

Corporate Governance Statement

Lemminkäinen Corporation is a Finnish public listed company whose administration complies with current legislation, such as the Finnish Companies Act, the Accounting Act and the Finnish Securities Market Act, and the company's Articles of Association. We also observe the rules, regulations and guidelines of NASDAQ OMX Helsinki Ltd and the Finnish Financial Supervisory Authority, and we adhere to the Finnish Corporate Governance Code.

Lemminkäinen's administrative bodies

The General Meeting is where shareholders exercise their voting rights and is Lemminkäinen's highest decision-making body. The Annual General Meeting (AGM) elects the Board of Directors, which in turn appoints the President & CEO. The Board of Directors and the President & CEO are responsible for the management of the Group. The Group Executive Team and other management personnel assist the President & CEO in his or her duties. The Board of Directors decides on the Group's administrative systems and ensures compliance with good governance principles.

Annual General Meeting

Lemminkäinen's AGM is held annually within six months of the end of the previous financial year on a date determined by the Board of Directors. An Extraordinary General Meeting may be held if the Board of Directors deems it necessary, or if one is legally required.

Notice of a general meeting of shareholders is published on the company's website. In addition, the Board of Directors may decide to publish the notice in a newspaper. Notice of a general meeting of shareholders must be published no earlier than three months and no later than three weeks prior to the meeting, and in any case at least nine days before the meeting's record date. All of Lemminkäinen's shareholders have the right to attend general meetings, as long as they follow the instructions given in the notice. Shareholders may either attend in person or authorise a representative to represent them. Each share carries one vote at a general meeting.

The AGM carries out all of the tasks stipulated in the Companies Act, such as adoption of the Financial Statements, profit distribution, granting discharge from liability to the members of the Board of Directors and the President & CEO, and making any potential changes

to the company's Articles of Association. The AGM also elects the members of the Board of Directors and the auditors, and decides on their remuneration.

Lemminkäinen aims to have the President & CEO, the auditor, and all members of the company's Board of Directors and Group Executive Team present at the AGM. Unless there is a pressing reason for their absence, any prospective members of the Board of Directors who have been nominated for the first time should be present at the AGM that votes on their nomination.

2013 Lemminkäinen Corporation's Annual General Meeting was held in Helsinki on 9 April 2013. Ninety-seven shareholders attended the meeting, either in person or through an authorised representative, representing about 65 per cent of the company's total number of shares and votes.

Board of Directors

Lemminkäinen Corporation's AGM elects at least four and at most eight members each year to serve on the company's Board of Directors, which elects a Chairman and Vice Chairman from among its members. The Board members' terms of office end upon the conclusion of the first AGM held after their election.

The Board of Directors handles the company's administration and the appropriate arrangement of its operations. The Board also ensures that the supervision of bookkeeping and asset management is appropriate. The Board of Directors decides on matters of principle and on any issues that would have wide-ranging implications for the company. The Board's task is to steer the company's operations in a manner that adds the greatest possible value to the capital invested in the company over the long term. The Board appoints and dismisses the President & CEO, supervises his or her actions, and decides on his or her remuneration and other terms and conditions of service. The Board also approves the Group's strategy, operating principles and guiding values, as well as ensures that they are up-to-date and correctly implemented. The Board also ensures that the Group has a functional system of internal controls and that the Group's risk management principles have been defined. It also ensures that key business risks have been identified and are being systematically monitored. The Board approves the operational guidelines and annual plan for the internal

audit, and also assesses its effectiveness. Lemminkäinen's President & CEO attends the Board's meetings to present matters for the Board's consideration, as does the CFO. Other members of the Executive Team and the company's management attend meetings as required.

2013 At the Annual General Meeting held on 9 April 2013, the following were elected as members of the Board of Directors: Berndt Brunow, Noora Forstén, Finn Johnsson, Juhani Mäkinen, Kristina Pentti-von Walzel and Heikki Rätty. At its organisational meeting on 9 April 2013, the Board appointed from among its members Berndt Brunow as Chairman and Juhani Mäkinen as Vice Chairman. The Board of Directors met 13 times in 2013. Each member's attendance is shown in the table below. The Board's

most important agenda topics included approving the new strategy for 2014–2018, improving Lemminkäinen's profitability and strengthening its financial position. At its meetings, the Board also discussed updates to the Group's treasury policy and financial reporting processes. In addition, the Board discussed the legal proceedings concerning damages related to the asphalt cartel and their impact on Lemminkäinen.

The Board carried out a self-assessment of its structure, working methods, and compliance with its rules of procedure. The results of this self-assessment are used to develop the Board's working methods. The Board also assessed the independence of its members.

Members of the Board of Directors

Members	Independent of the company	Independent of major shareholders	Board of Directors ³⁾	Audit Committee ³⁾	Nomination Committee ³⁾	HR Committee ³⁾
Berndt Brunow, born 1950 B.Sc. (Econ.)	Yes	Yes	Chair (13/13)		Chair (2/2)	Member ²⁾ (1/1) Chair ¹⁾ (4/4)
Juhani Mäkinen, born 1956 Counsellor of Law, Attorney	Yes	Yes	Vice (13/13)	Member (4/5)		
Noora Forstén, born 1981 Secondary School Graduate, entrepreneur	Yes	No	Member (13/13)		Member (2/2)	Member (5/5)
Finn Johnsson ¹⁾ , born 1946 M.Sc. (Econ.)	Yes	Yes	Member ¹⁾ (9/9)			
Mikael Mäkinen ²⁾ , born 1956 M.Sc. (Eng.). Director, Marine, Cargotec	Yes	Yes	Member ²⁾ (4/4)			Chair ²⁾ (1/1)
Kristina Pentti-von Walzel, born 1978, M.Sc. (Econ.), B.Sc. (Pol.Sc.). Director, Libera	Yes	No	Member (13/13)	Member (5/5)	Member (2/2)	Member ¹⁾ (4/4)
Heikki Rätty, born 1953, M.Sc. (Econ.), Managing Director, Helectron Oy Ab	Yes	Yes	Member (13/13)	Chair (5/5)		

Chair=Chairman, Vice=Vice Chairman

¹⁾ As of 9 April 2013

²⁾ Until 9 April 2013

³⁾ Attendance rate in brackets

Board committees

At its annual organisational meeting, the Board of Directors appoints three committees from among its members: the Audit Committee, Nomination Committee, and HR Committee. These committees assist the Board of Directors by preparing and drawing up proposals and recommendations for the Board's consideration. The Board of Directors has approved the rules of procedure governing these committees.

Audit Committee

The Audit Committee monitors and supervises Lemminkäinen's annual statements and financial reporting processes and the statutory audit of the consolidated and parent company's Financial Statements. The Committee monitors the adequacy and effectiveness of the Group's risk management, internal control and internal auditing. It also handles the section of the Group's

Corporate Governance Statement that describes the main features of the internal control and risk management systems associated with the financial reporting process.

The Audit Committee deals with reports and plans prepared by the internal audit. It also assesses the independence of the statutory auditor or firm of authorised public accountants and, in particular, the provision of ancillary services to the audited firm. The Audit Committee evaluates potential auditors and submits a proposal for the Board of Directors' consideration.

The Audit Committee meets at least four times per annum. It comprises a Chairman and at least two members appointed by the Board of Directors. The company's auditor, internal auditor and management representatives are also invited to meetings. Members of the Audit Committee must be independent of the company, and at least one member must also be independent of the company's major shareholders. All members must be competent in the Audit Committee's task domain, and at least one member must have expertise in accountancy, bookkeeping or auditing in particular.

2013 The Audit Committee convened five times. The members and their meeting attendance are presented in the Members of the Board of Directors table.

In addition to mandatory items, other matters discussed by the Audit Committee included treasury policy, financial arrangements, and progress in the Group's efficiency improvement programme. The Committee also discussed the progress of the implementation of the ERP system and other measures aimed at the improvement of financial reporting. The Committee also evaluated the financial implications of legal proceedings concerning damages related to the asphalt cartel.

Nomination Committee

The Nomination Committee makes preparations for the AGM by drawing up a list of proposed nominees for the Board of Directors and making a recommendation for their fees.

The Nomination Committee meets at least once per annum. It consists of a Chairman and between two and four members appointed by the Board of Directors. The majority of the members of the Nomination Committee must be independent of the company. The President & CEO and other members of the company's management may not be members of the Committee.

2013 The Nomination Committee convened twice. The members and their meeting attendance are presented in the Members of the Board of Directors table.

The Committee made a proposal containing a list of proposed nominees for Lemminkäinen's Board and a recommendation for the fees to be paid both to Board and Committee members. The AGM approved the Nomination Committee's proposal, which was presented by the Chairman of the Board of Directors on 9 April 2013.

HR Committee

The HR Committee handles matters relating to senior management's salaries and incentives, as well as other key terms and conditions of their service agreements. The Committee also deals with Group-level remuneration, incentive and retention schemes as well as other HR issues.

The HR Committee meets at least once per annum. It consists of a Chairman and between two and four members appointed by the Board of Directors. The majority of the members of the HR Committee must be independent of the company. The President & CEO and other members of the company's management may not be members of the Committee.

2013 The HR Committee convened five times. The members and their meeting attendance are presented in the Members of the Board of Directors table.

At its meetings, the HR Committee discussed management incentive practices, short- and long-term management incentives for 2012 and 2013, the elements and earning criteria of short- and long-term incentives in 2014, and who falls within the scope of the management incentive scheme in 2013 and 2014. The Committee drew up a list of remuneration recommendations, which was approved by the Board of Directors.

Management

President & CEO

The President & CEO is responsible for the day-to-day management of the company in line with the Board of Directors' guidelines and instructions. He or she is responsible for the Group's day-to-day administration and business planning. The President & CEO undertakes the execution of measures approved by the Board of Directors and handles preparations for any measures that are strategically important at the Group level. The President & CEO makes sure that the Group has adequate management resources and the company's bookkeeping complies with legislation. He or she also ensures the appropriate arrangement of the Group's administration and asset management.

Timo Kohtamäki, Lic. Tech., (b. 1963) has served as President & CEO of Lemminkäinen Corporation since 2009.

Executive Team

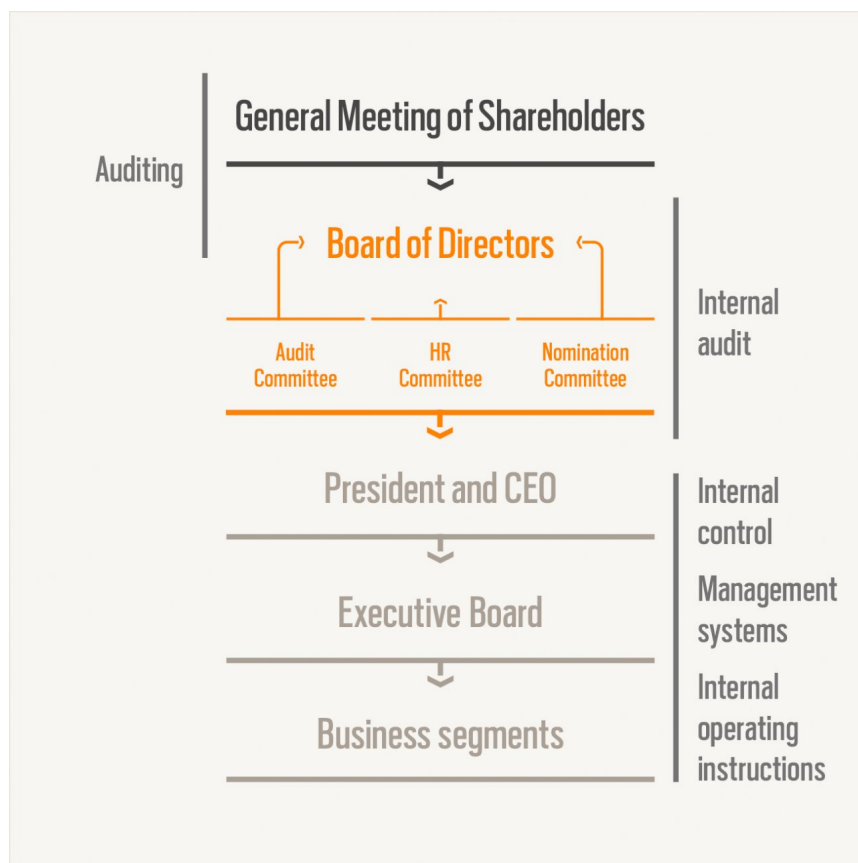
Lemminkäinen's Group Executive Team consists of the parent company's President & CEO and other members appointed by the Board of Directors. The President & CEO is Chairman of the Executive Team and appoints its secretary.

The Executive Team meets at least once a month and supports the President & CEO in, for example, the preparation and execution of strategic matters, operating plans as well as matters of principle and any other significant matters. The Executive Team also assists the President & CEO in ensuring information flow and smooth internal cooperation.

2013 Timo Kohtamäki continued as Lemminkäinen's President & CEO and Chairman of the Executive Team in 2013. The other members of the Executive Team were Executive Vice Presidents Harri Kailasalo (Infrastructure

construction in Finland, the Baltic countries and project exports); Marcus Karsten (Building construction in Finland); Casimir Lindholm (Building construction in Finland) as well as Tiina Mellas, Executive Vice President, HR and ICT; Tiina Mikander, Chief Strategy Officer; Jouni Pekonen, Executive Vice President, Procurement; and Robert Öhman, CFO. Henrik Eklund, Executive Vice President, International Operations, was a member of the Executive Team until 8 August 2013. On the same date, Executive Vice President Timo Vikström (Scandinavia) and on 1 January 2014 Executive Vice President Maaret Heiskari (Russia) became new members of the Executive Team.

The Executive Team met regularly on a monthly basis as well as held additional meetings dealing with strategy and business planning. The Executive Team's key topics during 2013 were improving the efficiency of operations, lightening the cost structure and the company's new strategy for 2014–2018.



Controls

The principles of the internal control, risk management and internal audit adhered to by Lemminkäinen Corporation have been approved by the Board of Directors.

Internal control and risk management seek to ensure that the company's business is efficient and profitable, that reporting is consistent and reliable, and that applicable laws, regulations and the Group's operating principles are observed.

Internal control

The Board of Directors is responsible for ensuring that the Group's internal control and risk management are adequate for the scope of the company's business operations, and that their supervision is appropriately organised. The Board supervises the President & CEO to ensure that he or she handles the company's business operations and administration in accordance with the guidelines and instructions issued by the Board of Directors. In order to ensure adequate risk management, the Board of Directors discusses the Group's financial reports, business segment reviews and any substantial changes that have occurred in the company's business. The Board's Audit Committee also assesses the adequacy and appropriateness of internal control and risk management.

The President & CEO is responsible for the organisation of internal control. Among other duties, he or she ensures that the company's bookkeeping complies with the law and that asset management is handled in a reliable manner.

Lemminkäinen's business is organised into business segments whose Executive Vice Presidents report to the President & CEO. The Group's other directors and managers are responsible for internal control within their own areas of responsibility.

Lemminkäinen controls and monitors its functions to ensure their efficiency and appropriateness, primarily through financial reports and business reviews prepared by management in the business area, business segment and at the Group level.

Risk management

Risk management is an essential part of Lemminkäinen's business operations. Risk management seeks to ensure that strategic and operational targets are achieved and shareholder value is increased.

Lemminkäinen's risk management is based on the risk management policy approved by the Board of Directors in 2011. The Board also supervises the implementation of risk management. The Board defines the Group's risk appetite and risk tolerance in conjunction with its strategy and

annual planning processes and through its decisions. The Board's Audit Committee monitors the adequacy and effectiveness of the Group's risk management in accordance with the annual Action Plan.

The President & CEO is responsible for the implementation of risk management. The CFO holds primary responsibility for managing financial risks with support from business segment management. Legal affairs are coordinated in a centralised manner in order to promote consistent practices and to ensure the management of legal risks. Personnel receive regular training in legal and contractual matters. Detailed guidelines for different areas, such as competition law and insider issues, have also been drawn up. Monitoring compliance with these guidelines falls within the scope of line operations and management, and internal training on them is also provided. The heads of business segments, units and areas are responsible for executing risk management policy in their own organisations.

The main features of internal control and risk management systems associated with the financial reporting process

Internal control associated with the financial reporting process aims to ensure that the company's management has sufficient and accurate information available for leading the company and that the financial reports published by the company give a true view of the company's business development and financial position. The internal control function also monitors reporting to ensure that it is handled in accordance with set timetables.

The structure and management of Lemminkäinen's financial reporting process

In Finland, Lemminkäinen's financial administration is organised into the Financial Shared Services function (including the Group-level accounting function), the Group Controlling function and segment-specific business controlling functions. Foreign subsidiaries have separate financial administration organisations. All of the units mentioned above report to the Group's CFO.



Lemminkäinen's financial reporting process consists of internal and external accounting. Internal accounting focuses on the monitoring and forecasting of the Group's profit performance and measures, whereas external accounting fulfils the information presentation requirements of the International Financial Reporting Standards endorsed by the European Union and, with regard to the notes to the financial statements, the presentation requirements set by the Finnish accounting and community legislation. The Board of Directors' Report and the parent company's Financial Statements are prepared in accordance with the Finnish Accounting Act and the instructions and statements issued by the Finnish Accounting Standards Board.

Group reporting employs both a standard chart of accounts and a reporting and consolidation system. The accounting principles used in internal and external accounting are consistent except for the presentation of discontinued operations.

In Finland, a single financial administration system is used in all financial reporting, and foreign companies use local systems. In 2013, the SAP business management system was implemented in Finland. In foreign financial units, the SAP system will be gradually implemented over the next few years.

Main features and control environment of internal control of the financial reporting process

The company publishes an external accounting interim report quarterly (each year's final quarter is reported as part of the financial statements bulletin). The interim report includes a description of the business development and financial position in the review period with comparative figures as well as a short-term forecast about the development of the operating environment and the result. The Board of Directors discusses and approves the interim reports, the financial statements bulletin as well as the financial statements and the report of the Board of Directors.

Group Controlling provides instructions on internal

accounting reporting timetables and content and combines financial information from different business segments to prepare a monthly management report. The monthly management report includes the Group's and the business segments' income statement, key balance sheet items, investments, order backlog, operative key indicators and a description of the most business-critical events. In addition, the report contains a rolling forecast of the development of the Group's and the business segments' financial position. The Group's Executive Team, the Group's Board of Directors and the Board's Audit Committee monitor the development of the financial position and assess the achievement of targets monthly.

The Group-level accounting function, operating as part of Financial Shared Services, provides guidance for Group companies in drawing up their quarterly external accounting Group reports. In addition to Group guidance, the Group-level accounting function and the Group Controlling function also support and coordinate the Financial Shared Services, the business segments' business controlling functions, and subsidiaries in their financial reporting. The business segments' business controlling functions also ensure that their profit centres draw up the monthly internal accounting report in accordance with the specified principles and instructions. The Group Controlling function reconciles internal and external accounting every quarter to verify the reliability of financial information.

The internal audit unit, too, monitors processes associated with financial reporting. In 2013, the internal audit unit examined Group and project reporting processes as well as internal controls and authorisations associated with financial administration processes and systems. In addition, the internal audit unit assessed measures related to the implementation of the new business management system in the Finnish units.

Risk management associated with the financial reporting process

Risk management seeks to identify threats associated

with the financial reporting process, the realisation of which would lead to a situation in which the management would not have sufficient and accurate information available for leading the company and the financial reports published by the company would not give materially true information about the company's business development and financial position. The Group's CFO is responsible for the identification and assessment of risks associated with financial reporting.

Lemminkäinen manages the risks associated with the financial reporting process with instructions related to accounting, reporting and investments and the Group's treasury policy. One of the aims of the unified financial administration reporting system is to harmonise and simplify the financial reporting process and to mitigate the risks related to the management of several parallel systems.

Project-type operations, in which the percentage-of-completion method and the recognition-on-completion method of revenue recognition are applicable, are characteristic of Lemminkäinen's business. Approval authorisations determined by the magnitude and risks of the undertaking are defined for projects. The day-to-day financial control of construction projects is supervised by the project organisation. The business segment management regularly examines the current project forecast and any updates, project risks, the degree of project completion, and revenue recognition. Recognition of revenue from construction projects is based on the management's judgement and estimates.

Internal audit

The internal audit unit is subordinate to the Board of Directors and operates under the supervision of the President & CEO. It consists of the Head of Internal Audit and as many internal auditors as are required for the unit to carry out its work. Internal auditing resources are strengthened as required by procuring internal auditing services from external service providers. Its operating principles are defined in the internal auditing instructions approved by the Board of Directors.

The internal audit unit assists the Board of Directors in its supervisory role by obtaining information on the adequacy and functionality of risk management and internal control in the Lemminkäinen Group and its business units. The internal audit unit assesses the economy and efficiency of resource usage, the reliability of reporting, the protection and security of assets, and compliance with regulations, operating principles and guidelines. Malpractice reports are regularly submitted to the Board of Directors' Audit Committee.

2013 The audits focused on the functionality of business

processes, project management and internal control of financial reporting, among other areas.

Insider administration

Lemminkäinen observes NASDAQ OMX Helsinki Ltd's insider guidelines, which are supplemented by the insider guidelines approved by Lemminkäinen's Board of Directors. The company maintains a public and company-specific register using Euroclear Finland Oy's Sire system.

Insiders subject to disclosure requirements are the members of Lemminkäinen's Board of Directors, the President & CEO, and the chief auditor of the accounting firm. The company also defines the members of Lemminkäinen's Group Executive Team as insiders subject to disclosure requirements. The share ownership of all insiders subject to disclosure requirements has been made public.

Lemminkäinen also maintains permanent company-specific registers of people who regularly receive inside information due to their position or duties. Their share ownership has not been made public. When necessary, registers of project-specific insiders are also kept.

Auditing

Lemminkäinen has one auditor, which must be a firm of authorised public accountants approved by Finland's Central Chamber of Commerce. The Annual General Meeting elects the auditor for a term of office that runs until the end of the following Annual General Meeting.

The scope of the audit encompasses the Group's accounting, administration, Financial Statements and Board of Directors' Report for each financial year. The Auditor makes regular reports to the Audit Committee and submits an Auditor's Report to the Annual General Meeting. The Auditor's Report contains a statement as to whether the Financial Statements and the Board of Directors' Report give a true and fair view, as defined in the rules governing financial reporting, of the Group's operative result and financial position, and as to whether the information contained in the Board of Directors' Report is consistent with the Financial Statements. The auditor's fee is paid annually, in accordance with the Annual General Meeting's decision.

2013 PricewaterhouseCoopers Oy, a firm of authorised public accountants, has been Lemminkäinen's auditor since 2004. Kim Karhu has been chief auditor since 2011. In 2010, Lemminkäinen invited bids from firms of authorised public accountants.

In 2013, Lemminkäinen paid its auditor EUR 657,373

(EUR 562,441) in auditing fees and EUR 358,217 in consultancy fees (EUR 473,201).