

Corporate Governance Statement 2011

APPLICABLE RULES AND REGULATIONS

Finnair Plc adheres to the Articles of Association and the Finnish Companies Act as well as the rules and regulations for listed companies issued by NASDAQ OMX Helsinki Exchange. Furthermore, the Finnair Group complies without exception to the Finnish Corporate Governance Code for listed companies published in 2010. This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code for listed companies. The Corporate Governance Code is publicly available on the website of the Securities Market Association's website at www.cgfinland.fi.

The statement has been reviewed by Finnair's Board of Directors and prepared as a separate report from the Board of Directors' Report. Finnair's auditing firm, PricewaterhouseCoopers, has verified that the description of the main features of the internal control and risk management related to the financial reporting process contained herein is consistent with the financial statements.

For more information on Finnair's governance see the company's website www.finnairgroup.com under the Investors section. The Remuneration statement is on pages 80-81.

BOARD OF DIRECTORS

The duties of the Board

The Board represents all shareholders of Finnair and strives to advance their interests and those of the company. The Board is responsible for the administration of the company and for arranging the operations of the company in an adequate manner. The Board shall ensure that the controls regarding Finnair's accounting and managing of funds and other assets, and other risk management are adequately arranged. Finnair's Board of Directors has confirmed for itself a written charter defining the Board's status, tasks and the meeting procedures.

In particular, the Board's duties and tasks include:

- to ensure that the company is managed according to sound business principles and that the reporting, controls and risk management are adequate;
- to appoint and dismiss the President and CEO and the Deputy CEO, if any, and to determine their compensations and other material terms of their contracts;
- after consultation with the President and CEO to appoint and dismiss the executive officers

reporting to the President and CEO and to determine their compensations;

- to establish the organisational structure at the group's executive level;
- to approve the company's strategy and to oversee its implementation;
- to approve the group's annual business plan and budget and to oversee the performance of the same;
- to establish and regularly evaluate the principles in respect of the group's personnel policies including those related to compensation, and in particular approve structures and target settings for the company's short and long-term incentive programs;
- to approve the Group's Investment Guidelines;
- to determine the President and CEO's mandate for short-term borrowing, and to decide upon long-term borrowing and to decide upon investments in aircraft or in other material fixed assets or upon acquisition of equity interests in other entities, which alone, or when aggregated with other investments or acquisitions in or of the same or similar assets or entities exceeds the President and CEO's mandate as set out in the Group's Investment Guidelines from time to time;
- to decide upon establishing subsidiary companies and upon material changes affecting the same, and upon disposal of property or other material fixed assets, to the corresponding extent that investments in such fixed assets would be decided upon by the Board, as well as upon mortgaging of property and aircraft as security for payment of loan, and to decide upon granting of security for the fulfilment of obligations of third parties or those of the subsidiary companies.

The Board's charter is available on Finnair's website in its entirety at www.finnairgroup.com under the Investors section. The Board evaluates its work annually.

Members of the Board in 2011

The Members of the Board selected by the 2011 Annual General Meeting are Harri Sailas (Chairman), Elina Björklund, Sigurður Helgason, Satu Huber, Harri Kerminen, Ursula Ranin, Veli Sundbäck (Vice chairman) and Pekka Timonen. Until the end of the 2011 Annual General Meeting, Christoffer Taxell acted as the Chairman of the

Board. See the table on page 75 for the personal information regarding the Members of the Board.

The Members' independence from the company

All Members of the Board are independent of the company. The Members of the Board are also independent of the significant shareholders of the company with the exception of Pekka Timonen, who is employed by Finnair Plc's largest shareholder, the Finnish State.

The Board's activities during the financial period 2011

In 2011, the Board met nine times (six meetings with the composition chosen by the 2011 AGM and three meetings with the composition chosen by the 2010 AGM). See the table on page 75 for information on the Board Members' participation in the meetings during 2011.

COMMITTEES OF THE BOARD

Two permanent committees assist the Board in its work: the Audit Committee and the Compensation and Appointments Committee. The Board appoints Committee members and chairmen from amongst Members of the Board, and the term of office of the Committees is the same as the Board's term of office.

The Board has confirmed the written charters for the Committees. The committees report on their work regularly to the Board.

Audit Committee

The Audit Committee's main tasks include the monitoring of the financial statements reporting process, the financial reporting process and the effectiveness of the company's internal monitoring, internal auditing and the risk management systems, and to make proposals to the AGM on the auditor and the auditor's compensation. The members of the Audit Committee must be sufficiently qualified to carry out the tasks required by the Committee. Additionally, at least one member must have expertise especially in management accounting, accounting or auditing of the accounts. The charter of the Committee is available on Finnair's website in its entirety at www.finnairgroup.com under the Investors section.

The members of the Audit Committee of the Board post the 2011 AGM are Veli Sundbäck (Chairman), Sigurður Helgason, Satu Huber and

BOARD OF DIRECTORS IN 2011

| Name | Personal Information | Participation in Board meetings in 2011 | Participation in Committee meetings in 2011 |
|-------------------|--|---|---|
| Harri Sailas | Chairman of the Board since 24 March 2011 Member of the Board since 2010 B. 1951, M.Sc. (Econ.) Main occupation: President and CEO of Ilmarinen Mutual Pension Insurance Company Committee membership: Compensation and Appointments Committee | 8/9 | 5/5 |
| Elina Björklund | Member of the Board since 2009 B. 1970, M.Sc. (Econ.) Main occupation: Partner, BletBI Advisors Committee membership: Audit Committee | 9/9 | 3/3 |
| Sigurður Helgason | Member of the Board since 2007 B. 1946, MBA Main occupation: Chairman of the Board of Directors of the Icelandair Group Committee membership: Audit Committee | 8/9 | 3/3 |
| Satu Huber | Member of the Board since 2006 B. 1958, M.Sc. (Econ.) Main occupation: Managing Director of the Tapiola Pension Ltd Committee membership: Audit Committee | 9/9 | 3/3 |
| Harri Kerminen | Member of the Board since 24 March 2011 B. 1951, M.Sc. (Tech.), MBA Main occupation: President and CEO of Kemira Plc Committee membership: Compensation and Appointments Committee | 6/6 | 4/4 |
| Ursula Ranin | Member of the Board since 2006 B. 1953, LL.M., MSc (Econ) Committee membership: Compensation and Appointments Committee | 8/9 | 4/5 |
| Veli Sundbäck | Vice chairman of the Board since 24 March 2011 Member of the Board since 2004 B. 1946, LL.M. Committee membership: Audit Committee | 8/9 | 3/3 |
| Pekka Timonen | Member of the Board since 2008 B. 1960, LL.D. Main occupation: Director General of the Prime Minister's Office's Ownership Steering Department Committee membership: Compensation and Appointments Committee | 9/9 | 5/5 |

MEMBERS OF THE BOARD UNTIL THE END OF THE 2011 ANNUAL GENERAL MEETING

| Name | Personal Information | Participation in Board meetings in 2011 | Participation in Committee meetings in 2011 |
|--------------------|---|---|---|
| Christoffer Taxell | Chairman of the Board between 2003–March 24 2011 B. 1948, LL.M. Committee membership: Compensation and Appointments Committee | 3/3 | 1/1 |

More information on the Members of the Board is available on Finnair's website at www.finnairgroup.com under the Investors section.

Elina Björklund. In 2011, the Audit Committee met three times. See the table above for information on the Committee members' participation in the meetings during 2011.

Compensation and Appointments Committee

The Compensation and Appointments Committee's main task is, among other things, to prepare the

decisions of the Board of Directors on compensation and appointments matters relating to the company's President and CEO and the Group's other senior management, as well as the policies and practices relating to the compensation of the company's personnel. The charter of the Committee can be viewed on Finnair's website in its entirety at www.finnairgroup.com under the Investors section.

The members of the Compensation and Appointments Committee of the Board post the 2011 AGM are Harri Sailas (Chairman), Harri Kerminen, Ursula Ranin and Pekka Timonen. In 2011, the Compensation and Appointments Committee met five times. See the table above for information on the Committee members' participation in the meetings during 2011.

SHAREHOLDERS' NOMINATION COMMITTEE

In accordance with the proposal of the Ownership Steering Department in Prime Minister's Office, representing the Finnish State, the 2011 AGM decided to appoint Nomination Committee to prepare proposals concerning the Members of the Board and their compensation to be put to the next AGM. The Nomination Committee must submit its proposal to the company's Board of Directors by 1 February 2012.

Representatives from the three largest shareholders are elected to the Nomination Committee, which will also include the Chairman of the Board as an expert member. The three shareholders with the largest share of votes out of all shares of the company on November 1 prior to the AGM shall have the right to appoint the members representing the shareholders. In 2011, the three largest shareholders at the beginning of November were the Finnish State, Local Government Pensions Institution and Skagen Global Verdpapirfond. Jarmo Väisänen, Robin Backman and Michael Gobitschek acted as members of the Nomination Committee. The committee elected Jarmo Väisänen as its chairman from among its members. Harri Sallas, the Chairman of the Board, acts as an expert member of the Nomination Committee.

PRESIDENT AND CEO

Finnair Plc has a President and CEO whose task is to manage the company's operations in accordance with the Companies Act and the guidelines and instructions issued by the Board of Directors. Mika Vehviläinen, M.Sc. (Econ.), b. 1961, acts as Finnair's President and CEO.

A DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Financial reporting is a process of data recording, period close activities, consolidation and reporting. Most of the data recording and period close activities of Finnair Group companies are carried out in the Group's centralised Shared Service Centre in cooperation with business unit controllers, whereas consolidation and group reporting are performed in a separate group accounting unit reporting directly to the Finnair Group CFO. Most of the significant financial reporting items originate from the parent company or from the subsidiary

that owns the fleet. The Finnair Group applies the international financial reporting standards.

Financial reporting controls aim 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. In the Finnair Group, the financial reporting risks are managed through an interrelated process of five subareas: internal control environment, risk identification and assessment, control activities, information, and monitoring.

The internal control environment consists of the Group's roles, responsibilities and documented internal control principles as well as the Group's values and ethics. The roles and responsibilities are in accordance with the Finnish Companies Act, the Finnish Corporate Governance Code and also with the organisational structure of the Finnair Group. The internal control principles in the Finnair Group are documented in the Group reporting guidelines, the Self Assessment Tool, Treasury Policy, Procurement Policy, Credit Policy and Data Security Principles.

Risk identification and assessment are carried out at all organisational levels of the Finnair Group. In addition to this, Internal Auditing in cooperation with external auditors, Shared Service Centre and business unit controllers evaluates the most significant financial reporting risks related to main processes, such as revenue recognition, purchasing, payroll, investments, treasury, IT and disclosure processes, and in cooperation with external auditors, tests identified key controls to determine whether the controls are effective enough to manage these risks. Based on this, a financial statement risk analysis report is prepared twice a year under the direction of Internal Auditing and the results are reported to the Audit Committee.

The most significant evaluated risks related to financial reporting are managed through different control activities related to the accuracy of the financial information in companies, business areas and processes. The business area controllers as well as the Shared Service Centre play an important role in performing the control activities. Through the Self Assessment Tool, all business areas report the key controls and the performance of these key controls.

Information regarding control requirements is communicated through guidelines, policies and procedures. Through the Self Assessment Tool, the management of business areas communicates adherence to these requirements to Group Accounting. Internal Auditing reports the results of its work regularly to the Audit Committee. The results of the Audit Committee's control work, in the form of observations, recommendations and proposed decisions and measures, are regularly reported to the Board of Directors.

The monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board of Directors, the Audit Committee, the President and CEO, the Executive Board, Internal Auditing, subsidiaries and business areas. The monitoring includes the follow-up of monthly financial reports in relation to budgets and targets, the follow-up of the self-assessment reports of the Group's companies and business areas, as well as a review of the results from internal audits performed by Internal Auditing and the Group's external auditors.

Internal Control

Most of the company's operational activity is based on official regulations and supervision, and the responsibility for complying with these rests on persons approved by the authorities. Other essential supervision responsibilities are related to economics, financing and information security. The company has internal control guidelines, according to which each unit or function manager must arrange internal control of his/her own unit and organisation.

Internal Auditing

Internal auditing verifies the integrity of transactions, the accuracy of information in internal and external accounting and ensures that the controls are exercised effectively, property is maintained and operations are conducted appropriately in accordance with the Group's objectives. Internal Auditing also participates in the auditing of Finnair Plc subsidiaries' accounts in collaboration with external auditors. The Internal Auditing priorities are determined in accordance with the Group's risk management strategy.