

# **FINNAIR PLC**

## **PROPOSALS TO THE ANNUAL GENERAL MEETING OF 2019**

### **BOARD'S PROPOSALS**

#### **Proposal on the use of the profit shown on the balance sheet and the payment of dividend**

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.274 per share be paid based on the balance sheet adopted for the financial period ended on 31 December 2018. The dividend shall be paid to a shareholder who on the dividend record date 22 March 2019 is registered as a shareholder in the company's shareholders' register held by Euroclear Finland Ltd. The Board of Directors proposes that the dividend be paid on 2 April 2019.

#### **Proposal for the remuneration of the auditor**

In accordance with the Audit Committee's recommendation, the Board of Directors proposes that the auditors' fees be paid according to the auditors' reasonable invoice.

#### **Proposal for the election of the auditor**

In accordance with the Audit Committee's recommendation, the Board of Directors proposes that PricewaterhouseCoopers Oy, a firm of authorised public accountants, be re-elected as the auditor of the company for the term of office ending at the end of the next Annual General Meeting. PricewaterhouseCoopers Oy has announced that Markku Katajisto, APA, would be acting as the principal auditor.

#### **Proposal to authorise the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of own shares**

The Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares as follows.

The number of own shares to be repurchased and/or accepted as pledge shall not exceed 5,000,000 shares, which corresponds to approximately 3.9 per cent of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares may be repurchased and/or accepted as pledge in order to, inter alia, develop the capital structure of Finnair, to finance or carry out acquisitions, investments or other business transactions, or in order to use the shares as part of Finnair's incentive and remuneration schemes.

The authorisation would be effective for a period of 18 months from the resolution of the General Meeting and it would cancel the authorisation given by the General Meeting on 20 March 2018 to decide on the repurchase and/or acceptance as pledge of own shares.

#### **Proposal to authorise the Board of Directors to decide on the disposal of the company's own shares**

The Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to decide on the disposal of own shares held by the company as follows.

The number of shares to be disposed based on the authorisation shall not exceed 5,000,000 shares, which corresponds to approximately 3.9 per cent of all the shares in the company. The Board of Directors decides on all the conditions of the disposals, including to whom, at what price and in which manner the company's shares are disposed. The disposals may also be made in deviation from the shareholders' pre-emptive rights for a weighty financial reason, such as using the shares to develop the company's capital structure, to finance or carry out acquisitions, investments or other business transactions, or in order to use the shares as part of Finnair's incentive and remuneration schemes.

The authorisation would be effective for a period of 18 months from the resolution of the General Meeting and it would cancel the authorisation given by the General Meeting on 20 March 2018 to decide on the disposal of the company's own shares.

#### **Proposal to authorise the Board of Directors to decide on donations for public-benefit purposes.**

The Board of Directors proposes that the Board of Directors be authorised to decide on donations up to an aggregate maximum of EUR 250,000 for charitable or corresponding purposes and that the Board be authorised to determine the recipients, purposes and other terms and conditions of the donations. The donations can be made in one or multiple installments. The authorisation would be effective until the next Annual General Meeting.

#### **Proposal for the forfeiture of the shares entered in a joint book-entry account and of the rights attached to such shares**

Finnair Plc entered the company's shares into the book-entry system in 1993. The company has opened a joint book-entry account (the "Joint Account") on behalf of those shareholders whose shares have not been registered in the book-entry system.

The Board of Directors proposes that the Annual General Meeting of Finnair Plc decides, in accordance with Chapter 3, Section 14 a, subsection 3 of the Finnish Companies Act, on the forfeiture of the rights to all the shares entered in the Joint Account as well as the rights attached to such shares, where the shares have not been requested to be registered in the book-entry system in accordance with Chapter 6, Section 3 of the Act on the Book-Entry System and Settlement Activities prior to the decision by the Annual General Meeting.

In addition to the shares, the rights attached to such shares, such as undrawn dividend, are forfeited. Once the decision has been made, the provisions applicable to treasury shares held by the company will apply to the forfeited shares.

The number of shares of Finnair Plc entered in the Joint Account as at 15 February 2019 was 16,703. The number of the shares may decrease if requests for the registration of shares entered in the Joint Account and the rights attached to such shares are made before the Annual General Meeting has decided on the forfeiture of the shares and the rights attached to such shares.

## **SHAREHOLDERS' NOMINATION BOARD'S PROPOSALS**

### **Proposal on the remuneration of the members of the Board of Directors**

The Shareholders' Nomination Board did not make a proposal for the remuneration payable to the members of the Board of Directors. The State of Finland, representing approximately 55.8 percent of the company's shares and votes, has notified the Shareholders' Nomination Board and the company that it proposes to the Annual General Meeting that the annual remuneration of the members of the Board of Directors shall remain unchanged and be the following:

- Chairperson EUR 61,200;
- Vice Chairperson EUR 32,400;
- Chairpersons of the Audit Committee and People and Remuneration Committee EUR 32,400, where these individuals are neither the Chairperson nor the Vice Chairperson of the Board of Directors; and
- Other members of the Board of Directors EUR 30,000 per year.

Each member's fee for a meeting of the Board of Directors or its Committee would be 600 euros when the meeting takes place in the member's country of residence and 2,400 euros for other meetings. For telephone meetings, the fee would be 600 euros. The members would be entitled to reimbursement of reasonable travel and representation expenses in accordance with the company's general expenses policy.

In addition, it is proposed that the members and their spouses would be entitled to discounted travel on the company's flights in accordance with the company's discount ticket policy regarding the Board of Directors.

### **Proposal on the number of members of the Board of Directors**

The Shareholders' Nomination Board proposes that the number of members of the Board of Directors would be confirmed as eight (8).

### **Proposal on the Chairperson and other members of the Board of Directors**

The Shareholders' Nomination Board proposes that Colm Barrington, Montie Brewer, Mengmeng Du, Jouko Karvinen, Henrik Kjellberg and Jaana Tuominen of the current members of the Board of Directors be re-elected as members of the Board of Directors, and that Tiina Alahuhta-Kasko and Jukka Erlund be

elected as new members to the Board of Directors. All candidates have given their consent to the position, and all, except Jukka Erlund, are independent of the company and its significant owners. Jukka Erlund is not deemed to be independent of the company, because Piia Karhu, Finnair's Senior Vice President, Customer Experience, is member of the Board of Kesko Corporation.

Maija-Liisa Friman, who has served as a member of the Board since 2012, and Jonas Mårtensson, who has served as a member of the Board since 2017, have informed the Shareholders' Nomination Board that they will not be available for re-election.

The Shareholders' Nomination Board further proposes that Jouko Karvinen be re-elected as the Chairperson of the Board. He has been a member of the Board since 2016 and the Chairperson since 2017.

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