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RESPONSIBLE FINNAIR

Finnair's objective is to create sustainable economic added value by producing flight services profitably, cost-competitively and in harmony with the needs of the environment and society.

- Push for Change
- Value Creation model
- Materiality Analysis
- Management Principles
- Ethics and Responsible sourcing

PUSH FOR CHANGE

The same journey can generate more or less emissions, depending on a number of factors. By selecting a sensible form of travel, a direct and lower-emission route as well as an airline that uses modern aircraft, everyone can reduce the environmental impact of their journey. In the name of ethics, companies should not compromise on their travel, but on their emissions.

Airlines decide whether to invest in modern technology, recycle waste appropriately, reduce energy consumption, and care for the wellbeing of employees. As the customer, you decide, however, on the kind of airline you support.

Tourism is one of the world's biggest businesses. It employs more than eight per cent of the world's labour force and produces more than ten per cent of the world's gross domestic product. Tourism's impact on the world - whether it be good or bad - is huge.



Does this ring a bell? Climate change and all our efforts to minimise its impacts keep the discussion going. This topic has been part of practically every evening conversation I've had recently. This actually makes sense - solutions need to come fast.

Already in 2008 the topic of climate change and its impacts was under the focus in Finnair's first report on social responsibility, which followed the guidelines of GRI. Even if the quotes above come directly from that report, they would still be relevant as part of this report for 2018, against the background of changes that took place over ten

years around the world, in aviation, and particularly at Finnair.

In 2012, the air transport industry joined the EU-wide Emission Trading Scheme (ETS). In 2016, the international community agreed on a global carbon offsetting and reduction scheme for international aviation, which requires reporting from this year onwards. Finnair, for its part, has significantly renewed its fleet and improved its operations so that the level of emissions for 2009-2017 has decreased by 20 per cent / revenue tonne kilometre. The aviation industry, including Finnair, keeps growing.

That is why we must act even more decisively. We must find new ways of reducing jet fuel consumption and rely more on alternative sources of energy. Many promising projects are already in the pipeline.

For us, at Finnair, responsibility includes more than the protection of the environment from emissions and other negative impacts. We take all areas of responsible business seriously. We also see importance in working together with our partners to ensure sustainable development.

Over the past ten years, the number of partners has grown. Finnair has remarkable part-



”OUR RESEARCH RESULTS SHOW THAT THE MAJORITY OF THE FINNISH PUBLIC WOULD BE WILLING TO MAKE CONTRIBUTIONS IF THE FUNDS WOULD DIRECTLY OFFSET CARBON EMISSIONS OR SUPPORT FLYING WITH BIOFUEL.”

ners that cooperate with us on the advancement of sustainability in the societies where we operate. The most prominent themes of this year included well-being and education for children and youth, women empowerment around the globe, equality and non-discrimination, development of accessible services, prevention of human trafficking, and supporting the fight against cancer. Standing by our commitment to responsible business is crucial in today’s changing world.

Already in 2008, our customers, both individual passengers and organisations, wished they would be able to reduce emissions related to flying. Yet then, our customers did not show readiness to participate in an offsetting programme.

Now the time is right. In January 2019, Finnair launched a service called Push for

Change, which helps customers offset and reduce the emissions of their flights. We introduced this service based on research results from summer 2018, which show that the majority of the Finnish public would be willing to make contributions, if the funds would directly offset carbon emissions or support flying with biofuel.

Our new initiative, Push for Change, offers customers both opportunities. A customer can purchase biofuel to be used in our flight operations or support the use of low emission cooking stoves in Mozambique.

Let us keep working together towards flying and tourism that are more responsible.

Kati Ihamäki
Director, Corporate Sustainability



Value creation

INPUTS / RESOURCES

Human capital

Personnel of 6,360, training hours 50.3/person, expertise

Financial

Adjusted interest-bearing debt €675.2 million, equity capital €1,021.7 million

Immaterial

Traffic rights, overflight rights customer data, quality certifications, route network, brand and customer base

Social and partnerships

Supplier and partners, joint businesses (AJB/SJB) and alliance cooperation, distribution channels, public affairs

Fleet and infrastructure

Modern and efficient fleet of 81 aircraft, COOL Nordic Cargo Terminal, Helsinki hub

Natural resources

Jet fuel use 1,031,123 tonnes, energy consumption of facilities 259,479 GJ, use of renewable fuels

OUR VISION, PURPOSE AND MISSION

OUR VALUES AND CODE OF CONDUCT



PRODUCTS / OUTPUTS

Network

Over 130 destinations in Finnair's network and over 1,000 in oneworld network

Passenger transportation

13.3 million passengers, ancillary services

Cargo transportation

158,140 tonnes

Travel services

Package tours, dynamic travel products

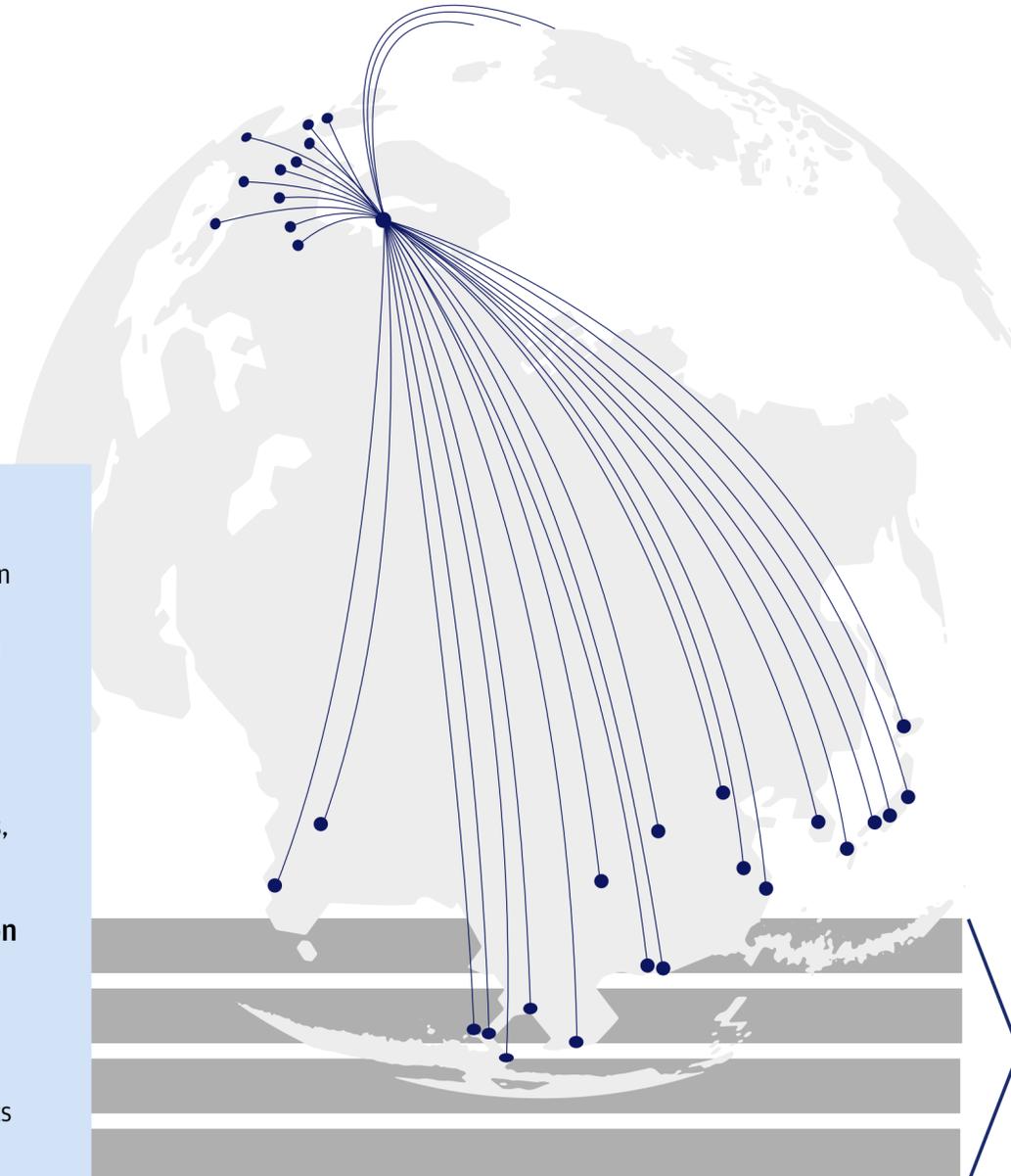
STRATEGIC FOCUS AREAS

Growth

Customer experience

People experience

Transformation



VALUE CREATED / IMPACTS

Value for society

Flight connections for business and leisure travellers, GDP contribution, taxes, innovative and sustainable products

Value for shareholders

Market cap €907.8 million, return on capital employed (ROCE) 11.9%

Value for customers

The fastest connections between Europe and Asia, customer satisfaction NPS 48, safe and reliable operations

Value for personnel

Salaries and benefits €428.6 million, people experience 3.77/5

Environmental impacts

Greenhouse gas emissions 3,243,538 (jet fuel), noise and waste

SUSTAINABILITY

EFFICIENCY



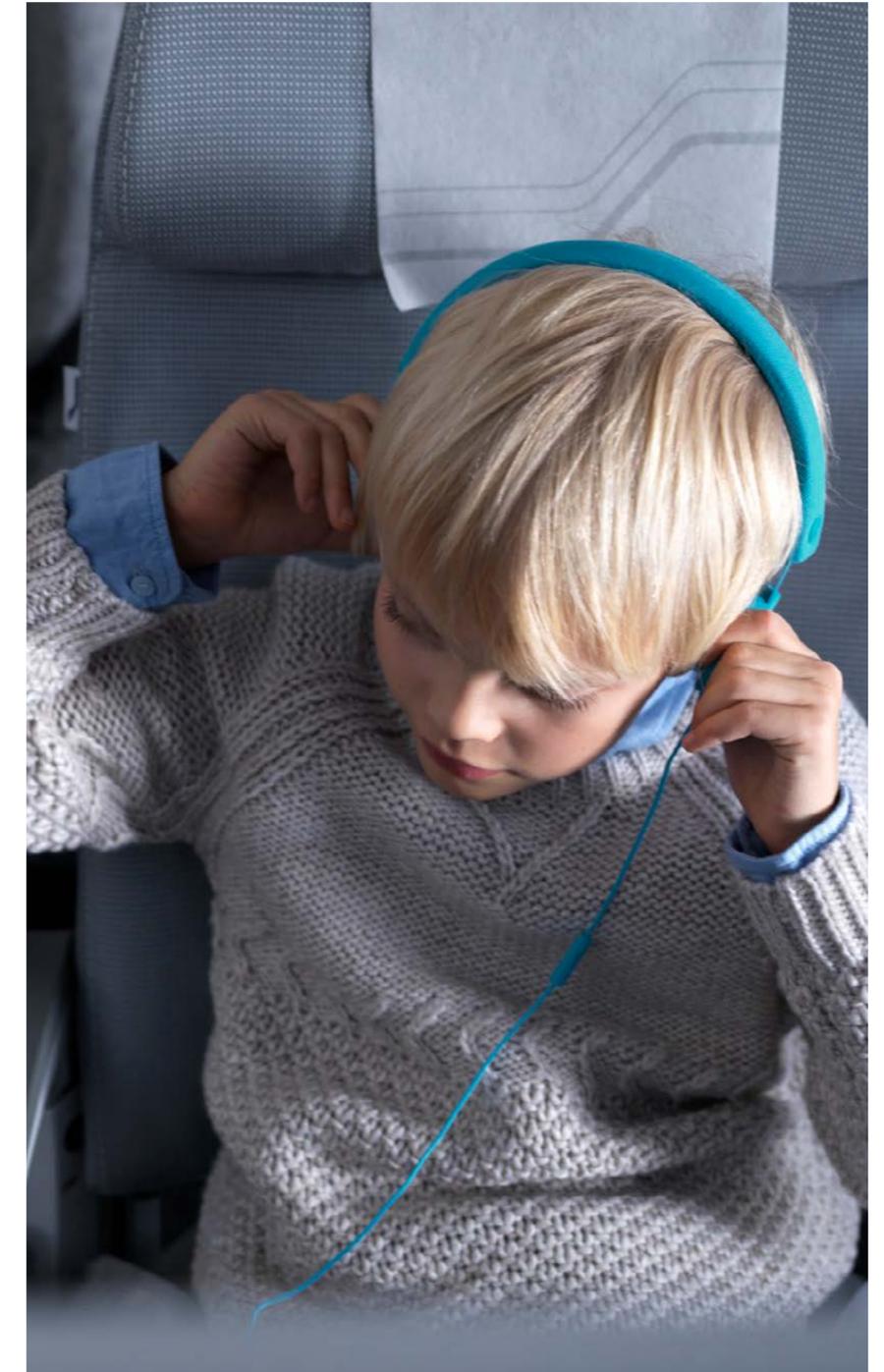
MATERIALITY ANALYSIS

Finnair updated its materiality analysis for corporate responsibility in 2018 in accordance with the reporting principles of GRI 101 Foundation Standard. The materiality analysis was used to identify the key economic, environmental and social impacts in Finnair's value chain as well as impacts on business and stakeholder decision making.

The materiality analysis was based on identifying corporate responsibility issues emerging from Finnair's business environment through an analysis of industry trends, legislation, corporate responsibility reporting guidelines, the reporting of peer companies and issues highlighted by various stakeholders.

The identified corporate responsibility aspects were assigned priorities based on their business impact and stakeholder interest. The results of the prioritisation were reviewed with the representatives of key stakeholders. Finnair's Executive Board and Board of Directors approved the results of the materiality analysis.

The material aspects defined as a result of the materiality analysis were grouped under four themes. This analysis was also used as the basis for reporting for 2018. Finnair's sustainability themes, focus areas, material aspects, and related GRI standards and boundaries can be found in the table below. Specific GRI disclosures for the material topics can be found in the GRI content index.





FOCUS AREA	MATERIAL TOPICS	GRI TOPICS	TOPIC BOUNDARIES
ETHICAL BUSINESS AND RESPONSIBLE SOURCING			
Ethical business and responsible sourcing	<ul style="list-style-type: none"> Code of Conduct Anti-corruption and bribery Compliance with anti-competition regulations Supply chain sustainability 	<ul style="list-style-type: none"> Ethics and integrity Environmental compliance Socioeconomic compliance Anti-corruption Anti-competitive behavior Supplier social assessment Human rights assessment 	Finnair's own operations, partners and supply chain
CLEANER			
Energy	<ul style="list-style-type: none"> Fuel efficiency 	<ul style="list-style-type: none"> Energy 	Finnair's own operations and indirect impacts on greenhouse gas emissions (Scope 3) and biodiversity
Noise and biodiversity	<ul style="list-style-type: none"> Biodiversity 	<ul style="list-style-type: none"> Biodiversity 	
Emissions	<ul style="list-style-type: none"> Climate change mitigation Renewable fuels 	<ul style="list-style-type: none"> Emissions 	
Waste	<ul style="list-style-type: none"> Eliminating plastics Recycling of materials 	<ul style="list-style-type: none"> Effluents and waste 	
CARING			
Caring for our employees	<ul style="list-style-type: none"> Employee experience Employee brand image Working conditions Equality 	<ul style="list-style-type: none"> Employment Labour/management relations Occupational health and safety Training and education Diversity and equal opportunity Human rights assessment 	Finnair's own operations
Respecting our customers	<ul style="list-style-type: none"> Flight safety Customer experience Equality Responsible use of customer data 	<ul style="list-style-type: none"> Stakeholder engagement Customer health and safety Marketing and labelling Customer privacy Human rights assessment 	Finnair's own operations and customers
COLLABORATIVE			
Stakeholders		<ul style="list-style-type: none"> Stakeholder engagement Public policy 	Finnair's own operations, society and local communities
Economic impact	<ul style="list-style-type: none"> Economic responsibility 	<ul style="list-style-type: none"> Economic performance Indirect economic impacts 	



MANAGEMENT PRINCIPLES

Finnair's management system is aimed at achieving strategic goals, creating added value for the company's owners and other stakeholders, managing operational risks and improving the company's performance.

The company's operations are guided by principles, policies and guidelines defined by the company, including the following:

- Code of Conduct
- Risk Appetite Statement
- Risk Management Policy
- Treasury Policy
- Disclosure Policy
- Compensation Policy
- Insider rules
- Board Diversity Principles
- Approvals Policy
- Insurance Policy
- Staff Travel Policy
- Occupational Health & Safety Policy
- Competition Policy
- Information Security Policy
- Data Protection Policy
- Corporate Responsibility Policy
- Business Continuity Management Policy
- Environmental and Energy Efficiency Policy

In financial reporting, Finnair applies the rules relating to listed companies as well as international financial reporting standards. Most of Finnair's operational activities are based on official regulations and are subject to official supervision. Within the group, the legality and acceptability of operations is monitored as part of Finnair's general control and audit processes. The responsibility for regulatory compliance in flight operations lies with the persons defined and approved by the authorities. Finnair is also subject to supervision relating to finances and safety and security.

Internal control and audit roles and responsibilities are compliant with the Finnish Companies Act, the Finnish Corporate Governance Code for Listed Companies and the regulations governing the aviation industry. Finnair's governance model, control environment and activities, internal audit and the roles and responsibilities related to these are described in detail in Finnair's Corporate Governance Statement.

Corporate Responsibility at Finnair concerns everyone and our aim is to incorporate the corporate responsibility aspects equally in all our processes and product design. The Corporate Responsibility func-

tion is headed by the Senior Vice President for Communications and Corporate Responsibility, who is also a Member of the Finnair Executive Board. Reports and all key principles and policies will be discussed by the Finnair Board of Directors. The development, coordination and reporting is managed by the corporate responsibility function with the support of the steering groups for other key functions.

Responsible Finnair

Finnair's corporate responsibility is reflected in its purpose "Enriching life by bridging the world", strategy, vision and values of commitment to care, simplicity and courage. Responsibility is integral to all Finnair operations. The purpose of the responsibility strategy is to reduce the environmental impact and increase the financial and social return for society.

The key areas of corporate responsibility and sustainability strategy fall under the following themes: cleaner, caring, collaborative. Finnair is committed to complying with international and national legislation in its operations, as well as the ethical business principles laid out in the Code of Conduct.

Anti-corruption policies are outlined in Finnair's Code of Conduct and Supplier



Code of Conduct as well as in the Rules for Anti-Bribery, Corporate Hospitality and Hosting of Public Officials. Finnair's Code of Conduct includes an anti-corruption section, and the receiving and giving of bribes is strictly prohibited. During 2018, Finnair continued to train its employees on Finnair's Code of Conduct in interactive workshops, and all new employees receive the mandatory e-learning module on the Code of Conduct. Finnair decided to renew its Finnair Ethics Helpline to increase transparency and effectiveness of incident reporting. The new Whistleblowing system will be launched in Q1 2019 and will be opened to both internal and external stakeholders.

The corporate responsibility aspects that are defined as material for Finnair are provided in the Materiality Assessment and the GRI content index. Finnair's operations and services involve a number of financial, social and environmental considerations. These have been described in more detail in the following sections.

Public affairs and lobbying

Aviation is a strictly regulated industry. Therefore, it is important for Finnair to participate in discussions and decision-making regarding its operating conditions. It is part of the company's growth strategy to aim towards securing adequate traffic rights.

Finnair pursues its interests in an ethically sustainable manner by appropriately introducing its views, perspectives and expertise. The company does not pressurise or support political decision-makers in any way in pursuing its interests. The legality and ethicality of lobbying activities is controlled as part of the company's general supervision and audit processes.

The aim of Finnair's lobbying activities is to maintain relationships concerning relevant policy and to participate in relevant negotiations and the operations of advocacy organisations. When lobbying on various civil aviation and industry regulation issues, Finnair typically cooperates with various organisations and chambers of commerce.

Finnair is an active member of various aviation industry organisations, such as A4E and IATA, but also in the Confederation of Finnish Industries (EK), and its sub-associations and in several chambers of commerce.

Communications

Finnair aims at open, honest and timely communications. In line with these principles, Finnair's communications are also in compliance with regulations governing listed companies and limited liability companies, as well as the obligations of the Finnish Act on Cooperation within Undertakings and the communications guidelines of the State Ownership Steering Department.

Finnair takes different perspectives into consideration and respects all stakeholders' views of its operations. Finnair's internal communications are based on reciprocity. Every employee has the duty to communicate matters related to their area of responsibility to the relevant target groups. Those in supervisory roles have a further duty to communicate goals, operations and results

to their own work community and create a work environment that enables genuine constructive discussion. The company systematically develops its communication channels to enable more efficient communications and to facilitate constructive discussion.

Economic responsibility

Finnair as a whole has substantial direct and indirect financial implications on Finland's national and local economies.

Aviation is a significant industry for Finnish society and the national economy. The accessibility created by airline traffic is a necessity for Finland's global competitiveness and its economic impact is considerable; aviation is estimated to account for 3-5 per cent of GDP, employment and tax revenue. Finnair's effective Asian strategy is a key element of the GDP contribution of aviation and its impact is estimated at 1-2 billion euros.

Finnair's objective is to create sustainable economic added value by producing flight



FINNAIR'S MOST SIGNIFICANT ENVIRONMENTAL ACTION IS TO INVEST IN A MODERN FLEET.

services profitably, cost-competitively and in harmony with the needs of the environment and society. Responsible operations are the cornerstone of profitable business activity, and Finnair takes into account the effects of its operations on society. These effects are identified and assessed by the company's corporate responsibility and risk management organisations, which work under the delegated authority of the CEO.

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

Purchasing practices

As provided in Finnair's Code of Conduct, its procurement operations are entirely based on the fair treatment of suppliers. The persons who make procurement decisions at Finnair must always be independent of the business partners concerned. A Finnair employee must declare himself/herself

disqualified due to bias whenever they are required to make a decision pertaining to a contract or business relationship involving family relationships, ownership in the company concerned (with the exception of a reasonable share of ownership in a listed company) or any other business or debt relationship external to Finnair. Finnair does not accept corruption in any form and requires that its personnel and partners comply with the principles of the UN's Universal Declaration of Human Rights.

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

Many of the company's procurement categories are subject to regulation, requiring that the suppliers are approved by the authorities. This includes all procurement relating to flight safety. The sustainability of the supply chain is of major importance for airlines, which are using partners and

service providers to an increasing degree. Conforming with the UN's Universal Declaration of Human Rights and all applicable laws and statutes is a minimum requirement. Finnair requires that its suppliers comply with essentially similar ethical standards as the company in its own operations. Finnair's Supplier Code of Conduct provides clear principles to ensure ethical purchasing. Finnair's Responsible Sourcing Manual complements the Supplier Code of Conduct as internal instructions for implementation.

Responsibility aspects are considered in cooperation with the corporate responsibility unit. Finnair launched human rights assessments in autumn 2015, which were extended to the supply chain in spring 2016. Finnair has a process and guidelines for continuous improvement in supply chain responsibility and for handling non-compliances. Finnair aspires to continuously develop practices that ensure that negative impacts, including human rights violations, can be mitigated and that responsible sourcing is favoured when possible.

Environmental responsibility

The biggest environmental impact of an airline is its engine emissions. Modern

aircraft are always more efficient than previous-generation aircraft, and hence Finnair's most significant environmental action is to invest in a modern fleet.

Aircraft noise also has an impact on the areas surrounding airports and under takeoff and approach flight paths. Advances in aerodynamics and engine technology help mitigate aircraft noise. The noise level of the Finnair fleet has been significantly reduced thanks to the on-going fleet modernisation and noise attenuation systems installed in older-generation aircraft.

In addition, other normal operations, including running business and office premises and the fuel of ground vehicles, produce their share of emissions and environmental impact. These are all managed under Finnair's IEnvA environmental system.

Finnair's goal is to be a leading airline in the field of environmental responsibility. The company is committed to the common goal of the aviation industry to achieve carbon neutral growth by 2020 and to cut the emissions of our flight operations by half by 2050 from the 2005 level. We comply with current environmental legislation, but our environmental work aims



at exceeding statutory requirements and being a pioneer in evaluating, reporting and reducing environmental impacts.

Finnair participates actively in civil aviation environmental committees as well as in industry workgroups in Finland and the Nordic countries, promoting the reduction of the aviation sector's environmental load. An open dialogue with different stakeholders and continuous development of operations according to the latest available information are prerequisites for environmental responsibility. We report on our environmental impacts regularly in annual reports and as a part of the Carbon Disclosure Project (CDP). In addition, we communicate directly with various parties about our operations and gladly answer any questions from our stakeholders or private customers.

Environmental responsibility is managed as part of Finnair's environmental policy and environmental management system. Finnair Environment and Energy Policy described the goals of the company's environmental management. In 2014, Finnair became the first European airline to receive IATA Environmental Assessment (IEnvA) Stage 2 certification for its environmental management systems. IEnvA is an environ-

mental management system developed by IATA for airlines, which we apply to make use of the best practices in the industry. Our environmental management system has been assessed by third-party auditors authorised by IATA who are qualified to perform audits of environmental management systems. To improve its performance, Finnair has identified the most significant environmental factors relevant to its operations and defined targets for them.

Finnair takes into account environmental considerations in all its flight and ground operations. Besides energy solutions that reduce the environmental load, Finnair's environmental strategy also includes the preservation and promotion of natural diversity, known as biodiversity thinking. In addition, among other things, Finnair has actively supported a rain forest reforestation and biodiversity project in Madagascar in collaboration with the Finnish Association for Nature Conservation for several years.

Finnair signed the United for Wildlife (UFW) Buckingham Palace declaration of the Duke of Cambridge to prevent the illegal smuggling of wild animals. As a signatory, the company has undertaken to promote the awareness of different stakeholders about this topic.

Social responsibility

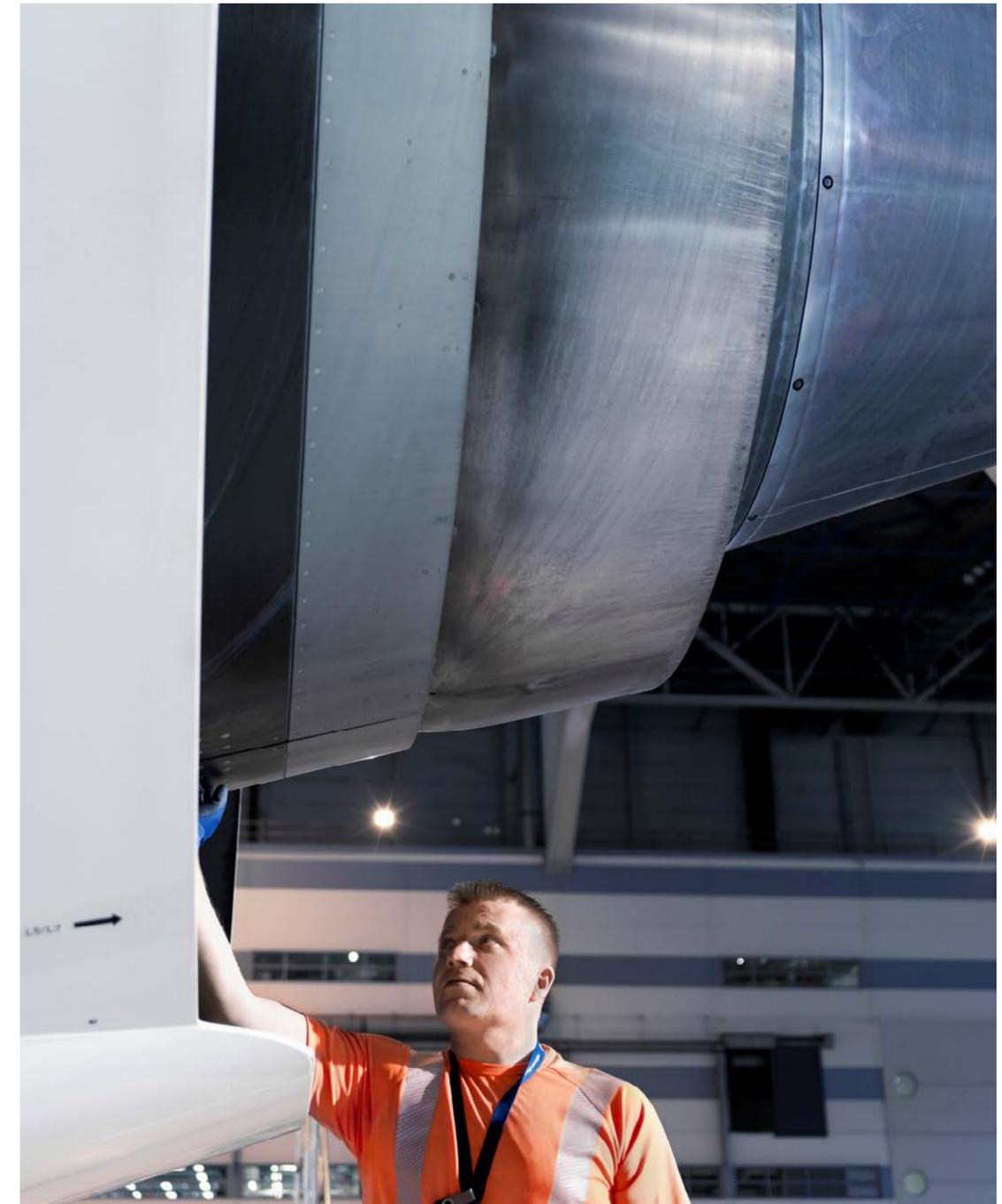
Finnair is a company in a complex, highly technical business. The company has operations and supply chain partners in dozens of different countries, each with varying laws and practices. The most important social responsibility areas concern safety, personnel, the supply chain and customers.

Human rights

Finnair's own operations involve no significant human rights risks or impacts. However, indirect risks and implications may exist in relation to the supply chains and outsourced operations.

In order to improve the monitoring of its own operations and those of its entire supply chain, Finnair continued to develop assessment of the realisation of social responsibility and human rights in 2017. In order to improve supply chain risk management, traceability and the assessment of social impact, Finnair relies on the SEDEX system.

Finnair's human rights management is described in the Finnair Code of Conduct, The Supplier Code of Conduct and the company's personnel management principles. Finnair respects the UN Universal Declaration on Human Rights and the core





conventions of the International Labour Organization (ILO).

In 2013 Finnair signed the United Nation's Global Compact initiative and undertook to comply with the Global Compact's ten principles of corporate responsibility. As required by the Global Compact principles endorsed by Finnair, the company aims to prevent any violations of human rights and the use of forced labour both within its own operations and its supply chain.

Personnel

A major aspect of social responsibility is to do with personnel and their working conditions at Finnair. Personnel management policies cover all aspects of social responsibility that have been identified as material. The impacts affecting the personnel and the working conditions are managed as based on the HR guidelines and the Finnair HR policy.

Management, development, training and employee wellbeing

Finnair does not discriminate based on gender, age, ethnic or national origin, nationality, language, religion, conviction, opinion, health, disability, sexual orienta-

tion or other personal attributes or circumstances.

Finnair does not condone harassment in the work community. Reporting infractions is every employee's right and the company is determined to take steps to intervene in all cases brought to its knowledge. It is the duty of every group employee to act so that no one is accorded unequal status.

Finnair offers equal opportunities to everyone with regard to recruitment, work performance, career progression and development. Finnair implements the equal pay principle based on the Finnish Equality Act and gives both men and women equal opportunities for balancing work and family life. In 2011, Finnair signed the United Nations Women's Empowerment Principles, which give guidance on the empowerment of women in the workplace, marketplace and community.

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

complies with the model recommended by the Finnish Ministry of Social Affairs and Health.

Leadership and competencies are developed on an individual, team, unit and organisation level. Learning and development solutions are typically either adopted by the entire personnel or tailored for specific development needs within a unit. They may also be aimed at developing professional skills, based on official requirements or in support of personal development. Finnair's key focus areas for 2018 included leadership development and a new exchange programme, where, for six weeks, an employee familiarises him-/herself with the market and culture in another country. Development needs in teams and the organisation are identified and the wellbeing and commitment of the personnel are regularly monitored through a personnel survey.

Occupational health and wellbeing at work

The target group for the wellbeing at work programme, which Finnair launched in 2011, is aimed at the entire personnel. The aim of the programme is to promote the effectiveness and functionality of the

work community through various annually launched projects and to ensure the wellbeing of personnel through all career stages. The programme also contributes to employee productivity, the company's competitiveness and attractiveness as an employer as well as the implementation of the social component of corporate responsibility.

In 2018, Finnair continued building the management system for occupational health and safety, whereby the best practices of each unit are brought together within Finnair's unified ERP system. The system is based on the Dupont's 12 element model and covers all Finnair's operations, premises and workplace principles. The management system for occupational health and safety also strengthens more than before the integration of occupational health care as part of a unified management system for wellbeing at work. The results of the work on the management system can already be seen by the improvement in safety and sickness absence figures in 2018.

At Finnair, the Finnair Health Services unit is responsible for occupational health care services. Finnair Health Services focus on



preventive care. The model of early caring and the occupational ability risk management system are examples of the guidelines governing preventive health care.

Finnair Health Services and the Finnair Aeromedical Centre FAeMC coordinate and are responsible for the implementation of occupational health care in the entire Finnair group. The operational and service quality of Finnair Health Services is based on the European Foundation for Quality Management's EFQM Excellence Model. The quality system is used to ensure that Finnair Health Services meets the requirements for good occupational health care practice in both aviation health care and aviation medicine services. The occupational health care and aviation medical services are described in a quality manual.

Freedom of association and collective negotiation

Freedom of association and the collective right to negotiate on occupational issues are recognised as fundamental rights in Finland. There is a long tradition of trade union activity in the company. Labour market culture in the company has been constructed in such a way that the organisa-

tion of workers and collective negotiations between the company and employee groups are part of normal practice. All Finnair employees have the right and opportunity to agree on terms of employment collectively. The terms of employment of management employees are agreed on locally. Personnel and management remuneration principles are described Remuneration statement.

Management of customer experience

The aviation industry consists of a strictly regulated value chain comprised of multiple suppliers of products and services. As an airline and service company at the top of this value chain, Finnair creates added value for its customers by providing them with a comprehensive and high-quality service product in collaboration with its partners. Finnair is responsible for transporting customers and their baggage to their destinations safely, smoothly and punctually. The most significant product responsibility aspects in the Finnair Group's operations are flight safety, food safety, responsibility for individual customers, and responsibility for the cargo carried.

PARTNERS ARE REQUIRED TO COMPLY WITH FINNAIR'S QUALITY ASSURANCE POLICIES AND ETHICAL GUIDELINES.

At Finnair, situations that deviate from the norm are prepared for in advance. The group has developed processes for various unexpected situations and these are continually updated and maintained. Customers must be able to trust in the fact that they will be cared for throughout the entire service chain. Finnair has responsibility towards its customers for the overall quality of their experience, regardless of the fact that some services are produced by Finnair's partners rather than the company itself. Therefore, Finnair pays increased attention to the selection of its partners and the partners are required to comply with Finnair's quality assurance policies and ethical guidelines.

Flight safety

Safety is at the core of all Finnair's operations. Flight safety and giving priority to

it are part of all decision-making at every stage. Finnair maintains and develops the principles of ongoing development by adhering to its Safety Management System (SMS). It covers all aspects of flight safety: safety policy, flight safety risk management, safety training and communications for the entire personnel and subcontractor chain, continual auditing of operations and the assessment of the potential impact of new factors in the operating environment. Official regulations and standards set the minimum standards for Finnair's safety management, which the company aims to exceed in all areas.

One of the central elements in Finnair's safety system is the safety reporting concerning the entire staff. The company encourages its personnel and subcontractors to actively report any processes or elements they come across that could potentially compromise safety. Each report is analysed and assessed for risk, followed by necessary corrective actions based on this, and the person submitting the report will be notified of the outcome of the investigation. Alongside subjective observations, Finnair extensively monitors and analyses objective indicators, such as flight data.



Ongoing monitoring and analysis enable a transparent risk level in all areas, which in turn enables prompt action on any indication of altered safety level.

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

A strong safety culture, objective monitoring of the company's own operations, ongoing development and carrying out corrective measures as well as open dialogue with the authorities governing Finnair's operations guarantee safe and high-quality airline operations.

Customer care

For exceptional situations, Finnair has its own separate unit. All flight traffic irregu-

larities are handled centrally from Helsinki, thereby gathering the necessary information into one place. In this way, a more detailed overall picture of the multiplier effects and costs of the irregularities is obtained, and efforts are made to minimise inconvenience to the customer.

Monitoring and supervision of customer service activity is based on regular auditing, customer feedback and customer satisfaction surveys, as well as external measurements. Our partners' operations are also continually evaluated. Monitoring is systematic and is used to set targets and check that they are being met. Staff expertise is ensured through training.

Customer data

Finnair respects the privacy of its customers and is committed to ensuring that personal details and other customer information are processed appropriately. In 2018, Finnair worked extensively to prepare for the implementation of a EU's General Data Protection Regulation (GDPR) and to ensure compliance. We do our best to guarantee the confidentiality, security and accuracy of customer data under all circumstances.

The company processes personal details at all stages of travel in compliance with the legislation on personal data and regulations issued by the authorities in the countries in which we operate.

Cargo and ground handling

In cargo transport, Finnair and its subsidiary Finnair Cargo are responsible for transporting customers' cargo in the condition in which it has been entrusted to us, and in compliance with Finnair Cargo's [General Conditions of Carriage](#) as well as international and national regulations. The aim is to offer cargo customers efficient logistics services. This means, among other things, that cargo entrusted to Finnair Cargo for transport is delivered to its destination exactly as agreed with the customer.

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

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

Ground Operations also has an area manager, responsible for airport operations, who has a significant role in monitoring the compliance of operations with regulations. If some activity does not to some extent comply with the operations manual or prevailing legislation, the deviation is documented and corrective measures effected immediately.

More information about safety and quality audits on IATA [website](#).



ETHICS AND RESPONSIBLE SOURCING

Finnair’s ethical business principles are outlined in its Code of Conduct. The Code applies to all Finnair personnel and all locations. Finnair requires that its suppliers comply with ethical standards essentially similar to those which Finnair complies with in its own operations. Finnair’s Supplier Code of Conduct provides clear principles to ensure ethical purchasing, including zero tolerance for corruption. Finnair is working to further integrate sustainability and ethical business conduct to an overall responsibility strategy.

FINNAIR’S ETHICAL BUSINESS PRINCIPLES ARE OUTLINED IN ITS CODE OF CONDUCT. THE CODE APPLIES TO ALL FINNAIR PERSONNEL AND AT ALL LOCATIONS.

Finnair’s Actions for ethics and responsible sourcing in 2018:

- In 2018, Finnair continued cooperation with the SEDEX system and over 80 key suppliers are already using SEDEX self-assessment. Best practices and development items in responsible sourcing were identified in a project with students in the Haaga-Helia Aviation Business programme, and work in responsible sourcing will continue based on this.
- During 2018, no incidents of corruption were notified through Finnair Ethics Helpline nor were there any material investigations on-going in the company. Finnair decided to renew its Whistleblowing line called Finnair Ethics Helpline to increase transparency and effectiveness of incident reporting. The new Whistleblowing system will be launched in 2019 and will be opened to both internal and external stakeholders.
- In June 2018, Finnair signed the IATA Resolution against modern slavery and human trafficking as well as publishing the Finnair modern slavery and trafficking statement.

GRI 102-17 Mechanisms for advice and concerns about ethics

Finnair has a Whistleblowing line called Finnair Ethics Helpline, through which concerns for ethical business conduct can be raised. During 2018 no material incidents of material misconduct were notified through the Finnair Ethics Helpline nor were there any investigations on-going in the company.

GRI 205-2 Communication and training about anti-corruption policies and procedures

Finnair’s Code of Conduct includes an anti-corruption section, and the receiving and giving of bribes is strictly prohibited. Preventing corruption is the responsibility of everyone at Finnair, including the heads of business operations, compliance function and the internal audit.



Certain job descriptions at Finnair are such that they are considered to have a higher than normal risk of corruption associated with them. All those handling such tasks are offered the opportunity to participate in anti-corruption training in business units and subsidiaries. Finnair's Code of Conduct and Guidelines for Anti-Bribery, Corporate Hospitality and Hosting of Public Officials are also communicated to the employees handling such tasks. The Group's Guidelines for Anti-Bribery, Corporate Hospitality and Hosting of Public Officials specify more detailed guidelines concerning bribery and hospitality, and the group's Conflict of Interest Guidelines cover the identification and avoidance of conflicts of interest and related conduct.

GRI 412-1 Operations that have been subject to human rights reviews or impact assessments

Finnair continued the project it began in the previous year to develop the realisation of social responsibility, human rights reviews, and related risk assess-

ment. The current policies and procedures were reviewed against the UN Declaration of Human Rights as well as guidelines and best practices for businesses. Risks related to human rights violations in Finnair's own operations, the operations of Aurinkomatkat Suntours and the supply chain were also assessed.

Finnair implements the SEDEX system to improve risk management, the evaluation of social impacts and traceability in the supply chain. Assessment of the direct geographical and industry-specific social responsibility risk of all suppliers that are significant regarding customer experience are made using a risk assessment tool. Finnair aims at including all new suppliers in the SEDEX system starting from the bidding phase.

Finnair has its own ethical guidelines for suppliers (Supplier Code of Conduct) and subcontractors, and all suppliers are required to comply with them. All partners and subcontractors, moreover, are obliged to comply with the principles of the UN Universal Declaration of Human Rights as well as local legislation.

Finnair continues to rely on the SEDEX system to improve supply chain risk management, traceability and the assessment of human rights impacts.

GRI 414-2 Negative social impacts in the supply chain and actions taken

The sustainability of the supply chain is of major importance for the airline as Finnair uses partners and service providers to an increasing degree as it expands its international route network. Conforming with the UN's Universal Declaration of Human Rights and all applicable laws and statutes is a minimum requirement for suppliers. Finnair requires that its suppliers comply with similar ethical standards as the company does in its own operations. Finnair's Supplier Code of Conduct was updated in 2017 and it provides clear principles to ensure ethical purchasing. Responsibility aspects are considered in cooperation with the social responsibility unit.

SEDEX system was used to evaluate all suppliers that are significant from the

perspective of operations and customer experience. The need to audit the implementation of responsibility of suppliers is evaluated among other things by the system's risk assessment tools, adjusted to each of the operational fields.

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



CLEANER

Finnair's environmental responsibility management is based on the principle of continuous improvement. Environmental responsibility is managed as part of Finnair's Environmental Management System. On top of that, the Finnair Environment and Energy Policy describes the aspirations for environmental management.

- Energy consumption
- Noise and biodiversity
- Emissions
- Waste





In 2014, Finnair became the first European airline to receive IATA Environmental Assessment (IEnvA) Stage 2 certification for its environmental management system. IEnvA is an environmental management system developed by IATA for airlines, which is consistent with ISO 14001:2005 standard. In this, Finnair makes use of the best practices in its industry. Finnair has integrated the Energy Efficiency System (EES+) as part of the management system.

To improve its environmental performance, Finnair has identified the key environmental aspects of its operations, their impacts, risks and opportunities involved, and set targets related to them.

FINNAIR'S KEY ENVIRONMENTAL ASPECTS ARE:



EMISSIONS FROM THE USE OF JET FUEL

FLIGHT NOISE

THE ENERGY CONSUMPTION OF PROPERTIES

CABIN WASTE

Finnair's environmental responsibility in 2018

- Finnair continued the renewal of its fleet with next-generation Airbus A350 XWB aircraft that are on average 20–25 per cent more fuel-efficient than their predecessors. At the end of 2018, Finnair's fleet included twelve Airbus A350XWB aircraft.
- CO₂ emissions from flight operations increased by 11.7 per cent from the previous year, while available tonne kilometres (ATK) increased by 13.0 per cent over the same period.
- Measured by the unit-specific CO₂ emissions of revenue tonne kilometres (RTK), emissions increased by 2.0 per cent from the previous year.
- The volume of waste increased by approximately 9.1 per cent from the previous year.
- Finnair's energy usage in facilities decreased by 5.6 per cent.
- As a part of Finnair's fuel efficiency programme, a new vertical flight optimisation software (PACE) was brought into use in the A350 fleet in May 2018. It is located in the cockpit computers and provides the pilot with a tool to make operations as efficient as possible. In addition to fuel and cost savings, the software also offers environmental benefits as CO₂ emissions drop in the same proportion.
- During the summer Finnair conducted a consumer research study to find out what Finns think of the different ways to reduce or compensate emissions resulting from aviation. According to the study's results, the majority of Finns are ready to pay to reduce the emissions caused by air travel but want the proceeds from possible additional charges to go directly to environmental work. Consequently, Finnair decided to introduce to its clients a new tool to make flying more environmentally responsible. As of early 2019, customers can choose to support either the use of biofuels or carbon capture initiatives when they fly with Finnair.
- Finnair Kitchen defined new targets for sustainable catering. First visible actions of this programme were the replacement of milk jiggers with carton packed Finnish milk on European and domestic flights in November 2018 and removing plastic wrapping around renewed amenity kits (from spring 2019). These small actions reduce generated waste by 5.0 tonnes and generated plastic waste by 10.0 tonnes annually. Finnair is also the first airline implementing the IATA environmental assessment catering module. The implementation has started and will be completed in 2019.



ENERGY CONSUMPTION

GRI 302-1 Energy consumption within the organisation (Scopes 1 and 2)

Finnair's primary energy consumption consists of the use of transport fuels. Aviation is very energy-intensive, and Finnair's largest environmental load arises from flying and particularly from the use of fossil jet fuel.

Fuel consumption

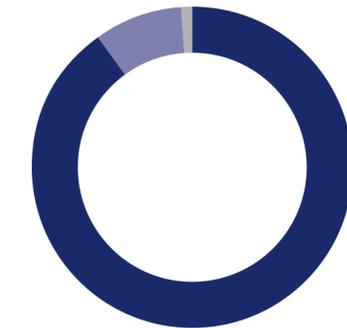
Finnair's total consumption of jet fuel comprises flights operated by Finnair itself, flights operated by Norra on Finnair's behalf, as well as so-called wet lease flights leased on a short-term basis from other operators due to lack of fleet or crew. In addition, jet fuel is consumed on transfer

and training flights as well as test runs by technical services.

In 2018, Finnair's jet fuel consumption increased by 109,6 million kilogrammes or approximately 11.9 per cent compared to the previous year. The higher total consumption of fuel was primarily due to traffic growth and operational challenges. The breakdown of total consumption in 2018 is presented in the adjacent chart.

Finnair flights fuel consumption

tonnes



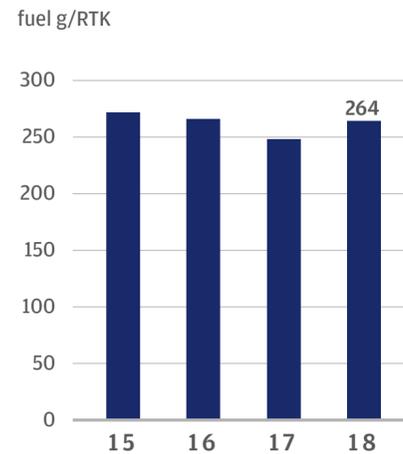
- Finnair 930,783 tonnes
- NoRRa 89,090 tonnes
- Wet Lease 11,252 tonnes

Energy Consumption

	2018		2017	2016	2015
	non-renewable	renewable			
Scope 1					
Jet Fuel, kg	1,031,125,265	0	921,519,796	874,148,241	834,512,184
Jet Fuel, GJ	44,132,161	0	39,441,047	37,413,545	35,717,121
Ground vehicles, kg	233,427	33,108	232,351	71,164	53,318
Ground vehicles, GJ	8,403	1,192	8,365	2,562	1,919
Solar Power, GJ		1,033			
Solar Power, MWh		287			
Total, GJ	44,140,565	2,224	39,449,412	37,416,107	35,719,041
	11.9%		5.4%	4.8%	13.2%
Scope 2					
Facilities, electricity, GJ	136,555	0	113,814	119,711	123,459
MWh	37,932	0	31,394	33,253	34,294
Facilities, heat, GJ	122,924	0	151,700	129,204	94,257
MWh	34,146	0	42,139	35,890	26,182
Total, GJ	259,479	0	265,514	248,915	217,716
	-2.3%		6.7%	14.3%	-33.4%
Grand total, GJ	44,402,268		39,714,926	37,665,022	35,936,757
	11.8%		5.4%	4.8%	

Energy and heating consumption of properties

In 2018, the energy consumption of Finnair's properties amounted to 72,078 MWh. Of this amount, electricity consumption accounted for 37,932 MWh, while heating energy accounted for 34,146 MWh. 2018 was the first full year when solar panels installed on the Cool Cargo terminal generated electricity for the terminal use. The panels generated 287 MWh electricity (included in the Scope 1 consumption figure).

**Development in Finnair's fuel efficiency**

RTK = revenue tonne kilometres, i.e. capacity use according to payload weight

Flights operated by Finnair and NoRRA (Norra as of 4/2015)

GRI 302-3 Energy intensity**Fuel efficiency of Finnair fleet**

Owing to the energy-intensive nature of its operations and the resulting costs, Finnair naturally has a strong aspiration to make its operations more energy efficient, particularly by striving to reduce jet fuel consumption. Airlines with an environmentally friendly mindset, such as Finnair, strive to operate a modern fleet to reduce the required fuel and emissions.

Finnair's measures to improve its fuel efficiency focus primarily on flights operated by the company itself. Finnair monitors the fuel efficiency of its flights primarily by the payload indicator (RTK), which accounts for the passenger load factor, the volume of cargo transported and the distance between the origin and destination. The following chart and table illustrate the fuel efficiency of all Finnair flights in 2015–2018 (including Norra flights starting as of 4/2015 and all wet lease flights). Finnair's opportunities to have an impact on the fuel efficiency of flight operations leased from

NoRRA and other cooperation partners are mainly limited to route planning, fleet utilisation and load factor optimisation.

Energy efficiency of Finnair's properties

The properties owned and leased by Finnair are mainly located in the Helsinki Airport area. The combined size in cubic metres of these properties was about 2.8 million m³ in 2018, and the energy efficiency was 25.6 KWh/m³.

Energy consumption figures are not available for Finnair's offices (sales etc.) abroad, as their energy consumption is typically invoiced as a fixed part of rent.

GRI 302-4 Reduction of energy consumption

The average age of the fleet operated by Finnair was approximately 9.5 years at the end of 2018. Next-generation aircraft consume approximately 20–25 per cent less fuel than their predecessors. The CO₂ emissions of the aircraft also decline by a corresponding amount. In addition to one new Airbus A35 XWB aircraft, Finnair added one new Airbus A321 to its fleet in 2018.

The fleet investment, which has been the most significant in the company's history, will see Finnair take delivery of a total of 19 Airbus A350 XWB aircraft. They support the

company's pursuit of the target of reducing CO₂ emissions by 17 per cent per RTK flown by the end of 2020, using 2013 as the baseline. By the end of 2018, Finnair had twelve next-generation Airbus A350 XWB wide-body aircraft. In addition to providing a five-star travel experience, the new Airbus A350 XWB aircraft offer 20 per cent more cargo and passenger capacity than their predecessors.

Finnair strives to improve fuel efficiency also by other means, not just modernising its fleet. The ongoing fuel conservation programme has achieved a reduction of several per cent in jet fuel consumption

Finnairs Fuel efficiency

	2018	2017	2016	2015
g/RPK	29.7	30	32.3	32.6
g/ASK	24.3	25	25.8	26.2
g/RTK	251.3	247.6	271.2	271.2
g/ATK	165.4	167	174.1	180.1



IN 2018 FINNAIR IMPLEMENTED A NEW SOFTWARE (PACE) IN ITS A350 FLEET TO OPTIMISE FLIGHT PROFILES.

in recent years. A 1 per cent increase in fuel efficiency in Finnair's traffic corresponds to approximately 10 million kilogrammes of fuel, which in turn corresponds to a reduction of over 30 million kilogrammes of CO₂.

Finnair's initiatives to improve the efficiency of fuel cover all activities within operations, from flight planning to taxi in to the gates. Operational punctuality and fuel efficiency are the main focus areas in flight planning. Due to the flexible deployment of our Airbus fleet, it is possible to allocate an optimal aircraft type to each particular route on any given day of the year. During the operation stage, every flight is provided with an optimal flight path based on payload, weather forecast, and capacity of airspace.

In 2018 Finnair implemented a new software (PACE) in its A350 fleet to optimise flight profiles and trained pilots to do one engine taxi-out. The taxi-out procedure itself saves about 120 tonnes of fuel annually.

Besides weather factors and air traffic control, fuel consumption is affected by the weight of the aircraft and its load. The weight of the aircraft is followed up on a

regular basis, as well as the efficiency of water uplift and refuelling of the aircraft. In 2018 Finnair adjusted the standard water uplift volume, gaining annual fuel savings of 100 tonnes. By implementing new technologies and materials aircrafts' empty weight has successfully been reduced in recent years. Weight is always considered as an important factor whenever new aircraft materials are being purchased. In addition to empty weight, having the correct take-off weight is crucial in fuel efficiency, as it means that unnecessary fuel is not carried in the tanks. In 2018 Finnair started to improve and measure the efficiency of loading ULDs', saving fuel about 200 tonnes annually when unnecessary ULDs' are not carried onboard.

During 2018, Finnair introduced digital newspapers and magazines on its flights. This enables Finnair to offer breaking news for the passengers and less fuel consumption for each operated flight when paper magazines are not carried onboard. A re-configuration process for Finnair's narrow-body fleet started on 2017 continued into 2018. The modification of cabin interiors has resulted in

noticeable weight savings. On average, weight decrease has been about 150 kg per aircraft, decreasing fuel consumption by 450 tonnes annually.

In 2016, Finnair Facilities Management joined a nation-wide energy efficiency agreement in the service sector, which is part of the implementation of Finland's long-term energy and climate strategy and the framework decision of the Council of State on energy efficiency measures. The agreement obliges Finnair to reduce its properties' energy consumption by 7 per cent from the 2016 level by 2025.

Finnair participates annually in the international Earth Hour by switching off its advertising lights at the airport and in various properties for a whole weekend and informing personnel of ways to conserve energy when at work as well as when on duty.

Finnair is an active member of the Nordic Initiative for Sustainable Aviation working group comprised of Nordic airlines, airport operators and government ministries who are working together with aircraft manufacturers to expedite the development of biofuel in the aviation industry.

GRI 302-5 Reductions in energy requirements of products and services

Long-term work done to improve flights fuel efficiency has resulted in the continuous reduction of fuel used per passenger seat. The fuel used per revenue tonne kilometres increased in year 2018 as the full cargo capacity of the aircrafts was not successfully utilised.



FLIGHT NOISE AND BIODIVERSITY

Flight noise

One typical adverse environmental effect of air transport is noise. The noise produced by aircraft is mainly engine noise and aerodynamic noise. The level of engine noise is greater in take-offs, while the level of aerodynamic noise grows during approaches.

Finnair has reduced noise by modernising its fleet and by scheduling take-offs and landings at less undesirable times from a noise perspective. However, Finnair also operates flights in the evenings and at night, at which times noise is perceived to be more disruptive. The use of the continuous descent approach (CDA) also helps reduce flight noise within ten kilometres of the airport. However, the use of CDA requires uncongested airspace and good weather conditions. During the busiest afternoon hours at Helsinki Airport, for example, when there are a lot of parallel approaches, using the CDA is not possible. Finnair aims at increasing the annual amount of CDA landings in Helsinki by one per cent during 2018–2020.

The International Civil Aviation Organisation (ICAO) has specified noise certification limits for aircraft and their engines. Over 95

per cent of Finnair’s fleet is compliant with the specifications for Chapter 4, which is the newest and quietest ICAO noise category. The remaining below five per cent of Finnair’s aircraft are categorised in Chapter 3.

GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Finnair takes environmental aspects into consideration on the ground and in the air. Besides energy solutions that reduce the environmental load, Finnair’s environmental strategy also includes the preservation and promotion of natural diversity, known as biodiversity thinking. Finnair has assessed the ecosystem services, or benefits provided to people by nature, that are most relevant to its business, as well as its most significant impacts on them.

Of the different categories of ecosystem services, cultural services and regulating services are the most relevant to Finnair’s business. Cultural services include tourism, spiritual value and aesthetic value. Regulating services include the regulation of

air quality and climate, disease control, pest control and pollination. Finnair’s core business and key product areas benefit ecosystem services in various ways. Cultural services are particularly important for travel services. Accordingly, Finnair’s travel agency, Aurinkomatkat-Suntours, has participated in various local projects to maintain biodiversity at various destinations for several years.

In planning its destination programmes, Aurinkomatkat-Suntours carefully evaluates their potential effects on the environment and biodiversity. The operations aim to avoid excursions to sites where visits could pose a threat to biodiversity. The customers are informed at destinations on appropriate conduct to preserve biodiversity.

For several years, Finnair has also actively supported a rain forest reforestation and biodiversity project in Madagascar in collaboration with the Finnish Association for Nature Conservation, although the company does not operate any flights to the area.

In the airline business, Finnair supported both cultural and regulating services by prohibiting the transportation of hunting trophies or memorabilia originating from



NEXT-GENERATION AIRCRAFT CONSUME APPROXIMATELY

25%

LESS FUEL THAN THEIR PREDECESSORS.



endangered species or their parts in its cargo network. Furthermore, Finnair signed the United for Wildlife (UFW) Buckingham Palace declaration of the Duke of Cambridge to prevent the illegal smuggling of wild animals. As a signatory, the company has undertaken to promote the awareness of different stakeholders about this topic.

The significance of biodiversity in Finnair's airline business will be highlighted further in the coming years through climate change mitigation measures. When biofuels replace fossil fuels in the future, the company wants to ensure that the primary production of raw materials for renewable energy sources is used in line with the principles of sustainable development and does not compromise ecosystem services. For example, in the manufacturing

of biofuel, measures must be taken not to indirectly lead to changes in land use (ILUC). The objective is to ensure that arable land used for growing food crops is not used to produce raw material for biofuel, which would result in either the clearing of forests or wetlands to create space for food production or a decline in food production.

Regulating services have a significant impact on both the airline business and travel services. The local decline of biodiversity erodes the operating conditions of the tourism industry and increases the risk of infectious diseases.

Climate change can lead to an increase or exacerbation of extreme weather phenomena, which in turn could restrict aviation or, in the worst case, prevent it entirely in some regions.





EMISSIONS

GRI 305-1 Direct (Scope 1) greenhouse gas (GHG) emissions

Nearly all of Finnair Group’s greenhouse gas emissions arise from flight operations. Flying primarily causes two kinds of direct greenhouse gas emissions: carbon dioxide and water vapour. Water vapour is the most important greenhouse gas in the atmosphere, but it is not generally examined directly as a human-derived greenhouse gas emission, because the water vapour in the atmosphere is

mainly the result of natural evaporation. Air transport is in a special position in this respect because the water vapour generated by the engines is released high in the atmosphere, which increases the atmosphere’s H2O content above the cloud layer. However, not much is yet known about the potential impacts of water vapour emissions from aviation.

In 2018, the greenhouse gas emissions of Finnair’s traffic amounted to approximately 3,248,045 tonnes of CO₂ equivalent. This figure covers 82 per cent of Finnair’s total greenhouse gas emissions.

GRI 305-2 Energy indirect (Scope 2) greenhouse gas (GHG) emissions

In Finland, the energy consumption of buildings accounts for more than a third of total greenhouse gas emissions. Finnair uses means such as repairs, alterations, preventive maintenance as well as user training, to ensure the energy efficiency of its business premises to mitigate the greenhouse gas emissions arising from the energy consumption of its buildings.

In 2018, the CO₂ emissions arising from the production of heating energy amounted to 9,049 tCO₂, calculated according to the

emission factor reported by the heating energy supplier (265 kg CO₂/kWh). The location-based emissions of heat consumption amounted to 6,917 tCO₂, calculated based on the average emission factor for Finnish district heating joint generation areas (176 g CO₂/kWh).

The CO₂ emissions attributable to the production of electrical energy in 2018 were 10,102 tCO₂, according to the supplier-specific emission factors (265 g and 198 g CO₂/kWh).

GRI 305-3 Other indirect (Scope 3) greenhouse gas (GHG) emissions

The greenhouse gas emissions arising from the production of jet fuel constitute a significant proportion of Finnair’s indirect greenhouse gas emissions balance. More than 55 per cent of the jet fuel used by Finnair and Norra is produced at the Neste refinery in Porvoo’s Kilpilahti district. The greenhouse gas emissions arising from the production and transport of jet fuel amounted to an estimated 701,701 tonnes of CO₂ in 2018 Business travel by Finnair employees primarily involves the company’s own flights, the emissions of which are reported under Scope 1.

Significant material flows are generated by Finnair Kitchen, which provides catering for the flights that depart from Helsinki. The emissions arising from these materials, such as food and beverages served on flights, were not reported in 2018. The greenhouse impacts of the material flows could not be estimated.

Information on truck transport by Finnair Cargo is absent from this report. Finnair Cargo purchases transport services from truck companies, and the statistical practices of these companies do not allow actual emissions to be calculated at present. Finnair Cargo’s main partners in truck traffic use vehicles classified as EURO 4 at a minimum.

When there is humidity in the air and the temperature is close to or below freezing, airlines use de-icing and anti-icing to ensure the safety of their operations. De-icing involves cleaning impurities on the exterior of the aircraft, while anti-icing involves spraying the exterior with a protective substance, propylene glycol (hereafter referred to as glycol), to prevent ice from accumulating on it.

The greenhouse impact of glycol could not be estimated, since no emission factor is available for it.

Emissions

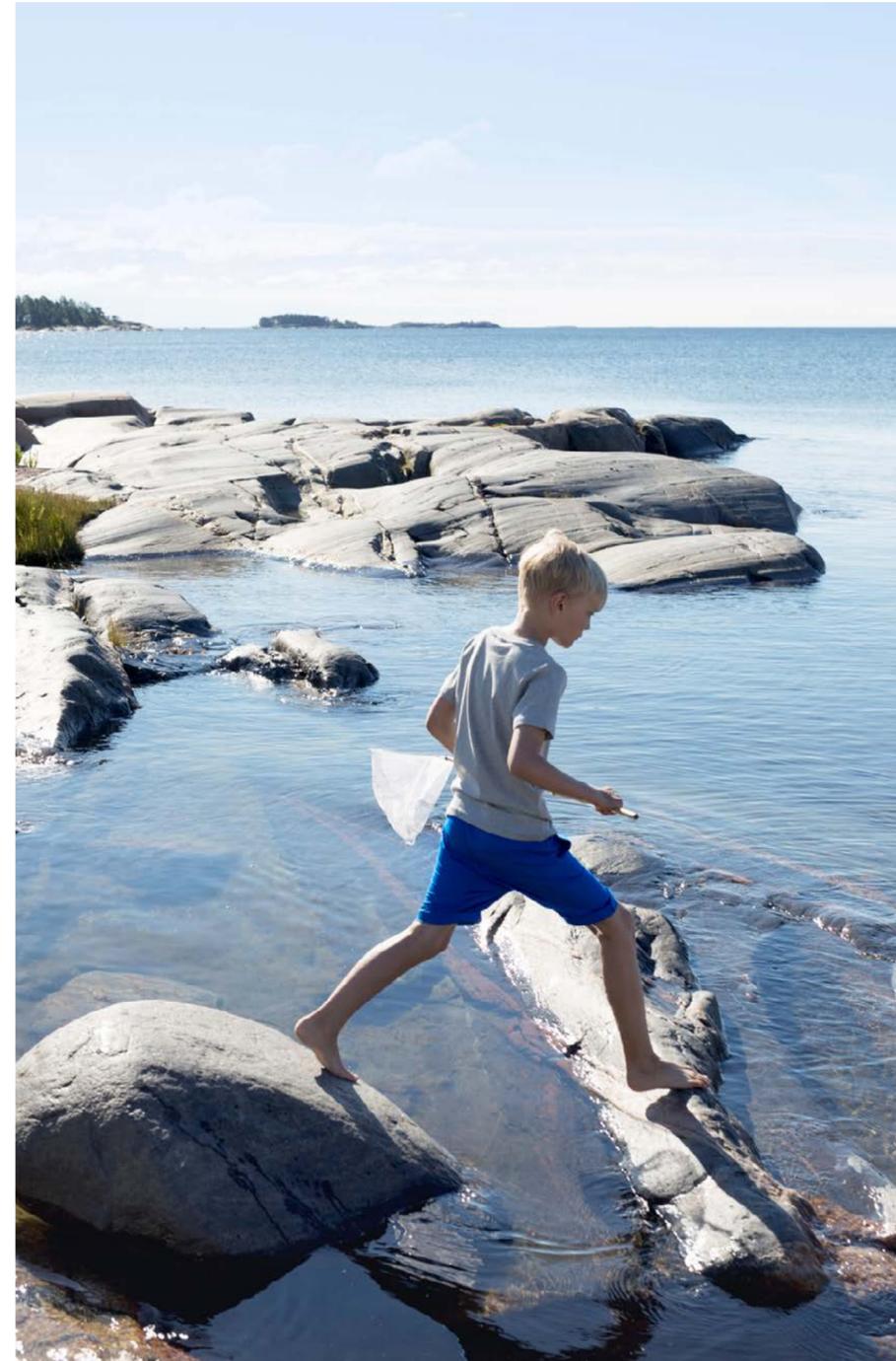
	2018	2017	2016	2015
Scope 1				
Jet Fuel, t CO ₂	3,248,045	2,902,787	2,753,567	2,628,713
Ground vehicles, t CO ₂	751	747	227	170
Total, t CO₂	3,248,795	2,903,534	2,753,794	2,628,883
	11.9%	5.4%	4.8%	
Scope 2				
Facilities, electricity, t CO ₂	10,102	9,48	8,843	7,544
Facilities, heat, t CO ₂	9,049	11,167	9,583	6,415
Total, t CO₂	19,151	20,647	18,426	13,959
	-7.3%	12.1%	32.0%	-33.4%
Scope 3				
Fuel transportation & production, t CO ₂	701,701	627,113	594,875	567,902
Business travel	1,700			
Grand total	3,971,347	3,551,294	3,367,095	3,210,744
	11.8%	5.5%	4.9%	



FINNAIR'S LONG TERM TARGET IS TO REDUCE THE CARBON EMISSIONS OF ITS FLIGHT OPERATIONS RELATIVE TO THE REVENUE TONNE KILOMETRES (RTK) BY

17%

FROM THE LEVEL OF 2013 BY 2020.



GRI 305-4 Greenhouse gas (GHG) emissions intensity

The emissions intensity of an aircraft goes hand in hand with its energy intensity. In other words, as the energy consumption of the aircraft increases, its emissions increase. The ratios for jet fuel and the energy consumption of properties are reported under GRI 302-1 Energy intensity. Finnair uses RTK (revenue tonne kilometres) to divide its carbon emissions, since it measures emissions in relation to the distance travelled and the volume of passengers and cargo.

GRI 305-5 Reduction of GHG emissions

Finnair's long-term target is to reduce the carbon emissions in its flight operations relative to the revenue tonne kilometres (RTK) by 17 per cent from the level of 2013 by 2020. The ongoing fleet renewal plays the most significant role in achieving this target. Work done in reducing the energy intensity of the flights contributes directly to reduced emissions. Description of the progress in that field is reported under GRI 302-4 Reduction of energy consumption.

Finnair will offset all business travel flights its personnel made during 2018.

This offsetting will bind 1,700 tCO₂ from the atmosphere back to the ground. In autumn 2018 Finnair started to provide biodiesel in ground equipment refuelling reducing 2018 CO₂ emissions already by 103,3 tonnes. As a continuum, Finnair has provided customers at the beginning of the 2019 with an easy way to offset or reduce the CO₂ emissions of their flights. Customers can choose between offsetting their CO₂ emissions through an emissions reduction project, and/or through the support of biofuels.

GRI 305-6 Emissions of ozone-depleting substances (ODS)

Halons are found to be major contributors to ozone depletion. Airline operators are bound to use aircraft manufacturer certified and safe fire extinguishers. The manufacturers are constantly working on replacing halons from aircrafts but currently there are locations where decent replacements are not yet found. Finnair has reported six events where halon 1211 or 1301 was emitted to the air. The amount of halon 1211 emission was 0.48 kg (used in portable extinguishers) and halon 1301 12.8 kg (used in engines).



WASTE

GRI 306-2 Waste by type and disposal method

The total amount of waste generated by Finnair increased by approximately 9.4 per cent, or over 396.5 tonnes, from the previous year, total mass being 4,601.9 tonnes. The increase in the total weight of waste is primarily attributable to traffic growth.

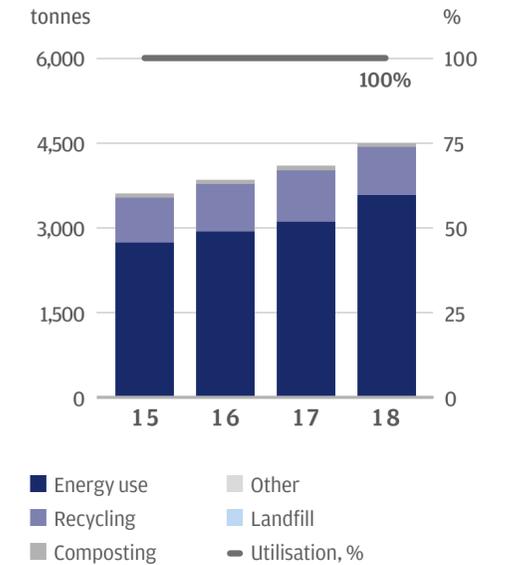
The company placed even more focus on waste recovery and sorting. Finnair has set waste management objectives of increasing waste recovery, cost efficiency and safety, as well as reducing the volume of waste. In practice, this means that waste will be utilised as either energy or material.

The combination of mixed waste and energy waste is made possible by the thermic processing of waste at Fortum’s power plants in Riihimäki. Following a change in applicable regulations, food waste originating from outside of the EU that is subject to the EU by-products regulation can now be directed to thermic processing, allowing it to be utilised with other waste in generating district heating and electricity.

Finnair has set long-term targets aiming for sustainability in inflight catering. Actions towards these goals are ongoing and Finnair aims to reduce the environmental impact of inflight catering provided by reducing CO₂ emissions, reducing generated waste and

improving waste material recycling. Specific actions will include reducing the use of single use plastics, improving plastic recycling and implementing responsible decision making in our inflight services by 2022. Some of the first concrete changes were replacing milk jiggers with carton packed Finnish milk on European and domestic flights in November 2018 and removing plastic wrapping around renewed amenity kits (renewed amenity kits on flights in early spring 2019). These actions reduce generated waste by 5.0 tonnes and generated plastic waste by 10.0 tonnes annually.

Amounts of waste and utilisation percentage



Total weight of waste

	2018		2017		2016		2015	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Incineration	81,743	3,587,845	85,160	3,111,214	164,143	2,940,074	63,076	2,742,482
Recycling	11,326	850,869	11,748	915,810	16,975	834,432	8,757	794,915
Composting	0	65,626	0	73,068	0	77,519	0	67,636
Other	3,039	1,201	0	8,410	2,447	10,201	2,206	10,200
Landfill	0	300	0	0	0	0	0	0
Total	96,108	4,505,841	96,908	4,108,502	183,565	3,862,226	74,039	3,615,234



CARING

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

- Caring for our employees
- Respecting our customers



CARING FOR OUR EMPLOYEES



A core part of Finnair's social responsibility involves taking care of its employees and their working conditions. In this respect, Finnair is a notable employer. The policies of personnel management cover all aspects of social responsibility that have been identified as material.

Finnair's strategic HR guidelines and HR policy cover all factors that may impact personnel and working conditions. Finnair's values - Commitment to Care, Simplicity and Courage - which serve as a guideline for everyone at Finnair are increasingly reflected in day-to-day oper-

ations according to Finnair's personnel. The survey We Together@Finnair helps the company determine what areas it has been successful in and what areas need improvement. The employee survey covers the following key themes: My Job, Managerial and Supervisory Work, Teamwork, and My Employer.

Leadership development continues to be one of Finnair's key HR focus areas. Finnair identifies regularly the needs for team and organisational development, and monitors the welfare and commitment of the personnel by an employee survey.

Finnair's responsibility for personnel during 2018

- Finnair introduced ePassi Sport benefit to all employees in Finland to encourage employees to exercise.
- Finnair published its own occupational safety policy that steers the OHS management, decision making and everyday actions. Finnair also introduced a new mobile application for Finnair personnel for reporting occupational safety observations and e-learning in physical occupational safety for managers and employees.
- Finnair implemented a Workability Management System (Aino Health Manager) first modules during 2018.
- A programme of internal conciliators was launched to enhance interaction and problem-solving skills and improve the working atmosphere and understanding between the different parties. Finnair also introduced e-learning Harmoniously at the workplace to all employees.
- In order to support work-life balance, a new summer camp concept was introduced for summer day care of employees' children.
- Finnair's Equality and Non-discrimination plan was renewed.
- Finnair participated in the Confederation of Finnish Industries (EK) campaign against discrimination at work (Työ ei syrji campaign).
- In 2018 Finnair executed an extensive internal safety campaign. "Their safety. Our priority".
- According to the survey We Together@Finnair, the level of job satisfaction was 3.77/5.0, which is almost the same as in 2017 (3.78).
- Finnair's employer brand image remained very high in 2018. According to the survey by Universum, business students considered Finnair again as the most attractive employer of the year.



FINNAIR PERSONNEL
GREW BY
544
NEW EMPLOYEES
IN 2018

GRI 102-8 Total number of employees by employment type, employment contract, region and gender

In 2018 Finnair’s total number of employees increased significantly. At the end of 2018, the number of Finnair employees in active employment relationships was 6,462, which is 544 more than during the previous year. A large majority of the personnel works in Finland, mostly at the Helsinki-Vantaa airport or in the neighbouring area.

On 31 December 2018, there were 530 Finnair employees in active employment relationships working outside Finland. Of these, 188 worked in business service center operations in the Baltic countries.

Full-time staff accounted for 91 per cent of Finnair employees in 2018, and 96 per cent of staff were employed on a permanent basis. The average age of employees was 42 years.

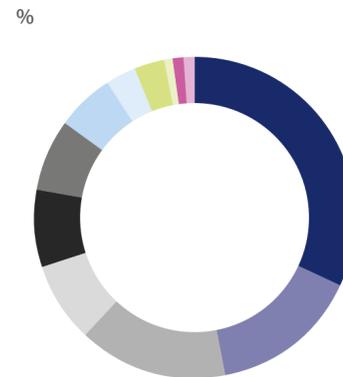
GRI 102-41 Percentage of total employees covered by collective bargaining agreements

All Finnair employees in Finland have the right and opportunity to agree on their terms of employment through collective bargaining. Senior management constitutes

an exception to this, as its terms of employment are agreed on locally or individually.

Finnair currently has employees abroad in 27 countries. The employment contracts and terms of employment are based on local legislation. Employees have the opportunity to agree on their terms of employment through collective bargaining in countries in which that is the local practice.

Employees by group



- Cabin Crew 32%
- Pilots 15%
- White Collar Employees 15%
- Abroad 8%
- Finnair Kitchen 8%
- Technical Services 7%
- Ground Service 6%
- Technical Employees 3%
- Aviation Employees 3%
- Travel Guides 1%
- Management 1%
- Travel Agency Staff 1%

Finnair does not limit its employees’ rights to participate in trade union activities.

GRI 401-1 New employee hires and employee turnover

During 2018 Finnair hired 1055 new employees, of which 337 were flight personnel. At the same time, about 80 employees retired from Finnair. The employee turnover has been rather low (4 per cent) in Finnair.

Finnair’s employer brand image has developed positively. According to the survey by Universum, business students considered Finnair the most attractive employer in 2018. Students and professionals in other fields also consider Finnair an interesting employer, Finnair was for

example considered #17 and #5 attractive employer among IT students and professionals respectively.

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Work-related accidents comprise workplace accidents and business trip accidents. The table below shows all work related or business trip accidents that resulted in at least one day of sick leave.

LTIF= Loss time injury frequency refers to the number of workplace accidents per million of working hours.

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

GRI 403-2

	Work-related accidents	Workplace accidents	Loss time injury frequency	Business trip accidents
2018				
Airline’s flight personnel	87	71	22	16
Airline’s ground personnel	27	16	5	11
Finnair Technical Service Oy	8	3	3	5
Finnair Cargo Oy	1	0	0	1
Finnair Flight Academy Oy	1	0	0	1
Aurinkomatkat Oy	2	0	0	2
Total	126	90	12	36
During 2018 no suspected occupational diseases				



GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation

Medical examinations pertaining to exposure at work include examinations concentrating on the effects of carcinogenic substances, solvents and other chemicals, noise, vibration and working night shifts. To prevent/minimise exposure to such work-related health hazards, the primary focus is on implementing working methods and procedures that involve minimal exposure to hazards.

Cosmic radiation assessments were conducted for a total of 26 pregnant members of flight personnel in 2018. Finnair Health Services has monitored the radiation exposure of all flight personnel on a quarterly basis. Radiation exposure levels have not exceeded the annual maximum level (6 mSv). All flight personnel can check their cumulative radiation exposure by accessing a browser-based system that provides information on actual hours of flight duty performed and a mathematical calculation of cosmic radiation exposure based on the routes flown.

GRI 403-3

	Medical check-ups at Finnair in 2018
Finnair Group	1,550/5,300
Customer Experience	
Helsinki Airport Customer Service	134 /300
Cabin crew	840/2,104
Operations	
Cockpit	257/980
Cargo	20/120
Finnair Flight Academy	9/32
Technics	290/736

GRI 404-1 Average hours of training per year per employee

	Average hours of training (1.1.2018–31.12.2018)			Employees 31.12.2018 (only active employees)			Training hours per employee				
	Women	Men	Total	Women	Men	Total	Women	Men	Total		
Employees	17,884	28,328	46,212	Employees	918	850	1,768	Employees	20	33	26
Office staff	7,027	23,112	30,139	Office staff	594	753	1,347	Office staff	12	31	22
Cabin	119,168	23,211	142,379	Cabin	1,841	218	2,059	Cabin	65	107	69
Pilots			96,090	Pilots	25	864	889	Pilots			108
Management	487	1,367	1,853	Management	24	48	72	Management	20	29	26
Total	143,004	166,073	314,820	Total	3,402	2,733	6,135	Total			51

GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes

Maintaining employee competence has a significant effect on the implementation of strategy. Competence development needs are surveyed by unit and by individual in conjunction with performance reviews. Thanks to the renewal of the My Journey development discussions, learning and development is more emphasised in the discussions. As the largest airline company in Finland, it is particularly critical that

Finnair maintains an appropriate level of aviation-specific competencies.

The strategic development of competencies requires cooperation with various parties. Learning and development solutions are built at the company, unit, team and individual levels. In addition to traditional classroom teaching, competence is developed by a variety of methods, including learning on the job, online learning, workshops, coaching, shadowing, and mentoring. On-the-job learning is an exemplary method of professional development, especially in the context of digitalisation and continuously changing working tools and practices that require self-guided learning. Mapping competence development areas is an integral part of strategic workforce planning processes and My Journey development discussions.

The professional training for flight personnel is conducted in cooperation with Finnair Flight Academy, while Finnair’s technical services unit handles its own professional technical training. The People Development unit is responsible for strategic competence development.



TRAINING HOURS
PER EMPLOYEE

51 HOURS



TRAINING HOURS IN TOTAL

314,820
HOURS

Development areas in 2018 included the following:

A. Development of managerial and supervisory work

- Leading our Daily Operations - development programme for leading operative work
- My Leadership Lab - the programme to support individual development of managers
- Two new Talent programmes: Finnair Transformers and Customer Service Future Leaders
- Global Exchange - programme to support understanding of markets and cultures
- MOVE onboard - a coaching programme for new supervisors
- Continuing with project management trainings
- Programs and events across units to support development of supervisors
- Captain & CPU Leadership Day, where captains and chief pursers develop their managerial roles and their cooperation in leading customer experience and people experience

B. Customised personnel development solutions (examples)

- IT Development Managers Learn to Grow - development programme
- Renewed Cabin crew -basic training course started in Dec 2018
- Ground operations Experience Day, aiming at improving customer service quality
- Training towards the transformation of cargo operations and the implementation of Skychain
- Professional technical training for pilots in connection to growth strategy and new education for pilots
- Training to support the integration of new working tools: Office 365 and various applications for operative work

C. Team development and coaching

- Individual coaching programmes for key individuals continued
- Group coaching programmes for different target groups continued

D. Professional competence development and induction training

- #JoinFinnair induction training for all new employees
- Safety training for all employees, with targeted training for special groups
- General competence development, including the development of competencies related to systems, languages and purchasing. New programmes included Harmonious Work Community and GDPR -e-learnings for all employees.
- Open House sessions (i.e. Cyber-security, self-management, Nordic Business Forum)



BY THE END OF 2018
56%
OF FINNAIR STAFF
WERE WOMEN



THE AVERAGE AGE OF
FINNAIR'S PERSONNEL
IN 2018 WAS
42
YEARS

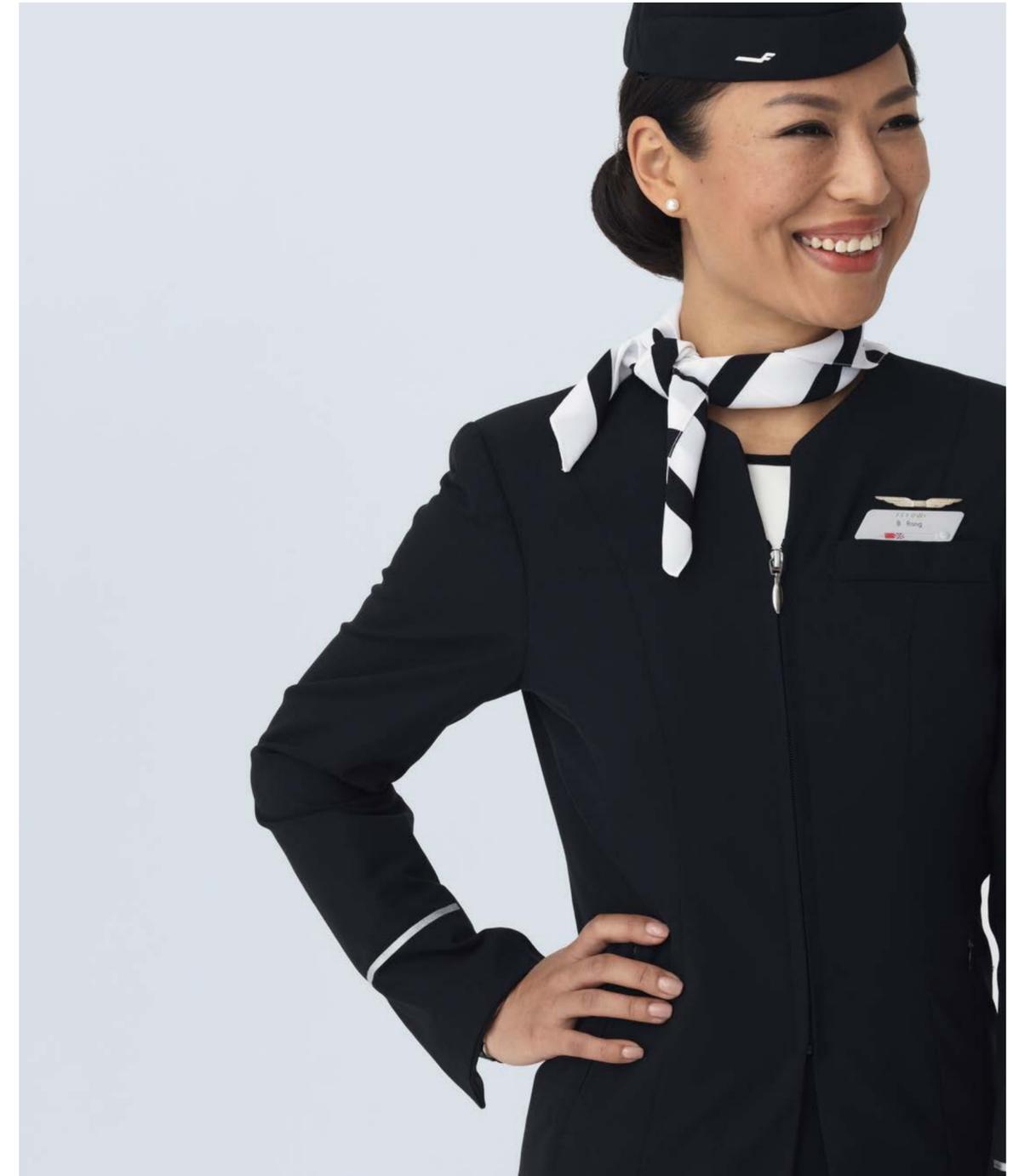
Permanent themes include the Code of Conduct, occupational safety and health in aviation, work induction, occupational safety and health awareness for supervisors, and occupational safety card training.

Other professional training organised in 2018 included outstation training, first aid and emergency training, basic and recurrent training, systems training and cooperation with various educational institutions.

The Finnair Aviation Academy, founded in 1964, is a special vocational educational establishment maintained by Finnair Plc, which operates as a special educational establishment under the Act on Vocational Adult Education (631/1998). Its task is to arrange further vocational training leading to a vocational or special vocational qualification as well as other further vocational training required for the practice of Finnair Plc's and its subsidiaries' operations (Further Vocational Training Arrangement Permit 551/530/2006, 13 December 2006). As a privately-owned educational establishment, the Aviation Academy funds its operations in accordance with government aid practices and it is a member of Business Education Establishments ELO (Elinkeinoelämän oppilaitokset Elo ry).

GRI 405-1 Diversity of governance bodies and employees

At the end of 2018, 56 per cent of Finnair's employees were women and 44 per cent were men. Three of the eight members of Finnair's Board of Directors are women. The average age of Finnair's personnel in 2018 was 42 years. Of the personnel, 27 per cent were over 50 years of age, while 17 per cent were under 30 years of age. Finnair does not maintain statistics based on ethnicity.





CARING FOR OUR CUSTOMERS

Finnair has responsibility towards its customers for the overall quality of their experience, regardless of the fact that some services are produced by Finnair's partners rather than the company itself. Therefore, Finnair pays increased attention to the selection of its partners and the partners are required to comply with Finnair's quality assurance policies and ethical guidelines.

GRI 416-1 Assessment of the health and safety impact of products and services

The aviation industry consists of a strictly regulated value chain comprised of multiple suppliers of products and services. As an airline and service company at the top of this value chain, Finnair creates added value for its customers by providing them

with a comprehensive and high-quality service product in collaboration with its partners. We are responsible for transporting customers and their baggage to their destinations safely, smoothly and punctually.

The most significant product responsibility aspects in the Finnair group's operations are flight safety, food safety, responsibility for individual customers, and responsibility for the cargo carried.

Finnair's Safety Management System (SMS) covers all aspects of flight safety: safety policy, operational risk management, safety training and communications, safety assurance including continuous auditing of operations and the assessment of the potential impact of changes in the operating environment. Official regulations and standards set the minimum requirements, which the company aims to exceed in all areas.

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

aims to exceed in all areas.

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

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

Finnair's Product responsibility in 2018

- According to a research conducted by Sustainable Brand Index to identify the most sustainable and responsible Nordic brands, Aurinkomatkat-Suntours (a tour operator within Finnair Group) was perceived by Finnish consumers as Finland's most responsible tour operator. The survey was based on the ten principles of UN's Global Compact initiative.
- Finnair also took measures to better accommodate different needs of passengers by changing its booking process and developing the Inflight Entertainment system to make services more accessible. Inflight entertainment system has now a special channel devoted to support Responsible Finnair-concept communications.
- Finnair performed well in several quality and customer satisfaction surveys conducted within the industry or among passengers during 2018. Finnair's Net Promoter Score measuring customer satisfaction increased, despite the headwinds experienced, to 48 (47). In JACDEC's 2018 Airline Safety Ranking, Finnair was listed as the safest airline in the world among the 100 largest airlines measured by RPKs.



COLLABORATIVE

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

- Stakeholders
- Economic responsibility



STAKEHOLDERS

The responsibility strategy is geared at preserving the license to operate from key stakeholders and contributing to good reputation and long-term shareholder value of Finnair. It also helps protect Finnair from the downside risk that breaches of environmental regulations, human rights abuses or governance issues, such as corruption, can bring to a company.

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



ECONOMIC RESPONSIBILITY

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

GRI 201-1: Direct economic value generated and distributed

EUR mill.	2018	2017	2016	2015
Direct economic value generated				
Revenue	2,834.6	2,568.4	2,316.8	2,254.5
Other operating income	73.7	77.0	75.5	85.2
Sales gains and losses on aircraft and other transactions	42.7	44.1	30.4	121.5
Financial income	-2.9	-0.3	1.0	1.3
Total	2,948.2	2,689.3	2,423.7	2,426.5
Economic value distributed				
Materials, services and other operating expenses	2,155.9	1,909.6	1,834.5	1,864.8
Staff costs	428.6	418.9	356.4	355.6
Payments made to shareholders and loan providers	70.1	41.9	30.7	25.0
Dividend	38.4	12.8	0.0	0.0
Hybrid bond interests and expenses	15.8	15.8	19.1	15.3
Financial expenses	16.0	13.4	11.5	9.7
Payments to governments	8.1	7.2	9.8	11.2
Donations and other charitable payments	0.0	0.0	0.0	0.0
Total	2,662.7	2,377.5	2,231.3	2,256.6
Economic value retained for operational development	285.6	311.8	192.4	205.9
Investments in tangible and intangible assets and acquisitions of subsidiaries	331.0	511.5	518.9	329.7
Comparable operating result	169.4	170.4	55.2	23.7
Return on capital employed (ROCE), %	11.9	13.6	8.9	12.2



GRI 201-2: Financial implications and other risks and opportunities due to climate change

In combating climate change, the main measures are directed at reducing the combustion of fossil fuels. The jet fuel used by Finnair is fossil fuel and fuel costs are Finnair's single most significant cost item. Therefore, all the factors influencing the price of jet fuel similarly influence Finnair's operating costs. The need to reduce fuel consumption and the resultant carbon dioxide emissions has a significant impact on the company's business operations. In 2017, fuel made up approximately one fifth of Finnair's operational expenses; therefore efficiency has a material impact on the development of shareholder value.

In order to reduce its fuel consumption, Finnair follows a strategy comprised of four elements: technological development, improvement of operational efficiency, development of infrastructure and support of a global market-based measure to offset CO₂ emissions. Finnair operates a modern fleet and has invested from 2015 onward in fuel-efficient next-generation aircraft to maintain its competitive advantage. In 2017

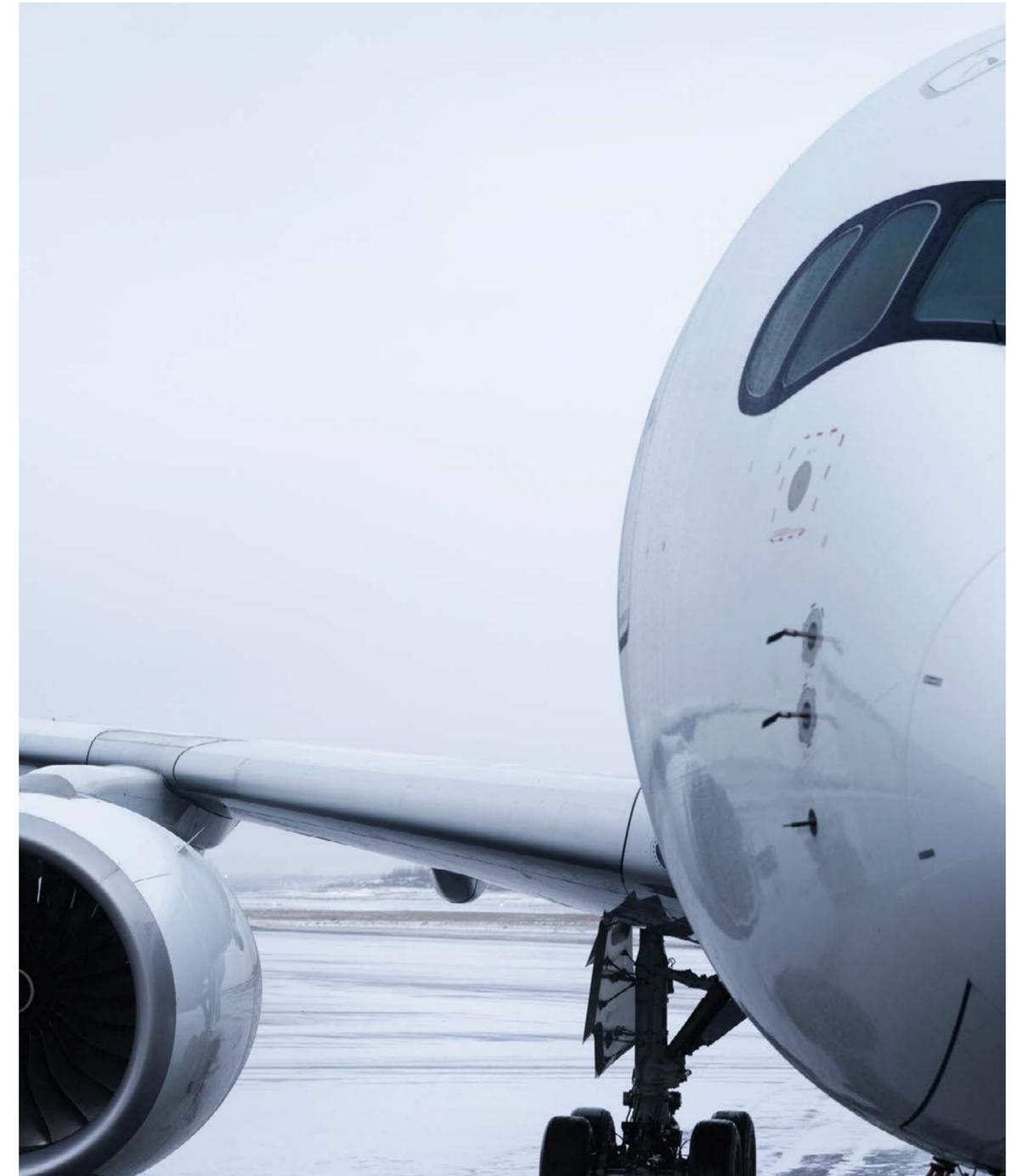
the first stage of fleet renewal was accomplished.

For several years now, Finnair has voiced its support for a global market-based measure for offsetting greenhouse gas emissions that would complement the industry's technological, operational and infrastructural efforts to reduce emissions. In 2018, Finnair participated in the European Union's Emissions Trading Scheme (EU-ETS), which concerned only Intra-European flights. The direct costs incurred by Finnair from emissions trading totalled 11.6 million euros in 2018. In total Finnair paid environmental related costs and fees over 45 million euros in 2018. The direct costs of market based emission reduction schemes in the coming years are difficult to estimate due to open details of the system and accepted carbon credits.

Finnair is a leading airline in carbon dioxide emissions reporting and reducing emissions. The risks, opportunities, financial effects and management methods related to climate change are described in detail in Finnair's responses in various reporting frameworks.

GRI 203-2: Significant indirect economic impacts

Finnair's current route network and its future expansion ensure that Finland will have more direct flight connections to other parts of the world than domestic demand alone could support. This has a significant impact on the travel opportunities of Finns and on the Finnish business sector. In addition, the aviation sector is a major job creator in Finnish society. According to a research conducted in autumn 2017 by ETLA, the Research Institute of the Finnish Economy, Finnair is the sixteenth most significant company for the Finnish economy in terms of Gross Domestic Product, with a contribution of 587.6 million euros.





TAX FOOTPRINT

Tax principles

Finnair's principle is to pay, collect, remit and report the indirect and direct taxes it is subject to in each country according to local laws and regulations. High-quality tax returns and reports are very important to Finnair and, as a result, we prepare tax returns carefully and submit them on time. Finnair also discusses openly with tax authorities. The aim of Finnair's tax principles is to support business decisions and to ensure their appropriate implementation, also from the perspective of taxation. The Finnair group does not have any structures in place to transfer taxable income from Finland to jurisdictions with lower tax rates.

Taxes related to international business operations

Finnair's international business operations are mainly related to the sales of flight tickets and cargo through Finnair Plc's foreign sales units, as well as local sales promotion activities. Sales units are not separate legal entities. The sales units' income is taxed pursuant to the regulations and double tax treaties pertaining to the international airline business as part of the parent company's taxable income in

Finland. The operations of Finnair's foreign subsidiaries in 2018 and 2017 have been primarily related to travel and back office services, and they are very minor in scale relative to the group's business operations as a whole. Finnair has also had minor holdings (less than 20 per cent) in some insurance captives located in Guernsey for business reasons, the results of which are subject to taxation in Finland.

Finnair's taxable operations in individual countries outside of Finland are minor in scale. Thus, the below table presents Finland separately and all other countries together. Country level information for subsidiaries can be found in the second table on this page. Country level specification for taxes paid and collected outside Finland is found on the next page.

Finland 2017 figures include Finnair Kitchen Oy for the time it was already part of the group. Finnair Group's foreign operative subsidiaries are located in Estonia, where income tax is due in connection with distribution of dividends. The group has also a dormant subsidiary in Russia. Specification for foreign subsidiaries' external revenue, result before taxes, income tax payable and number of personnel is presented in the adjacent chart.

Profits of sales units are taxed in accordance with regulations and double tax treaties pertaining to the international airline business and, hence, revenue, result before taxes, income tax payable and number of personnel in other countries are not separately adopted in financial statements. Specification of taxes paid and collected in other countries is presented overleaf.

Finnair's operations in Finland and in other countries	2018			2017		
	Finland*	Other countries	Total	Finland*	Other countries	Total
Revenue, EUR million	2,824.4	10.2	2,834.6	2,557.7	10.8	2,568.4
Result before taxes, EUR million	189.1	-0.5	188.6	210.6	0.5	211.1
Number of personnel	5,350	502	5,852	5,034	492	5,526

* Figures from 2017 include also an acquired subsidiary during the time it was already part of Finnair group. Internal revenue has been eliminated.

Finnair's operations in other countries	2018			2017		
	Estonia	Russia	Total	Estonia	Russia	Total
Revenue, EUR million	10.2	0.0	10.2	10.8	0.0	10.8
Result before taxes, EUR million	-0.5	0.0	-0.5	0.5	0.0	0.5
Income tax payable, EUR million	0.0	0.0	0.0	0.0	0.0	0.0
Number of personnel	191	0	191	186	0	186



Direct taxes payable, EUR million	2018			2017		
	Finland*	Other countries	Total	Finland*	Other countries	Total
Employer contributions	2.7	2.3	5.0	3.3	2.1	5.3
Property taxes	0.9	0.0	0.9	0.4	0.0	0.4
Other taxes	2.2	0.1	2.2	1.4	0.1	1.4
Public subsidies received	-1.7	0.0	-1.7	-2.1	0.0	-2.1
Taxes included in direct operating expenses and subsidies in total	4.1	2.3	6.4	2.9	2.1	5.1
Income taxes payable*	25.9	0.0	25.9	20.1	0.0	20.1
Total direct taxes payable	30.0	2.3	32.3	23.0	2.1	25.1

* Income taxes payable are tax expenses recorded based on the taxable result, which has partly been utilised against confirmed tax losses. Figures from 2017 include also taxes of an acquired subsidiary during the time it was already part of Finnair group.

Indirect taxes collected for the financial year, EUR million	2018			2017		
	Finland*	Other countries	Total	Finland	Other countries*	Total
Value added taxes, sales	107.0	0.9	107.9	90.4	1.0	91.5
Value added taxes, purchases	136.9	5.1	142.0	118.8	4.9	123.8
Value added taxes, net	-29.9	-4.2	-34.1	-28.4	-3.9	-32.3
Withholding taxes on wages and salaries and other indirect taxes	100.0	2.8	102.8	92.6	2.5	95.1
Excise taxes	0.5	0.0	0.5	0.4	0.1	0.5
Total	70.5	-1.4	69.2	64.6	-1.4	63.2

* Figures from 2017 include also an acquired subsidiary during the time it was already part of Finnair group.

Other taxes primarily include environmental and electricity taxes. Due to the nature of the international airline business, jet fuel is tax-free. Public subsidies consist of subsidies received for training and they are primarily related to the aviation training services provided by Finnair. The reported public subsidies do not include subsidies paid to the airline business by the authorities in various countries, as they are considered business secrets. The reported public subsidies, however, include a subsidy of 0.1 million euros (0.1) relating to Enontekiö region's tourism promotion received from a Finnish authority.

Finnair has confirmed losses in taxation from previous tax periods amounting to approximately 68 million euros. The estimated amount of confirmed tax losses after 2018 taxable result is approximately 0.3 million euros. The confirmed tax losses can be utilised against positive taxable income over the next ten years.

More detailed specification of employer contributions paid in other countries is found on the next page.

More information on direct taxes, such as the taxes pursuant to the consolidated income statement, deferred tax assets and liabilities and the adjustment of the effec-

tive tax rate is presented in Note 5.1 in Finnair's consolidated financial statements. The most significant indirect taxes collected during the financial year are withholding tax liabilities, value added tax and excise taxes.

The passenger tariffs collected from flight passengers are not considered as tax-like payments remitted to the authorities subject to reporting as part of the tax footprint as these payments are usually remitted to the private or public party responsible for airport operations. More detailed specification of taxes collected in other countries can be found overleaf.

Country specific information for 2018 is presented in the adjacent chart only regarding countries where the amount of taxes paid, collected or deducted is at least 0.05 million euros. Countries where this threshold is not met are presented as two areas below. The figures below include taxes paid and collected by subsidiaries and sales units.

Employer contributions paid relate to mandatory employer payments regarding employees located outside of Finland. Withholding taxes on salary are collected based on local legislation. Value added tax on sales and purchases relate mainly to passenger sales and cargo services.

Total amount of excise taxes outside Finland in 2018 and 2017 has been less than 0.1 million euros and, hence, this information is not presented on a country-by-country basis.

Country specific information for 2017 is presented in the table on the left only regarding countries where the amount of taxes paid, collected or deducted is at least 0.05 million euros. Countries where this threshold is not met are presented as two areas below. The figures below include taxes paid and collected by subsidiaries and sales units.



2018 Country specification, EUR million	Employer contributions	Value added taxes, sales	Value added taxes, purchases	Value added taxes, net	Withholding taxes on wages and salaries	Total
Countries						
Estonia	1.0	0.2	0.2	-0.1	0.5	1.4
China	0.3	0.0	0.0	0.0	0.3	0.6
Belgium	0.1	0.0	0.0	0.0	0.3	0.4
USA	0.0	0.0	0.0	0.0	0.2	0.2
Greece	0.0	0.1	0.0	0.1	0.0	0.1
Italy	0.0	0.1	0.0	0.0	0.0	0.1
Russia	0.0	0.0	0.0	0.0	0.1	0.1
Germany	0.0	0.1	0.2	-0.1	0.1	0.1
Spain	0.1	0.1	0.1	-0.1	0.1	0.0
Switzerland	0.0	0.0	0.1	-0.1	0.1	0.0
Sweden	0.2	0.0	0.4	-0.4	0.2	0.0
Singapore	0.0	0.0	0.1	-0.1	0.0	0.0
Australia	0.0	0.0	0.1	-0.1	0.0	-0.1
France	0.0	0.0	0.2	-0.2	0.0	-0.1
Denmark	0.0	0.0	0.2	-0.1	0.0	-0.1
South-Korea	0.1	0.0	0.2	-0.2	0.1	-0.1
Japan	0.3	0.0	1.2	-1.2	0.6	-0.3
Norway	0.0	0.0	0.6	-0.6	0.1	-0.5
Thailand	0.0	0.0	0.6	-0.6	0.0	-0.6
UK	0.0	0.1	0.7	-0.7	0.1	-0.6
Areas						
Other European countries*	0.1	0.2	0.2	0.0	0.0	0.2
Rest of the world**	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.3	0.9	5.1	-4.2	2.8	0.9

* Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Hungary, Ireland, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal, Slovakia and Slovenia

** Canada, India and United Arab Emirates

2017 Country specification, EUR million	Employer contributions	Value added taxes, sales	Value added taxes, purchases	Value added taxes, net	Withholding taxes on wages and salaries	Total
Countries						
Estonia	0.9	0.2	0.2	0.0	0.5	1.3
China	0.3	0.0	0.0	0.0	0.4	0.7
Belgium	0.1	0.0	0.0	0.0	0.2	0.2
Greece	0.0	0.2	0.0	0.2	0.0	0.2
USA	0.0	0.0	0.0	0.0	0.1	0.1
Italy	0.0	0.1	0.0	0.1	0.1	0.1
Russia	0.0	0.0	0.0	0.0	0.1	0.1
Spain	0.1	0.1	0.2	-0.1	0.1	0.1
Australia	0.0	0.0	0.1	-0.1	0.1	0.0
Switzerland	0.0	0.0	0.1	-0.1	0.1	0.0
Sweden	0.2	0.0	0.3	-0.3	0.2	0.0
Singapore	0.0	0.0	0.1	-0.1	0.0	0.0
France	0.0	0.1	0.1	-0.1	0.0	-0.1
Denmark	0.0	0.0	0.1	-0.1	0.0	-0.1
South-Korea	0.0	0.0	0.2	-0.2	0.0	-0.1
Germany	0.0	0.1	0.4	-0.3	0.1	-0.1
Norway	0.0	0.0	0.5	-0.5	0.1	-0.4
Japan	0.2	0.1	1.2	-1.1	0.5	-0.4
Thailand	0.0	0.0	0.5	-0.5	0.0	-0.4
UK	0.0	0.1	0.8	-0.7	0.0	-0.7
Areas						
Other European countries*	0.1	0.2	0.1	0.1	0.1	0.2
Rest of the world**	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.1	1.0	4.9	-3.9	2.5	0.6

* Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Hungary, Ireland, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal, Slovakia and Slovenia

** Canada and India



ANNEX

Finnair was one of the first airlines in the world to communicate on its corporate responsibility issues under the Global Reporting Initiative reporting framework starting from 2008.

- Reporting principles
- Global Compact content index
- GRI content index





REPORTING PRINCIPLES

Finnair was one of the first airlines in the world to communicate on its corporate responsibility issues under the Global Reporting Initiative (GRI) reporting framework starting from 2008. This GRI-section is integrated to the Annual Report 2018 and the Report has been prepared in accordance with the GRI Standards: Core option based on the materiality.

The report covers the parent company, and all Finnish subsidiaries.

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

Finnair's maintenance organisation consists of two independent companies: Finnair Technical Services Oy and Finnair Engine Services Oy. This approach is justified by the fact that the operations of both technical services subsidiaries are the repair and maintenance of aircraft and their components, and for this reason their

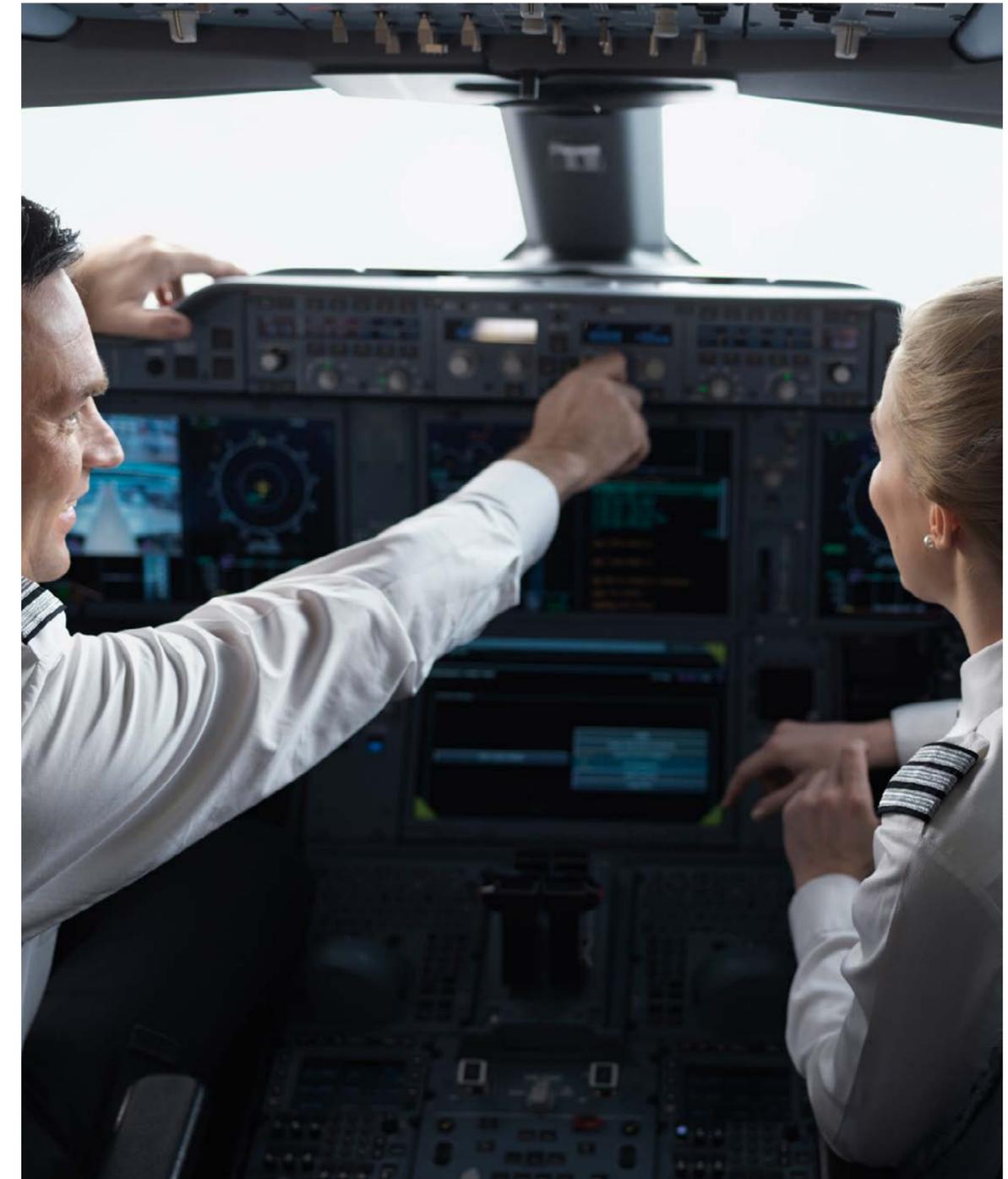
corporate responsibility aspects are convergent at the group level. Hence, they are treated in this report as one unit, Finnair Technical Services.

Information sources, measurement and Finnair group calculation methods

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

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

Indicators on personnel are based on active employment relationships as at 31 December 2018. The figures exclude dormant employees and Aurinko Ou,





Suntours' Baltic subsidiary (number of personnel on 31 December 2018).

Finnair's largest single material cost item is jet fuel. In this report, jet fuel is treated, however, as energy, because in terms of its purpose and environmental effects it is sensible to understand jet fuel as stored energy.

Fuels are also reported on the basis of their mass and volumes.

Fuel consumption and emission figures for flight operations (Annex 1 EU ETS Directive 2003/87/EC of the European Parliament and of the Council) are derived from the company's own monitoring systems and based on actual fuel consumption (Method A EU ETS Monitoring and Reporting Regulation (EU) N:o 601/2012). Emission factor for jet fuel used in the report is 3.15 kg CO₂/kg (Default IPCC emission factors, taken from the 2006 IPCC Inventory Guidelines).

European Union Emissions Trading System (EU ETS) "Method A" formula: Amount of fuel contained in aircraft tanks once fuel uplift for the flight is complete - Amount of fuel contained in aircraft tanks once fuel uplift for subsequent flight is complete + Fuel uplift for that subsequent flight. This method is used in order to capture the fuel consumption by the

aircraft's auxiliary power unit (APU) on the ground.

Where Method A cannot be used, we are using actual leg consumption (fuel onboard - remaining fuel) adding average APU usage.

Fuel mass is converted to volume using densities provided by fuel vendor. If density is not available we are using default value 0.80.

For wetleased flights fuel burn is requested from wet-lessor. If not received then fuel burn is calculated by aircraft manufacturer specifications or lessor's information on aircraft type fuel burn per block hour.

Data gaps and erroneous data are handled using substitution data as close to actual values as possible. The electricity and heat data are based on metered consumption data, and on estimations based on surface area, where direct metering data was unavailable.

Finnair has assessed its Scope 3 emissions based on GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard). Category 3 (Fuel and Energy related activities not included in Scope 1-2) primary data originates from Finnair's fuel data base. Emission factor source:

SFS-EN 16258 standard for JET A-1. Emissions of Extraction, production and transportation of the fuels = amount of fuel * 0,0159 tonnes CO₂/GJ.

In relation to material streams, the amounts of waste and energy consumption of properties, data have been obtained from service providers, goods suppliers and on the basis of invoices paid. With respect to Finnair Technical Services, environmental data are also obtained from monitoring and measuring systems required by their environmental permits. In terms of Technical Services' use of materials, only chemicals are reported, because the statistical practice of raw materials and spare parts does not allow a comparable way of presentation. Finnair Technical Services is not, however, a significant user of raw materials, and its main environmental aspects relate to storage and use of chemicals.

Information on personnel comes from Finnair's HR information system and from parties responsible for the wellbeing of employees. Accident statistics are obtained from the insurance company and they are updated retroactively, as a result of which the 2018 figures may be subject to further adjustment.

Information relating to human rights and local communities are derived from procurement agreements, from personnel responsible for procurement, subcontractors and, in terms of the impact of tourism, mainly from Aurinkomatkat-Suntours, which as a tour operator occupies a key position in this respect. Operational compliance with laws and regulations has been confirmed with the group's Legal Affairs department.

Customer satisfaction data, on the other hand, are based on customer satisfaction surveys and on feedback received by the group.

Effect of any restatements of information provided in earlier reports

In 2018, Finnair updated its materiality analysis on corporate responsibility in accordance with the GRI Standard reporting guidelines. Impacts and indicators related to material aspects were redefined in the process. This report follows the same principles.

However, there have been no changes in the data compared with the previous report. Information on changes in individual indicator data is provided under the section on the indicator in question.

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

Reporting priorities

In 2013, Finnair discontinued the publication of a separate corporate responsibility report and financial report. All the data can be found in the Annual Report and this GRI section.

The priorities of the report are based on the materiality analysis described on [pages 7-8](#).



GLOBAL COMPACT CONTENT INDEX

Human rights		Location
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	p. 9-15; 16-17; 28-34
Principle 2:	make sure that they are not complicit in human rights abuses.	p. 9-15; 16-17; 28-34
Labour		
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	p. 9-13; 29-30
Principle 4:	the elimination of all forms of forced and compulsory labour;	p. 9-13; 16-17; 29-30
Principle 5:	the effective abolition of child labour; and	p. 9-13; 16-17; 29-30
Principle 6:	the elimination of discrimination in respect of employment and occupation.	p. 9-13; 29-30
Environment		
Principle 7:	Businesses should support a precautionary approach to environmental challenges;	p. 9-13; 18-27
Principle 8:	undertake initiatives to promote greater environmental responsibility; and	p. 9-13; 18-27
Principle 9:	encourage the development and diffusion of environmentally friendly technologies.	p. 9-13; 18-27
Anti-corruption		
Principle 10:	Businesses should work against all forms of corruption, including extortion and bribery.	p. 9-13; 16-17



GRI CONTENT INDEX

Code	GRI content	Location	Further information
General disclosures			
Organisational profile			
102-1	Name of the organisation	Finnair Plc	
102-2	Activities, brands, products, and services	Financial information p. 6-11; 15-19	
102-3	Location of headquarters	Tietotie 9, Vantaa, Finland	
102-4	Location of operations	Financial information p. 6-11	
102-5	Ownership and legal form	Financial information p. 29-32	
102-6	Markets served	Financial information p. 6-11	
102-7	Scale of the organisation	Financial information p. 6-11; 14	
102-8	Information on employees and other workers	Sustainability report p. 30	
102-9	Supply chain	Sustainability report p. 17 Financial information p. 6-11	
102-10	Significant changes to the organisation and its supply chain	Financial information p. 6-11; 14; 28-32	
102-11	Precautionary Principle or approach	Financial information p. 34-37	
102-12	External initiatives	Sustainability report p. 36	
102-13	Membership of associations	Sustainability report p. 36	
Strategy			
102-14	Statement from senior decision-maker	Financial information p. 3-4	
102-15	Key impacts, risks, and opportunities	Sustainability report p. 6-8 Financial information p. 3-4; 6-11; 34-36	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Sustainability report p. 9-15 Financial information p. 20-27	
102-17	Mechanisms for advice and concerns about ethics	Sustainability report p. 16	
Governance			
102-18	Governance structure	CG statement p. 4-6; 11-13	
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability report p. 36	
102-41	Collective bargaining agreements	Sustainability report p. 30	
102-42	Identifying and selecting stakeholders	Sustainability report p. 36	
102-43	Approach to stakeholder engagement	Sustainability report p. 36	
102-44	Key topics and concerns raised	Sustainability report p. 36	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial information p. 46-47	
102-46	Defining report content and topic Boundaries	Sustainability report p. 6-8	
102-47	List of material topics	Sustainability report p. 6-8	
102-48	Restatements of information	Sustainability report p. 43-44	



Code	GRI content	Location	Further information
102-49	Changes in reporting	Sustainability report p. 43-44	
102-50	Reporting period	Sustainability report p. 33	
102-51	Date of most recent report	February 2018	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report	Communications, Finnair Plc Tietotie 9, 01053 Finnair.comms(a) finnaair.com	
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability report p. 37	
102-55	GRI content index	Sustainability report p. 46-48	
102-56	External assurance	Sustainability report p. 50-51	
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability report p. 7-8	
103-2	The management approach and its components	Sustainability report p. 9-15	
103-3	Evaluation of the management approach	Sustainability report p. 9-15	
ECONOMIC STANDARDS			
Economic performance			
201-1	Direct economic value generated and distributed	Sustainability report p. 37	
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability report p. 38	
201-4	Financial assistance received from government		The Finnish Government does not support Finnair's operations financially. The Finnair Aviation College constitutes an exception. The Finnair Aviation College, founded in 1964, is a special vocational educational establishment maintained by Finnair Plc, which operates as a special educational establishment under the Act on Vocational Adult Education (631/1998).
Indirect economic impacts			
203-2	Significant indirect economic impacts	Sustainability report p. 38	
Anti-corruption			
205-2	Communication and training about anti-corruption policies and procedures	Sustainability report p. 16-17	
205-3	Confirmed incidents of corruption and actions taken		No incidents
Anti-competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No incidents
ENVIRONMENTAL STANDARDS			
Energy			
302-1	Energy consumption within the organisation	Sustainability report p. 20	
302-3	Energy intensity	Sustainability report p. 21	
302-4	Reduction of energy consumption	Sustainability report p. 21-22	
302-5	Reductions in energy requirements of products and services	Sustainability report p. 22-23	



Code	GRI content	Location	Further information
Biodiversity			
304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability report p. 17	
Emissions			
305-1	Direct (Scope 1) GHG emissions	Sustainability report p. 25	
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability report p. 25	
305-3	Other indirect (Scope 3) GHG emissions	Sustainability report p. 25	
305-4	GHG emissions intensity	Sustainability report p. 26	
305-5	Reduction of GHG emissions	Sustainability report p. 26	
305-6	Emissions of ozone-depleting substances (ODS)	Sustainability report p. 26	
Effluents and waste			
306-2	Waste by type and disposal method	Sustainability report p. 17	
Environmental compliance			
307-1	Non-compliance with environmental laws and regulations		No incidents
SOCIAL STANDARDS			
Employment			
401-1	New employee hires and employee turnover	Sustainability report p. 30	
Labour/management relations			
402-1	Minimum notice periods regarding operational changes		Significant operational changes in Finland are governed by the Finnish Act on Cooperation within undertakings. Depending on the matter in question, the minimum time period applied can range from one day to six weeks. The collective bargaining agreements that concern Finnair do not include provisions that run counter to these legislative provisions.
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Sustainability report p. 30	
403-3	Workers with high incidence or high risk of diseases related to their occupation	Sustainability report p. 31	
Training and education			
404-1	Average hours of training per year per employee	Sustainability report p. 31	
404-2	Programmes for upgrading employee skills and transition assistance programs	Sustainability report p. 31-33	
404-3	Percentage of employees receiving regular performance and career development reviews		Performance and career development reviews cover all Finnair personnel. The PD process (Performance Dialogue) is a management tool based on biannual discussions that guide the setting and achievement of targets, the evaluation of performance and management, and development.
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Sustainability report p. 33; CG statement p. 7-8	



Code	GRI content	Location	Further information
Human rights assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability report p. 17	
Supplier social assessment			
414-2	Negative social impacts in the supply chain and actions taken	Sustainability report p. 17	
Public policy			
415-1	Political contributions		Finnair does not support any political parties or persons.
Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	Sustainability report p. 34	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents
Marketing and labelling			
417-2	Incidents of non-compliance concerning product and service information and labeling		No incidents
417-3	Incidents of non-compliance concerning marketing communications		No incidents
Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No incidents
Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		No incidents



INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To: the Management of Finnair Plc.

Assurance report on the annual carbon dioxide emissions 2018

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the reported annual CO₂ emission data, as included in the Sustainability section of Finnair Plc's Annual Report 2018 are not prepared in all material respects, in accordance with Finnair Plc reporting criteria.

What we have reviewed

The object of our assurance engagement consists of the following data presented in the Sustainability section of Finnair Plc's Annual Report 2018:

- CO₂ emissions originating from fuel consumed by all flights under the Finnair Plc. callsign (in tonnes) (hereafter CO₂ emission data).

We have reviewed this indicator in the accompanying Sustainability section of Finnair Plc's Annual Report 2018. All other information in the Sustainability section of Finnair Plc's Annual Report 2018 is not in scope of this engagement. Therefore, we do not report or conclude on this other information.

The basis for our opinion

We conducted our assurance engagement in accordance with International standard 3410 'Assurance Engagements on Greenhouse Gas Statements'. This assurance engagement is aimed to provide limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement' of our report.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and quality control

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

PwC Accountants applies the International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding

compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limitations in our assurance engagement / inherent limitations

CO₂ quantification is subject to uncertainty because the emissions factors are based on mathematical models to calculate emissions. These models are inherently unable to precisely characterize under all circumstances the relationships between various inputs and the resultant emissions because of incomplete scientific knowledge.

Responsibilities for the annual CO₂ emission data and the assurance engagement

Responsibilities of the management of Finnair Plc. The management of Finnair Plc. is responsible for the preparation of reported CO₂ emission data in accordance with the methodology outlined in the Sustainability section of Finnair Plc's Annual Report 2018, including the identification of the intended users and the criteria being applicable for the for the purposes of the intended users.

The management is also responsible for suitable internal control as it determines necessary to enable the preparation of



CO₂ emission data that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our conclusion aims to provide limited assurance. The procedures performed by obtaining a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those performed in obtaining reasonable assurance in an assurance engagement. The performed procedures in this context consisted mainly of gathering information from officers of the entity and applying analytical procedures set out in relation to the information included in the CO₂ emission data. The assurance obtained in assurance engagements aimed at providing limited assurance is therefore significantly lower than the assurance obtained in assurance engagements aimed at providing reasonable assurance.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in aggregate, they could

reasonably be expected to influence the decisions of users taken on the basis of the CO₂ emission data. The materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our opinion.

Procedures performed

An assurance engagement includes, amongst others, examining appropriate evidence on a test basis. We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the International Standard 3410, ethical requirements and independence requirements.

Our main procedures included:

- Reviewing documents to gain an understanding of the activities and structure of Finnair Plc.;
- Reviewing whether the Finnair reporting methodology is in accordance with the approved monitoring plan for EU ETS purposes;
- Conducting interviews with Finnair Plc. management to understand the data collection process, internal controls and to evaluate the accuracy of the quanti-

tative and qualitative information in the reported CO₂ emission data;

- Based on this understanding, assessing the risks that the information in the reported CO₂ emission data contains material misstatements;
- Responding to the assessed risks, including the development of an overall approach, and determining the nature, timing and extent of further procedures;
- Performing analytical procedures on the reported data;
- Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the reported CO₂ emission data;
- Evaluating the appropriateness of quantification methods and reporting policies used;
- Evaluating the overall format and presentation of the annual CO₂ emission data, as presented in the Sustainability section of Finnair Plc's Annual Report 2018.

Amsterdam

15 February 2019

PricewaterhouseCoopers Accountants N.V.

P. Jongerius RA



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