIRECTORS

Among other duties, the Board of Directors:

- Ensures that the supervision of accounting and asset management is appropriately organised
- Reviews and approves the company's financial statements and the report or the Board of Directors, as well as interim reports and half-year reports
- Supervises and controls operating management

- Elects and dismisses the President and CEO and their deputy, decides on their salaries, and fees and agrees on the other terms of their employment
- Convenes the annual general meeting and makes proposals on matters to be included on the agenda
- Determines the dividend policy and makes a proposal to the annual general meeting on the dividend to be paid
- Approves the company's strategy, 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 functionality of management system
- Ratifies the Group's values and management principles
- Monitors and evaluates the company's financial reporting system and the effectiveness of internal control, internal audits and risk management
- Monitors the company's audit and assesses the auditor's independence and provision of non-audit services
- Prepares a proposal for the appointment of the auditor

## DIVERSITY OF THE BOARD OF DIRECTORS

The diversity principles ratified by YIT Corporation's Board of Directors refer to the different backgrounds of the Board members, such as age, gender, international experience, education in different fields, expertise and competencies. The aim with the diversity of the Board of Directors is to ensure that the Board of Directors is broad-based and versatile, has customer insight and stakeholder insight, and is creative and future-oriented. A sufficiently diverse Board of Directors supports the company's business and its development, promotes open discussion and independent decision-making, and is better equipped to support and challenge the operating management.

The different backgrounds, experiences and views of the members of the Board of Directors support the achievement of YIT Corporation's strategic objectives. Persons elected to the Board of Directors must be qualified for the position, taking into account the requirements and development stages of the company's business, as well as the areas of expertise required of the Board of Directors and its committees. Persons elected as members of the Board of Directors must have the capacity to allocate sufficient time to their duties.

The long-term diversity objective is that the process of selecting and evaluating candidates for Board membership involves representatives of both genders to facilitate a balanced gender distribution on the Board of Directors.

## MEMBERS OF THE BOARD OF DIRECTORS AND BOARD MEETINGS IN 2023

The members of YIT Corporation's Board of Directors from 1 January to 16 March 2023 were Harri-Pekka Kaukonen (chairperson), Eero Heliövaara (vice chairperson), and ordinary members Frank Hyldmar, Olli-Petteri Lehtinen, Casimir Lindholm, Sami Laine, Jyri Luomakoski, Keith Silverang, Barbara Topolska and Kerttu Tuomas.

In addition to the chairperson and the vice chairperson, the annual general meeting held on 16 March 2023 elected five (5) ordinary members to the YIT Board of Directors. In accordance with a proposal from the Shareholders' Nomination Board, Harri-Pekka Kaukonen, PhD, MSc (Eng.), born 1963, was re-elected as the chairperson of the Board and Jyri Luomakoski, MBA, born 1967, was elected as the vice chairperson. The following persons were re-elected as the ordinary members: Sami Laine, MSc (Econ.), born 1971; Casimir Lindholm, MSc (Econ.), born 1971; Keith Silverang, BA, MBA, born 1961; Barbara Topolska, MBA, born 1966; and Kerttu Tuomas, BSc (Econ.), born 1957.

All the Board members in 2023 were independent of YIT and its major shareholders.

The Board of Directors convened 15 times during 2023. The members' total attendance rate was 99 per cent. Corporate General Counsel Juha Jauhiainen, served as the secretary of the Board of Directors.

## YIT CORPORATION BOARD OF DIRECTORS ON 31 DECEMBER 2023



**Harri-Pekka Kaukonen**  
Chairperson  
PhD, MSc (Tech.), born 1963



**Jyri Luomakoski**  
Vice chairperson  
MBA, born 1967



**Sami Laine**  
Member  
MSc (Econ.), born 1971



**Casimir Lindholm**  
Member  
MSc (Econ.), MBA, born 1971



**Keith Silverang**  
Member  
BA, MBA, born 1961



**Barbara Topolska**  
Member  
MBA, born 1966



**Kerttu Tuomas**  
Member  
BSc (Econ.), born 1957

In addition to its main tasks, a significant part of the Board of Director's work in 2023 consisted of participation in the preparation and regular monitoring of the company's transformation and capital release programs and the group's refinancing arrangements. During the year, the work of the Board of Directors focused also on supporting the development and implementation of measures to improve the group's performance and profitability, especially in light of the challenging market situation as well as monitoring the achievement of sustainability development targets.

The Board of Directors conducted its annual self-evaluation, based on which the Board identified specific focus areas for further development of Board work.

## SHARE OWNERSHIP OF THE BOARD MEMBERS ON 31 DECEMBER 2023

Name	Position	Share ownership, pcs
Kaukonen Harri-Pekka	Chairperson of the Board	80,162
Luomakoski Jyri	Vice chairperson of the Board	22,019
Laine Sami	Board member	11,686
Lindholm Casimir	Board member	17,019
Silverang Keith	Board member	11,686
Topolska Barbara	Board member	24,875
Tuomas Kerttu	Board member	19,666
<b>Total</b>		<b>187,113</b>

## COMMITTEES FOR THE BOARD OF DIRECTORS

In 2023, the Board of Directors had three permanent committees: the Personnel Committee, the Audit Committee, and the Investment and Project Committee.

The Board of Directors elects the members and chairpersons of the committees from among its members at its organising meeting following the annual general meeting. The committees have written standing orders ratified by the Board of Directors. The committees report to the Board of Directors on the matters discussed by them and the required actions on a regular basis at the Board meeting following each committee meeting.

In addition to the aforementioned permanent committees, the Board may appoint other permanent or temporary committees to focus on certain duties assigned by the Board.

## PERSONNEL COMMITTEE

The duty of the Personnel Committee is to assist the Board of Directors in matters related to the appointment and remuneration of Group's 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 performance-based bonuses paid to the management. The identification of talents, the development of key personnel and planning for management successors also fall under the preparation responsibility of the committee. In addition, the committee prepares the remuneration policy and remuneration report for the company's governing bodies.

The committee convenes as necessary and when summoned by the chairperson. It has 3–5 members, all of whom have knowledge of the Group's business operations and business segments, as well as HR- and remuneration-related matters. The majority of the members of the Personnel Committee must be independent of the company. The President and CEO and other members of the company's executive management cannot be members of the Personnel Committee. The Executive Vice President, Human Resources acts as the secretary to the committee.

### Personnel Committee in 2023

From 1 January to 16 March 2023, the Personnel Committee consisted of Kerttu Tuomas as the chairperson and Eero Heliövaara, Harri-Pekka Kaukonen and Keith Silverang as the members.

At its organising meeting following the annual general meeting on 16 March 2023, the Board of Directors elected from among its members Kerttu Tuomas as the chairperson of the Personnel Committee, and Harri-Pekka Kaukonen, Jyri Luomakoski and Keith Silverang as its members.

The committee convened a total of six times during the year. The members' total attendance rate was 98 per cent. In addition to the members, the meetings of the Personnel Committee were attended by the company's President and CEO. The committee's secretary was Katja Ahlstedt, Executive Vice President, Human Resources, until 16 May 2023, Tanja Kauhajärvi, Interim Executive Vice President, Human Resources, between 16 May and 1 October 2023, and Jennie Stenbom, Executive Vice President, Human Resources, from 1 October 2023.

In 2023, the Personnel Committee prepared and discussed the key focus areas of personnel development, retention and remuneration to support the company's change

program, remuneration policy update as well as reviewed the results of the conducted employee surveys and action plans, monitored the Health and Safety focus areas and actions, and dealt with talent management and succession processes and plans.

During the reporting period, the Committee prepared and submitted for the Board of Directors' approval the remuneration principles pursuant to the governance model, short- and long-term incentive programs pursuant to the remuneration policy as well as the budget, the key indicators, goals and target groups. In addition, the Committee prepared for the approval by the Board of Directors the nominations to group key positions as well as the remuneration proposals for the President and CEO and other management.

## AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in the supervision of the Group's reporting and accounting processes. Its tasks include overseeing the company's financial reporting process and the effectiveness of internal control, internal audit and risk management systems, as well as monitoring and assessing audits. The committee participates in the preparation of the Group's financing policy, financing plan and financing arrangements. The committee reviews the company's financial statements, interim reports and half-year reports, as well as monitoring audits. It evaluates compliance with laws and regulations and follows the Group's financial position. The committee convenes at least four times per year and more often if necessary. The committee comprises 3–5 members, the majority of whom must be independent of the company, and at least one of whom must be independent of major shareholders. Persons with extensive knowledge of the Group's business operations and business segments who possess the qualifications required by the committee's sphere of duties are elected as committee members. The Corporate General Counsel acts as the secretary of the Audit Committee.

### Audit Committee in 2023

Between 1 January and 16 March 2023, the Audit Committee consisted of Olli-Petteri Lehtinen as the chairperson, and Frank Hyldmar, Jyri Luomakoski and Sami Laine as members.

At its organising meeting following the annual general meeting on 16 March 2023, the Board of Directors elected from among its members Jyri Luomakoski as the chairperson of the Audit Committee, and Sami Laine and Kerttu Tuomas as its members.

The Audit Committee convened six times in 2023. The members' total attendance rate was 100 per cent. In addition to the members, the company's President and CEO and, as the company's principal auditor, Samuli Perälä (PricewaterhouseCoopers Oy)

attended the committee's meetings, as did members of the company's management and experts – such as a representative of the internal audit service provider – depending on the matters dealt with by the meeting. Juha Jauhiainen, Corporate General Counsel, served as the committee's secretary.

In 2023, the Audit Committee handled and monitored regularly, in addition to its main tasks, the development of company's investments, financing and balance sheet position, realization of the group financing plan, financing renewal preparations and accomplishment as well as handled achievement of cash flow and profitability targets, in particular taking into account the uncertainties and increased risks caused by the challenging market environment. In addition, the Audit Committee regularly handled among its other tasks the financial reporting of company's projects.

During the accounting period the Audit Committee handled in particular the progress and implementation of the change and capital release programs released in the first half of the year as well as the strategic divestments and their financial impacts.

## INVESTMENT AND PROJECT COMMITTEE

The Investment and Project Committee discusses and prepares for the Board of Directors significant contract tenders, property development projects, plot and area project investments and divestments, acquisitions, disposals and equity investments. It also monitors the related portfolios, financial reporting and risk management.

The committee convenes at least twice a year, and more frequently by separate invitation from the chairperson if deemed necessary in view of the matters discussed by the committee. The committee comprises 3–5 members, the majority of whom must be independent of the company, and at least one of whom must be independent of significant shareholders. Persons with extensive knowledge of the Group's business operations and business segments who possess the qualifications required by the committee's sphere of duties are elected as committee members. Corporate General Counsel acts as the secretary of the Investment and Project Committee.

## Investment and Project Committee in 2023

Between 1 January and 16 March 2023, the Investment and Project Committee consisted of Eero Heliövaara as the chairperson and Harri-Pekka Kaukonen, Casimir Lindholm and Barbara Topolska as the members.

At its organising meeting following the annual general meeting on 16 March 2023, the Board of Directors elected from among its members Casimir Lindholm as the chairperson of the Investment and Project Committee, and Harri-Pekka Kaukonen, Sami Laine and Barbara Topolska as the committee members.

The Investment and Project Committee convened a total of nine times in 2023. The members' total attendance rate was 98 per cent. In addition to the members, the company's President and CEO attended the meetings of the committee. Juha Jauhiainen, Corporate General Counsel, served as the committee's secretary.

In 2023, in accordance with its main tasks, the Investment and Project Committee concentrated on decision-making tasks related to significant tenders, investments, divestments and strategic acquisitions presented to the Board of Directors for decision. The Committee participated in the development of key strategic projects and investment portfolio, as well as monitoring and reporting practices for the development of invested capital.



## Meeting attendance of the Board of Directors and its committee in 2023

Name	Board of Directors	Personnel Committee	Investment and Project Committee	Audit Committee	Attendance rate (%)
Kaukonen Harri-Pekka, chairperson	15/15	6/6	8/9		96
Heliövaara Eero, vice chairperson <sup>1</sup>	5/5	1/1	2/2		100
Hyltmar Frank <sup>2</sup>	5/5			1/1	100
Laine Sami	15/15		7/7	6/6	100
Lehtinen Olli-Petteri <sup>3</sup>	5/5			1/1	100
Lindholm Casimir <sup>4</sup>	15/15		9/9		100
Luomakoski Jyri <sup>5</sup>	15/15	5/5		6/6	100
Silverang Keith	15/15	5/6			92
Topolska Barbara	14/15		9/9		100
Tuomas Kerttu	14/15	6/6		5/5	98
<b>Attendance rate (%)</b>	<b>99</b>	<b>97</b>	<b>98</b>	<b>100</b>	<b>98,5</b>

<sup>1</sup>Heliövaara Eero was the vice chairperson of the Board of Directors and a member of the Personnel Committee and the Investment and Project Committee until 16 March 2023.

<sup>2</sup>Hyltmar Frank was a member of the Board of Directors and the Audit Committee until 16 March 2023.

<sup>3</sup>Lehtinen Olli-Petteri was a member of the Board of Directors and the Audit Committee until 16 March 2023.

<sup>4</sup>Lindholm Casimir was the chairperson of the Investment and Project Committee from 16 March 2023.

<sup>5</sup>Luomakoski Jyri was the chairperson of the Audit Committee and a member of the Personnel Committee from 16 March 2023.

## SHAREHOLDERS' NOMINATION BOARD

Since 2016, YIT has had a Shareholders' Nomination Board that prepares the election of Board members and remuneration proposals to the general meeting.

The Shareholders' Nomination Board is a body comprised of the company's shareholders or their representatives, the duty of which is to prepare, in accordance with the Board's diversity principles, proposals on the election and remuneration of the members of the Board of Directors for the annual general meeting and for an extraordinary general meeting when necessary. 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 justified proposals on the election and remuneration of members of the Board of Directors to the general meeting for this purpose.

The Nomination Board comprises the company's three major shareholders or the representatives nominated by these shareholders. The right to nominate members to represent shareholders in accordance with the Standing Order rests with three shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd or another operator on the last weekday of August in the year preceding the annual general meeting, and who hold the largest number of votes conferred by shares according to the shareholder register.

The Nomination Board has been established to serve until further notice. The term of office of the Nomination Board members ends at the appointment of new members every year.

The Nomination Board must submit its proposal to the YIT Board of Directors annually by the last weekday of January preceding the next annual general meeting. The proposals of the Nomination Board are published in a stock exchange release and included in the notice of the meeting. The Nomination Board presents and justifies its proposals and submits a report of its operations to the annual general meeting.

## SHAREHOLDERS'S NOMINATION BOARD 2023

Between 1 January and 31 August 2023, the Nomination Board (elected in 2022) comprised Juhani Mäkinen, Counsellor of Law, as a representative named by the shareholder group; Alexander Ehrnrooth, chairperson of the Board of Directors, Tercero Invest AB; and Risto Murto, CEO of Varma Mutual Pension Insurance Company. Harri-Pekka Kaukonen, the chairperson of YIT Corporation's Board of Directors, served as an

expert member, Juhani Mäkinen as the chairperson, and Juha Jauhiainen, YIT's Corporate General Counsel, as the secretary of the Nomination Board.

Starting from 1 September 2023, the Nomination Board comprised Alexander Ehrnrooth, chairperson of Board of Directors, Tercero Invest AB; Kristina Pentti-von Walzel, CEO, as a representative named by the shareholder group; and Risto Murto, CEO of Varma Mutual Pension Insurance Company.

Alexander Ehrnrooth served as the chairperson, Harri-Pekka Kaukonen, the chairperson of YIT Corporation's Board of Directors, as an expert member, and Juha Jauhiainen, YIT's Corporate General Counsel, as the secretary of the Nomination Board.

The Nomination Board convened four times in 2023. Between meetings, the Nomination Board prepared its proposals under the leadership of the chairperson. The members' total attendance rate was 100 per cent.

## PRESIDENT AND CEO AND HIS DEPUTY

The President and CEO attends to the day-to-day administration of the company in accordance with instructions and regulations laid down by the Board of Directors. The Board of Directors appoints and discharges the President and CEO and supervises their actions. The Board of Directors also decides on the remuneration and other terms of employment of the President and CEO. The President and CEO ensures that the company's accounts comply with law, and that asset management is reliably organised. YIT's President and CEO serves as the chairperson of the Group Management Team.

Since 28 November 2022, Heikki Vuorenmaa, MSc (Econ.), born 1981, has been the President and CEO of YIT Corporation, with Antti Inkilä, MSc (Eng.), born 1969, acting as his deputy.



## GROUP MANAGEMENT TEAM

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

The President and CEO and other members appointed by the Board of Directors make up the Group Management Team. The President and CEO appoints the secretary of the Management Team. The Management Team, which meets on a regular basis, approximately once a month, assists the President and CEO with operational planning and management, and prepares matters to be discussed by the Board of Directors.

The duties of the Management Team include preparing and coordinating the Group's strategic and annual planning, supervising the implementation of plans and financial reporting, and preparing major investments, mergers and acquisitions.

The Management Team's key duties also include the development of the Group's internal cooperation and the promotion of joint development projects. The President and CEO is responsible for the decisions made by the Management Team. The members of the Management Team implement the decisions in their respective areas of responsibility.

## GROUP MANAGEMENT TEAM ON 31 DECEMBER 2023

Name	Born	Position	Education	Share ownership, pcs
Vuorenmaa Heikki	1981	President and CEO, chairperson of the Management Team	MSc (Econ.)	50,000
Forsell Peter <sup>1</sup>	1969	Executive Vice President, Business Premises segment	MSc (Eng.)	18,078
Inkilä Antti	1969	Executive Vice President, Housing segment, deputy to the President and CEO	MSc (Eng.)	43,990
Kostiainen Juha	1965	Executive Vice President, Urban Development and ESG	MSc (Eng.), D.Sc. (Admin.)	28,235
Laine Aleks <sup>2</sup>	1981	Executive Vice President, Infrastructure segment	MSc (Eng.)	8,170
Mäkipeska Tuomas	1978	CFO	MSc (Econ.)	0
Stenbom Jennie <sup>3</sup>	1975	Executive Vice President, Human Resources	MSc (Ed.) eMBA	0
<b>Total</b>				<b>148, 473</b>

<sup>1</sup>Forsell Peter was Interim Executive Vice President, Business Premises segment starting from 18 October 2023 and has been Executive Vice President, Business Premises segment from 1 January 2024.

<sup>2</sup>Laine Aleks<sup>2</sup> was Interim Executive Vice President, Infrastructure segment starting from 29 March 2023 and has been Executive Vice President, Infrastructure segment from 1 October 2023.

<sup>3</sup>Stenbom Jennie has been Executive Vice President, Human Resources from 1 October 2023.

## GROUP MANAGEMENT TEAM ON 31 DECEMBER 2023



**Heikki Vuorenmaa**  
President and CEO,  
M.Sc. (Econ.), born 1981



**Peter Forssell**  
EVP, Business Premises segment  
M.Sc. (Eng.), born 1969



**Antti Inkilä**  
EVP, Housing segment, Deputy to  
President and CEO  
M.Sc. (Tech.), born 1969



**Juha Kostainen**  
EVP, Urban Development & ESG  
M.Sc. (Tech.), D.Sc. (Adm.), born 1965



**Aleksi Laine**  
EVP, Infrastructure segment  
M.Sc. (Eng.), born 1981



**Tuomas Mäkipeska**  
CFO  
M.Sc. (Econ.), born 1978



**Jennie Stenbom**  
EVP, Human Resources  
M.Sc. (Ed.), eMBA, born 1975

## THE MAIN CHARACTERISTIC OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONNECTED WITH THE FINANCIAL REPORTING PROCESS

### OBJECTIVES

The objective of YIT's internal control and risk management related to financial reporting is to ensure that the company's financial reporting provides an accurate picture of YIT's financial performance and position, as well as providing assurance that the company operates in accordance with internal guidelines and complies with the relevant laws and regulations, as well as other obligations set out for listed companies. YIT's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). A further objective of risk management is to support the achievement of the company's strategic and business objectives by anticipating and managing potential threats and opportunities.

### MAIN CHARACTERISTICS OF INTERNAL CONTROL

YIT's financial reporting, planning and control are based on an operating model determined by the Group, policies approved by the Board of Directors, and financial reporting manuals and instructions that need to be complied with throughout the Group. In accordance with the operating model, the reporting and evaluation of financial results is performed at multiple levels of monitoring, which is performed by the Group's businesses, the persons responsible for finances in each company, and group functions. The lowest levels of monitoring are the project and unit levels. The highest levels of monitoring are the company, business segment and group levels.

In accordance with YIT's operating model, responsibilities for the performance and control of financial reporting have been assigned to the businesses and to the centralised group-level financial functions. The businesses are responsible for the project-related financial reporting and valuation of assets used in each business, for example. The centralised group-level financial functions are responsible for planning, guiding, training and coordinating the reporting as whole, they make key interpretations concerning accounting principles for the financial reporting, and prepare the financial reporting for YIT's Audit Committee and Board of Directors.

Monthly financial reports to business- and group-level management are a key control process for monitoring the achievement of financial targets. These internal financial

reports are prepared in accordance with the same IFRS accounting principles as external group reports. Monthly controls, including both automatic and manual ones, are used to ensure the accuracy of reporting. The business segments and group functions monitor and evaluate the monthly reported actual figures and projections. Self-developed projects and contracting projects constitute a key component of YIT's financial reporting as a whole. Changes to the project portfolio are reported on a monthly basis, and any material changes are analysed on a project-specific basis as necessary. The project-level financial reporting performed by the businesses is supported and supervised by the centralised group-level Business Controlling function.

The strategies of the Group and its businesses are evaluated annually and updated as necessary. Annual plans based on the strategy and the budget for the next year are typically drawn up during the second half of the year. The strategy and annual plans are approved by YIT's Board of Directors.

### RISK MANAGEMENT

The group-level investment, risk management and corporate security function coordinates and develops the systematic assessment of risks and opportunities as part of business planning and core decision-making processes. The function coordinates the assessment of risks and opportunities related to the business environment, operational activities, assets and financial position to limit unnecessary or excessive risk-taking. The business segments are responsible for the identification, assessment and management of risks in their respective areas of operation. Business-related and strategic risks are reported to the Group management on a regular basis. The Group management supervises and monitors the implementation of the measures related to the risks. YIT's Board of Directors regularly reviews the risk portfolio based on the Group management's assessment. More information about the risk management principles is available in the Risks and risk management section of the annual review.

### FINANCIAL REPORTS PUBLISHED

YIT publishes quarterly financial reports and annual financial statements. The Audit Committee reviews the reports and presents its recommendations concerning the reports to the Board of Directors. YIT's Board of Directors approves the reports for publication.

YIT publishes on its website the main principles of investor relations activities and its disclosure policy. [The Disclosure policy](#) sets out YIT's practices concerning the publication of financial information.

### FINANCIAL INFORMATION SYSTEMS

The key components of YIT's financial reporting include basic financial systems and project reporting systems. YIT continued to harmonise its basic financial reporting systems in 2023. These harmonisation efforts led to financial processes becoming more consistent between the different countries and companies. At the end of 2023, the common basic system for financial information was in use in Finland and Sweden. The deployment of the basic financial information system will continue in YIT's other operating countries.

In the monthly closing process for each period, the accounting data for each company is transferred from the basic financial information systems to the group's centralised consolidation system, which produces group and segment level financial reporting, including both actual figures and projections. The functioning and information security of the systems used in financial reporting are monitored and inspected on a regular basis, and regular back-ups are made to ensure continuity.

### RELATED PARTY TRANSACTIONS

The company maintains a list of its related parties and monitors and evaluates related party transactions on a regular basis in accordance with regulatory principles. Members of the Board of Directors and the Management Team and their related parties are obligated to notify the company of any related party transactions. Any related party transactions are reported in connection with the company's consolidated financial statements. During the 2023 financial period, the company did not have any material related party transactions deviating from the company's normal business operations or not implemented on arm's length terms.

### INSIDER ADMINISTRATION

At YIT, insider administration is responsible for internal communication and training related to insider matters, as well as the preparation and maintenance of the insider list and its submission to the Finnish Financial Supervisory Authority on request.

Insider administration also ensures that trading restrictions and the obligation to notify transactions by managers and their related parties are complied with. Insider administration is responsible for internal communication, training, supervision and the monitoring of regulatory changes in matters pertaining to the trading restriction and notification obligation. It maintains a list of managers and their related parties, informs managers of their obligations related to trading restrictions and transaction notification obligations, and is responsible for providing guidance to managers regarding the provision of information to their related parties regarding the related parties' notification



obligation, as well as the publication of transactions in stock exchange releases, the practical implementation of which is the responsibility of the Investor Relations (IR) function. The Corporate General Counsel is in charge of insider matters in the company.

## INTERNAL AUDIT

Internal audit is part of YIT's internal control system and framework. An objective evaluation, assurance and consulting function intended to create added value for the company and provide recommendations for the further development of operations, the internal audit function is independent of other functions. Internal audit supports the Board of Directors and the management in the achievement of objectives by evaluating the appropriateness and effectiveness of the company's risk management, control, management and administration processes.

Internal audit carries out independent inspections of the businesses, Group companies, processes and specifically selected targets to assess the effectiveness of internal control. The aim of the internal audit function is to ensure compliance with internal policies, guidelines and regulations.

Internal audit systematically evaluates the effectiveness of the aforementioned functions and issues recommendations on the development of operations, thereby helping the company achieve its objectives. Internal audit also supports the sharing of best practices within the Group. In addition to other reporting channels, Group companies can report potential misconduct to the company's management through internal audit.

Internal audit operates under the supervision of the Board of Directors' Audit Committee, and reports the results of its auditing activities to the Audit Committee. The Audit Committee subsequently reports to the Board of Directors. An annual risk-based internal audit plan is prepared and approved by the Audit Committee. Internal audits focus on identified business risks. The focus areas highlighted in the annual plan are reviewed on a quarterly basis. Administratively, internal audit reports to the Corporate General Counsel. YIT's internal audit service provider in 2023 was Deloitte Ltd.

## AUDIT

YIT has one auditor, which must be an approved and registered auditing firm pursuant to the Auditing Act (1141/2015).

The annual general meeting appoints the auditor based on a proposal of the Board of Directors. The Board's Audit Committee prepares a draft resolution concerning the appointment of the auditor. The auditor audits the company's accounts, financial statements and administration for the financial period. The parent company's auditor

must also audit the consolidated financial statements. The auditor reports regularly to the Board of Directors and its Audit Committee, and submits an Auditor's Report as required by law to the company's shareholders. YIT's key subsidiaries engaged in business activities must appoint auditors from the same chain of audit firms as the one used by the parent company.

Based on the decision of the annual general meeting, the auditor's fee is paid as per an invoice approved by the company. YIT complies with the provisions of the Auditing Act and the EU Audit Regulation regarding the maximum duration of the auditor's terms of office and, when appointing the auditor, the provision that the total duration of consecutive terms of office of the principal auditor must not exceed seven years.

YIT's auditor is the auditing firm PricewaterhouseCoopers Oy. In 2023, the principal auditor was Samuli Perälä, Authorised Public Accountant.

Auditing firm Ernst & Young Oy, with Mikko Ryttilähti, Authorised Public Accountant, as the principal auditor, was appointed as the auditor for the 2024 financial period. The auditor's term will start at the end of the 2024 annual general meeting and end at the end of the 2025 annual general meeting.

## AUDIT FEES IN 2023

EUR million	2023	2022	2021
Statutory audit	1.0	1.1	1.1
Tax services	0.0	0.0	0.0
Other services	0.3	0.0	0.2
<b>Total</b>	<b>1.3</b>	<b>1.1</b>	<b>1.3</b>

## BOARD OF DIRECTORS' REPORT

The Board of Directors issued its report for 2023 on 8 February 2024. The Corporate Governance Statement will be separately from the Report of the Board of Directors on the company's website at [www.yitgroup.com/corporategovernance](http://www.yitgroup.com/corporategovernance).





YIT is a leading construction and development company. Building on over 110 years of experience, we develop and build sustainable living environments: functional homes, future-proof public and commercial buildings, and infrastructure to support the green transition. We employ approximately 4,300 professionals. Our revenue in 2023 was EUR 2.2 billion. YIT Corporation's shares are listed on Nasdaq Helsinki.

Read more: [www.yitgroup.com](http://www.yitgroup.com)

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