

# Corporate Governance Statement 2023

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# Regulatory Framework

Finnair Plc (“Finnair” or “the Company”) is a Finnish public limited liability company domiciled in Helsinki. Finnair is the ultimate parent of Finnair Group, and its shares are listed on Nasdaq Helsinki Stock Exchange. The State of Finland is the majority owner in Finnair with 55.69% of the shares as of 31 December 2023.

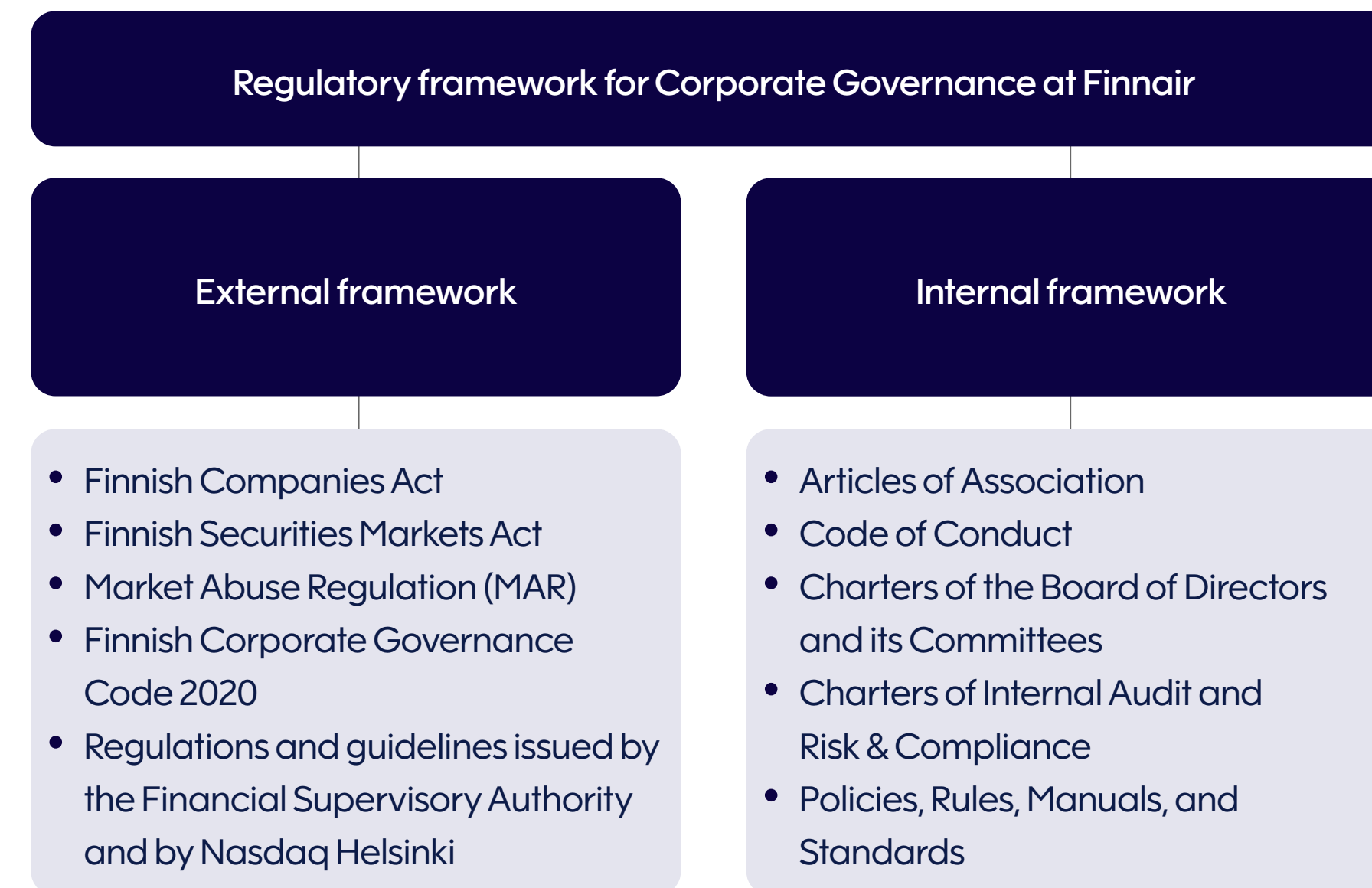
Corporate governance at Finnair is based on Finnish laws and the Company’s Articles of Association. Finnair complies fully with and has prepared this Corporate Governance Statement in accordance with the Finnish Corporate Governance Code 2020. This Corporate Governance Statement is issued separately from the Board of Directors’ report, and it has been reviewed by the Audit Committee of Finnair’s Board of Directors.

Finnair prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), the Finnish Securities Markets Act as well as

the Financial Supervision Authority’s regulations and guidelines and Nasdaq Helsinki’s rules. The Company’s financial statements are prepared in accordance with the Finnish Companies Act, Accounting Act, Securities Markets Act, and the opinions and guidelines of the Finnish Accounting Board. The auditor’s report covers the consolidated financial statements and the parent company’s financial statements.

This Corporate Governance Statement and other information to be disclosed in accordance with the Finnish Corporate Governance Code 2020, the Company’s financial statements, the Board of Directors’ report, the auditor’s report, the Company’s Articles of Association and its published policies are available at Finnair’s [website](#).

The Finnish Corporate Governance Code 2020 is available at the [website](#) of the Securities Market Association.



# Governing Bodies

The governing bodies of Finnair pursuant to the Companies Act and the Articles of Association are the General Meeting of Shareholders, the Board of Directors (the "Board") and the Chief Executive Officer (the "CEO").

The roles of the governing bodies are described below.

## General Meeting of Shareholders

The ultimate authority in Finnair is vested in the General Meeting of Shareholders. An Annual General Meeting (the "AGM") must be held each year by the end of May.

The competence of the General Meeting of Shareholders is set out in the Companies Act and in Finnair's Articles of Association. The AGM shall annually decide on the following matters:

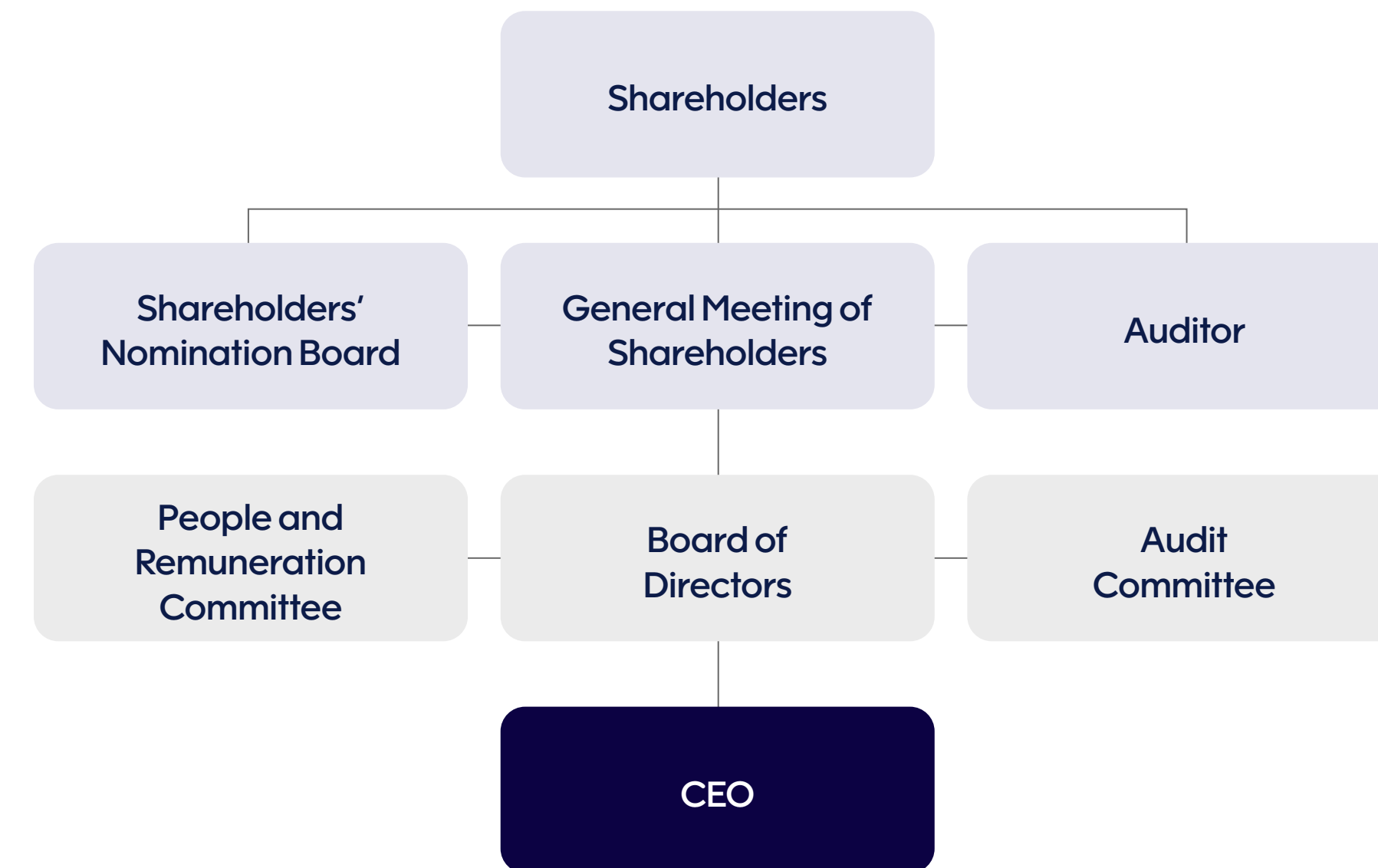
- adoption of the financial statements and the consolidated financial statements

- the use of the profit shown on the balance sheet
- the discharging of the Members of the Board and the CEO from liability
- the appointment of the Members of the Board and their remuneration
- election of the Chair of the Board from among the Members
- the election and remuneration of the auditor.

The Board convenes the General Meetings of Shareholders by publishing a notice no earlier than three months and no later than three weeks before the date of the meeting and always at least nine days before the record date of the meeting. The notice shall be published as a stock exchange release and at Finnair's [website](#).

Each shareholder who is registered on the record date as a shareholder in the Company's public register of shareholders, maintained by Euroclear Finland Oy, has the right to participate in the General Meeting of Shareholders. A holder of nominee-

### Governing bodies of Finnair



registered shares that wishes to participate in the meeting has to register temporarily in the register of shareholders. Furthermore, in order to attend the meeting, a shareholder must register for the meeting in the manner defined in the notice convening the

meeting. A shareholder has the right to have a matter falling within the competence of the General Meeting of Shareholders addressed by the meeting, if the shareholder so demands in writing from the Board by the date announced at Finnair's [website](#).

The minutes of the General Meeting of Shareholders and the voting results, if any, shall be made available to shareholders at Finnair's [website](#) within two weeks of the meeting.

## 2023 AGM

Finnair's AGM 2023 was held at Messukeskus Helsinki on 23 March 2023. Shareholders could attend the General Meeting at the meeting venue, either in person or by proxy. Shareholders could attend also through advance voting. A total of 247 shareholders, representing 62.86 per cent of the shares and voting rights of the Company, were represented in the meeting. One counterproposal by a shareholder was made. No questions had been submitted to the Board.

Present at the meeting were the shareholders set out in the list of votes adopted at the meeting, Chair of the Board, all Board Members, the new Board Member candidates Sanna Suvanto-Harsaae and Minna Pajumaa, the company's CEO, the responsible auditor appointed by the company's audit firm as well as technical personnel.

## Auditor

The AGM 2023 elected KPMG as the Company's auditor, and Ms. Kirsi Jantunen acted as the auditor with principal responsibility.

The audit fees paid in 2023 amounted to 623 thousand euros, and the fees for other services rendered amounted to 239 thousand euros.

## 2023 EGM

The Extraordinary General Meeting (the "EGM") was held on 27 October 2023 without a meeting venue as a virtual meeting in accordance with Chapter 5, Section 16, Subsection 3 of the Finnish Companies Act, in which shareholders could exercise their full shareholders' rights in real time via remote connection. Shareholders had the opportunity to present questions about the matters on the agenda of the EGM in writing prior to the meeting. Shareholders were able to vote in advance on the items on the agenda of the EGM.

A total of 222 shareholders, representing 60.97 per cent of the Company's shares and votes, were represented at the beginning of the EGM, either by advance vote or via remote connection.

The Chair of the Board Sanna Suvanto-Harsaae, Members of the Board Tiina Alahuhta-Kasko, Montie Brewer, Jukka Erlund, Henrik Kjellberg, Simon Large, and Minna Pajumaa, the Company's CEO Topi Manner, and other senior management, the responsible auditor appointed by the Company's audit firm as well as technical personnel participated in the meeting.

## Shareholders' Nomination Board

The AGM 2013 decided to establish a permanent Shareholders' Nomination Board. The term of the Nomination Board continues until further notice.

The purpose and task of the Nomination Board is to prepare and present to the AGM – and if necessary, to an Extraordinary General Meeting – proposals on the composition and remuneration of the Board. In addition, the task of the Nomination Board is to seek potential future candidates for Board Members. The Nomination Board shall forward its proposals to the Company's Board by 31 January each year.

The Nomination Board consists of three Members nominated annually. The Company's three largest shareholders appoint three of the Members, and the current Chair of the Board serves as a non-voting expert of the Nomination Board. The Chair of the Board is not a member of the Nomination Board and has no voting rights. However, the Chair of the Board is entitled to attend meetings of the Nomination Board and to receive materials relating to the meetings.

The Nomination Board appoints its Chair from among its Members. The Company's largest shareholders entitled to appoint Members to the Nomination Board are determined on the basis of the registered holdings in the Company's shareholder register held by Euroclear Finland Oy as of the first working day in June each year. In the event that a shareholder does not wish to exercise its right to appoint a representative, such right passes to the next largest shareholder.

The Members of the Nomination Board are not remunerated by Finnair for their Membership in the Nomination Board. The Members' expenses are reimbursable in accordance with the Company's expense policy. In addition, the Nomination Board's costs of using external experts shall be borne by the Company.

The Charter of the Nomination Board is available at the Company [website](#).

## 2022 Nomination Board

The 2022 Nomination Board consisted of the representatives of the first, second and third largest shareholders as at the first working day in September 2022, i.e. the State of Finland, Varma Mutual Pension Insurance Company, Ilmarinen Mutual Pension Insurance Company and of the Chair of the Board. The composition of the 2022 Nomination Board was the following:

- Minna Pajumaa, b. 1963, Senior Financial Counsellor, Government Ownership Steering Department (Chair) until 24 January 2023
- Timo Sallinen, b. 1970, Head of Listed Securities, Varma Mutual Pension Insurance Company
- Esko Torsti, b. 1964, Head of Cross Asset Allocation, Ilmarinen Mutual Pension Insurance Company
- Jouko Karvinen, b. 1957, Chair of the Board of Finnair.

On 26 January 2023, the Nomination Board submitted to the Board its proposals for the 2023 AGM to be held on 23 March 2023. The Nomination Board's proposals are available at Finnair's [website](#).

## 2023 Nomination Board

The 2023 Nomination Board consisted of the representatives of the first, second and fourth largest shareholders as at the first working day in June 2023, i.e. the State of Finland, Varma Mutual Pension Insurance Company and Elo Mutual Pension Insurance Company. The composition of the 2023 Nomination Board was the following:

- Kimmo Viertola, b. 1961, Senior Ministerial Adviser, Financial Affairs (Chair) from 24 January 2023
- Timo Sallinen, b. 1970, Head of Listed Securities, Varma Mutual Pension Insurance Company
- Hanna Hiidenpalo, b. 1966, Chief Investment Officer, Elo Mutual Pension Insurance Company until 18 September 2023
- Jukka Vähäpesola, b. 1964, Head of Equities, Elo Mutual Pension Insurance Company from 18 September 2023

On 31 January 2024, the Nomination Board submitted to the Board its proposals for the 2024 AGM to be held on 18 March 2024. The proposals are available at Finnair's [website](#).

# The Board

The Chair and the Members of the Board are elected by the AGM. According to the Articles of Association, the Board consists of the Chair and a minimum of four and a maximum of nine other Members. The Board elects a Vice Chair from among its Members. The term of the office of the Members of the Board ends at the close of the first AGM following their election.

According to the Companies Act, the Board represents all shareholders of Finnair and has the general duty to act diligently in the interests of the Company. The Board is accountable to the shareholders for the appropriate governance of the Company and for ensuring that the operations of the Company are run adequately.

The accountability for the Company's governance pertains specifically to the reliability of the financial reporting and to the efficiency of the Company's internal control and risk management systems. The main features of the internal control and risk management systems are described later in this Corporate Governance Statement. The Board has extensive general competence in the governance of the Company as its competence covers all matters that are not within the powers of other governing bodies of the Company.

## The main duties of the Board:

- approve the Company's strategic targets and monitor the achievement of strategic targets
- ensure the administration of the Company and the appropriate organisation of its operations
- confirm the values and top-level policies of the Company
- monitor and ensure the adequacy of the accounting, financial administration and risk management
- approve significant strategic matters, business plans, partnerships and other decisions exceeding the limits of the CEO's decision-making power

- decide on guarantees and other commitments for external parties' liabilities
- appoint and dismiss the CEO and other Members of the Executive Board, as well as evaluate their performance and determine their remuneration, and attend to the succession planning of the management
- establish and regularly evaluate the Company's personnel policies and its compensation systems
- evaluate its own work on an annual basis
- prepare and approve the Charters of the Board and its Committees and confirm the Charters of the Internal Audit and Risk & Compliance

The Charter of the Board is available at the Finnair's Corporate Governance [website](#).

# Members of the Board in 2023



**Sanna Suvanto-Harsaee**  
   
 b. 1966, B.Sc. (Business Administration)  
 Chair and Member of the Finnair Board since 2023  
**Main occupation:**  
 Board professional  
**Key positions of trust:**  
 Chair of the Board of Directors of Posti Group Oyj, Orthex Oyj, BoConcept AS, TCM Group A/S, N'Age AS, Member of the Board of Directors of Motonet Oy, Elopak Oy  
**Shareholding 31 December 2023:**  
 420,000



**Tiina Alahuhta-Kasko**  
   
 b. 1981, M.Sc. (Econ.), CEMS MIM.  
 Member of the Finnair Board since 2019  
**Main occupation:**  
 President & CEO of Marimekko Corporation  
**Key positions of trust:**  
 Member of the Foundation Board of IMD Business School, Lausanne, Switzerland, Member of the Board of Climate Leadership Coalition  
**Shareholding 31 December 2023:**  
 175,000



**Montie Brewer**  
   
 b. 1957, BA (Business Administration).  
 Member of the Finnair Board since 2018  
**Main occupation:**  
 Board professional  
**Key positions of trust:**  
 Member of the Board of Directors of Allegiant Travel Company, Member of the Board of Directors of ID90 Travel, Inc.  
**Shareholding 31 December 2023:**  
 -



**Jukka Erlund**  
   
 b. 1974, M.Sc. (Econ.), eMBA.  
 Member of the Finnair Board since 2019  
**Main occupation:**  
 Executive Vice President, CFO, of Kesko Oyj  
**Key positions of trust:**  
 Member of the Board of Directors of Ilmarinen Mutual Pension Insurance Company, Chair of the Tax and Economic Policy Committee of Finnish Commerce Federation, Member of the Economy and Tax Committee of Confederation of Finnish Industries EK, Member of the Board of Directors of Suomen Luotto-osuuskunta  
**Shareholding 31 December 2023:**  
 1,350,000



**Hannele Jakosuo-Jansson**  
   
 b. 1966, M.Sc. (Tech)  
 Member of the Finnair Board since 2021  
**Main occupation:**  
 Senior Vice President Human Resources, Safety and Communications at Neste Corporation  
**Key positions of trust:**  
 Vice Chair of Skilled work force committee of the Confederation of Finnish Industries EK, Chair of Skills and Competence Committee of the Chemical Industry Federation of Finland, Senior Advisor of Directors' Institute of Finland (DIF)  
**Shareholding 31 December 2023:**  
 100,000




**Henrik Kjellberg**  
   
 b. 1971, M.Sc. (Econ.)  
 Member of the Finnair Board since 2018  
**Main occupation:**  
 CEO of Awaze  
**Key positions of trust:**  
 -  
**Shareholding 31 December 2023:**  
 1,000,000



**Simon Large**  
   
 b. 1969, BA (Bachelor of Arts)  
 Member of the Finnair Board since 2022  
**Main occupation:**  
 Independent Non-Executive Director  
**Key positions of trust:**  
 -  
**Shareholding 31 December 2023:**  
 -



**Minna Pajumaa**  
   
 b. 1963, M.Sc. (Econ.), CEFA  
 Member of the Finnair Board since 2023  
**Main occupation:**  
 Senior Financial Counsellor of the Prime Minister's office, Government Ownership Steering Department  
**Key positions of trust:**  
 Member of the Board of Directors of Posti Group Oyj  
**Shareholding 31 December 2023:**  
 -

**Jouko Karvinen (Chair of the Board until AGM 23 March 2023)**  
  
 b. 1957, M.Sc. (Tech.). Chair of the Finnair Board since 2017 and Member of the Board since 2016

**Maija Strandberg (Member of the Board until AGM 23 March 2023)**  
   
 b. 1969, M.Sc. (Econ.)  
 Member of the Finnair Board since 2020

**Committees**  
 = Audit Committee  
 = People and Remuneration Committee

## Members of the Board and their independence

The 2023 AGM held on 23 March elected Sanna Suvanto-Harsaae as Chair of the Board and Tiina Alahuhta-Kasko, Montie Brewer, Jukka Erlund, Hannele Jakosuo-Jansson, Henrik Kjellberg, Simon Large and Minna Pajumaa as other Members of the Board. The Board elected Montie Brewer as its Vice Chair.

Finnair complies with applicable requirements regarding independence of the Board according to Finnish laws and regulations, and the Finnish Corporate Governance Code. The Board has assessed all of its Members to be independent of the Company and its significant shareholders except for Minna Pajumaa, who is not deemed to be independent of the Company's significant shareholder as she is a civil servant of the Government of Finland.

## The ownership of the Directors and companies controlled by them in Finnair

At the end of 2023, Sanna Suvanto-Harsaae, Tiina Alahuhta-Kasko, Jukka Erlund, Hannele Jakosuo-Jansson and Henrik Kjellberg held shares or share-based rights in companies within Finnair Group.

## The Committees of the Board

The Board has delegated some of its functions to the Audit Committee and to the People and Remuneration Committee. The Board appoints the Committee Members and their Chairs from among the Members of the Board. The minimum number of Members is three in both Committees.

Each Committee meets regularly under their respective charters. The Committees report on their work regularly to the Board but they do not have decision-making powers independent from the Board, except where expressly authorised by the Board. Copies of the Committees' charters are available at Finnair's [website](#).

Number of the Board meetings and Board Committee meetings in 2023 and the attendance rate of the Members

| Member   | Board of Directors | Audit Committee | People and Remuneration Committee |
|--|--------------------|-----------------|-----------------------------------|
| Sanna Suvanto-Harsaae (Member since 23 March 2023) | 8/8                | 5/5             | 9/9                               |
| Jouko Karvinen (Member until 23 March 2023)        | 3/3                |                 |                                   |
| Tiina Alahuhta-Kasko                               | 11/11              |                 | 12/12                             |
| Montie Brewer                                      | 11/11              | 7/7             |                                   |
| Jukka Erlund                                       | 11/11              | 7/7             |                                   |
| Hannele Jakosuo-Jansson                            | 11/11              |                 | 12/12                             |
| Henrik Kjellberg                                   | 11/11              | 7/7             |                                   |
| Simon Large  | 11/11              | 7/7             |                                   |
| Minna Pajumaa (Member since 23 March 2023)         | 8/8                |                 | 9/9                               |
| Maija Strandberg (Member until 23 March 2023)      | 3/3                |                 | 3/3                               |

In addition to the eleven meetings, the Board made *per capsulam* decisions ten times in 2023 without convening.

## The diversity principles of the Board

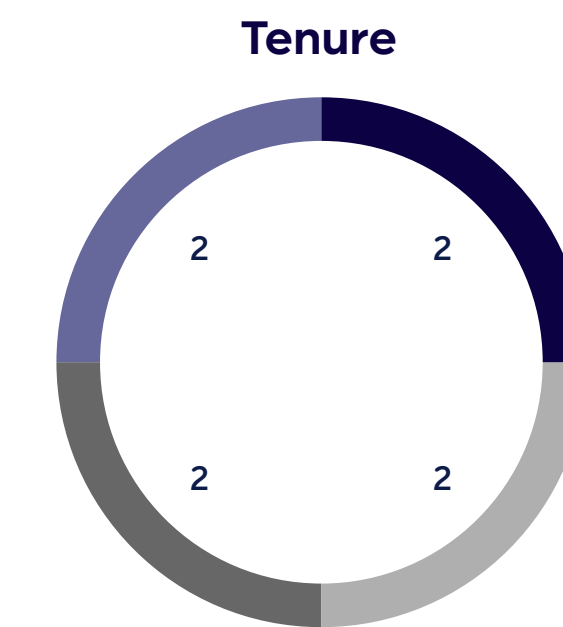
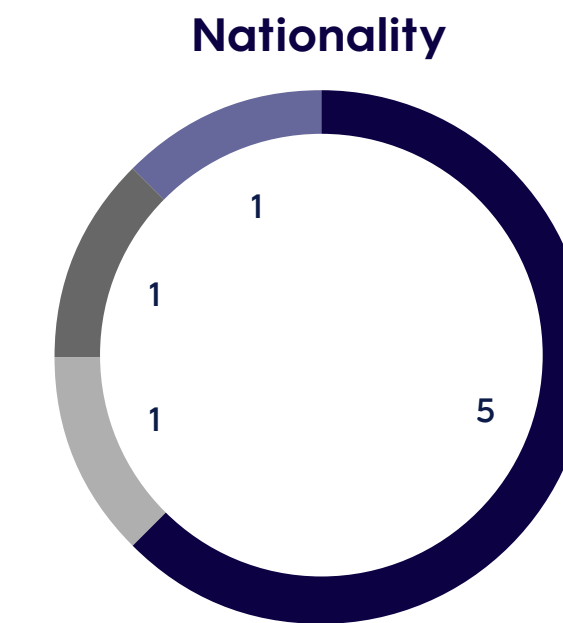
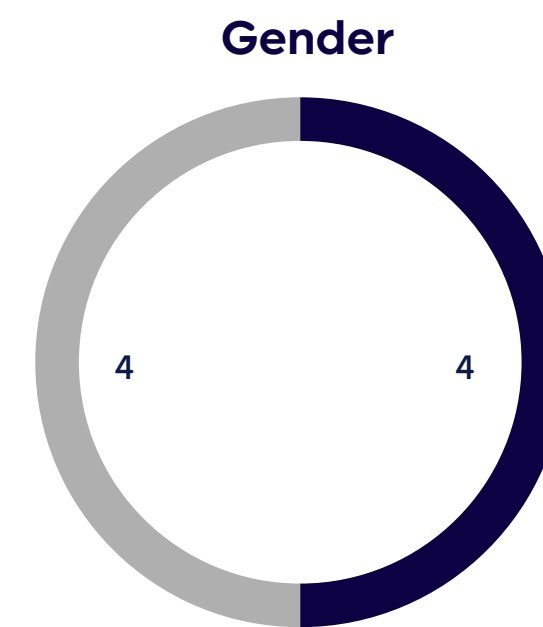
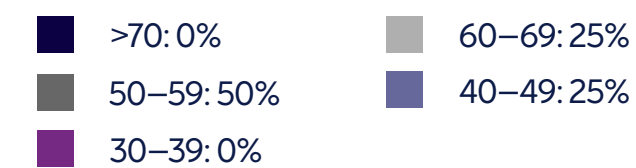
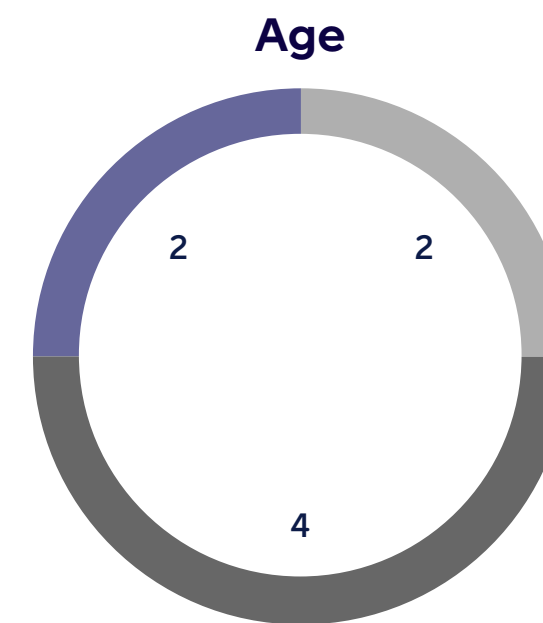
The Board has determined its diversity principles for the use of the Shareholders' Nomination Board when preparing proposals on the composition of the Board to the General Meeting of Shareholders.

The diversity principles of the Board are:

- The Board as a whole must have sufficient expertise and experience to conduct its duties carefully and effectively, taking into account the quality, scope and international nature of the Company's operations, the Company's strategic targets and changes in the business environment and society.
- The Members of the Board must be capable of cooperating with the other Members and the management.
- The Members of the Board should have training and experience that complement each other and experience from industries that are important for the Company.

- The Members should have experience of Board work and conducting managerial duties in business or other areas of society.
- The Board shall have at least 40 per cent both men and women. The composition should show diversity also in terms of the age distribution, length of service and cultural background.
- Sufficient continuity should be ensured in reforming the composition of the Board, but the continuous term of any Member may not exceed 10 years.

## The diversity of the Board



# Audit Committee

The Audit Committee assists the Board in matters relating to financial reporting and control in accordance with the duties specified for audit committees in law and in the Finnish Corporate Governance Code.

The Audit Committee monitors and evaluates the Company's reporting process of financial statements and the efficiency of the internal control and risk management systems as well as the internal audit. The Committee monitors the statutory audit and evaluates the independence of the auditor. In addition, the Audit Committee monitors the efficiency of the Company's compliance systems.

Pursuant to the Finnish Corporate Governance Code, the Members of the Audit Committee shall have the qualifications necessary to perform the responsibilities of the Committee, and at least one of the Members shall have expertise specifically in accounting or auditing.

## The main duties of the Audit Committee:

- monitor the financial position of the Company
- monitor and assess the financial reporting process
- monitor and assess the efficiency of the Company's internal control and risk management systems as well as internal audit
- monitor the statutory audit of the financial statements
- monitor and assess the independence of the statutory auditor, and particularly the provision by auditor of non-audit services to the Company
- prepare the Board's proposal for resolution on the election of the auditor and its remuneration
- review the auditor's and internal auditor's plans and reports
- monitor and assess agreements and transactions between the Company and its related parties with respect to compliance with the governance and disclosure requirements of the same
- review the Company's Corporate Governance Statement
- prepare the Board's decisions on the Company's risk management policies
- monitor and assess the status of information security management including cyber security
- prepare the Board's decisions on significant changes in the accounting principles or in the valuations of the group's assets
- assess the efficiency of the Company's compliance systems
- maintain contact with the auditor

In addition to the Committee Members, the CEO, the CFO, the auditor, and the SVP & General Counsel as secretary to the Committee attend the Committee meetings. Other executives attend the meetings as invited by the Committee.

## Audit Committee in 2023

After the AGM of 23 March 2023, the Board elected the following Members to the Audit Committee: Jukka Erlund as the Chair, and Montie Brewer, Henrik Kjellberg, Simon Large and Sanna Suvanto-Harsaae as Members. Between 1 January and 23 March 2023, the committee was chaired by Jukka Erlund and its other Members were Montie Brewer, Henrik Kjellberg and Simon Large. The Audit Committee met seven times in 2023 and its attendance rate was 100%.

# People and Remuneration Committee

The People and Remuneration Committee assists the Board in matters pertaining to the compensation and benefits of the CEO and other senior management, their performance evaluation, appointment and successor planning. The Committee assists the Board also in establishing and evaluating the Company's compensation structures and other personnel policies. Pursuant to the Board's authorisation, the Committee reviews and confirms the achievement of targets for short-term incentives and approves the payment of the incentives to the CEO and other senior management.

## The main duties of the People and Remuneration Committee:

The Committee prepares the following matters for the Board:

- the key principles of the Company's compensation policies and practices
- compensation, pension, benefits and other material terms of the contract of the CEO and the Executive Board Members
- CEO's and the Executive Board Members' incentive and retention plans
- CEO's and the Executive Board Members' performance reviews

- nominations of the CEO and the Executive Board Members
- composition and responsibilities of the Executive Board
- CEO's and the Executive Board Members' succession planning and leadership development
- assessment of the people strategy and key development initiatives
- equity-based incentive plans
- the remuneration policy for the Company's governing bodies
- annual remuneration reporting based on the recommendations of the Finnish Corporate Governance Code for listed companies

## People and Remuneration Committee in 2023

After the AGM of 23 March 2023, the Board elected the following Members to the People and Remuneration Committee: Hannele Jakosuo-Jansson as the Chair, and Tiina Alahuhta-Kasko, Minna Pajumaa and Sanna Suvanto-Harsaee as Members. Between 1 January and 23 March 2023, the Committee composition was chaired by Hannele Jakosuo-Jansson and its other Members were Tiina Alahuhta-Kasko and Maija Strandberg. The committee met 12 times in 2023 and the attendance rate was 100%.



# Company Management

## Finnair’s corporate structure

Finnair’s core airline activities are operated in the Group’s parent company, Finnair Plc, whereas technical services, travel services (package tours), catering services as well as the financial and business centre are run in wholly owned subsidiaries. Finnair business is

considered one operating segment, consisting of the Commercial and Customer Experience, and Operations units. The shared functions in Finnair’s Group administration are Finance, People and Culture, Digital Services, Strategy and Fleet, Communications, Legal Affairs, Risk & Compliance, and Internal Audit.

## The CEO

The CEO is appointed by the Board. The CEO manages the Company’s operations in accordance with guidelines and instructions issued by the Board. The CEO acts as the Chair of the Executive Board.

The Board determines the CEO’s compensation and sets his short- and long-term incentive targets. The main contents of the CEO’s contract, including his compensation and benefits, are described in the Remuneration Statement and at Finnair’s [website](#).

Topi Manner, M.Sc. (Econ.), b. 1974, has been the CEO of Finnair since 1 January 2019. Prior to joining Finnair, Manner had a long career in management positions at Nordea, the largest financial group in the Nordic countries, where he worked as a Member of Nordea’s Group Executive Management and as Head of Personal Banking.

The remuneration of the CEO is described in Note 1.3.8.1 to the financial statements and in the Remuneration Statement.

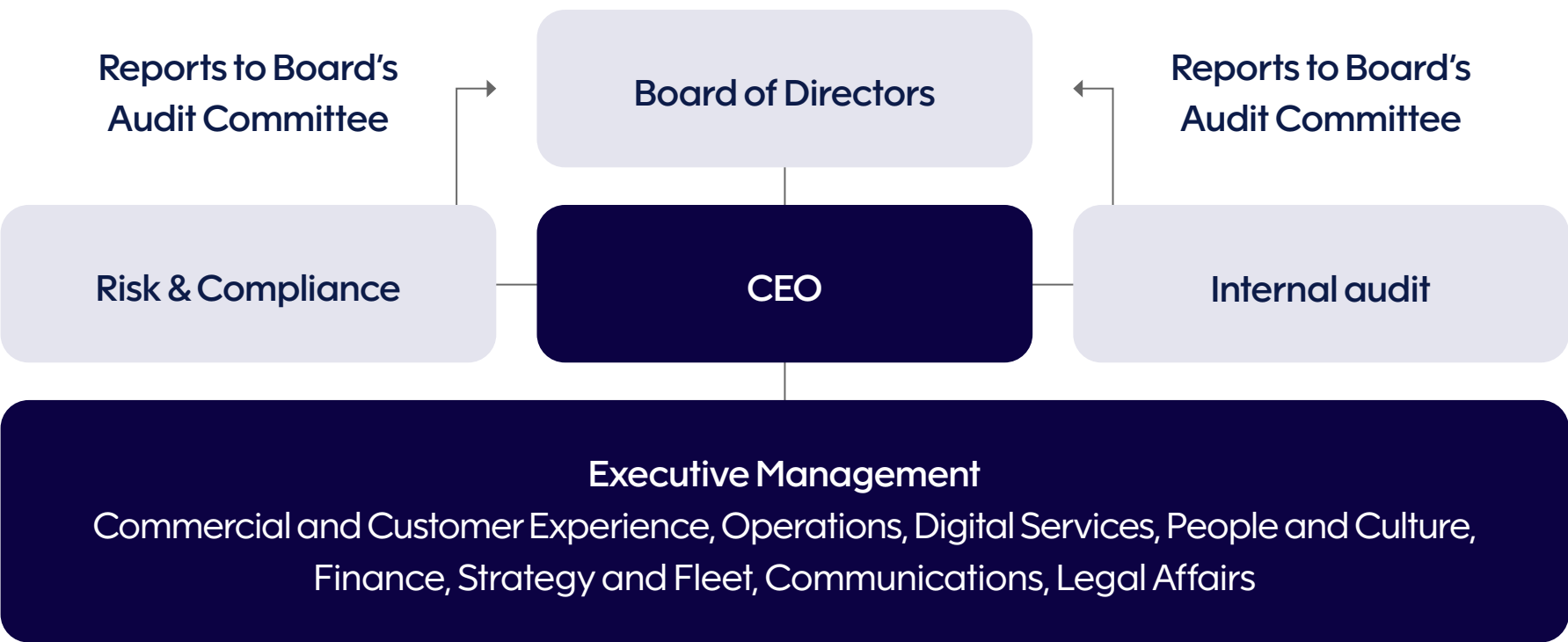
Finnair informed on 18 August 2023 that Finnair’s CEO, Topi Manner, had given notice of his resignation from the company to join Elisa Corporation as their new CEO, starting at the latest on 1 March, 2024.

Finnair announced on 11 January 2024 that Turkka Kuusisto, M.Sc. (Tech.), b. 1979, has been appointed as the new CEO of Finnair and he will start in this role on 11 July 2024 at the latest. Jaakko Schildt, Chief Operating Officer of Finnair, acts as an interim CEO between 15 January and the start of the new CEO.

## Executive Board

The Executive Board of the Company is led by the CEO, and it comprises the senior management responsible for Finnair commercial and customer

Company management





experience activities, operations, digital services, finance, people and culture, strategy and fleet, communications and legal affairs.

The Executive Board Members are appointed by the Board, which also determines their remuneration.

The Executive Board assists the CEO in the strategy implementation, coordinates group-wide development projects and defines policies that guide the Company's activities. The Executive Board Members report to the CEO and their main task is to lead the daily operations of their respective units or shared functions.

## Safety Review Board

Based on Finnair's statutory Safety Management System ("SMS"), the Safety Review Board ("SRB") is responsible for reviewing the Company's safety performance and monitoring that the SMS remains effective and appropriate. The SRB is responsible for setting the objectives for the SMS and assessing the safety performance against the safety policy and objectives. The SRB reviews and ensures that appropriate resources are allocated to achieve the targeted safety performance.

The SMS is under the responsibility of the Accountable Manager as defined by the aviation regulations. The SRB is headed by the Chief Operating Officer, the Accountable Manager in the SMS, and it convenes four times per year.

## Corporate Council

The Finnair Corporate Council is principally a communication and co-operation forum designed for the personnel's participation in the Company's governance processes, especially with regard to matters that affect the personnel. The Corporate Council discusses the implementation of the Company's strategic objectives and development projects that affect Finnair's personnel as well as business plans, financial performance, the operational quality and customer satisfaction. The Corporate Council comprises the Executive Board Members, certain senior managers and the representatives of all personnel groups. In 2023, the Finnair Corporate Council met six times.

## Corporate Governance in Finnair subsidiaries

The subsidiaries of Finnair are presented in the Financial Statements 2023 under Note 4.2.

## Governance principles in key partnerships and outsourcings

Finnair has equity partnership in Nordic Regional Airlines Oy through Nordic Regional Airlines AB (Finnair's ownership 40 per cent as at 31 December 2023). 60 per cent of Nordic Regional Airlines AB is owned by Danish Air Transport (DAT). Nordic Regional Airlines Oy is a Finnish regional passenger airline operating ATR turboprop and Embraer 190 aircraft. Its route network is designed to provide convenient feeder connections to Finnair's European and long-haul routes. Finnair's influence over the governance of the Company is based on shareholding and contractual rights.

Finnair procures certain important operational services from strategic partners, such as the ground handling services in Helsinki hub from Airpro and Aviator, and cargo terminal handling services from Swissport Finland Ltd, as well as the engine and component services from Airbus, Rolls-Royce, and Lufthansa Technik. In the area of IT services Finnair partners with Amadeus, and Nordcloud, among others. The cost and quality targets of these agreements have been determined so as to correspond at least to a good general market level.

Finnair participates in joint businesses with certain airlines belonging to the **oneworld** alliance. In addition, Finnair participates in a joint business with Juneyao, an airline not belonging to the **oneworld** alliance. These joint businesses seek to improve competitiveness and efficiency in a manner benefitting the passengers. Finnair's influence in the joint businesses is based on contractual arrangements. Decisions by the joint businesses are sought to be made unanimously.

All Finnair's service providers are expected to comply with Finnair's Supplier Code of Conduct. Finnair aims to secure in its supply contracts the rights to audit the Supplier's governance and security measures.

Finnair's Code of Conduct and Supplier Code of Conduct are available at Finnair's [website](#).



# Executive Board Members in 2023



**Topi Manner**  
b. 1974, M.Sc. (Econ.)  
**Main occupation:**  
CEO as of 1 January 2019  
**Key positions of trust:**  
Member of the IATA Board of Governors, Chair of the IATA Audit Committee, Member of the Board of Directors, Elisa Oyj (until 18 August 2023), Member of the Board, Service Sector Employers Palta, Member of the Board, UPM-Kymmene Oyj  
**Shareholding 31 December 2023:**  
10,704,916



**Kaisa Aalto-Luoto**  
b. 1979, M.Sc. (Econ.)  
**Main occupation:**  
Chief People Officer as of 23 October 2023  
**Key positions of trust:**  
Member of the Board of Directors, Uudenmaan Osuuspankki  
**Shareholding 31 December 2023:**  
-



**Antti Kleemola**  
b. 1980, M.Sc. (Econ.)  
**Main occupation:**  
Chief Information Officer as of 1 June 2022  
**Key positions of trust:**  
Member of the Board of Directors, ICT Leaders Finland ry  
**Shareholding 31 December 2023:**  
1,564,626



**Ole Orvér**  
b. 1966, Degree in Market Economics  
**Main occupation:**  
Chief Commercial Officer as of 1 May 2019  
**Key positions of trust:**  
Member of the Board of Directors, SkyClean Energy AB  
**Shareholding 31 December 2023:**  
2,515,479



**Kristian Pullola**  
b. 1973, M.Sc. (Econ.)  
**Main occupation:**  
Chief Financial Officer as of 1 October 2022  
**Key positions of trust:**  
Member of the Board of Directors, Kemira Plc, Member of the Board of Directors, Terveystalo Plc, Chairman of the Board of Directors, Instructor HoldCo Oy and FinanceKey Oy  
**Shareholding 31 December 2023:**  
2,652,590



**Christine Rovelli**  
b. 1974, MBA  
**Main occupation:**  
SVP Strategy and Fleet as of 1 October 2022  
**Key positions of trust:**  
Member of the Board of Directors, UATP, Member of the Board of Directors, Nordic Regional Airlines Oy, Trustee of the International Society of Transport Aircraft Trading (ISTAT) Foundation  
**Shareholding 31 December 2023:**  
1,437,586



**Sami Sarelius**  
b. 1971, LLM  
**Main occupation:**  
SVP and General Counsel as of 20 August 2010  
**Key positions of trust:**  
-  
**Shareholding 31 December 2023:**  
1,926,263



**Jaakko Schildt**  
b. 1970, B.Sc. (Eng.), MBA  
**Main occupation:**  
Chief Operating Officer as of 1 March 2016  
**Key positions of trust:**  
Chair of the Board, Nordic Regional Airlines Oy, Member of the Board of Directors, Kallioinen Yhtiöt Oy, Member of the Board of Directors, Pirkanmaan Osuuskauppa  
**Shareholding 31 December 2023:**  
2,251,838



**Päivi Tallqvist**  
b. 1970, M.Sc. (Econ.)  
**Main occupation:**  
SVP Communications as of 1 November 2020  
**Key positions of trust:**  
-  
**Shareholding 31 December 2023:**  
1,315,188

**Johanna Karppi (Member until 23 October 2023)**  
b. 1968, LLM, (trained on bench)  
**Main occupation:**  
SVP People & Culture as of 1 October 2019

# Key Events in Finnair Governance in 2023

## Shareholders

The ownership share of financial and insurance corporations increased from 4.85% at year-end 2022 to 8.25% at year-end 2023. The share of pension insurance funds increased from 3.84% at year-end 2022 to 5.17%. The largest shareholder at the end of the year 2023 was the Government of Finland, holding 55.69% of the shares and votes, followed by mutual pension insurance company Varma (2.85%), mutual pension insurance company Ilmarinen (1.36%), and Elo mutual pension insurance company (0.96%). The ownership share of nominee registered shareholders increased from 7.51% to 9.42%. The number of shareholders increased from 118,684 to 123,046 during 2023. The AGM was held on 23 March 2023 and the EGM on 27 October 2023.

## Subsidiaries

There were no changes in Finnair Group structure during 2023.

## Auditor

On 23 March 2023, the AGM elected KPMG Oy Ab as the Company's auditor for the period ending at the following AGM.

## The Board and the Executive Board

The composition of the Board changed in 2023 as two new Members were elected by the AGM and two Members retired from the Board. The AGM elected a new Chair of the Board. In 2023, the Board and the Executive Board focused on adapting to the changed business environment, mitigating the adverse business impact of the war in Ukraine and the closure of Russian airspace, on ensuring liquidity and solvency, as well as implementing the Company's revised strategy. A Rights Issue of EUR 570 million was successfully executed in November 2023. The composition of the Executive Board changed in 2023 as one

Member retired from the Executive Board and one new Member was elected.

Finnair informed on 18 August 2023 that Finnair's CEO, Topi Manner, had given notice of his resignation from the company to join Elisa Corporation as their new CEO, starting at the latest on 1 March, 2024. Finnair announced on 11 January 2024 that Turkka Kuusisto, M.Sc. (Tech.), b. 1979, has been appointed as the new CEO of Finnair and he will start in this role on 11 July 2024 at the latest. Jaakko Schildt, Chief Operating Officer of Finnair, acts as an interim CEO between 15 January and the start of the new CEO.

## Corporate Council

The composition of the Corporate Council changed in 2023 as some of the personnel groups replaced their representatives.

## Internal Control and Risk Management

Adherence to the Three Lines of Defence model – with a clear division of roles and responsibilities with respect to internal control and risk management – was further strengthened in 2023. In the second Line of Defence, the Risk & Compliance function acts as a control function that is responsible for developing and maintaining the Internal Control Framework and Risk Management Framework as well as for monitoring the implementation of the policies, rules, procedures, and key controls within the frameworks.

## Internal Audit

Internal audit, which is the independent assurance function in the third Line of Defence, performed audits according to the annual plan approved by the Audit Committee of the Board and performed also assignments requested by the management.

# Main Features of the Internal Control and Risk Management Systems

Under Finnish Companies Act the management of the Company shall act with due care and promote the interests of the Company. The Board shall see to the administration of the Company and the appropriate organisation of its operations. The Board is responsible for the appropriate arrangement of the control of the Company accounts and finances. The CEO shall see to the executive management of the Company in accordance with the instructions given by the Board. The CEO shall see to it that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Internal control and risk management activities are an integral part of the management’s overall duty to ensure that the Company achieves its business objectives. Through efficient systems of internal control and risk management, deviations from

objectives can be prevented or detected as early as possible. The Board is responsible for monitoring and evaluating the efficiency of the Company’s internal control and risk management systems.

Finnair’s Internal Control Framework is the defined set and structure of the Company’s internal policies, rules, procedures and key controls. The framework is systematically developed and maintained to ensure the efficiency of the internal control system. The Internal Control Framework is designed to ensure effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, including safeguarding of assets, sound administrative and accounting procedures, reliability of financial and non-financial information both externally and internally, and compliance with laws, regulations, supervisory requirements and with Finnair’s internal policies and rules.

The role in the implementation of the internal control and risk management systems



The primary governance principle is adherence to the Three Lines of Defence model, with a clear division of roles and responsibilities with respect to internal control and risk management. A proper Three Lines of Defence governance ensures that the segregation of duties is defined and established between risk management and risk control.

- In the first line of defence, the business organisation and shared functions are risk owners, and thus responsible for conducting day-to-day control and risk management activities in accordance with the Internal Control Framework.
- In the second line of defence, Risk & Compliance acts as a control function that is responsible for developing and maintaining the Internal Control Framework and Risk Management Framework as well as for monitoring the implementation of the policies, rules, procedures and key controls within the frameworks.
- In the third line of defence, Internal Audit performs audits and provides the Board with an independent assessment of the overall effectiveness and maturity of the internal control and risk management systems.

## Internal control and risk management systems in relation to financial reporting

The systems for internal control and risk management of financial reporting are designed to provide reasonable assurance about the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. Internal control and risk management of financial reporting at Finnair can be described in accordance with the COSO framework which consists of the five components: control environment, risk assessment, control activities, information and communication, and monitoring.

### Control environment

The control environment constitutes the basis for Finnair's internal control system. The control environment encompasses the culture and values as well as a clear and transparent organisational structure. Finnair's Internal Control Framework is a fundamental element in the control environment

and consists of the Code of Conduct, Finnair Policies, Standards, Rules, and Manuals, as well as the related key controls.

For the proper functioning of the internal control and risk management of financial reporting, clearly defined roles and responsibilities are critical. The risk owners in the first line of defence – i.e. business units, Finance organisation as well as certain other shared functions – are responsible for the risk management activities, whereas Risk & Compliance, being a control function in the second line of defence, facilitates the identification and evaluation of risks, assists the first line of defence in defining the controls, and monitors the implementation of controls and risk management activities. In the third line of defence, Internal Audit provides the Board with an assessment of the overall effectiveness of the governance, risk management and control processes.

### Risk assessment

Risks are continuously identified and analysed as part of the risk management process. Risk management is an integral part of running the business. Performing risk assessments as part of the business activities improves the relevance and quality of risk assessment. Main responsibility for

performing risk assessments regarding financial reporting risks lies with the business organisation and shared functions, i.e. the first line of defence. Processes related to financial reporting are subject to on-going risk assessment by the business controllers, financial controllers and other shared service staff as part of their activities.

Consistent with the Three Lines of Defence model, the role of Risk & Compliance function is to develop and maintain the Finnair Risk Management Framework.

## Control activities

Financial reporting manuals and instructions have been prepared to be followed across the organisation. The manuals and instructions outlining the content and schedule for the reporting aim to increase the overall controllability of the financial reporting process and ensure that financial statements fulfil the requirements set in the IFRS standards and other applicable requirements.

Risks related to financial reporting are managed through controls aiming to provide reasonable assurance that the information of interim reports and year-end reports are correct and that they have been prepared in accordance with legislation, applicable accounting standards and other requirements for listed companies.

Control activities are applied in the business processes and, from the financial reporting perspective, they ensure that errors or deviations are prevented or detected and corrected. Controls in financial reporting pertain to the initiation, recognition, measurement, approval, accounting and reporting of financial transactions as well as disclosure of financial information. The

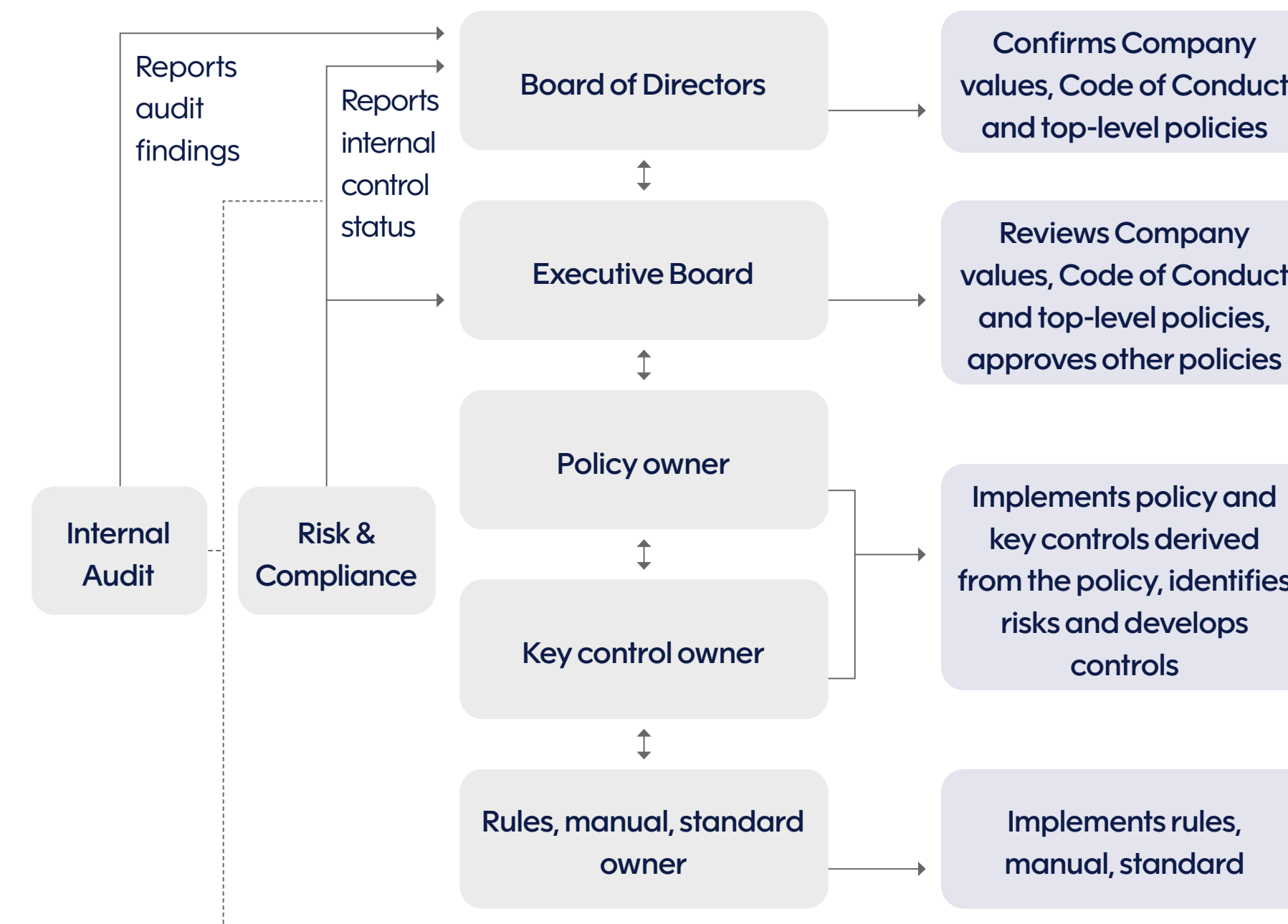
general IT controls support the financial reporting controls in areas like access control and back-up management. Responsibilities are assigned in the Finance function ensuring that analyses of the business performance, including analyses on volumes, revenues, costs, working capital, and asset values are performed in accordance with the control requirements.

## Information and communication

The Finance organisation is responsible for ensuring that the financial reporting manuals and instructions are up-to-date and that changes are communicated to the relevant units and functions. The process owners of the main finance processes are responsible for informing about upcoming changes in International Accounting Standards, new accounting principles and other changes in reporting requirements.

The key principles of Finnair's Disclosure Policy regarding disclosure to the stock markets are reliability, openness, consistency and fairness. Finnair publishes press and stock exchange releases without undue delay and makes them available to the markets and all principal stakeholders simultaneously.

## The key components and roles in control planning, implementation and monitoring



## Monitoring and improvement

The business units and shared functions regularly assess the maturity of their control activities. The control function – Risk & Compliance – facilitates the identification and evaluation of risks, assists business units and shared functions in defining the controls, and monitors the implementation of controls and risk management activities.

The design and effectiveness of the internal control and risk management systems are also assessed as part of the audits by Internal Audit. Audit results, corrective actions and their status, are regularly reported to the Executive Board and to the Audit Committee.

## Internal Audit

Internal Audit is established by the Board, and its responsibilities are defined by the Audit Committee of the Board as part of their oversight responsibility.

Internal Audit, the independent assurance function in the third Line of Defence, performed audits according to the annual plan approved by the Audit Committee of the Board and performed also assignments requested by the management.

The mission of Internal Audit in Finnair is to provide independent, objective assurance and consulting services designed to add value and improve the

organisation's operations. Internal Audit helps the organisation to mitigate factors that might undermine its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## Related party transactions

Related party transactions are regulated by the Finnish Companies Act and the Corporate Governance Code issued by the Securities Market Association, as well as in the IAS 24 Related Party Disclosures. Finnair related parties include the subsidiaries, associated companies and joint ventures. Also, the Members of the Board, the CEO and other Members of the Executive Board, their close family Members and entities controlled directly or indirectly by them, as defined in IAS 24, are related to Finnair. Major shareholders with more than 20 per cent ownership of shares or of the total voting rights in the Company, are included in related parties. Finnair has defined procedures in place for identifying related party transactions.

In relation to any transaction with the Company the related parties must obtain permission in advance. The permission can be given by the Executive Board, or if the permission concerns the CEO or a Member of the Board, by the Board.

The person concerned may not participate in discussing the matter on the Executive Board or the Board or participate in preparations, decisions or implementation of the matter on behalf of the Company.

In addition, the Members of the Executive Board and the Board are required to file an annual report of transactions conducted by them or their related parties with Finnair during the financial period, as well as of transactions anticipated for the next period. The permission and notification procedures only apply to negotiated transactions. Hence, they do not apply to service or product purchases available on normal commercial terms or to normal employee discounts.

Significant transactions between Finnair and its related parties are announced with a stock exchange release in accordance with the rules of Nasdaq Helsinki. Information on transactions with related parties is also provided in note 4.5 to the financial statements. Transactions have been carried out at market prices.

## Managers' transactions and key insider management procedures

Inside information within the Company and transactions on Finnair financial instruments by persons discharging managerial responsibilities in the Company or their closely related persons are managed in accordance with the Market Abuse Regulation (MAR) and the insider guidelines of Nasdaq Helsinki and the Insider Rules of the Company. The Company's Insider Rules also apply to employees in the so-called informative core of the Company.

The Company maintains a list of persons discharging managerial responsibilities in Finnair (managers), including their closely related persons and entities, who must notify the Company and the Financial Supervisory Authority of their transactions on the Company's financial instruments within three business days of the execution of the transaction. The Company must disclose these transactions in a stock exchange release within two business days from having received the notification of the transaction. The Company's managers are the Members of Finnair's Board and of the Executive Board.

The Company's managers and employees in the so-called informative core of the Company are bound by a closed window on trading, which begins 30 days before the release of interim or annual results and continues until the end of the release date. The Company may also impose other trading restrictions and grant exemptions in accordance with its insider rules.

The Company's managers and employees in the so-called informative core of the Company must give an advance notice to the Company before the execution of a planned transaction. In addition, they can request an advance assessment of the legality of a planned transaction. The advance notice obligation and advance assessment opportunity are intended to reduce the risk of trading during a closed trading window or at a time when the Company has undisclosed inside information. Giving an advance notice does not affect the responsibility of the Company's managers and employees in its so-called informative core regarding the abuse of inside information.

The Disclosure Policy of the Company requires, in accordance with the Market Abuse Regulation (MAR), that the Company discloses any inside

information it may have as soon as possible. However, the disclosure may be delayed if the requirements specified in MAR are met. The identification of inside information and decisions regarding the disclosure or delay of disclosure are made by the Company's Disclosure Committee, which is comprised of the Members of the Executive Board. The Disclosure Committee assesses the Company's information typically once a week and otherwise whenever necessary. If the Company delays the disclosure of inside information, it establishes a project-specific insider list and enters the persons with access to the relevant information on the insider list.

The person responsible for insider issues within the Company is the SVP & General Counsel. Finnair's Insider Rules are available at the Company's [website](#).



# Contact information

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(1,25€/answered call + local charge)



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