

## **Finnair Plc - information on the use of the state aid received in line with EU objectives and national obligations linked to the green and digital transformation**

Finnair renewed its sustainability strategy at the beginning of 2020 and published its new emission reduction targets in March 2020. Based on the new targets, net CO2 emissions would be halved in 2025 compared to 2019 and carbon neutrality would be achieved in 2045 at the latest.

Shortly after the announcement, it became evident that the effects of the COVID-19 pandemic on Finnair and air traffic in general were more dramatic than expected, and the company's strategy had to be viewed in a new light. Finnair, however, decided that it would stick to its emission reduction targets, although some tools and timings would have to be changed.

Impact on climate is Finnair's most material sustainability aspect. However, the pandemic also shed light on the importance of balanced sustainability work. While CO2 emissions fell below the 2025 target as early as 2020, an unacceptable social and economic price was paid. As a responsible employer, Finnair has sought to alleviate the hardship suffered by its employees despite the company's tight financial situation.

Sustainability is a key part of Finnair's strategy and part of its day-to-day operations throughout the organisation. For this reason, there was no separate sustainability report published in 2020, but sustainability was addressed as part of the Annual Report. The Annual Report describes Finnair's key sustainability actions and objectives. During 2020 and at the beginning of 2021, e.g. the following actions have been carried out:

- The new climate targets were announced in March 2020. Net CO2 emissions will be halved in 2025 (compared to 2019) and carbon neutrality would be achieved in 2045 at the latest.
- In May 2020, the Annual General Meeting decided to amend Finnair's Articles of Association by including the company's impact on environment and society.
- Environmental and social responsibility objectives were included in the short-term incentive schemes for all the company's employees (fuel efficiency and occupational safety).
- A NEXT programme was set up to support redundant workers, providing personal assistance for re-employment.
- There was a strong and significant increase in the focus on health and security of customers and employees due to the COVID-19 pandemic.
- An aircraft, which had reached the end of its service life, was dismantled and recycled in Finland. This ensured the quality of recycling and it also enabled bringing some Finnair's laid-off employees back to work to complete the dismantling of the aircraft.
- A new partnership was established with Fintraffic and a Perfect Flight was conducted to study the impact of various air traffic control and pilot actions on fuel consumption and to kick-off regular collaboration.
- Active participation in the Nordic Aviation Network was continued and a letter of interest was signed with Heart Aviation for possible future purchases of electric aircraft

Finnair will continue its ambitious sustainability work, and will ensure that when traffic returns, our positive impact on the environment and society will be greater and our negative impact smaller than before the pandemic.

The Sustainability Appendix of the Annual Report is attached to this document.

FINNAIR PLC





# Sustainability appendix 2020

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Reporting Principles

This Sustainability Appendix is integrated into the Annual Report and together they form Finnair’s sustainability reporting. This appendix has been prepared in accordance with the GRI Standards: Core option and Global Compact’s Communication on Progress (CoP). The report covers the parent company and all Finnish subsidiaries. The descriptions and information presented in the Annual Report provide an overview of the operations sustainability context, while this appendix provides the reader with more detailed information and figures for the reporting year. The priorities of the report are based on the materiality analysis described on GRI-table Row 102-47 list of Material Topics.

Finnair group does not report on the operations of foreign subsidiaries, because they are deemed not to be of key significance in terms of the group’s sustainability issues as minor operators. Any exceptions to this should be mentioned separately in connection with each indicator. Finnair does not report on outsourced operations, either. The business units and subsidiaries covered by the report are listed in the adjacent table.

The information of the report has been collected from the group’s internal statistics systems and from various subcontractors. In terms of measurement and calculation methods, the GRI topic-specific accounting principles have been adhered to whenever the available data have so allowed. If some other measurement or calculation method has been used, this shall be mentioned in connection with the key figure concerned. The figures have been presented in time series when this has been appropriate and reliably possible.

There have been no significant changes in the data compared with the previous report. Small amendments have been made to provide reader with even more reliant comparable data between reporting periods.

Changes pertaining to Finnair’s organisational structure and the calculation of financial statement data are described in more detail in connection with Finnair’s financial key figures.



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Global Compact; Communication on Progress -report

Human rights & Labour

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;  
Principle 2: Make sure that they are not complicit in human rights abuse;  
Principle 4: The elimination of all forms of forced and compulsory labour; and  
Principle 5: The effective abolition of child labour.

Practical actions Finnair’s human rights management is described in the Finnair Code of Conduct, The Supplier Code of Conduct, and the company’s personnel management principles. The company aims to prevent any violations of human rights and the use of forced or child labour both within its own operations and its supply chain.

Sustainability Appendix: 102-16, 103

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Practical actions Freedom of association and the collective right to negotiate on occupational issues are recognised as fundamental rights in Finland. There is a long tradition of trade union activity in Finnair. Labour market culture in the company has been constructed in such a way that the organisation of workers and collective negotiations between Finnair and employee groups are part of normal practice. All Finnair employees have the right and opportunity to agree on terms of employment collectively. The terms of employment of management employees are agreed on locally. Personnel and management remuneration principles are described in the Remuneration statement.

Sustainability Appendix: 103, 407

Principle 6: The elimination of discrimination in respect of employment and occupation.

Practical actions Equality and non-discrimination are embedded in the Finnair values, and Finnair is committed to providing its customers, personnel and partners with equal opportunities. Finnair does not discriminate based on gender, age, ethnic or national origin, nationality, language, religion, conviction, opinion, health, disability, sexual orientation or other personal attributes or circumstances. Finnair offers everyone equal opportunities for recruitment, work performance, career progression and development. Finnair implements the equal pay principle based on the Finnish Equality Act and gives both men and women equal opportunities for balancing work and family life. The working group for equality frequently updates the Equality and non-discrimination plan published internally and externally.

Sustainability Appendix: 103, 406  
[Company’s Equality and Non-discrimination Plan](#)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: Undertake initiatives to promote greater environmental responsibility; and  
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Practical actions Finnair’s goal is to be an engaging leader in the field of environmental responsibility. Finnair strives being a pioneer in evaluating, reducing and reporting environmental impacts. Company is also committed complying with current environmental legislation, but its environmental work aims at exceeding statutory requirements. Modern aircraft are always more fuel-efficient and silent than previous-generation aircraft, and hence Finnair’s most significant environmental action has been continuous, ongoing investments in a modern fleet.

Sustainability Appendix: 102-1, 103, 300 series (Environmental Topics)

Anti-corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

Practical actions Anti-corruption policies are outlined in Finnair’s Code of Conduct and Supplier Code of Conduct as well as in the Rules for Anti-Bribery, Corporate Hospitality and Hosting of Public Officials. Receiving and giving of bribes is strictly prohibited at Finnair. The group’s Conflict of Interest Guidelines cover the identification and avoidance of conflicts of interest and related conduct.

Sustainability Appendix: 103, 205-2, 206-1

Implementation and Measurement of Outcomes

Practical actions Finnair has a Whistleblowing line called Finnair Ethics Helpline in use, through which both internal and external stakeholders can report on concerns for ethical business conduct. During 2020 no material incidents of material misconduct were notified through the Finnair Ethics Helpline nor were there any investigations ongoing in the company.

Annual report p 25, Non-Financial Performance  
Sustainability Appendix: 102-17, 300 & 400 series (Social & Environmental topics)



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102: Organisation Profile
102-1 Name of the organisation
Finnair Plc
102-2 Activities, Brands, Products and Services
Annual Report pages 6-11
102-3 Location of the Headquarters
Tietotie 9, Vantaa, Finland
102-4 Location of the Operations
Annual Report pages 50, 18, 6-9
102-5 Ownership and Legal Form
Annual Report pages 30, 50
102-6 Markets Served
Annual Report page 10
102-7 Scale of the Organisation
Annual Report pages 10-14, 23-24



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102-8 Information on employees and other workers				
Annual report, pages 23-24, Non-Financial Performance				
	Number of employees	Share of females, %	Share of permanent contracts, %	
Employees	6131	57%	99%	
Management	73	34%	100%	
Executive Board	9	22%	100%	
Board of Directors	9	44%	0%	
Distribution of employee groups, %				
2020			2019	
Employee Group	Share from total, %	Share of females, %	Share from total, %	Share of females, %
Cabin Crew	38	89	32	89
Pilots	15	3	14	3
White Collar Employees	14	44	15	44
Ground services and Finnair Kitchen	11	59	14	64
Abroad	7	70	9	72
Technical Services	7	5	7	7
Technical Employees	3	13	3	13
Aviation Employees	2	81	3	82
Management	1	34	1	35
Travel Guides	1	76	1	85
Travel Agency Staff	1	95	1	94
Indicators on personnel are based on active employment relationships as at 31 December 2020 and are derived from company’s HR system. The figures exclude dormant employees and Aurinkomatkat Baltic subsidiary (number of personnel on 31 December 2020).				



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102-9 Supply chain
A report of the organistaion’s supply chain can be found under the chapter 103 Management Approach.
102-10 Significant changes to the organisation and its supply chain
Annual Report pages 28, 25
102-11 Precautionary Principle of Approach
Finnair has signed the Global Compact initiative, according to Principle 7 of which we support a precautionary approach to environmental challenges. To apply this approach, Finnair has an Environmental Policy in place and has included systematic risk assessment, management and communication in its environmental management system. All environmental objectives, targets, impacts and promotion are managed and continuously developed through Finnair’s Environmental Management System (EMS).
102-12 External initiatives
<ul style="list-style-type: none"><li>• UN Global Compact</li><li>• UN Universal Declaration of Human Rights</li><li>• UN Women’s Empowerment Principles</li><li>• Finnish Government’s Society’s Commitment 2050 (UN Agenda2030)</li><li>• Nordic Network for Electric Aviation</li><li>• IATA’s 25by2025</li><li>• IATA resolution against modern slavery and human trfficking</li><li>• Diversity Charter Finland (by FIBS)</li><li>• Wildlife Transport Taskforce; Buckingham Palace Declaration</li><li>• Helsinki Declaration</li><li>• Feasibility study on producing P2X fuel</li></ul>
102-13 Membership of associations
<ul style="list-style-type: none"><li>• Airlines for Europe (A4E)</li><li>• International Air Transport Association (IATA)</li><li>• Global Compact Finland Network</li><li>• Climate Leadership Council (CLC)</li><li>• Nordic Initiative for Sustainable Aviation (NISA)</li><li>• Finnish Business &amp; Society (FIBS)</li><li>• Nordic CEOs for Sustainable Future</li></ul>





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102: Strategy
102-14 Statement from senior decision-maker
Annual Report, pages 3–4, CEO Review Annual Report, pages 6–9, Business Model and Operational Environment
The sustainability strategy is geared at preserving the license to operate from key stakeholders and contributing to the good reputation and long-term shareholder value of Finnair. It also helps protect Finnair from the downside risk that breaches of environmental regulations, climate change, human rights abuses or governance issues, such as corruption, can bring to a company.
102-15 Key impacts, risks, and opportunities (comprehensive)
Annual Report, page 9, Value creation Annual report, page 6, Megatrends Annual report, pages 33–36, Risk management Company’s website: <a href="https://investors.finnair.com/en/governance/risk-management">https://investors.finnair.com/en/governance/risk-management</a>
102: Ethics and integrity
102-16 Values, principles, standards, and norms of behaviour
Annual report page 9, Value creation model.
Finnair’s corporate sustainability is reflected in its purpose, strategy, mission, vision and values of commitment to care, simplicity, courage and working together. Sustainability is integral to all Finnair operations, as stated in its strategy’s target; Sustainable, profitable growth. The target of Finnair’s sustainability strategy is to reduce the environmental impact and increase the financial and social return for society.
The Finnair Code of Conduct and Finnair Supplier Code of Conduct lay the foundation of how the company conducts its business responsibly, in all areas. The values, Codes of Conduct and policies implemented thereunder set the standard for Finnair and its employees across the jurisdictions and environments in which the company operates.
The key areas of the strategy fall under the following themes: Environment, Social and Economic. Finnair is committed to complying with international and national legislation in its operations and the ethical business principles laid out in the Code of Conduct, as well as continuously developing its sustainability performance. The most significant environmental aspects are the combustion of fuel, aircraft noise, energy usage in corporate facilities and waste generation. The most important social responsibility areas concern safety, personnel and customers, as well as ethical business conduct and responsible sourcing.
Finnair respects the UN Universal Declaration on Human Rights and the core conventions of the International Labour Organization (ILO). Finnair has also signed the United Nation’s Global Compact initiative and as required by the Global Compact principles, the company aims to prevent any violations of human rights and the use of forced or child labour both within its own operations and its supply chain. Finnair has been reporting on its corporate responsibility pursuant to the GRI G4 reporting guidelines since 2015 and from 2018 have followed the GRI standard framework.
102-17 Mechanisms for advice and concerns about ethics (comprehensive)
Finnair conducts its business in a responsible way and in accordance with its Code of Conduct. In order to protect the company and our business, all employees with knowledge of suspected violations of the law, misconduct or fraudulent or unethical conduct in violation of the Code of Conduct are encouraged to raise the concern and report it in accordance with the reporting procedures provided. Primarily, all employees are encouraged to raise concerns and report possible violations through normal reporting procedures. Supporting this, Finnair has a Whistleblowing line called Finnair Ethics Helpline in use, through which both internal and external stakeholders can report on concerns for ethical business conduct. All reports through the Ethics Helpline are received and handled directly by the Compliance function.
The identity, or anonymity as the case may be, of the person raising concerns will be protected and Finnair has a strict policy of non-retaliation against anyone raising a concern in good faith. Third party that hosts Ethics Helpline will never disclose voice-files, IP addresses or phone numbers, unless authorities are involved. The right of non-retaliation is guaranteed under the Finnair Code of Conduct and violation of this right will not be tolerated. Filing a report will not, however, automatically result in immunity for misconduct.





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102: Governance
102-18 Governance structure
Finnair’s management system is aimed to create value for all its stakeholders by bridging the world in a sustainable and safe manner. A detailed description of Finnair governance model can be found from Company internet pages: <a href="https://investors.finnair.com/en/governance">https://investors.finnair.com/en/governance</a>
102-19 Delegating Authority (comprehensive)
The company management structure can be viewd on the Company’s website: <a href="https://investors.finnair.com/en/governance/company-management">https://investors.finnair.com/en/governance/company-management</a>
102-20 Executive-level Responsibility for Economic, Environmental and Social Topics (comprehensive)
The executive-level responsibilities and reporting structure can be viewed on the company’s website: <a href="https://investors.finnair.com/en/governance">https://investors.finnair.com/en/governance</a>
102-30 Effectiveness of risk management processes
The internal control and risk management system at Finnair - corporate-wide coverage, hence 100% of operations - is the following: Finnair’s Internal Control Framework is the defined set and structure of the company’s internal policies, rules, procedures and key controls, including those in place in the area of sustainability. The framework is systematically developed and maintained to ensure the efficiency of the internal control system. The Internal Control Framework is designed to ensure effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, including safeguarding of assets, sound administrative and accounting procedures, reliability of financial and non-financial information both externally and internally, and compliance with laws, regulations, supervisory requirements and with Finnair’s internal policies and rules. The Finnair Internal Control Framework covers the whole Finnair group, and thus all operations. The primary governance principle is adherence to the Three Lines of Defence model, with a clear division of roles and responsibilities with respect to internal control and risk management. A proper Three Lines of Defence governance ensures that the segregation of duties is defined and established between risk management and risk control.
102: Stakeholder engagement
102-40 List of stakeholder groups
Stakeholder groups are listed in a table presented in 102-43; approach to stakeholder engaement.
102-41 Collective bargaining agreements
Annual Report, pages 23-27, Non-Financial Performance Employees can agree on their terms of employment through collective bargaining in countries in which that is the local practice. Finnair does not limit its employees’ rights to participate in trade union activities. Senior management constitutes an exception to this, as its terms of employment are agreed on locally or individually.
102-42 Identifying and selecting stakeholders
An open and transparent dialogue with various stakeholder groups provides the basis for an active stakeholder identification and responding process. We pro-actively provide and gather information through social media, print, and other forms of communication medias.



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102-43 Approach to stakeholder engagement		
Stakeholder Group	Topics	Channels
Customers	Travel experience, customer service issues, product quality, on-time performance, emissions and noise reduction, safety, recycling, responsible sourcing, responsible tourism, corporate responsibility projects via Finnair Plus.	Surveys, research, written feedback, Finnair website, social media, customer events, customer service encounters at every stage of the journey, messages to Finnair Plus customers, Finnair mobile app, Blue Wings inflight magazine, In-flight Entertainment system (IFE).
Personnel	Occupational health and wellbeing at work, equality, diversity and inclusion, target setting, Code of Conduct and ethical issues, safety and security, changes to improve profitability, values and business practices, increasing trust, reducing environmental impact on the job, corporate responsibility in partnerships, changes affecting personnel.	Intranet, internal blogs, theme weeks, Yammer, personnel events, WeTogether@Finnair-Wellbeing at Work -survey, occupational health services, performance evaluation and development planning, discussions with labour organisations, Leadership forum.
Shareholders and investors	Market environment and competitive landscape, the company’s operations, corporate responsibility, goals, reporting, strategy and financial position.	Stock exchange bulletins under periodic and ongoing disclosure obligation; interim reports, financial statements, report of the Board of Directors, Corporate Governance Statement. Annual General Meeting; investor, analyst and media meetings and events; corporate website; Carbon Disclosure Project.
Aviation sector	Safety, emissions and noise reduction, emissions reduction schemes, air traffic management, biofuel and supply chain development, sustainable tourism, economic impacts of the sector.	Membership in IATA and A4E; cooperation forum for sustainable tourism; membership in oneworld alliance; Joint Businesses; cooperation with Finavia and other airport operators; sector seminars and working groups; manufacturers.
Authorities and government	Competitiveness, market access, safety, emissions trading and reduction schemes, air traffic management, supply chain responsibility, reporting, economic contribution of aviation, impact of operations on environment and noise, disruptions and irregularities, biofuels, employee relations, the Transport Code.	Dialogue with local, national, EU-level authorities and governments; dialogue with governments and authorities in destination and overflight countries, events and other cooperation with the Finnish Consumer Agency, Flight Safety Authority (Traficom), embassies and other relevant Finnish and foreign actors.
NGOs	Greenhouse gas emissions and environmental impact reduction, public health measures, human rights, disaster relief, wildlife protection, common interest projects for sustainability and development cooperation, supply chain responsibility.	Cooperation with the WWF, Finnish Association for Nature Conservation, UNICEF, Finnish Red Cross, Cancer Society of Finland and other NGOs. Membership in the Carbon Disclosure Project and the Climate Leadership coalition, Commitment 2050 -cooperation, Science Based Targets initiative -cooperation.
Research, Development and Innovation Partners	Greenhouse gas emissions and environmental impact reduction, common interest projects for sustainability and development cooperation, supply chain responsibility.	Finnair website, social media, customer events and cooperation projects.
Suppliers	Cooperation efforts to reduce emissions and other environmental impacts, monitoring of responsibility and business ethics everywhere in the value chain.	Contractual cooperation, Finnair procurement guidelines and Supplier Code of Conduct.
Media	Company strategy and business, Finnair products and network, daily operations irregularities, investments, emissions reduction, personnel relations, financial sustainability, economic contribution of aviation, ethics, cooperation projects with NGOs, trends in travel and traffic, biofuels, emissions trading and reduction schemes, noise, impact of aviation on local economy and mobility.	Press releases, press conferences, visits by reporters, press trips, interviews, Finnair media desk calls and emails, websites social media, Blue Wings magazine.
General public	Customer service, product quality, labour relations, economic contribution of aviation, ethics, emissions reduction, presence in local economies, cooperation projects with NGOs, corporate citizenship.	Communications via media, websites, email and lectures; social media including blogs, Facebook, Twitter and Sina Weibo.
102-44 Key topics and concerns raised		
Key Topics of the stakeholder groups are listed in a table presented in 102-43; approach to stakeholder engaement		



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102: Reporting practice			
102-45 Entities included in the consolidated financial statements			
Annual report pages 81–83, Consolidation			
102-46 Defining report content and topic Boundaries			
Finnair has performed materiality analysis to identify the key economic, environmental and social values and impacts in Finnair’s value chain as well as impacts on business and stakeholder decision making. The materiality analysis issues have been identified through an analysis of industry trends, legislation, sustainability reporting guidelines, the reporting of peer companies and issues highlighted by various stakeholders. Priorities have been given for the identified sustainability topics based on their business impact and stakeholder interest. The material topics defined, as a result of the materiality analysis, have been grouped under four themes and have been used as the basis for 2020 reporting. Finnair’s sustainability focus areas, material topics, and related GRI standards and boundaries can be found in the table below (102-47).			
102-47 List of material topics			
FOCUS AREA	MATERIAL TOPICS	GRI TOPICS	TOPIC BOUNDARIES
Ethical business and responsible sourcing			
Ethical business and responsible sourcing	Code of Conduct	Ethics and integrity	Finnair’s own operations, partners and supply chain
		Environmental compliance	
		Socioeconomic compliance	
	Anti-corruption and bribery	Anti-corruption	
	Compliance with anti-competition regulations	Anti-competitive behaviour	
	Supply chain sustainability	Supplier social assessment	
		Human rights assessment	
Environmental			
Energy	Fuel efficiency	Energy intensity	Finnair’s own operations, supply chain, indirect impacts on greenhouse gas emissions and biodiversity
Noise	Flight noise		
Protection of the natural environment	Biodiversity	Biodiversity	
Emissions	Climate change mitigation	GHG Emissions (Scope 1,2 and 3), Reduction of GHG emissions	
	Renewable fuels		
	Offsetting		
Waste	Reusing products	Effluents and waste	
	Reducing waste		
	Reducing disposable plastics		
	Recycling of materials		





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FOCUS AREA	MATERIAL TOPICS	GRI TOPICS	TOPIC BOUNDARIES
Social			
Caring for our employees	Employee experience	Employment	Finnair’s own operations
	Employee brand image	Labour/management relations	
	Employee well-being	Occupational health and safety	
	Working conditions	Training and education	
	Equality	Diversity and equal opportunity	
		Human rights assessment	
Respecting our customers	Flight safety	Stakeholder engagement	Finnair’s own operations and customers
	Customer experience	Customer health and safety	
	Equality	Marketing and labelling	
	Responsible use of customer data	Customer privacy	
		Human rights assessment	
Stakeholders		Stakeholder engagement	Finnair’s own operations, society and local communities
		Public policy	
Economic			
Economic impact	Economic responsibility	Economic performance	Finnair’s own operations, society and local communities
		Indirect economic impacts	



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102-48 Restatements of information
In 2020 restatements have been made to the 2019 figures concerning the facilities’ energy consumption and emissions. Also, 2019 Scope 3 emissions have been amended to include ground vehicles indirect emissions. More detailed information on these minor changes are provided under the sections on the indicator in question.
102-49 Changes in reporting
There has been no significant changes in the material topics in year 2020.
102-50 Reporting period
1 January–31 December 2020
102-51 Date of most recent report
February 2020
102-52 Reporting cycle
Annually
102-53 Contact point for questions regarding the report
Finnair strategy, Finnair Plc, Tietotie 9, 01053, e-mail: Finnair.comms(at)finnair.com
102-54 Claims of reporting in accordance with the GRI Standards
This sustainability appendix has been prepared in accordance with the GRI Standards: Core option
102-55 GRI content index
The easy-to-navigate index of this GRI appendix content is implemented with a table of contents in the left margin.
102-56 External assurance
Sustainability Appendix pages 153-154



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103: Management approach
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach
Annual report, pages 6-9, Business model and operational environment Annual report, pages 19-21, Strategy Annual report, pages 23-27, Non-Financial Performance
<b>General Management Principles</b>
Company Internet pages: <a href="https://investors.finnair.com/en/governance/company-management">https://investors.finnair.com/en/governance/company-management</a>
<b>Sustainability Management</b>
Finnair’s purpose is to create value for all its stakeholders by bridging the world in a sustainable and safe manner. Finnair’s standpoint in sustainability is reflected in its purpose, strategy, mission and values. Sustainability is integral to all Finnair operations. Finnair sustainability strategy’s target is to reduce the environmental impact and increase the financial and social return for society. The material topics of sustainability fall under the following themes: Ethical business, Social, Economic and Environment. Sustainability at Finnair concerns everyone and we strive to incorporate the sustainability topics equally in all our processes and product design.
<b>ETHICAL BUSINESS</b>
<b>Human Rights and Code of Conduct</b>
Finnair is committed to comply with international and national legislation in its operations, as well as the ethical business principles laid out in the Code of Conduct and the Sustainable Development Goals (SDG) set by The United Nations General Assembly. The Code of Conduct applies to all Finnair personnel and all locations. Further, Finnair’s Supplier Code of Conduct provide clear principles to ensure e.g. ethical purchasing and zero-tolerance for corruption. The company requires that its suppliers comply with ethical standards that are essentially similar to those that Finnair complies with in its own operations. Finnair is working to further integrate sustainability and ethical business conduct into all business processes. Finnair’s Code of Conduct includes an anti-corruption section according to which the receiving and giving of bribes is strictly prohibited. Preventing corruption is everyone’s responsibility at Finnair, including the heads of business operations, compliance function and the internal audit.
Finnair respects the UN Universal Declaration on Human Rights and the core conventions of the International Labour Organization (ILO). The company has signed the United Nation’s Global Compact initiative and as required by the Global Compact principles, the company aims to prevent any violations of human rights and the use of forced or child labour both within its own operations and its supply chain.
<b>Public affairs and lobbying</b>
Aviation is a strictly regulated industry. Therefore, it is important for Finnair to participate in discussions and decision-making regarding its operating conditions. It is part of the company’s growth strategy to aim towards securing adequate traffic rights. Finnair pursues its interests in an ethically sustainable manner by appropriately introducing its views, perspectives and expertise. The company does not pressurise or support political decision-makers in any way in pursuing its interests. The legality and ethicality of lobbying activities is controlled as part of the company’s general supervision and audit processes. The aim of Finnair’s lobbying activities is to maintain relationships concerning relevant policy and to participate in relevant negotiations and the operations of advocacy organisations. When lobbying on various civil aviation and industry regulation issues, Finnair typically cooperates with various organisations and chambers of commerce. Finnair is an active member of various aviation industry organisations, such as A4E and IATA, but also in the Confederation of Finnish Industries (EK), and its sub-associations and in several chambers of commerce.
<b>Communications</b>
Finnair aims at open, honest and timely communications. In line with these principles, Finnair’s communications are also in compliance with regulations governing listed companies and limited liability companies, as well as the obligations of the Finnish Act on Cooperation within Undertakings and the communications guidelines of the State Ownership Steering Department.





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Finnair takes different perspectives into consideration and respects all stakeholders’ views of its operations. Finnair’s internal communications are based on reciprocity. Every employee has the duty to communicate matters related to their area of responsibility to the relevant target groups. Those in supervisory roles have a further duty to communicate goals, operations and results to their own work community and create a work environment that enables genuine constructive discussion. The company systematically develops its communication channels to enable more efficient communications and to facilitate constructive discussion.

Ethics Helpline

Finnair has a Whistleblowing line called Finnair Ethics Helpline in use, through which concerns for ethical business conduct can be raised. This is open for both internal and external stakeholders. During 2020 no material incidents of material misconduct were notified through the Ethics Helpline nor were there any investigations on-going in the company.

ECONOMIC RESPONSIBILITY

Finnair has substantial direct and indirect financial implications on Finland’s national and local economies. Aviation is a significant industry for Finnish society and the national economy. The accessibility created by airline traffic is a necessity for Finland’s global competitiveness and its economic impact is considerable; aviation is estimated to account for 3.5-4 per cent of GDP, employment and tax revenue.

Finnair’s objective is to create sustainable economic added value by producing flight services profitably, cost-competitively and in harmony with the needs of the environment and society. Sustainable operations are the cornerstone of profitable business activity, and Finnair considers the effects of its operations on society.

Finnair’s Board of Directors set the company’s financial targets which are provided with investors. As a public limited company, Finnair is committed to earning a profit for its shareholders. The company’s profit distribution principles are expressed in Finnair’s dividend policy. Finnair’s financial reporting aims to transparently provide information about Finnair’s financial position and development.

In financial reporting, Finnair applies the rules relating to listed companies as well as international financial reporting standards. Most of Finnair’s operational activities are based on the official regulations and are subject to official supervision. Within the group, the legality and acceptability of operations is monitored as part of Finnair’s general control and audit processes.

ENVIRONMENTAL RESPONSIBILITY

Finnair’s goal is to be an engaging leader in the field of environmental responsibility. Finnair’s environmental responsibility management is based on the principle of continuous and systematic improvement. The company has identified the key environmental aspects of its operations, their impacts, risks and opportunities involved, and set targets related to them.

Finnair shall enforce circular economy principals and pollution prevention hierarchy in its functions; prevent, reduce, reuse, control. Finnair Group is committed to the airline industry’s common goal of carbon neutral growth from 2020 onwards, to halve the carbon net emissions by 2025 compared to the 2019 level, and fly carbon neutral by the end 2045. Finnair strives being a pioneer in evaluating, reducing and reporting environmental impacts. Company is also committed complying with current environmental legislation, but its environmental work aims at exceeding statutory requirements.

The biggest environmental impact of an airline is its aircraft engine air emissions. Another easily observed impact is aircraft noise at the areas surrounding airports. Other material environmental impacts arise from common company operations, including different waste streams and corporate buildings’ energy consumption. Finnair considers environmental aspects and impacts in all its flight and ground operations. In addition to solutions around energy use that reduce the environmental impact, Finnair’s environmental strategy includes also the implementation of circular economy principals and the preservation and promotion of natural diversity, known as biodiversity thinking.

Finnair participates actively in civil aviation environmental committees as well as in industry workgroups in Finland and the Nordic countries, promoting the reduction of the aviation sector’s environmental load. An open dialogue with different stakeholders, continuous development of operations according to the latest available information and being active in implementing new technologies are the prerequisites for environmental responsibility.

Finnair report on environmental impacts regularly as part of the annual reporting and as a part of the Carbon Disclosure Project (CDP). Company also communicate directly with various parties about its operations and gladly answers any questions arising from its stakeholders.

All the above-mentioned environmental objectives, targets, impacts and promotion are managed and continuously developed through Finnair’s Environmental Management System (EMS). The system complies with IATA Environmental Assessment Program (IEnvA) Stage 2 and ISO 14001. IEnvA is an environmental management system developed by IATA specifically for airlines, which helps the company to make use of the best practices in the industry.

SOCIAL RESPONSIBILITY

Finnair’s operations is by nature very diverse and in many ways highly technical. Company organisation and partners are present in dozens of countries around the globe and are subject to a wide range of laws and regulations. The core areas of the company’s social responsibility include safety, care for our employees and customers, and supply chain management.



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Safety

Safety is at the core of all Finnair’s operations. Flight safety and giving priority to it are part of all decision-making at every stage. Finnair has implemented a Safety Management System (SMS) through which it continuously develops the safety performance of the operations. It covers all aspects of flight safety: policy, risk management, training and communications for the entire personnel and subcontractor chain, continuous compliance evaluation of operations and the assessment of the potential impact of new factors in the operating environment. Official regulations and standards set the minimum standards for Finnair’s safety management, which the company aims to exceed in all areas.

One of the central elements in Finnair’s safety system is the safety reporting concerning the entire staff. The company encourages its personnel and subcontractors to actively report any events they come across that could potentially compromise safety. Each report is analysed, classified and assessed for risk, followed by necessary corrective or preventive actions. The person submitting the report will be notified of the outcome of the investigation. Alongside subjective observations, Finnair extensively monitors and analyses objective indicators, such as flight data. Ongoing monitoring and analysis enable a transparent risk level in all areas, which in turn enables prompt action on any indication of altered safety level.

Events that seriously jeopardise safety are extremely rare and almost without exception an impartial safety investigation is launched on each such event. Serious incident investigations are coordinated by public officials (Safety Investigation Authority) or, if the authorities elect not to investigate the event, Finnair will conduct its own internal safety investigation. The safety investigators always carry out the investigation independently and the company’s management has no opportunity to influence the investigation outcome.

A strong safety culture, objective monitoring of the company’s own operations, continuous development and implementing improving measures as well as open dialogue with the authorities guarantee safe and high-quality airline operations.

Personnel Experience

A core part of Finnair’s social responsibility involves taking care of its employees and their working conditions. Finnair personnel management policies cover all aspects of social responsibility that have been identified as material. The impacts affecting the personnel and the working conditions are managed as based on the respective national regulations, Finnair values, guidelines and policies.

Finnair does not discriminate based on gender, age, ethnic or national origin, nationality, language, religion, conviction, opinion, health, disability, sexual orientation or other personal attributes or circumstances. Finnair does not condone harassment in the work community. Reporting infractions is employee’s basic right and the company is determined to take steps to intervene in all cases brought to its knowledge. Every employee is responsible for acting in a way no one is accorded unequal status.

Finnair offers equal opportunities to everyone with regard to recruitment, work performance, career progression and development. Finnair implements the equal pay principle based on the Finnish Equality Act and gives both men and women equal opportunities for balancing work and family life. In 2011, Finnair signed the United Nations Women’s Empowerment Principles, which give guidance on the empowerment of women in the workplace, marketplace and community. Year 2019 Finnair signed on an aviation initiative 25by2025, pledging that by 2025 we will have either 25% or women in all work groups or a 25% improvement in the gender equality.

Finnair complies with procedures jointly agreed by the employer and employees for the prevention of harassment, inappropriate conduct, and conflicts. Finnair has also promoted the prevention culture and processes of easily accessible services. The procedures are based on the Finnish Act on Occupational Safety and Health and complies with the model recommended by the Finnish Ministry of Social Affairs and Health.

Leadership and competencies are developed on an individual, team, unit and organisation level. Learning and development solutions are typically either adopted by the entire personnel or tailored for specific development needs within a unit. They may also be aimed at developing professional skills, based on official requirements or in support of personal development. Development needs in teams and the organisation are identified and the wellbeing and commitment of the personnel are regularly monitored through a personnel survey.

Finnair has employee wellbeing high on the agenda. Company’s People & Culture roadmap covers all the aspects of employee wellbeing: Leadership and Management, People development, Strategic resource management, Compensation and Benefits and driving Workability. In workability area sick leave development and means to improve early pensions due to workability reasons have been top on the agenda and Occupational health and safety has kept on building even more safe working environments at all Finnair locations.

At Finnair, the Finnair Health Services unit is responsible for the implementation of occupational health care services. Finnair Health Services focus on preventive care. The model of early caring and the occupational ability risk management system provide two examples of preventive health care guidelines. The operational and service quality of Finnair Health Services is based on the European Foundation for Quality Management’s EFQM Excellence Model. The quality system is used to ensure that Finnair Health Services meets the requirements for good occupational health care practice in both aviation health care and aviation medicine services.

Freedom of association and the collective right to negotiate on occupational issues are recognised as fundamental rights in Finland. There is a long tradition of trade union activity in the company. Labour market culture in the company has been constructed in such a way that the organisation of workers and collective negotiations between the company and employee groups are part of normal practice. All Finnair employees have the right and opportunity to agree on terms of employment collectively. The terms of employment of management employees are agreed on locally. Personnel and management remuneration principles are described Remuneration statement.



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Customer Experience

Finnair is committed in transporting customers, their baggage and cargo to appointed destinations safely, smoothly and punctually. The most material product responsibility aspects in the Finnair Group operations are flight safety, health safety, one-time-performance, food safety, responsibility for individual customers, and responsibility for the cargo carried. The aviation industry consists of regulated value chains comprised of multiple suppliers of products and services. As an airline and service company at the top of this value chain, Finnair creates added value for the customers by providing them with a variety of product and service choices together with its partners.

Customers must be able to trust in the fact that they will be cared for throughout the entire service chain. Finnair has the responsibility for the customers’ overall quality experience, although some services are produced by its partners rather than the company itself. Therefore, Finnair pays increased attention to the selection of its partners and they are required to comply with Finnair’s quality assurance policies and ethical guidelines. Monitoring and supervision of customer service is based on regular auditing, customer feedback and customer satisfaction surveys, as well as external measurements. Finnair’s partners’ operations are also continually evaluated. Monitoring is systematic and is based on set targets and evaluating performance. Finnair continuously develop these processes and assess the possibilities to use new technologies to improve the customer experience and operational efficiency. At Finnair, situations that deviate from the norm are prepared for in advance. The group has developed processes for various unexpected situations, and they are continually updated and maintained. Flight traffic irregularities are handled with care, and efforts are made to minimise inconvenience to the customer. Finnair has recently invested in new tools to both serve the customers better and perform the operations in a more optimized way.

Finnair respects the privacy of its customers and is committed to ensuring that personal details and other customer information are processed appropriately. Finnair has implemented the requirements of the EUs General Data Protection Regulation (GDPR) in all its business processes. Company do all its best to guarantee the confidentiality, security and accuracy of customer data under all circumstances. Company processes personal details at all stages of travel in compliance with the legislation on personal data and regulations issued by the authorities in the countries in which we operate.

Finnair Kitchen is responsible for food- and product-safety for all Finnair inflight services. Quality and safety of the catering operations are covered by Finnair Kitchen Quality Management System. Official regulations and industry standards set the minimum requirements, which the company aims to exceed in all areas.

Finnair’s Ground Operations unit is responsible for the acquisition, quality criteria and quality control of ground handling services required at airports. The unit’s task is to ensure that the ground services used by Finnair fulfil the requirements set for them, both in terms of quality and with respect of safety and official regulations.

To deliver on their service promises, Finnair Cargo, Kitchen and Ground Operations unit apply a systematic evaluation process to select subcontractors and partners. Partners are required, for example, to ensure and maintain the competency of their personnel, and to ensure that vehicles, equipment and premises are appropriate. In addition to quality audits, Finnair regularly performs quality inspections to continuously monitor both its own and subcontractors’ work. Finnair Cargo and Ground Operations are responsible for maintaining and updating their own quality systems and ensuring that operations comply with the requirements.

Supply Chain

The sustainability of the supply chain is very important for the airline as Finnair uses partners and service providers to an increasing degree as it expands its international route network. As provided in Finnair’s Code of Conduct, its procurement operations are based on the fair treatment of suppliers. Finnair has its own ethical guidelines for suppliers, the Finnair’s Supplier Code of Conduct, and expects all suppliers and partners to comply with the Supplier Code or essentially similar ethical standards. All partners and subcontractors, moreover, are obliged to comply with the principles of the UN Universal Declaration of Human Rights as well as local legislation. Finnair’s Responsible Sourcing Manual complements the Supplier Code of Conduct as internal instructions for implementation.

The persons making sourcing decisions must always stay independent in relation with business partners concerned. Finnair employee must declare themselves disqualified due to bias whenever they are required to make a decision pertaining to a contract or business relationship involving family relationships, ownership in the company concerned (with the exception of a reasonable share of ownership in a listed company), or any other business or debt relationship external to Finnair. Finnair does not accept corruption in any form and requires that its personnel and partners comply with the principles of the UN’s Universal Declaration of Human Rights. Finnair has a process and guidelines for continuously improving the sustainability of supply chain and for handling possible non-compliances. Company aspires to continuously develop practices ensuring negative sustainability impacts can be mitigated and responsible sourcing is favoured.

Finnair’s Executive Board group is responsible for the steering of the group’s procurement activity. The management of the Procurement unit has the duty to ensure that the personnel carrying out purchasing has access to valid purchasing guidelines and that the guidelines are observed. Audits are performed in certain product and service groups and especially among strategic and key suppliers. Auditing focuses on quality and safety factors.

Finnair is aware of the risks related to environment and human rights in geographical and industry-specific areas and aims at continuous improvement of preventive actions. The dialogue with the suppliers is continuous via themed supplier events.





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201: Economic Performance				
201-1 Direct economic value generated and distributed				
EUR mill.	2020	2019	2018	2017
Direct economic value generated				
Revenue	829.2	3,097.7	2,836.1	2,568.4
Other operating income	48.4	56.4	73.7	77.0
Sales gains and losses on aircraft and other transactions	0.8	0.2	42.7	44.1
Financial income	38.7	3.3	-2.2	-0.3
Total	917.2	3,157.6	2,950.3	2,689.3
Economic value distributed				
Materials, services and other operating expenses	831.8	2,128.3	1,899.3	1,909.6
Staff costs	158.6	530.9	494.7	418.9
Payments made to shareholders and loan providers	247.2	120.1	181.0	41.9
Dividend	0.0	35.0	38.4	12.8
Hybrid bond interests and expenses	18.5	15.8	15.8	15.8
Financial expenses	228.6	69.4	126.8	13.4
Payments to governments	8.7	14.5	19.2	7.2
Donations and other charitable payments	0.0	0.0	0.0	0.0
Total	1,246.3	2,793.9	2,594.2	2,377.5
Economic value retained for operational development				
Investments in tangible and intangible assets and acquisitions of subsidiaries	515.9	443.8	474.0	511.5
Comparable operating result	-595.3	162.8	218.4	170.4
Return on capital employed (ROCE), %	-15.2	6.3	9.3	13.6

Figures on economic responsibility are mainly derived from the financial statements and collected from company's reporting system.



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201-2 Financial implications and other risks and opportunities due to climate change		
Annual report pages 33–35, Risk management Company Internet -pages: <a href="https://investors.finnair.com/en/governance/risk-management">https://investors.finnair.com/en/governance/risk-management</a>		
Finnair has implemented a systematic Enterprise Risk Management (ERM) framework and process, which is based on the COSO ERM framework. The process considers all potential risks, including climate change-related risks and evaluates their potential financial impacts. The summary of the process and the list of most significant risks are presented in the Company Internet -pages. Finnair has identified and assessed various short- (1-2 years) and mid-term (3-5 years) climate-related risks and opportunities against IEA WEO 450 and IPCC RCP4.5 scenarios. In brief, Finnair prepare for jet fuel price increase, advocate on global or regional sustainability charges instead of national ones and upkeeps active dialogues between different stakeholders to secure the reputation and basic need of the aviation industry.		
201-4 Financial assistance received from government		
Public subsidies normally consist of subsidies received for training and they are primarily related to the aviation training services provided by Finnair. The Finnair Aviation College, founded in 1964, is a special vocational educational establishment maintained by Finnair Plc, which operates as a special educational establishment under the Act on Vocational Adult Education (631/1998). The reported public subsidies do not include subsidies paid to the airline business by the authorities in various countries, as they are considered business secrets.		
	2020	2019
Public subsidies received	4.4*	1.3
* 3.3 million euros relate to COVID-19 subsidies.		
Figures are derived from the financial statements.		
203: Indirect economic impacts		
203-2 Significant indirect economic impacts		
Finnair’s sustainable growth and current route network utilising Helsinki Hub’s geographical position enable Finland to have better connections to other parts of the world than domestic demand alone could support. This has a significant impact on the travel opportunities of Finns and on the Finnish business sector competitiveness. In addition, the aviation sector is a major job creator in Finnish society. Blue Wings: Why travel is essential for Finland ( <a href="https://www.finnair.com/it-en/bluewings/travel-experience/why-travel-is-essential-for-finland-2167526">https://www.finnair.com/it-en/bluewings/travel-experience/why-travel-is-essential-for-finland-2167526</a> )		
205: Anti-corruption		
205-1 Operations assessed for risks related to corruption		
During 2020, no incidents of corruption were notified through Finnair Ethics Helpline, available to both internal and external stakeholders, nor were there any material investigations on-going in the company.		
205-2 Communication and training about anti-corruption policies and procedures		
Finnair’s Code of Conduct includes an anti-corruption section, and the receiving and giving of bribes is strictly prohibited. During 2020, Finnair continued to train its employees on Finnair’s Code of Conduct, and all new employees receive the mandatory e-learning module on the Code of Conduct.		
205-3 Confirmed incidents of corruption and actions taken		
No incidents of corruption were reported in 2020.		
206: Anti-competitive behaviour		
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		
No incidents identified.		



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207: Tax
207-1 Approach to tax
Finnair’s principle is to pay, collect, remit and report the indirect and direct taxes it is subject to in each country according to local laws and regulations. The aim of Finnair’s tax principles is to support business decisions and to ensure their appropriate implementation, also from the perspective of taxation.
207-2 Tax governance, control, and risk management
Finnair group does not have any structures in place to transfer taxable income from Finland to jurisdictions with lower tax rates. Finnair’s tax related risk management is based on a responsibility assignment matrix (RACI matrix) and in addition to Finnair group’s tax function, the risk management processes are monitored by the internal audit function. Potential tax risks are reported also for the Executive Board of Finnair as well as for the Audit Committee.
207-3 Stakeholder engagement and management of concerns related to tax
No incidents
207-4 Country-by-country reporting
<p>Finnair’s international business operations are mainly related to the sales of flight tickets and cargo through Finnair Plc’s foreign sales units, as well as local sales promotion activities. Sales units are not separate legal entities. The sales units’ income is taxed pursuant to the regulations and double tax treaties pertaining to the international airline business as part of the parent company’s taxable income in Finland. The operations of Finnair’s foreign subsidiaries have primarily been related to travel and back office services, and they are very minor in scale relative to the group’s business operations as a whole. Finnair has also had minor holdings (less than 20 per cent) in some insurance captives located in Guernsey for business reasons, the results of which are subject to taxation in Finland.</p> <p>Finnair’s taxable operations in individual countries outside of Finland are minor in scale, which can be seen from the tables presented in the tables on the next page.</p> <p>Finnair Group’s foreign operative subsidiaries are located in Estonia, where income tax is due in connection with distribution of dividends. The group had also a dormant subsidiary in Russia. It was liquidated at the end of 2020. Specification for foreign subsidiaries’ external revenue, result before taxes, income tax payable and number of personnel is presented on the next page.</p> <p>Profits of sales units are taxed in accordance with regulations and double tax treaties pertaining to the international airline business and, hence, revenue, result before taxes, income tax payable and number of personnel in other countries are not separately adopted in financial statements. Specification of taxes paid and collected in other countries is presented on page 21.</p> <p>Other taxes primarily include environmental and electricity taxes. Due to the nature of the international airline business, jet fuel is tax-free.</p> <p>Finnair has confirmed losses in taxation from previous tax periods amounting to approximately 0 million euros. The estimated amount of confirmed tax losses after 2020 taxable result is approximately 707 million euros due to the COVID-19 impact. The confirmed tax losses can be utilised against positive taxable income over the next ten years.</p> <p>More information on direct taxes, such as the taxes pursuant to the consolidated income statement, deferred tax assets and liabilities and the adjustment of the effective tax rate is presented in Note 5.1 in Finnair’s consolidated financial statements.</p> <p>The most significant indirect taxes collected during the financial year are withholding tax liabilities, value added tax and excise taxes.</p> <p>The passenger tariffs collected from flight passengers are not considered as tax-like payments remitted to the authorities subject to reporting as part of the tax footprint as these payments are usually remitted to the private or public party responsible for airport operations.</p> <p>Country specific information for 2020 is presented in the chart on page 21 only regarding countries where the amount of taxes paid, collected or deducted was at least 0.05 million euros. Countries where this threshold was not met are presented as two separate geographical areas. The figures below include taxes paid and collected by subsidiaries and sales units.</p> <p>Employer contributions paid relate to mandatory employer payments regarding employees located outside of Finland. Withholding taxes on salary are collected based on local legislation. Value added tax on sales and purchases relate mainly to passenger sales and cargo services.</p> <p>Total amount of excise taxes outside Finland in 2020 has been less than 0.1 million euros and, hence, this information is not presented on a country-by-country basis.</p>





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Finnair’s operations in Finland and in other countries	2020				2019			
	Finland*	Estonia	Other countries	Total	Finland	Estonia	Other countries	Total
Revenue, EUR million	829.0	0.2	0.0	829.2	3,088.2	9.5	0.0	3,097.7
Result before taxes, EUR million	-654.6	0.3	0.0	-654.4	93.5	-0.5	0.0	93.0
Number of personnel	5,982	217	374	6,573	6,164	235	372	6,771

\* Internal turnover has been eliminated.

Direct taxes payable, EUR million	2020			2019		
	Finland	Other countries	Total	Finland	Other countries	Total
Employer contributions	4.7	2.3	7.0	4.5	2.2	6.7
Property taxes	0.7	0.0	0.7	0.7	0.0	0.7
Other taxes	0.9	0.0	1.0	2.2	0.0	2.2
Public subsidies received*	-1.9	-2.5	-4.4	-1.3	0.0	-1.3
<b>Taxes included in direct operating expenses and subsidies in total</b>	<b>4.5</b>	<b>-0.2</b>	<b>4.3</b>	<b>6.1</b>	<b>2.3</b>	<b>8.4</b>
Income taxes payable**	0.0	0.0	0.0	8.3	0.0	8.3
<b>Total direct taxes payable</b>	<b>4.5</b>	<b>-0.2</b>	<b>4.3</b>	<b>14.4</b>	<b>2.3</b>	<b>16.7</b>

\* 3.3 million euros of public subsidies received were COVID-19 related.  
\*\* Income taxes payable are tax expenses recorded based on the taxable result, which has partly been utilised against confirmed tax losses.

Indirect taxes collected for the financial year, EUR million	2020			2019		
	Finland	Other countries	Total	Finland	Other countries	Total
Value added taxes, sales	63.1	0.1	63.2	95.0	0.9	96.0
Value added taxes, purchases	84.8	2.6	87.3	125.2	5.1	130.3
<b>Value added taxes, net</b>	<b>-21.7</b>	<b>-2.5</b>	<b>-24.2</b>	<b>-30.1</b>	<b>-4.2</b>	<b>-34.3</b>
Withholding taxes on wages and salaries and other indirect taxes	64.8	2.0	66.8	100.1	2.5	102.6
Excise taxes	0.1	0.0	0.1	0.5	0.0	0.5
<b>Total</b>	<b>43.2</b>	<b>-0.5</b>	<b>42.8</b>	<b>70.5</b>	<b>-1.7</b>	<b>68.8</b>



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2020 Country specification, EUR million	Employer contributions	Value added taxes, sales	Value added taxes, purchases	Value added taxes, net	Withholding taxes on wages and salaries	Total
Countries						
Estonia	1.1	0.0	0.1	-0.1	0.0	1.0
China	0.3	0.0	0.0	0.0	0.1	0.4
Belgium	0.1	0.0	0.0	0.0	0.2	0.3
USA	0.1	0.0	0.0	0.0	0.2	0.3
Germany	0.0	0.0	0.0	0.0	0.1	0.2
Spain	0.1	0.0	0.1	0.0	0.1	0.2
Russia	0.0	0.0	0.0	0.0	0.0	0.1
Switzerland	0.0	0.0	0.0	0.0	0.1	0.1
South-Korea	0.0	0.0	0.1	-0.1	0.1	0.1
Japan	0.3	0.0	0.7	-0.6	0.5	0.1
Italy	0.0	0.0	0.1	0.0	0.0	0.0
France	0.0	0.0	0.1	-0.1	0.0	0.0
Denmark	0.0	0.0	0.0	0.0	0.1	0.0
Sweden	0.1	0.0	0.3	-0.3	0.1	0.0
Norway	0.0	0.0	0.2	-0.2	0.0	-0.2
The UK	0.0	0.0	0.4	-0.4	0.1	-0.3
Thailand	0.0	0.0	0.5	-0.4	0.0	-0.4
Areas						
Other European countries*	0.1	0.0	0.0	0.0	0.1	0.1
Rest of the world**	0.0	0.0	0.1	-0.1	0.0	0.0
Total	2.3	0.1	2.6	-2.5	2.0	1.9

\* Austria, Czech Republic, Hungary, Ireland, Latvia, Lithuania, The Netherlands, Poland, Portugal  
\*\* Australia, India, Singapore

Figures on economic responsibility are mainly derived from the financial statements. Other information with respect to economic responsibility is derived from the group’s various operators.



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302: Energy				
302-1 Energy consumption within the organisation				
Annual report pages 23–27, Non-Financial Performance				
Finnair’s primary energy consumption consists of the use of transport fuels. Aviation is very energy-intensive, and Finnair’s largest environmental load arises from flying and particularly from the use of fossil jet fuel. Finnair’s total jet fuel consumption comprises flights operated by Finnair itself, flights operated by Norra on Finnair’s behalf, as well as so-called wet-lease flights leased on a short-term basis from other operators due to lack of fleet or crew. In addition, jet fuel is consumed on transfer and training flights, as well as on test runs.				
2020			2019	
Direct Energy Consumption	Non-renewable	Renewable	Non-renewable	Renewable
Jet Fuel, kg	365,491,837	0	1,132,187,001	32,452
Jet Fuel, GJ	15,643,051	0	48,457,604	1,410
Ground Vehicles Fuel, kg	68,807	26,252	203,789	54,887
Ground Vehicles Fuel, GJ	2,836	1,119	8,335	2,305
Solar Power, MWh	0	278	0	297
Solar Power, GJ	0	1,001	0	1,069
Total, GJ	15,645,887	2,120	48,465,939	4,784
Indirect Energy Consumption				
Facilities Electricity, MWh	20,420	1,075	27,356*	0
Facilities Electricity, GJ	73,513	3,869	98,482	0
Facilities Heat, MWh	15,129	3,782	24,806*	0
Facilities Heat, GJ	54,464	13,616	89,302	0
Total, GJ	127,977	17,485	187,784	0
Grand Total, GJ	15,773,864	19,605	48,653,723	4,784
* Year 2019 figures have been amended to include two missing energy figures and due to minor changes in facilities square meter allocation between different tenants.				
Fuel consumption and emission figures for flight operations are derived from the company’s own monitoring systems and based on actual fuel consumptions (Annex 1 EU ETS Directive 2003/87/EC of the European Parliament and of the Council, ‘Method A’ EU ETS Monitoring and Reporting Regulation (EU) No 601/2012).				
The used ‘Method A’ formula: Fuel consumption for each flight = Amount of fuel contained in aircraft tanks once fuel uplift for the flight is complete – Amount of fuel contained in aircraft tanks once fuel uplift for subsequent flight is complete + Fuel uplift for that subsequent flight. This method is used in order to capture the fuel consumption by the aircraft’s auxiliary power unit (APU) on the ground also. Where the Method A cannot be used, estimated average fuel burn per block hour per aircraft type is used. For wet-leased flights fuel burn has been requested from wet-lessor. If not received, respective fuel burn has been calculated by aircraft manufacturer specifications or lessor’s information on aircraft type fuel burn per block hour. Data gaps and erroneous data have been handled using substitution data as close to actual values as possible.				
Ground vehicles’ fuel consumption figures have been derived from the company’s own fuel filling station. The densities reported by different fuel vendor(s) have been used for different fuel qualities. Where technical data sheets for fuels used in ground vehicles (biodiesel, petrol, fuel oil) have not been available from the manufacturer, UK Government Conversion Factors for greenhouse gas (GHG) reporting 2020 have been used.				
Solar power production figures have been received from the service provider’s on-line up-to-date web-based reporting channel.				
Organisations’ indirect energy consumption includes those corporate facilities where company’s own operations take place. The properties owned and leased by Finnair are mainly located in the Helsinki Airport area. The data include electricity and heating consumption. The figures have been obtained from service providers and is based on paid invoices. Energy consumption figures are not available for Finnair’s offices abroad (which are mainly sales offices), as their energy consumption is typically invoiced as a fixed part of rent. According to the data provided by the energy suppliers 20 % of the purchased district heat and 5% of electricity is produced from renewable sources.				





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302-3 Energy intensity				
Annual report pages 23-27, Non-Financial Performance				
In this report jet fuel is treated as energy because in terms of its purpose and environmental effects it is sensible to understand jet fuel as stored energy. Finnair’s measures to improve its fuel efficiency focus on flights operated by the company itself. Finnair monitors the fuel efficiency of its flights primarily by the payload indicator (RTK), which accounts for the passenger load factor, the mass of cargo transported and the distance between the origin and destination.				
Jet Fuel consumption	2020	2019	2018	2017
g / RTK (total, pax + cargo)	301.4	249.3	251.3	247.7
g / RPK (allocated)	29.3	25.0	25.2	25.0
liters / Pax / 100km (allocated)	3.7	3.1	3.2	3.1
RTK = Revenue Tonne Kilometer, RPK = Revenue Passenger Kilometer PAX = Passenger				
The allocated intensity figures have been calculated by dividing the burned fuel between cargo and passenger masses. The total revenue mass of the transport activity has been calculated following the ICAO emissions allocation principle; An average passenger mass with baggage is assumed as 100 Kg, plus a 50 Kg add-on to account of the on-board equipment and infrastructure associated with passenger use (for example, the weight of seats, toilets, galleys and crew). Allocation of fuel consumption between passenger and cargo activities derives from this relation.				
302-4 Reduction of energy consumption				
Annual Report, pages 23-27, Non-Financial Performance				
Finnair discloses its progress in emissions and energy reduction work in detail through CDP reporting. Those who would have interest and have CDP membership can found detailed disclosures at <a href="https://www.cdp.net/en">https://www.cdp.net/en</a> .				
302-5 Reductions in energy requirements of products and services				
Annual Report, page 24; Fuel Efficiency Graph Finnair is a network airline that specialises in passenger and cargo traffic between Asia and Europe. It also offers package tours under its Aurinkomatkat and Finnair Holidays brands. The energy consumption of Finnair’s services is easiest to observe with the jet fuel consumption intensity figures presented in the table 302-3.				
304: Biodiversity				
304-2 Significant impacts of activities, products, and services on biodiversity				
Finnair takes environmental aspects into consideration on the ground and in the air. Besides energy solutions that reduce the environmental load, Finnair’s environmental policy also includes the preservation and promotion of natural diversity, known as biodiversity thinking. Finnair has assessed the ecosystem services, or benefits provided to people by nature, that are most relevant to its business, and its operations most significant impacts on them. Of the different categories of the ecosystem services, cultural services and regulating services are the most relevant to Finnair’s business. Cultural services include tourism, human value and aesthetic value. Regulating services include the regulation of air quality and climate, disease control, pest control and pollination.				
Finnair’s core business and key product areas benefit ecosystem services in various ways. Cultural services are particularly important for travel services. Accordingly, Finnair’s travel agency, Aurinkomatkat, has participated in various local projects to maintain biodiversity at various destinations for several years. When planning its destination programmes, Aurinkomatkat carefully evaluates their potential effects on the environment and biodiversity. For example, it has stopped all trips to zoos and other attractions where animals are held captive. The operations aim also to avoid excursions to sites where visits could pose a threat to biodiversity. The customers are informed at destinations on appropriate conduct to preserve biodiversity.				
In the airline business, Finnair has supported both cultural and regulating services by prohibiting the transportation of hunting trophies or memorabilia originating from endangered species or their parts in its cargo network. Also, primates and canines intended for laboratory, experimental or other exploitation use will never be accepted for transport. Furthermore, Finnair has signed the United for Wildlife (UFW) Buckingham Palace declaration of the Duke of Cambridge to prevent the illegal wildlife trade. As a signatory, the company has undertaken to promote the awareness of different stakeholders about this topic.				
The significance of biodiversity in Finnair’s airline business will be highlighted further in the coming years through climate change mitigation measures. When Sustainable Aviation Fuels (SAFs) replace fossil fuels in the future, the company wants to ensure that the primary production of feedstocks for renewable energy sources is used in line with the principles of sustainable development and does not compromise ecosystem services. For example, in the manufacturing of biofuel, measures must be taken not directing to Indirect Land Use Change (ILUC). The objective is to ensure that arable land used for growing food crops is not used to produce raw material for biofuel, which would result in either the clearing of forests or wetlands to create space for food production or a decline in food production. Regulating services have a significant impact on both the airline business and travel services. The local decline of biodiversity erodes the operating conditions of the tourism industry and increases the risk of infectious diseases.				



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304-3 Habitats protected or restored				
In 2020 Finnair collaborated with Snowchange Co-op and the Landscape Rewilding Programme by supporting a 26 hectares namesake boreal peatland plot, Laineensuo. Laineensuo is a highly relevant biodiversity area, with bird life including European Golden Plover and other relevant species. The site acts as a carbon sink alleviating climate change. The carbon inventory is assessed using latest trace gas analyzers. Laineensuo restoration helps to improve water quality downstream on Finnish boreal lakes and rivers. The project is part of Finnair’s work to further understand climate change mitigation possibilities as well as contributing to biodiversity.				
305: Emissions				
305-1 Direct (Scope 1) GHG emissions				
Annual report, pages 23-27, Non-Financial Performance				
Nearly all of Finnair Group’s greenhouse gas emissions arise from flight operations. Flying primarily causes two kinds of direct greenhouse gas emissions: carbon dioxide and water vapour. Water vapour is the most important greenhouse gas in the atmosphere, but it is not generally examined directly as a human-derived greenhouse gas emission, because the water vapour in the atmosphere is mainly the result of natural evaporation. Air transport is in a special position in this respect because the water vapour generated by the engines is released high in the atmosphere, which increases the atmosphere’s H2O content above the cloud layer. However, not enough is yet known about the impacts of water vapour and other GHG temissions han CO <sub>2</sub> from aviation and while more scientific results are available company report the CO <sub>2</sub> emissions only.				
Direct GHG Emissions	2020	2019	2018	2017
Jet Fuel, t CO <sub>2</sub>	1,151,299	3,566,389*	3,248,045	2,902,787
Ground Vehicles @ HEL, t CO <sub>2</sub>	218	650**	755	740
<b>Total, t CO<sub>2</sub></b>	<b>1,151,517</b>	<b>3,567,039</b>	<b>3,248,800</b>	<b>2,903,408</b>
* The 2019 figure has been amended; Sustainable aviation fuel (SAF) emissions removed from Scope 1 reporting. ** The 2019 figure has been amended; Biodiesel emissions removed from Scope 1 reporting.				
Emission factor for jet fuel used in the report has been 3,15 kg CO <sub>2</sub> /kg (Default IPCC emission factors, taken from the 2006 IPCC Inventory Guidelines). Fuel mass has been converted to volume using densities provided by fuel vendor. If density has not been available a default value of 0.80 kg/l has been used. Ground vehicles’ emissions (biodiesel, petrol, fuel oil) have been calculated using emission conversion factors for different fuel qualities originating from UK Government Conversion Factors for greenhouse gas (GHG) reporting 2020.				
305-2 Energy indirect (Scope 2) GHG emissions				
Indirect GHG Emissions	2020	2019	2018	2017
Facilities electricity, t CO <sub>2</sub>				
Market-based	5,352	6,812*	7,270	8,225
Location-based	3,031	4,322	5,018	5,722
Facilities heat, t CO <sub>2</sub>				
Market-based	3,347	4,391*	6,487	11,040
Location-based	2,912	4,068	5,200	7,417
<b>Total (market-based), t CO<sub>2</sub></b>	<b>8,699</b>	<b>11,203*</b>	<b>13,757</b>	<b>19,265</b>
* The 2019 emissions figures have been amended to match the emission factors received from the suppliers.				
Market-based emission factors used have been received from the energy company. Since the energy company update it’s emissions factor after Q1/2021, the 2019 emissions factors have been used for 2020. 2019 factors being 249 kgCO <sub>2</sub> /MWh for electricity and 177 kgCO <sub>2</sub> /MWh for heat. Respectively, 2019 figures above have been updated compared to the previous year’s reporting. Location-based emission factors have been received through Motiva, factors used for year 2020 being 141 kgCO <sub>2</sub> /MWh for electricity and 154 kgCO <sub>2</sub> /Mwh for heat.				



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305-3 Other indirect (Scope 3) GHG emissions				
Other Indirect GHG Emissions	2020	2019	2018	2017
Fuel transportation & production, t CO <sub>2</sub>	248,755	770,575*	702,790*	627,200*
Business travel, t CO <sub>2</sub>	109	326	485	N/A
Total, t CO <sub>2</sub>	248,864	770,901	703,186	627,113
*) Figures have been amended to include ground vehicles indirect emissions and emissions from sustainable aviation fuel (SAF).				
Finnair has assessed its Scope 3 emissions based on GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard). The most material scope 3 emissions derives from Category 3 (Fuel and Energy related activities not included in Scope 1-2). Emission factor source: SFS-EN 16258 standard Table A.1 for Jet A-1, petrol and fuel oil. Biodiesel emission factor (transport and production emissions) has been received from the manucaturer.				
Business travel by Finnair employees primarily are made by the company's own flights, the emissions of which are reported under Direct greenhouse gas emissions (Scope 1). Business travel made by other airline services is reported under the Other indirect (Scope 3) greenhouse gas emissions. These emissions are estimates, calculated utilising Finnair fuel consumption data from the same or similar (distance-based) Finnair route network. Finnair fully compensates emissions arising from its employees' business flights (both Scope 1 and 3, year 2020 total 353 tonnes).				
305-4 GHG emissions intensity				
Annual report, pages 23-27, Non-Financial performance				
Finnair prefers to use RTK (revenue tonne kilometres) to divide its carbon emissions, since it measures emissions in relation to the distance travelled and the combined mass of passengers and cargo. Emission intensity figures below include scope 1 emissions only (TTW).				
Energy Intensity	2020	2019	2018	2017
g CO <sub>2</sub> / RTK (total pax + cargo)	949	785	792	780
g CO <sub>2</sub> / RPK (Allocated)	92	79	80	79
g CO <sub>2</sub> / RTKCargo (Allocated)	514	488	493	492
RTK = Revenue Tonne Kilometer, RPK = Revenue Passenger Kilometer PAX = Passenger				
The allocated intensity figures have been calculated by dividing the burned fuel between cargo and passenger masses. The total revenue mass of the transport activity has been calculated following the ICAO emissions allocation principle; An average passenger mass with baggage is assumed as 100 Kg, plus a 50 Kg add-on to account of the on-board equipment and infrastructure associated with passenger use (for example, the weight of seats, toilets, galleys and crew). Allocation of fuel consumption between passenger and cargo activities derives from this relation.				
305-5 Reduction of GHG emissions				
Annual Report, pages 23-27, Non-Financial Performance				
Finnair discloses its progress in emissions and energy reduction work in detail through CDP reporting also. Those who are interested and have CDP membership can found detailed disclosures at <a href="https://www.cdp.net/en">https://www.cdp.net/en</a> .				
305-6 Emissions of ozonedepleting substances (ODS)				
Airline operators are bound to use aircraft manufacturers' certified and safe fire extinguishers. The manufacturers are constantly working on replacing halons from aircrafts but currently there are applications in aircraft where decent replacements aren't yet found. There was one reported event of leakage where halon 1301 was emitted to the air during the year 2020. The amount of halon 1301 emission was 2.3 kg (used in engines).				





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306: Waste				
306-2 Waste by type and disposal method				
Annual report, pages 23-27, Non-Financial Performance				
	2020		2019	
	Hazardous, kg	Non-hazardous, kg	Hazardous, kg	Non-hazardous, kg
Energy use	45,227	1,130,864	74,057	3,281,482
Recycling	12,113	279,515	15,134	917,232
Composting	0	64,540	0	13,296
Landfill	0	0	0	0
Other	216	0	47 034	0
Total	57,556	1,474,919	136,225	4,212,010

The waste volumes have been obtained from the service providers’ reporting channel.

307: Environmental compliance
307-1 Non-compliance with environmental laws and regulations
No incidents

400: Social Standards							
401: Employment							
401-1 New employee hires and employee turnover							
Annual report, pages 23-27, Non-Financial Performance							
	under 30 years		30-50 years		over 50 years		Total
	Men	Women	Men	Women	Men	Women	Men Women
New employee hires	45	49	32	60	2	9	79 118
Employee turnover (including both voluntary and involuntary terminations)	154	294	199	275	97	117	450 686
The figures have been retrieved from Finnair’s HR information system.							



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402: Labour/management relations				
402-1 Minimum notice periods regarding operational changes				
Significant operational changes in Finland are governed by the Finnish Act on Cooperation within undertakings. Depending on the matter in question, the minimum time period applied can range from one day to six weeks. The collective bargaining agreements that concern Finnair do not include provisions that run counter to these legislative provisions.				
403: Occupational health and safety				
403-1 Occupational health and safety management system				
Finnair has implemented an internal occupational health and safety management system in order to systematically maintain and improve occupational health and safety related work in all Finnair units in Finland.				
403-2 Hazard identification, risk assessment, and incident investigation				
Work-related hazards are identified through systematic risk assessment process. Risk assessments have been carried out for our operations and they are being regularly reviewed and updated, also if a significant change to its scope is implemented.				
All our employees have access to the occupational safety reporting system through which they can report incidents, near misses experienced and hazardous conditions noticed. All reports are investigated, and corrective and preventive actions set to prevent recurrence. This approach applies similarly to injuries, near misses and occupational safety observations reported.				
403-3 Occupational health services				
Occupational health services regularly carry out workplace surveys in order to assess the operations’ impact on workers occupational health. Regular health checks are provided for employees that are exposed to health hazards through their work, such as noise, chemicals and working during nighttime. The exposure levels are kept as low as possible.				
403-4 Worker participation, consultation, and communication on occupational health and safety				
The company’s occupational health and safety management system is developed in close contact with the employees. The employees have access to the occupational safety reports and the risk assessments. There is a formal regular occupational health and safety committee in place with the employee occupational health and safety representatives from all Finnair units as members.				
403-5 Worker training on occupational health and safety				
The basic training of occupational health and safety is mandatory for all employees as an e-learning module. In addition, the occupational health and safety is part of all work-related trainings depending on the task.				
403-9 Work-related injuries				
	Occupational accidents	Workplace accidents	Loss time injury frequency*	Commuting accidents
Airline’s flight personnel	8	4	5	4
Airline’s ground personnel**	14	13	5	1
Aurinkomatkat Ltd	1	0	0	1
Total	23	17	4	6
* Loss time injury frequency (LTIF) refers to the number of workplace accidents per million working hours.				
** Airline’s ground personnel include group management, support services, ground crew, and operative ground personnel.				
Accident statistics are obtained from the insurance company and they are updated retroactively, as a result of which the 2020 figures may be subject to further adjustment.				



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403-10 Work-related ill health		
	Number of work-related ill health cases	Number of work-related ill health fatalities
Airline’s flight personnel	0	0
Airline’s ground personnel*	0	0
Aurinkomatkat Oy	0	0
Total	0	0

\* Airline’s ground personnel include group management, support services, ground crew, and operative ground personnel.

Accident statistics are obtained from the insurance company and they are updated retroactively, as a result of which the 2020 figures may be subject to further adjustment.

404: Training and education									
404-1 Average hours of training per year per employee									
All training hours and share between men & women				Average hours of training			Count of employees		
	Total, h	Women, %	Men, %	Total, h	Women, h	Men, h	Total, ea	Women, ea	Men, ea
Office staff	8,935	33%	67%	5	3	8	1,686	919	767
Cabin	75,025	81%	19%	30	27	48	2,534	2,240	294
Pilots	66,644	2%	98%	65	58	65	1,025	28	997
Other Employees	13,294	19%	81%	7	3	11	1,806	813	993
Total	163,898						7,051	4,000	3,051

The training figures have been retrieved from Finnair’s HR information system.





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404-2 Programmes for upgrading employee skills and transition assistance programs	
Improving employee competence has a significant effect on the strategy implementation and finding critical competence development areas itself is an integral part of strategic implementation process. The strategic competencies development requires cooperation with various parties. Thus, in Finnair, learning and development plans are built at the company, unit, team and individual levels. These are further discussed during the annual My Journey development discussions.	
Personnel competency is developed using varieties of different learning methods including; traditional classroom training, on-the-job learning, e-learning, workshops, coaching, shadowing, and mentoring. On-the-job learning, for example, is a widely utilised effective learning method in ever changing working environment where continuous self-learning is required.	
Permanent learning themes include the Code of Conduct, flight safety management, occupational safety and health in aviation, work induction, occupational safety and health awareness for supervisors, and occupational safety card training. Other vocational training includes outstation training, first aid and emergency training, basic and recurrent trainings, systems training. Also, cooperation with various educational institutions is organised.	
The vocational training for Finnair flight crew is conducted in cooperation with Finnair Flight Academy, while Finnair’s Technical Services-Unit handles its own technical-specific training requirements. Our Learning & Development team is responsible for strategic and general business competency development.	
The Finnair Aviation Academy, founded in 1964, is a special vocational educational establishment maintained by Finnair Plc, which operates as a special educational establishment under the Act on Vocational Adult Education (631/1998). Its task is to arrange further vocational training leading to a vocational or special vocational qualification as well as other further vocational training required for the practice of Finnair Plc’s and its subsidiaries’ operations (Further Vocational Training Arrangement Permit 551/530/2006, 13 December 2006). As a privately-owned educational establishment, the Aviation Academy funds its operations in accordance with government aid practices and it is a member of Business Education Establishments ELO (Elinkeinoelämän oppilaitokset Elo ry).	
404-3 Percentage of employees receiving regular performance and career development reviews	
Performance and career development reviews (called My Journey) cover all Finnair personnel. The My Journey process is a management tool based on (bi-)annual discussions that guide individual performance reviews, target setting, development and wellbeing.	
405: Diversity and equal opportunity	
405-1 Diversity of governance bodies and employees	
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406: Non-discrimination	
Disclosure 406-1 Incidents of discrimination and corrective actions taken	
During 2020, no incidents of discrmination were notified through Finnair Ethics Helpline, available to both internal and external stakeholders, nor were there any material investigations on-going in the company concerning non-discrimination.	
407: Freedom of Association and Collective Bargaining	
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
During 2020, it was assumed that Finnair’s operations did not pose a risk to employees’ freedom of association or collective bargaining rights.	



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408: Child Labor	
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	
<p>The responsibility of our supply chain is very important in the airline’s operations, as Finnair is increasingly using partners and service providers while its international route network expands. In accordance with the UN Global Compact initiative, Finnair strives to prevent human rights violations and the use of child labor or forced labor both in its own operations and in its chain of operations.</p> <p>The supply chain, which is directly related to aviation, operates in accordance with aviation regulations, thus these suppliers are closely monitored. International aviation safety regulations require that all airport employees must be registered and always carry an official identity card. This creates a basis for the fact that Finnair’s own operations do not directly involve a significant risk to children’s rights.</p> <p>However, there may underlie indirect risks and consequences associated with the supply chain and outsourced operations. Aviation rules require us to inspect aircraft component suppliers and service facilities ourselves. In these inspections, we have not detected any use of child labor. We use some manufacturing companies in Asian countries where local laws may not exist to protect children’s rights, so full assurance of supply chain cleanliness cannot be guaranteed.</p> <p>During 2020, no cases of child labor were reported and there were no ongoing investigations in the company.</p>	
414: Supplier social assessment	
414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	
<p>During 2020 Finnair discontinued using Sedex in assessing suppliers’ social criteria. The company is now developing new processes and guidelines to continuously improve supply chain’s sustainability and handling of non-compliances. The company is constantly striving to develop practices to mitigate negative sustainability impacts and encourage responsible sourcing.</p>	
415: Public policy	
415-1 Political contributions	
<p>Finnair does not support any political parties or persons.</p>	
416: Customer health and safety	
416-1 Assessment of the health and safety impacts of product and service categories	
<p>Sustainability Appendix; Chapter 103 -Customer expericene</p> <p>In connection with the coronavirus, the company has continuously assessed the health safety of travel in 2020. Instructions related to safe travel are available on the company’s website at: <a href="https://www.finnair.com/en/safe-travel-during-coronavirus">https://www.finnair.com/en/safe-travel-during-coronavirus</a></p> <p>Blue Wings: Covid and Flying (<a href="https://www.finnair.com/it-en/bluewings/travel-experience/covid-19-and-flying---a-medical-expert-s-view-2113316">https://www.finnair.com/it-en/bluewings/travel-experience/covid-19-and-flying---a-medical-expert-s-view-2113316</a>)</p>	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
<p>No incidents</p>	



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- GRI 102 General disclosure
  - GRI 103 Management approach
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  - **GRI 400 Social**

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# GRI Content Index

417: Marketing and labelling	
417-3 Incidents of non-compliance concerning marketing communications	
No incidents.	
418: Customer privacy	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
No incidents.	
419: Socioeconomic compliance	
419-1 Non-compliance with laws and regulations in the social and economic area	
No incidents identified.	



# Independent Practitioner's Assurance Report

## To the Management of Finnair Plc

We have been engaged by the Management of Finnair Plc (hereinafter also the Company) to perform a limited assurance engagement on selected environmental performance indicators for the reporting period 1 January to 31 December 2020 (hereinafter the Selected environmental information), disclosed in Finnair's Sustainability Appendix of the Annual Report 2020.

The Selected environmental information consists of the following performance indicators:

1. Jet Fuel consumed by all flights under the Finnair call sign.
2. Fuel consumed by Finnair's ground vehicles
3. Finnair's Solar Power
4. Electricity and heating consumed in Finnair's properties.
5. CO2 emissions originating from the consumption referred to in points 1, 2 and 3 (Scope 1).
6. CO2 emissions originating from the consumption referred to in point 4 (Scope 2).
7. CO2 emissions in Scope 3 category 3 (Fuel- and energy-related activities) and category 6 (Business travel).

## Management's responsibility

The Management of Finnair Plc is responsible for preparing the Selected environmental information in accordance with the Reporting criteria:

For items 1 to 6 of the scope above:

- Finnair's own reporting instructions as described in Finnair's Sustainability Appendix of the Annual Report 2020.
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

For item 7 of the scope above:

- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as applicable.
- Finnair's own reporting instructions as described in Finnair's Sustainability Appendix of the Annual Report 2020.

The Management of Finnair Plc is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected environmental information that is free from material misstatement, whether due to fraud or error.

## Practitioner's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected environmental information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Finnair Plc for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected environmental information is free from material misstatement.





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In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Selected environmental information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Selected environmental information.

Our work consisted of, amongst others, the following procedures:

- Visiting virtually the Company's Head Office in Finland.
- Interviewing employees responsible for collecting and reporting the Selected environmental information at the Group level.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Finnair Plc's Selected environmental information for the reporting period ended 31 December 2020 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Helsinki, 16 February 2021

PricewaterhouseCoopers Oy

**Tiina Puukkoniemi**  
Authorised Public Accountant (KHT)