

## **THE BOARD OF DIRECTORS' PROPOSALS TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29 MAY 2020**

### **1**

#### **PROPOSAL ON THE USE OF THE PROFIT SHOWN ON THE BALANCE SHEET AND THE PAYMENT OF DIVIDEND**

Due to the rapid deterioration of the circumstances resulting from the Covid-19 pandemic, the Board of Directors proposes to the Annual General Meeting that no dividend be paid based on the balance sheet adopted for the financial year ended on 31 December 2019.

### **2**

#### **PROPOSAL FOR THE REMUNERATION OF THE AUDITOR**

In accordance with the Audit Committee's recommendation, the Board of Directors proposes to the Annual General Meeting 2020 that the auditor's fee be paid according to the auditor's invoice accepted by the company.

### **3**

#### **PROPOSAL FOR THE ELECTION OF THE AUDITOR**

The Audit Committee has prepared its recommendation in accordance with the EU Audit Regulation (No. 537/2014) and organized a statutory audit firm selection procedure.

According to paragraph 2 of Article 16 of the EU Audit Regulation, the Audit Committee shall submit a recommendation to the Board of Directors for the appointment of the statutory audit firm. The recommendation shall contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them.

The Audit Committee has reviewed potential audit firm candidates and identified Ernst & Young Oy and KPMG Oy Ab as best candidates for the audit engagement of Finnair group. The candidates have been carefully evaluated against objective and relevant selection criteria, such as cost, experience, audit quality and industry knowledge. After thorough consideration of the selection criteria, the Audit Committee has concluded that its preferred recommendation for the election of the statutory audit firm for a term ending at the closing of the Annual General Meeting 2021 is KPMG Oy Ab.

KPMG has advised that Kirsi Jantunen would act as the lead auditor if KPMG was elected as the statutory auditor of Finnair.

The Audit Committee confirms that its recommendation is free from influence by a third party and that no clause of the kind referred to in paragraph 6 of Article 16 of the EU Audit Regulation, which would restrict the Annual General Meeting's choice regarding the election of the auditor, has been imposed upon the Audit Committee.

In accordance with the Audit Committee's recommendation, the Board of Directors proposes to the Annual General Meeting 2020 that KPMG Oy Ab is elected as the statutory auditor of Finnair for a term ending at the closing of the Annual General Meeting 2021. KPMG Oy Ab has advised that Kirsi Jantunen would act as the lead auditor if KPMG Oy Ab was elected as the statutory auditor of Finnair.

#### 4

##### **PROPOSAL TO AUTHORISE THE BOARD TO DECIDE ON THE REPURCHASE AND/OR ON THE ACCEPTANCE AS PLEDGE OF FINNAIR'S OWN SHARES**

The Board of Directors proposes that the Annual General Meeting 2020 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 2019 to decide on the repurchase and/or acceptance as pledge of own shares.

#### 5

##### **PROPOSAL TO AUTHORISE THE BOARD TO DISPOSE OF FINNAIR'S OWN SHARES**

The Board of Directors proposes that the Annual General Meeting 2020 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, 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 2019 to decide on the disposal of the company's own shares.

#### 6

##### **AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON A RIGHTS OFFERING**

The company plans to conduct a rights offering of approximately 500 million euros. The subscription period for the offering is expected to commence during the second quarter of 2020.

The Board of Directors of the company therefore proposes that the Annual General Meeting authorises the Board of Directors to resolve on the issuance of a maximum of 6,500,000,000 new shares to carry out the above-mentioned rights offering. The shares are offered to the company's shareholders for subscription in proportion to their shareholding on the record date of the share issue (rights offering). The authorisation includes the right for the Board of Directors to resolve upon the issuance of shares that remain unsubscribed for pursuant to the primary subscription right. The authorisation can only be used to execute one share issue. The Board of Directors is authorised to determine all other terms and conditions of the issuance of shares.

The company plans to use the funds raised in the rights offering to strengthen the company's balance sheet position and liquidity in the exceptional situation caused by the Covid-19 pandemic.

The authorisation is valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2021. It does not revoke the company's share issue authorisations resolved earlier upon by the Annual General Meeting.

## **7**

### **PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION**

The Board of Directors proposes that the Articles of Association be amended in order to expand the company's field of business. The proposed changes are intended to support the company's sustainability strategy by allowing the company to assume a more active role e.g. in taking into use alternative fuels, and participating in activities that are aimed at ensuring the acceptability, and thereby the long-term profitability of the company's business. The proposed amendments would not change the objective of the company's business from that set forth in Section 5.1 of Chapter 1 of the Limited Liability Companies Act.

The Board of Directors therefore proposes that Section 2 of the Articles of Association be amended to read as follows:

"The company's field of business is to operate an airline by transporting passengers, cargo, and mail and to buy, sell, import, export, transport, store, lease and repair aircraft and their parts and supplies and to buy, sell, import, export, transport and store fuels and lubricants, and to provide hotel, forwarding, travel agency and other business operations relating to travelling and airline operations, as well as finance and insurance brokerage services and other business operations related to the above. The company may also engage in, or support, activities that are aimed at ensuring the acceptability, and thereby the long-term profitability, of its business by increasing the positive effects and reducing the negative effects of its business on the environment and society. The company may conduct its business through subsidiaries, associated companies and joint ventures."

## **8**

### **PROPOSAL ON AUTHORISING 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 authorized to determine the recipients, purposes and other terms and conditions of the donations. The donations can be made in one or multiple instalments. The authorisation would be effective until the next Annual General Meeting.

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