

FINNAIR PLC

CHARTER OF THE PEOPLE AND REMUNERATION COMMITTEE

VERSION CONTROL

Version	Changes	Reviewed by	Approved by	Date approved	Notes
2.0	Replaces the previous charter (10.2.2014)	Compensation and Nomination Committee	Board of Directors	[xx June 2018]	

1 Committee's Status and Purpose

The purpose of a committee of Finnair's board of directors (the "Board") is to assist the Board by preparing the committee-dedicated matters for the Board. The committee does not have decision-making powers independent from the Board. The Board may grant the committee a permanent authorisation to decide upon a specific matter. Such authorisation shall be recorded in this charter. The Board may also authorise the committee to decide upon an occasional matter.

The matters dedicated to the People and Remuneration Committee (the "Committee") in assisting the Board are compensation and nomination of the chief executive officer and other top executives of the group and the compensation policies and practices of the personnel.

2 Composition

The Chair and the other members of the Committee are Board members elected by the Board in its annual convening meeting. The minimum number of members is three. A member of the Committee must be independent from Finnair.

3 Duties and Responsibilities

A. The Committee prepares the following matters for the Board, and where the matter calls for a decision, the Committee prepares decision proposals to the Board.

- compensations, pensions, benefits and other material terms of the contract of the chief executive officer
- compensations, pensions and benefits of the reports of the chief executive officer
- chief executive officer's and his/her reports' incentive and retention plans*
- chief executive officer's and his/her reports' performance reviews*
- nominations of the chief executive officer and his/her reports
- composition and responsibilities of the Executive Team

- chief executive officer's and his/her reports' succession planning and leadership development*
- assessment of the people strategy and key development initiatives*
- equity-based incentive plans*
- the key principles of the company's compensation policies and practices*
- the management's participation in the boards' of directors of external companies*
- proposals of awarding the members of the management honorary decorations and titles
- compensation matters covered in the Annual General Meeting*
- annual remuneration statement based on the recommendations of the Finnish Corporate Governance Code for Listed Companies*
- other matters assigned by the Board

The provisions above concerning the chief executive officer shall also apply to his or her deputy.

B. The Committee's permanent authorisations

The Board has authorised the Committee, acting through its Chair, to determine the chief executive officer's and his/her reports' attainment of their targets under the incentive and retention plans and to approve the disbursement of the resulting awards under such plans. The Chair shall report periodically the results and payments to the Committee and to the Board.

4 Administration

The Chair of the Committee convenes the meetings of the Committee. The Committee meets regularly at least three times a year. The Committee prepares for itself an annual plan. The matters listed in Section 3 and marked with an asterisk are attended by the Committee at least once a year. Other regular participants are the Chief Executive Officer and SVP People & Culture.

The agenda and the materials for the meeting are prepared by the Chair with the support of Chief Executive Officer and SVP People & Culture. Whenever possible, the agenda and the materials are delivered to the members no later than four business days prior to the meetings.

The Committee has the authority to take appropriate actions necessary to perform its duties. This may include engaging external advisors and gather information from internal and external parties.

The chief executive officer presents the matters to the Committee and the secretary of the Board acts as the Committee's secretary. However, the Chair presents to the Committee the matters concerning the chief executive officer's service contract and remuneration. Such matters shall be prepared by the Chair of the Board.

The Committee may also allow other persons to participate in the Committee's meetings.

The secretary keeps minutes in the meetings and the minutes are confirmed by the signatures of the Chair, the secretary and the member of the Committee so elected for each meeting.

The matters of the Committee are presented to the Board by the Chair. The minutes of the Committee's meetings are distributed to the members of the Committee and the Board through the company's internet application.

The Committee's performance is reviewed by the Committee and the Board as a part of the Board's annual self-evaluation.