



# Directors' Remuneration Policy



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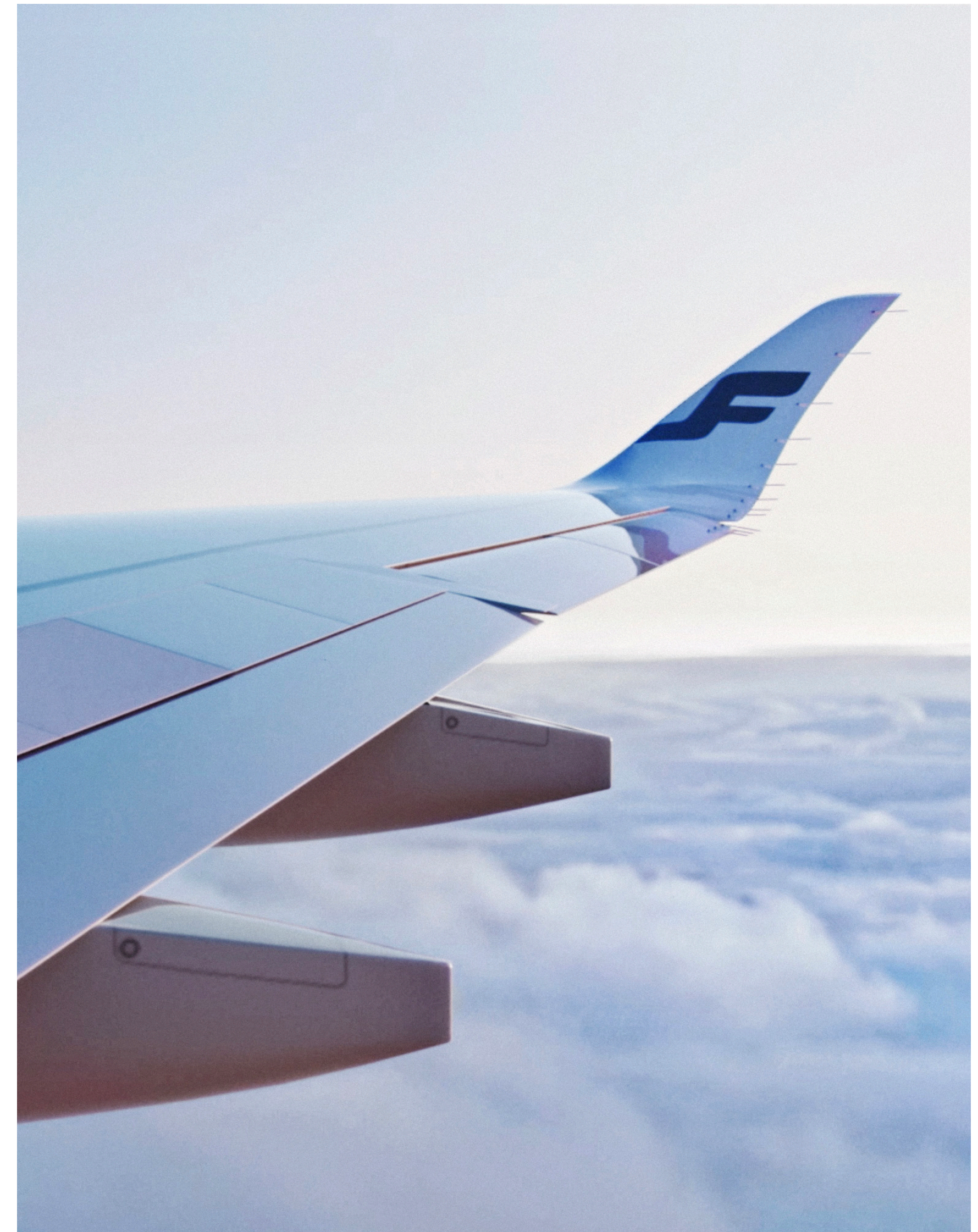
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# Directors' Remuneration Policy

The Directors' Remuneration Policy outlines the governance and principles regarding the remuneration of Finnair Group's governing bodies, including the Board of Directors, the CEO, and the Deputy to the CEO. Compared to the previous Remuneration Policy, the principal changes include introduction of provisions concerning the remuneration of the Deputy to the CEO and an increase in the relative proportion of the CEO's variable pay opportunity within their total remuneration. No shareholder statements related to the adoption of the previous Remuneration Policy have influenced this policy. No shareholder statements on the remuneration reports that were addressed at the AGMs held since the adoption of the previous Remuneration Policy have affected this Remuneration Policy. This Policy has been approved by the Board of Directors of Finnair Plc and is presented to an advisory vote in the AGM in March 2025, in accordance with the EU Shareholder Rights Directive (SRD) and its national implementation laws. It will be applied until the AGM of the year 2029 unless earlier replaced with a new or revised Remuneration Policy presented to the AGM.







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## Purpose

Remuneration at Finnair is based on the principles of performance, fairness and competitiveness. Remuneration shall support the achievement of Finnair's strategic goals and sustainability strategy, align the management's priorities with the interests of Finnair's shareholders, encourage behaviour consistent with Finnair's values, and reward excellent performance. These principles apply to the CEO and the rest of the personnel, as stated in Finnair's internal Compensation Policy for personnel.

Remuneration is designed to attract and retain desired talent, motivate the delivery of the company's strategy and maximise shareholder value creation. The targets and rewards in the incentive systems are balanced between long-term value creation and efficient achievement of short-term goals.

When determining remuneration elements, the Board of Directors considers aspects it deems relevant to the Company's best interests, including, significant shareholders' remuneration principles, shareholders' and other investment market stakeholders' views on remuneration and relevant market and peer group remuneration practices. The Board evaluates how to best observe these views and principles in the Company's interest at any given time.

## Scope

This Policy describes the principles and governance of remuneration for the Company's Board of Directors, the CEO and the Deputy to the CEO. Throughout this document, the CEO and Deputy to the CEO are collectively referred to as "the CEO" unless specified otherwise.

## Temporary deviations

The CEO's remuneration shall be aligned with the principles and limits of the Policy as presented to the AGM. However, the Board of Directors may, at its sole discretion and based on the recommendation of the People and Remuneration Committee, temporarily deviate from the Policy in the following circumstances:

- When hiring a new CEO
- In the event of material changes to Finnair Group's structure, organisation, ownership, and business (for example, a merger, demerger, or acquisition), which may require adjustments to STI and LTI plans or other remuneration elements to ensure continuity of management
- Due to regulatory changes
- In any other circumstance where a deviation may be required to serve the long-term interests and sustainability of Finnair as a whole or to assure its viability

## Discretion

The Board of Directors retains discretion, as defined in the terms of the various incentive plans, to set, change, postpone or cancel the incentives and related payments.



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# Remuneration Governance

## The Board of Directors' remuneration

The Board of Directors, with the assistance of its People and Remuneration Committee, reviews and prepares the remuneration principles as defined in this Policy. The Shareholders' Nomination Board is tasked with proposing the remuneration for members of the Board of Directors at the AGM. The proposal shall be based on the principles defined in this Policy. The AGM makes the final decision on the Board of Directors' remuneration.

## The remuneration of the CEO

The Board of Directors, with the assistance of its People and Remuneration Committee, reviews and approves the remuneration principles for the CEO as defined in this Policy. The Board of Directors also decides on the CEO's salary, incentive schemes and associated targets based on preparatory work by the People and Remuneration Committee.

Usually, the CEO participates in the People and Remuneration Committee's meetings, except for matters relating to the CEO's remuneration and other terms of service.

### Remuneration decision-making procedure





# Remuneration principles regarding the CEO

## Fixed remuneration

Finnair’s approach to the CEO’s remuneration is that it should align the CEO’s interests with those of the company’s shareholders. Finnair uses various remuneration elements to attract, motivate and retain high-performing individuals with the right skills, capabilities and mindset. Rewards can be performance-based, promoting sustained high performance and focusing on business targets and strategy execution, and/or time-based with a retention element or investment requirement. The remuneration structure and levels should be comparable to the relevant national and industry benchmarks. The CEO is encouraged to accumulate and maintain a personal shareholding in Finnair.

Remuneration element	Purpose and link to strategy	Description
Base salary	The base salary should be sufficient to attract, retain and motivate high-performing individuals.	<div>The base salary is set by the Board of Directors and takes into account several factors, such as:</div> <ul style="list-style-type: none"><li>• recognition of the individual’s personal performance, value and contribution to the business</li><li>• the individual’s skills and experience</li><li>• internal salary structure</li><li>• relevant external market conditions</li></ul> <div>The base salary is reviewed annually.</div>
Benefits and insurance coverage	Benefits and insurance are provided cost-efficiently to attract and retain high-performance individuals and familiarise them with Finnair’s products and services.	<ul style="list-style-type: none"><li>• Benefits may include a mobile phone, staff tickets, a company car and other possible benefits which reflect the company’s policy and market practices.</li><li>• Insurances may include free-time accident insurance, travel insurance, management liability insurance, life insurance, and access to health insurance.</li><li>• Benefits are taxed according to applicable tax laws and regulations.</li><li>• No supplementary pension benefits are offered to the CEO.</li></ul>



Variable remuneration

Variable remuneration shall support the achievement of Finnair’s strategic goals and sustainability strategy, align the management’s priorities with the interests of Finnair’s shareholders, encourage behaviour consistent with Finnair’s values, and reward excellent performance. To achieve this purpose, the Board of Directors can decide which variable remuneration elements are used and it may introduce other elements than the ones described below, as needed. Up-to-date descriptions of ongoing incentive plans are published on Finnair’s website at [investors.finnair.com](https://investors.finnair.com).

Remuneration element	Purpose and link to strategy	Description
Short Term Incentives (STI)	The STI aims to drive short-term (annual) performance against specific Group targets and individual objectives based on key strategic priorities for the year.	<p><b>STI structure:</b></p> <ul style="list-style-type: none"><li>• The structure of the short-term incentive plan is reviewed and decided annually by the Board of Directors. Performance is measured over a one-year period, and potential rewards are paid the following year.</li></ul> <p><b>Performance criteria:</b></p> <ul style="list-style-type: none"><li>• Performance criteria are set annually by the Board of Directors based on the key priorities for the financial year. These may include financial and non-financial criteria such as but not limited to, sustainability-related metrics.</li><li>• The Board of Directors confirms the achievement of the criteria after the end of the performance period.</li></ul> <p><b>Incentive opportunity:</b></p> <ul style="list-style-type: none"><li>• The combined maximum STI and LTI earning opportunity is 200% of the annual base salary for the CEO and 160% for the Deputy to the CEO at the start of the plans.</li><li>• The maximum STI earning opportunity will be determined annually by the Board of Directors. For the maximum earning, the performance must have been outstanding and targets have been clearly surpassed. The maximum STI earning opportunity applied in a given year will be disclosed in the Remuneration Report.</li><li>• The maximum combined value of STI and LTI paid in a year is limited to 200% of the annual base salary.</li></ul> <p>The STI payment is calculated based on the base salary for the earning period.</p>



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Remuneration element	Purpose and link to strategy	Description
Long Term Incentives (LTI)	The LTI aims to drive long-term (>1 year) performance against specific Group targets, as well as committing the CEO to the company and aligning their interests with those of the shareholders.	<p><b>LTI structure:</b></p> <ul style="list-style-type: none"><li>• LTI plans are normally designed as share-based plans. The Board of Directors decides on the launch and structure of the LTI plans for which the CEO is eligible. As agreed by the Board of Directors, these may include one or several plan structures such as (but not limited to) performance-based plans, time-based plans with a retention element and time-based plans involving the CEO's own investment in company shares.</li><li>• The terms and conditions for each LTI plan are decided annually by the Board of Directors for the respective commencing plan.</li></ul> <p><b>Performance criteria:</b></p> <ul style="list-style-type: none"><li>• The Board of Directors sets performance criteria for each plan based on the key priorities for the performance period.</li><li>• LTI performance measures may include Group-level long-term financial targets, strategic and key priorities, performance against competitors, absolute or relative shareholder return, shareholder value creation, sustainability criteria and other performance indicators.</li><li>• The Board of Directors confirms the achievement of the criteria after the end of the performance period.</li></ul> <p><b>Incentive opportunity:</b></p> <ul style="list-style-type: none"><li>• The combined maximum STI and LTI earning opportunity is 200% of the annual base salary for the CEO and 160% for the Deputy to the CEO at the start of the plans.</li><li>• The maximum LTI earning opportunity will be determined annually by the Board of Directors. For the maximum earning, the performance must have been outstanding and targets have been clearly surpassed. The maximum share allocation will be disclosed in the Remuneration Report.</li><li>• The maximum combined value of STI and LTI paid in a year is limited to 200% of the annual base salary.</li></ul> <p><b>Discretion and claw-back:</b></p> <ul style="list-style-type: none"><li>• The Board of Directors is entitled, subject to a particularly weighty reason, to change or cancel the incentives or to postpone their payment. The Board of Directors is entitled to remove a participant from the share plan if the person has committed a significant offence or acted in a manner detrimental to the company or contrary to the company's interests. In cases of misconduct, the Company is also entitled to recover and collect from the participant a reward that has already been paid.</li></ul>



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## Termination of the service contract and severance pay

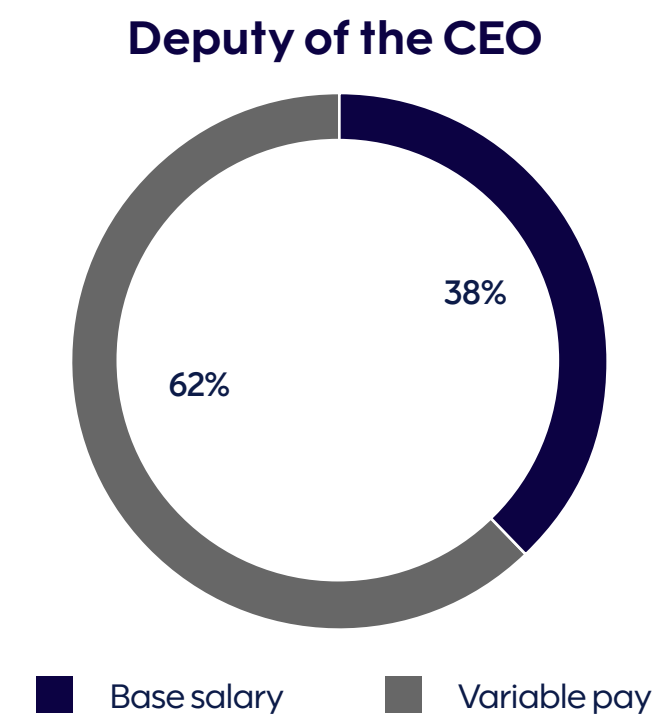
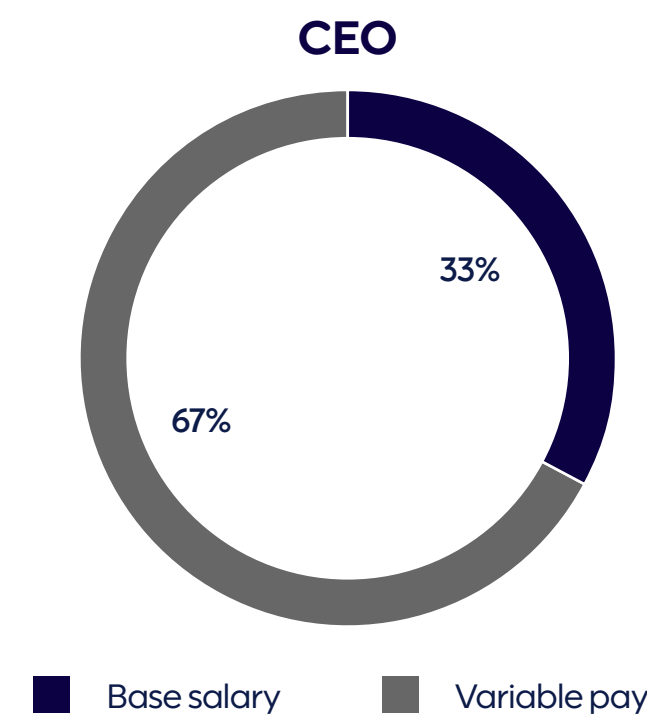
The notice period for both the Company and the CEO is six months. If the Company terminates the service contract, the CEO is entitled to a severance pay corresponding to six months' total salary (base salary and fringe benefits) in addition to the salary for the notice period.

## Proportion of CEO remuneration elements

The CEO's remuneration is designed to be competitive, with a significant part of the remuneration being performance-based.

- The variable pay earning opportunity defined at the start of the plans can amount to 200% of the CEO's base salary and 160% of the Deputy to the CEO's base salary at the maximum performance level.
- The CEO's total variable pay paid within a year may not exceed 200% of the CEO's annual base salary.

## Proportion of the CEO's remuneration elements at the maximum performance level







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# Remuneration principles regarding the Board of Directors

The purpose of the Board of Directors' remuneration is to ensure that Finnair attracts and retains an efficient and high-performing board consisting of highly competent professionals and representing a diverse and relevant mix of skills, capabilities and experience. The non-executive members of the Board of Directors are not eligible to participate in the same share-based incentive plans or other incentive plans as the executive management. Their remuneration can consist of annual fees and meeting fees. In addition, members of the Board of Directors may be entitled to staff flight tickets. The AGM has the authority to deviate from the remuneration principles set out in this Policy.

Remuneration element	Purpose and link to strategy	Description
Annual remuneration	The annual remuneration should be sufficient to attract, retain and motivate high-performing individuals.	The Shareholders' Nomination Board prepares and presents its proposal to the AGM on the remuneration of the members of the Board of Directors. The proposal should consider the relevant market level, and the time and effort required from the members of the Board of Directors, as well as additional responsibilities assigned to them, such as chairmanship of the Board of Directors or its Committees.
Meeting fees	The meeting fees are intended to link part of the remuneration to the time and effort required from the members of the Board of Directors to participate in meetings.	<p>The annual remuneration can be paid in cash or as a combination of Finnair's shares and cash. Meeting fees are paid in cash. Different meeting fees can apply if a meeting is attended by phone or a teleconferencing system or if the meeting takes place elsewhere than in the participant's country of residence.</p> <p>The latest Board fees are described on the <a href="https://investors.finnair.com">investors.finnair.com</a> website.</p>
Travel expenses	They are intended to reimburse the members of the Board of Directors for reasonable costs and expenses related to their work.	Board members are entitled to compensation for travel expenses according to Finnair's general travel rules.
Staff flight tickets	Staff flight tickets are intended to attract and retain members of the Board of Directors and to familiarise them with Finnair's products and services.	The members of the Board of Directors have a limited right to use staff tickets according to Finnair's staff ticket rules. Under the current rules, the members of the Board of Directors and their spouses are entitled to four return or eight one-way tickets on Finnair flights per calendar year in Economy or Business Class. The fare of these tickets is zero, excluding any airport taxes, fees and charges payable by the Directors and their spouses. These tickets constitute taxable income in Finland.



# Contact information

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