

Corporate Governance Statement 2014

SRV Group Plc's corporate governance is based on Finnish legislation, SRV Group Plc's Articles of Association and the 2010 Finnish Corporate Governance Code for listed companies, with the exceptions specified below. SRV Group Plc's shares are listed on NASDAQ OMX Helsinki and the company observes the rules and regulations concerning listed companies that have been issued by the stock exchange as well as the regulations of the Financial Supervisory Authority.

SRV Group Plc follows the 2010 Finnish Corporate Governance Code for listed companies, with the exceptions noted below:

1. The company does not comply with Recommendation 22 "Appointment of members to the committees" of the Corporate Governance Code, according to which a committee shall have no less than three members. According to the standing orders of the committees, they shall have 2–3 members who are elected by the Members of the Board of Directors from among their number.

2. According to the standing orders, two members can be appointed to a committee if the Board of Directors considers this appropriate in view of the structure and the number of Members of Board. In 2014 the Audit Committee consisted of three members and the Nomination and Remuneration Committee consisted of three members. The company does not follow Recommendation 26 "Independence of the members of the Audit Committee" of the Corporate Governance Code, according to which the members of the Audit Committee shall be independent of the company. The Board of Directors considers it appropriate that sufficient expertise in construction, real estate investment and project development is represented on the Audit Committee. There have therefore been good reasons for Timo Kokkila, who has previously served as SRV Group Plc's Manager, Project Development, to have been appointed a member of the Audit Committee. Timo Kokkila was appointed a member of the Board of Directors and a member of the Audit Committee of SRV Group Plc in 2010 and his employment relationship with the company ended in 2011.

The 2010 Finnish Corporate Governance Code for listed companies is available on the website of the Securities Market Association at www.cgfinland.fi.

This statement is published separately from the Report of the Board of Directors.

Administrative bodies

The administration, management and supervision of SRV Group Plc are divided between the General Meeting of Shareholders, the Board of Directors and the President & CEO. An internal auditing unit reporting to the Board of Directors is responsible for internal auditing, and external auditing is carried out by auditors. The President & CEO attends to line operations with the assistance of the Corporate Executive Team.

General Meeting of Shareholders

The General Meeting of Shareholders is SRV Group Plc's highest decision-making body. Each of SRV's shares entitles its holder to one vote at a General Meeting. The company's Annual General Meeting was held on 26 March 2014. The meeting was attended by a total of 58 shareholders, who represented nearly 65% of the company's shares and votes. The minutes of the Annual General Meeting are available on the company's website at https://www.srv.fi/sites/default/files/files/investors/annual_general_meeting/2014_yhtiokokouksen_poytakirja.pdf

General Meetings are convened by the Board of Directors. The notice of a General Meeting must be published on the company's website no earlier than three months and no later than three weeks before the meeting. However, the said notice of a General Meeting must be published no less than nine days before the General Meeting record date, as defined by the Limited Liability Companies Act. The Board of Directors may, in addition, decide to publish the notice of a General Meeting, or a related announcement, in one or more newspapers according to the aforementioned timescale. The documents to be presented to the General Meeting and the proposals to the General Meeting are published on the company's website. Shareholders who are registered in the company's shareholder list eight weekdays before the General Meeting shall have the right to participate in the meeting. There are separate regulations on the right of holders of nominee-registered shares to participate in a General Meeting. In order to participate in a General Meeting, a shareholder must notify the company of his or her intention to attend no later than the date mentioned in the notice, which may be no earlier than 10 days before the meeting. An Extraordinary General Meeting of Shareholders shall be held when the Board of Directors deems it necessary or when required by law.

General Meetings shall deal with the matters specified in the Articles of Association as being the business of the Annual General Meeting. These matters include taking decisions on the election of Members of the Board, the Chairman of the Board, the auditor and deputy auditor, their remuneration, the adoption of the financial statements and consolidated financial statements, release of the Members of the Board and the President & CEO from liability, and the disposal of profits shown in the balance sheet. Meetings may also deal with other matters specified in the Companies Act as being the business of General Meetings, such as increases or decreases of the share capital, issuance of new shares, repurchase of own shares, and amendments to the Articles of Association. In addition, General Meetings will deal with matters included on the agenda by shareholders as set out in the Companies Act.

The President & CEO, the Chairman of the Board and a sufficient number of Members of the Board shall attend General Meetings in order to ensure that the shareholders and the administrative bodies of the company can interact and shareholders can exercise their right to ask questions. A person who is proposed as a Member of the Board for the first time shall participate in the General Meeting deciding on his or her membership, unless there are weighty reasons for his or her absence.

Board of Directors

SRV Group Plc's Board of Directors comprises five to eight members, who are elected by a General Meeting of Shareholders. A General Meeting elects one of the Members of the Board as its Chairman. The Board of Directors elects a Vice Chairman from amongst its members. The term of office of a Member of the Board begins at the General Meeting at which he or she was elected and ends at the close of the next Annual General Meeting. The Board of Directors evaluates the independence of its members and announces which of its members have been deemed to be independent of the company and of its major shareholders.

On 26 March 2014, the Annual General Meeting elected six Members of the Board. The following were elected as Members of the Board:

Ilpo Kokkila	Chairman of the Board, M.Sc. (Eng.) b. 1947 Pontos Group, Chairman of the Board
Minna Alitalo	M.Sc. (Econ.) b. 1962 Alko Oy, Executive Vice President, Purchasing and Logistics
Arto Hiltunen	M.Sc. (Econ.) b. 1958
Olli-Pekka Kallasvuo	Vice Chairman of the Board, LL.M. b. 1953
Timo Kokkila	M.Sc.(Eng.) b. 1979 Pontos Group, Investment Director
Risto Kyhälä	M.Sc.(Eng.) b. 1963 Regatta Resorts Oy, CEO

The Annual General Meeting elected Ilpo Kokkila to be Chairman of the Board. The Board of Directors elected Olli-Pekka Kallasvuo to be Vice Chairman of the Board.

Of the Members of the Board, Minna Alitalo, Arto Hiltunen, Olli-Pekka Kallasvuo and Risto Kyhälä are independent of both the company and its major shareholders. Ilpo Kokkila and Timo Kokkila are major shareholders and are not independent of the company.

The Board of Directors convened 15 times in 2014. On average, 96.7% of Members of the Board were present. Members of the Board were present at meetings of the Board as follows: Ilpo Kokkila 15/15, Minna Alitalo 14/15, Arto Hiltunen 14/15, Olli-Pekka Kallasvuo 14/15, Timo Kokkila 15/15 and Risto Kyhälä 15/15.

The Board of Directors has prepared written standing orders for itself, specifying the key tasks and operating principles of the Board and its Chairman. The Chairman of the Board ensures and supervises that the Board efficiently and appropriately discharges the tasks set for it in legislation, the Articles of Association and standing orders.

According to the standing orders, the Board of Directors is responsible for the administration of the company and the due organisation of operations. In addition to the tasks set forth in the Companies Act, the Board of Directors approves the company's vision and values and annually ratifies the Group's strategy, budget and business plan. The Board of Directors decides on the most significant business matters concerning the Group, such as substantial investments and commitments as well as acquisitions of both companies and business operations. The Board of Directors ensures the functionality of the company's management system and approves its principles for risk management and internal control. Furthermore, the Board of Directors appoints the President & CEO and the Deputy CEO, decides on the

terms of the President & CEO's contract of service and both directs and oversees the work of the President & CEO. The Board of Directors appoints the members of the Corporate Executive Team and decides on the compensation and incentive schemes for line management and personnel. The charter of the Board of Directors is available in its entirety on the company's website at https://www.srv.fi/sites/default/files/files/investors/corporate_governance/charter_of_the_board_11052012.pdf.

The Board of Directors meets regularly according to a meeting schedule confirmed in advance, and also when necessary. The Board of Directors has a quorum when more than half of the members are present and one of them is the Chairman or the Vice Chairman. The President & CEO and the General Counsel, who serves as the Secretary of the Board, participate in meetings of the Board of Directors. Other members of SRV's Corporate Executive Team participate in Board meetings on the invitation of the Board.

The Board of Directors conducts an annual assessment of its activities and working procedures and develops its activities based on the results.

Committees of the Board of Directors

The Board of Directors has established two committees: an Audit Committee and a Nomination and Remuneration Committee. The committees function in accordance with standing orders confirmed by the Board of Directors and they report to the Board of Directors. The committees have no independent decision-making power. Their task is to enhance the effectiveness of the Board of Directors' work by preparing matters for decision by the Board of Directors and General Meetings of Shareholders.

Audit Committee

The Audit Committee supervises the company's financial reporting and prepares matters for the Board of Directors relating to monitoring the financial situation, financial reporting, auditing and risk management. The Audit Committee's tasks include overseeing SRV's financial situation, monitoring auditing, considering drafts of the financial statements and interim reports, and monitoring the effectiveness of internal control, internal auditing and risk management systems. In addition, the Audit Committee prepares the selection of the auditor for presentation to Annual General Meeting.

The Audit Committee consists of 2-3 members, whom the Members of the Board of Directors elect from among their number. Two members can be appointed to the committee if the Board of Directors considers this appropriate in view of the struc-

ture and number of Members of the Board. The charter of the Audit Committee is available in its entirety on the company's website at https://www.srv.fi/sites/default/files/files/investors/corporate_governance/2011_charter_of_audit_committee_srv.pdf.

In 2014, Minna Alitalo chaired the Audit Committee. In 2014, the Audit Committee also consisted of Olli-Pekka Kallasvuo and Timo Kokkila. Of the members, Minna Alitalo and Olli-Pekka Kallasvuo are independent of the company and its major shareholders. Timo Kokkila is a major shareholder and is not independent of the company.

The Audit Committee met four times during 2014. Attendance at the meetings was 100%.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee prepares for presentation to the Annual General Meeting matters concerning the election and remuneration of the Members and Chairman of the Board of Directors. In addition, the committee considers matters relating to the nomination and remuneration of the President & CEO and other management as well as the remuneration and incentive schemes of personnel.

The committee evaluates the activities of senior management.

The Nomination and Remuneration Committee consists of 2-3 members, whom the Members of the Board of Directors elect from among their number. Two members can be appointed to the committee if the Board of Directors considers this appropriate in view of the structure and number of Members of the Board. The charter of the Nomination and Remuneration Committee is available in its entirety on the company's website at https://www.srv.fi/sites/default/files/files/investors/corporate_governance/2011_charter_of_remuneration_committee_srv.pdf.

In 2014, the chairman of the Nomination and Remuneration Committee was Ilpo Kokkila. In 2014, the other members of the Nomination and Remuneration Committee were Arto Hiltunen and Risto Kyhälä. Of the members, Arto Hiltunen and Risto Kyhälä are independent of the company and its major shareholders. Ilpo Kokkila is a major shareholder and is not independent of the company.

The Nomination and Remuneration Committee met twice during 2014. Attendance at the meetings was 100%.

President & CEO

The President & CEO is in charge of the company's line operations and day-to-day administration. He is accountable to the

Board of Directors for the achievement of the goals, plans, policies and objectives set by the Board of Directors. The President & CEO ensures that the company's bookkeeping complies with the applicable law and that management of funds is handled in a reliable manner. He prepares matters to be dealt with and decided by the Board of Directors and carries out the decisions of the Board. The President & CEO also serves as the chairman of the Corporate Executive Team. The Board of Directors appoints and the President & CEO and his deputy and relieves them of their duties.

SRV Group Plc's President & CEO was Jukka Hienonen M.Sc. (Econ.) (b. 1961) until 31 December 2014. Since 1 January 2015, SRV Group Plc's President & CEO is Juha Pekka Ojala, B.Sc. (CE) (b. 1963). SRV Group Plc's Deputy CEO is Timo Nieminen M.Sc. (Eng.) (b. 1958).

Corporate Executive Team

The Corporate Executive Team and its working committee assist the President & CEO in planning operations and in line management and prepare matters to be dealt with by the parent company's Board of Directors. The Corporate Executive Team and its working committee deal with matters concerning business operations as well as the supervision and development of operations.

The members of the Corporate Executive Team in 2014:

Jukka Hienonen	President & CEO, Chairman of the Corporate Executive Team
Juha Pekka Ojala	Executive Vice President, Business Operations in Finland
Timo Nieminen	Executive Vice President, Project Development in Finland, Deputy to the CEO, Vice Chairman of the Corporate Executive Team
Hannu Linnoinen	Executive Vice President, CFO, on sick leave since 1 December 2014
Ilkka Pitkänen	CFO, acting, since 1 December 2014
Veli-Matti Kullas	Vice President, Project Development in Russia
Jussi Kuutsa	Vice President, Business Operations in Russia
Antero Nuutinen	Vice President, Housing in Finland
Pirjo Ahanen	Vice President, Human Resources
Taneli Hassinen	Vice President, Communications and Brand
Katri Innanen	Vice President, General Counsel
Valtteri Palin	Vice President, Financial Administration

The working committee of the Corporate Executive Team consists of Jukka Hienonen, Juha Pekka Ojala, Hannu Linnoinen (on sick leave since 1 December 2014), Timo Nieminen, Ilkka Pitkänen (acting, since 1 December 2014), Veli-Matti Kullas, Antero Nuutinen

and Taneli Hassinen. The Group's Director, Business Development, serves as the secretary to the Corporate Executive Team and the working committee. In 2014, the Corporate Executive Team convened 13 times and the working committee 30 times.

Remuneration

The Annual General Meeting decides on the remuneration paid to the members of the Board of Directors and the committees. The company's Board of Directors decides on the terms of employment of the President & CEO, Deputy CEO and members of the Corporate Executive Team as well as their other compensation. For more detailed information on remuneration, see the salary and remuneration report published on SRV Group Plc's website www.srv.fi/en/investors/corporate-governance/remuneration.

Board of Directors' remuneration

The Annual General Meeting held on 26 March 2014 confirmed the following

Salaries and compensation paid by SRV to the President & CEO, the Deputy CEO and the Corporate Executive Team for 2014

EUR	Regular salary plus fringe benefits	Bonuses paid	Share payments	Total (without share payments)
President & CEO Jukka Hienonen	557,311	203,837	-	761,148
Deputy CEO	173,948	24,520	85,770	198,468
Other members of the Corporate Executive Team	1,577,475	233,340	518,388	1,810,815

Auditing

The auditor is elected at the Annual General Meeting to a term of office that ends at the close of the next Annual General Meeting following the auditor's election. In a public limited company, at least one auditor elected by the Annual General Meeting must be an authorised public accountant or an authorised public accounting firm.

On 26 March 2014, the Annual General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the regular auditor, with Samuli Perälä, Authorised Public Accountant, as the chief auditor. Prior to this, the regular auditor was Ernst & Young Oy, Authorised Public Accountants, with Mikko Ryttilähti, Authorised Public Accountant, as the chief auditor.

In 2014, the auditors were paid auditing fees of EUR 277,000. In addition, the auditors were paid EUR 32,000 for other services (including all the companies belonging to the same group or chain).

monthly fees: EUR 5,000 for the Chairman of the Board, EUR 4,000 for the Vice Chairman and EUR 3,000 for other Members of the Board. In addition, it was decided that members would be paid a EUR 500 meeting fee for meetings of the Board of Directors and its committees. Travel expenses of the Members of the Board of Directors are paid according to the Company's travel rules.

The total remuneration of the Members of the Board of Directors for 2014 amounted to:

	EUR
Ilpo Kokkila, Chairman of the Board	69,000
Olli-Pekka Kallasvuo, Vice Chairman of the Board	57,500
Minna Alitalo	46,000
Arto Hiltunen	45,000
Timo Kokkila	46,000
Risto Kyhälä	45,000
Total	308,500

Main characteristics of the internal control and risk management systems related to SRV's financial reporting

SRV continuously monitors its functions to ensure that the result of its operations is reliable. The objective of internal control is to ensure that the company's operations are efficient and productive, reporting is reliable and that laws and regulations are complied with. However, the internal control system cannot provide full certainty that realisation of risks can be prevented.

SRV's business operations are guided by consistent Group-wide business principles, decision-making authorisations and values. Internal control is founded on a healthy corporate and management culture as well as specified reporting and its justifications. In particular, internal control is based on financial reports, management reports, risk reports and internal audit reports. The company's main operations are directed by means of written internal operating policies and procedures.

SRV's business operations are based on the implementation of construction projects.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability and progress schedule of individual projects.

Financial control

The internal control system applied to business operations is the responsibility of the executive teams of business areas as well as the controller function in accordance with SRV's Group principles and instructions. In ensuring the effectiveness and appropriateness of operations, a key control process is the monthly financial reporting process with analyses of deviations between actual results, budgets and continuously updated forecasts of business performance and construction projects.

The Group's internal control system is the responsibility of SRV Group Plc's Board of Directors and Audit Committee, the Corporate Executive Team and its working committee, the executive teams of the business areas and the financial administration. In ensuring the accuracy of the Group's financial reporting, a key control process is the monthly management financial reporting process with analyses of deviations between actual results, budgets and continuously updated forecasts. An external auditor audits financial reporting on a regular basis and reports directly to the Audit Committee.

Financial management and the control of operations are supported and coordinated by the Group's financial administration and the controller organisation of SRV's business functions. SRV has prepared Group-level reporting models for standardising the financial reporting of the business functions. The reports of the business functions seek to ensure that control covers all the major aspects of business operations. This ensures that any deviations from financial objectives are identified, communicated and reacted to efficiently, in a harmonised and timely manner.

Financial control measures also include management's on-going business control procedures. Financial reports define the key control indicators that aim to measure and support business efficiency and consistency and to monitor the achievement of the set objectives.

The Board of Directors has approved the internal approval limits prepared by the Corporate Executive Team.

Reliability of financial reporting

Monitoring of the reliability of financial reporting is based on the principles and instructions SRV has set for the financial reporting process.

The interpretation and application of financial reporting standards are centralised in the Group's financial administration, which maintains the SRV IFRS Accounting Manual under the supervision of the company's Audit Committee. The Group's financial administration

oversees compliance with these standards and instructions.

The supervision of budgeting and reporting processes is based on SRV's budgeting instructions. The Group's financial administration is responsible for preparing and maintaining these instructions on a centralised basis. The principles are applied consistently throughout the Group.

Internal auditing

The internal auditing function operates under the Board of Directors of SRV Group Plc and is the responsibility of the Head of Internal Auditing. Internal auditing may use the services of an external service provider, if necessary. Internal auditing reports to the Board of Directors' Audit Committee, the President & CEO, and the CFO. The audits are based on an Audit Plan, which is approved annually by the Audit Committee. Reports on the audits conducted are submitted to the Audit Committee and annually to the company's Board of Directors.

Risk management system

SRV engages in systematic risk management in order to protect itself against factors that might adversely affect its business operations and to promote recognition of new opportunities. The company improves the profitability and stability of its operations by identifying strategic and operational risks and reacting to them in a timely manner. Risk management is part of SRV's management system. It supports the company's values, vision, strategy and the achievement of its earnings objectives.

The objective of risk management is to ensure that SRV's controllable risks do not jeopardise operations. To this end, SRV has a systematic and comprehensive approach to identifying and assessing risks as well as to carrying out the necessary risk management measures and reporting on operations.

Overall responsibility for risk management rests with the company's Board of Directors and the President & CEO. The Audit Committee goes quarterly through a report on the operational risks and how to prepare for them. The Board of Directors approves the risk management strategy and policy, and assesses the framework for risk management covering the entire company. Line management is in charge of carrying out day-to-day risk management as well as for its steering and supervision. The Group's risk management function supports the application of risk management principles and develops Group-wide operating practices.



The main risks directed at SRV's activities are discussed in more detail in section "Risks, risk management and corporate governance" of the Report of the Board of Directors, on page 24.

Share ownership on 31 December 2014

Members of the Board of Directors	
Ilpo Kokkila	9,034,712 shares
Share ownership of companies under his control	5,507,379 shares
In addition, SRV Group Plc, which is under Ilpo Kokkila's control, owns 1,175,307 of its own shares	
Minna Alitalo	none
no controlled companies	
Arto Hiltunen	none
no controlled companies	
Timo Kokkila	4,522,288 shares
no controlled companies	
Olli-Pekka Kallasvuo	50,000 shares
no controlled companies	
Risto Kyhälä	none
no controlled companies	
President & CEO and his deputy	
Jukka Hienonen (President & CEO until 31 December 2014)	81,800 shares
no holdings in controlled companies	
Juha Pekka Ojala (President & CEO since 1 January 2015)	120,710 shares
Timo Nieminen	429,234 shares
no holdings in controlled companies	
Corporate Executive Team	
Pirjo Ahanen	1,700 shares
Taneli Hassinen	3,000 shares
Katri Innanen	6,500 shares
Veli-Matti Kullas	119,598 shares
Jussi Kuutsa	16,433 shares
Hannu Linnoinen	629,566 shares
Antero Nuutinen	46,344 shares
Valtteri Palin	24,255 shares
Ilkka Pitkänen	ei omistusta

Members of the Board of Directors, the President & CEO and his deputy directly own a total of 38.4% of SRV Group Plc's shares and 15.0% of the company's shares through controlled companies. In addition, SRV Group Plc owns a total of 1,175,307 of its own shares, which accounts for 3.2% of the company's shares.