

Corporate Governance Statement

GENERAL PRINCIPLES

Governing provisions

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 Exchanges. Furthermore, the Finnair Group complies with the Finnish Corporate Governance Code for listed companies (2010), excluding recommendations 28-30, as Finnair Plc's Board of Directors does not have a Nomination Committee referred to in these recommendations. A committee set by the Annual General Meeting prepares a proposal for the Annual General Meeting on Members of the Board and their remunerations.

The Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association at the address www.cgfinland.fi. The Corporate Governance Statement is presented separately here and the Annual Report contains a reference to this statement.

ANNUAL GENERAL MEETING AND EXERCISING OF VOTING RIGHTS

Ultimate authority in Finnair Plc is exercised by the company's shareholders at the General Meeting. The General Meeting is convened by the company's Board of Directors. In accordance with the Companies Act, the General Meeting decides on, among other things, the following matters:

- number, composition and remuneration of the Board of Directors
- election and remuneration of the auditors
- approval of the financial statements
- distribution of dividends
- amendment of the Articles of Association.

The Articles of Association of Finnair Plc do not contain a redemption clause nor any restrictions on voting rights. The company has one series of shares.

BOARD OF DIRECTORS

Composition and term of office

The Board of Directors of Finnair Plc consists of a chairman and of four to seven other members. The Annual General Meeting elects the Chairman and the Members of the Board of Directors for one year at a time. The Board of Directors elects a Deputy Chairman from among its members.

On 31 March 2010 the Annual General Meeting of Finnair Plc elected the following persons as Members of the Board:

- Christoffer Taxell, former Government Minister, LL.M., b. 1948 (Chairman)
- Sigurdur Helgason, MBA, b. 1946
- Satu Huber, Managing Director of the Tapiola Pension Ltd., M.Sc. (Econ.), b. 1958
- Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company, MSc (Econ), b. 1951 (Deputy Chairman)
- Ursula Ranin, M.Sc. (Econ.), LL.M., b. 1953
- Veli Sundbäck, LL.M., b. 1946
- Pekka Timonen, Director-General of the Prime Minister's Office Ownership Steering Department, LL.D., b. 1960
- Elina Björklund, VP Marketing Fiskars Home, M.Sc. (Econ.), b. 1970

All Members of the Board are independent of the company. Members of the Board are also independent of the company's significant shareholders, excluding Pekka Timonen, who is in the service of the Finnish Government, Finnair Plc's largest shareholder. The Board of Directors' term of office expires at the end of the next Annual General Meeting.

Personal details of the Members of the Board can be viewed on the Finnair Group's website.

Tasks and description of activities

The Board of Directors represents the company and all of its shareholders. The Board of Directors must act in the interests of the company and its shareholders and handle its tasks prudently, basing its actions on the best information and expertise reasonably available to it.

The Board of Directors approves the company's strategy and is responsible for arranging its financial monitoring and risk management. The Board of Directors approves the main principles of the management and governance systems necessary for implementing its tasks and appoints the senior management responsible for them. In addition, the Board of Directors decides on the convening of the Annual General Meeting, prepares the matters to be dealt with at the Annual General Meeting and is responsible for implementing the decisions of the Annual General Meeting.

The Board of Directors appoints and dismisses the President & CEO and decides on his/her salary and terms of employment. The Board of Directors also appoints and dismisses the deputy to the President & CEO. The Board of Directors selects the members of Finnair Group's senior management and decides on their terms of employment,

taking into account the company's human resources strategy guidelines and remuneration schemes. The Board of Directors is responsible for ensuring that the company's accounts, budget monitoring system, internal auditing and risk management are arranged in accordance with the company's corporate governance.

The Board of Directors is also responsible for ensuring that the openness and fairness referred to in the company's corporate governance are implemented in the information given on the company's financial statements.

The company is represented by the Chairman of the Board and the company's President & CEO as well as the Deputy CEO each separately, by two Members of the Board of Directors together, and by those individuals to whom the Board of Directors has conferred the right to represent the company, together with a Member of the Board or another individual entitled to represent the company. The company's powers of procurator are decided by the Board of Directors.

The board of Directors met 11 times during 2010. The average attendance of the Members of the Board of Directors at the meetings was 96.6 per cent.

The President & CEO of Finnair Plc or a senior member of the Finnair Group's management nominated by him acts as the presiding officer at meetings of the Board of Directors. The Finnair Group's General Counsel Sami Sarelius acts as secretary to the Board of Directors. The Board of Directors evaluates its working practices regularly.

The charter of the Board of Directors can be viewed on the Finnair Group's website.

Committees

The Board of Directors has a Compensation and Appointments Committee and an Audit Committee. The Compensation and Appointments Committee consists of Chairman of the Board, Mr. Christoffer Taxell and of members Mr. Board Pekka Timonen, Mr. Harri Sailas and Mrs. Ursula Ranin. The Compensation and Appointments Committee's main task is, among other things, to prepare the decisions of the Board of Directors compensation and appointments matters relating to the company's President & CEO and the Group's other senior management as well as the principles and practices relating to the compensation of the company's personnel. The committee met three times during 2010. Members' attendance at the meetings was 100 per cent. The charter of the Compensation

tion and Appointments Committee can be viewed on the Finnair Group's website.

The Audit Committee consists of Veli Sundbäck (Chairman), and of members Sigurdur Helgason, Satu Huber and Elina Björklund. The Audit Committee's main task is, among other things, to monitor the financial statements reporting process and to monitor that internal controls and risk management have been appropriately arranged, and to assess compliance with laws and regulations within the Group. The committee met three times during 2010. Members' attendance at the meetings was 100 per cent.

The charter of the Audit Committee can be viewed on the Finnair Group's website.

The Finnair Group's General Counsel Sami Sarelius acts as secretary to both committees.

CORPORATE MANAGEMENT AND GROUP STRUCTURE

President & CEO and Deputy CEO

Finnair Plc has a President & CEO, whose task is to manage the company's operations according to guidelines and instructions issued by the Board of Directors. President & CEO Jukka Hienonen relinquished his duties as President & CEO on 31 January 2010. Mika Vehviläinen M.Sc.(Econ), b. 1961 became Finnair's new President & CEO on 1 February 2010. Vehviläinen joined Finnair on 5 January 2010 from his position as Chief Operating Officer of Nokia Siemens Networks.

The Deputy CEO is Lasse Heinonen, b. 1968.

Finnair's Executive Board and Group Structure

Business and subsidiaries are grouped into three operational areas: Airline Business, Travel Services and Aviation Services. Airline Business is further divided into Sales & Marketing, Operations and Customer Service. Travel Services consists of the Group's travel agencies, tour operators and distribution companies. Aviation Services includes ground handling operations, technical services and catering activities. The support functions in Group Administration are Economics and Finance, Human Resources Management, Communications and Community Relations, Resource Management, Assurance Services and Legal Affairs.

Finnair Plc's Executive Board meets around 20 times per year (22 times during 2010) and its tasks include to decide upon group-wide development projects as well as group-level principles and procedures. In addition, the Executive Board handles,

among other things, the business plans of the Group and sector companies, financial performance, and prepares matters to be dealt with by Finnair Plc's Board of Directors. The Executive Board also acts as the Group's risk management steering group.

At the end of year 2010, the Executive Board is the following: President & CEO 2010 Mika Vehviläinen, Deputy CEO Lasse Heinonen, Chief Financial Officer Erno Hildén, SVP Operations Ville Iho, SVP Sales & Marketing Mika Perho, SVP Communications and Community Relations Christer Haglund, SVP Human Resources Manne Tiensuu, SVP Customer Service Anssi Komulainen, SVP Travel Services Kaisa Vikkula, SVP and General Counsel Sami Sarelius and as of 11 January 2011, SVP of the Resource Management Unit Gregory Kaldahl.

During 2010 there were the following changes in the Executive Board:

Timo Riihimäki, who served as Senior Vice President, Customer Service, resigned from the company and was succeeded as of 10 May 2010 by Anssi Komulainen, formerly Senior Vice President, Human Resources. Manne Tiensuu MA (Psych.), who was appointed as the new Senior Vice President, Human Resources, assumed his duties on 1 October 2010.

The Finnair Group's General Counsel Sami Sarelius was appointed to Finnair Plc's Executive Board as of 20 August 2010. Sarelius also acts as secretary to Finnair Plc's Board of Directors and Executive Board.

Finnair's Executive Board was restructured as of 1 September 2010. Deputy Chief Executive Officer Lasse Heinonen continued to deputise for Finnair Plc's President & CEO and he has line responsibility for Finnair's cargo operations, technical services, catering functions, and land and real-estate services.

Erno Hildén, formerly Senior Vice President Operations, became the Group's Chief Financial Officer. He is also responsible for the Group's fleet management company, Finnair Aircraft Finance Oy. Ville Iho moved to become Senior Vice President, Operations.

After the financial year, two changes took place in the Executive Board. Gregory Kaldahl assumed the position of Senior Vice President, Resource Management on 11 January 2011. Kaldahl was formerly employed by United Airlines. Senior Vice President, Public Affairs and Corporate Communications Christer Haglund will leave Finnair to join another company in mid-April.

Ville Iho serves as the Accountable Manager referred to in the Airline Operator's Certificate.

Finnair Group's Management Board

Changes also took place in the Finnair Group's Management Board. The Finnair Group's Management Board was expanded from the beginning of June. In addition to the current members, Vice President Sales Petri Schaaf, Vice President Flight Operations Markku Malmipuro and Vice President Cabin Service Department Kati Lehesmaa were also appointed as members. In addition, all personnel organisations were given a permanent seat in the Management Board. Previously, membership of personnel representatives on the Management Board had alternated between the various personnel organisations. Also, Managing Director Jukka Hämäläinen of Northport Oy left the company on 31 July 2010. Ari Kuutschin, who moved to his new post from Finnair Group's Human Resources Administration, became Northport Oy's new Managing Director as of 1 August 2010.

The Finnair Group's Management Board in 2010 comprised, in addition to members of the Finnair Plc's Executive Board:

Ari Kuutschin, SVP Ground Handling, Managing Director of Northport Oy

Kristina Inkiläinen, SVP Catering, Managing Director of Finnair Catering Oy

Antero Lahtinen, SVP Cargo, Managing Director of Finnair Cargo Oy and Finnair Cargo Terminal Operations Oy

Kimmo Soini, SVP Technical Services, Managing Director of Finnair Technical Services Oy and Finnair Engine Services Oy

Petri Schaaf, VP Sales

Markku Malmipuro, VP Flight Operations

Kati Lehesmaa, VP Cabin Service

Kristian Rintala, Airbus-pilot, Chairman of the Finnish Air Line Pilots' Association

Esa Suokas, HR Advisor, Representative of the Finnish Aviation Union

Mauri Haapanen, Superintendent, Chairman of the Finnair Technical Employees Association

Mika Tirkkonen, NCC OPS Controller, representative of the Finnair Senior White Collar Workers Association

Virpi Leppänen, Expert, Sales Supervising, Chairman of the Finnish Lentovirkailijat Association

Hannu Juppi, Manager, Chairman of the Finnair Engineers Association

Esa Heimonen, Purser, Chief Shop Steward of the Finnish Flight Attendants' Association, SLSY

The Management Board meets around eight times per year (six times in 2010). The Management Board is informed about, among other things, the business plans and financial performance of the Group and it discusses, among other things, significant changes and development projects affecting personnel.

Corporate governance of subsidiaries

The Members of the Boards of Directors are selected from individuals belonging to Finnair Group management and from representatives proposed by personnel groups. The key tasks of the Boards of Directors of subsidiaries are strategy preparation, approving operational plans and budgets, and deciding on investments and commitments within the scope of instructions issued by the Board of Directors of Finnair Plc.

REMUNERATION

Remuneration of the Board of directors

The Annual General Meeting decides annually the remuneration and other financial benefits of the Board of Directors and its committees. The remuneration of the Board of Directors and its committees is paid in cash. Members of the Board of Directors do not belong to the company's share incentive scheme nor other incentive schemes.

The annual remuneration and meeting compensation decided by the Annual General Meeting for Members of the Board of Directors in 2010 were:

- Chairman's annual remuneration, 61,200 euros
- Deputy Chairman's annual remuneration, 32,400 euros
- Member of the Board's annual remuneration, 30,000 euros
- Meeting compensation to a Member of the Board residing in Finland, 600 euros per meeting of the Board of Directors and its committees
- Meeting compensation to a Member of the Board residing abroad, 1,200 euros per meeting of the Board of Directors and its committees

The Members of the Board of Directors are entitled to a daily allowance and compensation for travel expenses in accordance with Finnair Plc's general travel rules. In addition, Members of the Board of Directors have a limited right to use staff tickets in accordance with Finnair Plc's staff ticket rules.

The remunerations paid to the Board of Directors are outlined in Note 9 to the financial statements. Up-to-date information on the Finnair shares owned by Members of the Board is available from Euroclear Finland Oy's NetSire service.

Remuneration of President & CEO, Executive Board and key individuals

The earnings of the President & CEO, Executive Board and management consist of a monthly salary and an incentive bonus as well as long-term share-based incentive schemes. Based on preparatory work of the Compensation and Appointments Committee, Finnair Plc's Board of Directors decides on the remuneration and other financial benefits of the President & CEO and the Members of the Executive Board who are responsible for the company's business areas as well as the criteria of the Group's incentive schemes for key individuals and the performance and share bonuses payable. The target bonus level as a percentage of the total salary has in 2010 been 16% and the maximum bonus level 40%. Information on the bonuses of the President & CEO and Deputy CEO is outlined in Note 9 to the financial statements as well as in a separate remuneration statement, which can be viewed in Finnair Group's website.

Around 70 key individuals of the Group belong to the 2010-2012 share-based incentive scheme, where the objective is to commit key individuals to the Finnair Group and to offer them a competitive incentive based on share ownership. The rewards of the scheme are based on Finnair Plc's financial and operational success as well as on a rise in the value of the company. Finnair Plc's Board of Directors decides on the target levels annually. The share bonuses are subject to sales restrictions. More information on share-based bonuses is given in Note 26 to the financial statements. Up-to-date information on the Finnair shares owned by members of the Executive Board is available from Euroclear Finland Oy's NetSire service.

The pension schemes of Finnair Plc's President & CEO and Members of the Executive Board as well as those of the managing directors of subsidiaries are individual schemes, and the retirement ages under these schemes vary from 60 to 65 years. All of the management pension schemes are defined-contribution schemes. Pension liabilities are outlined in Note 27 to the financial statements.

Other benefits of the President & CEO's employment

Up to the end of 2010, the President & CEO's other benefits were as follows:

President & CEO accumulates pension in accordance with the Employees' Pensions Act. In addition, the President & CEO is entitled to a supplementary pension scheme. The retirement age under this scheme is 63 years. Annual payment is

20 per cent of the base salary for December in the preceding financial period multiplied by 12.5. The policy right is fully vested after each payment is made, provided that the duration of the employment relationship exceeds 48 months.

Both parties to the contract are entitled to terminate the contract with no special justifications. Notice of termination on the company's part is twelve (12) months and on the President & CEO's part six (6) months.

The annual salary of President & CEO Mika Vehviläinen is EUR 579,000.

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 centralized Shared Service Centre in cooperation with business unit controllers, whereas consolidation and group reporting is 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 which manages 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 recognition and assessment, control activities, information and communication, 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. 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. Internal control principles in the Finnair Group are documented in Group reporting guidelines, the Self Assessment Tool, Treasury Policy, Procurement Policy, Credit Policy and Data Security Principles.

Risk recognition and assessment is 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 co-operation 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 in respect of financial reporting are managed through control activities in companies, business areas and processes. The business unit controllers as well as the Shared Service Centre play an important role in performing control activities. Through the self-assessment tool, all major business units report the key controls and the performance of these key controls. Key control activities, such as balancings, trend analyses and system controls have been defined through facilitated workshops.

Information regarding control requirements is communicated through guidelines, policies and procedures. Through the self-assessment tool, unit management 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 continuously reported to the Board of Directors.

Monitoring to ensure the effectiveness of internal control over financial reporting is conducted by the Board of Directors, the Audit Committee, the President & CEO, the Executive Board, Internal Auditing, subsidiaries and business units. 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 results from internal audits performed by Internal Auditing or the group's external auditors.

Internal control

Most of the company's operational activity is based on official regulations and supervision, and responsibility for complying with these rests with nominated postholders approved by

the authorities. In addition, the most important supervision responsibilities relate to economics, finance 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 organization.

Internal auditing

Internal auditing work is employed to verify the integrity of transactions and the accuracy of information in internal and external accounting, and to confirm that 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 Auditing. The Internal Auditing priorities are determined in accordance with the Group's risk management strategy.

AUDITING

The company has two auditors and their two deputies elected by the Annual General Meeting. The auditor and his or her deputy must be auditors approved by the Central Chamber of Commerce, or an auditing agency approved by the Central Chamber of Commerce. The term of office of the auditors shall end at the closing of the first Annual General Meeting following their election.

Finnair Plc's Annual General Meeting in 2010 elected as the company's auditors Authorised Public Accountants PricewaterhouseCoopers Oy, Principal Auditor APA Eero Suomela and APA Jyri Heikkinen, and as deputy auditors APA Tuomas Honkamäki and APA Timo Takalo. The auditors of Finnair Group subsidiaries are mainly PricewaterhouseCoopers auditing firms or auditors employed by them. Auditing fees paid to auditors amounted to 194,000 euros in 2010. Auditors were also paid 283,000 euros in 2010 for services (e.g. for VAT advice, system consulting and emission trade calculation) unrelated to auditing.

INSIDER ADMINISTRATION

The Finnair Group's insiders are divided into permanent insiders and temporary insiders in accordance with the Securities Market Act. Permanent insiders are further divided into those entered in a public insider register and those entered in a non public company-specific insider register.

Finnair Plc's permanent insiders include members of Finnair Plc's Board of Directors, the President & CEO and his Deputy, the direct subordinates

of the President & CEO, as well as the auditors, including the auditing firm's auditor with chief responsibility for the company.

The permanent company-specific insiders also include some other managers and white-collar workers in accordance with their job descriptions. Temporary insiders are individuals who receive insider information during the performance of some assignment (project). These individuals are entered into a non-public company-specific insider register, namely a project-specific register.

The Board of Directors of Finnair Plc have approved Finnair Plc's insider guidelines, which contain guidelines for permanent and project-work insiders and specify the organisation and procedures of the company's insider controls. The company's insider guidelines have been distributed to all insiders.

The Legal Affairs Department is responsible for the content of the insider guidelines. Compliance with the insider guidelines is monitored by the Economics and Finance Department. The company operates a restriction on trading, which applies to insiders' trading in the company shares or in securities granting entitlement to shares, for 30 days before the declaration of financial results.

Finnair Plc's insider register is maintained by Euroclear Finland Ltd. The public insiders and their up-to-date shareholdings can be viewed at Euroclear Finland's premises in Helsinki, Finland at the address Urho Kekkosen katu 5 C and on Finnair Group's website.