

FINAVIA
2019

**Corporate
Governance
and Remuneration
Statement**



Finavia in brief

Finavia is an airport company which operates and develops 21 airports around Finland. We serve Finnish and international passengers and airlines. Our key mission is to ensure smooth travel from Finland to different parts of the world and back. By developing airports and smooth connections, we create jobs and support Finland's international competitiveness.

We bear our responsibility for the impact of our activities on people, the environment and society at large. Safety, security, sustainable development and connectivity are at the core of our responsibility. At Finavia, responsibility is made of details, and every single detail counts.



Contents

CORPORATE GOVERNANCE STATEMENT4

- Finavia Corporation.....4
- Observing the Finnish corporate governance code.....4
- Corporate structure.....4
- Administrative and operative bodies.....4
 - General Meeting.....5
 - Board of Directors.....5
 - Members of the Board of Directors on 31 December 2019...6
 - Committees of the Board of Directors8
 - Chief Executive Officer8
 - Executive Group8
 - Members of the Executive Group on 31 December 20199
- Internal control, risk management and internal audit..... 12
- Audit..... 13
- Related party transactions 13

REMUNERATION REPORT 14

- Remuneration of the Board of Directors..... 14
- Remuneration of the CEO and other management..... 15
- Remuneration of the Finavia management in 2019..... 16
- Details of the CEO's contract of employment 16
- Bonuses payable to other members of staff 16

Finavia's Annual report 2019

Finavia's Annual report 2019 consists of an Annual review, Responsibility report, Corporate governance and remuneration statement and Financial statements, which are published as separate PDF documents on our website.

www.finavia.fi



ANNUAL REVIEW



RESPONSIBILITY REPORT



CORPORATE GOVERNANCE AND REMUNERATION STATEMENT



FINANCIAL STATEMENTS

Corporate Governance Statement

Finavia Corporation is a fully state-owned public company. The role of the State of Finland as the owner of Finavia is based on the State Shareholdings and Ownership Steering Act (1368/2007). The ownership steering of Finavia is the responsibility of the Ownership Steering Department in the Prime Minister’s Office. Parliament has not granted the Government any authorisations to assign the shares of Finavia Corporation. According to the Government resolution of 13 May 2016, the State pursues an optimal financial and social overall result in the management of its corporate assets.

Decision making and governance in Finavia is in accordance with the Finnish Limited Liability Companies Act, Finavia’s Articles of Association, the applicable governance guidelines prepared by the Ownership Steering Department of the Prime Minister’s Office, and Finavia’s own governance guidelines. The Code of Governance of Finavia Group was last confirmed at the meeting of Finavia’s Board of Directors in March 2019.

The company’s registered office is in Vantaa, Finland.

Observing the Finnish corporate governance code

Finavia complies, as applicable, with the Finnish Corporate Governance Code approved by the Finnish Securities Market Association in 2020. The most significant deviations from the Finnish Corporate Governance Code arise from the fact that Finavia only has one shareholder, the State of Finland. In addition, the Finnish Government has also specified some of the matters laid out in the recommendations, such as the grounds for electing Board members, in the Government resolution on its ownership policy. For this reason, observing all provisions of the Finnish Corporate Governance Code would not be appropriate or even possible.

The exceptions to the Finnish Corporate Governance Code are the recommendations concerning the contents and publication of notices of General Meetings and their subparagraphs (1 and 2), the recommendation concerning attendance in the GM (3), the recommendation concerning the retrospective publication of GM documents (4), the recommendation concerning the publication of the method or preparing the proposal for the composition of the Board of Directors (7), the recommendation concerning the definition of principles regarding the diversity of the Board of Directors (9), and the recommendation concerning the Shareholder’s Nomination Committee (19). Furthermore, the recommendation concerning share incentives (23) is not relevant due to the State ownership.

The Governance Code can be viewed on the Securities Market Association’s website at www.cgfinland.fi.

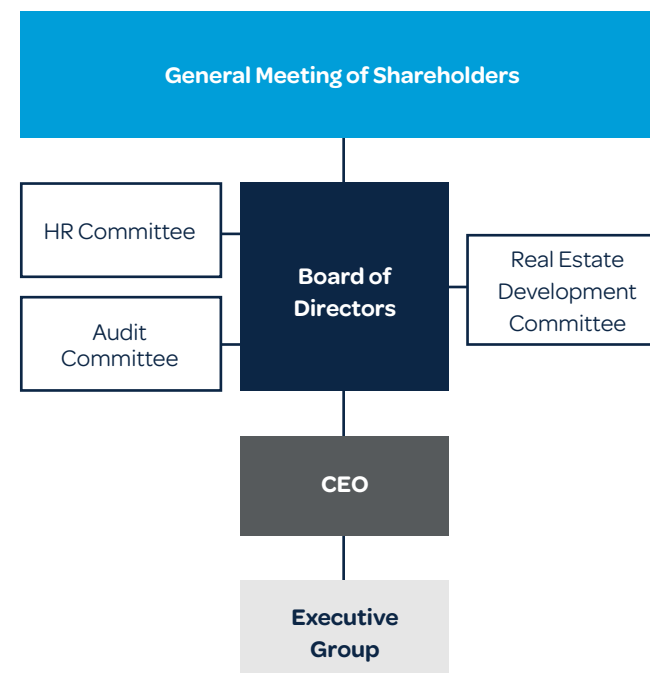
Corporate structure

In 2019, the Company’s had two business areas: Helsinki Airport and the Airport Network. Other companies in the Finavia Group were Airpro Oy, a company providing support services for air traffic, and its subsidiary RTG Ground Handling Oy.

Administrative and operative bodies

The parent company of Finavia Group is Finavia Corporation, the administrative and executive bodies of which are its General Meeting of Shareholders, Board of Directors, the Board’s Audit Committee, the Board’s HR Committee, the Board’s working committee for Real Estate Development, the CEO, and the Executive Group. Administrative and operative bodies are presented in more detail from page 5 onwards.

ADMINISTRATIVE ORGANISATION



General Meeting

The Ordinary General Meeting (GM) is Finavia's supreme decision-making body. The Ordinary General Meeting is held annually on a day determined by the Board of Directors, within six months of the end of the financial period. The Ordinary General Meeting decides on issues within its powers under the Limited Liability Companies Act and the Company's Articles of Association.

The Board of Directors convenes an Extraordinary GM when necessary or when required under the Limited Liability Companies Act.

The auditor must attend the Ordinary GM.

Under the Articles of Association, the notice of a General Meeting must be delivered to the shareholders no earlier than two months and no later than one week prior to the meeting. The Ordinary GM for 2019 was held on 13 March 2019.

Board of Directors

The Board of Directors is responsible for the company's governance and the appropriate organisation of its operations as well as for ensuring that the company's accounting and financial management are appropriately supervised. The Board of Directors deals with matters that are far-reaching and important for the operations of the company and its subsidiaries.

Under the Articles of Association, the Board has at least three and at most seven members. The General Meeting also elects the Chairman of the Board and, if necessary, a Deputy Chairman. The CEO cannot be elected as a member or the Chairman of the Board.

The Board members must have the qualifications required for the task and they must be able to allocate sufficient time for attending to their duties as Board members.

The majority of Board members must be independent of the company. At least two of the members must also be independent of the company's shareholder. The Board assesses the independence of the members in relation to the company and its shareholder every year. Both genders must be represented on the Board.

The Board of Directors convenes on the date determined by the Board, on average once a month. The Board meeting has a quorum when more than half of its members, including the Chairman or the Deputy Chairman, are present. The decisions of the Board require a simple majority. In the event of a tie, the Chairman casts the deciding vote.

The CEO is entitled to attend Board meetings and be heard at them, unless otherwise decided by the Board in a certain case. The Board meetings may also be attended by other persons whose presence is necessary, taking into account the matter to be discussed. The General Counsel of Finavia acts as the secretary of the Board.

Preparation of the issues to be discussed by the Board is primarily the CEO's responsibility. The CEO is also responsible for ensuring that the Board receives sufficient information to assess the operation and financial position of the company and its subsidiaries as well as any other issues to be discussed. The matters to be discussed by the Board are presented by the CEO. In individual cases, the CEO may delegate this task to a member of the Executive Group, the CEO of a subsidiary, or another person familiar with the matter.

In its decision-making, the Board of Directors adheres to the current legislation of Finland as well as regulations and orders issued pursuant to it and the Articles of Association. The Board of Directors has adopted a working order for itself, containing a more detailed account of the duties and procedures of the Board. The

Board of Directors carries out annual assessments of its own work and efficiency.

When required, the Board of Directors decides on establishing new committees for the purpose of preparing the matters for which the Board is responsible and elects their members annually after the Ordinary General Meeting.

During the period 1 January–12 March 2019, the Board of Directors of Finavia had the following members: Harri Sailas (as Chair), Katja Keitaanniemi, Nina Kiviranta, Esko Pyykkönen, Erka Valkila, Stefan Wentjärvi, and (as representative of the personnel) Annaleena Kiikonen.

Finavia's Ordinary General Meeting was held on 13 March 2019 in Helsinki, and it elected Harri Sailas as Chair of the Board, Stefan Wentjärvi as Deputy Chair of the Board, and Nina Kiviranta, Tuija Pesonen, Esko Pyykkönen, Erka Valkila, and personnel representative Annaleena Kiikonen as members of the Board.

All members of the Board were independent of Finavia with the exception of personnel representative Annaleena Kiikonen, who has a contract of employment with Finavia. The members of the Board of Directors were independent of Finavia's sole shareholder, the State of Finland, with the exception of Esko Pyykkönen, who during his Board membership worked as a civil servant.

The Board convened 12 times in 2019. The attendance rate of Board members at Board meetings was 100% during the period 1 January–12 March 2019 (two meetings) and 94% during the period 13 March–31 December 2019 (10 meetings). Harri Sailas, Katja Keitaanniemi, Tuija Pesonen, Esko Pyykkönen and Erka Valkila attended all Board meetings. Nina Kiviranta attended ten meetings out of 12, and Stefan Wentjärvi and Annaleena Kiikonen attended 11 meetings out of 12.

Members of the Board of Directors on 31 December 2019



Harri Sailas

Chairman of the Finavia Board of Directors from 21 December 2015
B. 1951, M.Sc. (Econ. and Bus. Adm.)

Main work history

President and CEO, Ilmarinen Mutual Pension Insurance Company 2007–2015
Before that executive posts at Nordea and its predecessor banks, most recently as Director of the Helsinki Regional Bank and as Deputy CEO of Nordea Bank Finland

Positions of trust

Solidium Oy, Chairman of the Board 2016–
Alko Inc., Chairman of the Board 2015–
Helsinki Deaconess Institute Foundation, Member of the Supervisory Board 2015–
HSE Support Foundation, Vice Chairman of the Board 2014–
Merame Oy, Chairman of the Board 2017–
Sponlator Oy, Chairman of the Board 2019–



Annaleena Kiikonen

Personnel representative in the Finavia Board of Directors from 17 March 2017
B. 1980, Master of Business Administration

Main work history

Finavia Corporation, Procurement Manager 2016–, Service Supervisor 2010–2016, Customer Service Officer 2005–2010
Finland Travel Bureau, Sales Clerk 2002–2005

Positions of trust

Finavia Corporation, Shop Steward 2006–2010



Nina Kiviranta

Member of the Finavia Board of Directors from 3 March 2016
B. 1964, LL.M. with court training

Main work history

Outotec Corporation, General Counsel, Senior Vice President 2013–
Nokia Siemens Networks, Head of Corporate Legal 2006–2013
Metsä-Serla/Metsä Group, General Counsel, Vice President 1996–2006
Attorneys at Law Ahola, Pentzin, Rantasila & Sokka Oy, Associate Lawyer 1994–1996
Attorneys at Law Smith, Gambrell & Russell Ltd, Atlanta, USA, Finnish Advisor 1992–1994

Positions of trust

Finnish International Arbitration Board, Member 2016–2019



Tuija Pesonen

Member of the Finavia Board of Directors from 13 March 2019
B. 1962, M.Sc. (Econ.)

Main work history

Professional board member, independent advisor 2018–
Stockmann Oyj Abp 2009–2017, various managerial positions, last director of the Group Financial Services Centre, and managerial positions associated with corporate arrangements, Administrative Director
Hobby Hall Oy Ab, CEO 2008–2009
Several other responsibilities in general, financial and ICT management teams, including in the car trade sector.

Positions of trust

Kuntien Tiera Oy, Board member 2019–
Indoor Group Oy, Board member 2018–
Indoor Group Holding Oy, Board member 2018–

Members of the Board of Directors on 31 December 2019



Esko Pyykkönen

Member of the Finavia Board of Directors from 19 March 2018
B. 1962, M.Sc. (Econ.)

Main work history

Prime Minister's Office, Ownership Steering Department,
Honorary Title of Financial Councillor 2019–,
Special Advisor 2016–,
Ministry of Education and Culture,
Special Advisor 2013–2016,
Prime Soil Oy, CEO 2010–2013,
Destia Oy, Senior Vice President 2007–2010,
Ministry of Transport and Communications,
Special Advisor 1999–2007,
Ministry of the Environment, Senior Inspector 1991–1999

Positions of trust

Suomen Viljava Ltd, Board member 2017–,
Gasonia Oy, Board member 2017–2018
Baltic Connector Oy, Chairman of the Board of Directors 2019–



Erkkä Valkila

Member of the Finavia Board of Directors from 3 March 2016
B. 1953, B.Sc. (Tech.)

Main work history

SATO Corporation, CEO 2003–2015
Polar Kiinteistöt Corporation, CEO 1997–2003
Polar-Yhtymä, Head of Real Estate 1991–1997
Ferenda Corporation, CEO 1988–1991

Positions of trust

EcoReal Oy, Chairman of the Board 2016–
FCG, Finnish Consulting Group Oy, Board member 2018–
Duuri Oy, Chairman of the Board 2010–
ARE Oy, Board member 2017–
Antilooppi Oy, Board member 2015–
Pohjola Rakennus Oy, Board member 2016–
HYY-yhtymä, Board member 2008–



Stefan Wentjärvi

Member of the Finavia Board of Directors from 3 March 2016
B. 1967; M.Sc Pol

Main work history

Esperi Care Oy, CEO 2019–
Pihlajalinna Plc, Head of Sales, Member of the Management Team
2018–
Doctagon Oy, Managing Director 2014–2018
Blue1 Oy, Managing Director 2005–2012
Several posts in the air traffic sector

Positions of trust

Livia Finland Oy, Chairman of the Board 2015–

Committees of the Board of Directors

The Board has established an Audit Committee and a HR Committee for the preparation of its duties, as well as a working committee for real estate development. The committees do not have any independent powers of decision; instead, the Board makes the decisions on the basis of the proposals presented by the committees. The committees report to the Board of Directors.

Audit Committee

The role of the Audit Committee is to assist the Board in ensuring that the company's accounting and financial management are appropriately organised, and that the company has an appropriate system of internal control that covers its entire operations. The committee supports the organisation and monitoring of the company's internal audit activities and ensures that the company's operations and internal control are organised in the manner required by law, regulations and good corporate governance.

The Audit Committee prepares, guides and assists the Board in assessing issues relating to risk management, internal monitoring systems, financial reporting processes and audits, and internal auditing.

The Audit Committee convenes at the invitation of its chairperson at least four times a year. At least three members are elected to the committee. The Board elects the chairperson and members of the committee from among its members for a term of one year at a time. All committee members must be independent of the company, and at least two members must be independent of the shareholder. The Secretary of the Board acts as the secretary of the committee.

The Audit Committee has a working order approved by the Board.

During the period 1 January–27 March 2019, the Audit Committee comprised Stefan Wentjärvi as the Chairman, and Nina Kiviranta and Esko Pyykkönen as members. Between 28 March and 31 December 2019, the committee comprised Stefan Wentjärvi as the Chairman, and Nina Kiviranta and Tuija Pesonen as members. The Audit Committee convened six times in 2019. The attendance rate of its members was 100%.

HR Committee

The HR Committee assists the Board in the management of HR tasks coming under its responsibility. The tasks of the committee include the preparation of the matters pertaining to the terms and conditions of employment and remuneration of senior management and the compensation and incentive schemes of senior management and personnel. The committee also prepares the appointments of employees reporting to the CEO.

The HR Committee meets at the invitation of its chairperson at least twice a year. It is chaired by the Chairman of the Board, and it has at least two annually appointed Board members as its members. The majority of the committee members must be independent of the company.

The HR Committee has a working order approved by the Board.

During the period 1 January–27 March 2019, the HR Committee comprised Harri Sailas as the Chairman, and Katja Keitaanniemi and Erkkä Valkila as members, and between 28 March and 31 December 2019, Harri Sailas as the Chairman, and Esko Pyykkönen and Erkkä Valkila as members. During 1 January–31 December 2019, the HR Committee convened five times. During this period, the attendance rate of its members was 100%.

Working committee for real estate development

On 16 August 2019, the Board of Directors decided to establish a working committee for real estate development to assist the Board in the preparation of decisions concerning additional financing for real estate development projects. The working committee will convene as required at the CEO's invitation.

During the period 16 August–31 December 2019, the working committee for real estate development comprised Harri Sailas as the Chairman, and Erkkä Valkila and Esko Pyykkönen as members. The working committee convened twice during 16 August–31 December 2019. During this period, the attendance rate of its members was 100%.

Chief Executive Officer

The CEO's main duties include the planning, management and monitoring of the company's business activities, as well as

preparation of matters for the Board and implementation of the Board's decisions.

The CEO has the general competence to attend to and control the company's day-to-day administration in compliance with the instructions and orders issued by the Board of Directors. In addition, the CEO is responsible for ensuring that the company's accounting is in accordance with the law and financial administration has been organised in a reliable manner. The CEO chairs the Executive Group.

The CEO is appointed and dismissed by the Board of Directors. The terms and conditions for the position of the CEO are defined in a written contract approved by the Board. The remuneration of the CEO is discussed under Salaries and benefits of the CEO and other members of the management in the Salary and Compensation Report.

The Board may appoint a Deputy CEO as required. The Deputy CEO attends to the CEO's duties when the CEO is temporarily unavailable.

Executive Group

The Executive Group is chaired by the CEO. The Executive Group meets at the CEO's invitation in keeping with a schedule agreed in advance.

The task of the Executive Group is to support the CEO in preparing strategic issues for the company and the Group, coordinating the company's operations, preparing and implementing operative matters that are significant in nature, and ensuring internal cooperation and the flow of information.

The Executive Group prepares the issues to be considered and decided by the Board. The Executive Group has a working order approved by the CEO. The General Counsel is responsible for producing the minutes of Executive Group meetings.

The remuneration of the Executive Group is discussed in the Salary and Compensation Report under Salaries and benefits of the CEO and other members of the management.

At the end of 2019, the Executive Group had nine members. The Executive Group consists of Finavia's CEO and members who are proposed by the CEO and confirmed by the Board.

The Executive Group met 25 times during the year.

Members of the Executive Group on 31 December 2019



Kimmo Mäki

President and CEO
B. 1974, M.Sc. (Tech.), eMBA
Employed by Finavia since 2018

Main work history

Port of Helsinki Ltd, CEO 2011–2017,
Steveco Oy, Senior Vice President 2006–2011,
Stockmann Plc, Director, Logistics 2003–2006.

Positions of trust

Airpro Oy and RTG Ground Handling Oy,
Chairman of the Board 2018–,
Lentoasemakiinteistöt Oy, Chairman of the Board 2018,
LAK Real Estate Oy, Board member 2018–,
ANS Finland, Chairman of the Board 2017,
Finrail Oy, Chairman of the Board 2015–2018,
Finnish Port Association, Chairman of the Board 2017–



Henri Hansson

Senior Vice President, Technical Director
B. 1972, Construction Engineer, M.Sc. (Tech.)
Employed by Finavia since 2000

Main work history

Finavia's Technical Director 2012–,
Director of Airport Operations 2011–2012,
Director of Airport Services 2009–2011,
Head of Airport Technical Services 2006–2009,
Project Manager 2004–2006, Project Engineer 2000–2004,
Pohjolan Voima Oy, Project Engineer 1997–2000

Positions of trust

Lentoasemakiinteistöt Oy, Board member 2017–2018
LAK Real Estate Corporation, Board member 2017–
Lentoasemakiinteistöt Oy, Board member 2012–2016
Kiinteistöosakeyhtiö Lentäjantie 1, Board member 2015–
Avia College, Chairman of the Board 2011–2012
Member and Chairman of ACI Europe's Regional AirPorts' Forum
Working Group 2009–2019
Member of the construction and procurement committee of
the Finnish Association of Building Owners and Construction
2009–2013,
Member of the Association's Advisory Board 2013–2018,
Board member 2018–



Jani Jolkkonen

Senior Vice President, Airport Network Director
B. 1973, EMBA, M.Sc. (Tech.)
Employed by Finavia since 2018

Main work history

Posti Group, SVP, ICT and Digitalization 2016–2018,
SVP Head of business division Postal Services 2015–2016,
Itella, SVP, Head of business division Itella Logistics 2013–2014,
Itella Posti, VP, Delivery and Marketing Services 2012–2013,
VP, Delivery Services 2011–2012,
VP, Operations 2008–2011,
Itella Corp, Director, Mail 2004–2008.

Positions of trust

Airpro Oy and RTG Ground Handling Oy, Board member 2018–

Members of the Executive Group on 31 December 2019



Heikki Koski

Acting Director of Helsinki Airport
B. 1978, M.Sc. (Tech.)
Employed by Finavia since 2014

Main work history

Finavia Corporation,
(acting) Director of Helsinki Airport 2019–2020,
Chief Digital Officer, 2017–2019,
Vice President, Helsinki Airport,
Passenger Experience and Processes, 2014–2017.
Trainers' House Oyj, Partner, Consultant 2006–2013.
Nokia Corporation, Product Manager 2000–2006

Positions of trust

ACI Europe's Facilitation and Customer Services committee,
member 2016–,
Avia College, Board member 2014–2017



Niclas Köhler

Chief Financial Officer
B. 1966, M.Sc. (Econ. and Bus. Adm.)
Employed by Finavia since 2017

Main work history

Finavia Corporation, Chief Financial Officer 2017–
Pihlajalinna Ltd., Chief Financial Officer 2016–2017
Talentum Ltd., Chief Financial Officer 2011–2016
OneMed Group Ltd. (CapMan), Chief Financial Officer 2007–2011
Kauppalehti Group, Chief Financial Officer 2004–2007
DW Beton GmbH, Sales and Marketing Manager 2001–2004
Consolis Group Ltd., Head of Administration Development 1998–2001
Myllykoski Ltd., Group Controller 1996–1998,
Business Controller 1992–1996

Positions of trust

Governia Oy, Board member 2019–
LAK Real Estate Oy, Board member 2018–,
Airpro Oy and RTG Ground Handling Oy, Board member 2017–



Juha-Pekka Pystynen

Senior Vice President, Risk Management
B. 1960, Flight Officer, General Staff Colonel
Employed by Finavia since 2007

Main work history

Finavia, Director of Risk Management 2012–,
acting President and CEO of Finavia Corporation
22 August 2011–15 January 2012,
Airport Director of Helsinki Airport 2007–2012
Chief of Operations of the Finnish Air Force 2006–2007,
Chief of Staff of Satakunta Air Command 2003–2006,
Air Force Planning Chief 2000–2003,
Director of Sector Operation Centre no. 3 1997–2000
(responsible for area surveillance and air space control),
Chief of Flight and Squadron Officer for Fighter Squadron 21 1987–1997

Positions of trust

Chairman of the L-ISAC group 2019–
Member of the regional committee of the Capital Region
Electricity Area 2010–2012
Avia College, Board member 2009–2010
Chairman of the Air Transport Pool 2007–
Member of the National Emergency Supply Agency,
Transport and Logistics Sector 2007–
Member of the Military Flight Accident Investigation Board 2006–
Finnish military member of the European Union's Single European Sky
(SES) concept 2000–2003, Finnish military member of Eurocontrol
and the Nato Air Traffic Management Committee (NATMC) 1998–2003

Members of the Executive Group on 31 December 2019



Katja Siberg

Vice President, Marketing, Corporate Communications and Customer Experience
B. 1976, M.Sc. (Econ. and Bus. Adm.)
Employed by Finavia since 2011

Main work history

Finavia Corporation, Vice President, Marketing, Corporate Communications and Customer Experience 2017–, Vice President, Marketing and Business Development 2016–2017, Vice President, Business Development 2015–2016, Head of Marketing 2014–2015, Key Account and Marketing Manager 2012–2014, Lapland Airports, Incoming Sales Manager 2011–2012
Eräsetti Wild North – Villi Pohjola, Director of Sales 2009–2011



Janne Simula

Senior Vice President, Legal Counsel
B. 1973, LL.M., trained on the bench
Employed by Finavia since 2010

Main work history

Finavia Oyj, Senior Vice President, Legal Counsel 2019–, Lawyer 2010–2019,
AIG Europe S.A. Finnish Branch, Liabilities Underwriter 2008–2010,
Tapiola Mutual Insurance Company, Risk Manager 2005–2007,
Hannes Snellman Attorneys Ltd, Associate Lawyer 2002–2005

Positions of trust

Airpro Oy, Board member 2013–,
RTG Ground Handling Oy, Board member 2013–,
Lentoasemakiinteistö Oy, Board member 2017–2018,
LAK Real Estate Oyj, Board member 2017–2018,
Lentoasemakiinteistö Oyj, Board member 2013–2016,
Kiinteistö Oy Lentäjätie 1, Board member 2015–2018



Kaarina Soikkanen

Senior Vice President, HR
B. 1960, LL.M.
Employed by Finavia since 1988

Main work history

Finavia Corporation, Senior Vice President, HR 2008–,
Deputy Director 2007–2008,
Senior Legal Adviser 1999–2007, Counsel 1988–1999
National Board of Health, Legal Counsel 1986

Positions of trust

Member of the Advisory Board of Haaga Campus for Bachelors of Tourism and Hospitality Management 2017–2019
Chairman of EK's skilled workforce committee 2017–,
Deputy Chairman 2015–2017
Member of Palta's Labour Market Committee 2014–
Member of the education and labour committee of the Helsinki Region Chamber of Commerce 2015–
Board member of RTG Ground Handling Oy 2010–
Airpro Oy, Board member 2007–
Avia College, Board member 2009–2011

Joni Sundelin (Director of Helsinki Airport) acted as a member of Finavia's Executive Group until 31 October 2019 and Petteri Nissilä (General Counsel) acted as a member of Finavia's Executive Group until 1 October 2019.

Internal control, risk management and internal audit

Internal control

Internal control at Finavia means the measures and procedures intended to ensure that Finavia's targets and objectives are achieved, its resources are used appropriately and efficiently, operational risks are appropriately managed, and financial and other information is reliable and correct.

As part of the internal control, the company's organisation and structure, duties and responsibilities related to key areas, as well as the procedures observed for producing services are defined in Finavia's set of operational manuals compliant with aviation regulations. In addition to the operational manuals, Finavia has defined the operational policies and procedures for different areas of operation.

The company's Board of Directors has approved all major operational policies and the ethical principles that all persons working at Finavia and those who participate in the company's administration are expected to observe. The company has also defined a code of conduct that all Finavia's suppliers are expected to observe. Any activities that are in violation of the ethical principles or principles of good governance are dealt with without undue delay.

Control and supervision of the financial reporting process

The consolidated financial statements and the interim report prepared by Finavia are based on the Finnish Accounting Standards (FAS), most of which are contained in the Finnish Accounting Act and Decree. The instructions and opinions issued by the Accounting Board constitute an important part of the accounting practices.

Financial reporting that is in accordance with external accounting requirements and internal financial reporting are the responsibility of the Group's financial administration, which operates under the Chief Financial Officer.

Consistency and reliability of the reporting are assessed as part of the internal control by means of different types of control

and matching. The Group's Financial Department determines the control procedures for the financial reporting process. These include instructions and guidelines, process descriptions, and matchings and analyses, which help to ensure the correctness of the data used in the reporting and the reporting itself.

The senior management assesses the financial reports before they are reviewed by the Audit Committee and the Board of Directors. The financial statements for the year and the interim reports are reviewed by the Audit Committee and the Board of Directors before they are published.

Risk management

Risk management at Finavia is proactive, systematic and comprehensive, and it covers all operations and risk areas of the Group on a continuous basis. Finavia only takes business risks relating to the implementation of the strategy that can be managed to an acceptable level or the effects of which, were they to materialise, are reasonable. Risk-taking must not cause a material danger to the success of the Group or the continuity of its operations in the short or long run.

Ensuring the safety of aviation is the most important objective for Finavia in its risk management. The safety management system is an essential part of Finavia's risk management. The system is used to manage functions critical to aviation safety, and to ensure that a good and reliable level of safety is achieved.

Management of safety-related risks is based on proactive safety and follow-up. Safety reviews are carried out before structural and operational changes concerning aviation safety are introduced. Their purpose is to assess and manage the overall safety of the changes. The risks arising from the implementation and introduction of the changes are evaluated by monitoring the observations of deviations. An open and reliable reporting culture is an integral part of the follow-up procedure.

Finavia's risk management model requires business-related risks and the manner in which they are managed to be identified and

assessed regularly. The planned risk management measures constitute the basis for the company's operative continuity management. The most important risks are reported to the Board of Directors.

Every year, the Group's Risk Management Unit coordinates the implementation of the risk management model and compiles a summary of the major risks related to the Group's business for presentation to the Board of Directors. The unit also develops the Group's risk management and safety management system and strengthens risk awareness at Finavia through risk management training and guidelines, and by providing information on risk management.

The Board of Directors approves the risk management policy and any amendments to it. The most recent version of risk management policy was approved on 26/04/2019.

Internal Audit

In accordance with the audit plan approved by the Board of Directors each year, the Internal Audit unit assesses the adequacy of the company's internal control and risk management procedures and gives recommendations for developing procedures, processes and controls.

Administratively, the Internal Audit Unit works under the CEO, while operationally it works under the Board of Directors and the Audit Committee appointed by the Board. The most recent version of the internal audit guidelines to be observed by the Group was approved by the Board of Finavia on 25 November 2016.

The Internal Audit Unit submits regular reports to the Audit Committee appointed by Finavia's Board of Directors on the way in which the targets laid out in the audit plan have been achieved, important open risks, control issues, issues concerning the organisation's management and administration systems, and other information requested by senior management and the Board. The audit findings and the recommendations concerning them are reviewed with the persons in charge of the audited entities at the conclusion of the audit. The Internal Audit Unit monitors the

implementation of the measures in accordance with the agreed timetables.

Finavia's Internal Audit Unit is committed to observing international professional standards and ethical principles on internal auditing.

Audit

Under Finavia's Articles of Association, the Ordinary GM elects the company's auditor, which must be an auditor or an audit firm with APA certification as laid down in the Auditing Act. The proposal for the auditor is prepared by the Board of Directors. The Ordinary GM decides on the auditor's fees.

The Group's financial reports are based on the financial reports of the Group companies. An auditing company with APA certification elected by the parent company's Ordinary GM operates in the Group. Each Group company has an auditor selected by its GM. The parent company's auditor prepares, jointly with the company's management, an annual audit plan for Group companies. The auditor submits to the shareholders an auditor's report on the Group companies' financial statements and the consolidated financial statements.

The auditor reports to the CEO and the Board of Directors at least annually. The auditor participates in the work of the Board's Audit Committee. The auditor meets the Board, with all its members present, at least once a year.

The Ordinary GM of 2019 re-elected the auditing firm Ernst & Young as the Company's auditor, with Mikko Ryttilahti (APA, CPFA) as the auditor in charge. Mikko Ryttilahti has served as the Company's auditor in charge since 28 November 2014.

In 2019, the fees paid for the audit totalled EUR 85,515. The auditor was paid EUR 33,510 for services not related to the audit.

The auditor's report for the financial period 1 January–31 December 2019 covers the accounts, consolidated financial statements, Board of Directors' report, audit of the administration, and the financial statements of the parent company, Finavia Corporation. The auditor's report was presented after the financial statements.

Related party transactions

Finavia assesses and monitors any related party transactions and ensures that any conflicts of interests are properly considered in its decision-making. The related parties of Finavia and its Group Companies are specified and a register of the related parties is maintained. Finavia and each of its Group Companies has its own related party register.

Any transactions between Finavia and its related parties must in all situations be necessary for Finavia and in the best interest of Finavia, and they must be based on sound commercial grounds. The related party guidelines approved by the Board of Directors on 9 March 2017 defines related party transactions, and describes the principles concerning the identification, assessment and consideration of related party transactions and reporting on them.

Material related party transactions are identified before deciding on them. The preparations regarding related party transactions are always thorough and carefully documented, and the provisions regarding judicial disqualification and the guidelines in force in the Group are observed when preparing and deciding on the transaction.

The Board of Finavia or its Group company decides on material transactions that deviate from ordinary business operations or market conditions. They are recorded in the register of related party transactions, which is kept in connection with the register

of related parties and reported annually as part of the financial statements. The Board of Directors of Finavia will analyse the transactions recorded in the register for each financial period before the Board of Director's Report is completed.

Remuneration report

Finavia observes the management remuneration principles approved by the Board and the recommendations of State ownership steering, including the opinion on remuneration of the management of state-owned companies contained in the Government Resolution on State Ownership Policy adopted on 13 May 2016.

Finavia's Ordinary GM decides on the remuneration of the company's Board of Directors. The HR Committee assesses the amounts of salary and compensation payable to the CEO and Deputy CEO, as well as that of Executive Group members and other managers reporting to the CEO, including the incentive and bonus systems, and makes proposals regarding these amounts of compensation to the Board of Directors.

The total remuneration of the Board of Directors amounted to EUR 151,800. The fees and salaries paid to the CEO of the Group, the Executive Group members of Finavia and the CEO of Finavia's subsidiary totaled EUR 2,220,892.

Bonuses totaling EUR 1,831,226 were paid to Finavia's employees through the personnel fund. In addition, wages and salaries paid to personnel totaled EUR 97,180,030.

Remuneration of the Board of Directors

The Ordinary GM decides on the fees payable to the Board of Directors. The fees payable to the Board of Directors of Finavia remained unchanged in 2019.

The fees payable to the members of Finavia's Board of Directors in compliance with the resolution of the Ordinary GM of 2019 were as follows:

- Chairperson EUR 1,700 per month
- Deputy Chairperson EUR 1,200 per month
- Member EUR 1,000 per month
- A meeting fee of EUR 500 for each Board and committee meeting

The Chairperson of the Board of Directors has a company mobile phone. The Board members did not receive any other fees or benefits.

Remuneration of the Board of Directors in 2019

The total amounts paid to the members of the Board of Directors for Board and committee meetings were as follows*:

Board member	Attendance rate, %	Fees paid for Board membership in 2019, EUR	Meeting fees in 2019, EUR	Total in 2019, EUR	Total in 2018, EUR
Harri Sailas	100	20,400	9,000	29,400	28,900
Katja Keitaanniemi**	100	2,500	2,000	4,500	20,000
Annaleena Kiikonen	92	12,000	5,500	17,500	16,500
Nina Kiviranta	89	12,000	8,000	20,000	20,000
Tuija Pesonen***	100	10,000	6,500	16,500	-
Esko Pyykkönen	100	12,000	9,000	21,000	15,000
Erkka Valkila	100	12,000	8,500	20,500	20,500
Stefan Wentjärvi	94	14,400	8,000	22,400	24,400

* The fees are shown on a payment basis

** Board member until 13 March 2019

*** Board member from 13 March 2019

Remuneration of the CEO and other management

The remuneration of Finavia's CEO, Group Executive Group members, the CIO and the CEOs of Finavia's subsidiaries Airpro Oy and RTG Ground Handling Oy is based on a fixed monthly salary, and STI and LTI schemes. The Company's management does not have any other compensation systems or supplementary pension plans.

In addition to the Executive Group members, other managers and key personnel in the Finavia Group are covered by the STI scheme. The STI and LTI schemes are based on the guidelines issued by the Ownership Steering Department. Under the STI and LTI schemes, the performance-related pay paid during a tax year may not exceed 80% of the individual's yearly fixed basic pay.

The criteria for the STI and LTI periods, the targets set out for the schemes and their weightings are determined by the Board of Directors each year in accordance with the targets laid out for the Group. In the STI criteria, the emphasis is on Group-level financial efficiency and customer satisfaction indicators. The STI scheme may have criteria for the Group as a whole, for individual profit centres and for individual employees. The targets set out for the LTI scheme are based on increasing shareholder value. Under the LTI scheme introduced in 2017, the first performance bonuses can be paid in 2020. Under the incentive schemes, the performance-related pay is not paid in full if the safety criterion and the criteria for the financial indicator are not met.

No changes were made to the STI and LTI schemes of Finavia's management and key personnel in 2019, but the target levels of earning criteria were increased from 2018.

The indicators applied in the short-term incentive (STI) scheme and their weighting used in the remuneration of Finavia's management and key personnel

Number of indicators / role	Joint targets	Weight	Targets for a profit centre	Weight	Personal targets (examples)	Weight
CEO (2-3 indicators)	EBITDA % Customer satisfaction	75%			Development programme	25%
Executive Group (3-4 indicators)	EBITDA % Customer satisfaction	75%			Development programme Unit performance Projects	25%
Executive group of a profit centre (3-4 indicators)	EBITDA % Customer satisfaction	50%	Example: Profit centre performance Customer loyalty Security	25%	Example: Adherence to cost budget Efficiency Projects	50%
Other key staff members (3-4 indicators)	EBITDA % Customer satisfaction					

Remuneration of the Finavia management in 2019

Fees and salaries paid to Finavia's CEO and Executive Group members in 2019

	Salaries and fringe benefits in 2019, EUR	Performance bonus based on the 2018 earning period as set out in the STI scheme, paid in 2019, EUR	Total paid in 2019, EUR	Total paid in 2018, EUR
Chief Executive Officer	352,800	92,405	445,205	315,140**
Other members of the Executive Group*	1,404,639	371,048	1,775,687	1,616,703

*Four Executive Group members only part of the year

**Annual salary paid to the current CEO in 2018

Performance bonus to previous CEO, who retired in 2017, totaled as 274,496 EUR and was paid in 2018.

Fees and salaries paid to the CEOs of subsidiaries in 2019

	Salaries and fringe benefits in 2019, EUR	Performance bonus based on the 2018 earning period, as set out in the STI scheme, paid in 2019, EUR	Total paid in 2019, EUR	Total paid in 2018, EUR
CEO of Airpro & RTG	188,271	57,809	246,080	234,770

Details of the CEO's contract of employment

In addition to the salary, the CEO has a company car and telephone. The retirement age and pension of the CEO are determined on the basis of the Employees Pensions Act.

The CEO's period of notice is six months. When the employment is terminated by the employer, the CEO receives a six months' pay for the period of notice. The CEO does not receive any separate compensations in addition to the salary for the period of notice.

Bonuses payable to other members of staff

Finavia Corporation has a personnel fund. All employees, apart from the top management and those covered by the performance bonus scheme, are members. The personnel fund is supplemented annually by a sum equivalent to a maximum of six per cent of the company's payroll coming under the fund. The Company does not have any other personnel compensation schemes.

The amount payable to the personnel fund is determined on the basis of performance targets achieved. The Board of Directors sets the targets for the personnel's performance-based pay and approves the result achieved. The criteria for the employees' performance-based pay scheme are identical with the criteria laid out for the STI scheme of the Finavia management. Finavia's operating margin and customer satisfaction are used as the criteria. In 2019, Finavia paid EUR 1,831,226 to the personnel fund owned by Finavia's employees on the basis of achieved earning criteria.

Finavia's subsidiary Airpro Oy and its subsidiary RTG Ground Handling Oy have their own employee incentive schemes. The payment criteria for the incentive schemes of Airpro Oy and RTG Ground Handling Oy are approved by the Board of Directors of Airpro Oy.