

# Remuneration Report 2022

- 2 Directors' Remuneration Report 2022
  - 2 Introduction
  - 4 Paid remuneration of the Board of Directors in 2022
  - 5 Paid remuneration of the CEO in 2022







# Directors' Remuneration Report 2022

This Remuneration Report presents the remuneration paid to members of the Board of Directors and the CEO of Finnair during 2022. Remuneration paid to members of the Executive Board is presented on [investors.finnair.com](https://investors.finnair.com) website. The report has been prepared based on the Finnish Corporate Governance Code 2020, which also correspond to the requirements of the EU's Second Shareholder Rights Directive. The advisory vote of the 2021 General meeting approved the 2021 Remuneration report, and thus no changes have been made to this 2022 report based on the vote of the General meeting compared to the 2021 report.

## Introduction

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 for excellent performance. These principles also guide the work of Finnair's People and Remuneration Committee.

Year 2022 continued as an exceptionally challenging year for Finnair due to the prolonged Covid-19 pandemic and the Ukrainian war that started in February 2022 and their impact on Finnair's business.

Despite an improvement in Finnair's business performance compared to 2021, the level is still significantly below the pre-pandemic era. In addition to the business performance, the remuneration of the CEO Topi Manner and other Executive Board members is directly impacted by the restrictions set by the Commission on management remuneration. The Commission issued on 9 June 2020 a decision that the participation of the State of Finland in Finnair's Rights Offering is compatible with the EU state aid rules. Under the Commission's decision, the

Company agreed to certain conditions following the Offering, which include, among other things, limitations on management remuneration. These limitations resulted in Finnair not being able to implement the Short Term Incentive (STI) and Long Term Incentive (LTI) structures as described in the Directors' Remuneration Policy. To comply with the defined limitations, in summer 2020 the ongoing STI and LTI plans for the CEO were cancelled. Since 2020, the CEO has had an incentive program permitted by the Commission's remuneration restrictions. This share-based incentive program ends in June 2023. The personnel have a rebuild incentive that covers the same period and has same goals as the management incentive program.

## Development of remuneration 2018–2022

Annual fees for the Board of Directors (Board) were last changed in 2020 and before that, in 2008. The remuneration paid to the Board, as presented in

the table below, has varied from year to year mainly based on the number of Board and committee meetings held during each year. The total amount paid to the Board has varied because the number of board members has first increased from seven to eight in 2018 and from eight to nine in 2020 and decreased again from nine to eight for the years 2021 and 2022. The Board's decision in 2020 to forego the annual fee increases and additionally cut their current annual fees by 15% impacted the remuneration paid to the Board in both 2020 and 2021.

A significant share of the CEO's remuneration is based on variable pay and is linked to the achievement of set business targets, including both financial, operational and sustainability performance.

Remuneration of the CEO during the period of 2018–2022 has varied due to variations in the company's financial results, CEO changes and remuneration restrictions. CEO Topi Manner joined Finnair on 1

January 2019, and hence he did not receive any STI or LTI payouts in 2019 based on previous years' performance. In 2022, the CEO's remuneration stayed at 2021 level and it included only base salary and benefits, in line with the restrictions set by the European Commission.

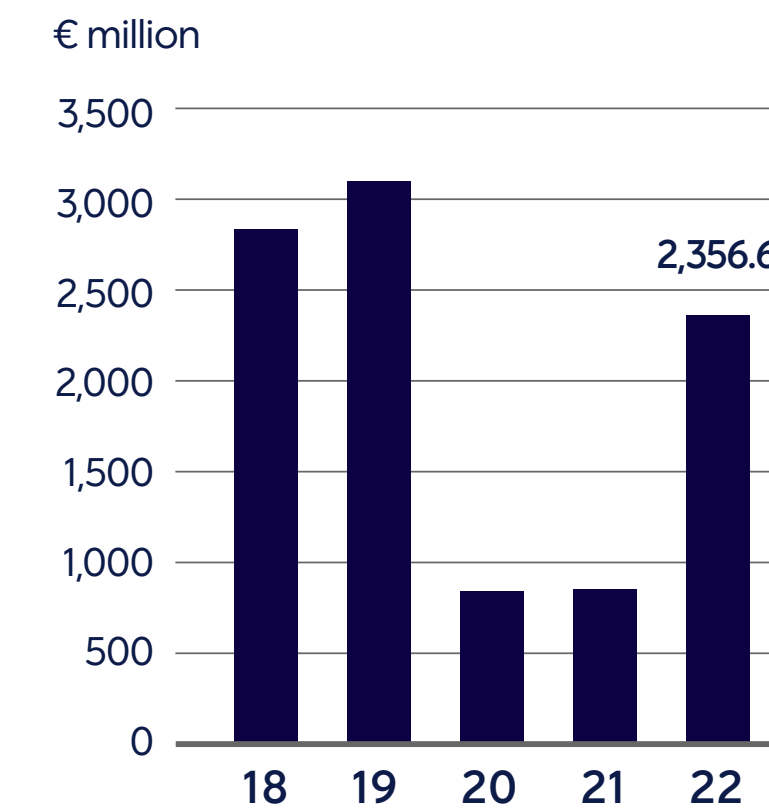
Average paid remuneration of the personnel of the Finnair Group was impacted by a number of factors during the past 5 years. In 2020 and 2021, extensive temporary lay-offs decreased the paid average remuneration per employee, calculated by including the remunerations of both the personnel at work and the personnel on temporary lay-offs or on leave. Paid average remuneration

per active employee on the other hand increased from year 2019 as the temporary lay-offs were extensive in operative employee groups where the salary level is lower than average. The layoffs continued in part in the beginning of 2022.

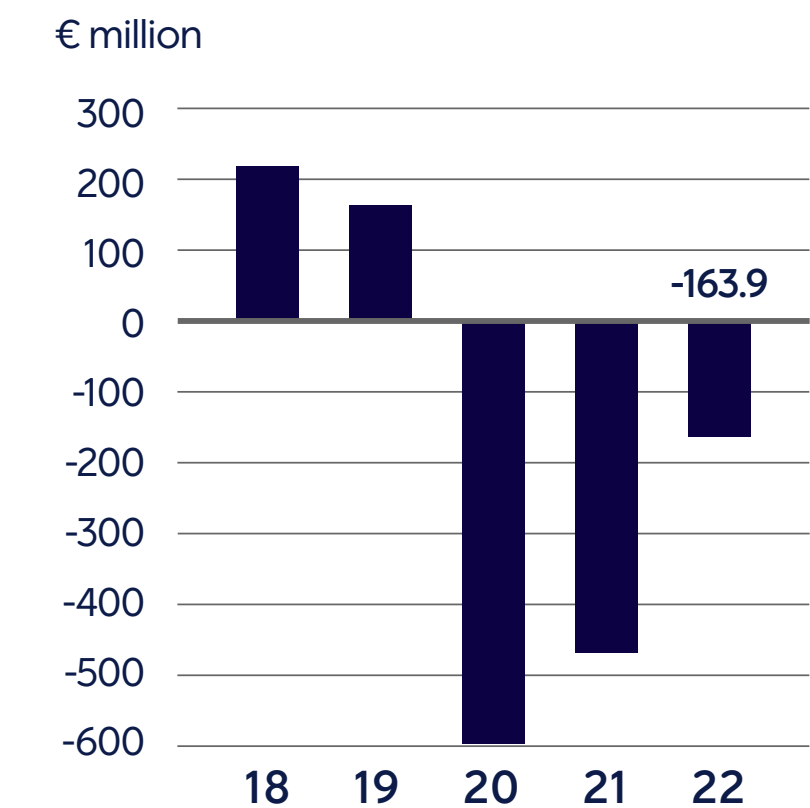
In the years 2021 and 2022, holiday bonuses were not paid in some personnel groups as part of the savings measures agreed with the personnel. The other main items impacting average employee remuneration include CLA-based annual salary increases, personnel incentive plan payouts as well as the volume of recruitments and retirements especially in those employee groups where remuneration is heavily based on seniority.

## Financial performance 2018–2022

### Revenue



### Comparable operating result



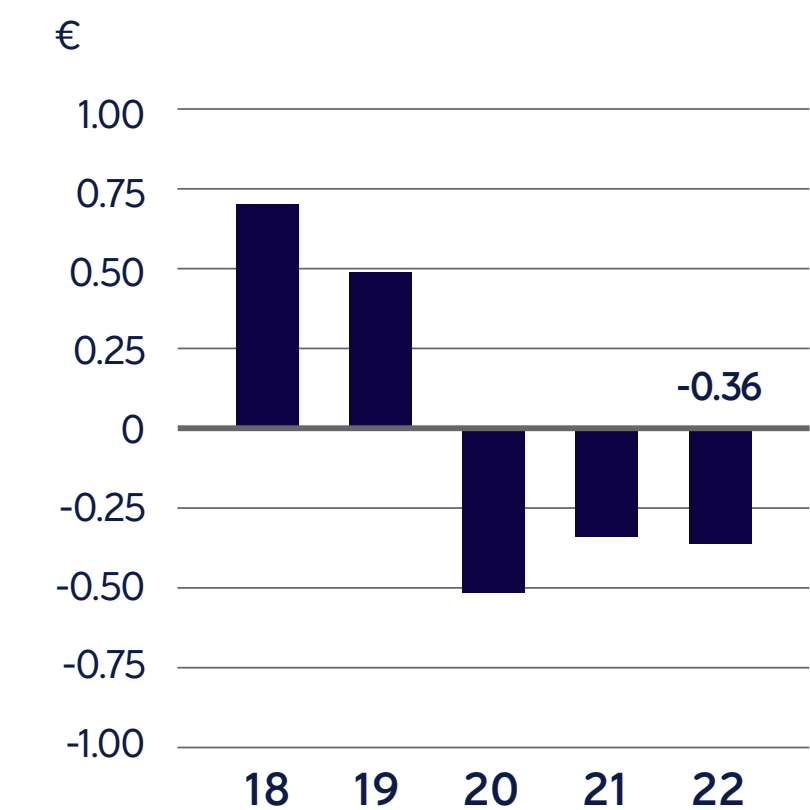
### Paid remuneration 2018–2022

	2022	2021	2020	2019	2018
Chair of the Board	80,627	68,228	71,968	77,907	89,308
Vice Chair of the Board	54,300	43,410	52,365	55,984	70,500
Other members of the Board average	46,583	41,695	46,102	43,878	53,873
CEO					1,456,648 Pekka Vauramo 1.1.–31.10.2018
	754,452 Topi Manner	756,713 Topi Manner	1,125,233 Topi Manner	769,205 Topi Manner	123,714 Pekka Vähähyppä 4.9.–31.12.2018
Finnair employees (average active) <sup>1</sup>	66,191	62,016	66,072	57,608	56,131
Finnair employees (average employed) <sup>2</sup>	55,719	32,522	33,835	54,852	53,333

<sup>1</sup> Average salary is calculated by dividing the total paid salaries with the average number of active (at work) employees during the year.

<sup>2</sup> Average salary is calculated by dividing the total paid salaries with the average number of all employees i.e., both active (at work) and inactive (temporary lay-offs and leaves of absence) workers during the year. Temporary lay-offs have a significant impact on average paid remuneration of all employees.

### Earnings per share



# Paid remuneration of the Board of Directors in 2022

The Board fees were paid in cash. The table below shows the meetings for which a fee has been paid.

Members 1.1.–31.12.2022	Annual remuneration <sup>1</sup>	Board meetings	Committee meetings	Meeting compensations in total	Taxable benefits <sup>2</sup>	Total
Jouko Karvinen (Chair)	63,000	10/10		14,400	3,227	80,627
Montie Brewer (Vice Chair)	32,700	10/10	6/6	21,600		54,300
Henrik Kjellberg	30,300	10/10	6/6	21,600		51,900
Jukka Erlund	32,700	10/10	6/6	10,800	229	43,729
Tiina Alahuhta-Kasko	30,300	10/10	13/13	13,200		43,500
Maija Strandberg	30,300	10/10	13/13	13,200		43,500
Hannele Jakosuo-Jansson	32,700	10/10	13/13	13,200	267	46,167
<b>Members 7.4.–31.12.2022</b>						
Simon Large	22,725	6/6	4/4	16,800		39,525
<b>Members 1.1.–6.4.2022</b>						
Colm Barrington	8,175	3/3	2/2	4,800		12,975

<sup>1</sup> The annual remuneration is expressed at the annual level but paid in monthly instalments.

<sup>2</sup> Taxable benefits include Finnair staff tickets. The members of the Board and their spouses have a right to use staff tickets in accordance with Finnair's staff ticket rule.

The 2022 Annual General Meeting on April 7 2022, decided on the following annual fees for the board members:

Chair	63,000 euros
Vice Chair	32,700 euros
The Chair of the Audit or People and Remuneration Committee*	32,700 euros
Members	30,300 euros

\* In the case she/he does not act as the Chair or Vice Chair of the Board at the same time.

The meeting fee to be paid for board or committee meetings is 600 euros per meeting if the meeting is in the home country of the board member. A meeting fee of 2 400 euros is paid for other meetings and 600 euros for telephone meetings. No fee is paid for decisions made without a meeting (per capsulam).



# Paid remuneration of the CEO in 2022

The CEO's basic salary in 2022 remained at the 2021 level. No holiday bonus was paid to the CEO in 2021 and 2022 due to the cancellation of vacation bonus as part of the company's cost-saving measures.

The 2020, 2021 and 2022 short-term incentive programs (STI) and the 2018–2020, 2019–2021 and 2021–2023 long-term incentive programs

(LTI) were cancelled for the CEO due to the compensation restrictions explained above. Hence, there were no short or long-term incentive payments from years 2020,2021 and 2022

The CEO and the Executive Board members are participants of the performance share plan that was launched for the CEO and the Executive Board members during 2020. The program contains a three-year performance period (7/2020–6/2023). The potential rewards will be delivered to the participants in a pre-determined proportion of shares and cash after the end of the performance period and the rewards are at the participants' free disposal after the

delivery. The performance goals of the program can be evaluated after the end of the season, and the incentive bonus is paid in proportion to the fulfillment of the performance goals.

The CEO and the Executive Board members participate again in the annually commencing LTI plans starting with the 2023–2025 plan, where the potential reward for the first earning period will be paid in 2024 and the reward for the second earning period in 2026. More information about the valid incentive programs can be found in the notes to the financial statements and on the company's website.

There has been no change in the CEO's base salary during the years 2021 and 2022. In the base salary, it should be noted that holiday bonuses were not paid in 2021 and 2022.

Remuneration paid, euros per year		CEO 2022 Topi Manner	CEO 2021 Topi Manner
Base Salary <sup>1</sup>	In total, euros	734,197	735,615
Benefits <sup>2</sup>	In total, euros	20,256	21,098
Short term Incentives <sup>3</sup>		Based on 2021 performance	Based on 2020 performance
	In total, euros	0	0
	as % of paid base salary	0%	0%
Long term Incentives <sup>4</sup>		Based on 2019–2021 performance	Based on 2018–2020 performance
	Key personnel LTI, monetary and share reward, euros	0	0
	Fly Share, monetary and share reward, euros	0	0
	In total, euros	0	0
	as % of paid base salary	0%	0%
Supplementary pensions	In total, euros	0	0
Remuneration paid in total		754,452	756,713

<sup>1</sup> In 2021 and 2022, holiday bonus was not paid as part of the company's savings measures.

<sup>2</sup> Benefits include e.g. telephone benefit, car benefit, health insurance and the company's personnel ticket benefit.

<sup>3</sup> The short-term incentives for the years 2021 and 2022 were canceled for the CEO and the Executive board members.

<sup>4</sup> The long-term incentive programs for the years 2019–2021 and 2020–2022 were canceled by the CEO and the Executive board members.





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