

Corporate Governance and Remuneration Statement

Finavia in brief

Finavia is an airport operator whose goal is to make travel smooth and stress-free. We enable good flight connections from Finland to the rest of the world through our nationwide network of airports. Our main airport, Helsinki Airport, is a leading European hub for long-haul and connecting flights.

We develop and maintain airports and manage large-scale operations ranging from demanding construction projects to complex logistics, passenger flows and data. We work together with our customers and partners to promote the mobility of Finnish people and 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 consists of details, and every single detail counts.

Our work at Finavia makes the world closer.



Responsibility at Finavia is a complex set of considerations in which every detail needs to be in order. Small details come together in a chain of strengths to create safe and efficient connections to the rest of the world, ambitious climate efforts, an inspiring workplace and a world-class passenger experience – sum of good things.



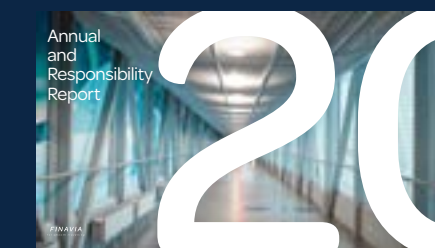
Content

1	Corporate Governance Statement	4
	Finavia Corporation	5
	Observing the Finnish corporate governance code	5
	Corporate structure	5
	Administrative and operative bodies	5
	General Meeting	5
	Board of Directors	5
	Members of the Board of Directors on 31 December 2020	7
	Committees of the Board of Directors	9
	Chief Executive Officer	9
	Executive Group	9
	Members of the Executive Group on 31 December 2020	10
	Internal control, risk management and internal audit	13
	Audit	14
	Related party transactions	14
2	Remuneration report	15
	Remuneration of the Board of Directors	16
	Remuneration of the CEO and other management	17
	Details of the CEO's contract of employment	18
	Bonuses payable to other members of staff	18
	Remuneration of Finavia's management in 2020	18

Finavia's Annual Report 2020

Finavia's Annual Report 2020 consists of Annual and Responsibility Report, Corporate Governance and Remuneration Statement and Financial Statements, which are published as separate PDF documents on our website.

www.finavia.fi



The Annual and Responsibility Report describes Finavia's business and responsibility goals and achievements and also includes the CEO's review.

[READ MORE](#)



The Corporate Governance and Remuneration Statement consists of the Corporate Governance Statement and the Remuneration Statement.

[READ MORE](#)



The Financial Statements include the Board of Directors' Report and key information on Finavia's finances for the past year.

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Corporate Governance Statement

Finavia Corporation	5
Observing the finnish corporate governance code	5
Corporate structure	5
Administrative and operative bodies	5
General Meeting	5
Board of Directors	5
Members of the Board of Directors on 31 December 2020	7
Committees of the Board of Directors	9
Chief Executive Officer	9
Executive Group	9
Members of the Executive Group on 31 December 2020	10
Internal control, risk management and internal audit	13
Audit	14
Related party transactions	14

Corporate Governance Statement

Finavia Corporation

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 on Ownership Policy of 8 April 2020, the State seeks to maximise overall social and financial benefits in managing its corporate assets. According to the Government Resolution, aside from financial considerations, companies must take into account the social, regional and environmental impacts of their activities. The State expects state-owned companies to lead the way in the transition to a carbon-neutral circular economy, digitalisation and responsibility.

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 2020.

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. Finavia also does not fully comply with the Corporate Governance Code with regard to the remuneration statement.

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

Corporate structure

In 2020, the company 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.

General Meeting

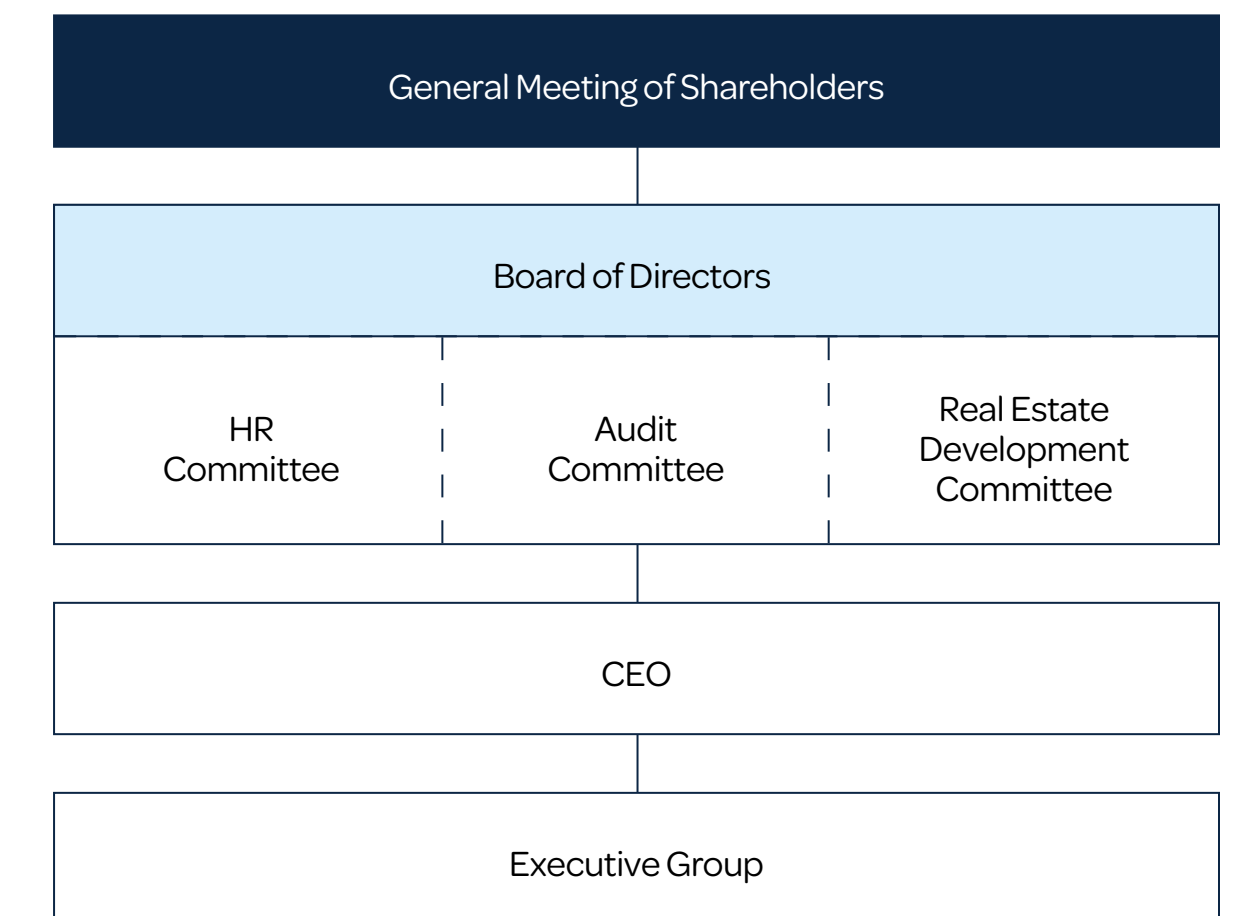
The Ordinary General Meeting (GM) is Finavia's supreme decision-making body. The Ordinary General Meeting is held annually on a day determined by the Board of Directors, within six months of the end of the financial period. The Ordinary General Meeting decides on issues within its powers under the Limited 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 2020 was held on 30 March 2020.

Administrative organisation



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 Chairman of the Board.

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 shareholders. The Board assesses the independence of the members in relation to the company and its shareholders 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.

The preparation of 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 to 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.

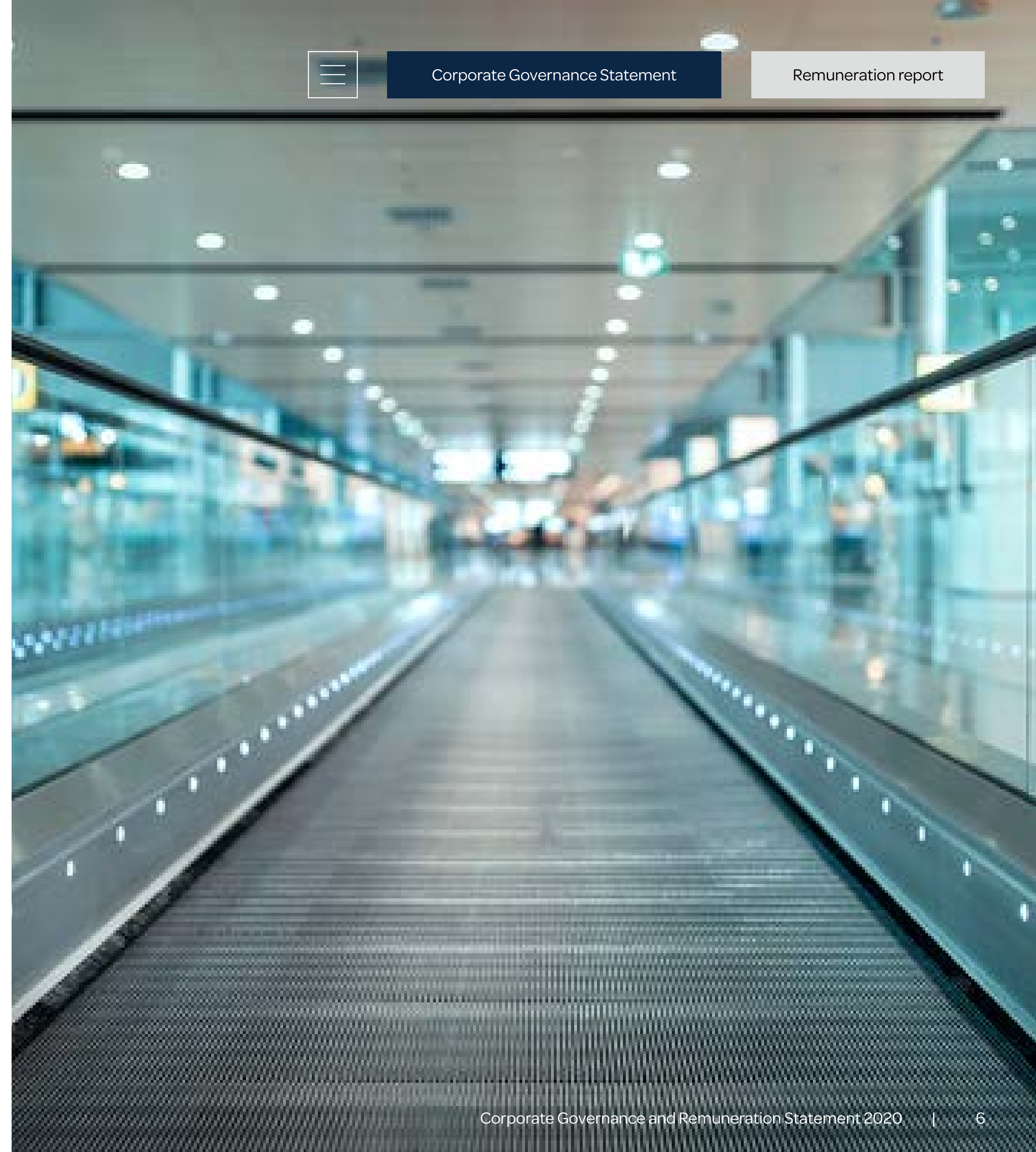
When required, the Board of Directors decides on establishing new committees for the purpose of preparing the matters for which the Board is responsible and elects their members annually after the Ordinary General Meeting.

During the period 1 January–30 March 2020, the Board of Directors of Finavia had the following members: Harri Sailas (as Chair), Stefan Wentjärvi (as Deputy Chair), Nina Kiviranta, Tuija Pesonen, Esko Pyykkönen, Erkka Valkila and (as the representative of the personnel) Annaleena Kiikonen.

Finavia's Ordinary General Meeting was held on 30 March 2020 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, Erkka Valkila, and personnel representative Johanna Kara as members of the Board.

All members of the Board were independent of Finavia with the exception of Annaleena Kiikonen and Johanna Kara, who serve on the Board as representatives of the personnel and have 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 2020. The attendance rate of Board members at Board meetings was 90.6 per cent during the period 1 January–30 March 2020 (three meetings) and 96.8 per cent during the period 31 March–31 December 2020 (nine meetings). Harri Sailas, Tuija Pesonen, Esko Pyykkönen and Erkka Valkila attended all Board meetings. Stefan Wentjärvi and Nina Kiviranta attended 11 meetings out of 12. Annaleena Kiikonen attended two meetings out of three and Johanna Kara eight meetings out of nine.



Members of the Board of Directors on 31 December 2020



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

FinnHEMS Oy, Chairman of the Board 2020–
Sponlator Oy, Chairman of the Board 2019–
Merame Oy, Chairman of the Board 2017–
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 2014–2020



Johanna Kara

Personnel representative in the Finavia Board of Directors from 31 March 2020
B. 1965, B.Sc. (Tech.)

Main work history

Finavia Corporation, Environmental Specialist 2008–
Finnish Swimming Federation 2000–2007
Helsinki Metropolitan Area Reuse Centre and Helsinki Metropolitan Area Council 2002–2005

Positions of trust

Finavia Corporation, Chief Shop Steward 2018–, Shop Steward 2015–2018, member of the board of directors of the personnel fund 2018–, Health and Safety Representative 2017–
Member of the board of directors of the Finavia technical employees labour union (Finavian tekniset FT), 2014–



Nina Kiviranta

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

Main work history

Metso Outotec Corporation, General Counsel, Senior Vice President 2020–
Outotec Corporation, General Counsel, Senior Vice President 2013–2020
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, 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 executive and management team duties

Positions of trust

Kuntien Tiera Oy, Board member 2019–
Indoor Group Oy, Board member 2018–2020
Indoor Group Holding Oy, Board member 2018–2020

Members of the Board of Directors on 31 December 2020



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
2016–2019
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

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

Erkka 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

FCG, Finnish Consulting Group Oy, Board member 2018–
ARE Oy, Board member 2017–
Pohjola Rakennus Oy, Board member 2016–
EcoReal Oy, Chairman of the Board 2016–
Suomen Asuntokehitys Oy, Board member 2016–
Antilooppi Oy, Board member 2015–2020
Duuri Oy, Chairman of the Board 2010–
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
2018–2019
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 an 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 shareholders. 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–31 December 2020, the Audit Committee comprised Stefan Wentjärvi as the Chairman, and Nina Kiviranta and Tuija Pesonen as members. The Audit Committee convened five times in 2020. The attendance rate of its members was 100 per cent.

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 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–31 December 2020, the HR Committee comprised Harri Sailas as the Chairman, and Esko Pyykkönen and Erkka Valkila as members. The HR Committee convened three times during the period 1 January–31 December 2020. During this period, the attendance rate of its members was 100 per cent.

Working committee for real estate development

The working committee for real estate development assists 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 1 January–31 December 2020, the working committee for real estate development comprised Harri Sailas as the Chairman, and Erkka Valkila and Esko Pyykkönen as members. The working committee convened once during the period 1 January–31 December 2020. During this period, the attendance rate of its members was 100 per cent.

Chief Executive Officer

The CEO's main duties include the planning, management and monitoring of the company's business activities, as well as the 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. Jani Jolkkonen was appointed Deputy CEO on 31 March 2020.

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 2020, 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 23 times during the year.

Members of the Executive Group on 31 December 2020



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, Infrastructure, Sustainability,
Safety & Security
B. 1972, Construction Engineer, M.Sc. (Tech.)
Employed by Finavia and its predecessors 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 Oyj, Board member 2012–2016
Kiinteistöosakeyhtiö Lentäjätie 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
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 2020



Niclas Köhler

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

Main work history

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–

Ulla Lettijeff

Director of Helsinki Airport starting from 6 February 2020
B. 1967, M.Sc. (Tech.)
Employed by Finavia since 2020

Main work history

Fiskars Group, President 2018–2019, Fiskars Group, Senior Vice President 2017–2018, Fiskars Group, Vice President 2014–2016, Lettijeff Consulting Oy, Co-founder and CEO 2011–2014, Nokia Siemens Network, Head of Espoo Factory 2007–2008, Nokia Networks, Director 2003–2007, Nokia Networks, Plant Manager 2002

Positions of trust

Tokmanni Group Plc, Board member 2020–

Juha-Pekka Pystynen

Senior Vice President, Risk Management, Safety, Security & Quality
B. 1960, Flight Officer, General Staff Colonel
Employed by Finavia and its predecessors since 2007

Main work history

Finavia, Director of Risk Management 2012–, acting President and CEO of Finavia Corporation 22 August 2011–2015 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–
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 2020



Katja Siberg

Senior Vice President, Marketing, Corporate Communications and Customer Experience, CMO
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

Positions of trust

Suomi-rata Oy, Board member 2020–

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

FinnHEMS Oy, Board member 2020–, Airpro Oy, Board member 2013–, RTG Ground Handling Oy, Board member 2013–, Lentoasemakiinteistöt Oy, Board member 2017–2018, LAK Real Estate Oyj, Board member 2017–2018, Lentoasemakiinteistöt Oyj, Board member 2013–2016, Kiinteistö Oy Lentäjäntie 1, Board member 2015–2018

Kaarina Soikkanen

Senior Vice President, HR
B. 1960, LL.M.
Employed by Finavia and its predecessors 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

Finferries Oy, Board member 2019
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

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 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 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.

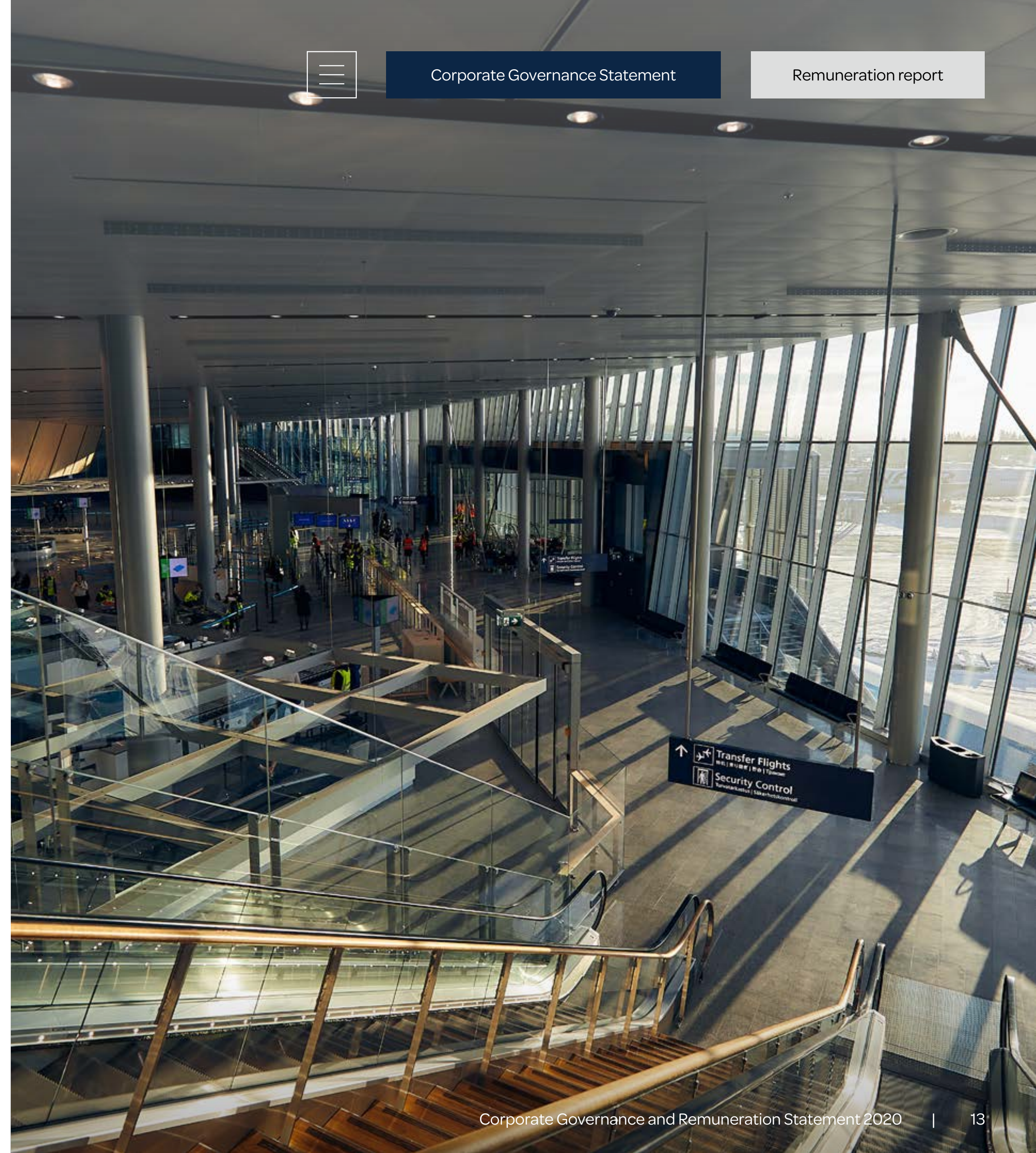
The consistency and reliability of reporting are assessed as part of internal control by means of different types of control and matching. The Group's Financial Department determines control procedures for the financial reporting process. These include instructions and guidelines, process descriptions, and matchings and analyses, which help to ensure the correctness of the data used in reporting and the report itself.

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 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.



The 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 the risk management policy was approved on 26 April 2019.

Internal Audit

In accordance with the audit plan approved by the Board of Directors each year, 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. Audit findings and recommendations concerning them are reviewed with the persons in charge of the audited entities at the audit's conclusion. The Internal Audit Unit monitors the implementation of measures in accordance with 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 compa-

nies. The auditor submits to the shareholders an auditor's report on the Group companies' financial statements and 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 2020 re-elected the auditing firm Ernst & Young as the Company's auditor, with Mikko Ryttilähti (APA, CPFA) as the auditor in charge. Mikko Ryttilähti has served as the Company's auditor in charge since 28 November 2014.

In 2020, 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 2020 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 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

Remuneration of the Board of Directors	16
Remuneration of the CEO and other management	17
Details of the CEO's contract of employment	18
Bonuses payable to other members of staff	18
Remuneration of Finavia's management in 2020	18

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 8 April 2020.

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 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 149,800. The fees and salaries paid to the CEO of the Group, the Executive Group members of Finavia and the CEO of Finavia's subsidiary totalled EUR 2,617,307.

Bonuses totalling EUR 2,951,711 were paid to Finavia's employees and from which EUR 1,629,702 were paid through the personnel fund.

In addition, bonuses totalling EUR 690,374 were paid to employees working in the Airpro subsidiary business.

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 2020.

The fees payable to the members of Finavia's Board of Directors in compliance with the resolution of the Ordinary GM of 2020 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 2020

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 2020, EUR	Meeting fees in 2020, EUR	Total in 2020, EUR	Total in 2019, EUR
Harri Sailas	100	20,400	9,500	29,900	29,400
Johanna Kara**	88.9	9,500	4,000	13,500	0
Annaleena Kiikonen***	67	3,000	1,500	4,500	17,500
Nina Kiviranta	91.6	12,000	8,500	20,500	20,000
Tuija Pesonen	100	12,000	9,000	21,000	16,500
Esko Pyykkönen	100	12,000	9,500	21,500	21,000
Erkka Valkila	100	12,000	9,500	21,500	20,500
Stefan Wentjärvi	91.6	14,400	8,500	22,900	24,400

* The fees are shown on a payment basis

** Board member from 31 March 2020

*** Board member until 30 March 2020



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 per cent 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 of the long-term incentive (LTI) scheme are based on increasing shareholder value. 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.

The maximum performance-related pay under the short-term incentive scheme for the members of Finavia Corporation’s Executive Group is 30 per cent. The maximum performance-related pay for other management and key personnel is 15–25 per cent depending on their role. The performance criteria for the short-term incentive scheme for Finavia’s management and key personnel were maintained partly unchanged in 2020, but CO₂

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	Personal targets and their weights
CEO (3–4 indicators)	EBITDA	35	Strategy 25
	Customer satisfaction	30	
	Sustainability: CO ₂ emissions/pax	10	
Executive Group (3–4 indicators)	EBITDA	35	Development programme Unit performance Projects 25
	Customer satisfaction	30	
	Sustainability: CO ₂ emissions/pax	10	
Executive group of a profit centre (4–5 indicators)	EBITDA	25	Example: The unit’s EBITDA Safety Adherence to cost budget Efficiency 50
	Customer satisfaction	15	
	Sustainability: CO ₂ emissions/pax	10	
Other key staff members (4–5 indicators)	EBITDA	25	Projects Customer loyalty Unit performance
	Customer satisfaction	15	
	Sustainability: CO ₂ emissions/pax	10	

emissions per passenger was added to the criteria as a sustainability indicator.

The maximum performance-related pay under the long-term incentive scheme for the members of Finavia Corporation’s Executive Group is 50 per cent and the performance-related pay at the target level is 25 per cent. Finavia’s Board of Directors has approved the long-term incentive (LTI) schemes for the periods 2017–2019, 2018–2020, 2019–2021 and 2020–2022.

No changes were made to the long-term incentive (LTI) scheme in 2020, but the target levels of the performance criteria were increased compared to 2019 and a new LTI scheme was confirmed for the performance period 2020–2022. Under the LTI scheme, the first performance-related pay (for the period 2017–2019) became payable in 2020.

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 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. Finavia's Board of Directors approved a sustainability indicator as a new performance criterion for Finavia's incentive scheme for personnel in 2020. The sustainability indicator is CO₂ emissions per passenger.

In 2020, Finavia paid EUR 1,629,703 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.

Remuneration of Finavia's management in 2020

Fees and salaries paid to Finavia's CEO and Executive Group members in 2020:

	Salaries and fringe benefits in 2020, EUR	Performance bonus based on the 2019 earning period, as set out in the STI scheme, paid in 2020, EUR	Performance bonus based on the 2017–2019 earning period, as set out in the LTI scheme, paid in 2020, EUR	Total paid in 2020, EUR	Total paid in 2019, EUR
CEO	327,840	62,235	117,482	507,557	445,205
Other members of the Executive Group*	1,193,464	200,178	407,281	1,800,923	1,775,687

* A new member joined the Executive Group on 6 February 2020.

Fees and salaries paid to the CEOs of subsidiaries in 2020:

	Salaries and fringe benefits in 2020, EUR	Performance bonus based on the 2019 earning period, as set out in the STI scheme, paid in 2020, EUR	Performance bonus based on the 2017–2019 earning period, as set out in the LTI scheme, paid in 2020, EUR	Total paid in 2020, EUR	Total paid in 2019, EUR
CEO of Airpro & RTG	178,659	35,667	94,500	308,826	246,080

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