

# Global Compact; Communication on Progress -report

To our stakeholders:

Finnair is a network airline that specializes in passenger and cargo traffic between Asia and Europe. We also offer package tours under our Aurinkomatkat (Suntours) brand. The cornerstone of Finnair's strategy is its geographical position, which confers a competitive advantage because it enables the fastest and fuel-efficient connections between Europe and growing Asian megacities.

The COVID-19 pandemic has had an unprecedented impact on Finnair's business in 2020 and 2021. As many countries have heavily restricted travelling, the company has been forced to cut its passenger traffic capacity radically. Finnair has adjusted its operations significantly which has resulted in temporary and permanent layoffs impacting almost all personnel during the majority of 2020 and 2021. Also, other significant volume-driven, but also permanent, cost adjustment measures were introduced to minimise the losses caused by the very limited operations.

Nevertheless, Finnair's sustainability targets have remained unchanged despite the COVID-19 pandemic. Finnair is, however, assessing how our action plan to reach the targets should be amended, taking into account the impacts the pandemic has had on our financials. Finnair's long-term goal, which is among the most ambitious ones in the aviation sector, is carbon neutrality by 2045, with a 50% reduction in net emissions in 2025 compared to the 2019 level, and we use a wide range of tools to reach these goals. The reduction of emissions is often the most visible aspect of the airlines' sustainability efforts, but social and economic responsibility also play a significant role in Finnair's operations. During the pandemic, our social responsibility efforts have concentrated on supporting the reemployment of those who were made redundant as we resized our organisation, and on supporting the wellbeing of those who have been on long furloughs.

We have been committed to the UN Global Compact initiative since 2013. It serves as our guideline while developing our operations in accordance with the Ten Basic Principles of the Global Compact. We plan and evaluate everything we do through the lens of sustainability. I am pleased to inform that Finnair Plc reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication of Progress, we describe our practical actions we have taken to implement and continuously improve the integration of the Ten Principles into our business strategy, culture, and daily operations. We commit to share this information with our stakeholders using our primary channels of communication.

We also encourage all our stakeholders to join us in building more sustainable aviation so that future generations can also explore the wonders of the diverse Earth.

Sincerely yours,



Topi Manner

President & CEO

Vantaa, February 17<sup>th</sup>, 2022

<b>Human rights &amp; Labour</b>	
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses.</p> <p>Principle 4: The elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: The effective abolition of child labour; and</p>	
Practical actions	<p>Finnair's human rights management is described in the <a href="#">Finnair Code of Conduct</a>, The <a href="#">Supplier Code of Conduct</a>, and the company's personnel management principles. The company aims to prevent any violations of human rights and the use of forced or child labour both within its own operations and its supply chain.</p> <p>For more details, see the Sustainability Appendix to the Finnair's Annal Report: Chapters 102-12, 102-16, 103</p>

<b>Labour</b>	
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	
Practical actions	<p>Freedom of association and the collective right to negotiate on occupational issues are recognised as fundamental rights in Finland. There is a long tradition of trade union activity in Finnair. Labour market culture in the company has been constructed in such a way that the organisation of workers and collective negotiations between Finnair and employee groups are part of normal practice. All Finnair employees have the right and opportunity to agree on terms of employment collectively.</p> <p>The terms of employment of management employees are agreed on locally. Personnel and management remuneration principles are described in the Remuneration statement.</p> <p>Finnair Annual Report: Remuneration Statement The Sustainability Appendix to the Finnair's Annual Report: Chapters 103 and 407</p>
<p>Principle 6: The elimination of discrimination in respect of employment and occupation.</p>	
Practical actions	<p>Equality and non-discrimination are embedded in the Finnair values, and Finnair is committed to providing its customers, personnel and partners with equal opportunities. Finnair does not discriminate based on gender, age, ethnic or national origin, nationality, language, religion, conviction, opinion, health, disability, sexual orientation or other personal attributes or circumstances.</p> <p>Finnair offers everyone equal opportunities for recruitment, work performance, career progression and development. Finnair implements the equal pay principle based on the Finnish Equality Act and gives both men and women equal opportunities for balancing work and family life.</p> <p>The working group for equality frequently updates the Equality and non-discrimination plan published internally and externally.</p> <p>The Sustainability Appendix to the Finnair's Annual Report: Chapters 103 and 406</p>

<b>Environment</b>	
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies.</p>	
Practical actions	<p>Finnair's goal is to be an engaging leader in the field of environmental responsibility. Finnair strives being a pioneer in evaluating, reducing and reporting environmental impacts.</p>

	<p>Company is also committed complying with current environmental legislation, but its environmental work aims at exceeding statutory requirements.</p> <p>Modern aircraft are always more fuel-efficient and silent than previous-generation aircraft, and hence Finnair's most significant environmental action has been continuous, ongoing investments in a modern fleet. Company's long-term target is to fly carbon neutral year 2045.</p> <p>Finnair Annual Report: Non-Financial Performance The Sustainability Appendix to the Finnair's Annual Report: Chapters 102-1, 103 and 300 series (Environmental Topics)</p>
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### Anti-corruption

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

Practical actions	<p>Anti-corruption policies are outlined in Finnair's Code of Conduct and Supplier Code of Conduct as well as in the Rules for Anti-Bribery, Corporate Hospitality and Hosting of Public Officials. Receiving and giving of bribes is strictly prohibited at Finnair.</p> <p>The group's Conflict of Interest Guidelines cover the identification and avoidance of conflicts of interest and related conduct.</p> <p>The Sustainability Appendix to the Finnair's Annual Report: 103, 205-2, and 206-1</p>
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### Implementation and Measurement of Outcomes

	<p>Finnair has a Whistleblowing line called Finnair Ethics Helpline in use, through which concerns for ethical business conduct can be raised. This is open for both internal and external stakeholders.</p> <p>During 2021 no material incidents of material misconduct were notified through the Finnair Ethics Helpline nor were there any investigations ongoing in the company.</p> <p>Annual report: Non-Financial Performance The Sustainability Appendix to the Finnair's Annual Report: 102-17, 300 &amp; 400 series (Social &amp; Environmental topics)</p>
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